

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

## Topic map



1

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

Topic

Causes

1

## Economic recession

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

2

## Economic recovery

- **'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

1

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

Topic

Key question



Important factors

1

## Recovery factors

*What are the factors behind the projected recovery?*

- **Financial conditions:** the extent to which banks give loans guaranteed by the government
- **Household income:** amount of income consumers have to spend, greatly impacted by unemployment
- **Business income:** amount of budget aid, loan guarantees and wage subsidies provided by the government

2

## Risk factors

*What are the major risks which may alter the projected recovery?*

- **Second wave:** could lead to extended economic decline
- **Availability of vaccine:** currently expected around mid-2021
- **Taxes and inflation:** taxes expected to rise, but potentially shouldered more by corporates; inflation forecasts are mixed

# Globalisation: opportunities for agile businesses

## Topic

## Challenges



## Opportunities

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



### Response



- 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

*How should they make the most of their fleet of taxis given the uncertain length of business interruption?*

- 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

→ 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 communicate

- **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**

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

## Area

4

### 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**

5

### 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*
- **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

1

### STEM

- 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**

2

### Data science

- 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