KPMG

Ensuring Business Continuity Management Capabilities

"Cloud offices" support efficient and orderly crisis response

Throughout Asia Pacific, the coronavirus (COVID-19) outbreak has exposed enterprises in various industries to heavy losses. Ongoing travel and supply chain disruptions due to the outbreak have imposed challenges to traditional crisis response.

In the digital era, information is equally as valuable as physical resources to many enterprises. In times of crisis, having remote access to critical data in real time that can enable CIOs and COOs to make key decisions in the moments that matter is a growing necessity for businesses.

Going forward, "cloud offices" that allow key personnel to collaborative from multiple locations, while utilising automation to ensure continuity of operations, will be a key element of enterprise digital transformation.

Remote support becomes a digital transformation priority

Many enterprises affected by the COVID-19 outbreak have adopted remote working methods, creating a heavy reliance on collaborative office software and internet platforms. In some cases, a lack of sufficient planning for such circumstances has led to congestion and temporary outages on these platforms. As such, it is important for enterprises to forge reliable remote working capabilities in advance of when they are most needed.

In most Western countries, "working from home" as a regular way of working has been in place for a long time. Likewise, remote office capabilities, (including real-time communication, document collaboration, video conferencing and task management) together with the supporting management mechanisms and business culture are well established.

In many parts of China, the "remote office" concept is still in its infancy and is interpreted by many enterprises as nothing more than basic office software like enterprise email. In dealing with the COVID-19 outbreak, centrally-deployed internal office platforms and business information systems have been challenged by many limitations such as location (workplace), network (enterprise intranet) and performance (low concurrency).

Building an effective remote working environment can be interpreted as the establishment of a distributive business information framework that enables the real-time connections of staff, equipment, locations, systems and data via virtual internet and cloud platforms. This framework ensures efficient and manageable utilisation of resources and collaborative tools and minimises system disruptions.

© 2020 KPMG Huazhen LLP, a People's Republic of China partnership and KPMG Advisory (China) Limited, a wholly foreign owned enterprise in China and KPMG, a Hong Kong partnership, are member firms of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Hong Kong, China.

Remote support capacity serves as an important indicator to measure an enterprise's digital transformation, and its construction can be quite time-consuming. Therefore, corresponding plans and implementation strategies should be formulated based on an enterprise's business model and needs. Several factors critical to the planning and construction of remote support capabilities are listed below:

1. Efficient and flexible enterprise VPN network (compatible with company PCs and personal mobile devices)
2. Easily accessible toolkits covering email and task management, real-time communication and conferencing, resources sharing and synergy, and key business approval flows
3. Proper consideration of channels, methods for remote access and safety strategies in the establishment of IT system for business application and management
4. Establishment of enterprise framework open to hybrid cloud, to deploy on-and-off cloud resources with flexibility
5. All-side consideration of teamwork management mechanism and relevant business flows under a distributive remote office scenario in updating business continuity plan

Cloud technology serves as the foundation of remote collaboration and business cloud transformation, and is essential to improve crisis response

Since the COVID-19 outbreak, enterprises have been rushing to launch various cloud platforms – such as "Cloud Corporate Communication", "Cloud Video Conference", "Cloud Document Collaboration" and "Cloud Live Classroom" – to provide users with alternative working and learning environments.

When it comes to remote office, cloud technology offers quick deployment, fast iteration and all-weather, all-terrain access – highlighting the limitations of centralised and localised deployment models adopted by traditional enterprise architectures. This makes corporate cloud transformation an inevitable reality for enterprises to embrace the digital era.

As described earlier, an enterprise architecture featuring "centralised logical management and distributed physical operations" is a foundation for ensuring business continuity and remote collaboration capacity during a crisis. The key for an enterprise to realise a distributed framework is to build clouds for its basic data resources.

However, cloud transformation does not mean the uploading of all resources to the cloud, nor making those clouds public. Based on the digital transformation experience of many large enterprises, we consider a "hybrid cloud" to be the prevailing trend. A "hybrid cloud" can be a group of clouds or a combination of clouds with traditional IT systems. In a broad sense, all IT environments are of hybrid nature, which include traditional IT systems and the cloud environments (public and private ones). A "hybrid cloud" is not a simple composition of different clouds. It emphasises the comprehensive utilisation of the technology traits of various cloud deployments. In this way, enterprises can secure the safety of core data while maintaining flexibility. In addition they can improve their utilisation of cross-cloud resources by tailoring measures to suit their business needs.

To ensure better remote working capabilities during a crisis, system platforms and outwardly-focused channels that are frequently visited by remote users should be the priorities in cloud transformation. Interconnectivity between on- and off-cloud resources also plays a key role in the corporate network establishment and iteration.

© 2020 KPMG Huazhen LLP, a People's Republic of China partnership and KPMG Advisory (China) Limited, a wholly foreign owned enterprise in China and KPMG, a Hong Kong partnership, are member firms of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Hong Kong, China.

Key considerations for enterprise cloud transformation

1. Prioritise establishment of Infrastructure as a service (IaaS) capacity to achieve cloud deployment, flexible expansion and "unmanned operation and maintenance" of computing resources
2. Identify key information resources required by remote business operation in crisis response and clarify the priority of applications in cloud transformation through business influence and application of traits analysis
3. Embrace the hybrid cloud proactively and make controllable and flexible use of it to build a foundation for the efficient utilisation of key resources in a crisis
4. Sourcing and type-selection of cloud products and solutions is an essential part, which should follow the principle of "the optimal beats the best"
5. Establish a professional cloud management team and operation mechanism to explore more digital business values from cloud transformation

In China, we anticipate that one of the outcomes of the COVID-19 outbreak may be further development of next-generation "cloud offices" – similar to how SARS led to the rise of e-commerce. At present, the remote collaboration capacities of most enterprises are in their infancy. By accelerating digital transformation and expanding their "cloud office" coverage, enterprises can strengthen their future emergency response capabilities.

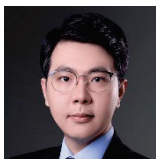
For more information:

KPMG has compiled a series of Business Continuity Insights to provide guidance to businesses across all sectors during difficult times. Further guidance can be found by visiting https://home.kpmg/cn/en/home/topics/business-continuity-insights.html.

Contact us

Reynold Liu
Head of Management Consulting
KPMG China
T: +86 (21)2212 3626
E: reynold.jg.liu@kpmg.com

Harry Huang
Partner, CIO Advisory
KPMG China
T: +86 (21)2212 3644
E: harry.huang@kpmg.com



Silvester Liu
Director, CIO Advisory
KPMG China
T: +86 (21)2212 3352
E: silvester.liu@kpmg.com

kpmg.com/cn

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG Huazhen LLP, a People's Republic of China partnership and KPMG Advisory (China) Limited, a wholly foreign owned enterprise in China and KPMG, a Hong Kong partnership, are member firms of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Hong Kong, China.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.