What to Look For In A Post-Covid Economy
Sector by Sector Outlook for Talent and Human Capital
April 2020
The COVID-19 pandemic may be the single most disruptive event in modern history. Roughly a third of the world’s population is currently under some sort of quarantine. Nearly overnight, more than a hundred million Americans either stopped working or started working from home; ten million of them filed for unemployment in the last two weeks of March; another 6.6 million filed in the first week of April; and over the course of the second quarter, another 20 million jobs are expected to be lost. Even if we slow the rate of new COVID-19 cases, manage to get people back to work soon, and achieve a significant recovery, the economic downturn is likely to be more severe than any in the last sixty years.

But not all of the changes caused by the pandemic will be negative. Like other major disruptive events—the 1979 oil crisis, 9/11, the 2008 financial crisis—COVID-19 has completely revised our thinking about risk. After decades of offshoring U.S. manufacturing jobs, our supply chains now feel (think domestic pharma) both socially and fiscally irresponsible. This new scrutiny on pandemic-related risks will forever change supply chains by decreasing our reliance on overseas manufacturers and bringing millions of manufacturing jobs back into the country. This shift will lead to widespread adoption of advanced manufacturing technologies and will drive further innovations as companies use automation to offset higher domestic labor costs. At the same time, hundreds of millions of Americans are suddenly working from home, shopping from home, and pursuing their educations at home—a shift that will bring about significant changes in customer, employee, and organizational behavior.

It is unclear when the health crisis will pass or what our country will look like when it does. According to some projections, the U.S. economy will recover within the year; according to others, it won’t achieve its new normal until 2023. But regardless of whether it takes six months or three years, it has become apparent that we will find ourselves in a drastically restructured society—a society skeptical of the structures that made us so vulnerable to COVID-19 and willing to make changes to ensure that we’re better prepared for the next disruption, whatever it may be. Succeeding in the new normal will require new changes in behavior and work, as well as expansion and new types of roles such as extensive testing and contact tracing as well.

To help analyze these changes, we have gathered thoughts from our executive search professionals in banking, insurance, consumer, supply chain, manufacturing, aerospace, defense & national security, life sciences, healthcare, technology, professional services, education, and international development. Each short article analyzes the present state of the sector and describes some of the changes that we can expect going forward.

I hope you find them interesting.

— Steve Potter, CEO of Odgers Berndtson, US
Banking

STATE OF THE SECTOR

Banks entered the year well-capitalized and with plenty of liquidity and had every reason to expect a solid 2020. But with global supply chains at a virtual standstill, unemployment filings skyrocketing, and near-total downturns in the energy, travel & leisure, and hospitality & dining sectors, banks will—like every other sector—be permanently changed by the crisis. There is little risk of systemic financial collapse—banks are far less levered than in 2008—but because COVID-19 is a universal disruptor, affecting all regions and industries, traditional hedging methods like diversified lending are suddenly an inadequate risk response, and banks will therefore take significant losses.

Key points:

■ Trouble for regional banks. With restaurants and small businesses shuttered across the country, bankruptcies and loan defaults will increase in proportion to the duration of the disaster, which poses a challenge for regional and community banks, especially those with large energy-lending portfolios. These same banks have generally been slow to adopt wide digital platforms—which have gone from competitive advantages to business necessities overnight.

■ Opportunity for those with dry powder. Because a number of smaller fintech lenders—a capital-intensive space with a high cost of user acquisition—don’t have enough cash on hand to weather the current crisis, there is an acquisition opportunity for well-funded PE/VC shops and large fintech companies to make accretive acquisitions at a discount in this space.

LOOKING FORWARD

The biggest winner of the COVID-19 crisis will probably be what might be called the “digital enabling sector”—a pan-industry network of companies whose services allow people and businesses to function remotely with a minimum of disruption. Over the past few years, consumer preference has shifted towards digital banking, and to meet this shift some banks were de-emphasizing physical branches. But the coronavirus has turned this preference for digital into a necessity.

Because bulge bracket banks, regional banks, and fintech platforms have increased digital investments in recent years, the industry as a whole was halfway prepared to meet the swell of digital demand caused the pandemic. However, the pandemic has added a whole new urgency to digital product development, requiring real time expansions of services and products to a disrupted economy and wholly digital consumer base.

There are a variety of implications for this shift:

■ Talent. The increased adoption of digital banking—driven by in-house innovation, acquisition, and partnerships—has muddied the industry, with bulge bracket, regional, and investment banks now acting more and more like technology companies at the same time as technology companies begin to lean into the financial services space. From a human capital standpoint, the battle for both talent and revenues may soon be between traditional banks, fintech startups, and large tech companies like Apple, Google, Amazon, and Facebook.

■ Cyber risk. As the industry moves toward a heavier digital and virtual base, consumers demand more capabilities from their devices, and product and leadership teams become more decentralized, the security risks increase. Bad actors have long capitalized on digital porousness, and with companies scrambling to expand their services, hackers will ramp up their efforts to find and exploit weaknesses.
STATE OF THE SECTOR

People and businesses will be increasingly appreciative of insurance as a result of COVID-19—a fact that constitutes both an opportunity and a risk for the industry. Society’s need for the protection provided by insurance companies has never been clearer, and there is significant pressure on these institutions to provide support to people and companies in crisis. One of the key challenges facing the industry is its need to avoid reactionary products and pricing while developing nimble, affordable, thoughtfully integrated solutions for risk profiles upended by this event.

The pandemic shines a spotlight on the breadth of heightened risks, including disability, retirement, long-term care, mental health, business disruption, unemployment, mortality, and cyber.

In the short term, leaders have to navigate their balance sheet risks (increased claims, reduced premiums as employer payrolls shrink, emerging regulation, capital markets turmoil), articulate clear priorities and plans to employees and partners, and help customers in need. This requires significant transparency. Insurance leaders need to communicate as plainly as possible to the market, outlining exactly what they are doing and what they can and cannot do. If insurance C-suite executives and boards fail to communicate thoughtfully and instead operate without transparency, the public will find reason to distrust the intentions of insurers, which will damage the industry’s reputation at a crucial time.

LOOKING FORWARD

As the crisis abates, successful leaders will see market opportunities in finding solutions for rapidly evolving risks and customer segments. Carriers that can deliver real value and security seamlessly—things that customers have come to expect in the increasingly digital, personalized, on-demand economy—will differentiate themselves and gain market share.

As in other industries, COVID-19 will accelerate digitization in the insurance industry. While insurers have generally been slower to adapt to the digital economy and to scale personalization for customers, insurtechs and select insurance carriers are innovating business models to address the lag—and it is these companies that stand to benefit the most from the societal restructuring posed by the pandemic. Traditional “kitchen table” consultations with an insurance agent will become even less common as automated services and digital customer engagement become the norm.

“Insurance leaders need to communicate as plainly as possible to the market, outlining exactly what they are doing and what they can and cannot do.”
STATE OF THE SECTOR

As the nation’s largest private-sector employer, consumer & retail will be significantly affected by the COVID-19 pandemic. According to the National Retail Foundation, the sector will lose some two million jobs in March, April, and May and another four million in the next 12 months. In dollar terms, COVID-19’s impact will be worse than 9/11 and the Great Recession combined, and will effect permanent changes on customer and business behaviors. Yet the industry will emerge stronger when the global economy starts up again.

In the last few years, online ordering and front door delivery have become engrained in certain segments of the economy. But with most Americans now sheltering in their homes, ordering online has become almost de rigueur for wider segments of retailers and consumers. This has driven significant digital adoption in sections of the consumer space where digital had previously made only limited inroads. The mandatory closure of sit-down restaurants and public food venues, for example, has turned thousands of restaurants across the country into prepared meal delivery services. At the same time, there’s been a vast increase in subscription meal kit and leisure clothing orders—a boon that’s overstressing the operating models of some businesses.

While some large consumer companies and retailers—such as those that produce and sell cleaning, food, and alcoholic beverage products—continue to thrive, we have seen extreme stress across their supply chain structures. Whether getting food to shelves within stores or directly to the doorstep of consumers, business leaders are now quickly adapting to a new normal in retailer replenishment, delivery, and digital channels.

As happens during many types of disruption, we are currently seeing more innovation and creative partnerships. For example, Deirdre Quinn, founder and CEO of Lafayette 148, recently partnered with the founder and CEO of Crye Precision, Greg Thompson, to start manufacturing much-needed hospital gowns in both of their manufacturing facilities in New York City’s Brooklyn Navy Yard. Lafayette 148 is a women’s fashion line; Crye Precision makes helmets, combat apparel, and other gear for America’s fighting forces.

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Consumer
While the full effects of the pandemic remain uncertain, we can nonetheless expect a significant shift in consumer business models, markets, and the mindset and behavior of the consumer.

- **New consumer habits.** The longer this crisis goes on, the more likely that the consumer’s mid-pandemic buying behaviors will become their long-term buying habits. It seems apparent, for example, that online grocery deliveries, which have spiked at least five-fold in recent weeks, will remain popular even after quarantine measures are lifted. This is a behavioral shift that will have a huge affect on the staffing, operating systems, margins, and strategic and financial planning at many retail & consumer companies.

- **New business models.** Leaders of retail & consumer companies need to reimagine their business models through the lens of this crisis. Many will need to reengineer their operating models to address shifting consumer preferences. Having quickly reengineered online channels and delivery systems, local grocery and food businesses, for example, have discovered just how critical agility can be for their businesses. Moving forward out of this crisis, we expect to see some of these local players embracing their own version of the “Amazon model” and creating new offerings and services to meet this elevated customer demand for convenience and fast delivery.

- **Supply chain recalibration.** The coronavirus pandemic has drawn attention to the safety, quality, and ethics of the global manufacturing complex. Thanks to an increased awareness of the vulnerabilities inherent in global sourcing, “Made in America” will likely find its way across the U.S. manufacturing and consumer & retail landscape to a far greater extent than was expected pre-pandemic.

- **Leadership.** Crises reinforce the need for leaders who are savvy, intuitive, flexible, adaptable, and integrative thinkers—which may well describe the mandate for future CEOs in the consumer & retail sector. In the C-Suite generally, companies need a blend of leadership mindsets that together represent a range of reasoning capacities, including practical, proactive, forward-looking, theoretical, conceptual, strategic, and analytical thinking. There will also be heightened demand for leaders with expertise in technologies like AI, robotics, and additive manufacturing.

- **Regaining Consumer Confidence via testing.** As the Federal government and States put out guidance on “the new normal” and opening the country, there has been an increased focus on the volume of testing needed and contact tracing to follow-up on known cases. Achieving this sense of awareness and security will be an important requirement to opening the country more fully.
STATE OF THE SECTOR

Over the last few decades, accelerating pressure to reduce supply chain costs motivated companies to pursue strategies of supply chain offshoring and outsourcing. These cost-cutting measures, however, mean that when there is a supply-chain disruption—as we have seen recently—manufacturing comes to an abrupt stop because of a lack of parts. This enhances the risks of bankruptcies and will ultimately contribute to the severity of a recession.

The truth behind today’s supply chain infrastructure is that too many global companies don’t really know—and don’t want to—what their risk exposure to international disruptions actually is. Why not? Because by having an incomplete knowledge of the locations and conditions in which their goods were manufactured, these companies are able to shrug off ethical questions about working conditions, wages, and environmental impacts. But COVID-19 is turning new and widespread attention to supply chains, and forcing companies to face their supply chain risks and re-calibrate their risk profile.

LOOKING FORWARD

The COVID-19 pandemic will precipitate a major recalibration in supply chain management by U.S. and North American companies. The new awareness—on the part of consumers, governments, and companies—about the vulnerabilities inherent to overseas manufacturing will put regional manufacturing capacity in high demand. The cost of goods will rise in the short term as companies develop and invest in new production technologies and supply chain redundencies. They will have to rely on a high degree of automation and production processes like additive manufacturing to offset higher domestic labor costs, but in the medium- and long-term, prices will even out towards the cost levels achieved by today’s Asia-driven supply.

The recalibration will be most significant in drug and healthcare-related manufacturing, as both over-the-counter and prescription drug makers are pressured to bring every stage of the manufacturing process (from sourcing raw materials through the production and distribution of finished products) within the continent, if not the country.

This will have two significant effects. First, it will increase the number of well-paying manufacturing jobs in North and Central America. Secondly, it will increase demand for leaders capable of overseeing this shift back across the seas.

“The COVID-19 pandemic will precipitate a major recalibration in supply chain management by U.S. and North American companies.”
Manufacturing

STATE OF THE SECTOR
Companies that rely on China and East Asia for their manufacturing have been severely shaken by COVID-19 pandemic, and leaders of industrial and manufacturing companies now see the need to adopt a new set of competitive priorities.

Even before the crisis, most multinational companies producing labor-intensive goods like textiles and apparel had tried to diversify their supply chains beyond China and East Asia to reduce costs and mitigate political and supply-chain risks. The COVID-19 crisis, however, has made these risks a reality, and the long-term effects will include the “onshoring” of a large number of manufacturing jobs, and far greater adoption of AI, robotics, and additive manufacturing.

LOOKING FORWARD
Since the 1960s, the United States has outsourced and offshored tens of millions of manufacturing jobs. Employment in U.S. manufacturing peaked in 1979 at 19.6 million, and went into decline, dipping below 12 million in 2010 before finally beginning to move upward again. Now, thanks to geopolitical turmoil and the economy-halting effects of COVID-19, we expect a new boom in U.S. manufacturing as companies revise their manufacturing footprints and bring product creation closer to the customer.

This is a less drastic change than it seems at first. Even while exporting manufacturing jobs, the United States remained among the world’s top three manufacturing powers in terms of the dollar value of production. It did this by retaining its lead in advanced manufacturing—and these advanced manufacturing methods will define the resurgence of manufacturing in the U.S., as typically low-tech, high-labor production lines like textiles are automated.

In this sense, the shift back to domestic manufacturing will simply expand the already highly efficient and productive U.S. manufacturing network. There will be advances in productivity, efficiency, and quality as leaders invest in high-grade automation and new production processes. These investments will drive significant leaps in manufacturing technologies, especially in advanced electronics, robotics, additive manufacturing, and sophisticated electronics like the kinds used to monitor of mining operations and offshore oil rigs.

The single most important factor in this “industrial re-revolution” is skills. U.S. companies need talented leaders to drive this shift to domestic manufacturing. They will need to reskill existing employees while laboring to de-stigmatize manufacturing work in order to attract talented young employees. There will also need to be changes to the U.S. education system—expect the resurgence of technical schools—in order to create a pipeline to this sector.
Aerospace, Defense & National Security

STATE OF THE SECTOR

As we enter another week of uncertainty with COVID-19, stress remains high and planning remains challenging, although increasingly organizations are trying to plan around what a “new normal” looks like. While organizations need to navigate these challenges, it’s important for leaders to consider both the immediate “crisis response” actions as well as the ways COVID-19 will alter organizations from a strategic, leadership, and talent standpoint—with the goal of never again being unprepared for an event such as COVID-19.

If past crises are a guide, once the immediate crisis response phase transitions into steady state, organizations will develop lessons learned and a playbook to better respond to similar surprises in the future. Much like after 9/11, organizations and the nature of work will evolve in some critical ways in the sector. It will be essential for organizations to train or hire the best leaders for this new environment, develop the right organizational structures, understand what skills are now critical to success, and anticipate what new roles may be needed.

LOOKING FORWARD

Going forward, it is reasonable to expect both minor and major changes to the way governments and companies interact. On September 10th, 2001, it would have been hard to imagine that a new and massive security apparatus—headed by TSA and overseen by a brand new cabinet department, the Department of Homeland Security—would suddenly institute sweeping new security guidelines, including scanning the phones, belts, computers, and shoes of every passenger before every flight. But 9/11 happened, and within months that apparatus was up and running. While there was some concern about the effects that these new guidelines would have on travel volume, they made air travel safer, made consumers more confident about their safety, and therefore helped air traffic to return to normal and then continue to grow. In the post-COVID era we may see similar changes. Consumers, airlines, and commercial aerospace firms may, for example, find the TSA taking traveler temperatures or requiring them to fill out health questionnaires in the airport security process. This may further increase the time it takes to get from car to gate but, if executed correctly, it will ensure safer air travel, limit the spread of infectious disease, and increase the confidence of consumers.

Ultimately, the United States can expect to better leverage its military industrial complex to respond to future crises. The U.S. military has a broad array of communications technologies, situational awareness tools, transportation, best-in-class supply chain management, a health system used to operating in new and adverse conditions, and extensive capabilities in training and simulation. By harnessing the armed forces’ existing capabilities in rapid response, logistics, and war-gaming, we can ensure that we are prepared to meet future pandemics. We could affordably develop, for example, a civilian medical reserve corps, use the military to train civilian medical personnel in rapid response protocols, and even run through advanced simulations in “germ gaming” instead of war gaming.
Aerospace, Defense & National Security

As aerospace, defense & national security organizations navigate this crisis, leaders need to both steady their businesses and start thinking about the problem-solving roles that they will need to bring into their organizations:

- **Advanced biometrics and monitoring.** Thanks to the prevalence of phones and satellite mapping technology, obligatory health monitoring and biometric surveillance will provide early warnings of future outbreaks. There will be health-based guidelines to access to military facilities, manufacturing sites, and the offices of government contractors, where the outbreak of disease might constitute a national security risk. This will be supported by increased testing (e.g. the entire crew of the carrier Theodore Roosevelt was tested after their Commanding Officer was relieved).

- **Innovative and scalable technology.** The military has invested in small technology companies whose innovative technologies—including portable ventilators—could be scaled or repurposed to respond to emerging threats. Expect formats like Air Force Pitch Day to continue to promote technology acceleration and attract entrepreneurs who can provide rapid solutions to complex problems.

- **Innovative and creative partnerships.** As with many disruptions, we are currently seeing more innovation and creative partnerships. For example, Deirdre Quinn, founder and CEO of Lafayette 148, recently partnered with the founder and CEO of Crye Precision, Greg Thompson, to start manufacturing much-needed hospital gowns in both of their manufacturing facilities in New York City’s Brooklyn Navy Yard. Lafayette 148 is a women’s fashion line; Crye Precision makes helmets, combat apparel, and other gear for America’s fighting forces.

- **Contingent logistics.** Organizations and leaders need to be able to provide rapid support at scale at the federal, state, and local level. The United States has significant military and contractor experience, but ensuring those capabilities are (a) available in local and regional geographies and (b) capable of shifting from a conflict-oriented to a pandemic footing will require systemic, organizational, and leadership changes.

- **Digital transformation.** Given the nature of large scale manufacturing facilities, cleared facilities, and classified materials, working from home is not an option for many in the sector—but they can’t just stop working. For this reason, determining functional work-from-home, co-location, and health-conscious shift design will be crucial to the continued success of the industry.

- **Emergency health care force.** Since working from home is not an option for many companies in the sector, firms will need to identify new additional healthcare resources and best practices that support their continued functioning. Going forward, proof of these capabilities will limit the risks of disruption caused by another similar crisis.

- **Healthcare reserve corps.** On the government services side, healthcare is now clearly critical to national security. As such, we may see the formal creation of something like a civilian healthcare reserve corps—a formal branch of doctors and nurses that can be mustered and deployed by the federal government to supplement the existing health infrastructure.

- **Government affairs.** Given the importance of the government’s response to the crisis—from both health and financial aid standpoints—government affairs leaders who can be strategic partners to their businesses will be critical to the success of organizations throughout this sector. This is especially true given the enormous stimulus being poured into the economy.

- **Scenario planning, training, and simulation.** Going forward, we will see greater emphasis given to the pressure testing of scenarios and risks, especially as they pertain to economically disruptive pandemics and other potential black swan events.
Life Sciences

STATE OF THE SECTOR
The current crisis will fundamentally alter the landscape of biotechnology development. There will be substantive changes to the regulatory, capital, and R&D environments across the entire value chain, and organizations will be increasingly willing to collaborate or partner with one another. Those leaders who have been able to respond rapidly to the threat posed by COVID-19 tend to have agile platform technologies, ready-made partnerships with complementary organizations, access to capital through conventional and unconventional funding vehicles, and relationships with the government that enhance these factors while providing for the possibility of bespoke regulatory allowances in the name of speed to market.

LOOKING FORWARD
Collaborations and partnerships are key to reacting quickly in an acute pandemic crisis and will become the norm for the life sciences industry after COVID-19. What we’re seeing currently in vaccine development is an instructive and timely example of this: although dozens of distinct vaccine development efforts are underway, Moderna (Nasdaq: MRNA) was among the first to initiate human trials because of its agile mRNA platform technology, flexible operational structure, and its collaborations that both complement its development infrastructure and provide funding for rapid vaccine design and testing.

After a decade of declining ROI for in-house R&D in big pharma, innovation has been pushed to the periphery and small biotech has essentially become an outsourced R&D engine. It is through collaborations and partnerships that these two worlds are bridged. In the post-COVID era, the trend toward partnerships between nimble innovators and established global powerhouses will continue, further enhanced by any new epidemics or acute events that require both organizational agility and large resource pools to effectively combat emergent threats. Life science leaders should expect networks of partnerships and collaborations to continue to expand, and the C-suite should be proactive, making sure they “dig these wells before they’re thirsty.”

Iterative experience with acute outbreaks of novel pathogens is also teaching the life sciences industry how to more rapidly conduct discovery and preclinical validation of vaccines, as well as establish procedures to enroll and execute clinical trials more swiftly. This institutional knowledge is even more powerful when paired with governments that are willing to pragmatically adjust clinical trial requirements to speed access while minimizing risk to communities, as has been the case with the fast-tracking of several COVID-19 vaccine programs to human trials without some of the preclinical studies typical of such a development program. Crisis tends to catalyze innovation, and life sciences leaders should consider speed and agility among their most valuable assets in the coming years—with networks of partnerships and collaborations a key tool in that arsenal.

Lastly, there is a clear need for public-private partnerships focused on developing treatments before demand makes them profitable. This will take government backing—and it will mean developing vaccines for viruses that never actually cause outbreaks—but our need for this kind of program has become clear:
Life Sciences

Members of life sciences C-suites ought to take many lessons from this particular crisis, including the need to:

- Invest in platform technologies that are broadly useful and readily targeted toward new threats
- Engineer organizational agility and nimble thinking where possible, ensuring flexibility in the organization’s structures
- Be quick to partner with organizations that can fill their own business’s gaps, and likewise be quick to fill gaps for other partners
- Identify and improve any complacencies or weaknesses in the company
- Develop relationships and establishing trust with regulatory counterparts
- And, perhaps most importantly, ensure that every member of the board and senior team has the intellectual agility and leadership skills to respond quickly to new signals

The pace of change in life sciences will never be this slow again.

“Collaborations and partnerships are key to reacting quickly in an acute pandemic crisis and will become the norm for the life sciences industry after COVID-19.”
Technology

STATE OF THE SECTOR
While the coronavirus pandemic has brought a devastating impact to many global industries, the technology sector has been relied on to identify creative solutions to complex business issues. These technology-enabled solutions have created a new digitally enabled work environment with creative solutions for remote workplace enablement, networking and broadband connectivity, cybersecurity, and software solutions that enable virtual collaboration.

LOOKING FORWARD
While the Technology sector continues to play a pivotal role in navigating this period of social and economic uncertainty, there are some emerging themes that are indicative of what the post COVID-19 workforce may look like:

■ **Repetitive and Manual Tasks will not survive the Pandemic.**
  
  With the arrival of a steep economic correction brought on by COVID-19, it’s highly likely that the leaders of companies will be turning to robotic process automation (RPA) and other forms of technology-enabled artificial intelligence to increase efficiencies and reduce operational costs. Robotic process automation (RPA) refers to software that can be easily programmed to do basic tasks across applications just as human workers do. These software robots can be taught specific workflows with multiple steps and applications and is designed to reduce the burden of these repetitive, simple tasks on employees, such as invoice processing, sales orders fulfillment, accounts reconciliation, data entry, and payroll.

■ **Transition to Work-From-Home (WFH)**
  
  Since the outbreak of Covid-19 and the requirement that all companies convert to a WFH model, the increase in usage of communication and collaboration tools has been unprecedented. Microsoft recently announced that demand for Microsoft Teams surged worldwide from 32M daily active users to 44M in just one week with corresponding daily meeting minutes increasing from 900M in mid-March to 2.7B in early April. Microsoft isn’t the only company seeing this impact with competitors like Slack, Google, and Zoom all reflecting a corresponding increase in demand.
  
  One bright spot that hasn’t been talked about as much is the fact that most network operators have successfully risen to the challenge and have been able to manage this surge in bandwidth demand without a significant degradation of reliability, speed or quality. According to Comcast, weekday usage is up significantly as more people work and learn from a home environment. Some interesting statistics:
  
  ■ VoIP and video conferencing is up 212%
  ■ VPN traffic is up 40%
  ■ Gaming downloads are up 50%
  ■ Streaming and web video consumption are up 38%
Technology

This will likely lead to continued investment by network operators with some analysts claiming that there are already indications these companies are preparing to raise their investments into their networks in response to rising levels of coronavirus-related traffic, with the expectation that such traffic may remain elevated. A prime example is that Verizon and Vodafone – two of the world’s largest operators – have already committed to increasing their spending on their networks this year in response to customers’ rising data demands.

- **Cybersecurity will become a major topic of discussion to protect digital assets**

The sudden shift to a remote workforce has altered many company priorities from an IT investment perspective as work from home levels has exploded from 15% originally to 75% presently. Many companies are reporting that attacks have increased from a scope and severity perspective during this pandemic, with hackers taking advantage as companies move to enact their internal crisis management programs as employees establish new work from home measures.

Some industries have found themselves better prepared to weather these attacks due to improved cyber security programs and systems including for the financial services and healthcare sectors. Other industry segments that are playing catch up now to protect their organizations include retail, small medium businesses (SMB), industrial, and technology.

It’s clear that top management, corporate boards, CIOs and their organizations will take a harder look at their cyber risk profile as a key differentiating point of overall company health going forward.

"Cyber attacks have increased in a scope and severity during this pandemic."
Professional Services

STATE OF THE SECTOR
As the COVID-19 crisis continues to unfold and lockdown becomes the new normal, the biggest question now facing the professional services sector is: how can firms enhance their service offerings for the long term? In other words, how do they significantly retool?

Already there are clear indicators that the post pandemic world will be very different from the one that preceded it. More than organizations in other sectors, professional services firms need to focus on rapidly transforming their businesses to meet the evolving needs of their clients and employees.

As professional service firms develop new products and services to help their clients through this difficult time, there has never been a bigger emphasis on the importance of creativity, organizational agility, and the pursuance of alliances and mutually beneficial relationships. The single most salient lesson of the COVID-19 pandemic may be that teaming up is an essential component of survival.

The next generation of successful professional services will therefore be those that define themselves not just by their assets but also by their partnerships.

LOOKING FORWARD
The wide-reaching effects of COVID-19 have impacted the professional services sector in a multitude of different ways, but most notably:

■ Cybersecurity. We’re seeing a significant increase in spending on IT resources and assets as organizations hastily adopt a work from home (WFH) model. The speed at which this transition is happening has the potential to create cybersecurity and data privacy issues. The increase in remote traffic has also given rise to many new network issues, requiring adjustments to the advanced security analytics platforms that monitor remote traffic. As new baselines are established, these analytics will need regular monitoring and adjustment to spot potentially detrimental traffic.

■ However, set against this potential need for enhanced cybersecurity and privacy measures is the greater flexibility required by health services, governments, and technology companies in the countries most severely affected by the coronavirus. As they race to develop a vaccine and app that will track coronavirus contacts, they recognize the potentially increased threat of large scale data privacy breaches, but know that the overwhelming priority currently has to be to flatten the curve as quickly as possible by whatever means.

■ IT services. The massive shift to a WFH model hugely increases the workload of IT support teams, creating pressure to skip authentication or authorization steps in order to deal with the increase in call volumes. Furthermore, physical presence requirements for IT services are no longer feasible; services like as laptop upgrades, certificate issuances or hardware repairs must be deferred. However, all of these problems can be mitigated by working with professional services providers to augment overstretched internal IT teams—and this will be a growth area for the professional services space.

■ Supply chain. Both businesses and personal consumers are now coming to terms with the fact that traditional supply chain structures struggle to cope with unplanned disruptions of this magnitude. Both the food & beverage and the medical supply sectors urgently need help to boost the resilience of their supply chains. To this end, those professional services firms with specialist domain expertise in the transport management area—including deep exposure to new SaaS products such as Descartes, Cerasis, Ascend, BluJay, Eyefreight, and E2Open—are in increasing demand.

■ Multi-stakeholder environments like supply chains will also become more efficient, resilient, and transparent as they implement emerging technologies such as AI and blockchain—both of which will see widespread adoption in the post-COVID world.
Education

STATE OF THE SECTOR

COVID-19 is driving widespread change at all levels of the education sector. With schools and campuses closed across the country, classroom-based institutions—most of which are woefully unprepared to offer regular curriculum outside the classroom—are being forced to try their hands at online education. Recent ventures into massive online courses (MOCs) have built a pathway for some institutions, but these have not been geared to traditional K–12 and undergraduate degree programs.

As colleges and universities escalate online teaching for displaced students, they will explore and then implement techniques and processes to personalize student/teacher interaction to replace both casual and planned on-campus interactions.

LOOKING FORWARD

COVID-19 has a number of significant long-term implications for the education sector:

- New work paradigms = new teaching imperatives. A remote, digitally enabled workforce will be a new reality in the post-COVID world. And to prepare students for this new paradigm, schools will need to invest in online education capabilities, exposing young students to a wide array of concepts like remote teamwork, digital problem solving, and productive work-from-home habits, all of which will be important qualifications for employment in the service and information sectors.

- Bridging the digital divide. Going forward, institutions—particularly those offering K–12 educations—will have to work harder to bridge the digital divide and give low-income students access to online education programs. We expect to see universities and school systems find ways of making low-cost computing devices accessible to low-income families and to work with technology providers to bring broadband access to unconnected households.

- New providers. The rapid escalation of online teaching will be an opportunity for established providers (predominately in the commercial education sector) to build and strengthen ties with traditional and nonprofit institutions; over time, this will give edtech companies the opportunity to work more closely on key academic functions like curriculum development, program design, and even research. These partnerships will become especially important for tuition-dependent schools with limited resources of their own to invest in new programs, courses, and online academic initiatives.

- Digital classrooms. Increased communication between traditional higher education providers and technology-based, for-profit firms will ultimately drive innovation and the use of other advanced technologies—like virtual reality, extended classroom communities, education social media sites, and epistemic games—designed to promote student engagement and help reproduce some of the advantages of face-to-face learning environments.

- Cheaper education. One of the most important implications of online programs is the cost-to-enrollment ratio. Because a single online class can serve many more students than the traditional classroom, the widespread adoption of online learning has the potential to ameliorate the rising costs we’ve seen in higher and private education over the last few decades. On the one hand, this will allow institutions to engage wider range of students and reduce the societal challenges associated with student debt, but it also promises a new intensity of competition between institutions.

- Institutional homeschooling. As more institutions adopt digital learning platforms and the stigmas around remote education become less prevalent, we expect home schooling to increase and even be institutionalized, with online degree-granting institutions leaning into the K–12 space. If significant percentages of the K–12 market embrace these remote learning options, demand for traditional classroom-based programs will be threatened, potentially causing enrollment challenges for small school systems in remote geographies.
International Development

STATE OF THE SECTOR

Even after dealing with several years of continuous restructuring, U.S. international development organizations are still evolving. Whether it is in the agricultural product supply chain that helps feed the world, or the infrastructure engineering entities that ensure access to clean water and the removal of waste, or the health service and product-delivery mechanisms used to address the same kind of health crises in fragile countries that we are now experiencing in the U.S., leaders need to leverage their experience in new and different ways and have the confidence and vigilance to make tough decisions quickly and change course rapidly. This is not easy to do, especially when bureaucracy factors into the decision-making process, but it is not impossible. It starts with resolve, and is supported by the ability to synthesize and act upon a constant flow of real-time information and personal accountability. Leaders and managers without those characteristics, who get paralyzed by the systemic changes within which they now have to work, will quickly become bottlenecks, wasting precious time and resources.

Foreign aid is always called into question when there are problems at home. But as we have seen with COVID-19, we live in a global world. Problems that begin abroad can and will find their ways back to our shores, especially when we fail to ensure effective intergovernmental dialogue and organizational cooperation.

LOOKING FORWARD

Members of the U.S. government’s aid and foreign relations posts, those representatives in the UN agencies and international financial institutions who are currently deploying funding to strengthen the health systems in fragile countries, members of U.S.-based NGOs and civil society organizations, and companies that support the global health and development communities—all of these leaders and entities need to ensure that they have teams and team leaders who can make the best decisions under pressure, move resolutely ahead, and innovate to solve problems.

In addition, the boards of publicly-traded U.S. companies—especially those that provide products or services in the international development sector or operate in and around those fragile countries themselves—will need to rethink what kinds of new board expertise will allow them to address the COVID-19 pandemic and emerge from the other side. Former diplomats and other foreign service professionals—people accustomed to operating in developing regions, with extensive networks, language abilities, risk management experience, and an ingrained appreciation for good governance—could prove indispensable in the boardroom.