

IMAGINING A “POST COVID-19” GLOBAL
ECONOMY –
PROSPECTS & POSSIBILITIES AHEAD:
STRATEGIC DOS & DON'TS ?

Partha S. Ghosh

May 25th 2020



Agenda

Five fundamental points

Corona-virus pandemic: Avoiding the likely **Armageddon**?

Beyond the obvious jolts: Need for an “**ego free**” Global coordination that will shape the “**Essential Logic**” of an “**Enlightened Civilization**”

New habits + New Preferences = **New Economic Constructs**?

Organizations to reinvent the future with a **fundamentally new perspective** (?)

Managing transitions through **multiple points of inflection**: Do we have the will?

The challenge is more serious than we ever imagined?



The Challenge?

Cases

Deaths

5.5 M

0.35M



1.7 M

0.1 M

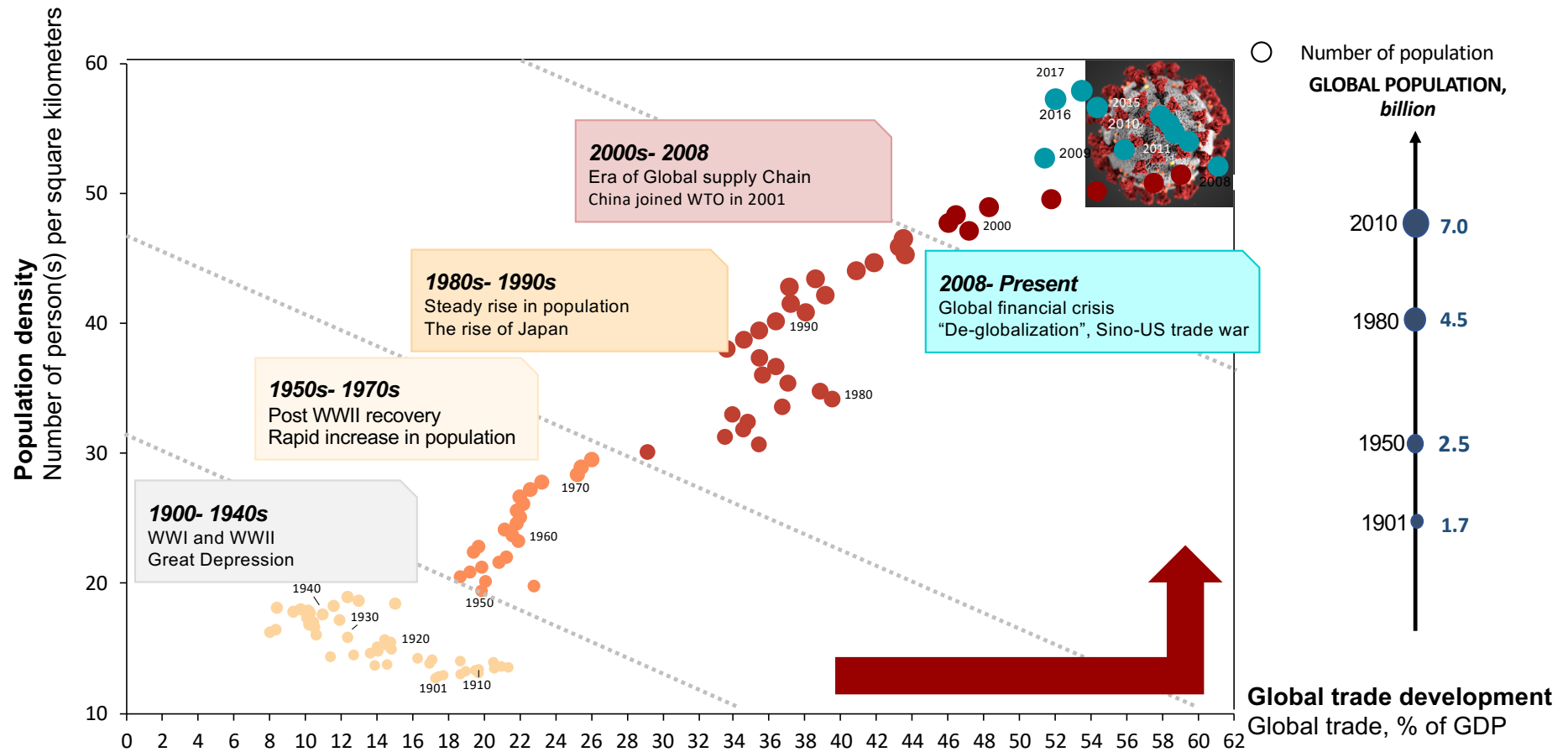
COVID 19 RESPONSE: Innovative integration of multiple perspectives will be essential to shape a new socio-economic equations that are more robust





Corona-virus pandemic: Avoiding
the likely **Armageddon**?

With increased Globalization and significantly greater population density, infectious diseases like COVID-19 are dangerously more infectious



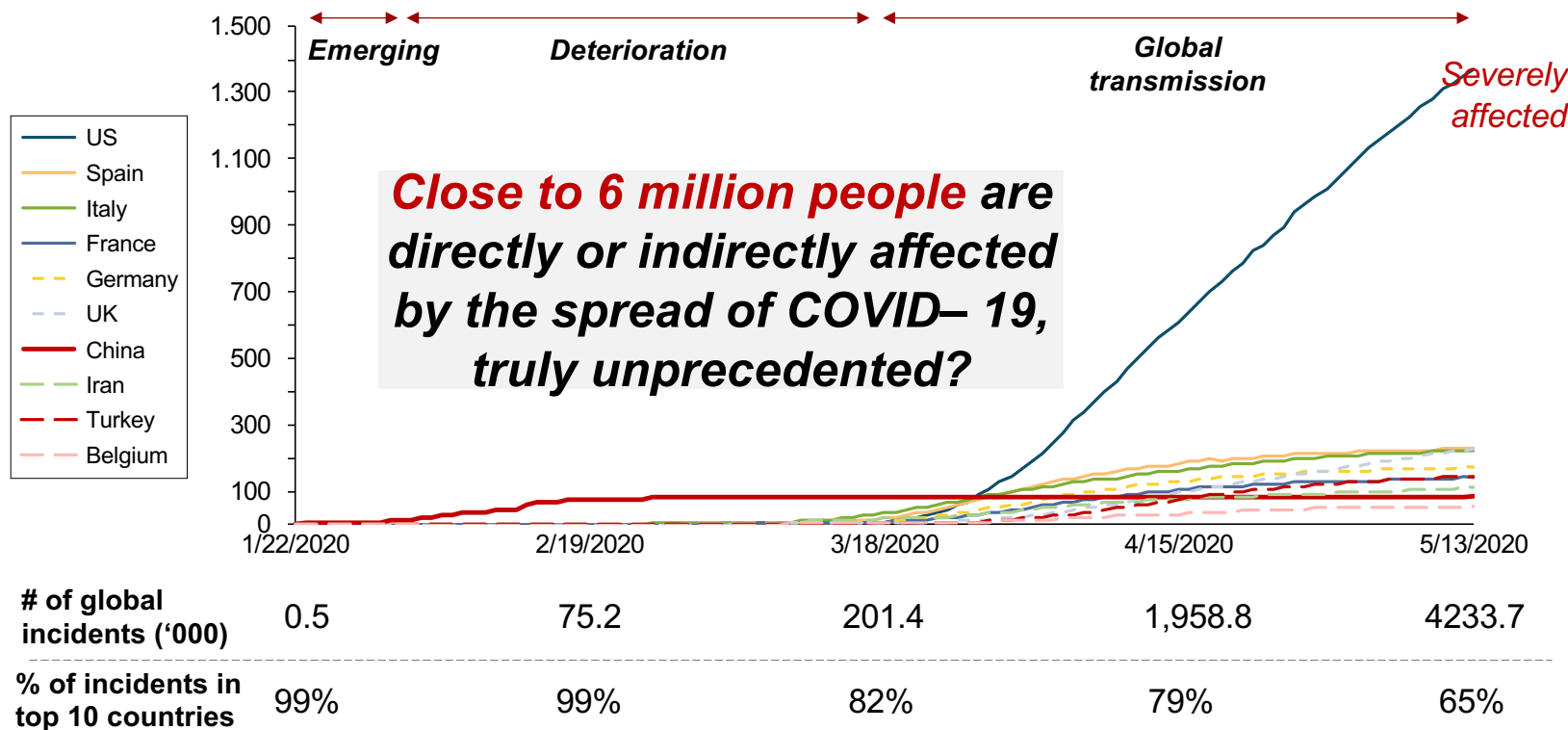
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Source: Our world in Data, Maddison project database, World bank, HYDE (2016), UN World Population Prospects (2019) , EIU Analysis

The current pandemic COVID-19 has spread quickly to more than 180 countries within the span of four months



INCREASE OF AFFECTED POPULATION BY COUNTRY (1/22/2020 – 5/13/2020)



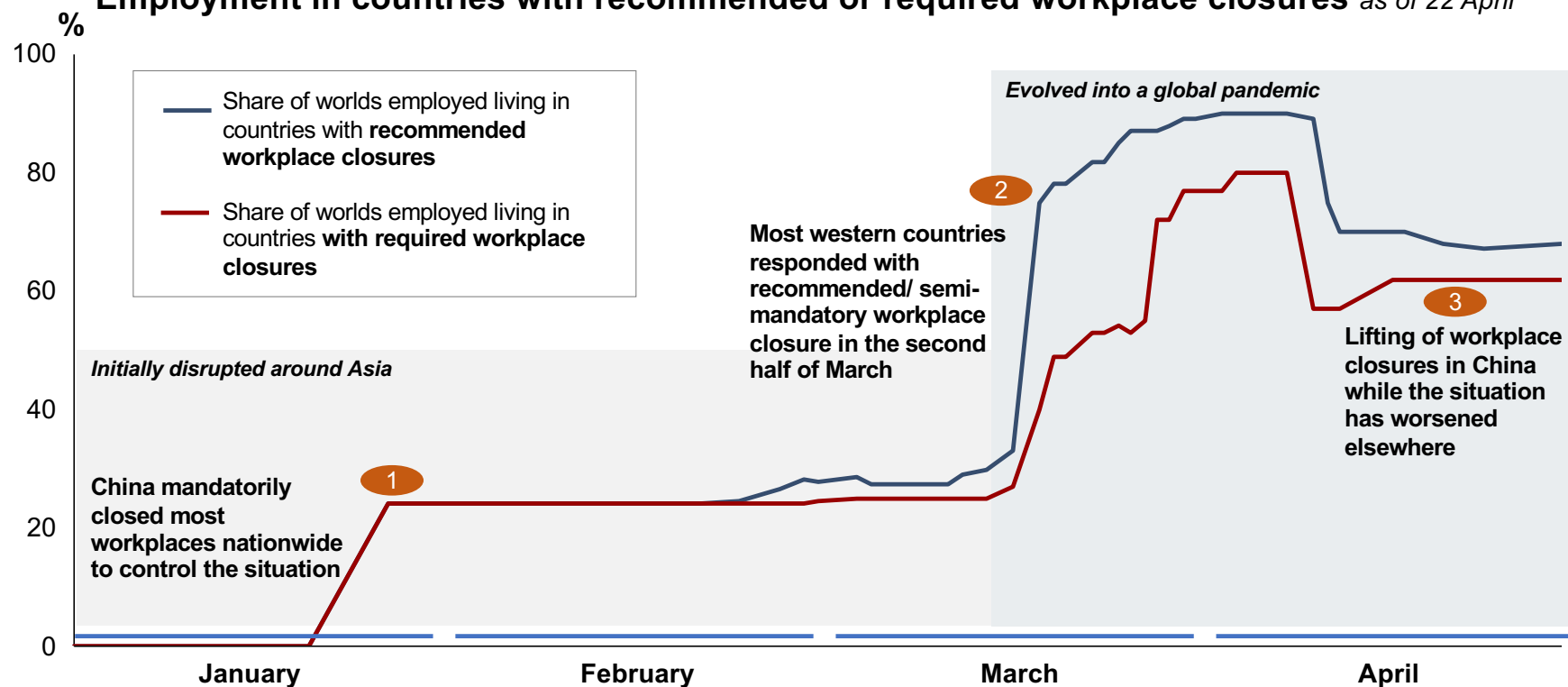
Share of Incidents (‰ of total population)

	4.2
	4.9
	3.6
	2.2
	2.1
	3.4
	0.1
	1.4
	1.7
	4.7
Worldwide	0.6

Global employment has been influenced in very significant fashion



Employment in countries with recommended or required workplace closures as of 22 April



	January	February	March	April
Total case	9,826	85,203	777,187	2,513,399
Total cases per million	1.26	10.931	99.706	322.446
7-day growth rate	627.9%	8.1%	86.4%	17.8%

NOTE: Data collected as of end of each month

Source: International Labour Organization, Our world in data, EIU analysis

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Our response to Covid-19? *What could have been versus where we are?*

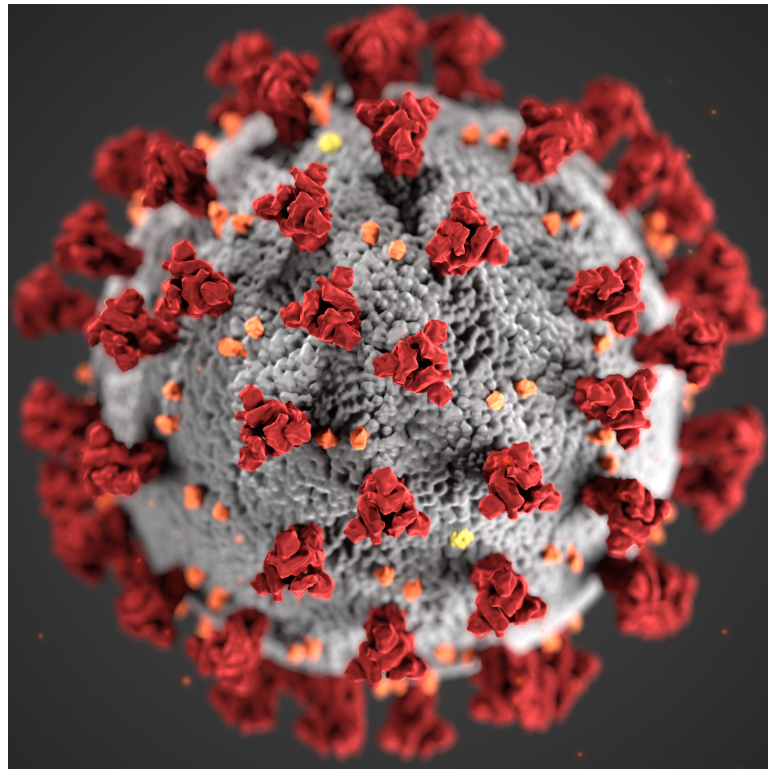


**Think
Local?.....**

Act Local?.....

**Leverage
Global?.....**

**Holistic
Perspective?...**



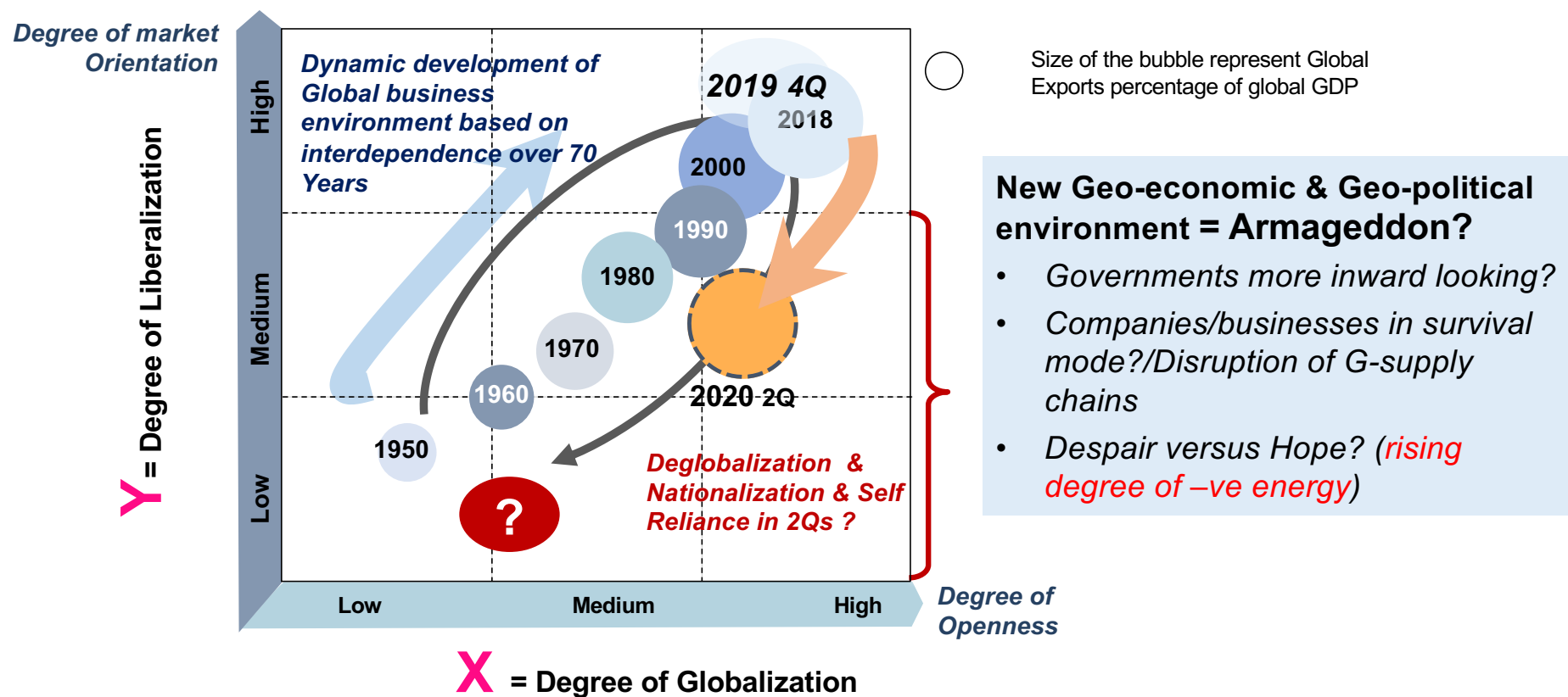
- Local demographics
- Local professions/jobs
- Local behaviors
- Local health care systems
- Local infra-structure

- Regulatory measures
- Local industry responses
- Local health care responses
- Local stay at home/curfews.

- Global knowledge base
- Global supply chain ?
- Global practices
- Global travel restrictions

- Health care systems & supply chain implications
- Financial/Economic implications
- Capitalism versus Socialism versus “New ism”

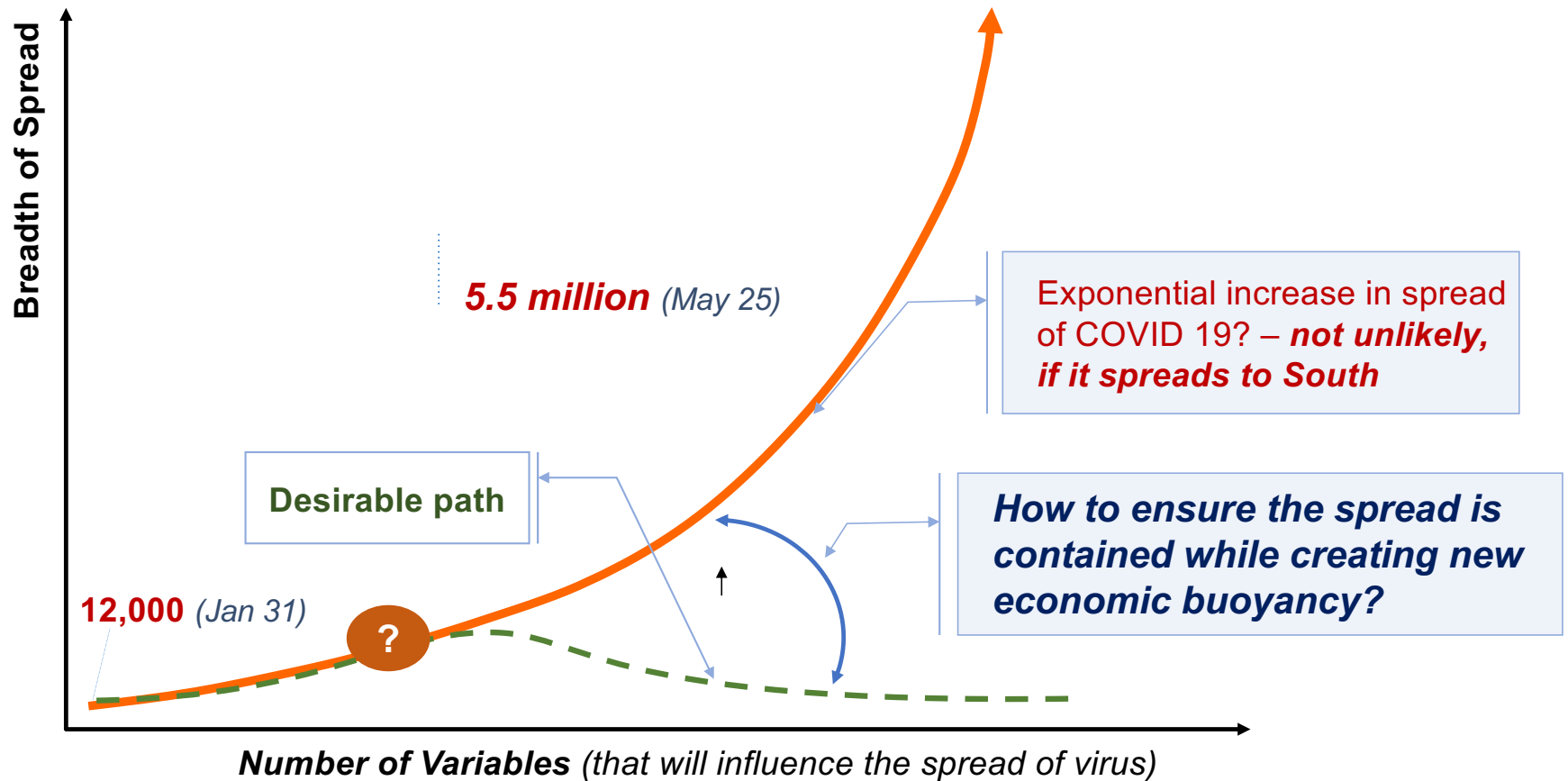
Unfortunately COVID 19 has uncovered weaker instincts of humanity, perhaps leading to **Geo-economic Armageddon (?)**



We are indeed at a critical point



Conceptual





Beyond the obvious jolts:
Need for an “**ego free**”
Global coordination that will
shape the “**Essential
Logic**” of an “**Enlightened
Civilization**”



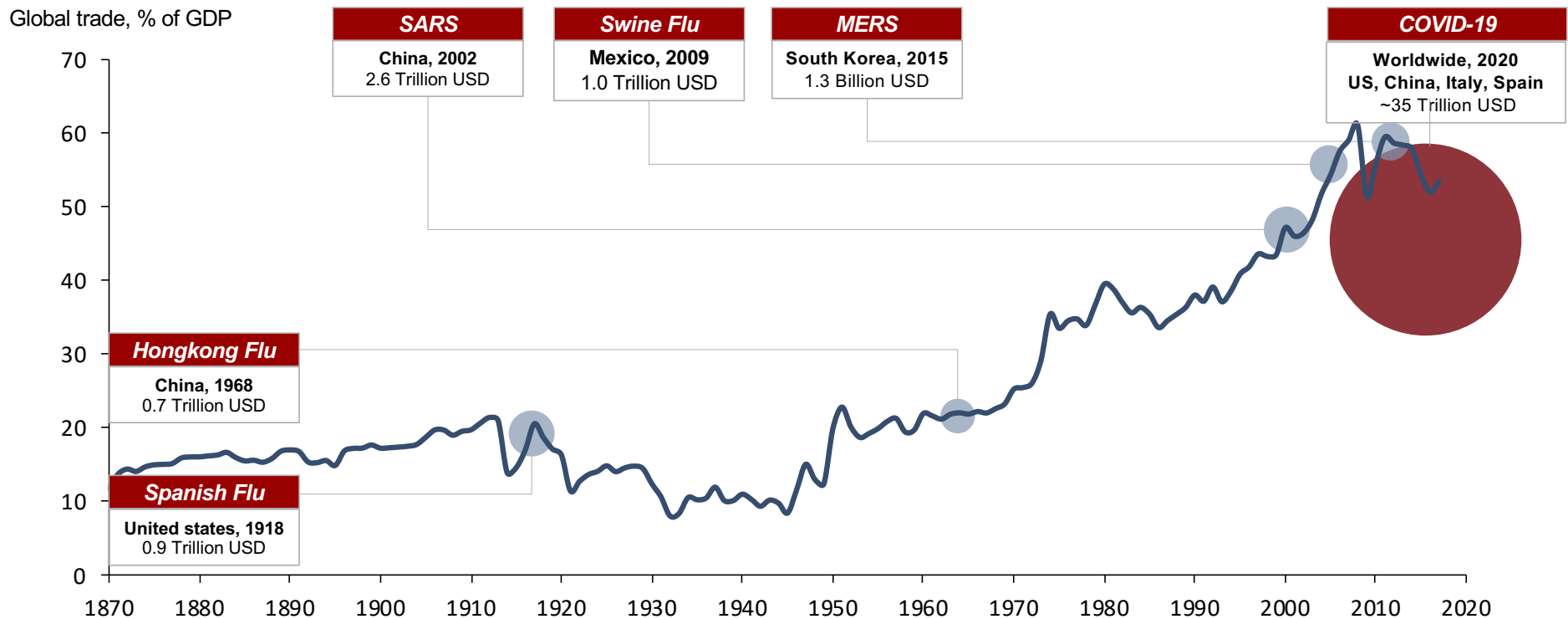
Luca D'Urbino

Major global epidemics are seemingly occurring at an alarmingly high frequency in the last 20 years



MAJOR EPIDEMICS IN THE LAST CENTURY

Size of circle represents GDP of epicenter in the starting year of epidemic



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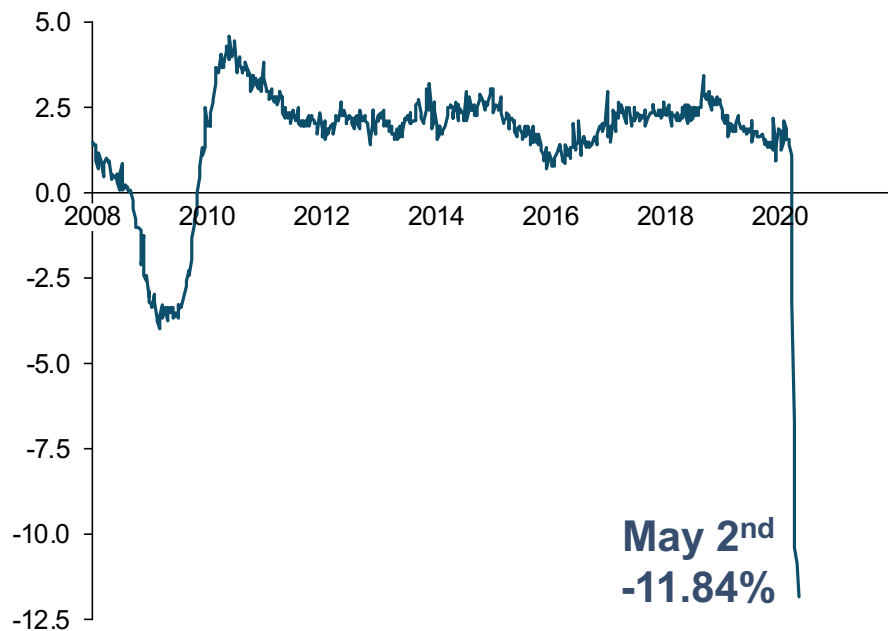
Source: Our world in Data, 1870- 1949: Klasing and Milionis (2014) (based on Maddison) (%), 1950-2017: Penn World Tables (9.1) (%), Maddison project database, CGIDD,

Impact on global GDP growth has been profound



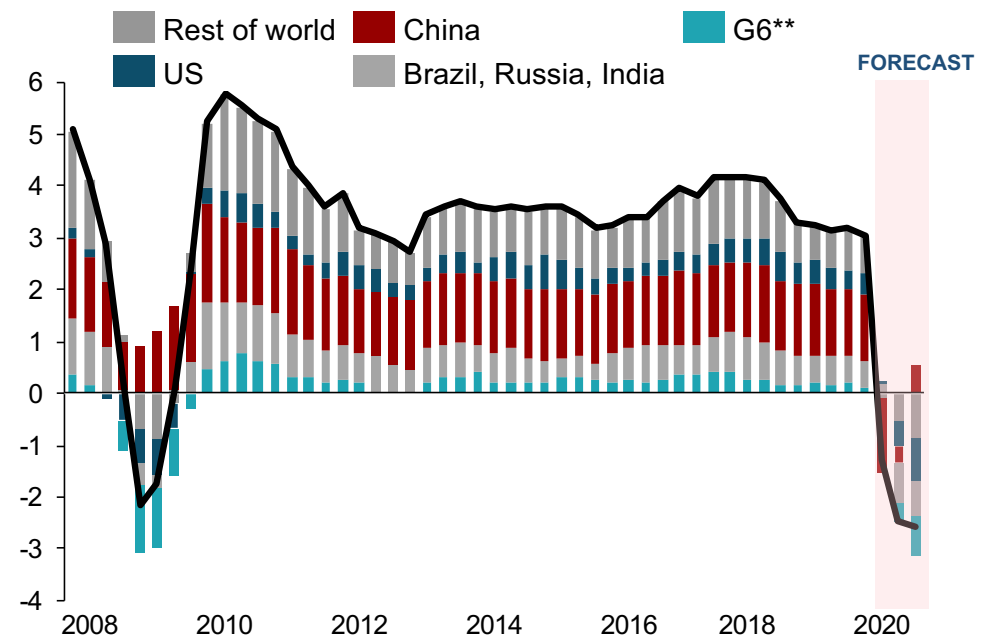
WEEKLY GDP OF UNITED STATES

(% change on a year earlier, 05/01/2008 – 02/05/2020)



CONTRIBUTION TO WORLD GDP GROWTH

(% change on a year earlier*, 2008 – 2020)



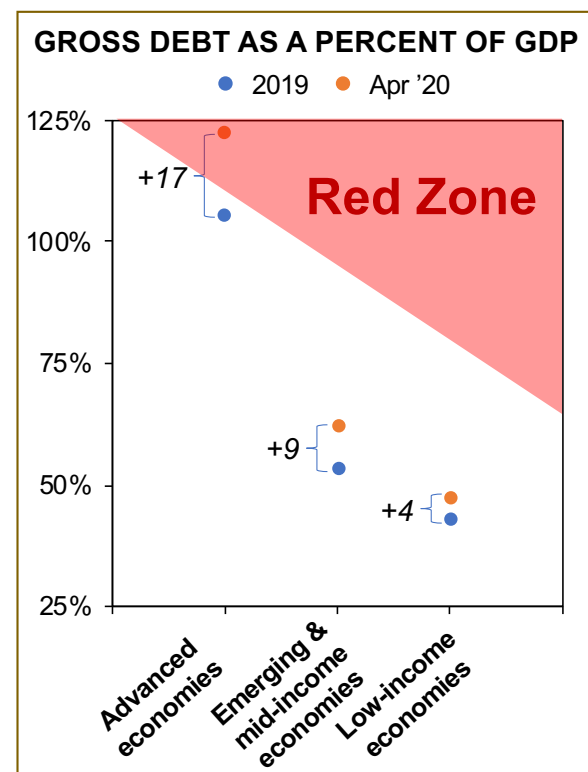
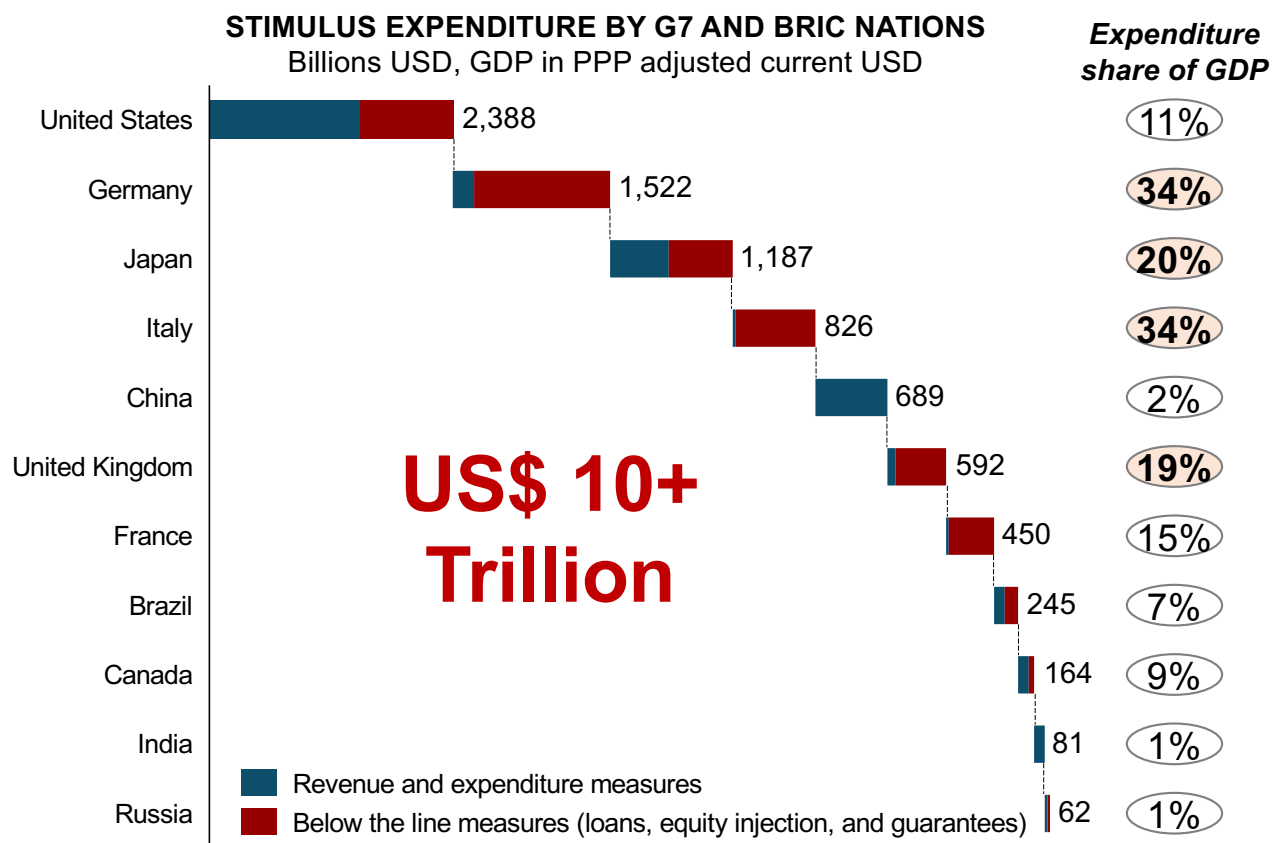
*: Estimates based on 90 economies, weighted by GDP at PPP, representing 90% of global output

** : Britain, Canada, France, Germany, Italy, Japan

Sources: FRBNY; Haver Analytics; IMF; Now-Casting; The Economist

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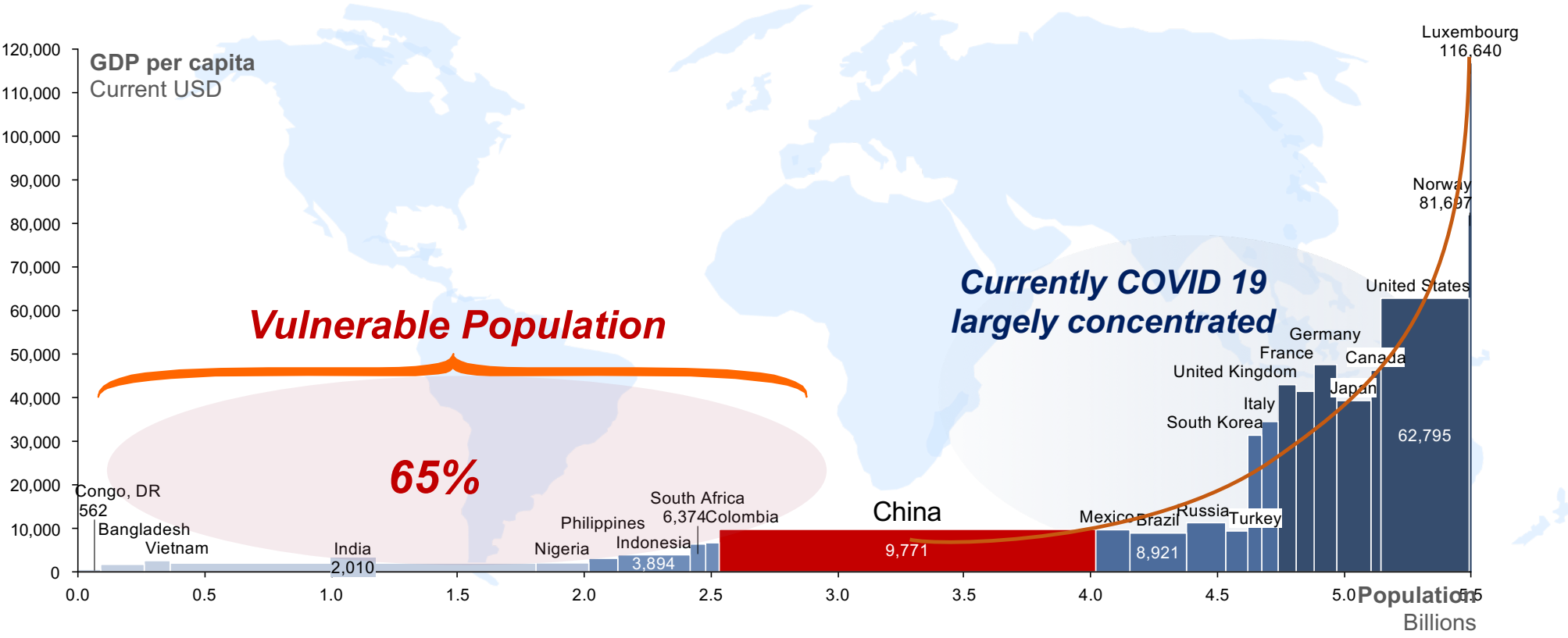
Fighting COVID-19 has been expensive and will raise national debt levels



While large segments of the global population who are economically disadvantaged are increasingly vulnerable



Global Population versus Relative Earnings (\$/capita) 2018

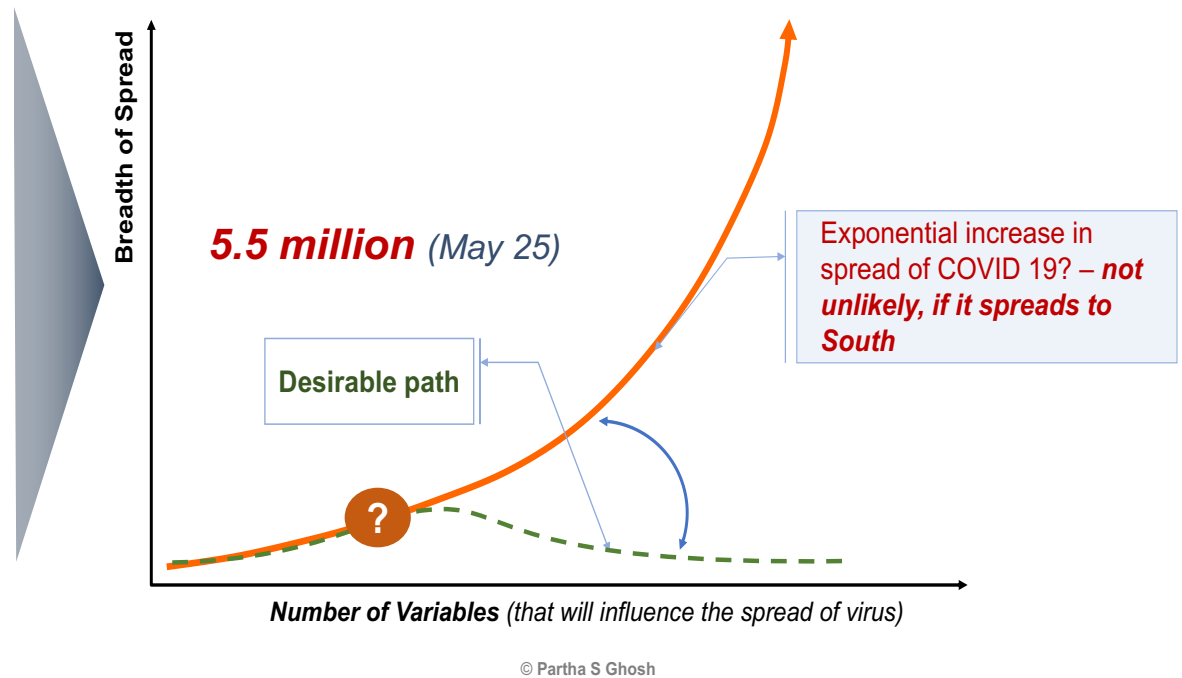


SOURCE: World Development Indicators

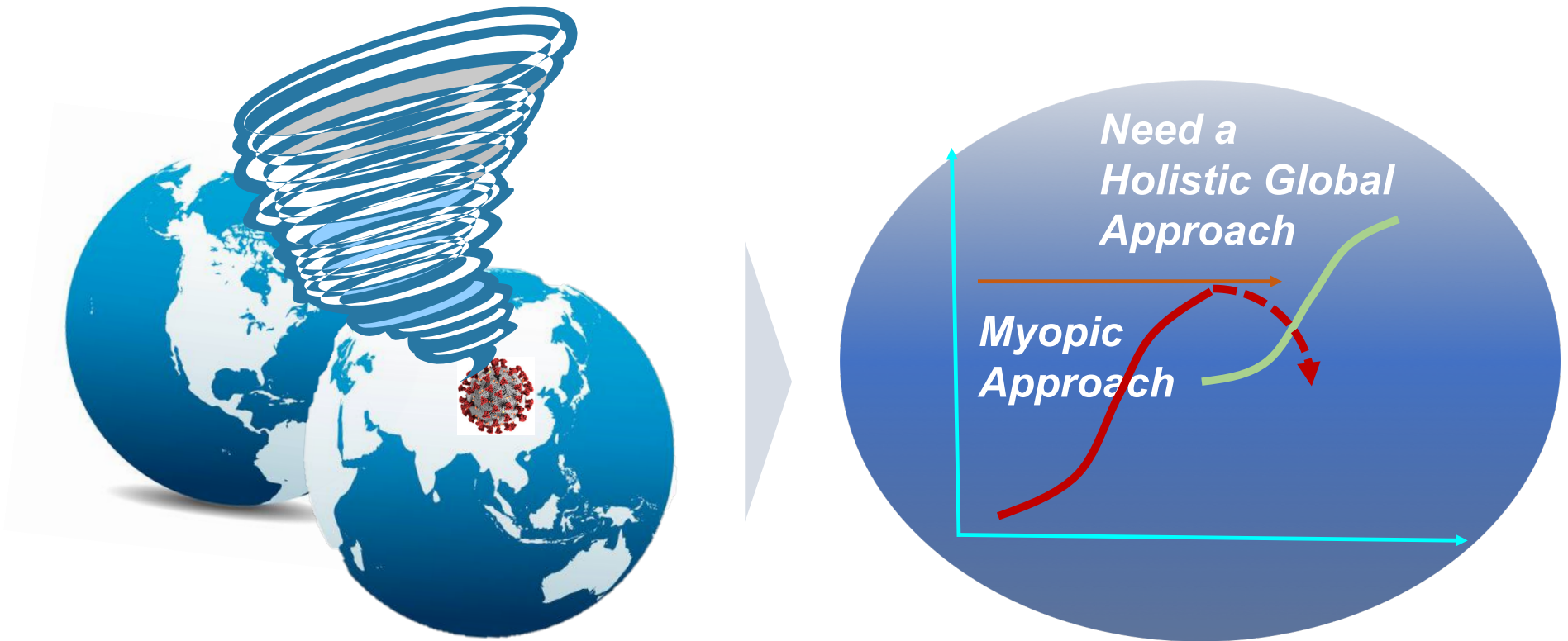
In large segments of the world, practicality of physical distancing is questionable? ... *and likely outcome could be dangerous?*



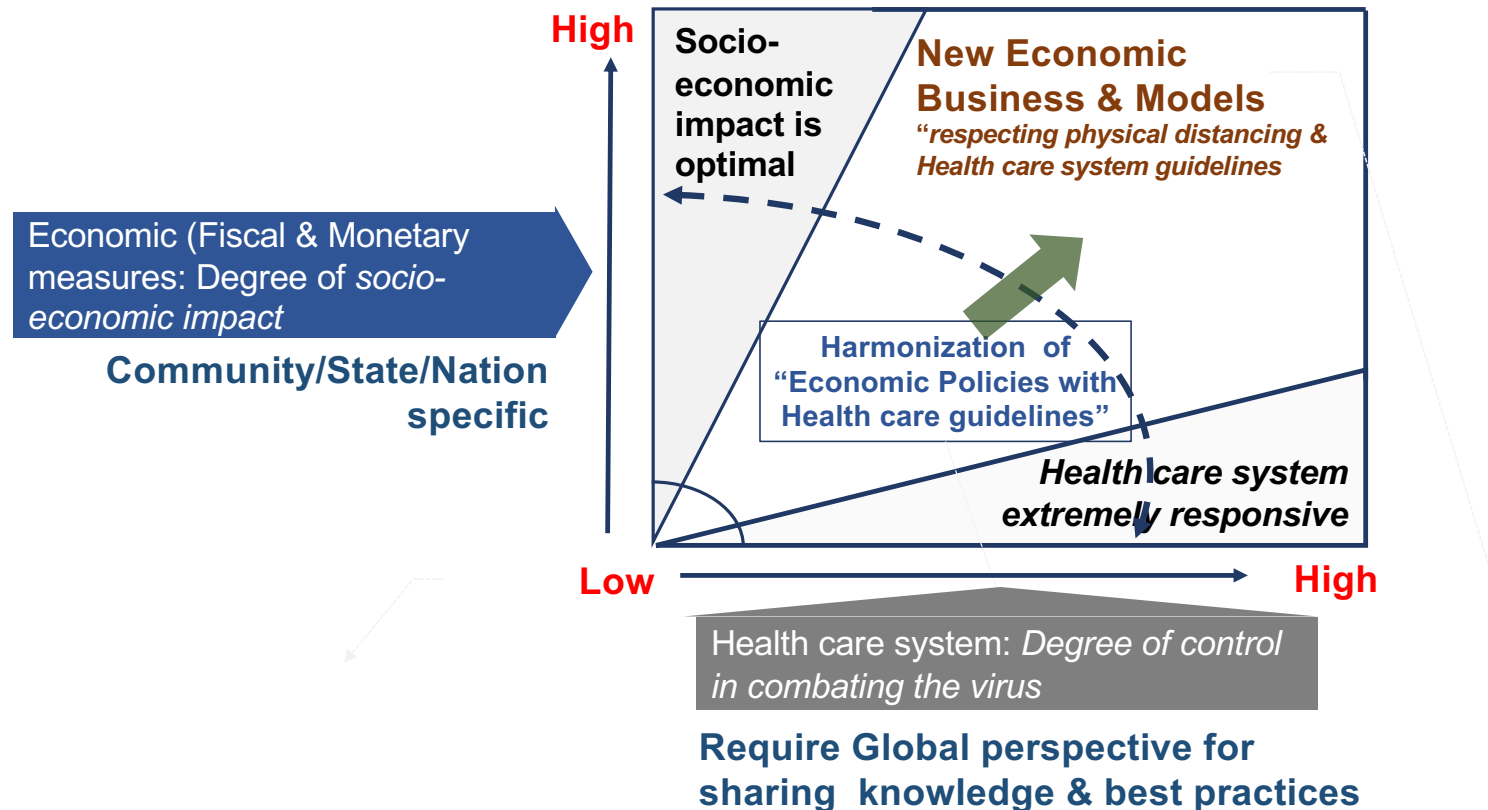
We are indeed at a critical point



Avoiding the Armageddon (?) - *Need a holistic approach*



Harmonization of Macro and Micro economic initiatives will be essential to evolve new economic models that are inclusive & transformational



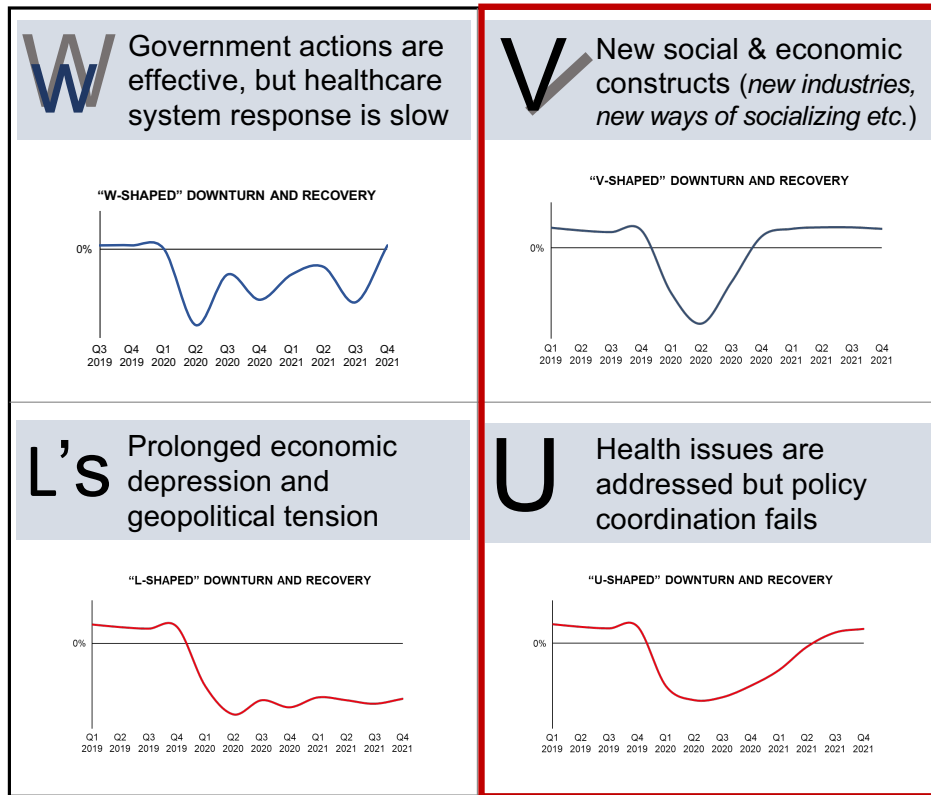
How the public and private sector measures are strategically coordinated to fight the COVID-19 will define the new S curve



Targeted, smart
and timely

Government
Fiscal
responses

Trials and
errors



Slow
Testing / vaccine
take >18 months

Response from
healthcare system

Quick
Testing / vaccine
take <18 months

NEED STRATEGIC APPROACH

Macro economic policies - not just fiscal measures but **strategic guidance, such as:**

- ✓ Global health care system to fight and avoid virus
- ✓ Help creation of new industries & services for social distancing
- ✓ Provide incentives to transform & create new industries toward to minimize contacts?
- ✓ Social reengineering to shape new behaviors/preferences

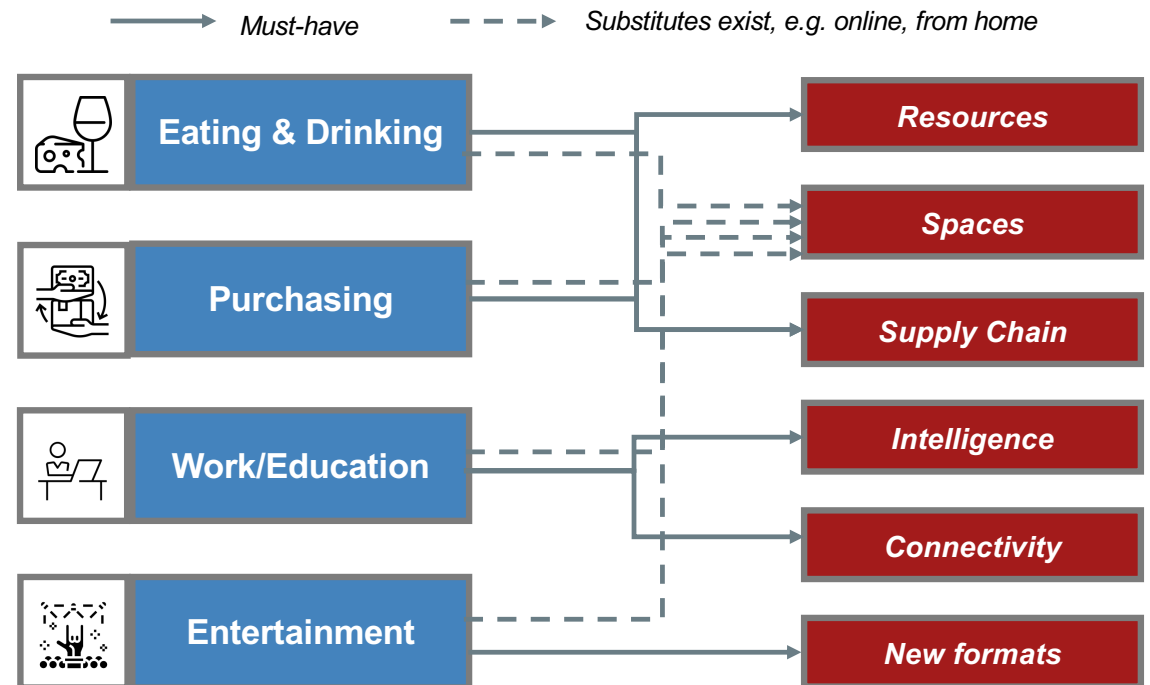


**New habits + New
Preferences = *New
Economic Constructs?***

COVID-19 responses will shape new preferences, new suspicions, new behaviors*which could open up new frontiers*



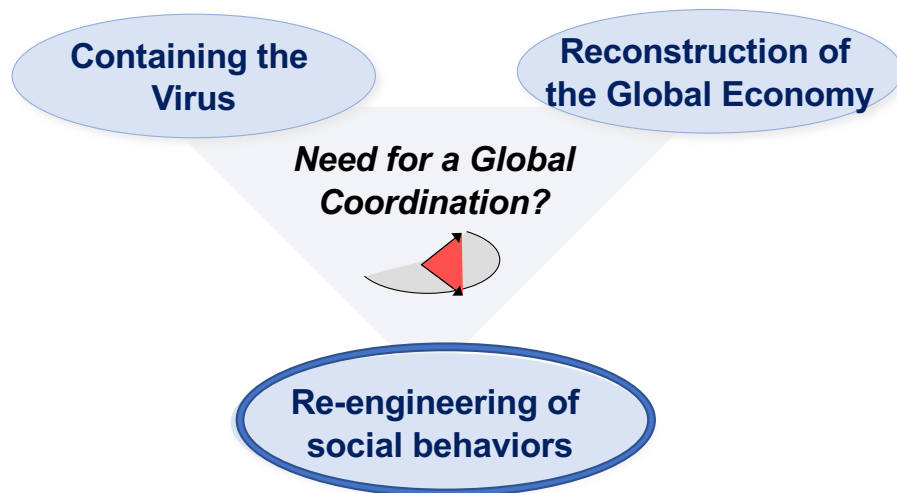
- ❑ **Attitudes, policies, and the direct experience of the pandemic** are already changing how we work, including **greater emphasis on evidence-backed authority, remote working, digital collaboration, and mental health**
- ❑ Humanity will want greater focus on **crisis preparedness, systems resilience, social inequality, social solidarity, and access to health care**
- ❑ People will demand new investments in **public goods and services** and contingent **best alternative** solutions in the future



Structuring a more enlightened processes...

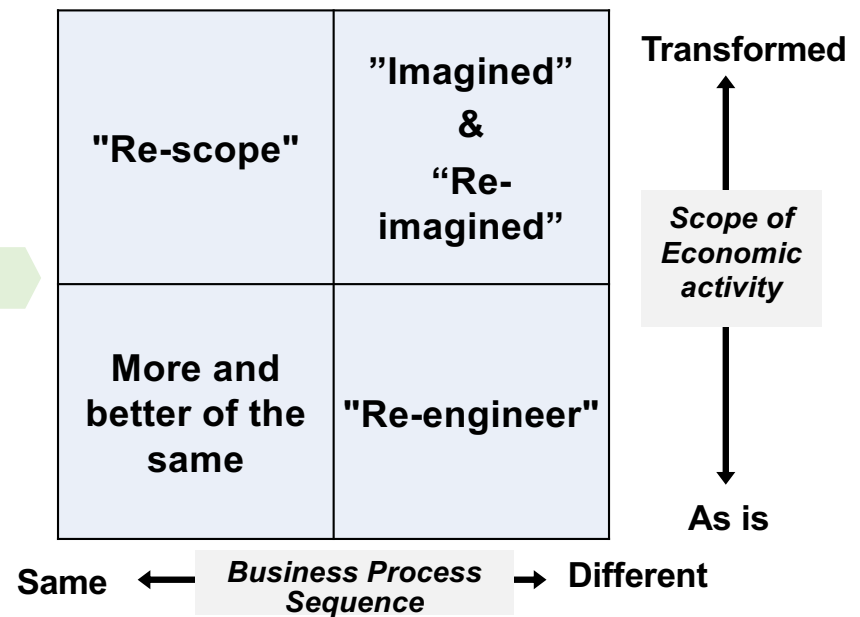


Strategic Triangle



- *Social distancing*
- *Remote learning/working*
- *Fading confidence in institutions*
- *Cleaner /Self reflective lifestyle*
- *Digital divide*

Strategic Game Board



Structuring a more enlightened processes...



Economic Activities:

Sources of Economic Activities

1. **Type A: Accelerators:** *More and better of the same*
2. **Type B: Re-scope**
3. **Type C: Re-engineer** *Adjust to the new environment*
4. **Type D: Imagined" & "Re-imagined** *Fundamentally reformed*

Fundamentally reformed

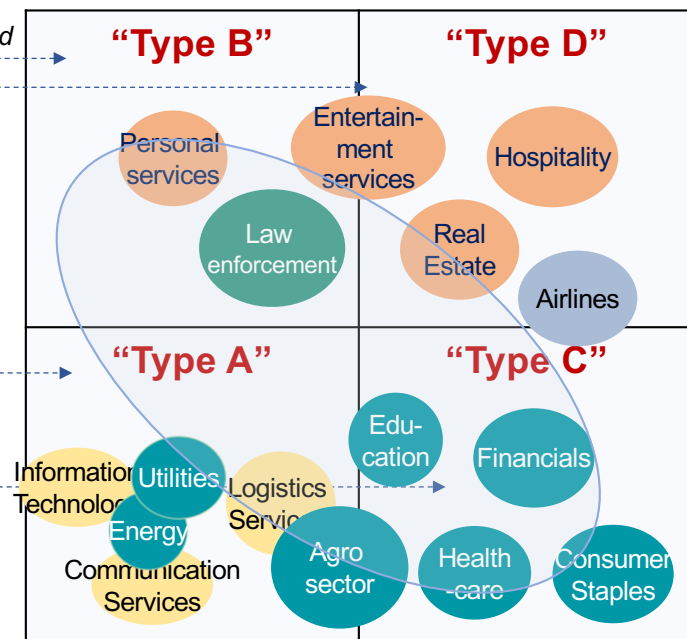
Remote work-spaces

Adjust to the new environment

Transformed or New industries

STRATEGIC GAME BOARD

■ Essentials
 ■ Accelerators
 ■ Non-essential services



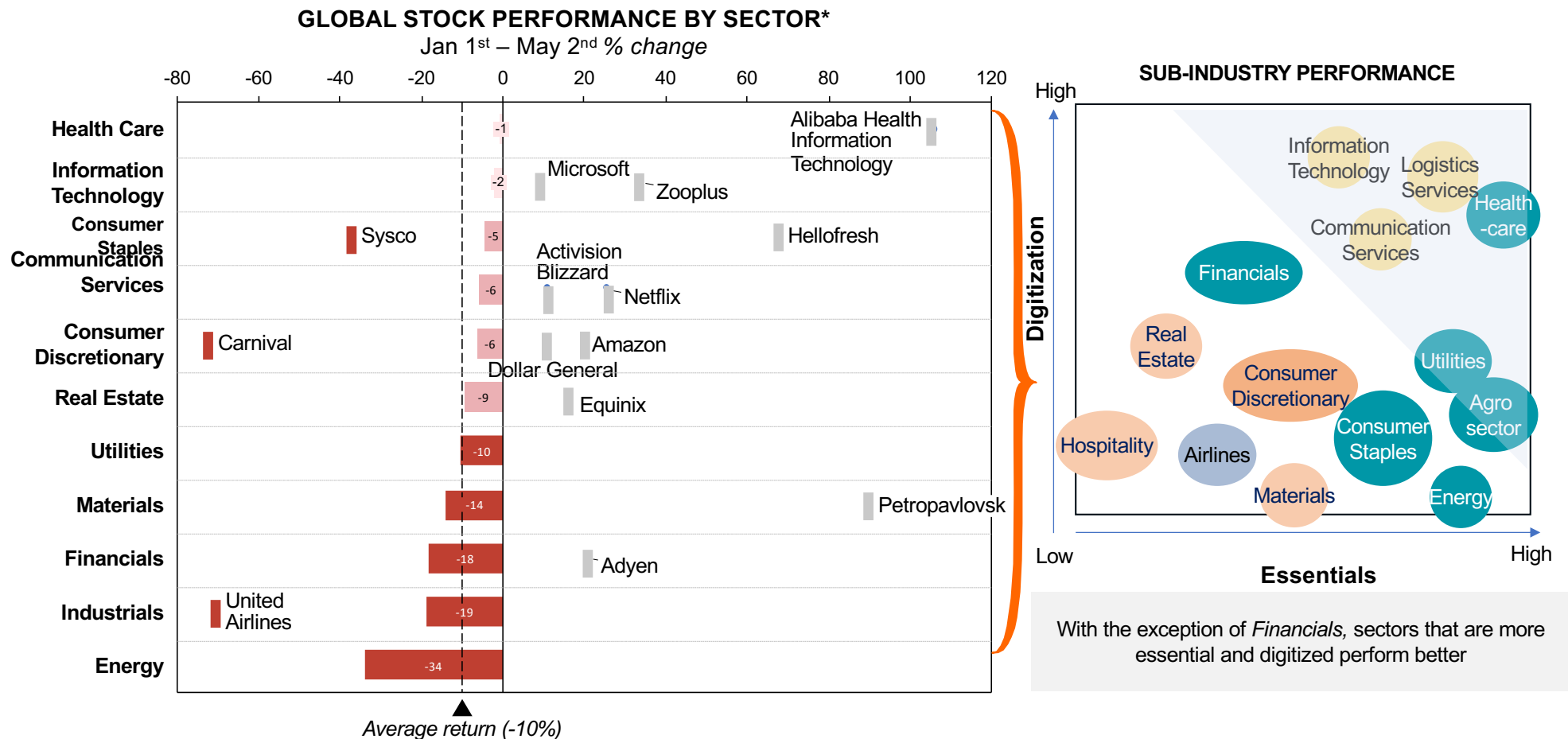
Transformed

Scope of Economic activity

As is

Same ← **Business Process Sequence** → Different

Global capital markets are rewarding Type A industries - highly digitized or are considered essential by local governments



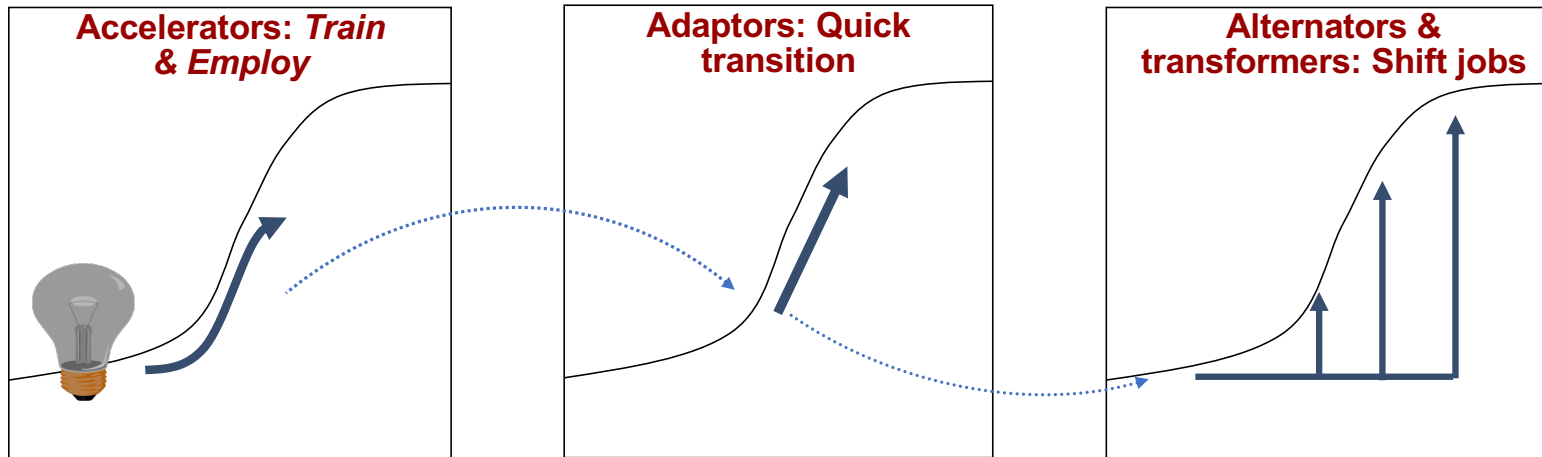
*Covers major indexes including: S&P500, FTSE350, DAX30, MDAX, SDAX, Euronext100, HSI50, CSI300
Source: Yahoo Finance, EIU Analysis

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Strategic bets during change over to “post COVID 19”? era



Towards “Ideation/Imagination” Economy?



Type A: Shape the future

New industries that could be advanced because of COVID-19

AI/AR, Bio-informatics, Social media/IT services

Type B & C: Adapt to the future








Shift to on-line to practice social distancing -Education, Entertainment, Health care/Wellness and Retailing services

Type D: Reconfigured

Significant scale down to avoid but stay in the game
- Hospitality, Restaurant Travel, Public transportation, Hi-touch services

Looking forward, we believe development of several industries will be greatly accelerated enabling a post COVID-19 era upon us?

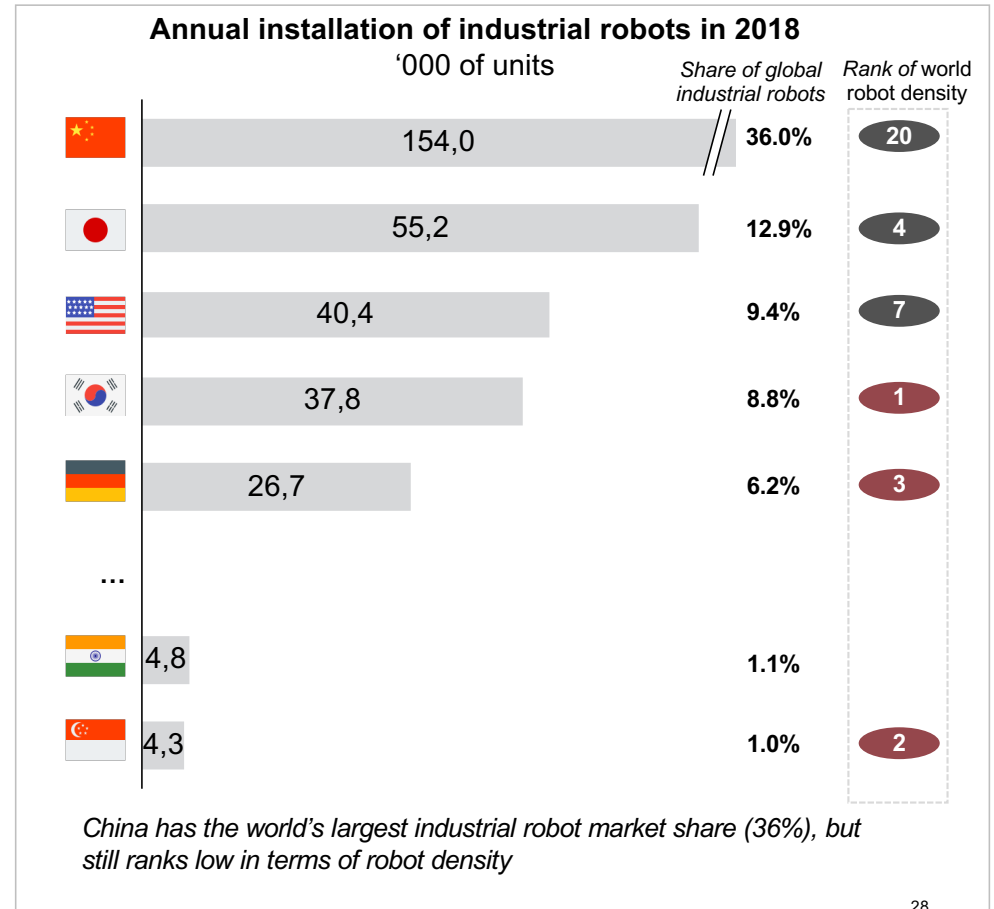
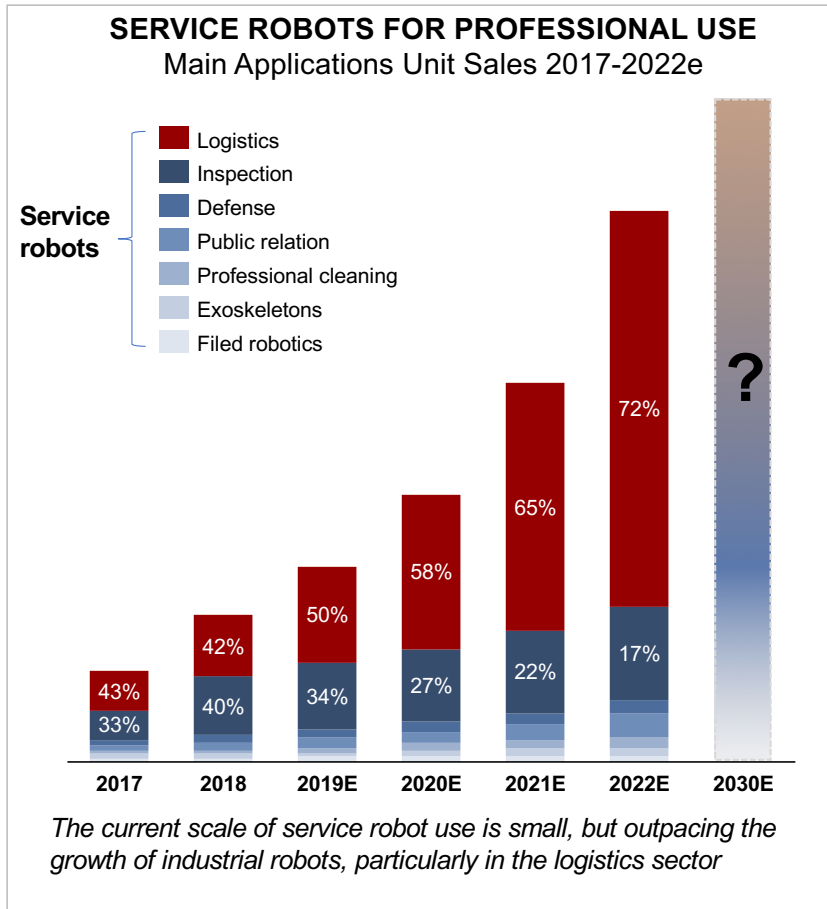


		Examples of applications amid COVID-19	Rationale for faster acceleration
Automation/ Robotization		<input type="checkbox"/> Medical robots in hospitals <input type="checkbox"/> Advanced robotics in manufacturing	Mitigate human risks and ensure safety
Artificial Intelligence		<input type="checkbox"/> Genome-wide testing and analysis <input type="checkbox"/> Body temperature surveillance	To speed up innovation and testing, tracing and tracing services
Cloud technology		<input type="checkbox"/> Video conferencing <input type="checkbox"/> Cloud computing support for vaccine research	Empower digital transformation of all industries with real-time data and computation
Internet of things		<input type="checkbox"/> Tele-health, Smart Healthcare <input type="checkbox"/> Social-distancing management	Smart City initiatives to accelerate post COVID-19 to deal more effectively with future public crises
Next generation Genomics		<input type="checkbox"/> Rapid sequencing of the virus	Genomic Sequencing is critical in decoding the virus and understanding its evolution
Advanced materials		<input type="checkbox"/> 3D printing for medical supplies	3D printing can quickly make up for the shortage of critical components during supply disruption
Distributed energy Resource (DER) system		<input type="checkbox"/> Small-scale, decentralized power system	Cost efficient and renewable energy systems will be increasingly adopted to address sustainability challenges

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For example driven by “physical distancing” we will witness a giant leap forward in robotization in industries & service spaces

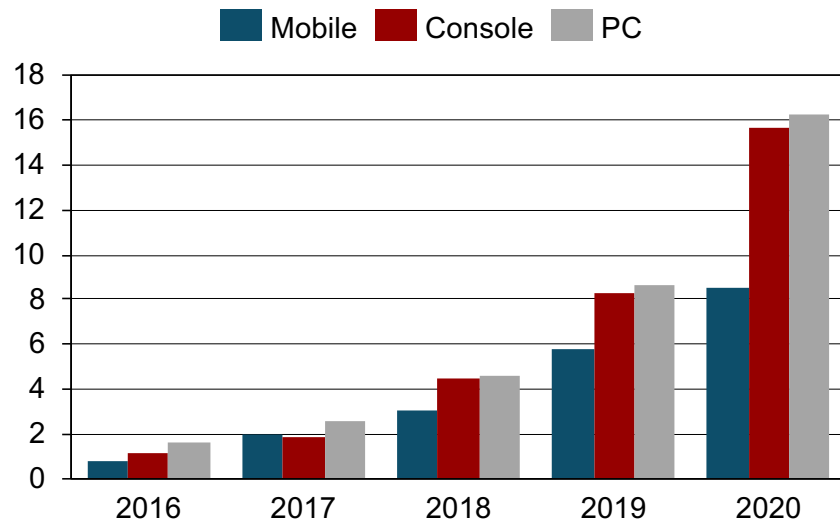


Similarly application of virtual and augmented reality technologies will accelerate renewal of Type B, C and D

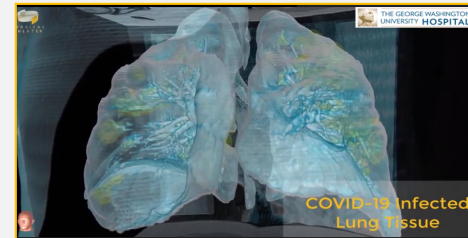


THE WORLDWIDE VIRTUAL REALITY MARKET

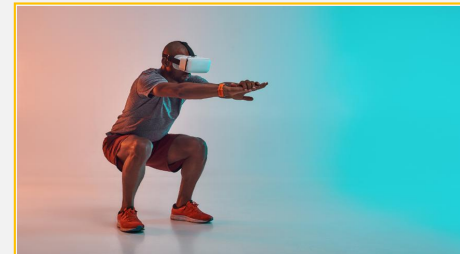
Forecasted market size of VR hardware and software, billion USD, 2016 – 2020, by platform



Applications



GW hospital uses innovative VR technology to assess its first COVID-19 patient



Virtual reality games to keep fit during COVID-19 lockdown

COVID 19 will also accelerate the rise of autonomous delivery



Benefits of autonomous vehicles (AVs)

Under COVID-19 pandemic, AV adoption will benefit “contact-less” supply chain systems:

- Alleviate the strain on existing delivery services
- Reduce the risk of exposure for citizens and workers



Post-COVID future

Regulators should push policies forward to move into a positive post-Covid future

Applications



JTA

- Deployed autonomous shuttles for moving COVID-19 tests in Florida



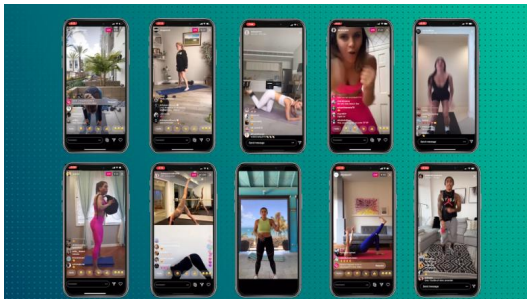
TuSimple

- Self-driving truck company - depot-to-depot without human intervention
- Raised \$298M funding

In the same spirit service industries in (Type D quadrant) powered by AI/IT (Type A) could undergo major transformation



Wellness (and Fitness)



- **Video classes** are trending
E.g. Orange Theory has free 30-min work out everyday on their website
- 20% of studios see increase in new membership, albeit an overall decrease in revenue

Hospitality



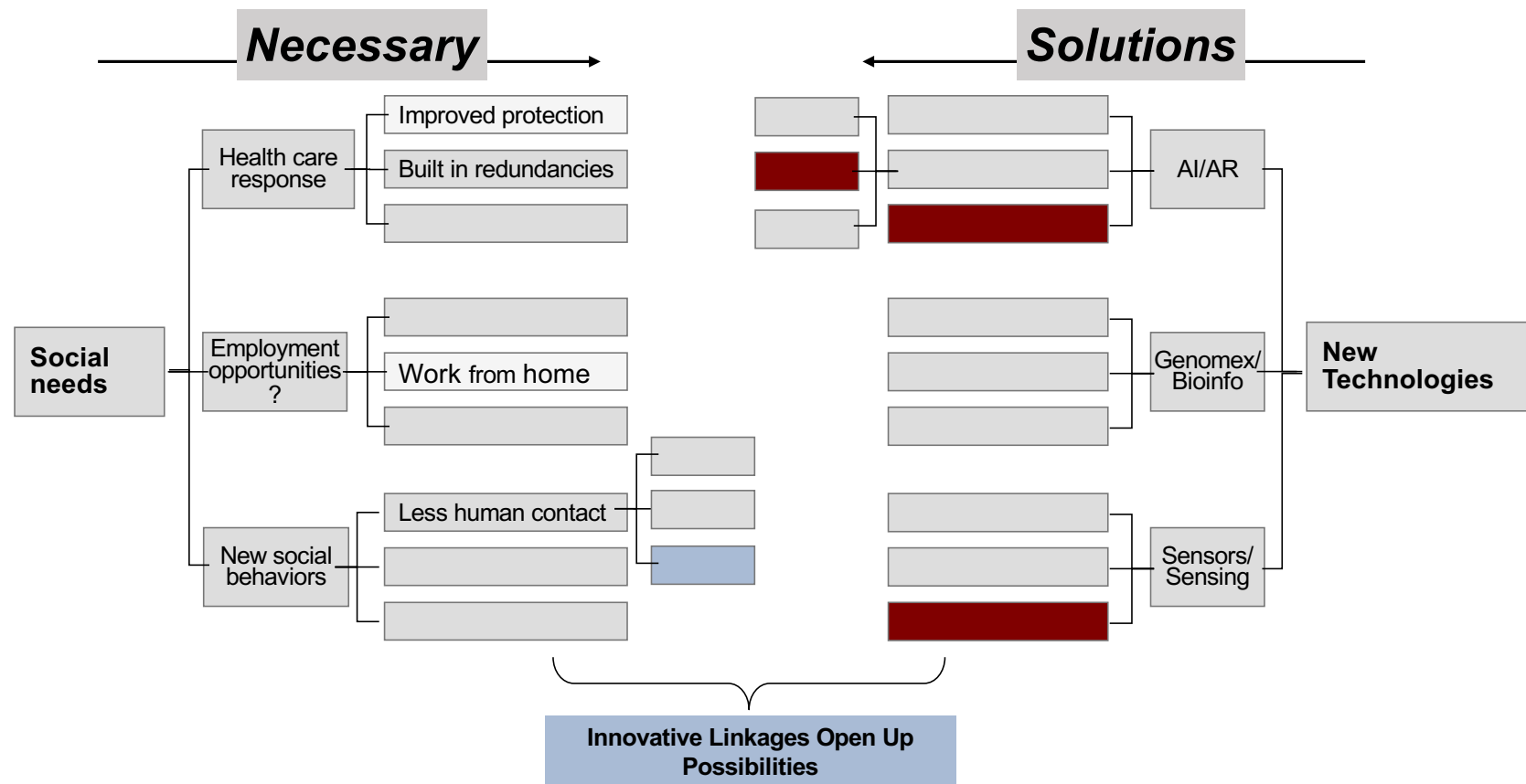
- **AI-targeted marketing** to incentivize people to travel and 'live the moment'
- Need a **disaster preparedness and business continuity plan** - data recovery, property loss, hygiene, workforce shortage and safety

Education



- **Improved online education experience** to achieve equivalency to on-campus schooling and online professional development programs
- More families may prefer **full or partial K-12 homeschooling** or online homework

COVID 19 related spending should be deployed strategically to fund technologies in evolving innovative solutions ...to create the “New economy”



...Will require Interoperability & Uncommon connections help to open up problem solving spaces..



**Organizations have to
reinvent the future *with a
fundamentally new
perspective(?)***

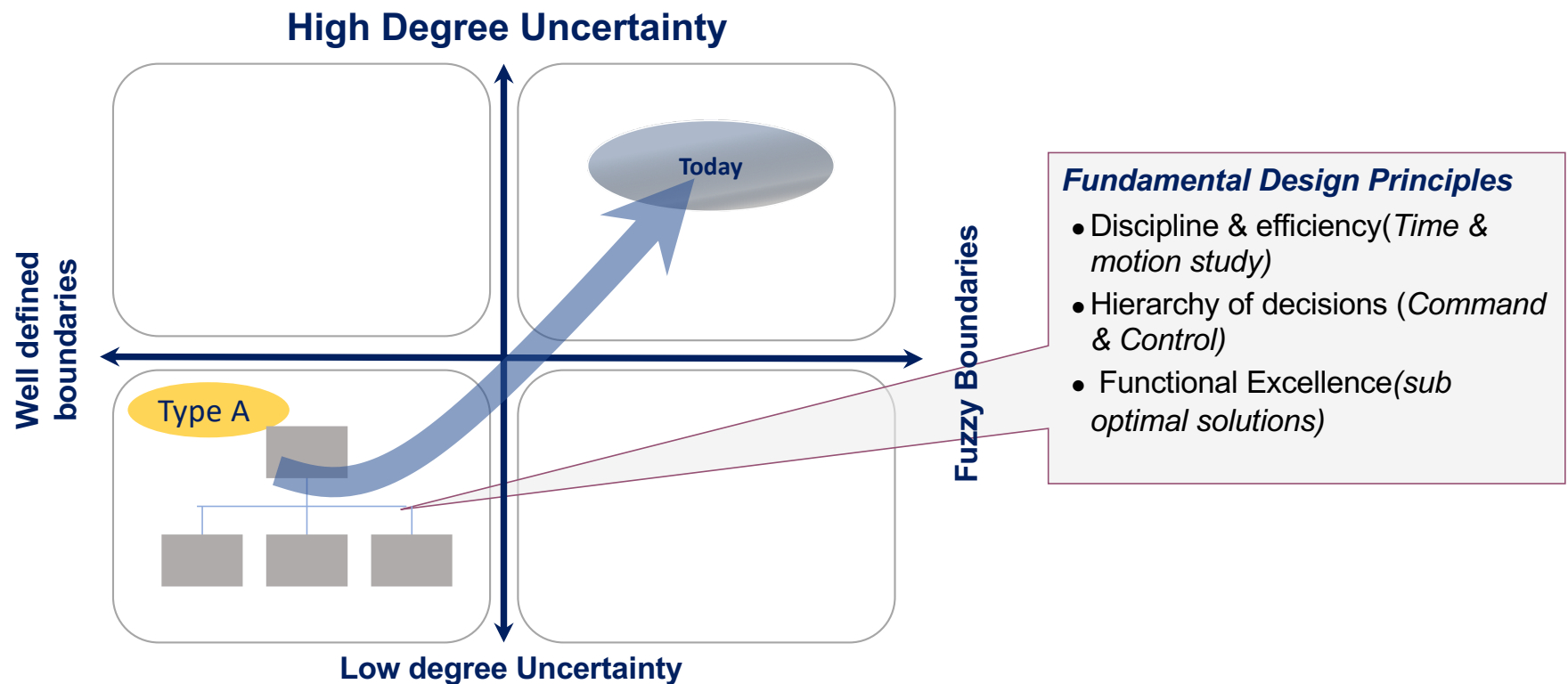


So the challenge is how to develop organizational principles which will work in the emerging environment



THE EMERGING ENVIRONMENT

(Global socio-economic dynamics)

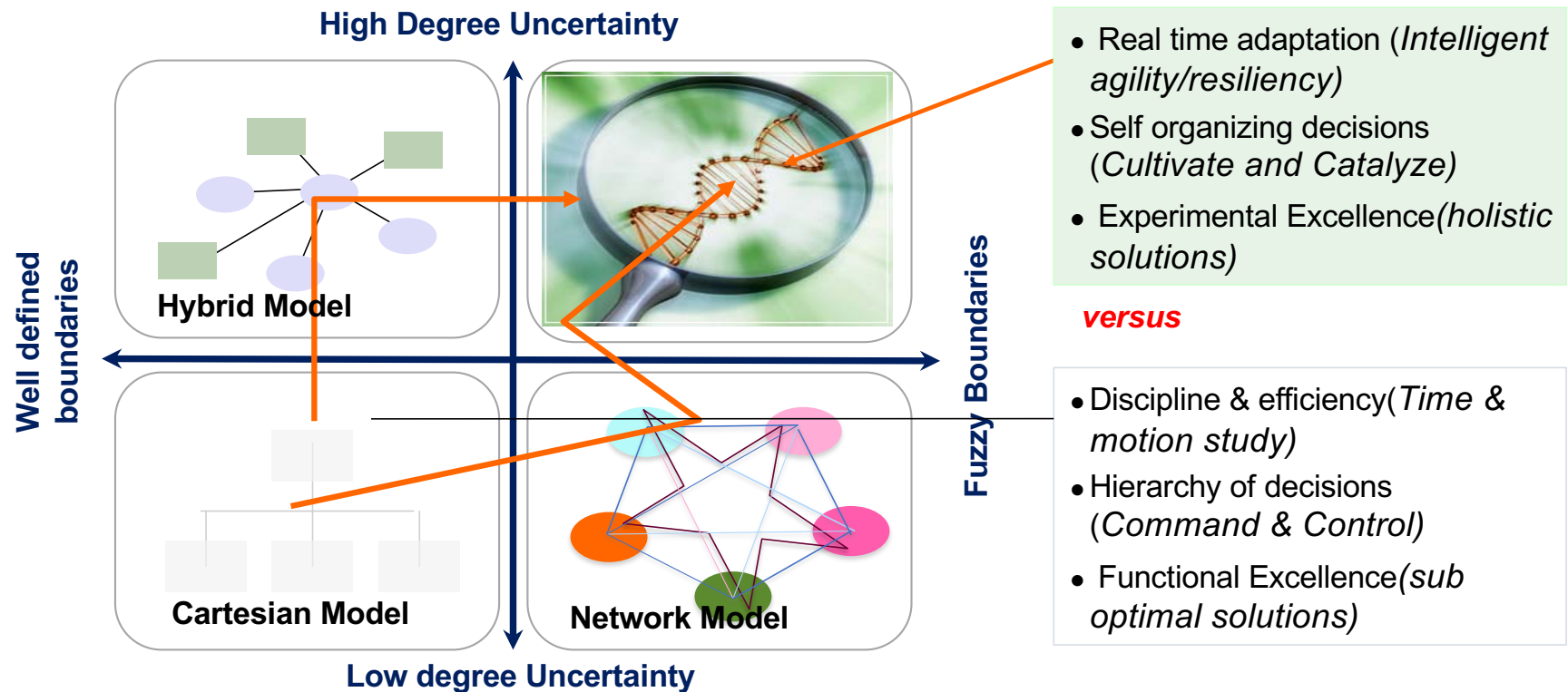


Adopting a “Biological model” will require careful planning in adopting the fundamentally a new construct



THE EMERGING ENVIRONMENT

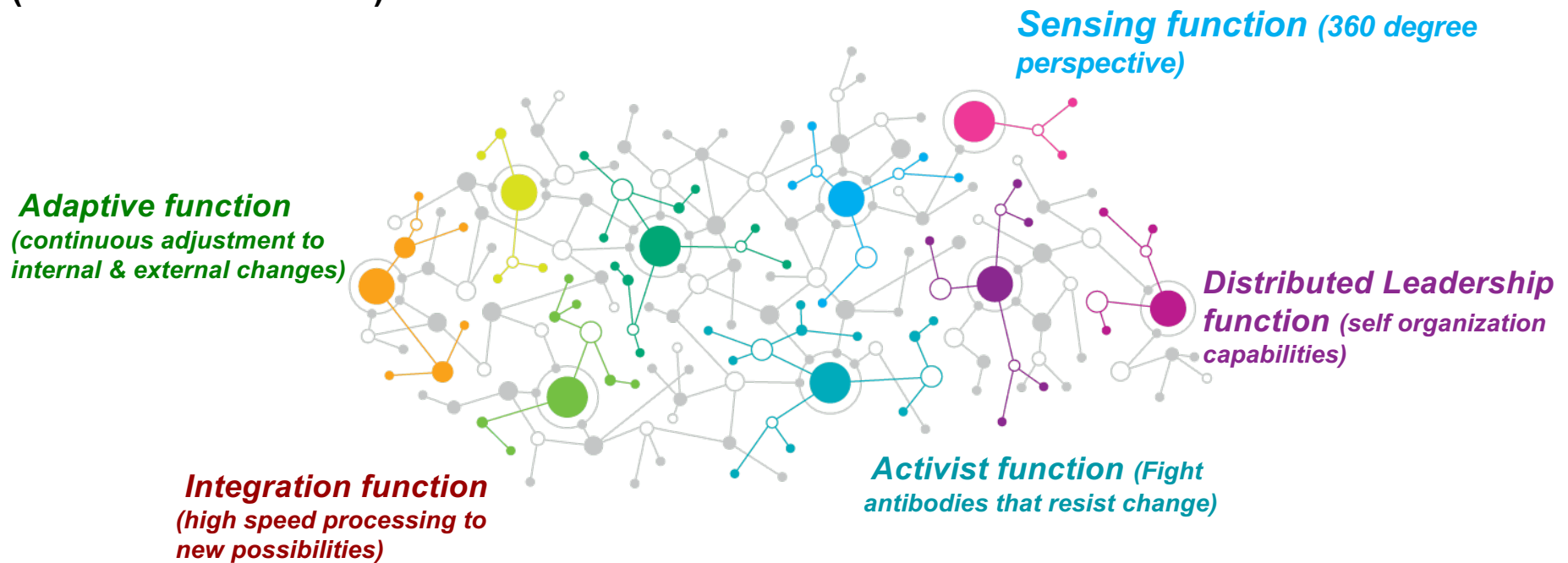
(Global socio-economic dynamics)



Organizations have to develop “*adaptive and agility*” properties at multiple levels of decision- making hierarchy



“Outs & Ins” of the future organization (Partha Ghosh model)



**Managing transitions
through multiple points
of inflection: *Do we
have the will?***

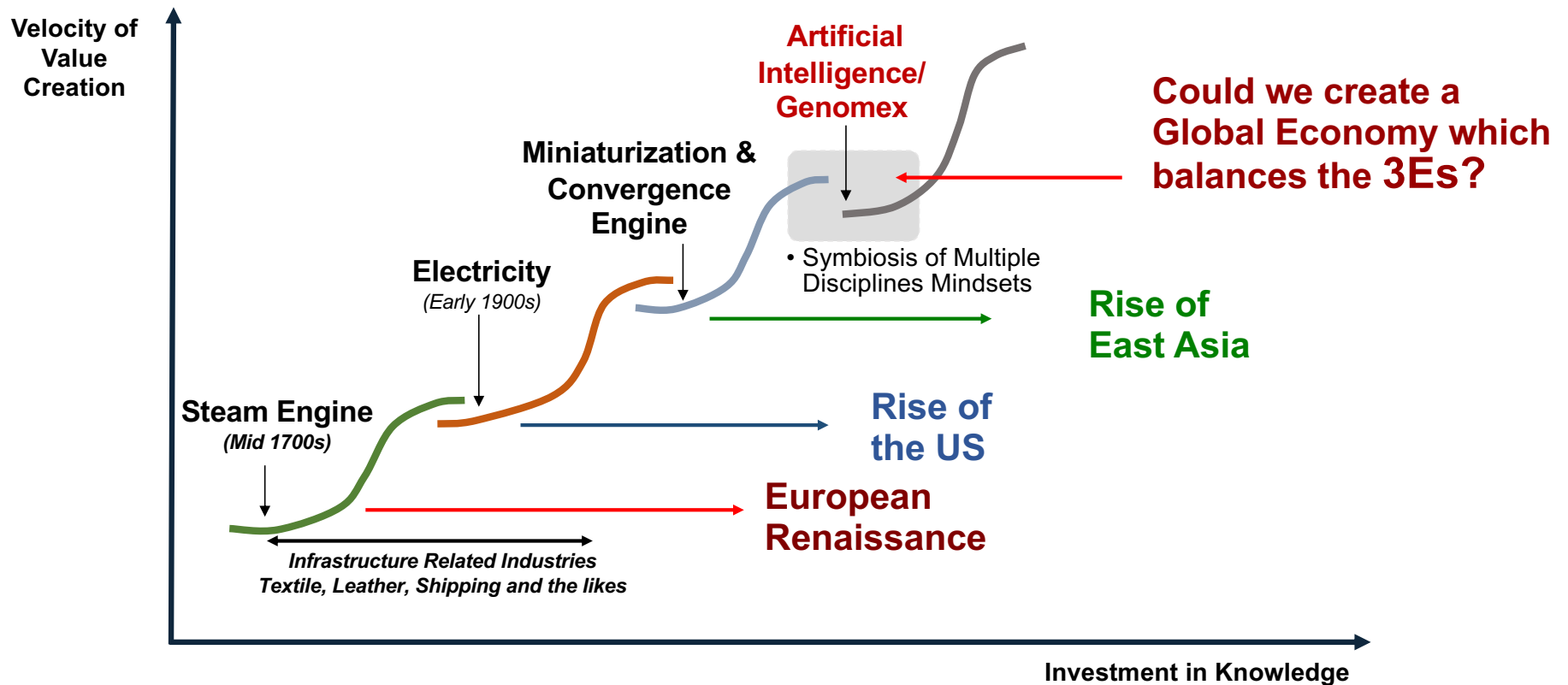


Brett Ryder

So could COVID 19 responses address broader global issues?



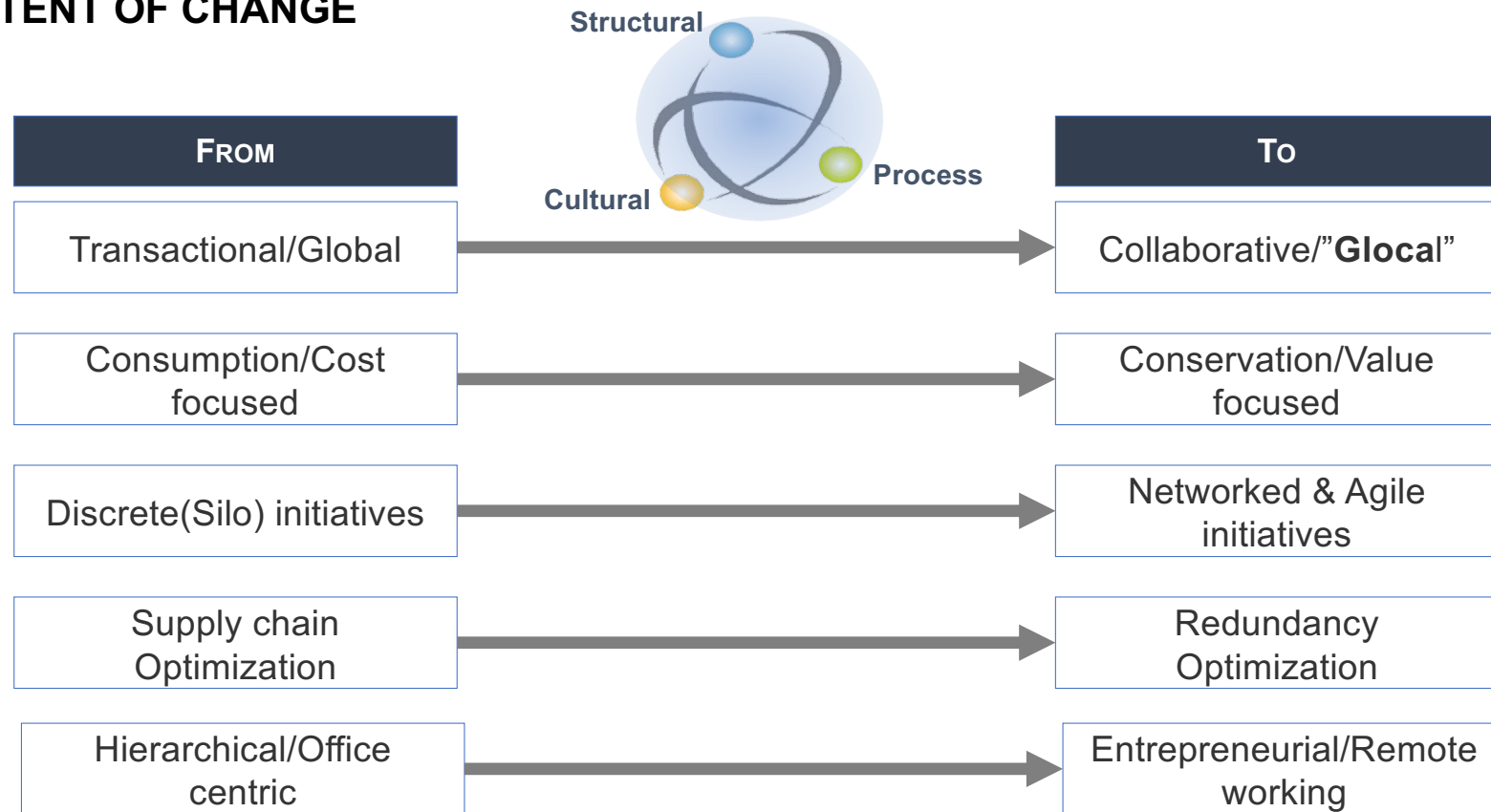
Waves of “Wealth Creation Curves”



Organizations should consider to embrace new economic paradigm; – will require transition through multiple points of inflection



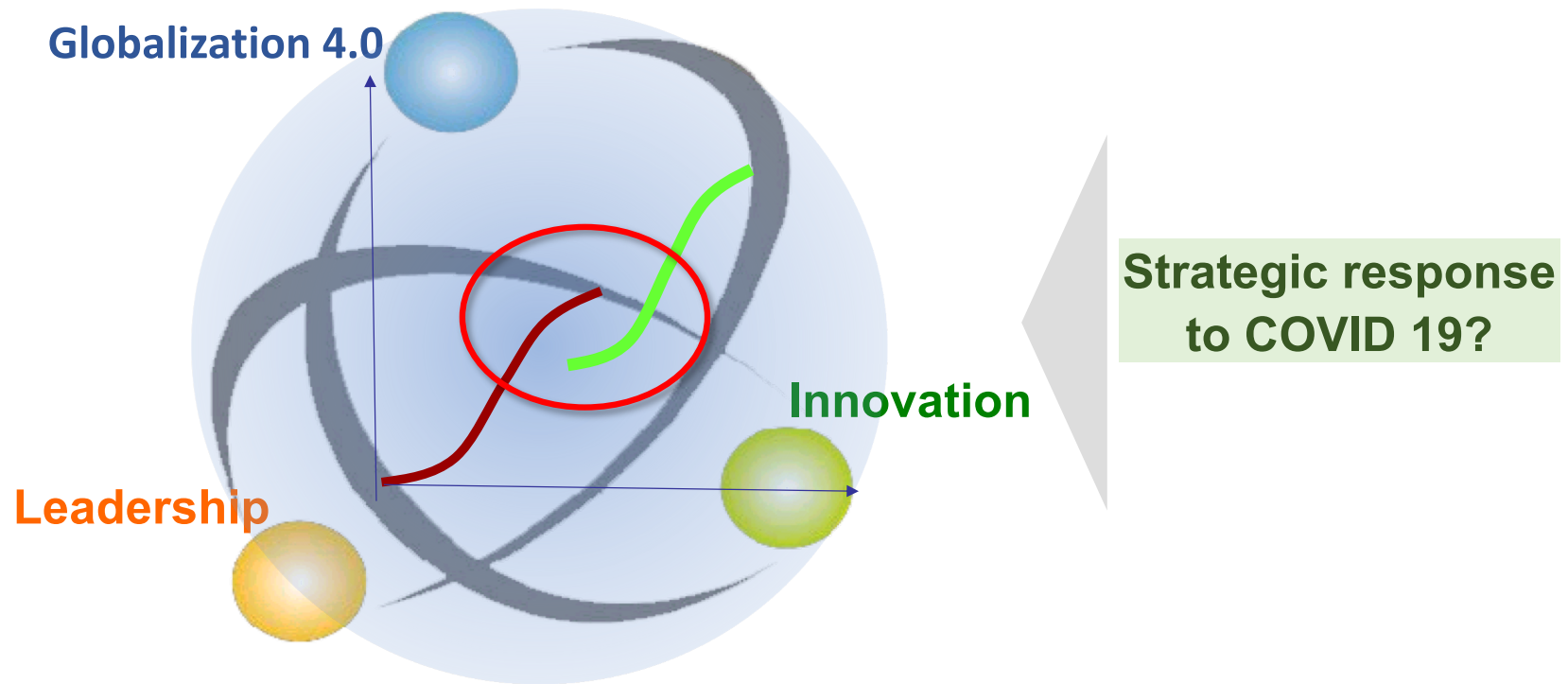
CONTENT OF CHANGE



Ensuring Change Is Self-Perpetuating at all levels



KEY COMPONENTS OF NEW CURRICULUM



Key takeaways.....



Agenda

Five fundamental points

Corona-virus pandemic: Avoiding the likely **Armageddon**?

Beyond the obvious jolts: Need for an “**ego free**” Global coordination that will shape the “**Essential Logic**” of an “**Enlightened Civilization**”

New habits + New Preferences = **New Economic Constructs**?

Organizations to reinvent the future with a **fundamentally new perspective** (?)

Managing transitions through **multiple points of inflection**: Do we have the will?