COVID-19: THE IMPACT ON THE — ECONOMY & OUR LIVES —

A short webinar to answer your questions on the economic implications of Covid-19.

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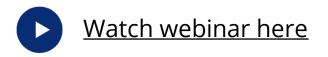


Karim Jetha AKEPB Board Member

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June 2020

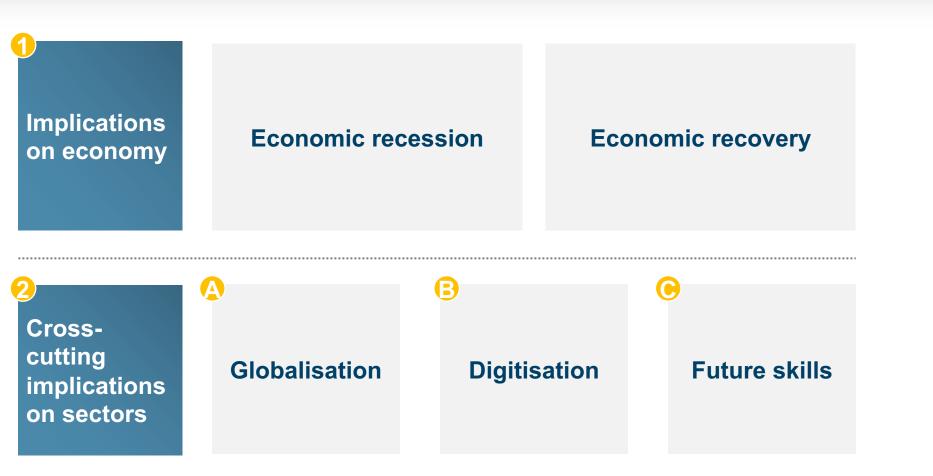
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This webinar explores the impact of Covid-19 on the general economy, and some cross-cutting themes
Topic map



Economy: a global recession but 'green shoots' are emerging

Topic

■ UK GDP expected to fall 15% in 2020 (BoE) → we are now
entering a '90% economy'

Economic recession

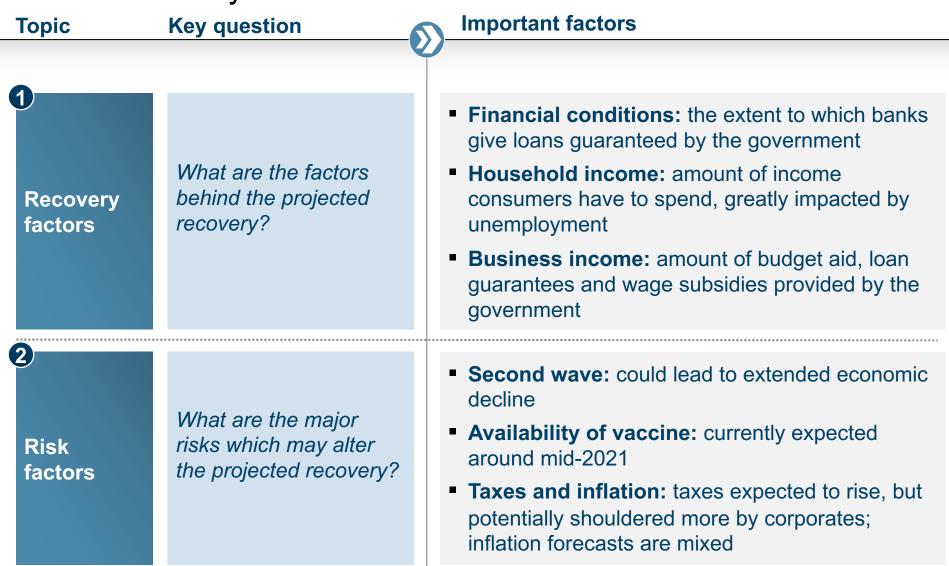
- Household consumption, company sales, and investment all expected to fall between 30-50% in 2020
- Recession triggered by impact on both supply and demand
 - Supply side: closure of workplaces, supply chain disruptions
 - Demand side: lower footfall, higher savings

Economic recovery

2

- 'Green shoots' emerge as recovery expected in 2021, although trajectory is uncertain (U/V/L shaped)
- China recovery in April is a good example: industrial production 100% pre-COVID levels, but services remain at 70% and exports affected

Economy: multiple factors to keep in mind when projecting the economy



Globalisation: opportunities for agile businesses

Торіс	Challenges	<u>Opportunities</u>
1 Travel	 Immigration controls Consumer willingness to travel Reduced choice of flights 	 Repositioning for leisure companies towards domestic tourism 'Air bridges' to selected countries
2 Trade	 Protectionism, building on Brexit Potential tariff hikes 	 Growth opportunities in sectors deemed important to national security (e.g. agriculture, medical equipment, pharmaceuticals)
3 Supply chain	 Uncertainty on the availability of inputs Focus on reducing number and geographic breadth of suppliers 	 Reshoring production/services to domestic/friendly countries Rethink the number and location of suppliers, and steps in supply chain

Case study: BA Transfers is an example of repositioning your business in light of the 'new normal'

Company

Situation

 BA Transfers is an airport transfer taxi service

 Passenger traffic at London Heathrow is estimated to have reduced by 97% since the outbreak of COVID-19 The company identified that there was a huge demand for online delivery services from their existing customer base and national supermarkets were unable to keep up

Response

How should they make the most of their fleet of taxies given the uncertain length of business interruption? → Launched 2local.co.uk, a grocery delivery service that leverages their fleet of drivers and cars



Digitisation: Covid-19 has accelerated adoption of digital channels, changing our behaviours

Area of change

1 How we buy	 Customer Behaviour has evolved from high-street to online Retailers will need to adapt to offer an omni channel approach Customers looking for speed and efficiency on their terms Example: Ocado has seen a 40% YoY sales growth in Q120 More ecommerce means less reliance on high-street
2 How we consume media	 Entertainment is now global and on demand Targeted audiences tiered by consumption (YouTube/TikTok) Example: Netflix added 15.8m subscribers in Q120 – 2x its target Ongoing shift to digital media means we can expect more volumes of content, and targeted advertisements
3 How we communic ate	 New Global Networks exist linking territories to make us more connected: Zoom participants moved from 10M in Dec to 300M in April Despite lower in-person communication, we are closer than ever before

2E

Digitization: Covid-19 has changed our daily way of life to a "Next Normal"

Area

(4)

(5)

How we work

• A "Next Normal" of working will emerge:

- Virtual remote maintain remote work while increasing flexibility
- Onsite flexible return to work with onsite flexibility
- Onsite critical defined plan for onsite work with local context
- Other reskilling, training, middle management layoffs
- Example: Twitter and other companies are shifting to a long term WFA

→ Be prepared for less office time, lower demand for commercial real estate

How we learn

- Blended Learning: Mixing In person, live online, and self study

 Bloomberg: "The biggest, sustained, mass experiment in online
 education since the Internet was founded"
 - Example: Google Classroom saw 400% increase in use in 3 months; Cambridge University going fully online AY 2020/2021
- \rightarrow Be ready to learn in a mixed mode environment

Future Skills: COVID-19 increases the importance of Science and Technology, and Data science in particular

Area

 Science Technology Engineering and Mathematics (STEM) have become important to everyone as we evolve into a more tech and innovation dependent world In the next decade 80% of professions will require a deep understanding of STEM skills, no matter the vertical > Build some of your skills in STEM-related subjects
 Data science involves developing methods of recording, storing, and analyzing data to effectively extract useful information
 Data will become central to many industries as AI and machine learning start to automate analogue areas of our lives Particular focus areas: Healthcare, Retail, Education, Finance
 → Focus on one of three areas - interrogation, data visualization, and analysis. Specific skills include: – Hard Data Skills e.g. Python, SQL, R – Analytical Data Skills e.g. Tableau, Periscope, Looker