HOW IT COMPANIES IN SRI LANKA SURVIVE IN THE ECONOMIC CRISIS AND THRIVE THROUGH IT

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219110v

Degree of Master of Business Administration in Information Technology

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Sri Lanka

June 2025

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The dissertation was submitted to the Department of Computer Science and Engineering of the University of Moratuwa in partial fulfilment of the requirement for the Degree of Master of Business Administration in Information Technology.

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DECLARATION

I declare that this is my own work, and this thesis does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

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(Signature of the candidate)

The above candidate has carried out research for the Master's thesis under my supervision.

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Dr.Sandareka Wickramanayake Date

Signature of the Supervisor

ACKNOWLEDGEMENT

This journey wouldn’t have been possible without the support, guidance, and encouragement of many wonderful people, to whom I am deeply grateful. First and foremost, I would like to express my heartfelt gratitude to my supervisor, Dr.Sandareka Wickramanayake whose unwavering support, insightful feedback, and patience have guided me through this research. Your expertise and encouragement have been invaluable, and I truly appreciate the time and effort you dedicated to helping me refine my work.

I would also like to extend my sincere thanks to the Department of Computer Science and Engineering at the University of Moratuwa for providing the resources and a nurturing academic environment that made this study possible. A special thank you goes to the IT professionals and company representatives who took the time to share their experiences and insights with me. Your willingness to participate and provide honest perspectives gave depth and meaning to this research, and I am incredibly grateful for your contributions. To my family and friends, thank you for your constant support, encouragement, and patience throughout this process. Your belief in me, especially during the more challenging moments, has meant the world.

Lastly, I want to acknowledge the researchers and scholars whose work laid the foundation for this study. Your insights and contributions have been instrumental in shaping my understanding of the field. This research has been both a challenge and a learning experience, and I am incredibly thankful to everyone who has been part of this journey.

ABSTRACT

Prior to the pandemic and crisis, Sri Lanka's IT sector employed over 120,000 people and ranked fifth in terms of export revenue for the 22 million-person island nation. However, those plans are went in jeopardy as it becomes more difficult to maintain regular business operations following crisis. Therefore, this research focus on Sri Lankan IT industry and economic crisis whereas to understand the different economic challenges faced by IT companies and strategies that IT companies uses to mitigate the negative impact from the crisis. Furthermore, this study focuses on assessing the success of the identified strategies implemented by the companies and thrive during the crisis period in order to gain in-depth knowledge on their strategies

The case study method used in this study is motivated by the need to understand the explored how Sri Lankan IT companies dealt with economic crisis through identifying exact economic hurdles, measures taken to mitigate the impact, and how successful they were. IT companies were selected for this study were mainly categorized on the basis of scale in terms of employees ranging from start-up to large scale. The data were gathered based on in-depth interviews and themes were generated using pattern matching and cross case synthesis.

Author for this study was able to identify different themes answering the research questions. Companies were facing specific economic challenges themes namely, liquidity, financing, revenue, costs, retention, workforce, infrastructure and supply chain. In terms of coping strategies there were many leading to success. Strategies to mitigated above challenges were themes as optimisation, diversification, flexibility, automation, retention, scaling, engagement and funding.

Long-term growth was reinforced by investments centred on sustainability, digital transformation, and strategic positioning. IT companies should place a high priority on staff retention, flexible business models, and financial readiness. Proactive action will increase resilience and guarantee ongoing success in changing economic circumstances.

Key words: IT companies, economic crisis, challenges, strategies, success

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LIST OF ABBREVIATIONS

ADB	– Asian Development Bank
AI	– Artificial Intelligence
BOI	– Board of Investment
BPO	– Business Process Outsourcing
CBSL	– Central Bank of Sri Lanka
COVID-19	– Coronavirus Disease 2019
CSM	– Case study method
ERP	– Enterprise Resource Planning
FDI	– Foreign Direct Investment
GDP	– Gross Domestic Product
HR	– Human Resources
ICT	– Information and Communication Technology
IMF	– International Monetary Fund
IoT	– Internet of Things
IT	– Information Technology
LKR	– Sri Lankan Rupee
NIE	– Newly Industrialized Economy
R&D	– Research and Development
RP	– Respondent
SMEs	– Small and Medium Enterprises
USD	– United States Dollar
WB	– World Bank

CHAPTER 01

INTRODUCTION

1.1. Background

Prior to the pandemic and the onset of the economic crisis, Sri Lanka's IT sector was a fast-growing pillar of the national economy. Employing over 120,000 professionals, it ranked fifth in export revenue among all industries in the island nation of 22 million people. With strong projections, the sector was expected to double its workforce and emerge as the country's top export contributor within five years. However, these ambitions were severely disrupted when the government of Sri Lanka defaulted on its foreign debt in early 2022, triggering a full-blown economic crisis characterized by widespread shortages and systemic instability. The cost of living skyrocketed, exacerbated by a 75% depreciation of the Sri Lankan rupee against the US dollar over the span of a year (Thowfeek, 2022).

Despite the severity of the crisis, its immediate impact on unemployment has been relatively muted. Rather than a sharp rise in unemployment, the country witnessed a notable decline in labour force participation rates for both men and women a worrying trend, especially in light of Sri Lanka's already low female workforce participation (Sharma, 2024). By March 2023, foreign exchange reserves had declined by over 16%, reaching just $1.93 billion. A significant contributor to the labour market pressure was the out-migration of more than 535,000 Sri Lankans for foreign employment between January 2022 and September 2023, a trend that included skilled professionals from sectors such as IT (International Labour Organization, 2023). Much of the observed decline in employment was attributed not to job losses but to increased economic inactivity.

Small and medium enterprises (MSMEs), which make up the backbone of Sri Lanka's economy, were particularly hard-hit. Nearly 80% of the remaining MSMEs reported severe or very severe disruptions during the COVID-19 pandemic, and 89% experienced similar effects from the 2022 economic crisis. Many businesses, including those in the IT sector, lost skilled and unskilled workers to migration, either internally or abroad (International Labour Organization, 2023). These labour shortages, coupled with rising input costs, power outages, and logistical disruptions, created a challenging environment for day-to-day business operations.

The macroeconomic indicators during this period reveal the full extent of the crisis. Sri Lanka recorded its steepest economic contraction on record, with real GDP plunging by 7.8% in 2022 an abrupt reversal from the 4.2% growth seen in 2021 (CBSL Report, 2022). Meanwhile, headline inflation surged to 73.7% year-over-year in September 2022, severely eroding consumer purchasing power and compressing operating margins for businesses across all sectors. These conditions were particularly burdensome for IT firms already grappling with cost pressures and global supply chain volatility.

The tourism sector, another major pillar of the economy, suffered an even more dramatic collapse. Tourism receipts nosedived from US $4.66 billion in 2019 to just US $1.08 billion in 2020 a staggering 77% decline due to global travel restrictions and domestic instability (Macrotrends, 2024; World Economic Forum, 2023). Although modest recovery brought this figure up to US $1.14 billion by 2022, it remained far below pre-crisis levels. More than 60% of small- and medium-sized accommodation providers were forced to shut down, resulting in the loss of approximately 40,000 direct jobs by early 2023 (World Economic Forum, 2023). This highlights the fragility of sectors dependent on external demand and the broad-based impact of systemic shocks on employment and livelihoods.

In contrast, the IT sector exhibited varying degrees of resilience, depending on how firms leveraged their financial, human, and technological resources. This contrast forms the central inquiry of this thesis: to understand how Sri Lankan IT companies survived and, in some cases, thrived during a period of unprecedented economic turmoil. The divergent outcomes between tourism and IT underscore the importance of sector-specific capabilities and adaptive strategies. Amidst one of the country's most severe economic downturns, only organizations equipped with internal resilience and strategic foresight managed to maintain operations, preserve talent, and position themselves for recovery.

1.2. Motivation

As an experienced IT personal involved in this industry over 10 years I have gain the motivation on how companies in Sri Lanka thrive their businesses during the economic crisis and what strategies they have adapted to overcome challenges. Therefore, as a part of my degree of Master of Business Administration in information technology, I perused the same motivation to conduct this study.

1.3. Research Scope

This research focus on Sri Lankan IT industry and economic crisis whereas to understand the different economic challenges faced by IT companies and strategies that IT companies uses to mitigate the negative impact from the crisis. Furthermore, this study focuses on assessing the success of the identified strategies implemented by the companies and thrive during the crisis period in order to gain in-depth knowledge on their strategies.

1.4. Problem Statement

The IT industry offers expert services, and a number of stakeholders participate in the intricate process of service innovation. Additionally, through innovation, job creation, higher productivity, and global competitiveness, the IT sector significantly boosts a nation's economic development (UNCTAD, 2019). Additionally, it boosts economic growth by expanding employment prospects and speeding up technological developments, which eventually raises a nation's standing internationally. Additionally, during the last ten to fifteen years, the Sri Lankan IT sector has produced about $1.5-1.7 billion in foreign revenue, or almost 2% of the country's GDP. The economic crisis has caused a significant number of professionals to leave the country, which has had a significant effect on Sri Lanka's economy overall as well as the relevant industry (Ameer et al., 2024) (Ameer et al., 2024).

Nearly 80% of the remaining MSMEs experienced severe or very severe business operations disruptions as a result of the COVID-19 pandemic, and 89% experienced similar effects from the 2022 economic crisis. Many businesses lost both skilled and unskilled employees as a result of their migration overseas or to other regions of Sri Lanka (International Labour Organization, 2023). Thus, there is a visible impact from the economic crisis towards the different industries including IT industry which is the main focus of this study. Therefore, it is vital to determine different challenges faced by IT companies and how they have mitigated through their strategies in terms of a crisis situation.

1.5. Research Objectives

This research aims to examine the strategies and resources that have enabled IT companies in Sri Lanka to survive and thrive during the recent economic crisis. Therefore, below sub objectives are formed for this study.

1. To identify the specific economic challenges faced by IT companies during the time of crisis
2. To identify the strategies that IT companies uses to mitigate the negative impact
3. Evaluate and assess the success of the identified strategies implemented by the companies and thrive during the crisis period

1.6. Research questions

1. What are the specific economic challenges faced by IT companies during the time of crisis?
2. What are the strategies that IT companies use to mitigate the negative impact?
3. What are the successes of the identified strategies implemented by the companies and thrive during the crisis period?

1.7. Research Significance

There are multiple studies conducted by different authors in terms of overcoming challenges during crisis periods. Naduni et al., (2023) conducted their study focusing on construction industry resilience during crisis in Sri Lanka (Naduni et al., 2023). Furthermore, Weerakoon at el., (2023) discussed in their study how to adapt to economic crisis and succeeded with different strategies in Sri Lankan context (Weerakoon et al., 2023). Weerasinghe et al (2023) identified different sustainability practices during crisis and pandemic period under apparel and textile industry in Sri Lanka (Weerasinghe et al., 2023). However, it is evident that there is dearth of studies in Sri Lankan context focusing on examining the strategies and resources that have enabled IT companies in Sri Lanka to survive and thrive during the recent economic crisis. Therefore, this study seeks to bridge the knowledge gap and practical gap through identifying the specific economic challenges faced by IT companies during the time of crisis and identifying the strategies that IT companies uses to mitigate the negative impact.

1.8. Outline

The rest of the thesis is organized as follows:

Chapter 2 presents the literature review, focusing on the IT sector in Sri Lanka, the impact of economic crises on businesses, and resilience strategies employed by organizations. It examines theoretical frameworks, including the Resource-Based View (RBV).

Chapter 3 details the research methodology, adopting a qualitative approach to explore the strategies employed by IT companies in Sri Lanka. This chapter outlines the research design, data collection methods (including in-depth interviews, focus groups, and document analysis), sampling strategy, data analysis techniques, ethical considerations, and limitations of the study.

Chapter 4 focuses on data analysis, presenting findings from the collected data. This chapter analyses the specific challenges and strategies adopted by the IT companies in Sri Lanka.

Chapter 5 offers concluding remarks, summarizing key findings, providing practical recommendations for IT companies and policymakers, discussing the implications for future research, and addressing the limitations of the study.

CHAPTER 2

LITERATURE REVIEW

2.1. Introduction

This chapter highlights the underpinning theory for this research study and empirical studies pertaining to the IT industry, economic crisis, challenges faced by IT companies during economic crisis and strategies to mitigate the negative impact.

2.2. Theory applicable to the study

2.2.1. Resources based view

The resource-based view provides a conceptual framework to assess the strategic fit of resources originating from China in the context of the developing world. Originally proposed by Birger Wernerfelt (1984) and later developed and refined by Jay B. Barney (1991) and other scholars, the resource-based view of the firm has found considerable support in the business literature. A major premise of the resource-based theory is that competitive advantage is a function of the resources and capabilities of the firm (Wernerfelt, 1984; Conner, 1991; Peteraf, 1993). Barney (1991) has listed four attributes of resources that can give rise to a firm's competitive advantage: value, rarity, imperfect imitability, and lack of substitutability. A resource must fulfil 'VRIN' criteria in order to provide competitive advantage and sustainable performance. A 'VRIN' criterion is explained below:

1. Valuable (V): If a resource adds strategic value to the company, it is valuable. Resources are valuable if they enable businesses to take advantage of market opportunities or lessen market risks. If a resource does not increase the firm's value, there is no benefit to having it.
2. Rare (R): It must be challenging to locate resources among the company's current and prospective rivals. For resources to provide competitive advantages, they must be uncommon or special. Because they are unable to create and implement a distinctive business plan in contrast to their rivals, resources held by multiple companies in the marketplace cannot give them a competitive edge.
3. Imperfect imitability (I): The inability to copy or imitate the resources is known as imperfect imitability. Imperfect imitability can be hampered by a variety of factors, such as resource complexity, a murky relationship between capability and competitive advantage, or challenges in obtaining resources. Resources can only serve as the foundation for a long-term competitive advantage if businesses without them are unable to obtain them.
4. Non-substitutability (N): When a resource is non-substitutable, it means that another resource cannot be used in its place. Here, substituting different

resources won't allow the competitor to perform as well. According to Barney (1986), valuable resource 'must enable a firm to do things and behave in ways that lead to high sales, low costs, high margins, or in other ways add financial value to the firm. Barney (1991) also emphasized that 'resources are valuable when they enable a firm to conceive of or implement strategies that improve its efficiency and effectiveness'. RBV helps managers of firms to understand why competences can be perceived as a firms' most important asset and, at the same time, to appreciate how those assets can be used to improve business performance. RBV of the firm accepts that attributes related to past experiences, organizational culture and competences are critical for the success of the firm (Campbell & Luchs, 1997; Hamel & Prahalad, 1996). Table 1 provides brief outline of prior work on RBV.

Figure.2.1

Resource-based view

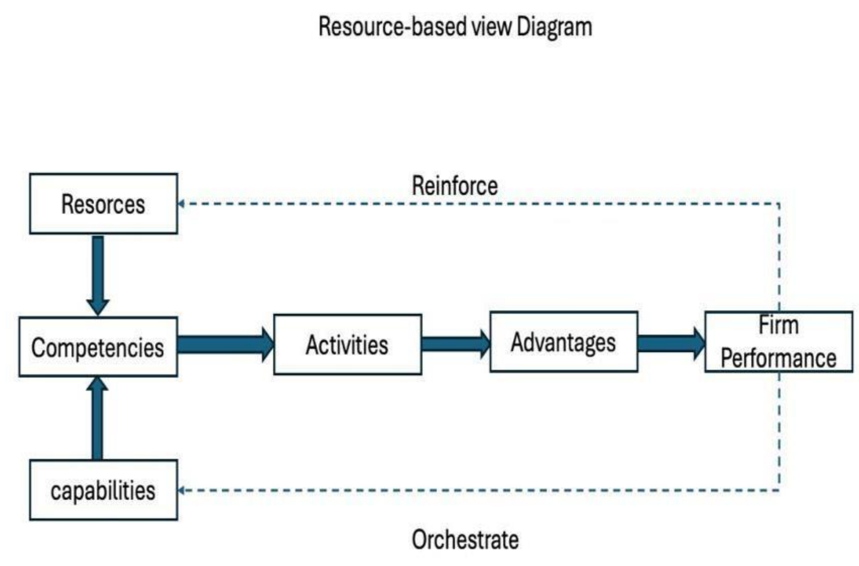


Figure.2.1 Resource-based view

The RBV asserts that ownership and control of strategic assets determines which organizations will earn superior profits and enjoy a position of competitive advantage over others. Thus, this theory is used as underpinning theory for understating different strategies adapted by Sri Lankan IT companies during pandemic.

2.3. Global IT industry during crisis

As a result of businesses cutting back on discretionary IT spending during the financial crisis of 2008, many information technology companies faced a decline in demand. On the other hand, businesses that offered software-as-a-service (SaaS) and cloud computing solutions that were both cost-effective and efficient were able to capitalise on the crisis. The introduction of Azure in 2010 marked the beginning of Microsoft's transition towards cloud-based services, which helped the company strengthen its position in the enterprise cloud computing market (Sondano & Nguyen, 2023). In a similar vein, Amazon Web Services (AWS) experienced rapid expansion as a result of businesses' desire to find cost-effective cloud storage and computing solutions rather than continuing to maintain expensive in-house information technology infrastructure (Kar & Dutta, 2018). Along with this, IBM shifted its focus from hardware to cloud- based artificial intelligence solutions in order to minimise losses caused by falling hardware sales.

In contrast, businesses that are heavily dependent on consumer hardware, such as Dell and HP, struggled during the recession as a result of decreased spending on new devices by both corporations and individuals. Apple, on the other hand, defied the trend by releasing the iPhone 3G in 2008, utilising innovation and brand loyalty to maintain strong sales despite the economic uncertainty that was present (Walia, 2024). It is clear from this that information technology companies that focus on essential services and diversify their revenue streams are better able to weather economic downturns.

Although the COVID-19 pandemic (2020-2022) caused additional disruptions to global markets, the information technology industry was instrumental in maintaining economies through the implementation of digital solutions. Cloud computing, video conferencing, e-commerce, and cybersecurity services have seen an increase in demand as a result of lockdowns and policies that allow employees to work remotely. According to Hokmabadi (2024), Zoom Video Communications, which was formerly a player in a niche market, became a household name as a result of the surge in demand for virtual meetings around the world. This led to a 317% increase in revenue in just the year 2020 (Hokmabadi, 2024). In a similar manner, Microsoft Teams and Google Meet increased their market share by rapidly scaling their infrastructure in order to accommodate remote workforces (Fernandes, 2020).

E-commerce and cloud-based services both experienced significant expansion as well. As a result of increased online shopping and businesses migrating to Amazon Web Services (AWS) for scalable information technology solutions, Amazon, which was already a dominant player in the retail and cloud computing industries, experienced record profits. Cloud computing services such as Google Cloud and Microsoft Azure gained popularity as businesses accelerated their efforts to transform digitally in order to maintain operations. As a result of organisations' efforts to protect their systems from the growing number of cyber threats that are a result of remote work environments, cybersecurity companies such as Palo Alto Networks and CrowdStrike flourished (Cremer , 2022).

Not all information technology companies, however, benefited from the crisis. Hardware manufacturers such as Intel and semiconductor companies struggled with disruptions in their supply chains, while startups that were dependent on venture capital faced difficulties in obtaining funding due to the uncertainty of investors (Haffar & Ozceylan, 2024). The fact that this divergence occurred demonstrates how information technology companies that rely on physical supply chains performed less well than those that have a strong cloud infrastructure, digital services, and cybersecurity focus.

During times of crisis, the adoption of cloud computing has been an essential survival strategy for information technology companies. According to Santhosh and Tiji (2024), companies such as Microsoft, Amazon, and Google have relentlessly expanded their cloud offerings in order to provide businesses with cost-effective solutions that enable them to reduce their expenditures on information technology while simultaneously maintaining their productivity. Even when the economy is in a downturn, companies like Salesforce and Adobe are able to maintain their recurring revenue streams thanks to the adoption of SaaS models (Santhosh & Tiji, 2024).

Many information technology companies have reduced their operational costs and optimised their workforce management in order to manage financial downturns. During the COVID-19 pandemic, for instance, IBM and Cisco implemented targeted layoffs while simultaneously redirecting investments towards artificial intelligence and cloud-based services (Ablaev & Akhmetshina , 2015). In the meantime, Google, Meta (Facebook), and Amazon all laid off thousands of employees in 2022 and 2023 in order to combat the falling advertising revenue and the pressures of inflation.

In addition to this, diversification into emerging markets has been an essential survival strategy. In order to capitalise on the growing popularity of smartphones and the development of infrastructure, information technology companies such as Huawei and Samsung expanded their operations into Latin America, South Asia, and Africa (Haffar & Ozceylan, 2024). In addition, Microsoft and Google have made investments in cloud data centres in these regions, which guarantees that revenue growth will continue even in the face of slowdowns in the Western market.

Investing in artificial intelligence, blockchain technology, and automation has been essential in crisis management. For example, Tesla and NVIDIA continue to be at the forefront of innovation in artificial intelligence-powered autonomous systems, which allows them to secure long-term growth despite the volatility of the economy. Automation that is driven by artificial intelligence has enabled businesses to cut costs and improve efficiency, which has helped them weather the storm of financial uncertainty (Cremer , 2022)

These global patterns underscore a crucial insight: resilience in the IT industry during crises is often rooted in adaptability, technological agility, and business model innovation. Companies that swiftly transitioned to cloud-first infrastructures, adopted Software-as-a-Service (SaaS) models, or integrated artificial intelligence (AI) and automation into their service delivery were able to reduce dependency on traditional revenue streams and preserve business continuity (Santhosh & Tiji, 2024). As noted by Cremer (2022), firms that had invested in flexible, scalable systems pre-crisis were not only able to withstand disruption but often emerged stronger, having gained competitive advantage in a reshaped digital marketplace.

A critical survival lever for many of these firms was the acceleration of digital transformation initiatives. During the COVID-19 pandemic, businesses worldwide were forced to move their operations online, driving exponential growth in demand for video conferencing, cybersecurity, remote collaboration tools, and cloud storage. According to Fernandes (2020), companies such as Microsoft, Zoom, and Google rapidly scaled their digital infrastructures to meet this surge, enabling them to grow their market share. Notably, Zoom's revenue jumped by 317% in 2020, and Microsoft Teams reported adding 95 million users within the same year (Hokmabadi, 2024). These transformations demonstrate how the crisis acted as a digital catalyst, rewarding those positioned for rapid innovation.

In contrast, firms that remained reliant on legacy infrastructure, on-premise systems, or hardware-centric business models faced significant constraints. Semiconductor companies such as Intel and hardware vendors like HP and Dell struggled with supply chain disruptions and reduced demand for physical products, particularly in enterprise and consumer markets where IT spending was curtailed (Haffar & Ozceylan, 2024). Startups that lacked strong capital reserves or were overly dependent on venture funding also experienced acute challenges, as investor confidence declined and funding rounds became more risk-averse (Ablaev & Akhmetshina, 2015).

Beyond technology itself, strategic human resource management played a pivotal role in organizational resilience. Many global firms undertook targeted layoffs or reorganized their workforce structures to reduce costs while redirecting talent toward growth-oriented areas such as AI, cybersecurity, and cloud operations. For instance, IBM and Cisco executed strategic downsizing while increasing investment in AI services (Ablaev & Akhmetshina, 2015). Likewise, Google, Meta, and Amazon initiated workforce reductions in 2022–2023 to cope with declining advertising revenue and inflationary pressures (Haffar & Ozceylan, 2024). However, such measures were often accompanied by talent redeployment strategies aimed at retaining core competencies and long-term innovation capacity.

A notable long-term strategy has been geographical diversification into emerging markets. Global IT firms like Huawei and Samsung expanded aggressively into Latin America, South Asia, and Africa to capture demand in developing economies with growing digital infrastructure and mobile penetration (Haffar & Ozceylan, 2024). Cloud providers such as Microsoft Azure and Google Cloud also established data centers in these regions, not only enhancing service delivery but also insulating themselves from slowdowns in Western markets. These moves provided both new revenue streams and risk mitigation against region-specific crises.

For emerging markets like Sri Lanka, these global experiences offer important lessons. Despite limited capital and scale compared to global giants, Sri Lankan IT firms can draw from similar playbooks—such as adopting SaaS delivery models, investing in remote work infrastructure, and targeting niche international markets. As Karunaratne (2023) notes, some Sri Lankan tech firms have already begun integrating cloud-based services and exporting digital solutions, signaling early signs of adaptive resilience. Understanding how global leaders leveraged digital acceleration, resource optimization, and market expansion offers a framework for analyzing how Sri Lankan IT companies navigated the domestic economic crisis of 2022–2023 and which strategies may enhance their long-term sustainability.

2.4. IT industry in Sri Lanka

It is anticipated that Sri Lanka's information and communications technology (ICT) sector and its sub-sectors, including information technology and information and communications technology (IT/ITES) and telecommunications, will generate three billion dollars in export revenue by the year 2024. Furthermore, it is anticipated that by the year 2030, they will contribute fifteen billion dollars to the Digital Economy. According to the Federation of Information Technology Industry Sri Lanka (FITIS), there will be 750 technology companies, 1,000 IT and IT-infused startups, and 500 other technology startups operating in Sri Lanka by the year 2024. This is a prediction made by the organisation, which also forecasts that the country will enter the third wave of technology during the digital transformation. With this expansion and technological innovation, the industry would be able to reach the $3 billion export revenue figure, as stated by the International Chamber of Trade and Industry (ICTA). According to the International Trade Administration, Telecommunications and Information Technology - Sri Lanka (2024), the growth of the sector has been hindered by the loss of skilled professionals in the information and communications technology (ICT) sector.

As of right now, the information and communications technology industry is responsible for the employment of approximately 175,000 skilled workers across the country and is projected to generate $1.5 billion in foreign exchange in the year 2022. As the fourth-largest export earner in the country, the information and communications technology (ICT) services sector is comprised of more than 300 companies that are currently serving multiple industry verticals. information technology (IT) and information technology enabled services (ITES) are the two categories that are typically used to classify it. In 2023, it is anticipated that the information and communications technology (ICT) and business process outsourcing (BPO) sector will contribute approximately 8 to 9 percent to the total exports (International Trade Administration, Telecommunications and Information Technology - Sri Lanka, 2024).

The severe political, economic, and social difficulties that were brought about by the crisis in the balance of payments were the primary cause of the significant decline that occurred in the information technology market in Sri Lanka during the first half of 2023 and the year 2022. The strong market momentum that was observed from 2017 to 2021, which was fuelled by Sri Lanka's developing position in the information technology industry and its relatively low levels of technology penetration, stood in stark contrast to this time frame. On the other hand, the latter half of 2023 started to exhibit signs of recovery, with the information technology sector showing signs of modest growth (BMI, 2023).

2.5. Sri Lanka’s economic crisis

Since 2018, Sri Lanka has been hit by a series of shocks, beginning with the bombings that occurred during Easter in 2019 and the COVID-19 pandemic. These events had a significant impact on the economy and labour market of the country prior to the financial crisis that occurred in 2022–2023. The gross domestic product (GDP) experienced a decrease of 17.1 percent in the second quarter of 2020, which occurred during the COVID-19 lockdowns. However, growth resumed after the lockdown measures were lifted (Gunatilaka & Chandrasiri, 2022).

Despite this, the war in Ukraine and the subsequent crisis in the cost of living rocked the world in 2022, which occurred before a full and sustainable recovery from the pandemic could be achieved. Sri Lanka was particularly hard hit due to the fact that it was plagued by underlying macroeconomic imbalances and structural weaknesses. The result of this was that the economy of Sri Lanka experienced a severe crisis in terms of its balance of payments and its external debt in the year 2022, which ultimately led to the country defaulting on its foreign debt in April of that same year (International Labour Organisation, Sri Lanka's Labour Market during the Economic Crisis of 2022-23, 2023).

The subsequent deep recession, which was accompanied by soaring inflation and a shortage of food, fuel, and raw materials, further hampered economic activity. This was a direct result of the economic downturn that followed. The overall economy shrank by 7.8% in 2022, despite the fact that year-over-year inflation reached its highest point of 73.7% in September of that same year. With the intention of promoting structural reforms to aid in the recovery and restore macroeconomic stability and debt sustainability, the government of Sri Lanka signed a 48-month agreement in March 2023 under an International Monetary Fund Extended Fund Facility (EFF) worth SDR 2.286 billion, which is approximately equivalent to $3 billion in United States dollars.Despite the fact that recovery will require time and effort, stabilisation has been achieved to a certain extent since the year 2023 (International Labour Organisation, 2023).

A more significant impact of the economic crisis can be seen in the shifts that have occurred in the population that is employed. When compared to 2019, the employment-to-population ratio (EPR) experienced a decrease of 2 percentage points in the year 2020, and it continued to decrease until it reached 47.4 percent in the year 2021. As a direct result of the economic crisis that occurred in 2022–2023, the ratio continued to decrease, and by the second quarter of 2023, the EPR had reached a new all-time low of 46% (International Labour Organisation, 2023).

2.6. Economic challenges faced by IT companies during the time of crisis

During Sri Lanka's recent economic crisis, IT businesses faced significant challenges including a severe foreign exchange shortage, making it difficult to import necessary equipment and pay for overseas services, high inflation impacting operational costs, a shrinking customer base due to reduced purchasing power, unstable political climate impacting investor confidence, and potential disruptions in internet connectivity due to power cuts, all hindering IT business growth (International Trade Administration, Telecommunications and Information Technology - Sri Lanka, 2024).

One of the few nations on earth to have gone through three consecutive socioeconomic crises that slowed economic growth is Sri Lanka. These have made financial difficulties worse, as have the social and political developments of 2022. Over 120,000 people were employed by Sri Lanka's IT sector prior to the pandemic, and it was growing in terms of both revenue and employment opportunities. However, the industry has suffered as a result of the current economic crisis. As the crisis worsens, competent IT experts are increasingly looking for opportunities abroad, resulting in a loss of important human capital and expertise in the IT sector (Ameer et al., 2024). Another most critical challenge was the lack of foreign currency to pay for essential imports like software licenses, hardware, and cloud services, leading to delays and limitations in operations (BMI, 2023).

Economic activity was further hampered by the ensuing deep recession, which was accompanied by soaring inflation and a shortage of food, fuel, and raw materials. While year-over-year inflation peaked at 73.7% in September 2022, the economy as a whole contracted by 7.8% in 2022. Rising inflation across the economy led to increased operational costs for IT companies, including salaries and office expenses (International Labour Organization, Sri Lanka's Labour Market during the Economic Crisis of 2022-23, 2023).

One of the biggest obstacles to doing business in Sri Lanka with less foreign investment in IT projects, according to businesses, is the shortage of labour. Because the educational system produces too few engineers, technicians, scientists, and English speakers, there is a shortage of qualified workers. The economic crisis is causing a large number of workers to migrate overseas in search of work, which will make it harder to find skilled labour in the nation. Business representatives lament that it is challenging to adapt staff size and composition to market conditions due to the strict labour laws, which include exceptionally high severance pay regulations. There are also numerous and overlapping labor regulations that are often difficult for investors to understand (International Trade Administration, Sri Lanka - Country Commercial Guide - Market Challenges, 2024). Therefore, political instability and unpredictable economic policies created an uncertain environment for businesses, discouraging investment and long-term planning in IT industry.

2.7. Strategies used during the economic crisis

According to Kotler and Caslione (2009) and Srinivasan et al. (2005), managers are frequently put under pressure by both internal and external stakeholders to reduce the amount of money that the company spends on marketing its products and services during economic downturns. However, Kotler and Caslione (2009) argue that the worst thing a company can do during a recession is to mandate wholesale cuts, such as cutting 15 percent of their budgets for all departments. This is the worst thing that a company can do.

Businesses that continue to invest in marketing have been shown to produce superior results in the past (Hunt, 2009; Mattsson, 2009; Srinivasan et al., 2005). This has been demonstrated by research conducted on previous recessions. Despite the fact that recessions pose a financial risk to businesses, Srinivasan and colleagues (2005) discovered in their research that not all businesses are affected in the same manner. They conducted a survey with 154 managers from companies of varying sizes and operating in a wide range of industries. During a period of economic downturn, the authors discovered that companies that already had well-known brands, a large amount of resources, and a culture that encouraged entrepreneurialism would reap the greatest benefits from marketing investments. According to Hillier and Baxter (2001) and Srinivasan et al. (2005), marketing managers are able to successfully navigate a recession by employing a strategy known as "proactive marketing." This strategy involves the company viewing a period of economic downturn as an opportunity to increase the amount of money invested in marketing.

It is argued by Piercy et al. (2010) that the Great Recession has brought about a paradigm shift in the manner in which business is conducted. According to Piercy et al. (2010), consumers have become more frugal in their purchasing decisions as a result of the increase in the number of new information technologies, the decrease in capital financing, and the growing cynicism towards both business and government. Because of this, there are new opportunities available for businesses that are able to adjust to the new economy. Adapting to the shifting economic environment, better analysing market information, refocusing marketing communications, and adopting a value-oriented business model are some of the recommendations made by Piercy et al. (2010) to businesses. They also recommend that businesses examine their business strategies and look for ways to apply these strategies.

According to them, these four recommendations are absolutely necessary for businesses to succeed in the environment that has emerged after the recession. There are two different strategies that Raggio and Leone (2009) present in order to survive the recession. These strategies are referred to as the "just good enough" strategy and the "altered amortisation" strategy. The "just good enough" strategy is defined by these authors as the practice of selling products at the lowest possible price while still successfully meeting the minimum quality expectations of customers. According to Raggio and Leone (2009), the idea behind the "altered amortisation" strategy is that the product ought to be positioned as the more advantageous value over the course of the long term.

In their 2009 article, Raggio and Leone argue that when the economy is in a recession, consumers will base their purchasing decisions on either the "just good enough" approach or the "altered amortisation" approach. If a company adopts other positioning strategies, such as premium pricing or budget pricing, and does not adjust to the new buying behaviour, it is highly likely that the company will lose customers and struggle to survive (Raggio & Leone, 2009).

Furthermore, Raggio and Leone (2009) argue that the "just good enough" approach will result in a decline in brand equity over the course of time, whereas the "altered amortisation" approach will ensure that the equity of the brand is preserved. In 2009, Srinivasan and Lilien conducted research on two different marketing strategies and the effects those strategies had during economic downturns. Over the course of the last six recessions, they examined more than 3,800 businesses to determine how their research and development and advertising efforts, as well as their reported profits, were affected. According to the findings of their study, while investments in research and development led to decreased profits during recessions, advertising spending significantly increased the profits of consumer and business-to-business organizations.

The effect on profits was noticeable both during and after the recessions that affected the economy. On the other hand, Srinivasan and Lilien (2009) found that during recessions, the earnings of service companies from their expenditures on research and development and advertising remained unchanged. The owner-manager strategies that can be found in the literature can be roughly classified into two categories: those that focus on growth in order to maintain capacity after the recession has ended, and those that involve cutting costs in order to survive the recession. Downsizing the workforce, reducing products, reducing stock, and freezing pay are all examples of cost-cutting strategies. On the other hand, growth-related strategies include offering new or improved products, competing on price, and acquiring other businesses that have been weakened by the recession (Judd and Lee, 1981; Stone, 1975).

An investigation into the ways in which small and medium-sized enterprises (SMEs) responded to the economic downturn that occurred in 2008-2009 was conducted by Kitching et al. (2011). The findings of this investigation revealed that the most effective method of response was market and product diversification. This approach encompassed the introduction of new products and services as well as the attraction of new customers (Kitching et al., 2011).

2.8. Strategies for during economic Crises under different operation scales (Large, medium, and start-up)

Through the implementation of cost optimisation, technological innovation, and market diversification approaches, the global information technology industry has demonstrated remarkable resilience in the face of economic crises. Nevertheless, large information technology companies (such as Microsoft, Google, and Amazon) and small information technology companies (such as startups and niche software developers) utilise distinct survival strategies due to the fact that their financial capabilities, resource availability, and market reach are distinct from one another. Small information technology companies frequently rely on agility, innovation, and a focus on niche markets in order to navigate financial downturns (Dyche, 2015). This is in contrast to large information technology companies, which utilise economies of scale, diversification, and government support. During times of economic instability, this comparative analysis investigates the ways in which these companies adapt and continue to operate.

Large companies in the information technology industry typically have robust financial reserves and a variety of revenue streams, which enables them to more effectively absorb economic shocks. During the 2008 financial crisis and the COVID-19 pandemic, for example, Microsoft and Amazon were able to maintain consistent growth thanks to their cloud computing divisions (Azure and AWS), as well as their e-commerce and enterprise software services (McLean & Nocera, 2011). Their capacity to preserve liquidity allowed them to make investments in research, acquisitions, and workforce expansion, which ensured the company's continued viability over the long term.

Small information technology companies, on the other hand, frequently come up against financial instability as a result of their limited capital reserves and their reliance on funding from outside sources ((Haffar & Ozceylan, 2024). According to Haffar & Ozceylan (2024), when the economy is in a state of crisis, venture capital funding typically decreases, making it more challenging for new businesses to continue their operations. As a result of cash flow problems, project cancellations, and workforce reductions, a significant number of small information technology companies are either forced to close their doors or acquired by larger companies. However, businesses that operate with lean business models and revenue streams that are based on subscriptions (for example, software as a service (SaaS) startups) typically demonstrate greater resilience (Moore & Seymour, 2005).

For the purpose of lowering their operational costs during times of economic instability, large information technology companies implement cost-cutting measures such as layoffs, outsourcing, and automation. Companies such as Google, Meta (Facebook), and Amazon, for example, terminated thousands of employees in 2022-2023 as a result of falling advertising revenue and inflationary pressures (Cremer , 2022). According to Cremer (2022), large corporations are increasingly shifting their focus towards offshoring development to regions with lower costs, such as India and Eastern Europe. This allows them to minimize expenses while maintaining productivity (Cremer , 2022).

On the other hand, in order to reduce expenses, smaller information technology companies implement workforce strategies that are more adaptable. These strategies include open-source collaborations, gig-based employment, and remote work models. Instead of maintaining large in-house teams, startups frequently rely on freelancers and contractual workers. This allows them to scale their operations in response to fluctuations in demand (Brown & Jones, 2022). According to Smith et al. (2022), small businesses prioritise the retention of their employees by providing equity-based compensation in the form of stock options rather than high salaries. This approach encourages long-term commitment despite the constraints of limited financial resources.

In order to maintain their market dominance during economic downturns, large information technology companies make significant investments in emerging technologies. In order to maintain growth despite the economic crisis, businesses such as Google and IBM focused their efforts on artificial intelligence (AI), machine learning, and cloud computing (Dyche, 2015). As a result of Amazon's expansion into cloud infrastructure and logistics, the company has secured revenue streams that extend beyond e-commerce (McLean & Nocera, 2011). The acquisition of promising startups by large companies during economic downturns allows these companies to strengthen their technological advantage while simultaneously eliminating potential competitors (Tooze, 2018).

Small information technology companies, on the other hand, are able to thrive by specialising in specific niche markets and implementing agile business models. As an illustration, Zoom Video Communications, which was a relatively small company prior to the year 2020, was able to capitalise on the surge in remote work that occurred during the COVID-19 crisis, significantly outperforming its competitors in the video conferencing space (Cremer , 2022). In a similar vein, cybersecurity startups like CrowdStrike and Palo Alto Networks rose to prominence by addressing growing concerns regarding cybersecurity (Tooze, 2018). Customers are loyal to these companies because they focus on specific industry needs, which ensures their continued relevance over the long term.

During times of economic instability, large information technology companies that receive government stimulus packages, tax incentives, and regulatory flexibility reap significant benefits. During the COVID-19 pandemic, for instance, Microsoft, Google, and IBM were able to secure contracts with the public sector for cloud services and cybersecurity solutions, which ensured that they would maintain their financial stability (McLean & Nocera, 2011). In addition, enormous corporations make use of lobbying efforts in order to exert influence over regulatory policies, thereby acquiring favourable conditions for the continuation of business operations (Tooze, 2018).

On the other hand, small information technology companies frequently encounter difficulties in gaining access to government support due to the presence of bureaucratic barriers. It is difficult for many new businesses to obtain loans or grants, particularly in economies that are still developing, which ultimately results in the closure of businesses (Haffar & Ozceylan, 2024). On the other hand, certain governments have implemented specialised relief programs for new technology businesses, such as the Pay cheque Protection Program (PPP) in the United States and the Digital Transformation Grants in the European Union, which offer financial support to small information technology companies (Bell & Orzen, 2010).

Large information technology companies make use of their global presence to compensate for economic downturns in particular regions. According to Kim and Lee's 2020 research, companies such as Apple and Samsung are shifting their focus to emerging markets in Asia and Africa, where the demand for technology continues to be high despite the challenges posed by the economy. According to Moore & Seymour (2005), Microsoft and Google are continuing to expand their data centres and cloud services in developing economies, which ensures that they will continue to penetrate the market over the long term (Moore & Seymour, 2005).

Small information technology companies, on the other hand, face challenges in expanding their operations internationally due to limited capital funds, barriers to market entry, and regulatory obstacles (Haffar & Ozceylan, 2024). Instead, they concentrate on digital exports, models of remote service, and partnerships with significantly larger businesses in order to maintain their operations. Despite facing financial difficulties, a large number of smaller information technology companies have adopted freemium business models and open-source software development in order to attract users from all over the world (Dyche, 2015).

CHAPTER 3

RESEARCH METHODOLOGY

3.1. Introduction

This chapter synthesizes the research methodology applied for this study adapting the research onion. Furthermore, this chapter discusses data collection and analysis methods used in this study in depth.

3.2. Research Method

Figure 3.1

Research onion adapted for this study

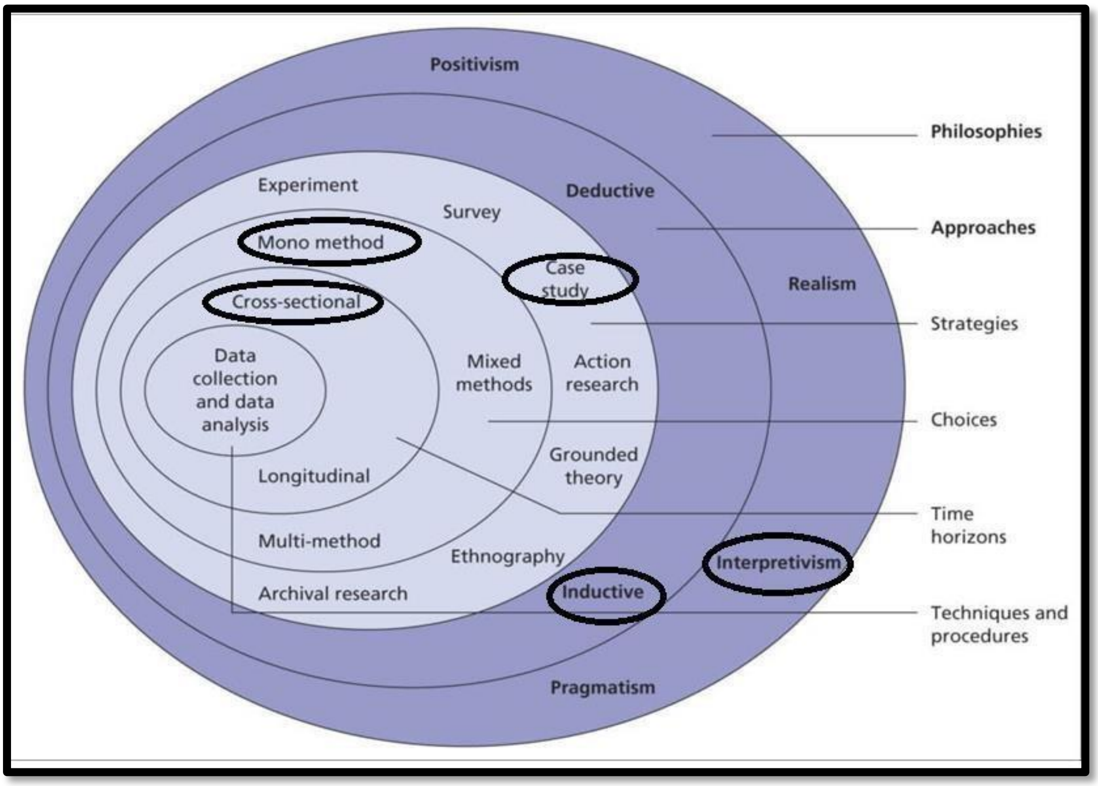


Figure 3.1 Research onion

The research onion followed in Figure 3.1 summarises the research design of this study.

3.2.1. Research Philosophy

Positivism is one of the paradigms that relies on the application of reason and measurement. It makes the claim that objective, quantifiable observations of activity, action, or reaction are the source of knowledge. The scientific method is another name for it. According to positivism, something cannot be known with complete certainty or certainty if it cannot be measured in this manner. Scientific knowledge is acquired through the accumulation of data that is derived exclusively from observation, unaffected by theories or subjective beliefs. This implies that anything that cannot be observed and, therefore, cannot be measured is considered to have a value that is either negligible or negligibly important. The utilisation of quantitative approaches for the purpose of data collection is inextricably linked to positivism (Saunders et al., 2019).

Interpretivism is predicated on the idea that reality is subjective, complex, and socially constructed rather than objective. Fundamentally, understanding someone's reality is limited to their own experience of it, which may be different from another person's because of their differing historical or social background. Interpretive approaches employ questioning and observation to uncover or generate a thorough and profound understanding of the phenomenon under investigation. There is a strong connection between this and qualitative approaches to data collection (Saunders et al., 2019).

As a result, interpretivism is selected as the research philosophy that is the most appropriate for this study.

3.2.2. Research Approach

Deductive reasoning entails formulating a general claim that is backed up by particular examples or information. This could be considered a "top down" approach to inference. This is conceivable. Inductive reasoning is the process of extrapolating generalisations from particular examples. Often referred to as "cause-and-effect reasoning," the inductive reasoning method is a "bottom-up" approach to decision making. Inductive reasoning has been chosen as the suitable research methodology because this study is based on observations of primary interview sources that were collected at a specific point in time. Additionally, after assessing the primary interview information observation, the study will suggest its conclusions (Saunders et al., 2019).

3.2.3. Research Method

There are two types of research.

1. Qualitative research

To better understand and interpret social interactions, a qualitative study is carried out. For this type of study, the group under investigation is smaller and not chosen at random. The majority of the time, the information gathered comes in the form of words, pictures, or objects from techniques like open-ended questions, interviews, participant observations, field notes, and reflections. In the end, the researcher uses the data gathered to produce new hypotheses and theories (Johnson, 2008).

2. Quantitative research

In contrast to a qualitative research, a quantitative research is conducted with the purpose of testing the hypothesis, looking at the cause and effect and make predictions. The sample is large and it is randomly selected. The data collected are numbers and statistics which are analysed and provides a statistical report with correlations, comparisons of means, and statistical significance of findings (Johnson, 2008).

This is qualitative research due to the fact that the data collected interviewing IT companies using a structured questionnaire . The statistical data were not collected and open ended descriptive opinions were expected from interviews. Further, it doesn't focus on figures and find the correlations; instead it collects the data such as words and facts which are qualitative in nature.

3.2.4. Research choice and time horizon

Two primary research options are emphasised by Saunders et al. (2007): the single method and the multiple methods. The collection and analysis of a single set of data, which may be qualitative or quantitative, is what defines the mono-method. Techniques for quantitative data collection and analysis produce or apply numerical values. Conversely, any technique for gathering or analysing data that makes use of or produces non-numerical information is referred to as qualitative data. Because it mainly uses primary data to collect qualitative data, this study uses a mono-method research design (Saunders et al., 2007).

A research study's time horizons indicate how long the study will take to complete. Using this data, Saunders et al. (2007) create two separate classifications: cross-sectional and longitudinal. A cross-sectional study looks at a particular topic over a predetermined period of time; its goal is to provide a brief representation of an ongoing phenomenon. Conducting studies over a long period of time is known as longitudinal research. This study's main goal is to identify the various difficulties that IT companies encounter and how they have addressed these difficulties through their crisis management plans. The investigation in this study is designed with a cross sectional time horizon due to the collection of qualitative data that will be assessed (Saunders et al., 2007).

3.2.5. Conceptual Diagram

IT firms' financial, human, and technological resources (independent variables) are the primary levers they can mobilise. The strength of the link from these resources to outcomes is conditioned by market and customer-base stability, which can amplify or dampen resource effectiveness. When resources are deployed well under favourable moderating conditions, firms achieve superior revenue stability, financial resilience, operational efficiency, employee retention, and risk mitigation (dependent variables). The model therefore visualises how resource quality, filtered through external stability, explains differential performance among Sri Lankan IT companies during the economic crisis.

Figure 3.2

Conceptual Diagram

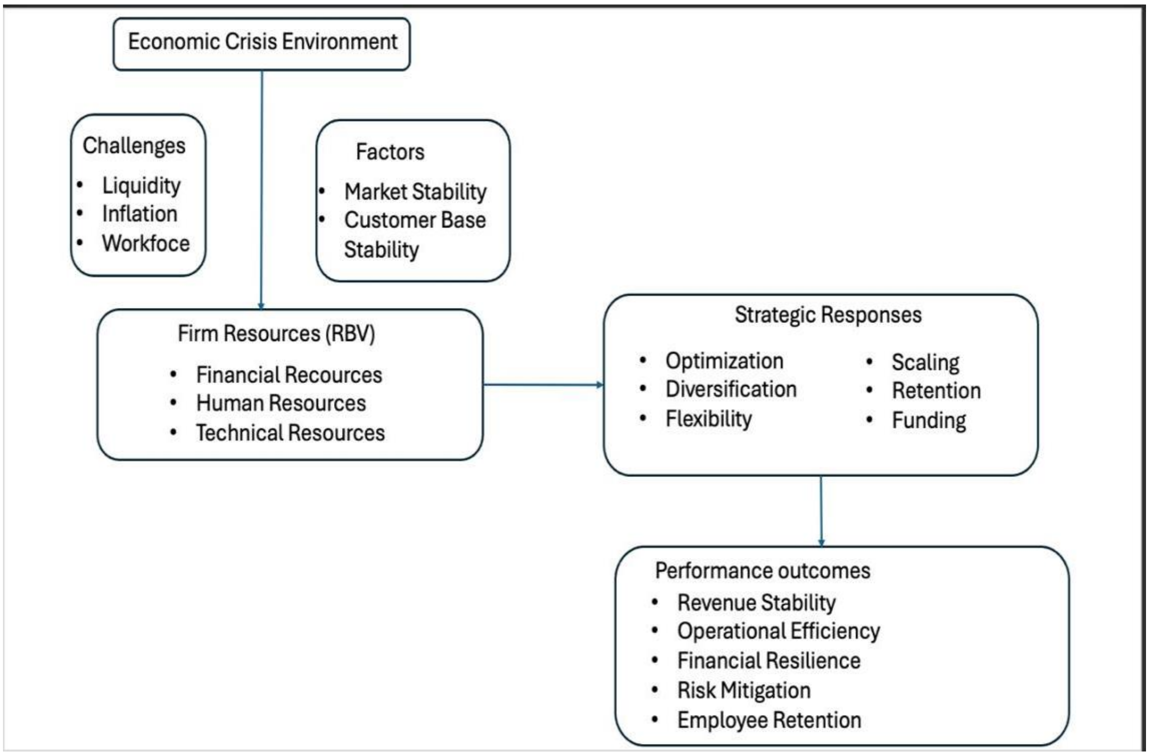


Figure.3.2 Conceptual Diagram

3.3. Questionnaire development

This study mainly used the data using a structured questionnaire. Therefore, the questionnaire was developed using the theory underpinning this study which is resource based view. Thus, based on financial resources, human resources, technological resources, and customer base stability were used when developing the questionnaire to evaluate the financial performance which is a metric of their operations during times of crisis.

3.4. Data Collection

A data collection interview is a research method that involves a series of questions and answers between a researcher and a participant. The goal is to gather information from the participant on a specific topic. Therefore, the author asks a predetermined list of closed-ended questions in a set order which is prepared in advance through interviews. Case study strategy was used in this study. Pattern matching and cross case synthesis were used to analyse the data gathered using interview of multiple case studies (12 case studies) for theme generation.

3.5. Population and Sample Selection

According to Sri Lanka Export Development Board, Sri Lanka currently has over 500 IT companies (Sri Lanka Export Development Board, 2024). As this is a qualitative study, based on the access and challenges faced during the crisis, 12 IT companies with 12 interviewees are selected for this study. IT companies are selected based on the scale of their operations which are large, small, and start-up based on the convenient sampling.

3.6. Description of each case and respondents

As this is a qualitative study, based on the access and challenges faced during the crisis, 12 IT companies with 12 interviewees are selected for this study. IT companies are selected based on the scale of their operations which is small, medium, large and startup. Respondents of each interview out of all institutes hold a managerial position validating the requirement of this research assessing specific economic challenges faced by IT companies during the time of crisis, strategies that IT companies uses to mitigate the negative impact and the success of the identified strategies implemented by the companies and thrive during the crisis period.

TABLE 3.1
Summary of Respondents

Company	Position held by the respondent	Experience	Company Size
A	CFO	18 years	Large
B	GM Finance	20 years	Large
C	CEO	9 years	Medium
D	Director Finance	13 years	Startup
E	CTO	18 Years	Medium
F	CEO	10 Years	Startup
G	General Manager	22 Years	Large
H	COO	20 Years	Medium
I	CTO	16 years	Large
J	CO-Founder and COO	12 Years	Start-up

K	CTO	8 years	Medium
L	COO	10 years	Start-up

Institute A

A domestic information technology company has a well-established 25-year history of being a trailblazer in developing solutions that have a significant impact on customers. With more than 400 workers spanning all industries, the company has expanded over the years, enabling and deploying a wide range of technologies for a genuinely worldwide clientele. With the help of top companies like Oracle, Cisco, Dell, Microsoft, IBM, and Edgeverve (also known as "Infosys"), Institute A has established a number of international alliances. The company has also won multiple awards for excellence, innovation, and performance in a variety of markets for its services worldwide, and it keeps getting better every year. It has around 663 total employees.

Institute B

With more than 100 direct and indirect subsidiary companies operating in a variety of business sectors, institute B is a fully owned subsidiary and has a distinguished 32-year business history. Having worked in the field for many years, institute B has expanded its services and business solutions to include external clients. Additionally, they have established a solid strategic alliance with the most well-known information technology solution providers in the world, which has allowed us to offer their clients dependable and superior business solutions as well as technology-related services. Total number of employees are 234 in this company.

Institute C

An inventive team of people at institute C uses design, KNOW-HOW technology, creative COULD-BE, and strategic WILL-DO to create a completely immersive brand experience. They work together for corporate and cultural clients, big or small, local or distant. Their contented staff is our top priority. Institute C is committed to developing our talent pool and preparing the upcoming generation of tech-makers. They have a young, talented team and a global network of developers. Their approach to software and product development is distinct. They refer to it as the Brain, Invoke, Question, and Answer model. They have around 11-50 employees.

Institute D

A full range of services, including web and mobile app development, SEO, creative design, video production, and social media marketing, are offered by Institute D, a Sri Lankan digital marketing agency that specialises in branding consulting. They position themselves as a premium agency committed to assisting businesses in building a strong online presence by highlighting their experience, client-centric approach, and dedication to providing creative and strategic digital solutions. They have around 1-10 employees.

Institute E

As a top supplier of cutting-edge financial solutions, institute E is committed to giving their customers the knowledge and resources they need to successfully negotiate the intricate financial landscape. They have a reputation for excellence and are experts at providing investors, institutions, and financial professionals with state-of-the-art technology and thorough market data. Their goal is to transform the financial sector by implementing cutting-edge solutions that improve profitability, efficiency, and decision-making. To keep their clients ahead in a market that is constantly changing, they are dedicated to promoting a culture of creativity, honesty, and teamwork. They have 173 employees.

Institute F

Located in Kadawatha, they are a product-based software startup that offers the greatest services using the newest technologies in the most pleasant manner. Their skilled engineers can create customers apps, giving you a cutting-edge experience. Institute F's products are incredibly productive, scalable, and domain-specific. They provide unique products for restaurants, web automation, and hospitals. They have around 1-10 employees.

Institute G

Offering comprehensive technology consulting and engineering services that cover both hardware and software is institute "G" area of expertise. Big Data & Data Science Engineering, Embedded Systems Engineering, Remote Monitoring & IoT, Machine Learning, Cognitive Vision, Robotics, Enterprise Software Applications, and Innovation Services with Technology Proof of Concept Development are all included in the services portfolio. To create a diverse, inclusive, and prosperous workplace for all of its employees, institute "G" fosters a culture of customer-centric innovation, ongoing learning, professionalism, self-care, and integrity. For information security management related to software development and IT infrastructure services, the company was certified by ISO/IEC 27001:2022. The number of employees, independent contractors, subcontractors, and other workers that make up an agency is indicated by its size, which ranges from 51 to 200.

Institute H

As a software provider, institute "H" concentrates on collaborating with companies across the globe to offer technical solutions, supplying innovative goods and services that streamline complexity and propel the sector's digital transformation. ERP, CRM, HRIS, and automated billing and payment systems are just a few of the custom solutions they create and provide. From software architecture and design to strategic planning, they provide knowledgeable advice. They have around 1-50 employees

Institute I

What began as a modest three-person team in a tiny back room has grown into a powerful force that oversees international projects across numerous industries. Their ability to create custom, data-driven solutions that are suited to their clients' needs stems from their proficiency in design, marketing, and technology. Their strategy is centred on creative problem-solving and the smooth implementation of digital tactics that produce measurable results. With 400+ digital specialists and 100+ clients globally across 20 industries, they have been in business for ten years. They are head quartered in Colombo with Company size of 201-500 employees.

Institute J

Institute “J” provide state-of-the-art solutions and take over enterprise software development. Engineers on their team are committed to providing high-quality work. They take full responsibility for all migrations and replacements, ensuring the longevity of customers organisational software system, lowering the TCO for every system. They take over IoT research and development projects, guaranteeing top-notch results. Their UI-first approach wins users over. They design, develop, and maintain websites, mobile apps, and other software systems. They have around 11-50 employees.

Institute K

Institute “K” is a software engineering firm that was founded in 2018 and has operations in Singapore and Sri Lanka. Its global reach is growing. They have expanded from a small group of three driven individuals to a flourishing company with more than 80 skilled professionals in just six years. Strong alliances, devoted customers, organic growth, and an amazing staff committed to providing top-notch solutions have all contributed to their journey.

Institute L

This company are a group of committed professionals who assist businesses in creating and growing their software development teams. Their objective is to assist clients in gaining access to the greatest talent so that they can successfully realise customer’s vision while adhering to standards that are globally competitive. They make sure that teams have resources for product management, design, growth, and quality assurance in addition to engineering resources. This company is established in 2018 in Sri Lanka. They have around 11-50 employees.

3.7. Data Analysis

The case study method is a research technique used to thoroughly examine a particular topic in a variety of fields, such as the social sciences, business, psychology, and medicine. It entails a thorough, in-depth analysis of one or a small number of cases in a real-world setting (Saunders et al., 2019). The collected information was transcribed and subjected to theme generation using pattern matching and cross-case synthesis. Finding meaningful patterns in a dataset that addresses the research question is the aim of theme generation. Patterns are identified through a rigorous process of data familiarization, data coding, and theme development and revision (Susan, 2004).

Furthermore, Yin (2017) has prescribed five analytical techniques which are,

1. Pattern Matching

2. Explanation building

3. Time series analysis

4. Logic models

5. Cross case synthesis.

Cross case synthesis and pattern matching was used as the analytical techniques in this study (Yin R. K., Case Study Research and Applications: Design and Methods, 2017).

Cross case synthesis and pattern matching were used as the analytical techniques in this study.

Cross case synthesis

In the analysis of the findings, a major tool used is “Cross case synthesis”. Cross-case synthesis is a research method that facilitates the comparison of commonalities and differences in the events, activities, and processes that are the units of analyses in case studies which are IT companies. This can mobilize the knowledge of individual cases (VanWynsberghe, 2008). The knowledge gained from studying all the cases are accumulated, compare and contrast the cases and new knowledge on the challenges and strategies used by IT companies.

Pattern matching

Pattern matching is a tool where the theoretical knowledge (patterns) obtained in the literature review is matched with the findings obtained in the field and investigates the similarities and dissimilarities. Complying with this technique, strategies were compared with the previous works.

Case study protocol steps

According to Eisenhardt in 1989 case study protocol has three phases including eight steps to follow when conducting a case study method, which are,

01. Getting started

This includes the defining research questions. Therefore, three questions have been formed.

02. Selecting cases

This includes the theoretical sampling and reaching to specified population. As this is a qualitative study, based on the access and challenges faced during the crisis, 12 IT companies with 12 interviewees are selected for this study. IT companies are selected based on the scale of their operations which are large, small, and start-up based on the convenient sampling.

03. Crafting instruments and protocol

This includes the multiple data collection methods, which are primary and secondary. Secondary includes the empirical data gathering for this whereas primary includes the interviews from respondents.

04. Entering to the field

This includes the iterative data collection and analysis.

05. Analysis the cases

Themes were generated using techniques such as cross case and pattern matching have been used in this study manually after considering twelve cases. This manual process involves reading, coding, and organizing data by hand, without the use of specialized software.

06. Shaping hypothesis

This includes the iterative tabulation of evidence for each construct, replication logic across cases and search for the cause, e.g.: the 'why' behind relationships. Using the above mentioned strategies and techniques prescribed by Yin extending and sharpening theory and building internal validity of observations by using pattern matching was done.

07. Enfolding the literature

Comparisons with conflicting literature and comparisons with similar literature are included in this step.

08. Reaching closure

The research will have been deemed to have reached closure once theoretical saturation has been reached and no new information can be deduced (Eisenhardt, 1989).

3.8. Ethics

Ethics takes place in qualitative research was addressed in the study as follows,

i. Privacy and Anonymity

Every participant in a study has a legitimate expectation that their privacy will be protected. Therefore, in written or other correspondence, no personally identifiable information should be disclosed.

ii. Confidentiality

Every participant in a research study has a legitimate expectation that the researcher will handle the information they provide in a confidential manner. As a result, the participant has the right to anticipate that third parties won't receive such information.

iii. Informed Consent

Participants in a research study have a legitimate expectation that they will be informed about the study's purpose and given the option to participate or not. Additionally, they have a legitimate expectation that they won't be forced to participate.

This study was completed aligning to above ethics as follows,

- Participants generally concur that they are taking part in the study voluntarily.
- All of them gave the researcher their informed consent.
- The participants' right to anonymity was guaranteed. Therefore, participants in the study were identified by code numbers.
- They were also made aware that their participation in the study was entirely voluntary and that they could stop at any moment. They might decline to respond to any awkward enquiries. (Halej, 2017; Resnik, 2020).

CHAPTER 4

DATA ANALYSIS

4.1. Introduction

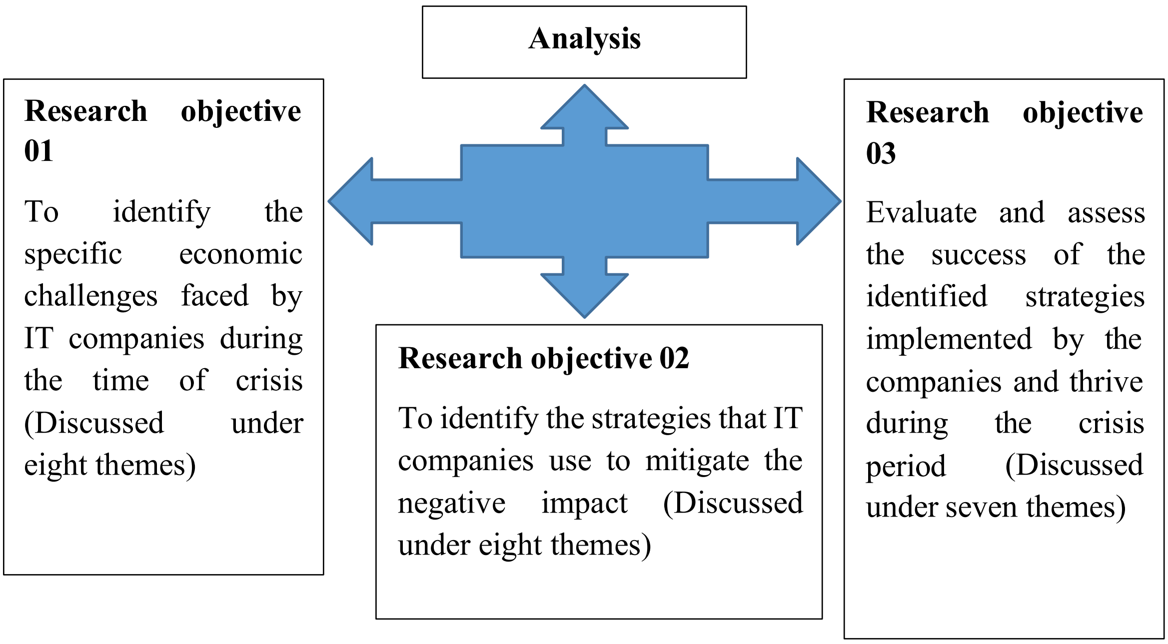
The objective of this chapter is to provide an overall idea and basic details of the cases that have been conducted through in-depth interviews. Since the CSM is the mechanism used throughout the research, provision of a description of the cases and getting the basic knowledge of the cases is essential. The cases mean the IT companies selected in the research area. Twelve IT companies were selected for this study. These institutions are named in alphabetical order, replacing their real names.

4.2. Analysis

Pattern matching and cross case synthesis were used to analyse the data gathered using interviews of multiple case studies (12 case studies) for theme generation. The primary focus of this chapter is to meet the research objectives, which were established at the inception of the research work. The answers for three research question were obtained via the semi structured questionnaire prepared prior to the field work. The questionnaire was specifically designed to get the data as much as possible from the RPs. Twelve respondents representing management level from each institution were questioned with the objective of getting the answers for the research questions. The Structure of the chapter can be graphically interpreted as follows in figure 4.1,

Figure 4.1

Structure of the analysis chapter



4.2.1. Analytical Framework and Theme Development Process

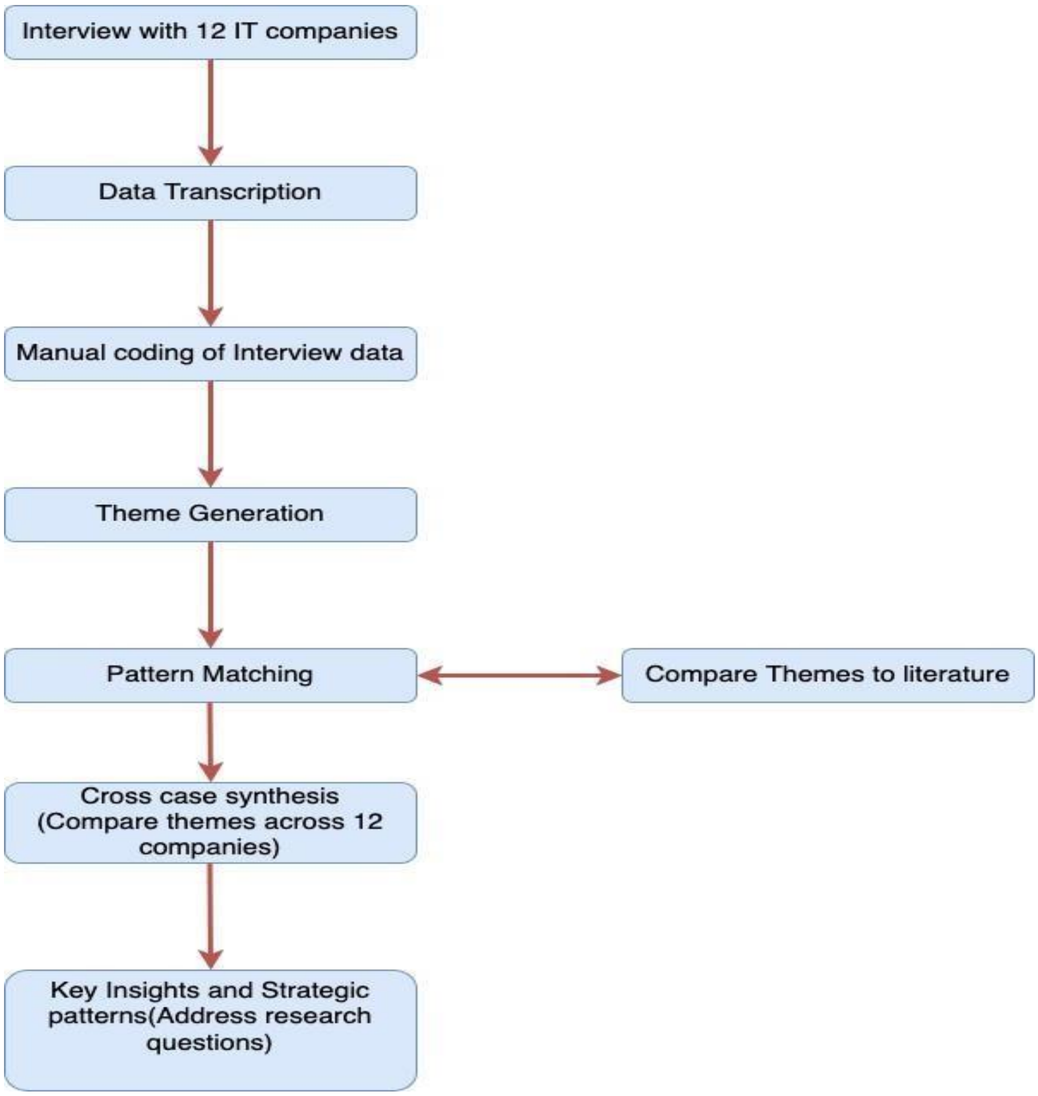
This subsection outlines how the themes were derived from the interview data and how Robert Yin's analytical techniques (Pattern Matching and Cross-Case Synthesis) were applied for in-depth analysis. The table and flowchart below summarize the process from raw data collection to final interpretation.

Table 4.1
Summary of Theme Derivation and Yin's Analytical Techniques

Step	Process/Technique	Description
Data collection	Structured interviews (12 Companies)	Management level respondents discussed challenges, strategies, and outcomes
Data Familiarization	Thematic Analysis-Familiarization	Transcript were read and reviewed thoroughly
Initial Coding	Manual coding	Key phrases and patterns were highlighted manually across cases.
Theme Generation	Thematic Analysis – Theme development	Recurring patterns were grouped into 8 themes under 3 main groups.
Within case analysis	Pattern matching	Themes compared to theories (RBV literature) for each case
Cross case comparison	Cross case synthesis	Themes analysed across 12 companies to identify similarities/differences.
Interpretation and validation	Triangulation & Literature Comparison	Findings validated against literature and theoretical framework.

Figure 4.2

Flowchart: From Interviews to Analysis Using Yin's Methods



4.2.2. Identify the specific economic challenges faced by IT companies during the time of crisis

The answers to the first research objective, "To identify the specific economic challenges faced by IT companies during the time of crisis," are analyzed below. The first question in the questionnaire for senior level management was specifically designed to get the answer to this research question. It is necessary to know the specific economic challenges faced by IT companies during the time of crisis firsthand before getting to know the strategies and success achieved from these strategies. It could be identified on under eight themes as follows following pattern matching of each interview held by the author for this study.

4.3.1.1 Theme 01: Liquidity

Liquidity was a major concern for IT companies during the crisis, as maintaining a stable cash flow became increasingly difficult due to delayed payments from clients and operational disruptions. Many companies rely on financial reserves and credit facilities to manage short-term obligations.

RP 12 of institute D explained,

"Before the crisis, we did not maintained a conservative approach to cash flow management. We did not relied on forecasting models that predicted cash inflows and outflows, allowing us to plan for any seasonal or cyclical shifts."

Furthermore, RP "03", 04, "11" of institute "E", "G" and "L" respectively in the same ideology expressed that

"We did not conducted scenario planning and sensitivity analyses, allowing us to develop contingency plans well in advance."

Moreover, RP 11 of the institute "L" stated,

"One of our highest priorities was ensuring that employees received their salaries without any interruptions leading to liquidity challenges"

Therefore, it is evident that liquidity has been a specific challenge faced by IT companies during the time of crisis and the literature highlights that rising inflation and a shrinking customer base affected cash flow (International Labour Organization, 2023).

4.3.1.2 Theme 02: Financing

IT firms faced challenges in securing credit, as banks tightened lending policies. However, companies that had pre-existing credit facilities managed to use them strategically for operational needs. Overdraft facilities and invoice discounting were key financial tools during the crisis.

Thus, confirming the above RP "11" of institute "L" expressed,

"We did not established strong partnerships with multiple banking institutions, giving us access to short-term credit facilities that provide financial flexibility when needed."

Additionally, RP "03" of institute "E" *mentioned,*

"We heavily relied on credit facilities, we did not take a strategic approach to fund allocation, ensuring that financial resources were directed toward essential operations and growth-driven initiatives."

Furthermore, RP "09" stated institute "I" stated,

"To reduce the financial strain of debt repayment, we did not prioritized securing low-interest loans and government-backed financial assistance programs."

Thus, it can be observed from the interviews that financing has been a specific challenge faced by IT companies during time of crisis. Furthermore, the lack of foreign investment in IT projects due to economic uncertainty is cited as a challenge in empirical studies (International Trade Administration, 2024).

4.3.1.3 Theme 03: Revenue

Many IT companies experienced revenue fluctuations due to declining demand from struggling industries like retail and hospitality. However, firms that had diversified revenue streams across industries and geographies managed to maintain financial stability.

RP "06" of institute "C" expressed concerning the revenue fluctuations as follows during the interview;

"We depended on a single industry or a few major clients, we did not strategically diversified our customer base across multiple sectors, including finance, healthcare, retail, and manufacturing."

Furthermore, RP "12" of institute "D" expressed that

"The crisis had varying effects across industries while some sectors faced significant downturns, others remained stable or even experienced growth in terms of revenue"

Additionally, RP "08" of institute "H" stated that

"Our IT consulting services became a key revenue driver as businesses sought to streamline operations and accelerate digital transformation, however it was challenging as it was the mainstream stream of our company"

Therefore, it can be elaborated that revenue stream became a challenge in terms of specific challenges during times of crisis. In comparison to empirical studies, it was mentioned that shrinking customer base due to reduced purchasing power was leading to revenue challenges (International Trade Administration, 2024).

4.3.1.4 Theme 04: Costs

IT companies had to implement aggressive cost-cutting strategies to survive. This included renegotiating vendor contracts, optimizing cloud costs, reducing office expenses, and suspending non-essential investments.

RP "07" of institute "F" mentioned that operational expenses were challenging;

"We did not conducted a thorough assessment of our operational expenses to identify opportunities for cost optimization."

Additionally, RP "04"who is general manager in position of institute "G" mentioned that, *"One key area of focus was our cloud infrastructure whereas we did not scale down unused resources and renegotiating service contracts leading to high operational cost"*

Moreover, RP "10"of institute "J" who is a CO-Founder and COO stated that,

"In terms of the payments of the company, we did not negotiate it with the suppliers during the crisis managing our cash outflows."

Therefore, it can be considered that costs associated with business operations has been challenging for IT companies during the crisis period from the above statement. In literature, it has mentioned that rising inflation and economic instability led to higher operational costs (International Labour Organization, 2023).

4.3.1.5 Theme 05: Retention

Client retention became a challenge as businesses reduced IT spending. IT companies responded by offering flexible payment terms, crisis-response consulting, and value-added services to retain customers.

RP "03" of institute "E" further justified client retention was a challenging economic condition,

"To mitigate potential client losses, we did not had a flexible pricing models, scalable service packages, and extended payment terms during crisis."

RP "09" of company "I" additionally explained how client contract affected during crisis,

"We had enforcement of rigid contract terms with clients, complicating adjusting solutions to their evolving business needs and reinforcing long-term loyalty."

RP 12 of company "D" expressed,

"We did not have a crisis-response IT consulting during this period, offering tailored advisory services to help clients optimize their existing IT infrastructure, reduce costs, and improve operational efficiency during economic uncertainty."

Therefore, it is evident that retention of clients has been a critical challenge to the IT industry during crisis time. However, in the literature discusses the shortage of skilled workers due to migration and limited supply of IT professionals where retention of employees has become challenging (Ameer et al., 2024).

4.3.1.6 Theme 06: Workforce

Balancing workforce stability with financial constraints was a key challenge. While layoffs were avoided in many cases, salary freezes and restructuring of compensation packages were common. Companies also focused on mental health and remote work support.

RP "01" of institute "A" elaborated on how financials affect employee retention at the company during the crisis leading them turnover,

"During the crisis, we made some necessary adjustments, such as freezing salary increases and limiting bonuses to ensure financial sustainability wherein workforce was disappointed during crisis and urging them to look for job replacements"

RP "05" of institute "K" expressed that the unavailability of employee supportive initiatives,

"We did not introduced targeted employee support initiatives, including mental health programs and flexible work arrangements, to foster well-being and sustain engagement."

RP "08" and RP "11" of institute "H" and "L" respectively had the same situation which was elaborated in terms of training during the crisis,

"Even though we understood the importance of strong interpersonal skills, we did not provided training in effective communication, negotiation, critical thinking, and problem-solving."

During the crisis, IT industry faced a huge brain drain due to the challenges in the Sri Lankan IT industry wherein most of the professionals looked for opportunities in migration leading to a substantial challenge to the IT industry and to the economy. Furthermore, the literature highlights the shortage of skilled IT professionals and the impact of the crisis on talent retention (International Trade Administration, 2024).

4.3.1.7 Theme 07: Infrastructure

The crisis exposed gaps in IT infrastructure, especially in remote work capabilities. Companies quickly migrated to cloud-based solutions, enhanced cybersecurity, and automated business processes to ensure business continuity.

RP "03" and "04" of institutions of "E" and "G" expressed that,

"We did not incorporated automated cloud management tools into our infrastructure to enhance performance, minimize manual intervention, and improve overall operational efficiency during the crisis leading to many infrastructure challenges"

RP "08" of institute "H" expresses how data protection in terms of infrastructure challenges affects their business,

"To ensure the highest level of data protection, we did not enforced stringent encryption standards for both stored and in-transit data leading to infrastructure challenges during crisis"

RP "11" and RP "12" of institutes "L" and "D" additionally mentioned that, *“We did not scaled our Virtual Desktop Infrastructure (VDI) and collaboration platforms, including Microsoft Teams and Slack, to enhance productivity and streamline remote operations*.”

Thus, it can be concluded that IT companies faced infrastructure challenges during time of crisis and literature mentions power cuts and internet connectivity issues affecting IT operations but does not discuss companies’ efforts to enhance infrastructure resilience.

4.3.1.8 Theme 08: Supply Chain

IT companies faced supply chain disruptions in acquiring hardware and software licenses. To mitigate risks, companies focused on diversifying suppliers and optimizing inventory management.

This was further expressed in the statements of RP “01” of institute “A”,

“We did not reassessed our inventory management practices, shifting to just-in-time strategies to minimize excess stock and reduce holding costs.”

RP “03” and “05” of institutes “E” and “K” respectively stated that during crisis they led to procurement risks leading to supply chain challenges,

“To manage procurement risks, we did not built strategic partnerships with multiple technology providers and cloud service companies.”

RP 07 and 08 of institutes “F” and “H” respectively mentioned that importance of automation in supply chain which they realised after crisis,

“The crisis forced us to expedite automation across the board which we did not have during crisis. We implemented an advanced ERP system to streamline procurement and inventory management, reducing manual errors and increasing operational efficiency.”

Therefore, it is observed that supply chain challenges were specific during time of crisis in terms of hardware and software licenses for IT companies. The literature discusses how the lack of foreign currency affected software licenses, hardware, and cloud service imports (BMI, 2023).

4.2.3. Identify the strategies that IT companies uses to mitigate the negative impact

The answers to the second research objective, “To identify the strategies that IT companies uses to mitigate the negative impact” are analysed below. Second question in the questionnaire for senior level management was specifically designed to get the answer for this research question. It is necessary know the strategies that IT companies uses to mitigate the negative impact during the time of crisis upon understanding specific economic challenges.

It could be identified under eight themes as follows following pattern matching of each interview held by the author for this study.

4.3.3.1 Theme 01: Optimisation

IT companies in Sri Lanka implemented various cost optimization strategies to sustain operations. These included cutting unnecessary expenses, renegotiating supplier contracts, and maximizing the efficiency of IT infrastructure to reduce overhead costs.

RP "11" of institute "L" stated optimization was the key strategy that they used to mitigate the impact,

"We conducted a thorough assessment of our operational expenses to identify opportunities for cost optimization."

RP "12" of institute "D" stated that,

"One key area of focus was our cloud infrastructure—by scaling down unused resources and renegotiating service contracts, we significantly reduced costs while maintaining efficiency."

RP "01" of institute "A" expressed that,

"We implemented energy-saving initiatives and embraced remote work policies to cut down on office-related expenses, such as utilities and facility maintenance."

Therefore, it is evident that IT companies used optimisation as a key strategy to mitigate the impact of crisis. Furthermore, literature highlights cost-cutting measures such as reducing stock, freezing pay, and downsizing workforce as common recession strategies (Stone, 1975; Judd and Lee, 1981).

4.3.3.2 Theme 02: Diversification

To mitigate risks, IT companies expanded into new industries and geographic markets. They also introduced new service offerings such as cybersecurity, cloud solutions, and automation tools to attract a broader client base.

RP "09" of institute "I" stated that diversification used as a strategy overcome the challenges,

"Rather than depending on a single industry or a few major clients, we strategically diversified our customer base across multiple sectors, including finance, healthcare, retail, and manufacturing."

RP "01" of institute "A" mentioned during the interview that market diversification strategy helping them to mitigate the impact,

"We expanded into multiple geographic markets, serving both local and international clients, reducing reliance on any single economy."

RP “04” of institute “G” stated portfolio diversification as a strategy,

“By diversifying our service portfolio to include cloud migrations, cybersecurity, and IT cost optimization, we positioned ourselves for sustainable growth.”

Thus, it is evident that different diversification as a strategy such as market, products and services were one of their main strategy to overcome challenges they faced. Research shows that product and market diversification were successful responses during past recessions (Kitching et al., 2011; Piercy et al., 2010).

4.3.3.3 Theme 03: Flexibility

IT companies adjusted their business models by offering flexible payment plans, service packages, and contract terms. This approach helped retain clients and maintain steady cash flow despite economic uncertainty.

RP “12” of institute “D” stated flexibility as one of their strategies facing the challenges,

“We introduced discounts for clients who settled their invoices ahead of schedule and worked closely with vendors to negotiate more flexible payment terms.”

RP “10” of institute “J” expressed that which is contrary to the company practices of “I” wherein flexibility as an strategy,

“Instead of enforcing rigid contract terms, we worked collaboratively with clients, adjusting solutions to their evolving business needs and reinforcing long-term loyalty.”

RP “07” and “11” of institutes “F” and “L” mentioned during interviews,

“To ease financial burdens, we allowed businesses to temporarily downgrade services without penalties, ensuring they could maintain essential IT functions while managing costs.”

Therefore, it can be established that flexibility as another key strategy adapted by IT companies to mitigate the impact of crisis. In the empirical studies it was mentioned that refocusing marketing communications and adopting a value-oriented business model helps businesses during recessions (Piercy et al., 2010).

4.3.3.4 Theme 04: Automation

Companies accelerated automation efforts to improve efficiency, reduce operational costs, and streamline business processes. AI-powered tools and ERP systems helped optimize inventory management, customer service, and financial reporting.

RP “01” of the institute “A” explained how they have used automation as a strategy, *"Our CRM system was fully automated, enabling seamless client communication, efficient lead tracking, and streamlined sales pipeline management."*

RP "02" of institute "B" further elaborated that,

"To further enhance security and compliance, we implemented fraud detection systems that continuously monitored financial transactions in real-time."

RP 03 of institute "E" mentioned that,

"We leveraged AI-powered risk assessment tools to analyse spending patterns and vendor transactions, allowing us to detect anomalies and optimize cost management."

It can be observed that automation focusing as strategy has helped some of the companies during crisis to mitigate the impact. However, the literature does not specifically discuss automation as a recession strategy, although investments in R&D were found to reduce profits during downturns (Srinivasan and Lilien, 2009).

4.3.3.5 Theme 05: Retention

Retaining both employees and clients was a priority. Companies focused on talent retention by providing career development opportunities, remote work support, and mental health initiatives. Client retention was maintained through strong customer engagement and tailored service offerings.

RP "04" of institute "G" mentioned that profit sharing terms offering in terms on retention strategy was used in their company,

"To foster a culture of excellence, we introduced stock options and profit-sharing plans for long-term employees, aligning their financial interests with the company's growth."

RP "09" of institute "I" stated that retention using career development,

"We enhanced our career development programs by offering industry-recognized certifications in high-demand fields such as cloud computing and cybersecurity."

RP "05" of institute "K" expressed that,

"Our crisis-response IT consulting services helped clients optimize their IT infrastructure, reduce costs, and improve efficiency, strengthening long-term relationships."

Therefore, it is evident that companies have used retention as a strategy to mitigate impacts such as employee and client turnover mainly. However, literature discusses downsizing and workforce reductions as cost-cutting measures (Stone, 1975; Judd and Lee, 1981) but does not emphasize employee development as a retention strategy.

4.3.3.6 Theme 06: Scaling

To handle increased workloads and changing business demands, IT companies scaled their cloud infrastructure, cybersecurity measures, and remote work solutions. This ensured operational continuity and business agility.

RP “06” of institute “C” expressed that scaling as strategy,

“We swiftly scaled up our cloud resources, expanding compute and storage capacity as needed to meet growing demands.”

RP “08” of institute “H” which was never the case of institute “L” and “D” used as a strategy overcoming the challenges,

“Our Virtual Desktop Infrastructure (VDI) and collaboration platforms were expanded, ensuring productivity and seamless remote operations.”

RP “10” of institute “J” mentioned that,

“We enforced multi-factor authentication (MFA) and AI-driven threat detection systems to safeguard company and client data from cyber threats.”

Therefore, scaling can be illustrated as a strategy used by IT companies to mitigate the impact of crisis as evident by the above interview statements. Literature focuses on capital financing constraints and frugal consumer behaviour (Piercy et al., 2010) but does not discuss scaling IT infrastructure as a strategy.

4.3.3.7 Theme 07: Engagement

Strong engagement with clients and employees helped companies build trust and loyalty. Regular communication, transparent policies, and personalized support were key strategies.

RP “04” of institute “G” elaborated how engagement as a strategy worked out for them,

“Our 24/7 customer support and proactive issue resolution reinforced our reputation for reliability and excellence.”

RP “08” of institute “H” mentioned that,

“We kept clients well-informed about service updates, industry trends, and best practices, empowering them to make informed decisions.”

RP “10” of institute “J” further elaborated that,

“Our employee engagement initiatives included team-building activities, recognition programs, and mentorship opportunities to maintain morale during remote work.”

Thus, engagement as a strategy is proven by above statements which were used as another key strategy to mitigate the impact of economic crisis. Additionally, research highlights that refocusing marketing communications and adapting to new customer expectations is essential during economic downturns (Piercy et al., 2010).

4.3.3.8 Theme 08: Funding

Companies sought alternative funding sources such as low-interest government loans, invoice discounting, and extended credit lines to maintain liquidity and fund strategic investments.

RP "12" of institute "D" explained funding as a strategy,

"To strengthen our cash inflow, we leveraged invoice discounting, enabling us to access immediate payments on outstanding invoices."

RP "02" and "10" of institutes "B" and "J" mentioned that loans under funding worked as a strategy for them,

"We prioritized securing low-interest loans and government-backed financial assistance programs to reduce the financial strain of debt repayment."

RP "06" of institute "C" additionally mentioned supporting the above statements that,

"Our financial team carefully assessed multiple loan options, selecting those with the most favourable repayment terms to ensure sustainable cash flow."

Thus, it can state that funding has been a common and key strategy used by main IT companies during a period of crisis, which was evident in most of the interviews held for this study. Furthermore, in the empirical studies it was mentioned that securing additional funding and maintaining financial flexibility is recommended for businesses during recessions (Kotler and Caslione, 2009).

4.2.4. Evaluate and assess the success of the identified strategies implemented by the companies and thrive during the crisis period

The answers to the third research objective, "to evaluate and assess the success of the identified strategies implemented by the companies and thrive during the crisis period" are analysed below. Other questions in the questionnaire for senior level management were specifically designed to get the answer to this research question. It is necessary to know the strategies that have been succeeded of the identified strategies implemented by the companies and thrive during the crisis period.

It could be identified on under seven themes as follows following pattern matching of each interview held by the author for this study.

4.3.4.1 Theme 01: Resilience

The resilience of IT companies in Sri Lanka was demonstrated by their ability to navigate economic uncertainty without major disruptions. Strong financial reserves, proactive planning, and workforce stability contributed to their survival and eventual growth.

RP "11" of institute "L" expressed that resilience as success metric for the adapted strategies,

"One of our highest priorities was ensuring that employees received their salaries without any interruptions. By leveraging our financial reserves, we retained key talent, avoiding layoffs and maintaining workforce stability."

RP "05" of institute "K" further elaborated that,

"We maintained a liquidity buffer covering at least six months of operational expenses, ensuring smooth operations even in times of economic uncertainty."

RP "03" of institute "E" mentioned that,

"Despite revenue fluctuations, we sustained seamless daily operations without relying on excessive borrowing or drastic cost-cutting measures."

The financial reserves together with liquidity buffers at Sri Lankan IT companies created conditions where they could operate without needing excessive borrowing. The proactive planning together with employee retention measures worked as stabilizers for businesses operating under uncertain economic conditions. Businesses with pre-existing financial funds managed to prevent business disruptions but organizations without funds faced higher economic pressure. Strong financial management served as a major element which helped businesses to withstand hardships and grow permanently.

4.3.4.2 Theme 02: Expansion

Many IT companies in Sri Lanka successfully expanded into new geographic markets and industry verticals during the crisis. Digital transformation services and cybersecurity solutions saw increased demand, driving business growth.

RP "09" and RP "01" of institutes "I" and "A" mentioned that expansion as success metric as an outcome of adapted strategies during crisis,

"Rather than depending on a single industry or a few major clients, we strategically diversified our customer base across multiple sectors, including finance, healthcare, retail, and manufacturing."

RP "03" of institute "E" further elaborated that,

"We expanded into multiple geographic markets, serving both local and international clients, reducing reliance on any single economy."

RP "04" of institute "G" additionally stated that, *"By diversifying our service portfolio to include cloud migrations, cybersecurity, and IT cost optimization, we positioned ourselves for sustainable growth."*

By expanding into various industries and global markets IT firms succeeded in distributing their revenue flow and decreasing risks that emerged from a single sector. Organizations that introduced services in digital transformation and cybersecurity succeeded by fulfilling rising industry needs. The need for substantial financial investment to support expansion became a barrier for companies that lacked sufficient budget resources. Companies without proper understanding of new business areas encountered operational challenges alongside financial difficulties.

4.3.4.3 Theme 03: Loyalty

Building and maintaining strong client and employee loyalty was a crucial success factor. Companies retained customers by offering personalized solutions, flexible pricing, and crisis-response consulting. Employees remained committed due to workplace support initiatives.

RP "03" of institute "E" further justified client retention was a challenging economic condition wherein they have to mitigate it through adapting flexibility and achievement of success through loyalty overcoming the challenge,

"To mitigate potential client losses, we introduced flexible pricing models, scalable service packages, and extended payment terms, allowing businesses to continue leveraging our services without financial strain."

RP "04" and "05" of institutes "G" and "K" mentioned that,

"Our ability to adapt and prioritize customer success helped us retain clients who were considering cost-cutting options while still recognizing the importance of IT reliability and security."

RP "07", "08" and "09" of institutes "F" "H" and "I" elaborated that,

"To sustain employee engagement, we introduced targeted support initiatives, including mental health programs and flexible work arrangements, fostering long-term commitment."

IT firms succeeded in keeping their clients by offering flexible pricing structures with extended payment terms along with crisis-response consulting services in times of economic downturns. Remote work flexibility and employee mental health programs established by the company maintained a stable workforce during uncertain times. The loyalty-building measures resulted in reduced cash flow that introduced financial dangers to business operations. Financially unstable firms found it difficult to maintain both profitability and affordability in their business operations.

4.3.4.4 Theme 04: Positioning

IT firms positioned themselves as reliable and innovative partners by focusing on quality service, strategic collaborations, and emerging technology trends. Their strong reputation helped them retain existing clients and attract new business.

RP "07" of institute "F" mentioned that diversification as a strategy helped to position themselves correctly in the market,

"Instead of competing through price reductions, we differentiated ourselves by focusing on high-quality service delivery and long-term value creation."

RP "10" and "11" of institutes "J" and "L" further justified the above statements stating that,

"We reinforced our reputation as a trusted technology partner by prioritizing service excellence and delivering measurable business impact."

RP "04" and "06" of institutes "G" and "C" stated that businesses transition during crisis helped to position them,

"With deep expertise in digital transformation, cybersecurity, and cloud infrastructure optimization, we played a crucial role in helping businesses transition to remote and hybrid work environments."

Technology firms obtained business partner trust by combining innovative approaches with superior service delivery systems. Businesses maintained their client base and pulled in new customers through their focus on cybersecurity protection and cloud solutions and high-quality service delivery. Certain organizations struggled to carry out their strategic initiatives because they did not have proper technological capabilities. Companies which neglected innovation and skill building lost their ability to stay competitive in the market.

4.3.4.5 Theme 05: Agility

The ability to quickly adapt to changing market conditions was a key driver of success. Companies pivoted towards high-demand services, implemented remote work solutions, and leveraged automation to stay competitive.

RP "01" of institute "A" mentioned that flexibility as a strategy offering them agility as a success metric,

"Recognizing evolving market demands, we strategically allocated part of our reserves to enhance and expand high-demand service areas, such as cloud solutions, cybersecurity, and remote work support."

RP "02" and "06" of institutes "B" and "C" further justified this success metric stating, *"We introduced AI-driven tools such as chat bots for customer service, automating routine inquiries and support tickets, freeing up resources for more complex customer needs."*

RP 09 and 12 of institutes "I" and "D" mentioned that,

"Our ability to quickly scale cloud services, implement new security measures, and adjust our business model ensured that we remained competitive and responsive to client needs."

To adapt quickly to market changes businesses used fast cloud implementation and automated processes alongside artificial intelligence solutions. Organizations which switched to high-demand services including cybersecurity protection and remote work solutions kept their market position strong. Constructing digital operations demanded important financial commitments which proved challenging for organizations with minimal funding. The late implementation of automation technologies and cloud scaling capabilities made certain businesses fall behind their competitors.

4.3.4.6 Theme 06: Productivity

Companies enhanced productivity by automating business processes, upskilling employees, and maintaining a strong organizational culture despite remote work challenges.

RP "07" of institute "F" expressed that productivity as one of the outcome of strategies they adapted mainly different company programmes,

"We provided employees with mentorship programs, leadership training, and specialized technical certifications, ensuring continuous skill development despite the crisis."

RP "02" and "03" of institutes "B" and "E" further expressed that,

"By hosting hands-on technical workshops and innovation challenges, we encouraged employees to stay at the forefront of emerging technologies."

RP "11" and "12" of institutes "L" and "D" additionally mentioned that productivity as a success metric of autorotation strategy as an outcome,

"Automated invoice processing and payment scheduling ensured timely transactions, minimizing manual intervention and reducing the risk of errors."

The development of employee skills and workflow systems together with leadership training programs enabled IT firms to boost productivity levels. The use of AI-based systems strengthened operational effectiveness but digitalized accounting processes eliminated human mistakes and minimized manual labour. Staff members who received no improvements in training faced difficulties keeping their workforce together as well as missing key capabilities. The advantages of automation flowed to companies already using digital systems, but other organizations experienced complications during integration attempts.

4.3.4.7 Theme 07: Sustainability

Long-term sustainability was achieved through strategic investments in cloud infrastructure, cybersecurity, and workforce development. Companies emerged stronger from the crisis by focusing on future-proof business models.

RP “08” and “09” of institutes “H” and “I” mentioned that sustainability as an outcome of the adapted strategies as follows;

“Beyond financial security, we leveraged our reserves to seize strategic opportunities, such as acquiring new technologies, forming industry partnerships, and exploring innovative service offerings.”

RP 01 and 02 of institutes “A” and “B” further elaborated that,

“Investing in digital transformation and automation not only helped us survive the crisis but also positioned us for long-term growth and scalability.”

RP 06 and 10 of institutes “C” and “J” meantime stated that,

“We expanded our expertise in cybersecurity and remote work solutions, reinforcing our position as a trusted partner for businesses navigating digital transformation.”

Long-term sustainability in business was achieved through an investment in cloud infrastructure as well as cybersecurity characteristics and automation networks. Companies that achieved revenue diversification with the capacity for digital transformation achieved opportunities for long-term growth after the period of the crisis. Companies that had lesser economic capabilities could not invest in planning for future strategy and, therefore, they could not easily compete in business. Companies that adopted modern-day technology and novel methodologies became successful sustainable businesses and created readiness against future challenges.

4.3. Summary framework for themes

Figure 4.3

Summary framework for themes identified for each research objective.

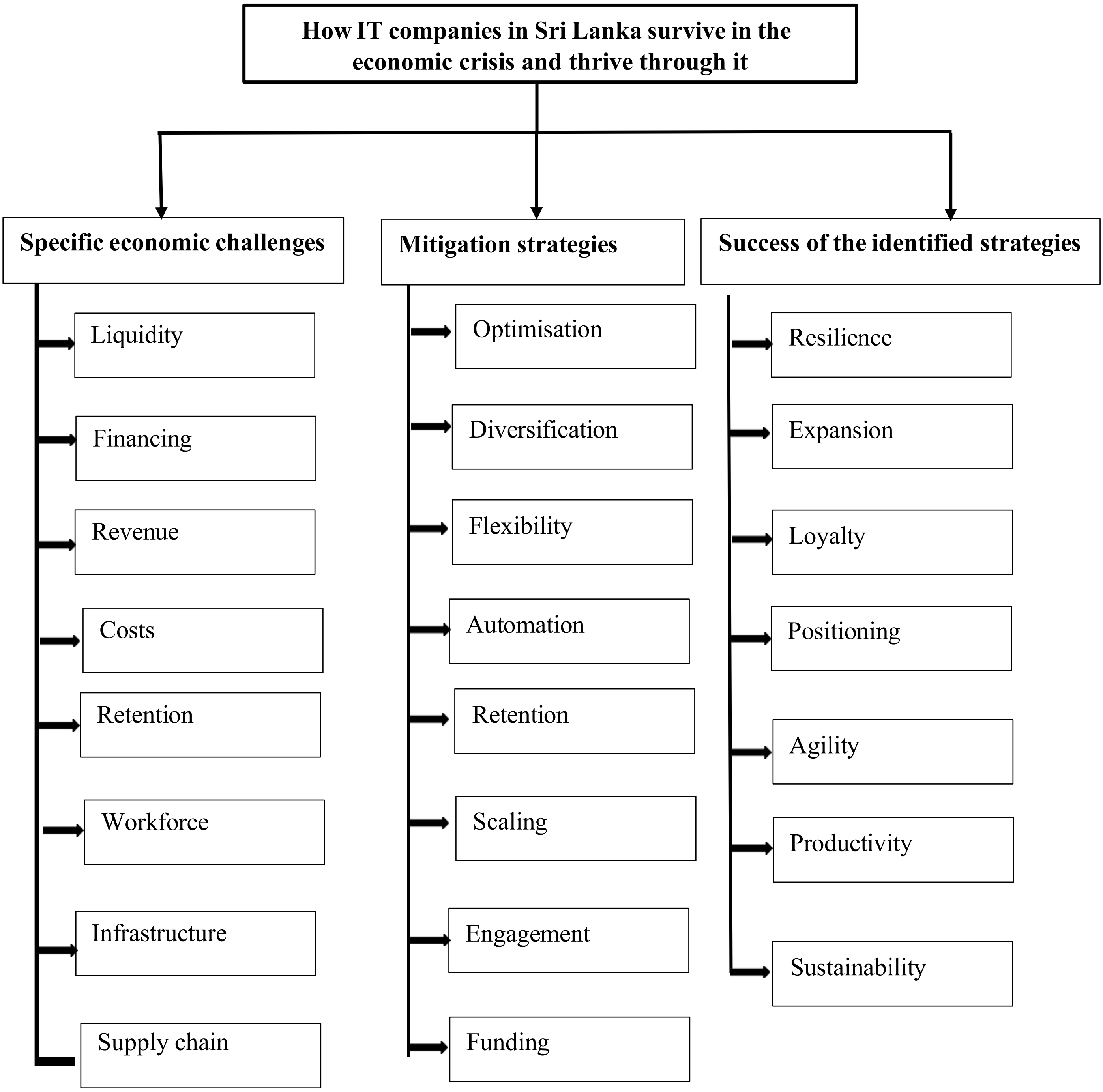


Figure 4.2 Summary Framework

CHAPTER 5

RECOMMENDATIONS

5.1. Introduction

This chapter concludes the research by crystallizing the gathered facts. It explains areas such as how the practical application is proposed by the findings of this study for the managerial implications.

5.2. Recommendations

The outcomes from this research indicate multiple essential guidelines which will help Sri Lankan IT organizations increase their ability to survive economic issues and maintain long-term operational sustainability. Point-by-point recommendations direct organizations to enhance their financial stability alongside market penetration efforts and customer and employee retention strategies while emphasizing technological progress and business flexibility and organizational sustainability.

1. Strengthen financial resilience

IT firms need to create financial reserves as a survival strategy during upcoming economic recessions. Business survival during financial crises becomes possible with two key strategies: maintaining liquidity buffers and acquiring government-backed financial assistance as well as low-interest loans. Effective cash flow optimization strategies implemented by companies will maximize their spending efficiency and allow them to minimize wasteful costs for better resource distribution. The existence of powerful financial bases will permit enterprises to maintain their stability and competitive status during times of economic hardship.

2. The organization should increase both market penetration and new service line development

IT firms use diversification as their main method to decrease their market and industry reliance. The exploration of healthcare finance and retail markets combined with international client segmentation should be a focus for companies to develop their markets. Expanding IT services to include high-demand technologies specifically cybersecurity and cloud computing and AI automation can create new revenue streams as it enables the business to attract diverse customers. The constant evolution of service offerings by IT companies guarantees both lasting growth and market suitability during times of rapid market change.

3. Enhance customer and employee loyalty

The business continuity of an organization heavily depends on maintaining loyalty from customers along with staff members. IT companies must establish adaptive pricing approaches together with stretched payment structures and emergency-related consulting to defend their client relationships throughout challenging times. Employee retention becomes important because implementing programs for mental health care and employee development and flexible work arrangements create better employee satisfaction. Stabilizing a business requires both customer relationship management investments and employee welfare initiatives which build stakeholder trust and commitment.

4. Invest in technological innovation and digital transformation

To stay in business, IT organizations must implement the latest technology and digitalization. Investment in automation using AI-based tools, cloud computing, and cybersecurity technologies can improve efficiency, reduce expenses, and increase quality of services. Moreover, investment in R&D is also essential for the company to innovate and stay in pace with the trend of the industry. International alliances with tech suppliers can provide IT organizations access to the latest tools, skills, and intelligence to stay ahead of the curve technologically.

5. Encourage business flexibility and adaptability

Firmness is required for businesses that operate in the uncertain economic environment. IT organizations must develop crisis management frameworks to allow them to respond quickly to financial uncertainty and market changes. Performing ongoing analysis of market trends and customer mood will assist companies in making in-time adjustments. Moreover, adopting flexible workforce patterns, including hybrid and remote working, can enhance productivity while ensuring business continuity. By being proactive and adaptable rather than reactive, IT firms can become sustainable and forward-looking enterprises.

6. Focus on long-term sustainability

Sustainability needs to be an integral business objective for IT firms seeking to achieve long-term expansion. Companies need to emphasize green IT solutions, energy-efficient data centers, and sustainable business practices to match global trends in sustainability. Ongoing investment in employee upskilling and leadership will also enable companies to retain the top talent and remain competitive in a rapidly evolving industry. Improving cybersecurity and data protection measures will be just as crucial in a more digital world, where compliance and trust are the drivers of long-term success. IT businesses can future-proof their business and maintain growth by integrating sustainability into their business models.

CHAPTER 6

CONCLUSION

6.1. Introduction

This chapter concludes the research with crystallizing the gathered facts. It explains areas such as how the answers for the research questions were gathered and conclusions were made for the research questions.

6.2. Conclusion

This study explored how Sri Lankan IT companies dealt with economic crisis through identifying exact economic hurdles, measures taken to mitigate the impact, and how successful they were. The evidence illustrates how the companies weathered the crisis through financial stability, technological advancements, and staff retention. The study structured the findings around key themes which encapsulate the coping mechanisms IT companies undertook to economic the crisis.

Companies were facing specific economic challenges namely, liquidity, financing, revenue, costs, retention, workforce, infrastructure and supply chain. In terms of coping strategies there were many leading to success. Strategies to mitigated above challenges were optimisation, diversification, flexibility, automation, retention, scaling, engagement and funding.

Among the most significant factors of survival was resilience. Companies that had financial buffers, liquidity cushions, and forward planning managed to remain resilient during economic uncertainty. Maintaining the workforce was critical, with companies ensuring employee salaries remained unchanged and not laying off workers. Companies that invested in long-term financial security emerged stronger, whereas companies without buffers faced significant operational difficulties.

Expansion was the other key strategy that assisted IT firms in surviving. Companies diversified their client base in different sectors such as healthcare, finance, and retail, which reduced dependence on one market. Companies also went international and diversified into new lines of service, such as cybersecurity and cloud services. This steadied revenue streams and assisted in ensuring long-term financial growth. However, rapid expansion required considerable investment, and companies with limited financial resources found it difficult to scale effectively.

Customer and employee loyalty were key to survival in business. IT firms introduced flexible pricing models, extended credit terms, and crisis-management advisory to support their clients. Employee loyalty was addressed through mental health programs, remote work availability, and career advancement opportunities. While these initiatives strengthened long-term relationships, they also impacted near-term cash flow, so financial stability was a delicate balance.

Strategic positioning formed a pivotal area of ensuring competitive edge. Technology firms who led in terms of providing great services, technologies, and security products positioned themselves as reliable partners to the industry. Companies leading with service exceptionalism and rather not cost-leadership adequately demarcated their presence from that of competition in the industry. Companies which did not excel with new tech ended up unable to maintain competitive advantage.

Flexibility and adaptability were required for firms that needed to change gears in a hurry. Firms increased their cloud infrastructure, adopting automation, and added AI-powered tools to increase productivity. Firms that moved into high-demand services such as cybersecurity and work-from-home services were able to compete. However, digital transformation required lots of money, something that was not kind to small firms with limited resources.

Productivity improvements allowed firms to rationalize. Firms automated accounting tasks, implemented upskilling programs, and improved organizational culture to maximize efficiency. Digital transformation allowed firms to reduce costs and boost performance. Firms that neglected workforce development, nevertheless, suffered from talent retention and skills gaps, which impacted long-term sustainability.

Finally, sustainability was a key long-term outcome of the crisis measures adopted. Companies that invested in cloud infrastructure, cybersecurity, and talent development positioned themselves for future growth. Companies that utilized financial buffers to seize strategic opportunities such as partnerships and acquisition of new technologies became industry leaders. Small companies with no financial buffers were, however, not able to implement future-proofed business models.

6.3. Limitations and future directions

This study mainly focuses on a qualitative methodology wherein Sri Lankan IT companies have been the main population of this study which are main limitation of the study in terms of methodology. Therefore, this study can be conducted using mixed method adapting a quantitative approach for further insights on this research domain while adding more countries in other regions in future studies.

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APPENDIXES

Appendix A: Interview Questionnaire

1. How did your company manage cash flow before the crisis, and what strategies were in place to ensure sufficient liquidity for short-term obligations?
2. What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations?
3. How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy?
4. How diversified were your company's revenue streams before the crisis, and how did this diversification contribute to financial stability?
5. What measures did your company implement during the crisis to maintain positive cash flow?
6. How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations?
7. How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls?
8. How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
9. How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? Also What changes, if any, were made to your company's compensation and benefits packages during the crisis?
10. What types of career development and training opportunities were available to your employees before the crisis and during the crisis?
11. How would you describe the state of your IT infrastructure before the crisis and what are the changes you made in the period of crisis?
12. How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
13. How did your IT systems scale and adapt during the crisis to meet changing demands?
14. How stable was the demand for your company's products or services before the crisis and how did market demand for your products or services fluctuate during the crisis?
15. What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis?
16. How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?

17. How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
18. How diversified was your company’s customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis?

Appendix B: Transcripts

INSTITUTE A

RESPONDENT 1

TRANSCRIPT

Interviewer: Good morning
Respondent: Morning

Interviewer: I am researching how IT companies in Sri Lanka are surviving and thriving during the economic crisis. All the information gathered is solely for research purposes. Once I receive the complete transcript, I will not keep the recording.
Respondent: ok got it

Interviewer: First one is, how did your company manage cash flow before the crisis, and what strategies were in place to ensure sufficient liquidity for short-term obligations?
Respondent: Long before the crisis hit, we had already put strong cost-control measures in place to ensure operational efficiency. Regular financial audits, budget forecasting, and strategic cost-saving initiatives helped us eliminate unnecessary expenses and maximize savings. Our financial team closely monitored potential risks, adjusting our cash flow strategies as needed to stay ahead of challenges. To prepare for unexpected disruptions, we conducted scenario planning and sensitivity analyses, allowing us to develop contingency plans well in advance. Understanding the importance of financial resilience, we committed to maintaining a liquidity buffer covering at least six months of operational expenses. This reserve gave us the flexibility to meet short-term financial obligations without disruptions, ensuring smooth operations even in times of economic uncertainty.

Interviewer: What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations?
Respondent: We have established strong partnerships with multiple banking institutions, giving us access to short-term credit facilities that provide financial flexibility when needed. These credit lines are strategically utilized to bridge temporary cash flow gaps, cover operational expenses, and ensure timely payroll processing, especially during periods of delayed client payments. Having access to these funds allows us to maintain financial stability while effectively managing our resources. Beyond structured credit lines, we also have access to overdraft facilities, which act as an additional financial safety net. These emergency funds can be tapped into instantly, providing immediate liquidity to handle unexpected expenses without

disrupting business operations. By leveraging these financial tools, we ensure resilience, adaptability, and seamless financial management even in challenging economic conditions.

Interviewer: How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy?
Respondent: Beyond risk mitigation, we strategically allocated a portion of our financial reserves to drive business growth and long-term sustainability. These investments were channeled into key areas such as upgrading our technology infrastructure, expanding into new markets, and enhancing employee skill development. By taking a forward-thinking approach, we ensured that our company remained competitive, agile, and well-positioned to adapt to changing economic conditions.Our financial reserves were carefully structured to safeguard against unexpected challenges, including economic downturns, rising operational costs, or delayed client payments. This proactive financial planning allowed us to navigate financial uncertainties without relying on excessive borrowing or making drastic cost-cutting decisions that could negatively impact our operations. A core function of our reserves was to act as a liquidity buffer, ensuring that we could consistently cover essential expenses such as salaries, rent, and utilities, even during revenue fluctuations. This stability allowed us to maintain seamless daily operations without disruption. Additionally, we leveraged our reserves to seize strategic opportunities, such as acquiring new technologies, forming industry partnerships, and exploring innovative service offerings. By balancing financial security with calculated investments, we not only safeguarded our business during challenging times but also positioned ourselves for long-term success and sustainable growth.

Interviewer: How diversified were your company's revenue streams before the crisis, and how did this diversification contribute to financial stability?
Respondent: Rather than depending on a single industry or a few major clients, we strategically diversified our customer base across multiple sectors, including finance, healthcare, retail, and manufacturing. This diversification minimized sector-specific risks, ensuring that downturns in one industry such as retail could be offset by steady demand from others, like healthcare or finance. To further strengthen our resilience, we expanded into multiple geographic markets, serving both local and international clients. This approach reduced reliance on any single economy, protecting our revenue from the effects of regional economic instability. By targeting markets operating on different economic cycles, we maintained a stable cash flow and minimized the impact of localized downturns. We also built strategic partnerships with technology providers, software vendors, and cloud service companies, allowing us to expand our service offerings and unlock new revenue streams. These collaborations helped us integrate cutting-edge technologies, attract a broader client base, and maintain a competitive edge in the ever-evolving IT industry. Additionally,

we continuously monitored market trends and emerging industry demands, adapting our service portfolio to align with evolving client needs. By staying ahead of technological advancements and diversifying our revenue streams, we positioned ourselves for sustainable growth while ensuring long-term financial stability.

Interviewer: What measures did your company implement during the crisis to maintain positive cash flow?
Respondent: We conducted a thorough assessment of our operational expenses to identify opportunities for cost optimization. One key area of focus was our cloud infrastructure—by scaling down unused resources and renegotiating service contracts, we significantly reduced costs while maintaining efficiency. Additionally, we implemented energy-saving initiatives and embraced remote work policies to cut down on office-related expenses, such as utilities and facility maintenance.To strengthen our cash flow, we refined our accounts receivable processes by proactively following up on outstanding invoices. To incentivize early payments, we introduced discounts for clients who settled their invoices ahead of schedule. Our finance team also prioritized high-value and overdue accounts, ensuring a steady influx of revenue. We worked closely with key clients and vendors to renegotiate contract terms, securing more flexible payment schedules. This included extending project timelines, adjusting service expectations, and, wherever possible, arranging upfront payments to stabilize income. At the same time, we negotiated extended payment terms with suppliers and service providers, improving short-term liquidity without disrupting operations. Additionally, we explored alternative revenue streams, such as offering premium service packages and value-added solutions to existing clients. This proactive approach not only helped improve financial stability but also strengthened client relationships by providing tailored solutions that met their evolving needs.

Interviewer: How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations?
Respondent: To strengthen our cash inflow, we leveraged invoice discounting, enabling us to access immediate payments on outstanding invoices. This strategy helped bridge short-term liquidity gaps without increasing our long-term debt burden. Rather than relying heavily on credit facilities, we took a strategic approach to fund allocation, ensuring that financial resources were directed toward essential operations and growth-driven initiatives. Our primary focus was on maintaining employee salaries, meeting contractual obligations, and sustaining core business functions. To reduce the financial strain of debt repayment, we prioritized securing low-interest loans and government-backed financial assistance programs. Our financial team carefully assessed multiple loan options, selecting those with the most favorable repayment terms to ensure that any borrowed funds could be managed

without negatively impacting future cash flow. In some cases, we took advantage of interest-free or deferred payment loan programs, which provided temporary financial relief while preserving business stability. Additionally, we strengthened our financial forecasting capabilities by implementing data-driven cash flow analysis and predictive modelling. This allowed us to anticipate potential shortfalls, optimize fund distribution, and make informed financial decisions to maintain stability even during periods of uncertainty.

Interviewer: How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls?
Respondent: One of our highest priorities was ensuring that employees received their salaries without any interruptions. By leveraging our financial reserves, we retained key talent, avoiding layoffs and maintaining workforce stability an essential factor in driving long-term recovery. This approach kept employee morale high and sustained productivity, allowing us to continue delivering exceptional services to clients despite economic uncertainty. With fluctuations in client payments and project delays, our financial reserves served as a critical buffer, enabling us to maintain liquidity without relying heavily on external borrowing. This financial stability allowed us to meet contractual commitments, strengthen client trust, and ensure seamless service delivery even during challenging times. Recognizing evolving market demands, we strategically allocated part of our reserves to enhance and expand high-demand service areas, such as cloud solutions, cybersecurity, and remote work support. These investments not only created additional revenue streams but also reinforced our position as a trusted partner for businesses navigating digital transformation. Additionally, we introduced targeted employee support initiatives, including mental health programs and flexible work arrangements, to foster well-being and sustain engagement. By prioritizing both financial and employee stability, we strengthened our ability to adapt, innovate, and emerge from the crisis with long-term resilience.

Interviewer: How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
Respondent: The crisis had varying effects across industries while some sectors faced significant downturns, others remained stable or even experienced growth. By diversifying our revenue streams, we were able to cushion the impact on struggling industries while leveraging opportunities in high-demand or resilient markets. For example, although IT spending declined in retail and hospitality, sectors like healthcare, financial services, and education continued to invest in technology, helping to offset revenue losses. As businesses sought to streamline operations and accelerate digital transformation, our IT consulting services became a key revenue driver. We refined our consulting approach to emphasize critical areas such as business continuity

planning, cloud migrations, automation strategies, and IT cost optimization. This ensured that we remained relevant to our clients' evolving needs, positioning us as a trusted partner during their digital transition. Our presence across multiple geographic markets further strengthened our financial stability, as different regions recovered at varying speeds. Clients in regions with faster economic rebounds or industries with stable IT demand provided us with a steady revenue stream, reducing dependence on any single market. Additionally, we capitalized on emerging trends in cybersecurity and remote work solutions, recognizing the increased need for secure digital infrastructures. By expanding our expertise in these areas, we not only addressed urgent client needs but also created new long-term growth opportunities for the business.

Interviewer: How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? In addition, What changes, if any, were made to your company's compensation and benefits packages during the crisis?
Respondent: We regularly conducted market research to ensure that our salary packages remained competitive within the IT industry. Our compensation structure was carefully designed to reflect employees' experience, skill level, and market demand, allowing us to attract and retain top-tier professionals. Salary adjustments were performance-driven, with periodic evaluations recognizing employee contributions and ensuring that key talent remained engaged and motivated.To further drive productivity and innovation, we implemented a performance-based bonus system that rewarded employees who consistently exceeded expectations. These bonuses were tied to both individual accomplishments and team achievements, fostering a culture of excellence while encouraging collaboration. Additionally, we introduced stock options and profit-sharing plans for long-term employees, aligning their financial interests with the company's growth and success. Employee engagement was a top priority, and we actively cultivated a positive workplace culture through team-building activities, recognition programs, and open communication channels. We encouraged employees to share their insights and concerns through surveys and town hall meetings, enabling us to refine workplace policies to better align with their needs and expectations. Exit interviews and retention analytics also played a crucial role in helping us continuously improve our strategies for reducing turnover and enhancing job satisfaction. As an additional initiative, we invested in personalized career development plans, providing employees with mentorship programs, leadership training, and specialized technical certifications. This approach not only supported professional growth but also strengthened long-term employee commitment and organizational loyalty.

Interviewer: What types of career development and training opportunities were available to your employees before the crisis and during the crisis?

Respondent: Each employee had access to a personalized career development roadmap, outlining both short-term milestones and long-term growth opportunities within the company. We conducted annual performance reviews and career planning discussions to ensure employees had a clear trajectory for professional advancement. Employees could choose tailored learning tracks based on their interests and the company's strategic needs, allowing them to build specialized expertise in key areas.Understanding the importance of strong interpersonal skills, we provided training in effective communication, negotiation, critical thinking, and problem-solving. Employees also had opportunities to participate in public speaking workshops, business writing programs, and professional etiquette training to refine their executive presence. To further support employee well-being and workplace effectiveness, we incorporated sessions on emotional intelligence (EQ) and stress management into our professional development programs. We also offered employees access to industry-recognized certification programs in high-demand fields such as cloud computing, cybersecurity, data analytics, and software development. Employees were encouraged to obtain certifications from top technology providers like AWS, Microsoft, Google, CISSP, and PMP, with the company covering exam fees and training expenses. To ensure employees remained at the forefront of emerging technologies and industry best practices, we hosted hands-on technical workshops, innovation challenges, and hackathons. Also, we introduced cross-functional training initiatives, allowing employees to gain exposure to different roles and business functions. This approach helped them develop a well-rounded skill set, increased collaboration across departments, and opened up new career growth opportunities within the organization.

Interviewer: How would you describe the state of your IT infrastructure before the crisis and what are the changes you made in the period of crisis?
Respondent: We incorporated automated cloud management tools into our infrastructure to enhance performance, minimize manual intervention, and improve overall operational efficiency. AI-driven monitoring systems proactively detected potential performance bottlenecks and dynamically adjusted resource allocation to optimize usage. Additionally, we automated IT workflows and routine maintenance tasks, allowing for faster response times and a significant reduction in operational overhead.Our IT infrastructure was fortified with advanced cybersecurity measures, including multi-layered firewalls, intrusion detection and prevention systems (IDPS), and AI-powered threat monitoring to continuously safeguard against potential threats. To ensure the highest level of data protection, we enforced stringent encryption standards for both stored and in-transit data, maintaining compliance with industry regulations and security best practices.To further strengthen security, we conducted regular penetration testing and vulnerability assessments, proactively identifying and mitigating risks before they could be exploited. Additionally, we implemented a zero-trust security model, requiring continuous verification for all

users and devices accessing our systems, further reducing the risk of unauthorized access and cyber threats.

Interviewer: How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
Respondent: Our CRM system was fully automated, enabling seamless client communication, efficient lead tracking, and streamlined sales pipeline management. AI-driven chatbots and automated email marketing campaigns enhanced customer engagement while significantly reducing manual workload. Predictive analytics integrated within the CRM provided valuable insights into customer behavior, allowing us to personalize marketing strategies and improve retention rates.In our finance department, we leveraged automated accounting systems to handle invoicing, expense tracking, tax compliance, and financial reporting with precision and efficiency. AI-powered tools for cash flow forecasting and budgeting offered predictive insights into our financial health, enabling proactive decision-making and improved financial planning. Automated invoice processing and payment scheduling ensured timely transactions, minimizing manual intervention and reducing the risk of errors. To further enhance security and compliance, we implemented fraud detection systems that continuously monitored financial transactions in real-time, identifying and mitigating potential risks. Additionally, we integrated AI-powered risk assessment tools that analysed spending patterns and vendor transactions, allowing us to detect anomalies, optimize cost management, and strengthen financial governance.

Interviewer: How did your IT systems scale and adapt during the crisis to meet changing demands?
Respondent: To meet the demands of an increasing workload, we swiftly scaled up our cloud resources, expanding compute and storage capacity as needed. Our flexible cloud architecture enabled real-time adjustments, ensuring peak performance without requiring heavy infrastructure investments. Auto-scaling capabilities allowed us to efficiently manage fluctuating workloads, preventing service disruptions during high-traffic periods.As remote work became the norm, we reinforced our IT infrastructure by expanding VPN capacity and implementing secure cloud access solutions to maintain seamless connectivity across distributed teams. We also scaled our Virtual Desktop Infrastructure (VDI) and collaboration platforms, including Microsoft Teams and Slack, to enhance productivity and streamline remote operations. To protect sensitive company and client data from cyber threats, we enforced multi-factor authentication (MFA) and deployed advanced endpoint security solutions. Additionally, we integrated AI-driven threat detection systems that continuously monitored for anomalies and potential security breaches, enabling proactive risk mitigation. Beyond sustaining day-to-day operations, these IT enhancements

positioned us for long-term scalability and resilience, ensuring that our business remained agile and adaptable in an increasingly digital world.

Interviewer: How stable was the demand for your company's products or services before the crisis and how did market demand for your products or services fluctuate during the crisis?
Respondent: We built a strong reputation in the market, backed by a growing base of long-term clients and a high rate of repeat business. A significant share of our revenue stemmed from subscription-based services, managed IT solutions, and retainer contracts, providing us with a stable and predictable cash flow. Our unwavering commitment to delivering high-quality services and driving innovation helped us maintain a competitive edge while fostering deep brand loyalty among our clients.The increasing adoption of AI-powered automation, machine learning, and IoT technologies opened up new avenues for innovation, further boosting demand for our expertise. As businesses embraced hybrid and multi-cloud environments, there was a sharp rise in demand for our cloud migration and infrastructure optimization services. Similarly, heightened focus on data privacy and regulatory compliance drove organizations to invest in cybersecurity solutions, an area where we offered specialized expertise. Additionally, the acceleration of digital transformation in industries such as healthcare, finance, and retail created new business opportunities. Companies looking to modernize legacy systems and integrate data-driven decision-making sought our consulting and IT solutions, reinforcing our role as a trusted technology partner in an evolving digital landscape.

Interviewer: What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis?
Respondent: Instead of competing through price reductions, we differentiated ourselves by focusing on high-quality service delivery and long-term value creation. Our strong commitment to customer satisfaction and post-implementation support enabled us to retain key clients and build lasting relationships. By continuously investing in research and development, emerging technologies, and workforce upskilling, we enhanced our ability to offer cutting-edge solutions that set us apart from the competition.We reinforced our reputation as a trusted technology partner by prioritizing service excellence and delivering measurable business impact. Our flexible pricing models allowed clients to customize solutions based on their specific needs, ensuring accessibility without compromising quality. With deep expertise in digital transformation, cybersecurity, and cloud infrastructure optimization, we played a crucial role in helping businesses transition to remote and hybrid work environments. Additionally, we expanded our strategic partnerships with leading technology providers and cloud service companies, allowing us to integrate advanced tools and offer comprehensive IT solutions tailored to evolving business needs. To further enhance client relationships, we introduced dedicated account management

and personalized consulting services, ensuring continuous support and alignment with their long-term objectives. These initiatives strengthened customer loyalty and positioned us for sustained growth, even in the face of market challenges.

Interviewer: How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?
Respondent: During the crisis, many clients scaled back their IT budgets, postponed new projects, or shifted focus toward cost-saving strategies. However, the essential nature of IT services meant that full disengagement was rare. Industries facing significant financial pressure, such as retail and hospitality, often reduced or paused IT investments but largely retained their core service contracts. Meanwhile, demand remained strong in sectors like healthcare, finance, e-commerce, and remote work solutions, ensuring a continued need for IT support, cloud services, and cybersecurity enhancements.To mitigate potential client losses, we introduced flexible pricing models, scalable service packages, and extended payment terms, allowing businesses to continue leveraging our services without facing excessive financial strain. Our ability to adapt and prioritize customer success helped us retain clients who were considering cost-cutting options while still recognizing the importance of IT reliability and security. Instead of enforcing rigid contract terms, we worked collaboratively with clients, adjusting solutions to their evolving business needs and reinforcing long-term loyalty. Additionally, we introduced crisis-response IT consulting, offering tailored advisory services to help clients optimize their existing IT infrastructure, reduce costs, and improve operational efficiency during economic uncertainty. To further support struggling businesses, we developed specialized IT service bundles that combined critical solutions such as cybersecurity, cloud management, and automation at a cost-effective rate, ensuring that clients could maintain essential operations without compromising quality.By-demonstrating agility, providing crisis-specific solutions, and emphasizing service reliability, we strengthened our reputation as a dependable IT partner. These strategic initiatives not only helped us navigate the immediate challenges of the crisis but also positioned us as a trusted advisor for businesses looking to rebuild and innovate in the long term.

Interviewer: How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
Respondent: Our 24/7 customer support and proactive issue resolution have reinforced our reputation for reliability and excellence. Clients value our swift response times for troubleshooting, maintenance, and service enhancements, positioning us as a trusted technology partner committed to their success. By prioritizing long-term partnerships, we foster continuous collaboration through regular check-ins, personalized support, and structured feedback sessions, ensuring that our services evolve with clients' needs.To further ease financial challenges, we

offer flexible pricing models and payment options, allowing clients to maintain essential IT services without undue financial strain. Temporary downgrades or service adjustments can be made without penalties, providing businesses with the flexibility to adapt during uncertain times. Open communication is a key focus, as we keep clients well-informed about service updates, industry trends, and best practices, empowering them to make informed decisions. In addition to maintaining strong client relationships, we proactively anticipate potential IT challenges by leveraging AI-driven monitoring and predictive analytics. This allows us to address performance bottlenecks and security risks before they impact operations, ensuring seamless service delivery. Our solution-oriented approach makes clients feel supported and valued, even in the most demanding business environments, further strengthening trust and long-term engagement.

Interviewer: How diversified was your company's customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis?
Respondent: We have provided IT services across a diverse range of industries, including finance and banking, manufacturing, and logistics. Initially, our primary market focus was in Europe, but in response to the crisis, we strategically expanded our efforts to North America and the Asia-Pacific (APAC) regions. While industries such as travel, hospitality, and traditional retail faced sharp revenue declines, our strong presence in resilient and high-growth sectors helped stabilize overall business performance and ensure continuity.Our sales and marketing teams adapted swiftly by prioritizing industries with sustained or growing IT investments, allowing us to secure new contracts in resilient sectors. By tapping into new international markets, we reduced our reliance on any single economy, minimizing the impact of regional downturns and capitalizing on the increasing global demand for IT services. Additionally, we strengthened our competitive position by diversifying our service offerings, expanding beyond traditional IT solutions into high-demand areas such as cloud computing, cybersecurity, and AI-driven automation. This not only helped us attract new clients but also provided existing clients with scalable solutions tailored to evolving business needs. To further solidify our market presence, we leveraged strategic partnerships with global technology providers, allowing us to enhance our capabilities and deliver cutting-edge solutions. These collaborations enabled us to stay ahead of industry trends, meet diverse client requirements, and reinforce our reputation as a forward-thinking IT services provider. By implementing these strategies, we successfully navigated market uncertainties and maintained seamless business operations.

INSTITUTE B

RESPONDENT 2

TRANSCRIPT

Interviewer: Good morning
Respondent**:** Good morning How's your day going?

Interviewer**:** I'm conducting research on how IT companies in Sri Lanka survive and thrive during the economic crisis. As I mentioned earlier, all the information gathered is strictly for research purposes, and once I receive the full transcript, I will not retain the recording.
Respondent: Sure, that's clear. Let's begin!

Interviewer**:** The first question relates to the finance side. How did your company manage cash flow before the crisis, and what strategies were in place to ensure sufficient liquidity for short-term obligations?
Respondent**:** Before the crisis, we maintained a conservative approach to cash flow management. We relied on forecasting models that predicted cash inflows and outflows, allowing us to plan for any seasonal or cyclical shifts. We also had strong relationships with our suppliers, which allowed us to negotiate favorable payment terms. Our finance team regularly monitored our working capital and maintained a cash reserve that was sufficient to cover at least three months' worth of operational expenses. During periods of high cash flow, we used excess funds to pay down debt, ensuring that we kept interest costs low. Additionally, we automated invoicing processes and maintained a strong collections policy to ensure prompt payments from clients. This proactive approach allowed us to navigate any challenges and maintain liquidity, which was critical when the crisis eventually impacted our business.

Interviewer**:** What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations?
Respondent**:** Prior to the crisis, we had access to several credit facilities, both short-term and long-term, that supported our day-to-day operations. Our main facility was a revolving line of credit, which provided us with the flexibility to manage cash flow fluctuations. This was especially useful for covering operational costs, such as wages and utility bills. In addition, we had a term loan that was specifically used to fund capital expenditures and long-term investments. We also had access to trade credit from suppliers, which allowed us to delay payments for inventory purchases. These credit lines were strategically used to maintain liquidity during high-expense periods and were carefully monitored to avoid excessive debt accumulation. Throughout the crisis, we were able to leverage these facilities to ensure that our business could

continue operating without significant disruptions, although we were mindful not to overextend ourselves.

Interviewer**:** How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy?
Respondent**:** Our approach to building financial reserves was methodical and driven by long-term stability. We made it a priority to allocate a portion of our annual profits into a dedicated reserve fund, separate from our operational cash flow. This fund was designed to support the business during times of financial stress, without compromising our operational needs. We also regularly reviewed and adjusted our cost structure to ensure that we were operating efficiently and maximizing our profitability. During the crisis, the reserve fund played a pivotal role in shielding us from immediate financial pressures. It enabled us to maintain essential operations and protect our workforce from layoffs. Without these reserves, we would have faced a more difficult situation, as our ability to meet financial obligations would have been severely restricted. This strategy gave us the flexibility to adapt to the crisis without jeopardizing the long-term viability of the business.

Interviewer**:** How diversified were your company's revenue streams before the crisis, and how did this diversification contribute to financial stability?
Respondent**:** Prior to the crisis, we had diversified revenue streams, which significantly bolstered our financial stability. Our revenue model was balanced across multiple sectors, including retail, wholesale distribution, and consultancy services. This diversification allowed us to minimize the risks associated with any one sector underperforming. When the crisis hit, it became apparent that the retail segment was the hardest hit, as consumer demand plummeted. However, our wholesale distribution business continued to perform well, providing a reliable revenue stream. The consultancy services also proved to be resilient, as businesses still needed advisory services in navigating the crisis. This diversified portfolio of income sources allowed us to shift our focus to the more stable areas of the business, helping to mitigate losses in other sectors. It demonstrated the importance of having multiple revenue streams to weather economic downturns and maintain overall business health.

Interviewer**:** What measures did your company implement during the crisis to maintain positive cash flow?
Respondent**:** During the crisis, we took a number of decisive actions to maintain cash flow and ensure the company's continued operation. One of the first steps was to prioritize collections from key clients and offer payment plans to others, which helped stabilize our receivables. We also renegotiated payment terms with some of our suppliers to extend payment deadlines, giving us more flexibility in managing

cash outflows. On the expense side, we implemented cost-cutting measures, including reducing discretionary spending and postponing non-essential capital expenditures. We also shifted to a more conservative approach to inventory management, reducing stock levels and relying more on just-in-time ordering. Additionally, we explored alternative revenue streams, such as offering digital services, to offset declines in traditional sales. These efforts helped us maintain positive cash flow and position the company to emerge from the crisis in a strong financial position.

Interviewer**:** How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations? Respondent**:** During the crisis, our ability to access credit facilities played a crucial role in ensuring our business could maintain liquidity. We accessed our short-term working capital line to cover immediate costs like payroll and operational expenses, allowing us to keep our teams engaged and our facilities running smoothly. The ability to manage cash flow gaps due to delayed client payments was particularly important during this period. While we were cautious with borrowing and prioritized paying down existing debt when possible, this credit line allowed us to avoid taking drastic measures such as reducing staff or halting operations. It helped us maintain a level of financial stability, ensuring we could honor both client and supplier obligations. Furthermore, the access to credit gave us the flexibility to pursue essential investments, like upgrading our digital platforms, which positioned us for growth as the market began to stabilize.

Interviewer**:** How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls? Respondent**:** Financial reserves were key in helping us navigate the crisis without compromising the future of the company. When revenues started to decline, we relied on the reserves we had built over the years to cover operational costs, including employee salaries and essential supplier payments. This financial buffer gave us the flexibility to make critical decisions without the immediate pressure of cash flow shortages. Additionally, the reserves allowed us to maintain customer service standards, which were vital in keeping long-term customer loyalty intact. We also utilized this period to invest in strategic initiatives, such as enhancing our online presence, which would eventually help us recover lost revenue. Without these reserves, we would have been forced to make deeper cuts or take on unsustainable debt. They served as a vital tool for keeping the company afloat, giving us the time to adjust and stabilize operations.

Interviewer**:** How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
Respondent**:** Diversification of revenue streams was critical to mitigating the financial impact of the crisis. Prior to the downturn, we had focused on a balanced mix of products, services, and subscription-based models. When the crisis hit, we saw a sharp drop in product sales, but our service contracts and recurring subscription revenue helped offset some of these losses. Moreover, our investment in digital services proved to be particularly valuable. As traditional sales channels were disrupted, our online service offerings saw an increase in demand, helping to keep the business stable. We also had revenue coming in from long-term contracts, which provided a steady cash flow despite market conditions. This mix of income sources allowed us to remain resilient during the uncertainty, and it reinforced the importance of having multiple income streams that could support the business when one or more areas faced disruptions.

Interviewer**:** How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? Also, what changes, if any, were made to your company's compensation and benefits packages during the crisis?
Respondent**:** Before the crisis, we offered competitive compensation packages, which included performance-based bonuses, healthcare benefits, and flexible work arrangements. We focused on creating an inclusive and supportive environment, which helped in retaining top talent. During the crisis, we made some necessary adjustments, such as freezing salary increases and limiting bonuses to ensure financial sustainability. However, we were committed to preserving employee morale, so we provided additional benefits like mental health support and remote work allowances. We also introduced flexible working hours to accommodate personal challenges during lockdowns. The changes allowed us to manage costs while maintaining trust and loyalty among our employees. Despite the financial strain, we emphasized clear and transparent communication to ensure our employees understood the rationale behind these decisions. These efforts helped us retain our talent pool and maintain a strong organizational culture during a time of uncertainty.

Interviewer**:** What types of career development and training opportunities were available to your employees before the crisis and during the crisis?
Respondent**:** Before the crisis, we offered a range of career development opportunities, such as in-house leadership training, external certifications, and mentorship programs. We encouraged employees to pursue skill enhancement through both structured learning and informal team collaborations. When the crisis hit, we quickly pivoted to online platforms to continue offering professional

development, adapting to remote work dynamics. We increased access to virtual training sessions and webinars focused on both technical skills and soft skills, helping employees stay engaged and continue progressing in their careers. Additionally, we provided more personalized coaching sessions to guide staff through career planning during uncertain times. We also made online resources for mental resilience available, recognizing the added stress employees faced. By continuing to invest in our team's growth during the crisis, we ensured that they remained motivated and prepared for the future, allowing us to maintain a high level of employee engagement even in challenging circumstances.

Interviewer**:** How would you describe the state of your IT infrastructure before the crisis and what changes did you make during the crisis?
Respondent**:** Before the crisis, our IT infrastructure was solid but not fully optimized for remote work. Most operations ran on in-house servers, with only limited cloud adoption. As the crisis hit, we needed to quickly ensure business continuity by migrating key systems like CRM and communication platforms to cloud-based solutions. This allowed employees to work remotely without disruptions. Alongside the transition, we also recognized the increased risk of cyber threats and took immediate action to enhance our cybersecurity. This included strengthening encryption, implementing multi-factor authentication, and conducting regular security audits. While the transition was initially challenging, it proved to be a vital move that kept us operational. The shift to the cloud not only supported us during the crisis but also positioned us for greater flexibility and scalability in the future, allowing for more efficient operations and preparedness for future challenges.

Interviewer**:** How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
Respondent**:** Before the crisis, we had automation in place for basic processes like CRM and financial tasks, but several areas were still manual, particularly in supply chain management and internal communications. The crisis forced us to expedite automation across the board. We implemented an advanced ERP system to streamline procurement and inventory management, reducing manual errors and increasing operational efficiency. Additionally, we introduced AI-driven tools such as chatbots for customer service, automating routine inquiries and support tickets. This shift freed up resources to handle more complex customer needs, improving overall service and reducing response times. Moreover, automation helped cut down on overhead costs and ensured that we could maintain consistent service levels despite the increased demand during the crisis. By adopting more advanced automation tools, we enhanced operational efficiency and gained the ability to scale quickly in response to changing business needs, ensuring we remained competitive in a challenging market.

Interviewer**:** How did your IT systems scale and adapt during the crisis to meet changing demands?
Respondent**:** During the crisis, our IT systems had to quickly scale to support a growing remote workforce and manage increased customer demand. Although we had some cloud-based tools in place, the surge in online activity and remote work necessitated further investment. We expanded our cloud services to integrate new systems that would ensure seamless collaboration and secure data access for our employees. At the same time, our e-commerce platform needed to scale to accommodate a significant rise in online transactions. By leveraging cloud infrastructure and automation, we were able to adapt to these demands without compromising on quality. These upgrades were critical in maintaining smooth operations during the crisis and meeting the expectations of both our team and customers. The flexibility provided by cloud solutions and the integration of new tools allowed us to adjust quickly and continue providing our products and services without disruptions. The experience highlighted the importance of scalable IT systems in times of crisis.

Interviewer: How stable was the demand for your company's products or services before the crisis and how did market demand fluctuate during the crisis?
Respondent**:** Before the crisis, demand for our products was stable, supported by a strong customer base in industries like retail, hospitality, and consumer goods. However, when the crisis hit, demand from retail and hospitality sectors dropped dramatically, creating a significant revenue gap. At the same time, sectors like healthcare, technology, and logistics saw a surge in demand. We had to pivot quickly to mitigate the negative impact. We shifted our focus to these emerging sectors by adjusting our marketing strategy and tailoring our product offerings to meet their specific needs. Additionally, we introduced new solutions to address the evolving demands of our new client base. This agility helped us diversify our revenue streams, ensuring continued business growth despite challenges in other areas. The crisis underscored the need for flexibility and foresight in responding to market fluctuations and reinforced the importance of being able to pivot quickly to meet shifting demands.

Interviewer**:** What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis?
Respondent**:** Before the crisis, the competitive landscape in our market was relatively stable. While there were competitors, we had successfully carved out a niche and established a loyal customer base. The level of competition was manageable, and we faced little pressure to differentiate ourselves drastically. However, when the crisis hit, the dynamics changed significantly. As businesses moved online, it lowered entry barriers, and new competitors emerged rapidly, leading to heightened competition. With the digital transformation accelerating, companies that could quickly innovate

and adapt to a digital-first environment gained a substantial edge. This made it much more difficult to stand out in the market. Additionally, as competitors introduced new solutions, the pace of change in customer expectations accelerated. To remain competitive, we had to innovate quickly and adapt our offerings. The crisis amplified the need for agility, speed, and innovation, forcing us to be more flexible in our approach to meet the evolving needs of the market.

Interviewer**:** How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?
Respondent**:** Before the crisis, customer retention was one of our strongest assets. We had built long-term relationships by providing excellent service, high-quality products, and personalized support. However, during the crisis, many of our customers faced financial difficulties, making retention more challenging. To counteract this, we placed a heavy emphasis on empathy and communication. We proactively kept customers informed about any disruptions or delays and offered transparent updates. Additionally, we introduced a loyalty program, flexible payment options, and discounts to ease their financial strain. By showing understanding and providing tangible support, we were able to not only retain our customer base but in some cases, deepen the trust and loyalty they had toward our brand. In fact, some customers expressed even greater loyalty as a result of our efforts to support them during a tough period. The crisis highlighted the importance of empathy and flexibility in building strong customer relationships.

Interviewer**:** How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
Respondent**:** Before the crisis, our company focused on providing high-quality products, consistent service, and prompt communication. We built trust by always delivering on promises and addressing any customer concerns quickly. To deepen our relationship with clients, we also offered educational resources like webinars and articles to empower them. However, during the crisis, we needed to adapt our approach. We invested more in digital tools to ensure a seamless experience for our customers, making it easier for them to interact with us online. Transparency became key, so we kept our customers informed about any challenges and adjusted our offerings to suit their new needs. We also extended flexible payment terms and offered tailored solutions to address their unique challenges. These efforts not only helped maintain customer loyalty but also strengthened it, as our clients appreciated our proactive support and the trust we had built together over time. The crisis reaffirmed the importance of transparency and flexibility.

Interviewer: How diversified was your company's customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis?
Respondent: Before the crisis, our customer base was moderately diversified, but we were still heavily dependent on a few key industries. When the crisis disrupted demand in sectors like retail and hospitality, we quickly realized the risks of this reliance. To mitigate the impact, we pivoted to sectors that were growing, like healthcare and technology. This diversification helped us quickly shift focus and adapt to changing market needs. We adjusted our marketing and product offerings to cater to the demands of these emerging sectors. By expanding our customer base into these new industries, we were able to offset the losses from others, ensuring more stable revenue streams. The crisis reinforced the importance of having a diversified customer base, as it allows for more flexibility and reduces the financial risks associated with reliance on any single sector. Our ability to adapt quickly helped us maintain business stability and position ourselves for future growth in these new areas.

INSTITUTE C

RESPONDENT 6

TRANSCRIPT

Interviewer: Good morning
Respondent: Good morning

Interviewer: I'm conducting research on how IT companies in Sri Lanka survive and thrive during the economic crisis. As I mentioned earlier, all the information gathered is strictly for research purposes, and once I receive the full transcript, I will not retain the recording.
Respondent: Understood

Interviewer: The first question relates to the finance side. How did your company manage cash flow before the crisis, and what strategies were in place to ensure sufficient liquidity for short-term obligations?
Respondent: We've been very proactive in managing our receivables and payables to keep cash flow steady. By setting clear payment terms, consistently following up on outstanding invoices, and negotiating better payment schedules with vendors, we made sure our inflows and outflows stayed balanced. To build financial resilience, we also maintained a liquidity buffer that covered at least six months of operational expenses. This gave us the flexibility to handle short-term obligations without disruptions. At the same time, we didn't want to rely too heavily on a single revenue stream, so we expanded our client base across different industries and regions. That way, even if one sector faced a downturn, our overall cash flow remained stable. Long before any crisis hit, we had already put cost-control measures in place regular

financial audits, budget forecasting, and strategic cost cutting to ensure we operated efficiently and minimized unnecessary expenses.Ultimately, by taking a proactive and diversified approach, we created a financially stable and resilient foundation, allowing us to navigate challenges with confidence and continue growing despite uncertainties.

Interviewer: What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations?
Respondent: We built strong banking relationships to secure short-term credit facilities, ensuring smooth cash flow for operations and payroll during delayed client payments. Invoice discounting provided early payments on outstanding invoices, offering immediate working capital without adding significant debt. To further strengthen financial stability, we utilized overdraft facilities as a safety net and negotiated favorable trade credit terms with suppliers to extend our cash cycle. For larger projects, bank guarantees and letters of credit enhanced credibility and ensured seamless transactions.These strategies collectively helped us maintain liquidity, manage risks, and drive sustainable growth.

Interviewer**:** How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy?
Respondent : Our financial reserves were strategically structured to handle unexpected challenges like economic downturns, cost fluctuations, or delayed client payments. This proactive approach allowed us to navigate financial shocks without excessive borrowing or drastic cost cutting. Beyond risk management, we allocated a portion of our reserves to fuel business growth**,** investing in technology upgrades, market expansion, and employee development. This ensured we remained competitive and adaptable in changing economic conditions. To optimize financial security, we maintained a multi-layered reserve system, including an operational reserve for short term needs, a capital reserve for infrastructure investments, and a crisis reserve for unforeseen challenges.Our reserve strategy was backed by financial risk assessments and forecasting, allowing us to continuously evaluate market trends, adjust reserves accordingly, and make informed, future-proof decisions**.**

Interviewer**:** How diversified were your company's revenue streams before the crisis, and how did this diversification contribute to financial stability?
Respondent: We focused on subscription-based and recurring revenue models, especially in our cloud solutions and IT consulting services. This gave us a steady income flow through long-term contracts, making us less dependent on one-time projects. Plus, it helped us retain customers and build stronger relationships. At the end of the day, having predictable revenue made it easier to plan ahead and grow sustainably. To expand our reach, we built strategic partnerships with tech providers and software vendors. These collaborations helped us offer better solutions, attract

more clients, and stay competitive. By working with the right partners, we created new opportunities and strengthened our position in the market. We also made it a priority to stay ahead of market trends by investing in R&D and innovation. That's how we introduced AI-driven solutions and cybersecurity enhancements, keeping us adaptable and future-ready. Being proactive with technology not only helped us stay relevant but also positioned us for long term success.

Interviewer: What measures did your company implement during the crisis to maintain positive cash flow?
Respondent: To navigate the crisis, we took several steps to optimize our cash flow and ensure financial stability. One of the first actions we took was renegotiating contracts and payment terms with both clients and vendors. By securing better payment schedules and upfront payments, we improved our liquidity without disrupting operations, which helped keep cash flow steady. At the same time, we strengthened relationships with partners by being transparent and flexible.We also took a proactive approach to accelerate invoice collections. This included following up regularly, offering early payment discounts, and prioritizing overdue accounts, which significantly reduced outstanding receivables. By focusing on these cash inflows, we were able to maintain a steady financial position.To manage expenses, we paused non-essential expenditures such as office expansions, IT upgrades, and marketing initiatives. We also evaluated our payroll structure and considered salary adjustments and hiring freezes to control labor costs. These measures allowed us to focus on core operations while carefully managing costs.Additionally, we looked at operational costs with a critical eye, reviewing cloud service expenses and implementing energy-saving measures where possible. These cost-saving initiatives helped streamline operations, allowing us to maintain financial stability despite the uncertain economic climate.

Interviewer: How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations?
Respondent**:** We made covering payroll and employee retention a priority by using our financial reserves to ensure uninterrupted salary payments. This allowed us to retain key talent, avoid layoffs, and maintain workforce stability critical for long-term recovery. By doing so, we kept morale high and ensured our team could continue delivering excellent services despite economic uncertainty. Our reserves were also strategically allocated to cover essential operational costs like rent, utilities, and critical technology infrastructure. By focusing on these key business functions, we kept day-to-day operations running smoothly, even when revenue streams were unpredictable. This helped us maintain normal operations without major disruptions.To bridge revenue gaps and maintain cash flow, the reserves acted as a buffer, allowing us to manage fluctuations in client payments and project delays without relying too heavily on borrowing. This financial cushion ensured that we could

fulfill obligations, keep client trust intact, and continue delivering services without interruption.

Interviewer**:** How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls?
Respondent**:** We invested in high-demand service areas like cloud solutions, cybersecurity, and remote work support, adapting to market shifts. These strategic investments helped us create new revenue streams and positioned us as a valuable partner for businesses adjusting to the crisis. This helped us stay relevant and generate growth even in uncertain times. Our financial reserves helped us mitigate supply chain and vendor payment challenges by ensuring timely payments, securing supplies, and negotiating favorable long-term agreements. This stability allowed us to avoid disruptions and maintain access to critical resources. It also strengthened our relationships with suppliers. The availability of financial reserves gave us flexibility to make strategic decisions without financial pressure. This enabled us to adjust service models, implement new technologies, and shift business priorities, all while responding effectively to market changes. This helped us adapt quickly to new circumstances.By utilizing reserves, we reduced reliance on external debt, avoiding high-interest loans or emergency borrowing. This prudent financial management kept our balance sheet healthy and positioned us for a stronger post-crisis recovery. It allowed us to maintain financial stability and longterm growth.

Interviewer: How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
Respondent**:** We expanded our digital transformation and IT consulting services, focusing on business continuity, cloud migrations, automation strategies, and IT cost optimization. This shift allowed us to meet the evolving needs of clients, making IT consulting a key revenue driver. This helped us stay relevant and valuable during challenging times. Our geographic market diversification played a significant role in balancing revenue streams. By being present in multiple regions, we were able to offset the economic impacts of specific areas, relying on markets with faster recoveries or stable industries for financial resilience. This helped reduce dependence on a single economy. We customized solutions to meet market demands by creating cost effective IT packages for small businesses needing digital support, particularly during financially difficult times. This adaptability allowed us to capture new revenue opportunities and retain clients facing budget constraints. It was a smart way to provide valuable solutions while maintaining steady growth. Through our diversified revenue strategy, we mitigated financial risks and ensured business continuity. By focusing on stable revenue streams like cloud solutions, cybersecurity, and subscription services, we navigated market disruptions and set ourselves up for long-term resilience. This strategy has positioned us for growth, no matter what challenges lie ahead.

Interviewer**:** How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? Also What changes, if any, were made to your company's compensation and benefits packages during the crisis?
Respondent**:** To boost productivity and foster innovation, we implemented a performance-based bonus structure. Employees who exceeded expectations were rewarded, with bonuses tied to both individual and team achievements. We also introduced stock options and profit-sharing plans for long-term employees, aligning their interests with the company's growth. This approach cultivated a results-driven culture and a sense of ownership.Our comprehensive benefits package included health insurance, retirement plans, paid parental leave, and wellness initiatives. Employees had access to professional development programs and technical training to ensure continuous growth. In terms of career growth, we placed a strong focus on employee development. We offered mentorship programs, leadership training, and opportunities for employees to take on cross-functional projects and upskill in emerging technologies. Regular feedback sessions and personalized career paths ensured employees felt valued and had clear growth opportunities. This strategy helped foster long-term loyalty and career satisfaction.

Interviewer**:** What types of career development and training opportunities were available to your employees before the crisis and during the crisis?
Respondent**:** When it comes to employee growth and development, we place a strong emphasis on soft skills and professional development. Recognizing the value of strong interpersonal skills, we offered training in effective communication, negotiation, critical thinking, and problem-solving. Employees also had access to workshops in public speaking, business writing, and business etiquette, all aimed at enhancing their professional presence. Additionally, we integrated emotional intelligence (EQ) and stress management workshops into our development programs to ensure employees' well-being was supported. We also ensured that employees had access to top-tier online learning platforms such as Coursera, Udemy, and LinkedIn Learning, giving them the flexibility to learn at their own pace. Our internal knowledge-sharing portal further fostered collaboration, enabling employees to exchange expertise and stay updated on the latest industry trends. For those employees pursuing higher education or advanced degrees, such as an MBA, master's, or PhDs, we offered tuition assistance and reimbursement programs. Additionally, flexible work arrangements were available for employees balancing academic pursuits with their professional responsibilities.By fostering continuous learning and providing robust support, we not only enhanced individual growth but also drove our company forward with a more skilled and engaged workforce.

Interviewer**:** How would you describe the state of your IT infrastructure before the crisis and what are the changes you made in the period of crisis?

Respondent: As we adapted to new challenges, we implemented automation and AI-driven operations to enhance our infrastructure's performance and reduce manual effort. By integrating automated cloud management tools, we optimized performance, streamlined processes, and minimized operational intervention. Additionally, AI driven monitoring systems proactively predicted performance bottlenecks, dynamically adjusting resource allocation, while automating IT workflows and routine maintenance tasks helped improve efficiency and reduce overhead. In line with the growing need for flexibility, we ensured remote accessibility and workforce enablement even before the crisis. Our infrastructure supported seamless remote work, with Virtual Desktop Infrastructure (VDI), secure VPN access, and cloud hosted applications ensuring that employees could stay productive from any location..These steps not only improved our operational resilience but also paved the way for more efficient, flexible, and scalable business processes.

Interviewer: How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
Respondent: We took significant strides in Customer Relationship Management automation, streamlining processes like client communication, lead tracking, and sales pipeline management. With a fully automated CRM system, we integrated AI-powered chatbots and automated email marketing campaigns to boost customer engagement while reducing manual workload. Additionally, predictive analytics within the CRM helped personalize marketing strategies, ultimately improving retention rates by offering more tailored experiences to clients. In terms of IT operations and security automation, our cloud infrastructure was equipped with automated monitoring systems, allowing for self resolution of performance issues without the need for human intervention. We further enhanced security through cybersecurity automation tools, such as automated threat detection and response mechanisms, ensuring that our systems met stringent security standards. Routine tasks like IT maintenance, software updates, and system backups were also automated, reducing downtime and increasing system reliability. Lastly, AI-driven business intelligence became a key tool for our decision-making. By integrating AI-powered analytics dashboards, we gained real-time business insights, enabling more informed and strategic decisions. These innovations significantly enhanced our operational efficiency, client relationships, and overall decision making processes.

Interviewer: How did your IT systems scale and adapt during the crisis to meet changing demands?
Respondent: During the crisis, we focused on accelerating digital transformation to meet evolving market needs. We deployed cloud-based applications and enhanced AI-driven chatbots for more efficient customer support. Our CRM and ERP systems were optimized to support remote teams, ensuring seamless business operations. To

enhance business continuity, we expanded our disaster recovery solutions with additional cloud backups and failover mechanisms. Automated data replication minimized downtime, and regular drills prepared us for any IT disruptions. Our DevOps teams sped up software deployment using CI/CD pipelines and cloud-native development to adapt quickly to business requirements. These adaptations not only ensured operations continued smoothly but also positioned us for long-term resilience and future scalability in a digital-first world.

Interviewer**:** How stable was the demand for your company's products or services before the crisis and how did market demand for your products or services fluctuate during the crisis?
Respondent**:** Our company experienced consistent growth in digital transformation projects, driven by rising demand for cloud computing, automation, AI, and data analytics. Organizations across sectors sought to modernize their IT infrastructure, migrate to the cloud, and strengthen cybersecurity, contributing to continuous revenue growth. Industries like finance, healthcare, e-commerce, and manufacturing were particularly active in seeking our custom software development and IT consulting services.We built a strong market position with a growing base of long term clients and repeat business, largely fueled by subscription-based models and managed services, ensuring stable cash flow. Our focus on quality service delivery and innovation helped us maintain a competitive edge and strong client loyalty. To mitigate risks, we diversified our client base across industries and geographies, reducing dependency on any single market.

Interviewer**:** What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis?
Respondent**:** During the crisis, many competitors engaged in aggressive price cuts to attract cost-conscious clients, while some downsized or exited the market, leading to consolidation. As economic uncertainty grew, clients became more cautious with their IT spending, demanding greater flexibility, better ROI, and more transparent pricing from service providers. The demand for services such as remote work infrastructure, cybersecurity, and cloud based solutions surged, creating a competitive battleground in the IT sector. In response, we chose not to engage in price wars but instead focused on reinforcing our value proposition. We prioritized service excellence, innovation, and client satisfaction to differentiate ourselves in a crowded market. To cater to the evolving needs of our clients, we introduced flexible pricing models and scalable service packages, allowing businesses to customize solutions based on their specific requirements. Our expertise in digital transformation, cybersecurity, and cloud infrastructure optimization positioned us as a key partner for organizations transitioning to remote and hybrid work environments.We focused on strengthening client relationships, offering proactive

support, and demonstrating measurable business impact, which helped us foster customer loyalty despite market turbulence.

Shehan Chathuranga**:** How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?
Respondent**:** Before the crisis, we had a strong foundation of customer retention, consistently achieving a rate above 85%. This was due to our focus on building long-term relationships with clients across various industries by offering tailored IT solutions and superior post-implementation support. We also worked closely with clients through proactive account management, regular check ins, and continuous improvements to ensure they were always satisfied. Many of our clients were on multi-year service contracts, which helped ensure predictable and recurring revenue. When the crisis hit, we did see some clients adjust their IT budgets, delay new projects, or focus on cost saving measures. However, we maintained a strong retention rate because of the essential nature of our services. Industries like healthcare, finance, and e-commerce still needed IT support, cloud services, and cybersecurity. To support clients during this challenging time, we offered flexible pricing, scalable service packages, and extended payment terms, allowing them to continue benefiting from our services without strain on their finances.Our approach of working collaboratively with clients, rather than enforcing rigid contracts, allowed us to retain their business and help them navigate the uncertainty of the crisis.

Shehan Chathuranga**:** How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
Respondent**:** Before the crisis, we built strong customer loyalty by truly understanding each client's unique needs and offering tailored IT solutions. We prioritized long-term relationships over short-term engagements, ensuring personalized support and quick responses to any issues. Our commitment to providing value through educational resources and proactive guidance helped establish us as a trusted partner. When the crisis hit, we extended our support, offering flexible contracts, deferred payments, and additional services to help clients manage financial strain. We also increased communication and provided tailored resources to address new challenges, like remote work transitions and security concerns. This empathetic, client-first approach strengthened our relationships, as clients appreciated how we helped them through tough times.After the crisis, this approach paid off. Clients trusted us even more, many expanded their contracts, and we saw stronger, longer-term partnerships. Our ability to stay customer-focused during such uncertainty set us apart from others, reinforcing loyalty and trust in our brand.

Interviewer**:** How diversified was your company's customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis? Respondent**:** Before the crisis, we built a strong and diversified client base, catering to various industries such as finance, healthcare, retail, manufacturing, logistics, and travel. In the finance sector, we offered secure IT infrastructure, fintech solutions, and support for regulatory compliance. For healthcare, we supported digital transformation initiatives, cloud-based patient management, and cybersecurity measures to protect sensitive data. In retail and e-commerce, we focused on omnichannel solutions, supply chain optimization, and AI-driven customer engagement. For manufacturing and logistics, we provided automation solutions, ERP integrations, and IoT-driven process improvements. Our sales and marketing teams also adjusted their approach, prioritizing sectors that continued to invest in IT, ensuring that we secured new contracts in industries that were less affected by the crisis. Additionally, we introduced more flexible, modular IT solutions to appeal to companies facing budget constraints but still needing digital transformation. To further stabilize revenue, we explored new international markets, reducing our reliance on any single region and capitalizing on the global demand for IT services. By taking these adaptive measures, we were able to mitigate the crisis's impact and emerge stronger.

INSTITUTE D

RESPONDENT 12

TRANSCRIPT

Interviewer: Good morning
Respondent: Morning

Interviewer: I am researching how IT companies in Sri Lanka are surviving and thriving during the economic crisis. All the information gathered is solely for research purposes. Once I receive the complete transcript, I will not keep the recording. Respondent: ok got it

Interviewer: First one is, How did your company manage cash flow before the crisis, and what strategies were in place to ensure sufficient liquidity for short-term obligations?
Respondent: Even before the crisis, we implemented cost-control mechanisms to optimize operational efficiency. Regular financial audits, budget forecasting, and strategic cost-cutting measures were in place to prevent unnecessary expenditures and maximize savings. Our financial team continuously assessed potential risks and adapted our cash flow strategies accordingly. Scenario planning and sensitivity analyses were conducted to anticipate potential disruptions and prepare contingency plans. Recognizing the importance of financial resilience, we adopted a policy of maintaining a liquidity buffer equivalent to at least six months of operational

expenses. This reserve allowed us to cover short-term obligations without disruption, ensuring business continuity even in uncertain economic conditions.

Interviewer: What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations?
Respondent: We have built strong relationships with several banking institutions that provide us with short-term credit facilities. These credit lines are primarily used to address temporary cash flow gaps, finance operational expenses, and support payroll during periods of delayed client payments. The availability of these funds allows us to maintain stability and flexibility in our financial planning. In addition to structured credit lines, we also have access to overdraft facilities, which serve as an emergency financial buffer. These facilities offer instant access to additional funds when needed, ensuring that we can meet unexpected financial demands without disrupting our operations.

Interviewer: How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy?
Respondent: In addition to risk mitigation, we strategically allocated a portion of our reserves to invest in critical areas of business development. These investments included upgrading technology, expanding into new markets, and enhancing employee skill development. This forward-looking approach ensured that our company remained competitive and adaptable, even in uncertain economic conditions. Our financial reserves were specifically structured to address unexpected challenges, such as economic downturns, sudden cost increases, or client payment delays. This proactive contingency planning enabled us to manage financial shocks without resorting to excessive borrowing or drastic cost-cutting measures. A primary purpose of our financial reserves was to serve as a liquidity buffer, ensuring that we could cover essential expenses like salaries, rent, and utilities even during fluctuations in revenue. This strategic reserve prevented disruptions in day-to-day operations and provided financial security during challenging periods.

Interviewer: How diversified were your company's revenue streams before the crisis, and how did this diversification contribute to financial stability?
Respondent: Instead of relying on a single sector or a handful of large clients, we diversified our customer base across multiple industries, including finance, healthcare, retail, and manufacturing. This approach reduced exposure to sector-specific risks. For instance, if the retail sector experienced a downturn, demand from healthcare or finance clients helped balance our revenue streams. Our company expanded into multiple geographic markets, catering to both local and international clients. This helped us reduce reliance on a single economy, ensuring that economic instability in one country did not severely impact overall revenue. By targeting markets with different economic cycles, we maintained steady cash flow and reduced

vulnerability to localized downturns. We formed partnerships with technology providers, software vendors, and cloud service companies to expand our service offerings and enhance revenue generation. These collaborations enabled us to leverage complementary technologies, attract new clients, and remain competitive in the evolving IT landscape.

Interviewer: What measures did your company implement during the crisis to maintain positive cash flow?
Respondent: We conducted a comprehensive review of our operational expenses to identify potential areas for cost reduction. We optimized our cloud infrastructure costs by scaling down unused resources and renegotiating our cloud service contracts. Additionally, we adopted energy efficiency measures and implemented remote work policies to reduce office maintenance expenses.To improve our accounts receivable processes, we proactively followed up with clients regarding outstanding invoices. To encourage early payments, we introduced discounts for clients who settled their invoices ahead of schedule. We also prioritized high-value and overdue accounts to ensure consistent cash flow. Furthermore, we engaged in discussions with key clients and vendors to renegotiate contract terms, aiming for more favorable payment schedules. This included extending project timelines, adjusting service delivery expectations, and securing upfront payments wherever possible. Finally, we negotiated extended payment terms with suppliers and service providers to enhance our short-term liquidity without disrupting operations.

Interviewer: How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations?
Respondent: To improve our cash inflow, we used invoice discounting, which allowed us to receive immediate payments on outstanding invoices. This approach helped us address temporary liquidity gaps without increasing our long-term debt obligations. Instead of using credit facilities indiscriminately, we allocated funds strategically, focusing on essential operational needs and growth-oriented investments. We prioritized maintaining employee salaries, fulfilling contractual obligations, and sustaining core business functions. To minimize the financial burden of debt servicing, we focused on securing low-interest loans and government-backed financial assistance programs. We carefully evaluated various loan options to identify those with the most favourable repayment terms, ensuring that any borrowed funds could be repaid without straining our future cash flows. In some instances, we utilized interest-free or deferred payment loan programs, which helped alleviate short-term financial pressure while maintaining stability.

Interviewer: How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls?
Respondent: One of our top priorities was to ensure that employees continued receiving their salaries without disruption. Our financial reserves allowed us to retain

key talent, preventing layoffs and maintaining workforce stability, which was crucial for long-term recovery. This approach helped sustain morale and productivity, enabling us to continue delivering high-quality services to clients despite economic uncertainties. Given the fluctuations in client payments and project delays, our reserves acted as a financial buffer, allowing us to maintain liquidity without resorting to excessive borrowing. This financial stability enabled us to fulfill contractual obligations, sustain client trust, and ensure uninterrupted service delivery. Recognizing shifts in market demand, we allocated part of our reserves to enhance and expand our high-demand service offerings, such as cloud solutions, cybersecurity, and remote work support. These strategic investments not only helped us generate alternative revenue streams, but also positioned us as a valuable partner for businesses adapting to the crisis.

Interviewer: How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
Respondent: The crisis affected various industries in different ways, with some sectors seeing significant declines while others remained stable or even experienced growth. By diversifying our revenue streams, we were able to absorb financial shocks in struggling sectors while capitalizing on opportunities in resilient or high-demand markets. For instance, although some clients in retail and hospitality cut back on IT spending, demand from healthcare, financial services, and education remained strong, helping to offset revenue losses. As companies aimed to optimize their operations and enhance digital capabilities, our IT consulting services became a vital revenue driver. We adapted our consulting approach to focus on business continuity planning, cloud migrations, automation strategies, and IT cost optimization, ensuring we stayed relevant to our clients' evolving needs. Since different regions experienced varying economic impacts, our presence across multiple geographic markets helped balance our revenue streams. Clients in regions with faster economic recoveries or stable industries provided us with financial resilience, reducing our dependence on any single economy.

Interviewer: How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? Also What changes, if any, were made to your company's compensation and benefits packages during the crisis?
Respondent: We conducted regular market research to ensure that our salary offerings remained competitive within the IT industry. Our compensation structure was designed to align with experience, skill level, and industry demand, enabling us to attract high-caliber professionals. Salary increments were performance-driven and based on periodic evaluations to recognize employee contributions and retain key talent. To encourage productivity and innovation, we implemented a performance-

based bonus structure that rewards employees who exceed expectations. Bonuses were linked to both individual and team achievements, fostering a results-driven culture while promoting collaboration. Additionally, we offered stock options and profit-sharing plans to long-term employees, aligning their interests with the growth of the company. Employee engagement was a key focus for us. We introduced initiatives such as team-building activities, recognition programs, and open communication channels to foster a strong sense of belonging among employees. We also encouraged feedback through surveys and town hall meetings, ensuring that workplace policies evolved to meet the expectations of our workforce. Furthermore, exit interviews and retention analytics helped us continuously refine our strategies to reduce attrition and enhance job satisfaction.

Interviewer: What types of career development and training opportunities were available to your employees before the crisis and during the crisis?
Respondent: Every employee had access to personalized career development roadmaps that outlined both short-term and long-term growth opportunities within the company. We conducted annual performance reviews and career planning discussions, ensuring that employees had clear pathways for career advancement. Employees could choose customized learning tracks based on their interests and business needs, helping them develop expertise in specific areas.Recognizing the importance of interpersonal skills, we provided training in effective communication, negotiation, critical thinking, and problem-solving. Employees also had access to public speaking workshops, writing programs, and business etiquette training to enhance their professional presence. Additionally, we integrated workshops on emotional intelligence (EQ) and stress management into our development programs to support employee well-being. Employees were given access to industry-recognized certification programs in key areas such as cloud computing, cybersecurity, data analytics, and software development. We encouraged employees to pursue certifications from leading institutions and technology providers, such as AWS, Microsoft, Google, CISSP, and PMP, covering exam fees and training costs. To ensure employees stayed ahead of emerging technologies and best practices, we organized hands-on technical workshops and hackathons.

Interviewer: How would you describe the state of your IT infrastructure before the crisis and what are the changes you made in the period of crisis?
Respondent: We integrated automated cloud management tools into our infrastructure to optimize performance, reduce the need for manual intervention, and enhance overall efficiency. AI-driven monitoring systems predicted performance bottlenecks and dynamically optimized resource allocation. We also automated IT workflows and routine maintenance tasks, which improved response times and reduced operational overhead. Our IT infrastructure included advanced cybersecurity protocols, such as multi-layered firewalls, intrusion detection and prevention system,

and AI powered threat monitoring. We enforced strict data encryption standards for both stored and in-transit data to protect against cyber threats and ensure regulatory compliance. Additionally, we conducted routine penetration testing and vulnerability assessments to proactively identify and mitigate security risks.

Interviewer: How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
Respondent: Our CRM system was fully automated, which allowed for efficient client communication, lead tracking, and sales pipeline management. AI-powered chatbots and automated email marketing campaigns improved customer engagement while minimizing manual work. Predictive analytics within the CRM provided insights into customer behavior, assisting in the personalization of marketing strategies and enhancing retention rates. In our finance department, we utilized automated accounting systems for invoicing, expense tracking, tax compliance, and financial reporting. AI-driven tools for cash flow forecasting and budgeting offered predictive insights into our financial health, facilitating proactive decision-making. Additionally, automated invoice processing and payment scheduling ensured timely transactions, reducing the need for manual intervention and the potential for errors. Furthermore, fraud detection systems monitored financial transactions in real time, enhancing security and compliance.

Interviewer: How did your IT systems scale and adapt during the crisis to meet changing demands?
Respondent: To address increased workload demands, we quickly scaled up our cloud resources, adding compute and storage capacity as needed. Our cloud architecture allowed for real-time adjustments, ensuring optimal performance without significant infrastructure investments. Auto-scaling helped us manage fluctuating workloads and avoid service disruptions during peak times. With remote work becoming standard, we enhanced VPN capacity and implemented secure cloud access solutions for seamless connectivity. We also expanded our Virtual Desktop Infrastructure (VDI) and collaboration tools like Microsoft Teams and Slack to support our remote workforce. To safeguard sensitive data from cyber threats, we enforced multi-factor authentication (MFA) and endpoint security measures. These IT adaptations not only sustained our operations but also positioned us for long-term resilience in a digital landscape.

Interviewer: How stable was the demand for your company’s products or services before the crisis and how did market demand for your products or services fluctuate during the crisis?
Respondent: We established a solid reputation in the market, supported by a growing portfolio of long-term clients and repeat business. A significant portion of our revenue came from subscription-based models, managed services, and retainer contracts, which ensured predictable and stable cash flow. Our commitment to

quality service delivery and innovation allowed us to maintain a competitive edge and foster strong brand loyalty among our clients. The rise of AI-powered automation, machine learning, and IoT solutions created new opportunities for innovation, further increasing demand for our expertise. Organizations were increasingly adopting hybrid and multi-cloud solutions, leading to a surge in the need for our cloud migration and infrastructure optimization services. Additionally, the growing emphasis on data privacy and regulatory compliance drove businesses to invest in cybersecurity solutions, another key area in which we provided specialized services.

Interviewer: What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis?
Respondent: Rather than engaging in price wars, we focused on delivering high-quality services and long-term value. Our commitment to customer satisfaction and strong post-implementation support helped us retain key clients and build lasting relationships. By investing in research and development, emerging technologies, and workforce upskilling, we enhanced our ability to offer innovative solutions that set us apart from competitors. We reinforced our brand as a trusted technology partner through service excellence and client satisfaction. Our flexible pricing models allowed clients to customize solutions based on their needs. With expertise in digital transformation, cybersecurity, and cloud infrastructure optimization, we supported businesses in transitioning to remote and hybrid work models. Our proactive support and measurable business impact strengthened client relationships and increased loyalty, even during market turbulence.

Interviewer: How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?
Respondent: During the crisis, many clients reduced their IT budgets, delayed new projects, or shifted their focus to cost-saving measures. However, complete disengagement from IT services was rare due to their essential nature. Industries under significant financial pressure, such as retail and hospitality, were more likely to pause or decrease IT investments, but they mostly maintained core service contracts. Demand remained strong in sectors like healthcare, finance, e-commerce, and remote work solutions, which ensured a continued need for IT support, cloud services, and cybersecurity enhancements. To address potential client losses, we offered flexible pricing models, scalable service packages, and extended payment terms. This approach allowed businesses to continue benefiting from our services without facing excessive financial strain. Our commitment to customer success and adaptability helped us retain clients who were considering cost-cutting options while still prioritizing IT reliability and security. By demonstrating agility, providing crisis-specific solutions, and emphasizing service reliability, we reinforced our reputation as a dependable IT partner. Instead of enforcing rigid contract terms, we collaborated

with clients to adapt solutions based on their evolving needs, fostering continued loyalty.

Interviewer: How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
Respondent: Our 24/7 customer support and proactive issue resolution have strengthened our reputation for reliability. Clients appreciate our quick turnaround times for troubleshooting, maintenance, and service enhancements, establishing us as a trusted technology partner.We focus on long-term partnerships, ensuring continuous collaboration and support through regular check-ins and feedback sessions. Our flexible pricing models and payment options help clients maintain essential IT services without financial strain, allowing for temporary downgrades or adjustments without penalties.We also prioritize open communication, keeping clients informed about service changes and industry best practices. Our solution-oriented approach ensures clients feel supported and valued during challenging times.

Interviewer: How diversified was your company's customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis?
Respondent: We have served a broad range of industries, including finance and banking, manufacturing, and logistics. Initially, our primary focus was on Europe. However, due to the crisis, we shifted our attention to the North American and Asia-Pacific regions as well. While some sectors, such as travel, hospitality, and traditional retail, faced significant revenue declines, our presence in resilient and high-growth industries helped stabilize our overall business performance.Our sales and marketing teams prioritized sectors with sustained or increasing IT investments, which enabled us to secure new contracts in these resilient industries. By exploring new international markets, we minimized our exposure to regional economic downturns and capitalized on the global demand for IT services. By following these strategies, we were able to maintain business continuity without any issues.

INSTITUTE E

RESPONDENT 3

TRANSCRIPT

Interviewer: Good morning
Respondent**:** Good morning! How's your day going?

Interviewer**:** I'm conducting research on how IT companies in Sri Lanka survive and thrive during the economic crisis. As I mentioned earlier, all the information gathered is strictly for research purposes, and once I receive the full transcript, I will not retain the recording.
Respondent: Sure, that's clear. Let's begin!

Interviewer: The first question relates to the finance side. How did your company manage cash flow before the crisis, and what strategies were in place to ensure sufficient liquidity for short-term obligations?
Respondent**:** Before the crisis, we had a very structured and proactive approach to managing cash flow. Our CFO had developed a comprehensive cash flow model that was updated on a monthly basis to ensure we had a clear picture of our financial position. We also maintained a contingency fund, to which we contributed regularly, which provided a cushion in case of unexpected fluctuations. Our strategy was to be cautious and disciplined, especially when it came to controlling overhead costs. We were very mindful of maintaining liquidity, so in times of high demand, we knew exactly how to accelerate collections from clients to boost cash flow. At the same time, we would strategically slow down certain payables when possible, allowing us to retain cash for essential operational needs. This careful and calculated management of cash flow ensured that we were prepared for any financial challenges, giving us the flexibility to respond quickly when the crisis hit..

Interviewer**:** What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations?
Respondent**:** Credit lines played a crucial role in our financial strategy, especially when navigating through challenging times. We maintained both a short-term revolving line of credit and a long-term loan, each serving a distinct purpose. The short-term line of credit was a vital tool for covering routine operational costs, such as salaries, utilities, and other day-to-day expenses, allowing us to manage cash flow effectively. On the other hand, the long-term loan was used to support larger projects, such as investments in infrastructure or expansion efforts. This combination of credit facilities provided us with the flexibility to manage immediate financial needs while also enabling us to invest in long-term growth. Throughout the crisis, we used these lines strategically, ensuring that we didn't overextend ourselves or

accumulate unnecessary debt. By carefully balancing our use of credit, we were able to maintain financial stability and keep the business running smoothly, even during uncertain times.

Interviewer**:** How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy?
Respondent: Our strategy regarding financial reserves was cantered around preparedness for unforeseen challenges. We knew that relying on external credit or loans could be risky, so we made it a priority to gradually build a cash buffer. Every year, we meticulously reviewed our expenses and allocated a percentage of profits into an emergency fund, ensuring that it would be available should the unexpected arise. This reserve was not just a safety net, but also a flexible financial cushion, giving us the freedom to access it if necessary. During the crisis, it proved to be absolutely crucial. The reserve gave us the breathing room needed to avoid drastic measures, like laying off employees or halting essential services. Even when our cash flow became unpredictable, we were able to maintain our operations and continue providing services to our clients. Without this reserve, we would have been far more exposed to the volatility in the market, and navigating through the crisis would have been much more challenging.

Interviewer**:** How diversified were your company's revenue streams before the crisis, and how did this diversification contribute to financial stability?
Respondent: We were fortunate to have diversified revenue streams before the crisis, which gave us a solid foundation to weather the storm. Our business model was balanced across e-commerce, B2B services, and product development, with each sector contributing roughly a third of our overall revenue. This strategic diversification helped ensure we weren't overly reliant on any single source of income. When the crisis struck, it did impact some of our business areas, particularly e-commerce, as consumer spending habits shifted. However, our B2B services held up relatively well, providing us with a stable revenue stream during a turbulent period. This mix of revenue sources enabled us to pivot quickly, shifting resources and focus towards the stronger-performing sectors. It provided us with the flexibility to adapt to the changing market dynamics, allowing us to continue operations while minimizing the financial strain that many of our competitors faced. Ultimately, the diversification of our revenue streams played a key role in helping us navigate through the uncertainty and mitigate the crisis's impact.

Interviewer**:** What measures did your company implement during the crisis to maintain positive cash flow?

Respondent: During the crisis, we took a proactive and strategic approach to managing our cash flow to ensure the stability of the business. One of the first steps we took was reaching out to key clients to discuss payment extensions, which alleviated some of the pressure on our receivables and allowed us to maintain smoother cash flow. In parallel, we renegotiated contracts with our suppliers to secure better terms, ensuring that our procurement costs remained manageable despite the uncertainty. On the expense side, we implemented a hiring freeze, which allowed us to conserve cash while still maintaining essential operations. We also scrutinized our budget and made cuts to non-essential expenditures, focusing solely on projects that were critical to the business's survival. Additionally, we reassessed our inventory management practices, shifting to just-in-time practices to minimize excess stock and reduce holding costs. These combined efforts helped us navigate the challenging period with greater financial agility, enabling us to keep the business afloat and in a better position to recover as market conditions improved.

Interviewer**:** How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations? Respondent**:** Credit access during the crisis played a pivotal role in managing our liquidity and ensuring the continuity of operations. We had a short-term credit facility in place, which we accessed to cover critical operational expenses, such as salaries, utilities, and other immediate costs. This facility was crucial in maintaining production without interruptions. Additionally, the credit line helped smooth over fluctuations in cash flow caused by delayed client payments and a reduction in sales during the crisis. While we were careful not to overextend ourselves and took a conservative approach to borrowing, having this financial support was vital in enabling us to meet our obligations to both clients and suppliers. This allowed us to maintain good relationships with our partners and continue servicing our customers, ensuring the business remained operational. The flexibility that came with access to credit during such an uncertain and volatile period proved to be invaluable and was a key factor in our ability to weather the crisis.

Interviewer**:** How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls? Respondent**:** Our financial reserves proved to be a lifesaver during the crisis. Having always maintained a buffer for unexpected disruptions, we were prepared when the crisis hit. These reserves allowed us to cover the revenue gaps caused by the downturn, ensuring we could continue to pay for essential services and avoid layoffs. This was critical in maintaining employee morale and stability. Additionally, the reserves helped us uphold our commitment to customer service, as we didn't have to reduce service levels during the crisis, which in turn reinforced customer trust and loyalty. The ability to tap into these funds also gave us the breathing room we needed to reassess and adapt our business model. We were able to pivot quickly, explore new revenue opportunities, and take strategic actions to weather the downturn without having to make drastic cuts.

Ultimately, our financial reserves were instrumental in providing the time and flexibility necessary to navigate the crisis successfully.

Interviewer: How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
Respondent**:** Diversification played a critical role in helping us manage financial risks during the crisis. Prior to the crisis, we had diversified our portfolio to include a balance of service contracts and product sales, which gave us the flexibility to adapt to shifting market conditions. As product sales slowed due to reduced demand, we saw an uptick in demand for our service contracts, which helped stabilize our revenue streams. Additionally, we had strategically focused on enhancing our online presence, and when physical locations were forced to close, our digital channel outperformed expectations. This focus on both digital and physical revenue streams allowed us to remain resilient and adjust quickly to the changing landscape. The combination of diversified revenue sources ensured that we were not overly reliant on any single channel, providing the stability we needed to navigate the uncertainty and maintain financial health during the crisis.

Interviewer**:** How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? Also What changes, if any, were made to your company's compensation and benefits packages during the crisis?
Respondent**:** Before the crisis, we had a tiered salary structure based on experience and performance, coupled with a comprehensive benefits package that included healthcare, life insurance, and a robust retirement plan. We also offered employees several valuable perks such as flexible working hours and paid parental leave, which were essential in attracting top talent. When the crisis hit, we made necessary adjustments but were cautious not to compromise too much on our employees' well-being. We froze salary increases and bonuses to ensure financial stability, but we shifted our focus toward maintaining job security and supporting mental health. We introduced additional benefits such as remote work stipends to assist employees with the challenges of working from home, and we expanded our healthcare coverage to include more extensive mental health services. These steps allowed us to show our commitment to our employees' well-being, helping them feel supported during an uncertain and difficult time while still navigating the financial challenges of the crisis.

Interviewer**:** What types of career development and training opportunities were available to your employees before the crisis and during the crisis?
Respondent**:** Before the crisis, we placed a strong emphasis on career development, offering regular workshops, online courses, and leadership training to help our employees reach their full potential. Employees were actively encouraged to

participate in cross-departmental projects, allowing them to broaden their experience and skill set. When the crisis hit, we quickly adapted by transitioning all our training initiatives online, including leadership development, which we made available in a more flexible, on-demand format. Additionally, we introduced career counseling and one-on-one coaching to support employees in navigating any anxiety or uncertainty about their future and career progression. By continuing to invest in our employees' growth, we not only helped them manage the challenges of the crisis but also kept them engaged and motivated, reinforcing our commitment to their development even during uncertain times. This approach was crucial in maintaining morale and ensuring that our team felt supported in their professional journeys.

Interviewer**:** How would you describe the state of your IT infrastructure before the crisis and what are the changes you made in the period of crisis?
Respondent**:** Before the crisis, our IT infrastructure was solid, but not fully optimized for remote work. Most of our operations ran on in-house servers, with only limited cloud-based solutions in place. When the crisis hit, we had to adapt quickly to ensure business continuity. We transitioned our IT operations to the cloud, migrating key systems such as our CRM and communication platforms to web-based solutions. This shift allowed employees to seamlessly access critical resources from home, ensuring uninterrupted workflow. Alongside this, we recognized the increased risk of cyber threats with remote work and took immediate steps to strengthen our cybersecurity measures. This included enhanced encryption, multi-factor authentication, and regular security audits to safeguard sensitive data. While the transition was challenging, it was absolutely necessary. The successful shift to the cloud not only kept us operational during the crisis but also positioned us for greater flexibility and scalability moving forward.

Interviewer**:** How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
Respondent**:** Before the crisis, we had partial automation in place. We used automation tools for basic tasks like customer relationship management and financial operations, but many areas still relied heavily on manual work, particularly in supply chain management and internal communications. The crisis forced us to accelerate the adoption of automation across our operations. We introduced advanced ERP systems to optimize our procurement and inventory management, helping us streamline processes and reduce the risk of human error. Additionally, we implemented AI-driven tools for customer service, including chatbots and automated support tickets, to handle routine inquiries and issues. This not only improved response times but also freed up resources to focus on more complex customer needs. These changes significantly reduced overhead costs, improved operational efficiency, and helped us navigate the uncertainty of the crisis. The shift to

automation was essential for maintaining smooth operations while keeping costs under control.

Interviewer**:** How did your IT systems scale and adapt during the crisis to meet changing demands?
Respondent**:** During the crisis, our IT systems had to evolve quickly to accommodate a remote workforce and increased customer demand. While we had some cloud-based tools in place, the rapid scale required to support remote work and a surge in online activity necessitated an upgrade. We expanded our cloud services, integrating new systems to ensure seamless virtual collaboration and secure data access for our team members. Additionally, our e-commerce platform had to scale to handle the significant increase in online sales. By leveraging automation and cloud-based infrastructure, we were able to smoothly adapt to these changes. This allowed us to efficiently manage the growing demands of both our team and customers while ensuring business continuity. The flexibility of cloud solutions and automation played a crucial role in helping us navigate the crisis, ensuring that we could maintain operational effectiveness and meet customer expectations during a challenging period.

Interviewer**:** How stable was the demand for your company's products or services before the crisis and how did market demand for your products or services fluctuate during the crisis?
Respondent**:** Before the crisis, demand for our products was stable, and we had built a solid customer base in specific industries. We focused on sectors like retail, hospitality, and consumer goods, which provided consistent business. However, when the crisis hit, demand from industries like retail and hospitality plummeted, leaving us with a significant revenue gap. The challenge was compounded by the fact that many of our clients had to cut budgets or put projects on hold. At the same time, we saw sectors like healthcare, technology, and logistics experience a surge in demand. Recognizing the need for immediate action, we quickly pivoted our focus to these growing sectors. We adjusted our marketing strategy, enhanced our product offerings for these industries, and even introduced tailored solutions to address the emerging needs of our new client base. While the sudden shift was challenging, it ultimately allowed us to diversify our revenue streams and reduce the financial impact caused by the downturn in other areas. This experience underscored the importance of agility and proactive planning in navigating unexpected changes.

Interviewer**:** What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis?
Respondent**:** Before the crisis, the competitive landscape was relatively steady, and we didn't face excessive pressure. We operated in a market with a clear leader, but we had carved out our own niche and maintained a loyal customer base. Competition existed, but it wasn't overwhelming. However, when the crisis hit, the dynamics of the market

changed dramatically. As businesses were forced to move their operations online, competition intensified, and the entry barriers for new players lowered. The digital shift made it easier for new competitors to emerge, all vying for attention in a rapidly evolving market. It became much harder to differentiate ourselves and stand out. The increased competition was further exacerbated by a growing emphasis on digital innovation, as companies that could quickly adapt and offer solutions for the new digital-first environment gained a significant advantage. It was clear that staying competitive meant not only maintaining our existing strengths but also being agile enough to meet the fast-changing demands of the digital marketplace. This period highlighted the importance of innovation, flexibility, and speed in staying relevant.

Interviewer**:** How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?
Respondent**:** Before the crisis, customer retention was a strong suit for us. We had built a loyal customer base through excellent customer service, high-quality products, and a commitment to understanding our customers' needs. However, during the crisis, retaining customers became more challenging. Many of our clients faced financial difficulties, leading them to cut back on their spending. In response, we adapted our approach to focus heavily on communication and empathy. We made sure to keep customers regularly updated on the status of their orders and any delays, providing transparency in an uncertain environment. Additionally, we launched a loyalty program that rewarded customers for their continued business, even when times were tough. We also offered flexible payment options and discounts, where possible, to ease their financial strain. These proactive efforts not only helped maintain our existing customer base but also strengthened customer trust in our brand. In fact, by demonstrating understanding and offering practical solutions, we even saw an increase in customer loyalty, which was a positive outcome amidst the challenges.

Interviewer**:** How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
Respondent**:** Before the crisis, our company focused on being a reliable and trusted partner for our customers. We consistently maintained high service standards, with a strong emphasis on responsiveness to any issues or concerns. To build deeper trust, we also invested in customer education through webinars and informative content, helping our clients make more informed decisions and reinforcing our position as experts in the field. However, during the crisis, we had to adapt quickly. We leaned heavily into digital tools and online platforms, ensuring that our customers could continue to do business with us without disruption. We made sure our digital channels were user-friendly, enabling a seamless transition to online operations. Additionally, we were transparent about the challenges we were facing due to the

crisis, keeping customers informed about any changes or delays. At the same time, we worked hard to offer more flexible payment terms and tailored solutions, which provided reassurance and demonstrated our commitment to supporting our clients. These efforts not only helped us retain customers but also strengthened their loyalty during uncertain times, reinforcing the importance of adaptability and trust in maintaining long-term relationships.

Interviewer**:** How diversified was your company's customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis?
Respondent**:** Before the crisis, our cash flow was typically stable, with a well-structured process for managing receivables and expenses. However, the economic disruptions forced us to quickly rethink our approach. We started by tightening our credit policies, being more selective about offering extended terms to reduce the risk of delayed payments. At the same time, we worked closely with clients to ensure timely invoicing, which helped keep the cash coming in. We also took a deep dive into our cost structure and identified areas where we could trim expenses without compromising service quality. For example, we renegotiated contracts with suppliers to secure better payment terms and deferred non-essential capital expenditures, freeing up additional resources. To manage cash inflow, we increased our efforts to chase overdue accounts, offering discounts for early payments as an incentive. By acting quickly and strategically, these measures allowed us to weather the storm and maintain a positive cash flow during the crisis, ensuring we could continue operations without major disruptions. The adjustments we made to manage cash flow not only kept the business afloat but also positioned us to rebound faster as the situation improved.

INSTITUTE F

RESPONDENT 7

TRANSCRIPT

Interviewer: Good morning
Respondent**:** Morning! How are you today?

Interviewer**:** I'm conducting research on how IT companies in Sri Lanka survive and thrive during the economic crisis. As I mentioned earlier, all the information gathered is strictly for research purposes, and once I receive the full transcript, I will not retain the recording.
Respondent: Got it. Sounds good!

Interviewer: The first question relates to the finance side. How did your company manage cash flow before the crisis, and what strategies were in place to ensure

sufficient liquidity for short-term obligations?
Respondent**:** Well, before the crisis, we primarily focused on maintaining a tight grip on our working capital. We had a solid forecasting model in place, which helped us predict cash flow needs for the short term. We also kept a small buffer in our bank accounts just for emergencies. Regular audits helped us identify inefficiencies, and we'd adjust accordingly. Overall, our liquidity strategy was focused on being reactive but also proactive to an extent. We closely monitored and refined our receivables and payables processes to maintain a steady cash flow. By setting clear payment terms, following up on outstanding invoices, and negotiating favorable payment schedules with vendors, we ensured that inflows and outflows were well-balanced. Even before the crisis, we implemented cost-control mechanisms to optimize operational efficiency. Regular financial audits, budget forecasting, and strategic cost-cutting measures were in place to prevent unnecessary expenditures and maximize savings.

Interviewer**:** What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations?
Respondent**:** We had access to an overdraft facility and a revolving line of credit, Shehan. These were especially useful for managing our day-to-day operations, particularly during months when receivables were a bit slower. The overdraft helped cover any cash shortfalls in the short term, while the revolving credit gave us a bit more flexibility to make strategic investments. To safeguard against financial uncertainties, we maintained a policy of holding a liquidity buffer equivalent to at least six months' worth of operational expenses. This reserve acted as a financial cushion, ensuring that short-term obligations could be met without disruption. The buffer provided us with flexibility during periods of revenue fluctuation, allowing us to sustain operations even when external economic conditions were unfavorable. Understanding the risks associated with economic downturns, we proactively diversified our revenue sources by expanding our client base across different industries and geographical regions. This approach reduced dependence on any single market segment and provided financial stability by mitigating the impact of sector-specific downturns.

Interviewer**:** How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy?
Respondent: Before the crisis, we were very focused on maintaining strong financial reserves. We set a target of maintaining at least three months' worth of operating expenses in liquid reserves. This was a deliberate strategy to ensure we were protected from any short-term financial shocks. Our CFO did a fantastic job balancing this with investments that could generate long-term returns. We also allocated a portion of our profits to this reserve every quarter. Having these reserves

gave us peace of mind, knowing we wouldn’t have to take on unnecessary debt in case of an emergency. During the crisis, these reserves became a lifeline. Without them, we would've struggled to pay our staff and continue operations without cutting back drastically. To further enhance our cash flow, we leveraged invoice discounting, which enabled us to receive early payments on outstanding invoices. This approach provided immediate working capital without increasing debt burden significantly. It was particularly useful for covering operational costs and reinvesting in business growth while reducing the dependency on long credit terms from clients. In addition to structured credit lines, we had access to overdraft facilities, which acted as an emergency financial buffer. These facilities provided instant access to additional funds when needed, ensuring that unexpected financial demands could be met without disrupting operations.

Interviewer**:** How diversified were your company’s revenue streams before the crisis, and how did this diversification contribute to financial stability?
Respondent: Before the crisis, our revenue streams were fairly diversified, which turned out to be one of our greatest strengths. We had a mix of recurring revenue from long-term contracts, one-time projects, and even a small portion from investments in other sectors. The recurring revenue from service contracts made up about 40% of our revenue, which was a key factor in our financial stability. The diverse nature of our revenue meant we weren’t overly reliant on any one sector, and if one market faced a downturn, we could rely on other streams to maintain cash flow. This diversification was especially beneficial when the crisis hit, as we saw some sectors drop, but others were more stable, allowing us to weather the storm better than we anticipated. One of the key purposes of our financial reserves was to act as a liquidity buffer, ensuring that we could meet essential expenses, such as salaries, rent, and utilities, even during revenue fluctuations. This strategic reserve prevented disruptions in day-to-day operations and provided financial security during challenging periods. Our financial reserves were specifically structured to address unexpected financial challenges, including economic downturns, sudden cost increases, or client payment delays. This proactive contingency planning allowed us to handle financial shocks without resorting to excessive borrowing or drastic cost-cutting measures.

Interviewer**:** What measures did your company implement during the crisis to maintain positive cash flow?
Respondent: During the crisis, we took immediate steps to preserve cash flow, which was our main priority. First, we renegotiated payment terms with our suppliers, asking for extended credit periods. This gave us the flexibility to manage our expenses without putting undue pressure on our working capital. We also focused on collecting receivables more aggressively, ensuring that clients paid on time or, in some cases, even earlier. This approach not only improved our liquidity but also helped maintain a steady revenue stream. Additionally, we reduced non-essential

expenses, put a freeze on any new hires, and deferred capital expenditures, ensuring that our financial resources were directed toward the most critical operations. By reassessing our spending, we were able to streamline our operations and reduce waste. We made it a point to communicate transparently with both customers and suppliers, explaining our position and the temporary measures we were taking. This transparency helped maintain trust and positive relationships, ensuring that our suppliers and customers understood the challenges we faced.

Interviewer**:** How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations? Respondent**:** Access to credit was absolutely critical during the crisis. We had a revolving credit facility in place, and we had to draw on it to cover operational costs when revenues dropped significantly. This credit line became a lifeline for us, allowing us to maintain the cash flow necessary for essential activities like payroll, supplier payments, and other operational expenses. Without it, we would have had to make more drastic cuts or delay payments, which could have disrupted our relationships with employees and suppliers. The interest rates were manageable, and we only used the credit facility as a last resort when our internal cash flow couldn't cover everything. We monitored our expenses closely to minimize the need to dip into this line of credit, but it provided us with a safety net when we faced tight financial conditions. Having that line of credit really gave us a cushion, alleviating the stress of running out of liquidity during an unpredictable time. It allowed us to focus on running the business, making strategic decisions, and managing our operations effectively without the constant worry of how to pay bills or meet other financial obligations.

Interviewer**:** How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls? Respondent**:** When the crisis hit, our financial reserves became our safety net. We had built up enough liquidity over the years that it allowed us to continue paying for critical expenses like staff salaries, vendor payments, and fixed costs even when revenues dipped. This reserve fund was a key asset during uncertain times, as it provided us with the cushion we needed to maintain business continuity. Without it, we would have been forced to make difficult decisions, such as layoffs or scaling back operations significantly. Our reserves allowed us to keep operations running without having to make drastic cuts that could have affected our ability to serve clients and maintain a competitive edge. We used the reserves strategically, ensuring that we didn't deplete them too quickly. We set clear guidelines on how much to draw from them at any given time. This careful planning not only helped us stay afloat but also gave us the flexibility to pivot towards online operations and other measures that required upfront investment. These reserves were essential in buying us time to analyze the evolving situation and figure out the best way to manage during the crisis, providing us with stability when everything else seemed uncertain.

Interviewer: How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
Respondent**:** Diversification was one of the main reasons we were able to weather the storm during the crisis. Before the pandemic, we focused on a mix of B2B services and retail sales. We had built a diverse portfolio of clients across different sectors, which gave us a solid foundation. When retail demand took a massive hit, we saw our B2B side keep going strong, especially with long-term contracts from our corporate clients. These contracts were a lifeline, giving us predictable, steady revenue, which helped us stay afloat during periods of market uncertainty. The stability from B2B contracts gave us the confidence to explore other avenues. On top of that, we diversified into online sales, which helped us tap into a whole new market. The shift to digital platforms became crucial in reaching customers who were no longer shopping in physical stores. These new revenue streams really balanced out the financial risk and allowed us to adapt to market disruptions. By expanding our reach into different channels, we were able to cushion the blow of the crisis and maintain business operations despite the challenges.

Interviewer**:** How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? Also What changes, if any, were made to your company's compensation and benefits packages during the crisis?
Respondent**:** Before the crisis, we had a competitive salary structure based on industry standards, along with performance-based bonuses to incentivize our employees. We recognized the importance of rewarding hard work, and our compensation strategy was designed to attract and retain top talent. Our benefits package was comprehensive and included health insurance, paid time off, and retirement plans, which we tailored to fit the evolving needs of our workforce. Additionally, we offered flexible work options, which were a significant selling point for our employees, especially those with families or long commutes. The flexibility in our work environment helped us stand out in a competitive job market. During the crisis, we had to make some tough decisions to maintain financial stability. We reduced bonuses and offered salary cuts, but we also provided employees with extended vacation time and additional benefits like mental health support, recognizing the toll the crisis took on mental well-being. We aimed to strike a balance between cost-saving and ensuring that our employees felt supported. The goal was to protect the welfare of our staff while safeguarding the company's long-term viability. This approach helped us retain valuable talent and maintain morale during an uncertain time.

Interviewer**:** What types of career development and training opportunities were available to your employees before the crisis and during the crisis?
Respondent**:** Before the crisis, we offered regular training programs to help our employees grow in their roles. We believed that continuous learning was key to both individual and organizational success. Our training initiatives included both in-house workshops and external training opportunities in areas like leadership, technical skills, and customer service. We also implemented mentorship programs that paired junior staff with senior leaders, fostering a culture of collaboration and knowledge sharing. These initiatives not only enhanced skills but also helped build strong relationships across the organization. During the crisis, we had to adapt quickly to maintain our commitment to employee development. We shifted all training programs online, offering virtual sessions to ensure that employees could still develop their skills from home. The focus of our training programs shifted towards digital skills, remote working tools, and productivity hacks to help employees adjust to the new work environment. In addition, we offered career coaching to support employees in navigating the uncertainties brought on by the crisis, helping them identify potential growth opportunities even amid economic challenges. This shift to online training not only kept our workforce engaged but also empowered them with the tools they needed to succeed in an evolving business landscape.

Interviewer**:** How would you describe the state of your IT infrastructure before the crisis and what are the changes you made in the period of crisis?
Respondent**:** Before the crisis, our IT infrastructure was stable, but it wasn’t as agile as it needed to be. We had a traditional setup with some legacy systems that worked well for routine operations but lacked the flexibility for rapid scaling, especially in the face of unforeseen challenges. While it served its purpose for day-to-day activities, it wasn’t built to adapt quickly to changing business needs. When the crisis hit, we were forced to shift quickly, and it became clear that we needed to invest in more flexible and scalable solutions. To enable our teams to work remotely without disruptions, we transitioned to cloud-based solutions. This move allowed us to ensure business continuity regardless of location, enabling employees to collaborate seamlessly across different regions. Additionally, we upgraded our cybersecurity protocols to protect against the increased risk of cyberattacks, which were more prevalent as businesses moved online. These changes made during the crisis were essential for enabling a smooth transition to remote work. They allowed us to operate without any major setbacks, ensuring that our operations continued efficiently and securely. The adjustments to our IT infrastructure not only helped us navigate the crisis but also positioned us for future growth.

Interviewer**:** How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
Respondent**:** Before the crisis, we had some automation in place, mainly for

administrative tasks like payroll, invoicing, and basic CRM functions. These tools helped to streamline routine processes and reduced the burden on our team. However, many of our other processes, especially in areas like inventory management and reporting, were still manual. This limited our ability to scale efficiently and quickly adapt to changes in demand. While we were managing, we recognized that there was significant potential for improvement. During the crisis, we quickly realized the importance of automation in maintaining business continuity. To enhance our operations, we implemented more advanced automation tools. We introduced automated workflows for customer communications, enabling us to stay connected with clients without manual intervention. Additionally, we streamlined our supply chain management with automated tracking systems, which allowed us to monitor inventory levels in real-time and reduce delays. We also adopted AI-powered analytics, which helped optimize our decision-making process by providing us with data-driven insights. These tools not only saved us time but also minimized human error and enhanced operational efficiency. Even when we had to adapt to remote work, automation played a crucial role in helping us maintain productivity and continue serving our clients effectively.

Interviewer**:** How did your IT systems scale and adapt during the crisis to meet changing demands?
Respondent**:** Our IT systems had to scale quickly when the crisis hit. The shift to remote work was almost instantaneous, and we realized our existing infrastructure wasn't designed to support the increased demand. At first, we struggled with connectivity issues and system limitations, which prompted us to make urgent decisions. One of the first steps we took was moving to cloud-based solutions, allowing our teams to access the resources they needed from anywhere. This transition ensured that employees could continue their work seamlessly without being tied to physical office spaces. In addition to the cloud migration, we upgraded our network infrastructure to accommodate the surge in online traffic and prevent bottlenecks. This meant increasing bandwidth and enhancing server capacities. We also adopted scalable SaaS (Software as a Service) solutions, which provided the flexibility to grow as our business needs evolved. These changes allowed us to meet the growing demand for our services while maintaining security standards. With a robust and scalable IT system, we were able to provide uninterrupted service to clients while ensuring performance didn't decline. The ability to adapt quickly in terms of IT infrastructure proved crucial during the crisis.

Interviewer**:** How stable was the demand for your company's products or services before the crisis and how did market demand for your products or services fluctuate during the crisis?
Respondent**:** Before the crisis, the demand for our products was fairly stable, especially in the B2B sector, where we had established long-term contracts with key

clients. This gave us a sense of security, as our revenue was more predictable, and we could plan for the future. However, when the crisis hit, demand fluctuated dramatically. In the early stages, we faced a sharp drop in orders as businesses slowed down and customers became cautious, delaying purchases and re-evaluating their needs. It was a challenging time, as we had to adjust quickly to this sudden change in market conditions. Over time, as industries began to adjust to the new normal, demand started to stabilize, but it didn't return to pre-crisis levels. What we saw instead was a shift in demand. Certain sectors, like healthcare and e-commerce, experienced a significant uptick in demand as they adapted to the crisis, while others, such as hospitality and travel, continued to see declines. This required us to pivot our marketing strategies. We focused on the sectors that were still thriving during the pandemic, redirecting our resources and sales efforts toward those industries. It also encouraged us to rethink our product offerings to meet the evolving needs of the market. Flexibility and quick decision-making were key to surviving the fluctuations in demand during this period.

Interviewer**:** What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis?
Respondent**:** Before the crisis, competition in our market was incredibly intense, with numerous players competing for market share. We had to differentiate ourselves through quality and customer service, and we invested a significant amount in maintaining high standards to ensure customer loyalty. We knew that staying ahead required constant innovation and attention to the needs of our customers. The market was crowded, and differentiation was the key to survival. However, when the crisis hit, the competition landscape shifted. Many businesses, especially smaller ones, scaled back operations or were forced to close down altogether, which created less competition in some areas. This offered some breathing room for businesses like ours. On the flip side, competition in the digital space actually intensified. Companies that were able to adapt quickly to the new normal started focusing on expanding their online presence and acquiring customers aggressively. The pressure didn't disappear; instead, it shifted to those who could adapt to the rapidly changing landscape. For us, staying agile and pivoting to meet market demands was crucial to keeping up with the competition.

Interviewer**:** How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?
Respondent**:** Before the crisis, our customer retention rates were quite stable, and we had a robust customer loyalty program that focused on building lasting relationships. We invested a lot in personalized services and excellent customer support to ensure that our clients felt valued and heard. Our customer loyalty program was built around offering customized solutions that aligned with our customers' needs, and we often received positive feedback for going the extra mile to meet their expectations.

However, when the crisis hit, we did notice a slight dip in retention rates. A number of our customers faced financial difficulties and had to pause or cancel services. To manage this, we acted quickly and took proactive steps to maintain our relationships. We offered flexible payment terms to ease the financial burden on customers, while also enhancing our digital communication channels to stay in touch. In addition, we provided educational content that helped customers adapt to the new situation and offered exclusive promotions to incentivize continued business. By staying transparent and empathetic, we were able to maintain trust, and most of our clients stayed with us through the toughest times.

Interviewer**:** How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
Respondent**:** Before the crisis, we invested heavily in providing exceptional customer service, which was central to our business strategy. Our customer support team was trained to be responsive, empathetic, and proactive in addressing client needs. This approach helped us build strong, long-term relationships with our customers, fostering a high level of trust and satisfaction. Additionally, we had a robust loyalty program that rewarded long-term clients with exclusive benefits, ensuring they felt valued and appreciated. When the crisis hit, we had to quickly adapt to the changing landscape. One of the first things we focused on was increasing communication with our clients. We proactively reached out to provide updates about our operations, even if we were experiencing delays or challenges, ensuring our customers were kept in the loop. Transparency was key to maintaining trust during uncertain times. We also enhanced our digital presence by creating additional touchpoints for customer support, making it easier for clients to reach us through chatbots, email, and social media. This gave our clients more ways to connect with us and helped to strengthen our relationship with them.

Interviewer**:** How diversified was your company's customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis?
Respondent**:** Before the crisis, we took great care to diversify our customer base across multiple industries, including healthcare, retail, and education. This strategy provided us with a significant advantage when the crisis hit, as some sectors saw an increase in demand, while others, like retail, experienced a sharp decline. For example, healthcare became a high-demand area as organizations ramped up efforts to manage the crisis, while retail struggled due to lockdowns and shifts in consumer behavior.By focusing more on the stable sectors, such as healthcare, and increasing our efforts to support these industries, we were able to mitigate the risks associated with demand fluctuations. Furthermore, our international client base played a crucial role in

stabilizing our revenue streams. With customers spread across various regions, we were less vulnerable to disruptions in any single market. When one region faced challenges, others remained steady, helping us maintain a balanced revenue flow and ensuring continued business operations during uncertain times.

INSTITUTE G

RESPONDENT 4

TRANSCRIPT

Interviewer: Good morning
Respondent**:** Hi, good morning!

Interviewer**:** I'm researching how IT companies in Sri Lanka survive and thrive during the economic crisis. As I mentioned earlier, all the information gathered is strictly for research purposes, and once I receive the full transcript, I will not retain the recording.
Respondent: Understood, Shehan. No worries, I'm happy to help.

Interviewer: The first question relates to the finance side. How did your company manage cash flow before the crisis, and what strategies were in place to ensure sufficient liquidity for short-term obligations?
Respondent**:** Yeah, so we always ensured that we had a steady line of credit from the bank, which acted as a crucial safety net during uncertain times. This allowed us to bridge the gap between cash inflows and outflows when revenue was unpredictable. On top of that, we maintained a cash reserve by keeping our margins lean and focusing on cost efficiency. By limiting unnecessary expenses and avoiding overcommitment, we ensured that we had sufficient liquidity when it was needed most. We also worked on improving payment terms with suppliers by negotiating longer payback periods. This provided us with more breathing room to manage cash flow without feeling the pressure of immediate payments. Our finance team was always looking ahead, proactively forecasting cash needs, and balancing the books to ensure that cash was available to meet our obligations. These financial strategies allowed us to weather the storm by ensuring we could cover operating expenses, even during downturns.

Interviewer**:** What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations?
Respondent**:** Our primary credit facility was a term loan from the bank, which provided us with that extra layer of financial security during challenging times. While we didn't rely heavily on it, it was always there as a backup option if we needed it. The loan was initially set up for capital expenditures, but when the crisis hit and cash flow became more unpredictable, we used it strategically to cover payroll and other essential operational costs during lean periods. Having this loan

meant we didn’t have to pull from other areas of the business, such as reducing inventory or delaying payments to suppliers, which could have impacted our relationships. It gave us the flexibility to maintain steady cash flow, which was crucial in keeping employee morale high and avoiding disruptions to our day-to-day operations. It provided peace of mind, knowing we had access to funds to manage short-term financial gaps without jeopardizing long-term business health

Interviewer**:** How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy?
Respondent: We took a very disciplined approach to managing our financial reserves, which was a critical part of our long-term strategy. Every month, we earmarked a portion of our revenue into a dedicated reserve fund. This fund wasn’t just meant for unforeseen events; it was also designed to capitalize on future growth opportunities. We built the reserves through a combination of savings and short-term investments that were both safe and liquid.When the crisis hit and cash flow became strained, these reserves were invaluable. They allowed us to keep key operations running smoothly without having to make drastic cuts, such as layoffs, which would have hurt employee morale. More importantly, they provided stability during uncertain times and allowed us to avoid scrambling for immediate cash. This strategy also helped us preserve our relationships with suppliers and customers by ensuring that we could continue to meet financial obligations without delays. Having these reserves gave us the breathing room to navigate through the crisis without significant disruptions to our business.

Interviewer**:** How diversified were your company’s revenue streams before the crisis, and how did this diversification contribute to financial stability?
Respondent: Diversification played a huge role in our pre-crisis financial strategy and provided us with a strong foundation for weathering the storm. Our revenue was derived from three main streams: product sales, service contracts, and consultancy work. We maintained a balanced 50/50 split between products and services, with products offering more predictable and stable revenue. This diversification allowed us to spread risk across different segments, so when one area faced challenges, the other could help balance out the impact. During the crisis, this strategy proved invaluable. While our service contracts faced a temporary decline as some clients scaled back or paused projects, our product sales remained steady, providing us with a reliable cash flow. The flexibility gained from having multiple income streams allowed us to quickly pivot and focus on the areas that were still profitable. It also helped us maintain business continuity, ensuring that we didn’t rely too heavily on one segment, which gave us the resilience we needed to adapt and survive during the tough period.

Interviewer**:** What measures did your company implement during the crisis to maintain positive cash flow?
Respondent: The crisis really tested our ability to manage cash flow, and we responded by tightening up all financial operations to ensure survival. Our first step was to cut down on discretionary spending eliminating non-essential expenditures such as travel, events, and marketing initiatives that weren't critical to our core operations. We made sure to prioritize expenses that directly impacted our ability to function day-to-day, ensuring we didn't jeopardize essential resources. At the same time, we took a proactive approach to deferring large payments. We renegotiated rent terms and reached out to equipment lease providers to extend payment deadlines. Working closely with our vendors allowed us to secure payment delays, providing us with some much-needed breathing room. Additionally, we introduced flexible payment plans for our clients, allowing them to pay in installments rather than in full upfront. This not only helped retain customers but also provided us with predictable revenue streams while maintaining sufficient liquidity to keep our operations running smoothly throughout the crisis.

Interviewer**:** How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations? Respondent**:** We were fortunate to have access to a credit facility that proved vital in supporting our ongoing operations during the crisis. The credit was primarily used to cover operational shortfalls when cash flow became tight, ensuring we could meet our financial obligations. As revenues fluctuated and customer payments became delayed, the credit helped fill the gap, enabling us to continue paying our staff, suppliers, and other essential expenses without compromising the business's operations. We worked closely with our bank to ensure we had access to additional funding when needed, maintaining an open line of communication and flexibility to adjust as circumstances changed. The ability to leverage credit during uncertain times helped us maintain liquidity and stability when cash flow from sales was inconsistent. Importantly, we also made sure to use the credit conservatively, keeping our borrowing to a minimum and avoiding accumulating too much debt, so we could focus on sustainable recovery post-crisis.

Interviewer**:** How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls? Respondent**:** Our financial reserves were absolutely key to our survival during the crisis. Over the past few years, we had been diligently putting aside a percentage of profits into a reserve fund, anticipating any potential downturns. When sales took a hit, these reserves acted as a cushion, enabling us to continue paying our operational costs without scrambling for external credit. This strategy proved invaluable, as it allowed us to maintain stability during a period of uncertainty. We used the reserves to support our workforce, particularly since we were committed to avoiding layoffs.

This financial stability helped us retain our talented team, which was crucial for long-term recovery. Additionally, we utilized these funds to adapt our operations to the new reality, investing in upgrades like enhancing our e-commerce platform and implementing necessary safety measures for our staff. Essentially, the reserves gave us the financial flexibility to make strategic decisions, enabling us to navigate the crisis and emerge in a stronger position without reacting out of desperation.

Interviewer: How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
Respondent**:** Our revenue diversification strategy proved invaluable during the crisis. For years, we had maintained a balanced portfolio of products, including both premium and budget lines, and this allowed us to pivot more easily when the crisis hit. As consumer spending habits shifted, we saw a decline in high-end product sales, but the demand for more affordable options surged. This shift helped us maintain a steady cash flow, ensuring that we could continue to meet our operational costs despite the broader market challenges. In addition to diversifying our product offerings, we had also made significant investments in our online store, which became a major source of income during the lockdowns. The digital shift worked in our favor, as it mitigated the impact of reduced in-person traffic and allowed us to continue reaching our customers. With these diversified income streams, we were able to stabilize our operations, adapt quickly to the changing market conditions, and remain profitable, even in an incredibly challenging environment.

Interviewer**:** How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? Also What changes, if any, were made to your company's compensation and benefits packages during the crisis?
Respondent**:** We had a fairly standard compensation structure that included base salaries, annual raises, and bonuses based on individual and team performance. Our benefits package was strong, offering health insurance, wellness programs, and professional development opportunities. To remain competitive in the market, we also provided flexible work arrangements, which were particularly attractive to younger talent who valued work-life balance and autonomy. This approach helped us attract and retain skilled employees in a highly competitive market. However, when the crisis hit, we faced tough financial realities. To navigate these challenges, we made the decision to freeze raises and bonuses. Instead, we shifted our focus towards employee wellbeing. Recognizing the stress and uncertainty many employees were experiencing, we introduced mental health days, enhanced work-from-home support, and upgraded healthcare options, especially to address the rising anxiety many were facing. These measures not only helped our team manage the personal and

professional challenges of the crisis but also played a key role in retaining talent despite the difficult circumstances.

Interviewer**:** What types of career development and training opportunities were available to your employees before the crisis and during the crisis?
Respondent**:** Career development was a priority for us before the crisis. We offered leadership training programs and sponsored external certifications to help employees upskill. Additionally, we had a strong focus on cross-training, so employees could learn different roles within the company. This not only fostered a collaborative culture but also ensured flexibility in times of need. When the crisis hit, we had to pivot quickly, but we made sure that our commitment to employee growth didn't waver. We transitioned all training programs to virtual platforms, ensuring employees could still engage in learning opportunities from home. Moreover, we understood that the crisis created uncertainty, so we made sure to provide career development resources for employees looking to transition into different roles within the company. As we adapted to changing market conditions, this allowed employees to explore new opportunities internally. By investing in their skills during this time, we kept morale high and positioned the company to rebound stronger once the crisis passed.

Interviewer**:** How would you describe the state of your IT infrastructure before the crisis and what are the changes you made in the period of crisis?
Respondent**:** Our IT infrastructure was fairly robust before the crisis, with reliable on-premise systems supporting most of our business functions. However, we hadn't fully embraced cloud technologies or remote work tools at that time. When the crisis hit, we were faced with the urgent need to pivot and adapt quickly. We migrated to cloud services, utilizing cloud storage solutions to centralize our data, and adopted communication tools like Zoom and Microsoft Teams to facilitate remote collaboration. The transition wasn't without challenges, but it allowed us to maintain business continuity even when offices were closed. Furthermore, we ramped up our investments in IT security to address the new vulnerabilities introduced by remote work. This included implementing advanced encryption, multi-factor authentication, and regular security audits to safeguard company data and employee access. By moving to the cloud, we not only ensured uninterrupted operations but also made our IT infrastructure more scalable, adaptable, and resilient, which proved to be a critical advantage during such an unpredictable time.

Interviewer**:** How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
Respondent**:** Before the crisis, we had some level of automation, particularly in sales and marketing, where we used CRM systems to track leads, customer interactions, and campaigns. However, many tasks, especially in financial reporting and inventory management, were still handled manually, which was time-consuming and prone to

errors. When the crisis hit, we recognized that the need for efficiency and accuracy was more critical than ever. We conducted a comprehensive review of our operations and identified areas where automation could make a significant impact. We introduced AI-powered inventory management systems that provided real-time data, enabling better decision-making and reducing stock-outs and overstocking. We also implemented automated financial reporting platforms that streamlined the entire reporting process, ensuring quicker and more accurate financial insights. Additionally, we began automating customer service through the use of AI-driven chatbots and self-service portals. This helped alleviate the pressure on our customer support team, providing customers with quick answers and enabling our team to focus on more complex queries. These automation tools not only reduced the strain on our staff but also significantly improved the customer experience, ensuring we could maintain a high level of service during the crisis.

Interviewer**:** How did your IT systems scale and adapt during the crisis to meet changing demands?
Respondent**:** Scaling our IT systems during the crisis was an urgent priority. With the sudden shift to remote work, we had to rapidly upgrade our infrastructure to ensure business continuity. First, we migrated our operations to cloud platforms, which allowed employees to access essential data and tools from anywhere, without disruption. This migration also provided greater flexibility and scalability, ensuring we could handle fluctuations in demand as the situation evolved. In addition to cloud services, we expanded our bandwidth and implemented advanced network optimization to accommodate the surge in online traffic. Virtual collaboration tools, such as Microsoft Teams, Zoom, and project management platforms, became essential for maintaining smooth communication and collaboration across remote teams. This upgrade ensured that employees remained connected and productive, despite the physical distance. As customer demands shifted, we relied on analytics to monitor trends and adjust our offerings in real time. Our IT systems, now more scalable, were able to handle the increased traffic and evolving needs, ensuring that we could meet both internal and external demands effectively. This adaptability allowed us to maintain business operations smoothly, even during such a volatile period.

Interviewer**:** How stable was the demand for your company's products or services before the crisis and how did market demand for your products or services fluctuate during the crisis?
Respondent**:** Before the crisis, our product demand was relatively stable, with some seasonal fluctuations, but nothing extreme. However, when the crisis hit, we immediately saw a significant drop in demand, especially for our luxury products. With financial uncertainty affecting consumer behavior, many customers postponed non-essential purchases.At the same time, we experienced a surge in demand for our

essential services, such as home deliveries and online subscriptions. Recognizing the shift in customer priorities, we quickly pivoted by re-aligning our focus to these high-demand products and services. This shift involved scaling back on offerings that were no longer relevant to the changing market needs.The key to navigating this was flexibility and the ability to quickly adapt to what customers were looking for during the crisis. Rather than sticking rigidly to our pre-crisis offerings, we adjusted our strategy to meet the immediate demands of the market, which helped us stay resilient despite the economic challenges.

Interviewer**:** What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis?
Respondent**:** Before the crisis, competition in our market was intensifying, but we held a strong position due to our established brand and loyal customer base. However, the crisis brought significant changes. Some competitors struggled to adapt and couldn't weather the storm, while others pivoted quickly, particularly in digital channels, and became more aggressive in their strategies. As a result, the competitive landscape shifted dramatically. It was no longer just about maintaining our position it became about speed and adaptability. We had to innovate rapidly and find new ways to meet customer demands while keeping costs in check. Although the competition didn't disappear, it evolved, and to stay ahead, we had to continuously adapt and anticipate market changes to maintain our edge.

Interviewer**:** How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?
Respondent**:** Before the crisis, our customer retention rates were strong, driven by our commitment to delivering high-quality products and exceptional customer service. However, the crisis presented challenges, especially in sectors that were heavily impacted. Despite this, we focused on staying connected with our clients through regular communication. We offered discounts, flexible delivery options, and extended product warranties to help them navigate the uncertainty. We also leveraged social media and email newsletters to maintain engagement and show our support. This transparency and proactive approach helped us preserve trust and loyalty, leading to a gradual recovery in retention. Our customers appreciated the efforts we made to support them through the crisis, which ultimately reinforced their loyalty to our brand.

Interviewer**:** How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
Respondent**:** Before the crisis, our company's strategy was cantered around personalizing the customer experience. We had dedicated account managers who worked closely with clients, tailoring services to meet their unique needs and goals.

This hands-on approach not only helped us understand our customers better but also built strong, trusting relationships that were key to our success. When the crisis hit, our focus shifted to customer retention as we understood the importance of maintaining those valuable relationships. We proactively offered flexible payment terms and extended support hours to ease the financial strain on our clients during tough times. Our team made a concerted effort to stay connected by regularly checking in, offering solutions that directly addressed their specific challenges. Recognizing the need for more seamless communication, we introduced digital tools that streamlined interactions, enabling clients to engage with us more easily and efficiently. These efforts were crucial in maintaining customer loyalty and trust, ensuring that our relationships remained strong even through the crisis.

Interviewer**:** How diversified was your company's customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis?
Respondent**:** Before the crisis, our customer base was moderately diversified, though we were more heavily reliant on the retail sector. When the crisis hit, our retail clients faced a sharp decline, but our strong presence in sectors like technology and logistics helped us weather the storm. This diversification proved invaluable, allowing us to pivot quickly and avoid putting all our eggs in one basket. Our ability to tap into these other sectors allowed us to shift resources and focus towards areas that still showed demand, ensuring continuity in our revenue streams.While it was a challenging period, the diversity of our customer segments played a crucial role in maintaining stability. We also took this time to assess and strengthen our strategies for long-term resilience. We began to further diversify during the crisis, recognizing the importance of reducing future risks tied to market fluctuations. By expanding into more industries, we ensured that our business was better positioned for uncertainty and future growth.

INSTITUTE H

RESPONDENT 8

TRANSCRIPT

Interviewer: Good morning
Respondent: Good morning

Interviewer: My research is about how IT companies in Sri Lanka are surviving and thriving during the economic crisis. All the information gathered is solely for research purposes. Once I receive the complete transcript, I will not keep the recording.
Respondent: ok got it

Interviewer: My first question is, How did your company manage cash flow before the crisis, and what strategies were in place to ensure sufficient liquidity for short-term obligations?
Respondent: So before the economic crisis, we have some strategic financial management practices to maintain a solid cash flow. Some of the strategies we followed included optimizing our accounts receivable and payable cycles. We carefully managed these cycles to maintain steady cash flow. By establishing clear payment terms, proactively following up on outstanding invoices, and negotiating favorable payment schedules with vendors, we ensured a balanced inflow and outflow of funds. This approach minimized liquidity constraints and allowed us to meet our financial obligations on time.Also we have liquidity buffer policy, after recognizing the importance of financial resilience, we adopted a policy of maintaining a liquidity buffer equivalent to at least six months of operational expenses. This reserve allowed us to cover short-term obligations without disruption, ensuring business continuity even in uncertain economic conditions.

Interviewer: What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations?
Respondent: on this we had access to few credit facilities from two banks. With the help of these financial instruments, we were able to manage cash flow effectively. We established strong relationships with these banking institutions, which provided us with short-term credit facilities. These credit lines were primarily used to bridge temporary cash flow gaps, finance operational expenses, and support payroll during periods of delayed client payments. The availability of these funds allowed us to maintain stability and flexibility in financial planning. We have some overdraft facilities for emergency fund access. These facilities provide us with additional funds when needed and help us manage unexpected financial demands without disrupting operations. By strategically utilizing these credit options, we have maintained financial agility, supported regular business operations, and ensured that the company remains resilient in the face of potential economic disruptions.

Interviewer: How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy?
Respondent: We adopted a structured approach to building and managing our financial reserves, which ensures long-term stability and resilience. These reserves are crucial to our financial strategy, allowing us to mitigate risks, cover unexpected expenses, and maintain operations during uncertain times. Before this crisis we don't focus on set aside specific amount as recerves. But we closely monitor our financial risks and we strategically forecast things.We analysis market trends and potential economic risks and adjust our billing amounts and expenses. This helps us to manage our financial position in solid way.

Interviewer: How diversified were your company's revenue streams before the crisis, and how did this diversification contribute to financial stability?
Respondent: We strategically diversified our revenue streams to enhance financial stability. Basically, we have one focus before the crisis.Our main focus is on software development, where we provide custom software solutions to clients across various industries, ensuring a steady demand for technology-driven services. We have a good client tale on this side in multiple regions, especially in Europe.We provide our services in different industries. This help us to reduced exposure to sector-specific risks. For instance, if the retail sector experienced a downturn, demand from healthcare or finance clients helped balance our revenue streams.

Interviewer: What measures did your company implement during the crisis to maintain positive cash flow?
Respondent: During the crisis, we did several things to maintain a positive cash flow. These actions allowed us to navigate through this difficult situation. First thing we did was, we renegote contracts and payment terms. Basically, engaged in discussions with key clients and vendors to renegotiate contract terms, ensuring more favorable payment schedules. This include several things like extending project timelines, adjusting service delivery expectations, and securing upfront payments where possible. And we did some cost optimizations. We conducted a thorough review of operational expenses to identify areas for cost reduction. This includes two major steps, Cloud infrastructure costs were optimized by scaling down unused resources and energy efficiency measures and remote work policies were adopted to cut down on office maintenance costs.

Interviewer: How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations?
Respondent: When come to this we worked closely with multiple banking partners to extend our existing credit lines, providing us with additional working capital to cover operational expenses. This ensured that we had access to readily available funds to manage payroll, rent, and supplier payments without facing cash flow disruptions. Not only this, but to minimize the financial burden of debt servicing, we prioritized securing low-interest loans and government-backed financial assistance programs. We carefully evaluated various loan options to identify those with the most favorable repayment terms, ensuring that borrowed funds could be repaid without straining future cash flows. In some cases, we leveraged interest-free or deferred payment loan programs to reduce short-term financial pressure while maintaining stability.

Interviewer: How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls?
Respondent: Yes, One of our top priorities was ensuring that employees continued to

receive their salaries without disruption. The financial reserves allowed us to retain key talent, preventing layoffs and maintaining workforce stability, which was crucial for long-term recovery. This approach helped sustain morale and productivity, ensuring that we could continue delivering high-quality services to clients.Also our reserves were strategically allocated to cover core operational expenses, including rent, utilities, and essential technology infrastructure. By prioritizing critical business functions, we ensured that day-to-day operations remained uninterrupted, even when revenue streams became unpredictable. With fluctuations in client payments and project delays, the reserves acted as a financial buffer, allowing us to maintain liquidity without resorting to excessive borrowing.

Interviewer: How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
Respondent: As we know, the crisis impacted various industries differently, with some sectors experiencing sharp declines while others remained stable or even grew. By diversifying our revenue streams, we were able to absorb financial shocks in struggling sectors while leveraging opportunities in resilient or high-demand markets. For example, while some clients in retail and hospitality reduced IT spending, demand from healthcare, financial services, and education sectors remained strong, helping offset revenue losses. s companies sought to optimize operations and enhance digital capabilities, our IT consulting services became a crucial revenue driver. We adapted our consulting approach to focus on business continuity planning, cloud migrations, automation strategies, and IT cost optimization, ensuring that we remained relevant to clients' evolving needs. With the help of these, we successfully mitigated financial risks, maintained business continuity, and positioned our company for post-crisis growth.

Interviewer: How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? Also What changes, if any, were made to your company's compensation and benefits packages during the crisis?
Respondent: We conducted regular market research to ensure that our salary offerings remained competitive within the IT industry. Compensation was structured to align with experience, skill level, and industry demand, ensuring that we attracted high-caliber professionals. Salary increments were performance-driven and based on periodic evaluations to recognize contributions and retain key employees. Our benefits program included health insurance, paid parental leave, and wellness initiatives to support employee well-being. Employees were provided with access to professional development programs, certifications, and technical training, ensuring continuous growth opportunities. Additional perks, such as mental health support, gym memberships, and employee assistance programs (EAPs), contributed to a

positive work environment and strong retention rates. Employee engagement was a key focus, with initiatives such as team-building activities, recognition programs, and open communication channels fostering a strong sense of belonging.We encouraged employee feedback through surveys and town hall meetings, ensuring that workplace policies evolved to meet workforce expectations.Exit interviews and retention analytics helped us continuously refine our strategies to reduce attrition and enhance job satisfaction. these structured compensation and benefits strategies, we remained competitive in the IT job market, attracted top-tier talent, and maintained high retention rates**.** This holistic approach not only positioned us as an employer of choice but also ensured that our workforce remained engaged and motivated, contributing to overall business success.

Interviewer: What types of career development and training opportunities were available to your employees before the crisis and during the crisis?
Respondent: We established career development and training programs even before the crisis. During that time, we strengthened these initiatives by increasing access to training opportunities that enhance our employees' skills, career growth, and overall job satisfaction. By investing in structured learning programs, we fostered a culture of innovation, adaptability, and professional excellence.One key initiative was encouraging employees to pursue certifications from leading institutions and technology providers, such as AWS, Microsoft, Google, CISSP, and PMP. The company covered exam fees and training costs, helping employees enhance their technical and management skills. As we noticed an increasing number of employees seeking to migrate, we began building internal second-level positions and arranged leadership and management development programs. These programs focused on strategic decision-making, team management, conflict resolution, and business communication to prepare employees for higher responsibilities. In addition to these initiatives, we conducted internal mentoring and coaching sessions facilitated by senior staff, providing guidance on career progression and leadership growth.

Interviewer: How would you describe the state of your IT infrastructure before the crisis and what are the changes you made in the period of crisis?
Respondent: Our IT infrastructure was primarily cloud-based, allowing us to scale resources up or down based on demand without major capital investments in hardware. We utilized hybrid and multi-cloud environments, ensuring redundancy and flexibility while optimizing cost efficiency. This approach enabled real-time collaboration, remote accessibility, and enhanced disaster recovery capabilities. Also IT infrastructure incorporated advanced cybersecurity protocols, including multi-layered firewalls, intrusion detection and prevention systems (IDPS)**,** and AI-powered threat monitoring. We enforced strict data encryption standards for both stored and in-transit data, safeguarding against cyber threats and ensuring regulatory compliance.Routine penetration testing and vulnerability assessments were

conducted to identify and mitigate security risks proactively. By maintaining a modern, scalable, and secure IT infrastructure, we ensured that our company was technologically resilient, adaptable to changing market conditions, and capable of sustaining business operations even during times of crisis.

Interviewer: How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
Respondent: Our HR department operated on an automated Human Resource Management System (HRMS) that handled key functions such as recruitment, payroll processing, performance management, and employee onboarding. AI-driven resume screening and applicant tracking systems (ATS) expedited the hiring process, enabling data-driven talent acquisition decisions. Automated leave tracking, attendance management, and employee self-service portals reduced administrative burdens and improved employee experience.Our CRM system was fully automated, enabling efficient client communication, lead tracking, and sales pipeline management. AI-powered chatbots and automated email marketing campaigns enhanced customer engagement while reducing manual workload. Predictive analytics in CRM provided insights into customer behavior, helping to personalize marketing strategies and improve retention rates**.** Also cloud infrastructure was managed through automated monitoring systems, detecting and resolving performance issues without human intervention. Cybersecurity automation tools, such as automated threat detection and response mechanisms, ensured data protection and compliance with security standards. Routine IT maintenance, software updates, and system backups were scheduled automatically, reducing downtime and improving reliability. By leveraging extensive process automation across HR, finance, project management, customer relations, IT security, we significantly reduced operational inefficiencies, improved accuracy, and increased scalability.

Interviewer: How did your IT systems scale and adapt during the crisis to meet changing demands?
Respondent: To accommodate increased workload demands, we quickly scaled up cloud resources, provisioning additional compute and storage capacity as needed. Our cloud-based architecture allowed us to dynamically adjust resources in real time, ensuring optimal performance without significant infrastructure investments. Auto-scaling capabilities enabled us to handle fluctuating workloads efficiently, preventing service disruptions during peak usage periods. Since remote work became the norm, we enhanced VPN capacity and implemented secure cloud-based access solutions**,** ensuring seamless connectivity for employees across multiple locations. Virtual Desktop Infrastructure (VDI) and cloud-based collaboration tools (e.g., Microsoft Teams, Google Workspace, Slack) were scaled to support a fully remote workforce. Additional security measures, such as multi-factor authentication (MFA) and endpoint security solutions**,** were enforced to protect sensitive company data from

cyber threats. These strategic IT adaptations not only sustained operations but also positioned us for long-term resilience and future scalability in an increasingly digital landscape.

Interviewer: How stable was the demand for your company's products or services before the crisis and how did market demand for your products or services fluctuate during the crisis?
Respondent: Businesses across various sectors were actively investing in cloud computing, automation, AI, and data analytics, leading to a continuous rise in demand for our services. Many organizations sought to modernize their IT infrastructure, migrate to cloud environments, and enhance their cybersecurity posture, contributing to sustained revenue growth. Our custom software development and IT consulting services were in high demand, particularly in industries such as finance, healthcare, e-commerce, and manufacturing. We served clients from multiple industries and geographic regions, reducing reliance on any single market segment. While demand was particularly high from large enterprises, we also saw growth in SMBs (Small and Medium Businesses) investing in digital transformation to improve efficiency and scalability. Our diversified revenue streams ensured financial stability and business resilience. Due to the essential nature of IT services, demand remained relatively stable, even amid economic uncertainties in pre-crisis periods. Our ability to tailor solutions based on industry-specific challenges helped us remain agile and responsive to evolving client needs.

Interviewer: What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis?
Respondent: The IT services sector was highly saturated, with a mix of large multinational corporations, mid-sized firms, and agile startups competing for market share. Global outsourcing trends and remote work advancements led to increased competition from international service providers, many of whom offered lower-cost alternatives. Technological advancements, including cloud computing, AI-driven automation, and cybersecurity solutions, led to continuous innovation and frequent service updates, making differentiation challenging. Clients increasingly sought cost-effective and scalable digital transformation solutions, requiring companies to adapt quickly to changing industry demands. As economic uncertainty grew, many competitors responded by aggressively lowering their prices to attract cost-conscious clients. Some firms downsized operations, paused expansion efforts, or exited the market entirely, leading to a wave of industry consolidation. Clients became more cautious with IT spending, demanding greater flexibility, ROI-driven solutions, and cost transparency from service providers. The demand for remote work infrastructure, cybersecurity enhancements, and cloud-based services surged, creating new competitive battlegrounds among IT providers. Rather than engaging in unsustainable price reductions, we reinforced our brand as a trusted technology

partner by prioritizing service excellence, innovation, and client satisfaction. We introduced flexible pricing models and scalable service packages, allowing clients to customize solutions based on their evolving business needs. Our expertise in digital transformation, cybersecurity, and cloud infrastructure optimization positioned us as a key player in helping businesses transition to remote and hybrid work models. We focused on strengthening client relationships, providing proactive support, and demonstrating measurable business impact, which increased customer loyalty despite market turbulence. our ability to differentiate based on expertise and value creation ensured sustained business resilience and client trust during this period

Interviewer: How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?
Respondent: Our customer retention rate is constant, reflecting high client satisfaction, trust, and the effectiveness of our service offerings. We built long-term relationships with clients across multiple industries, ensuring that our solutions were embedded within their operational frameworks. Our proactive account management strategy, which included regular check-ins, personalized support, and continuous service improvements, helped reinforce customer loyalty. Many of our clients engaged in multi-year service contracts, managed IT services agreements, and subscription-based models, ensuring predictable and recurring revenue. A focus on industry-specific expertise, tailored IT solutions, and superior post-implementation support further strengthened our competitive edge in client retention. During the crisis, some clients scaled back IT budgets, delayed new projects, or shifted focus to cost-saving measures. However, due to the essential nature of IT services, complete disengagement was rare. We increased communication efforts, provided strategic IT guidance, and reassured clients of our commitment to their long-term success. Instead of enforcing rigid contract terms, we worked collaboratively with clients to adapt solutions based on their evolving needs, fostering continued loyalty. By maintaining customer-centric service delivery, offering flexible solutions, and reinforcing our role as a strategic IT partner, we successfully navigated the crisis with minimal client churn and long-term retention stability. The ability to adapt, engage proactively, and demonstrate consistent value ensured that our customer relationships remained strong.

Interviewer: How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
Respondent: We invested time in understanding each client's unique business needs, providing customized IT solutions tailored to their goals and challenges. Dedicated account managers and technical support teams ensured personalized engagement, strengthening relationships beyond transactional interactions.Recognizing the challenges clients faced, we offered round-the-clock extended technical support to

ensure business continuity. Our teams worked proactively to address IT infrastructure vulnerabilities, security threats, and scalability issues, helping clients adapt to changing demands.We introduced adjustable pricing models, deferred payment options, and contract flexibility, ensuring that financial constraints did not force clients to terminate essential IT services. Temporary service downgrades and subscription adjustments were allowed without penalties, demonstrating our commitment to long-term client success rather than short-term profitability.

Interviewer: How diversified was your company's customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis?
Respondent: We served a broad range of industries, including Finance & Banking, Manufacturing & Logistics so on.At the first place we have more focus on Europe. But with the crisis, we start focus on north american region and APC region as well. While some sectors, such as travel, hospitality, and traditional retail, faced steep revenue declines, our exposure to resilient and high-growth industries helped balance overall business performance.Also our sales and marketing teams prioritized sectors with sustained or increasing IT investments, securing new contracts in resilient industries. As I mentioned by tapping into new international markets, we minimized exposure to regional economic downturns and capitalized on global demand for IT services.By following these strategies we are able to maintain business continuity with out any issues

INSTITUTE I

RESPONDENT 9

TRANSCRIPT

Interviewer: Good morning
Respondent: Good morning

Interviewer: I am researching how IT companies in Sri Lanka are surviving and thriving during the economic crisis. All the information I gather is for research purposes only. Once I have received the complete transcript, I will not keep the recording.
Respondent: Sure

Interviewer: Ok first question is, How did your company manage cash flow before the crisis, and what strategies were in place to ensure sufficient liquidity for short-term obligations?
Respondent: So before the economic crisis, Our company placed a strong emphasis on financial discipline by implementing cost-control mechanisms and conducting regular financial audits. Budget forecasting and strategic cost-cutting measures helped

optimize operational efficiency and prevent unnecessary expenditures. Additionally, our finance team engaged in scenario planning and sensitivity analyses to anticipate potential financial disruptions and adapt cash flow strategies accordingly. Also we carefully managed our accounts receivable and payable cycles to maintain a steady cash flow. By setting clear payment terms, proactively following up on outstanding invoices, and negotiating favorable payment schedules with vendors, we ensured a well-balanced inflow and outflow of funds. This approach minimized liquidity constraints and allowed us to meet financial obligations on time. We cultivated strong relationships with financial institutions and investors to ensure access to credit lines and emergency funding when necessary. These partnerships provided us with financial security and additional resources to navigate economic uncertainties.

Interviewer: What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations?
Respondent: We established strong relationships with multiple banking institutions, which provided us with short-term credit facilities. These credit lines were primarily used to bridge temporary cash flow gaps, finance operational expenses, and support payroll during periods of delayed client payments. The availability of these funds allowed us to maintain stability and flexibility in financial planning. In addition to structured credit lines, we had access to overdraft facilities, which acted as an emergency financial buffer. These facilities provided instant access to additional funds when needed, ensuring that unexpected financial demands could be met without disrupting operations. When dealing with larger projects and international transactions, we utilized bank guarantees and letters of credit. These financial instruments enhanced our credibility, facilitated smoother transactions with partners, and ensured that contractual obligations were met without excessive upfront capital requirements. These pre-crisis financial strategies provided a strong foundation that helped us navigate the economic downturn effectively.

Interviewer: How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy?
Respondent: As part of our financial planning, we allocated a fixed percentage of our annual profits to a dedicated reserve fund. This allocation was carefully structured based on revenue forecasts, anticipated risks, and long-term business goals. By consistently setting aside funds each year, we ensured that the company maintained a strong financial cushion without compromising growth initiatives. Our financial reserves were specifically structured to address unexpected financial challenges, including economic downturns, sudden cost increases, or client payment delays. This proactive contingency planning allowed us to handle financial shocks without resorting to excessive borrowing or drastic cost-cutting measures. To optimize financial security, we maintained different reserve categories, such as an operational reserve for short-term needs, a capital reserve for infrastructure investments, and a

crisis reserve to address unforeseen challenges. This structured approach allowed us to allocate resources efficiently based on evolving business priorities. These reserves not only provided a safety net but also played a strategic role in enhancing our financial resilience before and during the crisis.

Interviewer: How diversified were your company's revenue streams before the crisis, and how did this diversification contribute to financial stability?
Respondent: We operated across multiple segments within the IT industry, including, Software Development**,** providing custom software solutions to clients across various industries, ensuring a steady demand for technology-driven services. IT Consulting**,** offering strategic advisory services to businesses seeking to optimize their IT infrastructure, improve cybersecurity, and enhance digital transformation. Cloud Solutions**,** delivering cloud computing, storage, and SaaS (Software as a Service) solutions, catering to the increasing market demand for cloud-based technologies. Also instead of relying on a single sector or a handful of large clients, we diversified our customer base across multiple industries, including finance, healthcare, retail, and manufacturing. This approach reduced exposure to sector-specific risks. For instance, if the retail sector experienced a downturn, demand from healthcare or finance clients helped balance our revenue streams.

Interviewer: What measures did your company implement during the crisis to maintain positive cash flow?
Respondent: During the crisis, we strengthened our accounts receivable processes by proactively following up with clients on outstanding invoices. To incentivize early payments, we introduced discounts for clients who settled their invoices ahead of schedule. We also prioritized high-value and overdue accounts to ensure a steady cash inflow. All discretionary and non-critical expenditures were put on hold, focusing only on core business functions. This included postponing office expansions, pausing non-urgent IT upgrades, and reducing marketing and travel expenses. Salary adjustments and temporary hiring freezes were also considered to manage payroll costs efficiently while retaining key talent. We engaged in discussions with key clients and vendors to renegotiate contract terms, ensuring more favorable payment schedules. This included extending project timelines, adjusting service delivery expectations, and securing upfront payments where possible. The financial strategies not only helped us survive the crisis but also positioned us for recovery and long-term continuity.

Interviewer: How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations?
Respondent: When come to this to accelerate cash inflow, we utilized invoice discounting, which allowed us to receive immediate payments on outstanding invoices. This method helped bridge temporary liquidity gaps without increasing long-term debt obligations. Rather than using credit facilities indiscriminately, we allocated funds

strategically, focusing on essential operational needs and growth-oriented investments. Priority was given to maintaining employee salaries, fulfilling contractual obligations, and sustaining core business functions. Also we worked closely with multiple banking partners to extend our existing credit lines, providing us with additional working capital to cover operational expenses. This ensured that we had access to readily available funds to manage payroll, rent, and supplier payments without facing cash flow disruptions. This approach enabled us to weather financial challenges while positioning the company for long-term stability and growth.

Interviewer: How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls? Respondent: With fluctuations in client payments and project delays, the reserves acted as a financial buffer, allowing us to maintain liquidity without resorting to excessive borrowing. This financial stability enabled us to fulfill contractual obligations, sustain client trust, and continue service delivery without disruptions. One of our other top priorities was ensuring that employees continued to receive their salaries without disruption. The financial reserves allowed us to retain key talent, preventing layoffs and maintaining workforce stability, which was crucial for long-term recovery. This approach helped sustain morale and productivity, ensuring that we could continue delivering high-quality services to clients despite economic uncertainties. By strategically managing our financial reserves, we were able to maintain our operations, safeguard our workforce, and invest wisely in future growth. This proactive strategy not only enabled us to weather the crisis but also strengthened our financial resilience for long-term success.

Interviewer: How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
Respondent: As we know, Revenue diversification was crucial for reducing financial risks during the economic crisis. It helped our company remain stable despite market disruptions. By offering a variety of services across different industries and adapting to changing demands, we minimized revenue volatility and ensured business continuity. The crisis affected various industries in different ways; some sectors experienced sharp declines, while others remained stable or even grew. By diversifying our revenue streams, we were able to absorb financial shocks in struggling areas while taking advantage of opportunities in resilient or high-demand markets. For instance, while some clients in retail and hospitality reduced their IT expenditures, demand from the healthcare, financial services, and education sectors remained strong, helping to offset revenue losses. Our reliance on subscription-based and managed service contracts played a crucial role in maintaining cash flow predictability. Unlike one-time project-based revenues, these ongoing service agreements provided a steady stream of income even as new project acquisitions slowed. This financial consistency

allowed us to plan our operational expenses more effectively and reduce cash flow uncertainties.To further strengthen our financial stability, we tailored our service offerings to meet shifting client needs. For example, we developed cost-efficient IT packages for small businesses that were struggling but still required digital support. This adaptability helped us capture new revenue opportunities and retain existing clients facing budget constraints. By leveraging a diversified revenue strategy, we successfully mitigated financial risks, maintained business continuity, and positioned our company for future growth.

Interviewer: How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? Also What changes, if any, were made to your company's compensation and benefits packages during the crisis?
Respondent: To encourage productivity and innovation, we implemented a performance-based bonus structure, rewarding employees who exceeded expectations. Bonuses were linked to both individual and team achievements, fostering a results-driven culture while promoting collaboration. In addition to financial incentives, we offered stock options and profit-sharing plans to long-term employees, aligning their interests with company growth. Recognizing the growing demand for work-life balance, we introduced flexible work arrangements, including remote and hybrid work options. Employees were given the autonomy to choose work schedules that enhanced productivity, while ensuring business needs were met. This flexibility not only improved job satisfaction but also helped us attract talent from diverse geographic locations expanding our hiring pool beyond local markets. We placed a strong emphasis on internal career progression, offering employees the chance to advance within the company through mentorship programs and leadership training. Employees were encouraged to take on cross-functional projects and upskill in emerging technologies, enhancing their long-term career prospects. Regular feedback sessions and personalized career pathing ensured that employees felt valued and engaged. This comprehensive strategy positioned us as a preferred employer, ensuring our workforce remained engaged and motivated, which contributed to overall business success.

Interviewer: What types of career development and training opportunities were available to your employees before the crisis and during the crisis?
Respondent: We provided employees with access to industry-recognized certification programs in key areas such as cloud computing, cybersecurity, data analytics, and software development**.** Employees were encouraged to pursue certifications from leading institutions and technology providers with the company covering exam fees and training costs. Hands-on technical workshops and hackathons were organized to ensure employees stayed ahead of emerging technologies and best practices**.To** nurture future leaders, we introduced leadership training programs for mid-level and

senior employees.These programs focused on strategic decision-making, team management, conflict resolution, and business communication to prepare employees for higher responsibilities. Internal mentoring and coaching sessions were conducted by senior executives, providing guidance on career progression and leadership growth. We encouraged employees to participate in research and innovation initiatives, allowing them to experiment with new technologies and ideas. Internal incubator programs provided funding and mentorship for employees with innovative business ideas that aligned with company objectives. This investment in employee development not only helped retain top talent but also enhanced our organizational resilience and capacity for innovation, enabling us to thrive in an ever-evolving industry landscape.

Interviewer: How would you describe the state of your IT infrastructure before the crisis and what are the changes you made in the period of crisis?
Respondent: Our IT infrastructure was primarily based in the cloud, allowing us to scale resources up or down based on demand without significant capital investments in hardware. We utilized hybrid and multi-cloud environments to ensure redundancy and flexibility while optimizing cost efficiency. This approach enabled real-time collaboration, remote accessibility, and improved disaster recovery capabilities.Additionally, our IT infrastructure incorporated advanced cybersecurity protocols, including multi-layered firewalls, intrusion detection and prevention systems (IDPS), and AI-powered threat monitoring. We enforced strict data encryption standards for both stored and in-transit data, protecting against cyber threats and ensuring regulatory compliance.Routine penetration testing and vulnerability assessments were conducted to proactively identify and mitigate security risks. By maintaining a modern, scalable, and secure IT infrastructure, we ensured that our company was technologically resilient, adaptable to changing market conditions, and capable of sustaining business operations even during times of crisis.

Interviewer: How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
Respondent: Our HR department utilized an automated Human Resource Management System (HRMS) that managed key functions such as recruitment, payroll processing, performance management, and employee onboarding. AI-driven resume screening and applicant tracking systems (ATS) streamlined the hiring process, allowing for data-driven talent acquisition decisions. Automated leave tracking, attendance management, and employee self-service portals alleviated administrative burdens and enhanced the employee experience.In addition, our Customer Relationship Management (CRM) system was fully automated, facilitating efficient client communication, lead tracking, and sales pipeline management. AI-powered chatbots and automated email marketing campaigns improved customer

engagement while reducing manual workloads. Predictive analytics in the CRM provided insights into customer behavior, helping to personalize marketing strategies and improve retention rates.Our cloud infrastructure was managed through automated monitoring systems that detected and resolved performance issues without human intervention. Cybersecurity automation tools, including automated threat detection and response mechanisms, ensured data protection and compliance with security standards. Routine IT maintenance, software updates, and system backups were scheduled automatically to reduce downtime and enhance reliability. By leveraging extensive process automation across HR, finance, project management, customer relations, and IT security, we significantly reduced operational inefficiencies, improved accuracy, and increased scalability.

Interviewer: How did your IT systems scale and adapt during the crisis to meet changing demands?
Respondent: To maintain cost efficiency while scaling, we implemented several cloud cost optimization strategies. These included rightsizing instances, utilizing spot instances, and taking advantage of reserved cloud resources. AI-driven performance monitoring tools allowed us to detect bottlenecks and automatically allocate resources to maintain system efficiency. We adjusted load balancing mechanisms to effectively distribute traffic, ensuring high availability and minimal latency for critical applications.To respond to changing market needs, we rapidly deployed cloud-based applications and digital service enhancements that improved customer engagement and operational efficiency. We scaled AI-driven chatbots and automated customer support systems to efficiently manage the increased volume of inquiries. Additionally, we optimized our CRM and ERP systems to support remote teams, ensuring uninterrupted business operations and excellent customer service. We expanded our disaster recovery solutions by establishing additional cloud backups and failover mechanisms to enhance business resilience. Automated data replication and redundancy ensured minimal downtime in case of system failures. Regular disaster recovery drills and simulations helped us fine-tune our response to potential IT disruptions.As remote work became the norm, we enhanced our VPN capacity and implemented secure cloud-based access solutions, ensuring seamless connectivity for employees across multiple locations. We also scaled our Virtual Desktop Infrastructure (VDI) and cloud-based collaboration tools to support a fully remote workforce. These strategic IT adaptations not only maintained operations but also prepared us for long-term resilience and future growth in an increasingly digital world.

Interviewer: How stable was the demand for your company’s products or services before the crisis and how did market demand for your products or services fluctuate during the crisis?
Respondent: We established a strong reputation in the market, supported by a

growing portfolio of long-term clients and repeat business. A significant portion of our revenue came from subscription-based models, managed services, and retainer contracts, which provided predictable and stable cash flow. Our commitment to delivering quality services and fostering innovation allowed us to maintain a competitive edge and cultivate strong brand loyalty among our clients. The rise of AI-powered automation, machine learning, and IoT solutions created new opportunities for innovation, further driving demand for our expertise. Organizations increasingly adopted hybrid and multi-cloud solutions, resulting in a surge in demand for our cloud migration and infrastructure optimization services. Additionally, the growing importance of data privacy and regulatory compliance prompted businesses to invest in cybersecurity solutions, another key area in which we offered specialized services. Before the crisis, we enjoyed consistent year-over-year revenue growth, allowing us to expand our operations and invest in new service offerings. Strategic partnerships with technology providers such as AWS, Microsoft, and Google Cloud further strengthened our market position and service capabilities. We actively explored new markets and expanded our workforce to meet rising client demands. This solid foundation enabled us to navigate economic disruptions with greater resilience and adaptability.

Interviewer: What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis? Respondent: Rather than participating in price wars, we concentrated on delivering high-quality services, providing long-term value, and leveraging industry-specific expertise. Our commitment to customer satisfaction, personalized solutions, and robust post-implementation support enabled us to retain key clients and build enduring relationships. By investing in research and development, emerging technologies, and workforce upskilling, we enhanced our capacity to offer innovative solutions that our competitors struggled to match. As economic uncertainty increased, many competitors responded by aggressively lowering their prices to attract cost-conscious clients. Some firms downsized operations, paused expansion plans, or exited the market entirely, resulting in significant industry consolidation. Clients became more cautious with IT spending, seeking greater flexibility, ROI-driven solutions, and cost transparency from service providers. The demand for remote work infrastructure, cybersecurity enhancements, and cloud-based services surged, creating new competitive battlegrounds among IT providers. While many competitors faced difficulties or resorted to cost-cutting measures, our focus on quality, adaptability, and long-term value creation allowed us to emerge stronger from the crisis. This situation reinforced our market credibility, as clients recognized the importance of partnering with stable, innovative, and customer-centric IT providers. By maintaining a balance between cost-efficiency and service quality, we not only retained existing clients but also attracted new businesses looking for reliable IT solutions. Despite competitive pressures leading to market shifts and pricing challenges, our ability to differentiate ourselves based on expertise and value creation ensured sustained business resilience and client trust.

Interviewer: How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?
Respondent: During the crisis, some clients reduced their IT budgets, delayed new projects, or shifted their focus to cost-saving measures. However, complete disengagement from IT services was rare due to their essential nature. Industries facing significant financial pressure, such as retail and hospitality, were more likely to pause or scale down IT investments, but they largely maintained core service contracts. Demand remained strong in sectors like healthcare, finance, e-commerce, and remote work solutions, ensuring a continued need for IT support, cloud services, and cybersecurity enhancements. To mitigate potential client losses, we offered flexible pricing models, scalable service packages, and extended payment terms. This approach allowed businesses to continue benefiting from our services without excessive financial strain. Our commitment to customer success and adaptability helped us retain clients who were exploring cost-cutting options while still prioritizing IT reliability and security. We built long-term relationships across multiple industries, embedding our solutions within their operational frameworks. Our proactive account management strategy, which included regular check-ins, personalized support, and continuous service improvements, reinforced customer loyalty. Many clients entered into multi-year service contracts, managed IT service agreements, and subscription-based models, which provided predictable and recurring revenue. By focusing on industry-specific expertise, tailored IT solutions, and superior post-implementation support, we strengthened our competitive edge in client retention. Additionally, we increased communication efforts, provided strategic IT guidance, and reassured clients of our commitment to their long-term success. By demonstrating agility, offering crisis-specific solutions, and prioritizing service reliability, we solidified our reputation as a dependable IT partner. Our ability to adapt, engage proactively, and consistently demonstrate value ensured that our customer relationships remained strong, resilient, and ready for the future.

Interviewer: How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
Respondent: Before the economic crisis, our company built and maintained strong customer loyalty and trust by committing to personalized service, fast response times, and long-term client engagement. Our customer-first approach ensured high satisfaction, client retention, and long-lasting relationships.During the crisis, we reinforced this trust by offering extended support, flexible contracts, and additional value-added services, ensuring that clients could continue to rely on us despite financial and operational uncertainties. We dedicated time to understanding each

client’s unique business needs, providing customized IT solutions tailored to their goals and challenges. Our dedicated account managers and technical support teams ensured personalized engagement, strengthening relationships beyond mere transactional interactions. We focused on long-term partnerships rather than one-time service engagements, promoting continuous collaboration and ongoing support.We conducted regular check-ins, feedback sessions, and service optimization reviews to help us anticipate client needs and proactively offer solutions. Recognizing the challenges clients faced, we provided round-the-clock technical support to ensure business continuity. Our teams worked proactively to address IT infrastructure vulnerabilities, security threats, and scalability issues, assisting clients in adapting to changing demands.Additionally, we offered complimentary assessments, cybersecurity audits, and support for transitioning to remote work, helping businesses quickly adapt to new operational challenges. Extra free training programs and consultation services empowered clients to leverage technology more efficiently during this uncertain time. Our commitment to long-term client success ensured sustained trust, high retention rates, and an even stronger market position.

Interviewer: How diversified was your company’s customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis?
Respondent: Our regional diversification strategy has expanded across multiple markets, effectively reducing our exposure to localized economic downturns. We have been catering to North America and Europe, and recently, we have shifted our focus toward local and regional businesses, particularly by supporting small and medium-sized enterprises (SMEs) with scalable and cost-effective IT solutions. While some sectors, such as travel, hospitality, and traditional retail, experienced significant revenue declines, our presence in resilient and high-growth industries helped to balance our overall business performance. The growth in these high-performing industries offset losses in struggling sectors, ensuring a continued revenue stream. This diversification prevented us from becoming overly reliant on any single sector, enhancing our resilience to economic volatility.sWe introduced modular, cost-effective IT solutions to meet the needs of industries facing budget constraints while still requiring digital transformation. By entering new international markets, we minimized our exposure to regional economic downturns and took advantage of the global demand for IT services. This resilience has allowed us to retain clients, explore new opportunities, and strengthen our market leadership in the IT services sector.

INSTITUTE J

RESPONDENT 10

TRANSCRIPT

Interviewer: Hi, good morning
Respondent: Hey, Good morning

Interviewer: I am researching how IT companies in Sri Lanka are surviving and thriving during the economic crisis. All the information gathered is solely for research purposes. Once I receive the complete transcript, I will not keep the recording.
Respondent: ok

Interviewer: The first question is, How did your company manage cash flow before the crisis, and what strategies were in place to ensure sufficient liquidity for short-term obligations?
Respondent: Before the economic crisis, we implemented several strategic financial management practices to maintain a solid cash flow. One of our key strategies involved optimizing our accounts receivable and payable cycles. We managed these cycles carefully to ensure a steady cash flow. By establishing clear payment terms, proactively following up on outstanding invoices, and negotiating favorable payment schedules with vendors, we maintained a balanced inflow and outflow of funds. This approach minimized liquidity constraints and enabled us to meet our financial obligations on time.Additionally, recognizing the importance of financial resilience, we adopted a liquidity buffer policy. We aimed to maintain a reserve equivalent to at least six months of operational expenses. This buffer allowed us to cover short-term obligations without disruptions, ensuring business continuity even during uncertain economic conditions.

Interviewer: What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations?
Respondent: We established strong relationships with several banking institutions that provided us with short-term credit facilities. These credit lines were primarily used to bridge temporary cash flow gaps, finance operational expenses, and support payroll during periods of delayed client payments. The availability of these funds allowed us to maintain stability and flexibility in our financial planning. In addition to structured credit lines, we also had access to overdraft facilities, which served as an emergency financial buffer. These facilities provided us with instant access to additional funds when needed, ensuring that unexpected financial demands could be met without disrupting operations. For larger projects and international transactions, we utilized bank guarantees and letters of credit. These financial instruments enhanced our credibility, facilitated smoother transactions with partners, and ensured that contractual obligations were met without requiring excessive upfront capital.

Interviewer: How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy?
Respondent: We didn't just use our financial reserves as a safety net we saw them as an opportunity to strengthen and grow the business. A portion of these funds was strategically invested in critical areas like upgrading our technology, expanding into new markets, and providing advanced skill development for our employees. This forward-thinking approach kept us competitive and adaptable, even in unpredictable economic conditions.At the same time, our reserves were carefully structured to help us navigate unexpected financial challenges, such as economic downturns, rising costs, or delayed client payments. By planning ahead, we were able to absorb financial shocks without resorting to heavy borrowing or drastic cost-cutting measures.One of the most important roles of our financial reserves was to act as a liquidity buffer, ensuring we could cover essential expenses like salaries, rent, and utilities—even during periods of revenue uncertainty. This thoughtful approach helped us maintain smooth day-to-day operations and provided financial stability during challenging times.

Interviewer: How diversified were your company's revenue streams before the crisis, and how did this diversification contribute to financial stability?
Respondent: To strengthen our financial stability, we took a strategic approach to diversifying our revenue streams. Before the crisis, our primary focus was on software development, delivering custom solutions to clients across various industries. This steady demand for technology-driven services provided a solid foundation for our business.Over time, we built a strong client base across multiple regions, with a particular presence in Europe. By working with clients from diverse industries, we reduced our reliance on any single sector, minimizing the impact of industry-specific downturns. For example, if the retail sector faced challenges, demand from clients in healthcare or finance helped balance our revenue, ensuring consistent business growth.

Interviewer: What measures did your company implement during the crisis to maintain positive cash flow?
Respondent: During the time, we took several proactive steps to maintain a healthy cash flow, allowing us to navigate the challenges effectively. One of our key strategies was renegotiating contracts and payment terms. We engaged in open discussions with our key clients and vendors to secure more flexible payment schedules. This included adjusting project timelines, redefining service delivery expectations, and, where possible, arranging upfront payments to stabilize our income.In addition, we focused on optimizing costs to ensure financial efficiency. We conducted a detailed review of our operational expenses to identify areas where we could cut costs without compromising quality. Two major steps played a crucial role in this effort: we optimized our cloud infrastructure by scaling down unused

resources, and we implemented energy-saving measures along with remote work policies to reduce office maintenance expenses. These strategic actions helped us stay financially resilient during uncertain times.

Interviewer: How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations? Respondent: To strengthen our financial position, we worked closely with multiple banking partners to extend our existing credit lines. This gave us access to additional working capital, ensuring we could cover essential operational expenses like payroll, rent, and supplier payments without cash flow disruptions. Having readily available funds provided a safety net, allowing us to manage our finances smoothly during uncertain times.Beyond securing extra capital, we also took steps to minimize the financial strain of debt repayment. We prioritized obtaining low-interest loans and government-backed financial assistance programs, carefully evaluating different options to find the most favorable repayment terms. Our goal was to ensure that any borrowed funds could be repaid without putting unnecessary pressure on our future cash flow. In some cases, we took advantage of interest-free or deferred payment loan programs, which helped ease short-term financial burdens while maintaining overall stability.

Interviewer: How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls?
Respondent: One of our biggest priorities during the crisis was making sure our employees continued to receive their salaries without any interruptions. Thanks to our financial reserves, we were able to retain our key team members, avoiding layoffs and ensuring stability within our workforce. This not only kept morale high but also helped us maintain productivity and continue delivering top-quality services to our clients.We also carefully allocated our reserves to cover essential operational expenses, such as rent, utilities, and critical technology infrastructure. By focusing on these core business needs, we kept our day-to-day operations running smoothly, even when revenue became unpredictable. With client payments fluctuating and some projects facing delays, our financial reserves acted as a cushion, giving us the liquidity we needed without having to rely on excessive borrowing.

Interviewer: How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
Respondent: The crisis affected industries in different ways—some sectors saw sharp declines, while others remained stable or even grew. By diversifying our revenue streams, we were able to cushion the impact in struggling industries while tapping into opportunities in more resilient or high-demand markets.For instance, while clients in retail and hospitality cut back on IT spending, demand from sectors like healthcare, financial services, and education remained strong, helping to balance out potential

revenue losses. As businesses looked for ways to streamline operations and strengthen their digital capabilities, our IT consulting services became even more valuable. We adapted our approach to focus on areas like business continuity planning, cloud migrations, automation strategies, and IT cost optimization—ensuring that we stayed relevant to our clients' evolving needs.These strategic moves allowed us to minimize financial risks, keep our business running smoothly, and position ourselves for strong growth once the crisis passed.

Interviewer: How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? Also What changes, if any, were made to your company's compensation and benefits packages during the crisis?
Respondent: We regularly conducted market research to ensure our salary offerings remained competitive within the IT industry. Our compensation structure was carefully designed to reflect experience, skill level, and industry demand, helping us attract and retain top talent. Salary increases were performance-based, with periodic evaluations to recognize employee contributions and reward excellence.Beyond salaries, we prioritized comprehensive benefits to support employee well-being. Our benefits package included health insurance, paid parental leave, and wellness programs, ensuring a strong foundation for work-life balance. Employees also had access to professional development opportunities, including certifications and technical training, to foster continuous growth. To enhance workplace satisfaction, we offered additional perks such as mental health support, gym memberships, and employee assistance programs (EAPs).Employee engagement was a key focus, and we actively fostered a positive work culture through team-building activities, recognition programs, and open communication channels. We encouraged feedback through surveys and town hall meetings, allowing us to refine workplace policies to align with employee expectations. Additionally, exit interviews and retention analytics helped us continuously improve our strategies to reduce turnover and enhance job satisfaction.Through these structured compensation, benefits, and engagement initiatives, we positioned ourselves as an employer of choice in the IT industry. This holistic approach not only helped us attract and retain top-tier professionals but also ensured that our workforce remained motivated and committed, driving long-term business success.

Interviewer: What types of career development and training opportunities were available to your employees before the crisis and during the crisis?
Respondent: Even before the crisis, we had established strong career development and training programs. When challenges arose, we took these initiatives a step further, expanding access to training opportunities that supported skill development, career growth, and overall job satisfaction. By investing in structured learning programs, we nurtured a culture of innovation, adaptability, and professional

excellence.A major part of our approach was encouraging employees to earn certifications from top institutions and technology providers such as AWS, Microsoft, Google, CISSP, and PMP. To support this, we covered exam fees and training costs, allowing employees to enhance both their technical expertise and management skills. As we observed a growing interest among employees in migration opportunities, we proactively developed internal second-level positions and launched leadership and management development programs. These initiatives focused on strategic decision-making, team leadership, conflict resolution, and business communication—preparing employees for more senior roles within the company. Additionally, we introduced internal mentoring and coaching sessions led by senior staff, providing employees with valuable career guidance and leadership development. Through these efforts, we created a supportive environment where employees could grow, take on new challenges, and advance within the organization.

Interviewer: How would you describe the state of your IT infrastructure before the crisis and what are the changes you made in the period of crisis?
Respondent: Our IT infrastructure was predominantly cloud-based, allowing us to efficiently scale resources up or down as needed without requiring significant capital investment in hardware. We leveraged a hybrid and multi-cloud environment, which provided redundancy, flexibility, and optimized cost efficiency. This setup facilitated seamless real-time collaboration, remote accessibility, and robust disaster recovery capabilities.Security was a top priority, and we integrated advanced cybersecurity measures to protect our systems and data. Our infrastructure included multi-layered firewalls, intrusion detection and prevention systems (IDPS), and AI-driven threat monitoring to identify and respond to potential risks proactively. We implemented strict encryption protocols for both stored and in-transit data, ensuring protection against cyber threats while maintaining compliance with industry regulations.To further enhance security, we conducted regular penetration testing and vulnerability assessments, allowing us to detect and address potential weaknesses before they could be exploited. By maintaining a modern, scalable, and highly secure IT infrastructure, we ensured technological resilience, adaptability to evolving market demands, and uninterrupted business operations—even during periods of uncertainty.

Interviewer: How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
Respondent: Our HR department operated through an automated Human Resource Management System (HRMS), streamlining essential functions like recruitment, payroll processing, performance management, and employee onboarding. AI-powered resume screening and applicant tracking systems (ATS) made hiring faster and more data-driven, ensuring we found the right talent efficiently. Employees also benefited from automated leave tracking, attendance management, and self-service portals, which reduced administrative tasks and improved their overall experience.On

the customer relations side, our fully automated CRM system helped us manage client interactions, track leads, and oversee the sales pipeline with ease. AI-driven chatbots and automated email marketing campaigns improved customer engagement while reducing the need for manual effort. Additionally, predictive analytics provided valuable insights into customer behavior, allowing us to tailor marketing strategies and boost retention rates.Our cloud infrastructure was also optimized through automation. Advanced monitoring tools detected and resolved performance issues in real time, while automated cybersecurity systems continuously scanned for threats and responded instantly to potential risks. Routine IT maintenance, software updates, and system backups were scheduled automatically, minimizing downtime and keeping operations running smoothly.By integrating automation across HR, finance, project management, customer relations, and IT security, we significantly reduced inefficiencies, improved accuracy, and enhanced scalability. This approach not only streamlined daily operations but also positioned us for sustainable growth and long-term success.

Interviewer: How did your IT systems scale and adapt during the crisis to meet changing demands?
Respondent: To meet the growing demands of our workload, we swiftly scaled up our cloud resources, adding extra computing power and storage capacity as needed. Our cloud-based infrastructure allowed us to adjust resources dynamically in real time, ensuring smooth performance without requiring major infrastructure investments. With auto-scaling in place, we efficiently managed workload fluctuations, preventing service disruptions even during peak usage periods.As remote work became the standard, we expanded our VPN capacity and introduced secure cloud-based access solutions to ensure uninterrupted connectivity for employees across different locations. We also scaled up Virtual Desktop Infrastructure (VDI) and cloud collaboration tools like Microsoft Teams, Google Workspace, and Slack to fully support a remote workforce.To enhance security, we enforced multi-factor authentication (MFA) and implemented advanced endpoint security solutions to safeguard sensitive company data from cyber threats. These strategic IT enhancements not only kept our operations running smoothly but also strengthened our long-term resilience and positioned us for future scalability in an increasingly digital world.

Interviewer: How stable was the demand for your company’s products or services before the crisis and how did market demand for your products or services fluctuate during the crisis?
Respondent: With businesses across various sectors increasingly investing in cloud computing, automation, AI, and data analytics, the demand for our services continued to grow steadily. Organizations were eager to modernize their IT infrastructure, transition to cloud environments, and strengthen their cybersecurity

measures driving consistent revenue growth for our company.Our custom software development and IT consulting services were particularly sought after in industries like finance, healthcare, e-commerce, and manufacturing. By serving clients across multiple industries and geographic regions, we minimized dependence on any single market segment, ensuring greater financial stability. While large enterprises remained a key client base, we also experienced significant growth among small and medium-sized businesses (SMBs), as they embraced digital transformation to enhance efficiency and scalability.Our diversified revenue streams—including software development, cloud solutions, IT consulting, and cybersecurity services—provided long-term business resilience. Given the essential nature of IT services, demand remained stable even during economic uncertainty. By tailoring our solutions to address industry-specific challenges, we remained agile, adaptive, and responsive to the evolving needs of our clients.

Interviewer: What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis?
Respondent: The IT services industry was highly competitive, with large multinational corporations, mid-sized firms, and agile startups all vying for market share. The rise of global outsourcing and remote work further intensified competition, as international providers offered lower-cost alternatives. Rapid advancements in technology, including cloud computing, AI-driven automation, and cybersecurity solutions, meant that constant innovation was necessary to stay relevant. Differentiation became increasingly challenging as clients sought cost-effective, scalable digital transformation solutions, pushing companies to adapt quickly to shifting industry demands.As economic uncertainty grew, many competitors responded by aggressively cutting prices to attract budget-conscious clients. Some firms scaled back operations, halted expansion plans, or exited the market altogether, leading to industry consolidation. Clients became more cautious with IT spending, demanding greater flexibility, transparent pricing, and clear ROI from service providers. At the same time, the surge in demand for remote work infrastructure, cybersecurity enhancements, and cloud-based solutions created new competitive pressures within the industry.Instead of engaging in unsustainable price wars, we strengthened our brand as a trusted technology partner by focusing on service excellence, innovation, and client satisfaction. We introduced flexible pricing models and scalable service packages, allowing clients to tailor solutions to their evolving business needs. Our deep expertise in digital transformation, cybersecurity, and cloud optimization positioned us as a key enabler for businesses transitioning to remote and hybrid work models.By prioritizing strong client relationships, proactive support, and measurable business impact, we built lasting customer loyalty despite market challenges. Our ability to differentiate through expertise and value creation ensured long-term business resilience and client trust, even in a rapidly shifting competitive landscape.

Interviewer: How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?
Respondent: Our customer retention rate has remained steady, reflecting strong client satisfaction, trust, and the effectiveness of our services. We have cultivated long-term relationships with clients across various industries, ensuring that our solutions become an integral part of their operations. Our proactive approach to account management including regular check-ins, personalized support, and continuous service enhancements has played a key role in maintaining customer loyalty.Many of our clients have committed to multi-year service contracts, managed IT service agreements, and subscription-based models, providing us with stable and predictable revenue. Our deep industry expertise, customized IT solutions, and top-tier post-implementation support further reinforced our competitive advantage in client retention. During the crisis, some clients reduced IT budgets, postponed new projects, or shifted their focus to cost-saving initiatives. However, given the essential role of IT services, complete disengagement was uncommon. To strengthen relationships, we increased communication, offered strategic IT guidance, and reassured clients of our long-term commitment to their success. Instead of rigidly enforcing contract terms, we worked collaboratively to adapt solutions to their changing needs, fostering continued trust and loyalty. By maintaining a customer-focused approach, offering flexible service models, and reinforcing our role as a strategic IT partner, we successfully navigated the crisis with minimal client churn. Our ability to adapt, engage proactively, and consistently deliver value ensured that our client relationships remained strong and stable over time.

Interviewer: How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
Respondent: We took the time to understand each client's specific business needs, delivering customized IT solutions designed to align with their goals and challenges. Our dedicated account managers and technical support teams provided personalized service, fostering strong relationships that extended beyond just transactional interactions.Understanding the difficulties our clients faced, we extended round-the-clock technical support to ensure uninterrupted business operations. Our teams worked proactively to identify and resolve IT infrastructure vulnerabilities, mitigate security risks, and optimize scalability, helping clients stay agile in an evolving landscape.To ease financial pressures, we introduced flexible pricing models, deferred payment options, and adaptable contract terms, ensuring that budget constraints did not force clients to discontinue critical IT services. We also allowed temporary service downgrades and subscription adjustments without penalties, reinforcing our commitment to long-term client success over short-term gains.

Interviewer: How diversified was your company's customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis?
Respondent: We provided IT services across a diverse range of industries, including Finance & Banking, Manufacturing & Logistics, and more. Initially, our primary focus was on the European market. However, in response to the crisis, we strategically expanded our efforts to North America and the Asia-Pacific (APAC) region.While certain sectors, such as travel, hospitality, and traditional retail, experienced sharp declines, our strong presence in resilient and high-growth industries helped maintain overall business stability. Our sales and marketing teams adapted by prioritizing sectors that continued to invest in IT, securing new contracts in industries with sustained demand for technology solutions.By expanding into new international markets, we reduced our dependence on any single region's economic conditions and leveraged the growing global demand for IT services. Through these strategic initiatives, we successfully ensured business continuity without disruptions, even in a rapidly changing economic landscape.

INSTITUTE K

RESPONDENT 5

TRANSCRIPT

Interviewer: Good morning
Respondent**:** Morning! How's everything?

Interviewer**:** I'm conducting research on how IT companies in Sri Lanka survive and thrive during the economic crisis. As I mentioned earlier, all the information gathered is strictly for research purposes, and once I receive the full transcript, I will not retain the recording.
Respondent: Alright, Shehan, that's perfectly fine. Let's get started!

Interviewer: The first question relates to the finance side. How did your company manage cash flow before the crisis, and what strategies were in place to ensure sufficient liquidity for short-term obligations?
Respondent**:** It was all about balance, Shehan. Before the crisis, we used a combination of short-term loans and a solid cash flow management strategy to ensure we could cover any unexpected expenses without straining our finances. We made it a point to monitor both incoming and outgoing cash very closely, especially from customers, ensuring that our receivables didn't exceed our payables by much. This practice helped us maintain a smooth flow of funds, allowing us to avoid liquidity issues. We also adopted a conservative approach when it came to using credit, which allowed us to keep our balance sheets cleaner. By not relying too heavily on loans or credit lines, we minimized our exposure to debt and its associated costs. This

cautious yet proactive approach ensured that we could navigate through financial uncertainties more effectively, maintaining stability and flexibility even during challenging periods.

Interviewer**:** What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations?
Respondent**:** We mainly had a trade credit facility, which was essential for keeping inventory levels up and meeting supplier payments on time, especially during peak seasons. The trade credit allowed us to purchase raw materials upfront and settle payments later, which significantly helped us manage cash flow better, reducing the need for immediate outlays of cash. This allowed us to focus more on production and sales without worrying too much about cash flow fluctuations. Additionally, we had access to a credit line that was used sparingly, mainly for equipment purchases or unexpected expenses that arose in our operations. This credit line served as a safety net, ensuring we could cover large, essential expenses without putting pressure on our working capital. By using these financial tools effectively, we ensured that we maintained operational continuity while balancing our financial obligations responsibly.

Interviewer**:** How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy?
Respondent : Building financial reserves was always a top priority for us, and we treated it as a long-term strategy for stability. We focused on setting aside 10% of our monthly profits into a dedicated savings account specifically for emergencies, ensuring that we could always rely on these funds if necessary. This wasn't just about covering operational costs but also about giving us a buffer in the event of slow-paying customers, unexpected expenses, or broader economic downturns. To further protect ourselves, we invested in liquid assets that could be easily converted into cash if needed, ensuring flexibility. Our strategy was simple yet effective: be cautious and conservative with spending, and always have enough in reserves to weather a financial storm. When the crisis hit, we were able to dip into these reserves to cover any gaps in revenue without the need to take on additional debt. This approach proved to be absolutely critical in keeping our operations running smoothly and maintaining business continuity during uncertain times.

Interviewer**:** How diversified were your company's revenue streams before the crisis, and how did this diversification contribute to financial stability?
Respondent : Our revenue streams were somewhat diversified, but not to the extent that we would have liked looking back. We relied heavily on one industry—manufacturing—and the majority of our business came from that sector. While we did have a secondary stream through service-based offerings like consulting, it wasn't enough to fully mitigate risk. The diversification helped a little when the crisis hit, as

our consulting revenue provided some buffer, but it wasn't enough to cushion the blow entirely. The challenge we faced was that when one area of business struggled, it had a more severe impact on the company as a whole because the majority of our income was concentrated in one sector. This over-reliance on a single industry left us vulnerable to external disruptions. In hindsight, we learned the importance of diversification. We've since started exploring other industries—such as technology and healthcare to build a more balanced and resilient revenue base. This will ensure that we can weather future crises more effectively without being overly dependent on one market.

Interviewer**:** What measures did your company implement during the crisis to maintain positive cash flow?
Respondent : One of the key measures we implemented was controlling overhead costs. We conducted a thorough evaluation of all our expenses and focused only on what was absolutely necessary for business continuity. In some areas, like marketing, we drastically reduced our budget to free up cash, while also implementing a hiring freeze to avoid additional labour costs. On the revenue side, we offered attractive discounts for early payments to encourage quicker receivables, helping to accelerate cash flow. We also took advantage of government-backed loan programs that were available during the crisis, which provided much-needed financial support and helped boost our liquidity. These actions were critical in stabilizing our cash flow and ensuring that we could continue operating without major disruptions. By closely managing costs and optimizing our revenue collection strategies, we were able to keep the business afloat during the most uncertain periods and maintain our position in the market.

Interviewer**:** How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations? Respondent**:** During the crisis, we relied on a strategic mix of credit lines and government assistance programs to maintain liquidity and navigate the financial strain. Initially, we leaned heavily on our existing credit facility, using it to cover essential operating expenses like salaries, utilities, and supplier payments. Client payments had been delayed or deferred, and without access to credit, we would have faced significant cash flow gaps. The access to credit was absolutely crucial, as it allowed us to continue running the business without resorting to drastic measures like cutting staff or halting operations. We were able to meet our financial obligations, maintain employee morale, and ensure that key functions of the business remained operational.In addition to our existing credit, we worked closely with our bank to secure additional funding that would allow us to keep investing in critical projects, particularly those that had the potential to generate long-term revenue once the market recovered. This proactive approach enabled us to position ourselves for future growth, even when immediate business conditions were challenging. The government assistance programs also played a vital role in easing our financial burden, offering relief for some of our fixed costs and providing a cushion while we adjusted to the new economic reality.

Interviewer**:** How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls? Respondent**:** We had always been cautious about building financial reserves, and when the crisis hit, those reserves became absolutely crucial in keeping the company afloat. Over the years, we had strategically set aside a portion of our profits each month, ensuring that we had enough liquidity to weather unexpected challenges. When the crisis hit, we found ourselves in a much more secure position than many of our competitors because of this preparedness. We had enough set aside to cover a few months of fixed expenses, including staff salaries, utilities, and supplier payments, which gave us time to assess the situation. During the crisis, we tapped into these reserves to maintain staff levels and pay for essential operational costs while we waited for market conditions to improve. This gave us the flexibility to avoid making hasty, reactionary decisions that could have jeopardized the long-term success of the company. Without these reserves, we would have had to make much tougher decisions, like laying off employees, cutting back on services, or shutting down non-essential operations. These were difficult choices we were determined to avoid. The reserves not only gave us breathing room but also allowed us to take a more measured approach during a very uncertain time.

Interviewer: How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
Respondent**:** Before the crisis, we focused heavily on one particular product line, which had been our flagship offering for several years. We had built strong brand recognition around this product, and it accounted for a significant portion of our revenue. However, when demand for that product dropped sharply due to the crisis, we quickly realized that our reliance on a single product was a vulnerability. It became clear that we needed to pivot in order to maintain business continuity. Thankfully, our management team had already started exploring diversification strategies prior to the crisis, including expanding into other verticals such as digital services and custom solutions. These initiatives were still in their early stages, but they provided us with an immediate opportunity to shift focus. During the crisis, these new revenue streams proved to be a lifeline for the company. They allowed us to generate income and stay afloat when traditional product sales slowed down or came to a halt. Additionally, our pre-existing focus on recurring revenue models, such as subscription-based services, proved invaluable during this time. These offerings provided us with a steady and predictable cash flow, which was crucial in maintaining financial stability. The ability to rely on regular, recurring payments helped cushion the blow from the sharp drop in product sales and gave us the flexibility to make more informed decisions.

Interviewer**:** How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? Also What changes, if any, were made to your company's compensation and benefits packages during the crisis?
Respondent**:** Before the crisis, our compensation and benefits packages were designed to attract and retain top talent, and we were proud to offer benefits that were competitive with, or even exceeded, industry standards. Employees enjoyed generous salaries paired with a strong bonus structure that rewarded individual and team performance. However, when the crisis hit, we quickly realized that we would need to make adjustments to ensure the business could continue to operate effectively while managing financial constraints. As part of our cost-saving measures, we had to restructure our bonuses and scale back certain perks, such as travel allowances and company-sponsored events. These were difficult decisions, but we communicated openly with our employees about the challenges we faced and the need for these changes to preserve the long-term stability of the company. Despite these cuts, we made a conscious decision not to reduce base salaries, as we recognized that salary reductions could have a significant negative impact on employee morale and well-being, particularly during such uncertain times. Instead, we sought to maintain a sense of support and solidarity by offering more flexibility in work schedules. This gave employees the ability to balance their work and personal lives more effectively, especially as many were adjusting to working from home.

Interviewer**:** What types of career development and training opportunities were available to your employees before the crisis and during the crisis?
Respondent**:** Before the crisis, we had a comprehensive and well-rounded training program that aimed to foster continuous learning and professional development for our employees. Our approach was balanced, including a mix of on-the-job training, formal workshops, and opportunities for employees to attend industry conferences. This proactive focus on skill development ensured our team was always equipped with the latest knowledge and tools to stay competitive in our field. We also encouraged employees to pursue certifications and additional qualifications, helping to nurture talent and promote internal growth. When the crisis hit, we knew that the way we approached employee training would need to change in response to the disruptions. With remote work becoming the new norm, we rapidly shifted our focus to digital platforms, providing employees with online training resources to continue their development from home. In addition to upskilling employees on digital tools, we also made our career development programs more flexible to meet the changing circumstances. Online mentorship programs allowed employees to continue receiving guidance and advice from senior leaders, even if they could not meet in person. Virtual networking opportunities were created to help employees maintain connections with

industry professionals and peers, which also fostered a sense of community and motivation.

Interviewer**:** How would you describe the state of your IT infrastructure before the crisis and what are the changes you made in the period of crisis? Respondent**:** Prior to the crisis, our IT infrastructure was functional but outdated. We had a mix of on-premise systems and local servers, which were adequate for in-office operations but not designed for the sudden shift to remote work. This posed a significant challenge when the crisis forced us to transition to a more flexible work model. Recognizing the need for immediate upgrades, we prioritized the modernization of our IT systems. We swiftly adopted cloud-based solutions to provide remote access to our employees, allowing them to continue their work seamlessly from home. We also integrated additional collaboration tools like Slack, Microsoft Teams, and video conferencing platforms into our workflows, ensuring that communication remained fluid and efficient. To support the increased demand for online operations, we invested in upgrading our network infrastructure, improving bandwidth and security measures. These IT upgrades were critical in ensuring business continuity and allowed us to adapt quickly while maintaining productivity despite the uncertainty.

Interviewer**:** How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
Respondent**:** Before the crisis, we had some automation in place, mainly focused on internal processes like payroll, basic financial reporting, and email marketing campaigns. These processes were already streamlined to reduce manual effort and minimize errors. However, key areas like customer service and project management still required a lot of manual input, which was time-consuming and often led to delays. Once the crisis hit, we had to adapt quickly to the new remote work environment. We adopted more robust and comprehensive tools to ensure business continuity. We implemented automation for customer support by introducing a ticketing system, which allowed us to manage customer inquiries efficiently without needing additional staff. Additionally, we rolled out advanced project management software, which helped track tasks, deadlines, and team collaboration in real time. These tools not only helped us stay organized but also ensured that we could continue operations efficiently even with a reduced workforce working remotely. The automation also allowed us to focus on more strategic initiatives rather than day-to-day tasks.

Interviewer**:** How did your IT systems scale and adapt during the crisis to meet changing demands?
Respondent**:** The crisis forced us to rapidly scale our IT systems in ways we hadn't anticipated. Before the crisis, we had a more localized infrastructure, with on-premise servers and systems that couldn't support the sudden shift to remote work.

With employees now working from various locations, we had to act quickly. We transitioned to cloud solutions, ensuring that all our systems were fully integrated and accessible from anywhere. This allowed our employees to continue working seamlessly, no matter where they were located. In addition, we needed to scale our e-commerce platform to handle the spike in online transactions as more customers turned to digital channels. We adopted cloud services that offered automatic scaling capabilities based on traffic, ensuring that our systems could handle increased demand without crashing or experiencing downtime. While it wasn't an easy process and came with challenges, it was absolutely necessary to keep up with the rapidly changing market conditions and maintain our operational continuity.

Interviewer**:** How stable was the demand for your company's products or services before the crisis and how did market demand for your products or services fluctuate during the crisis?
Respondent**:** Before the crisis, we had stable demand, particularly in our core service offerings, which had been reliable sources of revenue for our business. However, once the crisis struck, we saw a major decline in demand, especially for services that required in-person interaction. Our clients in industries like hospitality, travel, and events dramatically reduced their spending or completely paused their operations. This shift left us with a significant gap in revenue. On the other hand, digital services saw an unexpected boost as businesses were forced to move their operations online to stay functional. Recognizing this shift, we had to pivot quickly and focus on more stable revenue streams, such as digital marketing, e-commerce solutions, and remote consulting services. We expanded our digital offerings to meet the changing demands of our clients. This required a complete reassessment of our customer needs and realigning our strategies, ensuring we were well-positioned to address new market challenges and opportunities.

Interviewer**:** What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis?
Respondent**:** The competitive landscape before the crisis was challenging but manageable, with a few key players in the market, and competition largely based on price and service. We were able to maintain our position by offering quality and personalized service that resonated with our customer base. However, the crisis led to a dramatic shift in the competitive dynamics. Some businesses struggled to adapt and ultimately closed, while others accelerated their shift to digital platforms, aiming to capture a larger share of the market online. This shift resulted in an influx of new competitors entering the digital space, intensifying the pressure on us. As the market adapted and transformed, we realized that we had to rethink our pricing models and reposition ourselves to stay competitive in a more digitally-driven environment. The focus shifted from traditional selling methods to digital marketing, e-commerce

capabilities, and customer experience innovations. The crisis definitely raised the stakes in terms of competition, and we had to act quickly to remain relevant.

Interviewer**:** How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?
Respondent**:** Before the crisis, our customer retention was relatively stable, but we had to put in considerable effort to maintain it due to the increasing competition. We focused on building loyalty by providing excellent after-sales service, offering personalized experiences, and creating loyalty programs that rewarded repeat customers. These initiatives helped us stand out in a crowded market and kept our customers coming back. However, when the crisis hit, we saw a noticeable decline in retention rates, as many customers were facing their own financial challenges. In response, we focused heavily on communication and reassurance. We made sure to keep our customers well-informed about how we were adapting to the crisis, the steps we were taking to ensure continuity of service, and how we were supporting them. This transparency, combined with offering discounts, flexible payment options, and personalized solutions, helped us retain a significant portion of our customer base. Despite the challenging circumstances, our commitment to customer care proved crucial in maintaining loyalty during uncertain times.

Interviewer**:** How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
Respondent**:** Prior to the crisis, we focused heavily on building customer loyalty by consistently exceeding expectations. Our commitment to providing high-quality products, maintaining quick delivery times, and offering a no-questions-asked return policy were cornerstones of our strategy. Additionally, we regularly followed up with clients to ensure their satisfaction and address any concerns proactively. This approach helped us foster strong, long-term relationships with our customers. When the crisis hit, our focus shifted towards keeping customers informed and reassured. We held virtual meetings to discuss the evolving situation, explaining the steps we were taking to continue meeting their needs and to support them through challenging times. We also offered special discounts and extended credit terms to show our commitment to helping them through the crisis. This transparent communication and customer-centric approach not only helped us maintain customer loyalty but also strengthened trust in our brand, solidifying our relationships with clients in the long term.

Interviewer**:** How diversified was your company's customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis?
Respondent**:** Before the crisis, our customer base was well-diversified across several

industries, including automotive, healthcare, and construction. This strategic diversification allowed us to adapt quickly when demand fluctuated due to the crisis. With strong sectors like healthcare continuing to perform well, we were able to shift our focus to these more resilient industries and reduce our reliance on sectors that were more vulnerable to the downturn, like automotive and construction. Additionally, having customers spread across different regions provided a buffer, as each area experienced varying levels of impact. Some regions saw less disruption than others, allowing us to pivot resources and maintain stability in those areas. Overall, this diversification strategy proved to be a critical asset, helping us mitigate risks and reduce the potential negative impact the crisis could have had on our business. It underscored the importance of having a balanced customer base, which ultimately helped us navigate the turbulent period more effectively.

INSTITUTE L

RESPONDENT 11

TRANSCRIPT

Interviewer: Good morning
Respondent: Good morning

Interviewer**:** I'm conducting research on how IT companies in Sri Lanka survive and thrive during the economic crisis. As I mentioned earlier, all the information gathered is strictly for research purposes, and once I receive the full transcript, I will not retain the recording.
Interviewer: Understood

Interviewer: The first question relates to the finance side. How did your company manage cash flow before the crisis, and what strategies were in place to ensure sufficient liquidity for short-term obligations?
Respondent: Before the economic crisis, our company implemented strategic financial management practices to ensure a strong and stable cash flow. We focused on optimizing operational processes and mitigating financial risks to maintain business continuity and resilience. We have some strategies followed before the crises, we optimized accounts receivable and payable cycles, We carefully managed our accounts receivable and payable cycles to maintain a steady cash flow. By setting clear payment terms, proactively following up on outstanding invoices, and negotiating favorable payment schedules with vendors, we ensured a well-balanced inflow and outflow of funds. This approach minimized liquidity constraints and allowed us to meet financial obligations on time. Also, we managed Strong Banking and Investor Relationships, we cultivated strong relationships with financial institutions and investors to ensure access to credit lines and emergency funding when necessary.

Interviewer**:** What types of credit facilities were available to your company before the crisis, and how were they used to support regular operations? Respondent**:** Before the economic crisis, our company had access to various credit facilities that played a crucial role in maintaining liquidity and ensuring smooth business operations. By leveraging these financial instruments strategically, we were able to manage cash flow effectively and sustain growth. We have Short-Term Credit Lines from Multiple Banks. We established strong relationships with multiple banking institutions, which provided us with short-term credit facilities. These credit lines were primarily used to bridge temporary cash flow gaps, finance operational expenses, and support payroll during periods of delayed client payments. The availability of these funds allowed us to maintain stability and flexibility in financial planning. Also we have overdraft facilities for emergency fund access, these acted as an emergency financial buffer, these help us to access to additional funds when needed, and these help us to manage unexpected financial demands that can be met without disrupting operations. By strategically utilizing these credit facilities, we maintained financial agility, supported regular business operations, and ensured the company remained resilient in the face of potential economic disruptions.

Interviewer**:** How did your company build and manage its financial reserves before the crisis, and what role did these reserves play in your financial strategy? Respondent**:** Before the economic crisis, our company adopted a structured approach to building and managing financial reserves, ensuring long-term financial stability and resilience. These reserves played a pivotal role in our financial strategy, allowing us to mitigate risks, cover unexpected expenses, and sustain operations during periods of uncertainty. One major thing we did from the start of the business is we systematically allocated part of annual profits. What we did was allocated a fixed percentage of our annual profits to a dedicated reserve fund. This allocation was carefully structured based on revenue forecasts, anticipated risks, and long-term business goals. By consistently setting aside funds each year, we ensured that the company maintained a strong financial cushion without compromising growth initiatives.

Interviewer**:** How diversified were your company’s revenue streams before the crisis, and how did this diversification contribute to financial stability? Respondent**:** Before the economic crisis, our company strategically diversified its revenue streams to enhance financial stability. Basically we have focus on two sectors before the crisis.Our main focus is in to software development where we Providing custom software solutions to clients across various industries, ensuring a steady demand for technology-driven services and we provide IT consultancy for the companies where we offer strategic advisory services to businesses seeking to optimize their IT infrastructure, improve cybersecurity, and enhance digital transformation.

Interviewer**:** What measures did your company implement during the crisis to maintain positive cash flow?
Respondent**:** During the economic crisis, our company implemented several strategic financial measures to maintain a positive cash flow, ensure business continuity, and reduce financial strain. These proactive steps allowed us to navigate uncertainty while sustaining operations and meeting financial obligations. As main action what we did, we renegotiation of contracts and payment terms. Basically we engaged in discussions with key clients and vendors to renegotiate contract terms, ensuring more favorable payment schedules. This include several things like extending project timelines, adjusting service delivery expectations, and securing upfront payments where possible.Also we accelerated of invoice collections. This is not a easy one to do, what we did was strengthened our accounts receivable processes by proactively following up with clients on outstanding invoices and giving discounts for early payments, this quite interesting for us because we introduced discounts for clients who settled their invoices ahead of schedule.

Interviewer**:** How did your company utilize credit facilities during the crisis, and what impact did credit access have on maintaining liquidity and continuing operations? Respondent**:** Our company strategically leveraged credit facilities to maintain liquidity. We carefully managing debt and optimizing borrowing strategies, we ensured financial stability while minimizing long-term risks. We discussed with banks and arrange extension of credit lines for immediate liquidity support. This approach ensured that we had access to readily available funds to manage payroll, rent, and supplier payments without facing cash flow disruptions.Also as I mentioned earlier as well invoice discounting worked very favorably for us because it help us to get some immediate payments in outstanding invoices. This helps us to bridge the temporary liquidity gaps without increasing long-term debts.

Interviewer**:** How were your financial reserves utilized during the crisis, and how did they help your company sustain operations and mitigate revenue shortfalls? Respondent**:** Yes, we strategically utilized financial reserves to sustain operations, mitigate revenue shortfalls, and ensure business continuity. These reserves played a critical role in maintaining stability, protecting employees, and enabling strategic adjustments to market demands. In this critical time one of our main focus is ensuring that employees continued to receive their salaries without disruption because covering payroll is critical for us for employee retention, as you know in our industry people is the biggest asset we have. Also we identify what are the shifts in market demand and allocate part of our reserves to enhance and expand service offerings to that side such as cloud solutions, AI, and so on.These investments not only helped us generate alternative revenue streams but also positioned us as a valuable partner for businesses adapting to the crisis.

Interviewer**:** How did revenue diversification help mitigate financial risks during the crisis, and which revenue streams proved most reliable during periods of market disruption?
Respondent**:** This is an interesting one. Diversification played a critical role in mitigating financial risks during the economic crisis, allowing our company to maintain stability despite market disruptions. By offering a range of services across different industries and adapting to changing demands, we minimized revenue volatility and ensured business continuity.As part of diversification we try to balancing losses across market sectors, if I explain this little bit as you know this crisis impact various industries differently right, as an example while some clients in retail and hospitality reduced IT spending, demand from healthcare, financial services, and education sectors remained strong, helping offset revenue losses. By diversifying our revenue streams to these areas, we were able to absorb financial shocks in struggling sectors while leveraging opportunities in resilient or high-demand markets.

Interviewer**:** How did your company structure compensation and benefits packages before the crisis, and what strategies were used to remain competitive in attracting and retaining talent? Also What changes, if any, were made to your company's compensation and benefits packages during the crisis?
Respondent**:** Yes shehan, we designed a comprehensive compensation and benefits structure aimed at attracting, retaining, and motivating top talent. By combining competitive salaries, performance-based incentives, and flexible work arrangements, we ensured a strong employer value proposition that aligned with industry standards and employee expectations. We conducted regular market research to ensure that our salary offerings remained competitive within the industry and we structured our salaries based on experience, skill level, and industry demand, ensuring that we attracted high-caliber professionals.And all the salary increments were performance-driven and based on periodic evaluations to recognize contributions and retain key employees.

Interviewer**:** What types of career development and training opportunities were available to your employees before the crisis and during the crisis?
Respondent**:** Actually we have placed career development and training programs even before the crisis. What we did was we strength these programs during the time. We increase access to training opportunities that enhanced their skills, career growth, and overall job satisfaction. By investing in structured learning programs, we fostered a culture of innovation, adaptability, and professional excellence. One main thing we did was encouraged employees to do certifications from leading institutions and technology providers with the company covering exam fees and training costs, this help them to enhance their technical and management skills.Since we notice people are trying to migrate heavily, we start building up second level inside the companies we arrange leadership and management development programs.These programs

focused on strategic decision-making, team management, conflict resolution, and business communication to prepare employees for higher responsibilities. Apart from these we do internal mentoring and coaching sessions were conducted by senior guys, providing guidance on career progression and leadership growth.

Interviewer**:** How would you describe the state of your IT infrastructure before the crisis and what are the changes you made in the period of crisis?
Respondent**:** Actually we started major revamp on our infrastructure before the crisis. Since it is in our road map. We start moving towards cloud-based architecture designed to ensure scalability, efficiency, and business continuity. By leveraging cutting-edge technologies, we optimized performance, enhanced security, and positioned ourselves for seamless adaptation to evolving business needs.We continue the same plan we started during the crisis time as well, which includes Cloud-Centric and Scalable Architecture, focused on Cybersecurity and Data Protection Measures and many other strategies. By maintaining a modern, scalable, and secure IT infrastructure, we ensured that our company was technologically resilient, adaptable to changing market conditions, and capable of sustaining business operations even during times of crisis. This proactive investment in cloud-based infrastructure, cybersecurity, automation, and remote accessibility positioned us for continued success and growth.

Interviewer**:** How automated were your business processes before the crisis and what kind of tools did you introduce during the crisis?
Respondent**:** Actually, we started automation some of our processes before the crisis. We already embraced automation across multiple business functions, significantly improving efficiency, reducing operational costs, and enhancing decision-making. By leveraging advanced automation tools and AI-driven systems, we streamlined core processes in HR, finance, project management, and beyond, ensuring agility and scalability. If I give you some context on this,Our HR team started using AI driven resume screening and applicant tracking systems (ATS) expedited the hiring process, enabling data-driven talent acquisition decisions. And we auto mate leave tracking, attendance management and few other things to reduce burden on administration side. These things help us to easily manage the workforce and HR management.

Not only that our CRM system was fully automated, enabling efficient client communication, lead tracking, and sales pipeline management. Also we use AI-powered chatbots and automated email marketing campaigns enhanced customer engagement while reducing manual workload.These automations help us drive through the crisis because we were able to reduced operational inefficiencies, improved accuracy, and increased scalability.

Interviewer**:** How did your IT systems scale and adapt during the crisis to meet changing demands?
Respondent**:** During the economic crisis, our IT systems demonstrated remarkable

scalability and adaptability, enabling us to meet rapidly changing business demands and ensure operational continuity. By leveraging cloud-based infrastructure and expanding remote access capabilities, we maintained seamless service delivery, optimized performance, and supported a dynamic workforce transition. Since after pandamic began remote work became the norm, we enhanced VPN capacity and implemented secure cloud-based access solutions**,** ensuring seamless connectivity for employees across multiple locations. Also to maintain cost efficiency while scaling, we implemented cloud cost optimization strategies, such as rightsizing instances, leveraging spot instances, and utilizing reserved cloud resources. By rapidly scaling cloud infrastructure, enhancing cybersecurity, expanding remote access capabilities, and optimizing IT resources, we successfully adapted to changing demands during the crisis while ensuring business continuity.

Interviewer**:** How stable was the demand for your company's products or services before the crisis and how did market demand for your products or services fluctuate during the crisis?
Respondent**:** Before the economic crisis, demand for our company's products and services was strong, driven by a steady increase in digital transformation initiatives across multiple industries. Our diverse service offerings and focus on emerging technologies positioned us as a trusted partner for businesses looking to modernize their operations. As I mentioned earlier we focus on new strategies, as you see many companies looking towards consistent growth in digital transformation projects, our custom software development and IT consulting services were in high demand, particularly in industries such as finance, healthcare, e-commerce, and manufacturing**.**

Interviewer**:** What was the level of competition in your market before the crisis and how did the competitive pressure in your market change during the crisis?
Respondent**:** Before the economic crisis, our market was highly competitive, with both local and international firms offering similar IT services. The industry was characterized by rapid innovation, evolving customer expectations, and pricing pressures from emerging players. However, our strategic focus on quality, value-driven solutions, and customer-centric services helped us maintain a strong market position. During the crisis, competitive dynamics shifted, with many firms reducing pricing to attract clients, while we reinforced our commitment to differentiation through innovation, service excellence, and long-term value creation. As I mentioned before the crisis it is intense and rapidly evolving market because global outsourcing trends and remote work advancements led to increased competition from international service providers, many of whom offered lower-cost alternatives. This leads us to price competition and market consolidation. To avoid this situation we strengthen our value proposition by introduced flexible pricing models and scalable service packages, allowing clients to customize solutions based on their evolving business needs and our

expertise in digital transformation, cybersecurity, and cloud infrastructure optimization positioned us as a key player in helping businesses transition to remote and hybrid work models.

Interviewer: How stable were your customer retention rates before the crisis and how did customer retention rates change during the crisis?
Respondent: Before the economic crisis, our company maintained a strong customer retention rate of over 85%, driven by long-term client relationships, exceptional service quality, and a commitment to delivering value-driven IT solutions. Even during the crisis, while some clients reduced IT spending due to financial constraints, our retention rates remained high as businesses continued to rely on essential IT services for operational stability and digital transformation.For this success I see several factors on this, Proactive Client Engagement & Support, Flexible and Scalable IT Solutions and Long-Term Relationship Focus enagement played crucial role.

Interviewer: How did your company build and maintain customer loyalty and trust before the crisis and what steps did you take to strengthen customer loyalty and trust during the crisis?
Respondent: Before the economic crisis, our company built and maintained strong customer loyalty and trust through a commitment to personalized service, fast response times, and long-term client engagement. Our customer-first approach ensured high satisfaction, retention, and long-standing relationships. During the crisis, we reinforced this trust by offering extended support, flexible contracts, and additional value-added services, ensuring that clients could continue relying on us despite financial and operational uncertainties. We work on this in a different strategy. Our 24/7 customer support and proactive issue resolution reinforced our reputation for reliability and responsiveness. Also we invested time in understanding each client's unique business needs, providing customized IT solutions tailored to their goals and challenges and we introduced adjustable pricing models, deferred payment options, and contract flexibility, ensuring that financial constraints did not force clients to terminate essential IT services.

Interviewer: How diversified was your company's customer base across different segments or regions before the crisis and how did diversification of your customer base help mitigate risks related to demand fluctuations during the crisis?
Respondent: Before the economic crisis, our company maintained a highly diversified customer base across multiple industries and geographic regions. This strategic diversification reduced our reliance on any single market segment, allowing us to mitigate risks associated with demand fluctuations. During the crisis, while some sectors experienced significant downturns, industries such as healthcare and e-commerce saw rapid growth, helping us maintain financial stability and operational continuity.We always try to maintain a balanced portfolio across industries and

regions, for this we focus different industries such as finance and banking, healthcare, retail and e-commerce etc.Also we are focusing on diversify our regions, first we focus on asia pacific region. But with the crisis we extend our business arm in to middle east, north amaerican region and then to Europe as well. By maintaining a well-balanced industry and geographic diversification strategy, we successfully mitigated risks, ensured financial stability, and adapted to shifting market demands during the crisis. This resilience allowed us to retain clients, explore new opportunities, and reinforce our market leadership in the IT services sector.