

Johan Rupert note that the pandemic will reset the way the world works.

It is uncertain what the outcome of the reset will be, but from a business perspective, it is critical to try and take a peek into the future and what changes are already incubating?

1. On international and inter-government level:

Internationally governments position themselves to increase wealth of their populations. Measurements such as wealth-, earnings-, growth, and intellect per capita, to name a few.

Success here result in increased living standards, bigger markets, increased profitability for business, better solutions, better infrastructure and productivity, longer lives.

Countries position themselves to become competitive and develop markets in other countries to earn foreign currency. Positive trade balances are the ultimate goal.

Risk in this environment means anything that distorts the "momentum" towards wealth: Terrorism; Resource dependence on other countries; Un-fair trade and competition; Natural disasters; Opportunistic conduct of nations; Tension between nations; etc.

For all these "momentum" disrupters there are primary focus on information and strategies to manage the risks. One could argue that there was, with regards to health, also an oversight body with information gathering, and mentions of pandemics, with examples such as HIV/AIDS, and recent outbreaks of different versions of flu, but these examples were managed with least disruption to the "momentum" discussed above. Maybe the world believed that health risks can be contained easily, as historic examples to proof resilience.

The COVID-19 was therefore not taken as seriously at the start as it was expected that it would, as in previous cases, not disrupt the "momentum". However, the "mobility" of the decease, and fatalities left in its wake, overwhelmed governments quickly, resulting in panic and a total lockdown of movement across the world.

The impact on ideal "momentum" is material, similar to a world war, but different in two manners, namely, we are fighting an invisible enemy that has no boundaries (the battleground is the whole world at once and not in isolated geographic areas and the enemy is carried inside friendly forces), and our infrastructure is not being destroyed as is the case in a war. Infiltration is therefore swift and invisible, but recovery once the "war" is won, can be fast as all the "assets" (infrastructure and workforce) remains available.

Lockdown across the world is now the most effective strategy to stop the mobility of the virus, but this strategy is only buying time until a vaccine is developed to kill the virus. The ideal strategy would be to detect such occurrence timeously at source and isolate in as small as possible geographic area at place of origin.

How would the world manage itself after COVID-19?

- Risk identification / analysis activity will become even more intense. More thought will go into identifying and analysing undetected potential risks at source as quickly as possible: Question: What else is there where we are sitting on a time bomb, without understanding that? Risk identification and assessment is currently a formal discipline, but the impact of risks will be viewed from a different paradigm, for instance to critically analyse any potential risk where the vehicle carrying the "enemy" is not naturally contained within national- or other borders;
- From a health risk perspective, people is the "vehicle", enabling infiltration. Early detection of potential risks and containment will be configured around the movement of people through certain "ports", in the form of screening, etc.;
- Governments to focus on self-sufficiency regarding essential products, such as medical equipment and protective gear;
- Heightened awareness of hygiene and health matters;
- Design of monitoring mechanisms that would provide in-time data, to detect and reflect on trends regarding pandemic risk;
- The lockdown provided a real life experiment of how to reduce pollution and contain climate change. Current strategies to contain climate change will most certainly be aligned to take into consideration the learnings from the experiment, which includes the rate at which the earth and atmosphere can repair itself when given the opportunity.

## 2. On national level

### 2.1 General: Governments were caught off guard with the impact of the pandemic.

Disaster relief reserves will in future be created and managed from a different context. Governments will not have the luxury to waste resources and need to tighten up their financial discipline and priorities regarding spending if they are serious to become sustainable from a potential risk perspective.

Credit ratings of governments will reflect on disaster management reserves, which will most definitely be much higher than current disaster reserving. The USA and UK, for the current pandemic, allocate as much as 10-15% of GDP to sustain their economies during this period;

### 2.2 South Africa: To ensure low unemployment and wealth creation for its citizens from a

South African perspective, Government do not have much room to move with regards to current resource availability as a result of corrupt previous term ANC leadership together with baseline communist ideologies. As a matter of extreme urgency, it will have to move away from ideology, towards sound financial management, which entails disciplined spending on only necessary matters, removing cash cannibalisation strategies and entities. Further to that, we need to create a productive workforce, placing the country in a competitive position to

deliver products and services to other nations, which entails facilitation of growth and innovation by the private sector.

Developing Africa as a marketplace, is key to South Africa's success to ensure market development for our products and services in markets in close proximity. Similarly, South Africa will be a marketplace for our African neighbours.

Part of the enabling environment is to provide, apart from normal service delivery and security, electronic communication and other technology infrastructure that will hold its own in a competitive world.

Opening up after lockdown, until vaccine is available: There will be a tight management of movement and physical distancing.

### 3. Companies

The management of risks will become even more critical for companies, to assess risks that could have an impact such as the current COVID – 19. Disaster recovery and business continuity will therefore be expanded, as well as reserve provisioning / insurance cover for disaster management;

- Narrowing gap between rich and poor: Specific risks will include the involvement of companies in communities where their employees live as well as where their products are sold. The aim would be get involved in narrowing the gap between rich and poor as well as to look after the environment;
- Balance Sheet risk: Critical management of own resources and establishing reserves to overcome challenges such as lock downs will be part of normal business. Governments could become involved and provide tax incentives for businesses who establishes such reserves;
- Increased mobility of workforce: To attract and retain best fit talent, companies may need to adopt to the mobility of the workforce, e.g. working remotely as well as working for multiple employers in some disciplines. Management style and policies need to be adopted;
  - ✓ Remote employees: Employers have the option to reduce their physical office space and allow for employees to work from home. Critical here, will be interconnectivity and disciplined interaction amongst teams to ensure the teams carry on focussing as teams on their mandates;
  - ✓ Employees with multiple employers: Management of a remote workforce, where individuals does not necessarily work only for that team, is a new idea and need to be remodelled;
- Client risk: Companies need to beware of the risks that their client industries are exposed to and include that in their risk assessments and possible mitigating actions;

#### 4. Individuals

The pandemic, as is the case in all challenging situations, has already opened doors towards the future. One of these is a real life test of the "work from home" concept:

- Individuals selling their competency: Opens the door to individuals to sell their talent anywhere in the world, without moving from their home base. This opens a new world for skilled employees and this has the potential to become one of SA's big export products;
- Individuals with multiple employers: Individuals can sell their skills to different employers, delivering output, rather than time, meaning that an employer's employee may have different employers. This is already in operation in the ICT industry, and could expand into other disciplines;
- Distance learning, opening up learning institutions for students across borders. This is already starting to happen;
- Travelling time would be available for more work hours, exercise or more family time. Travelling cost replaced by communication costs;

#### 5. Labour unions

- Unions will have to amend their business models from manipulating workforces into activities that serves only the union's interest and nobody else', to finding a new compelling value add to employees in a new environment.

#### 6. Long term savings and retirement fund administrators

For these providers (also Acravest), workforce changes discussed above provide opportunities for re-alignment of focus:

- Group retirement provisioning structures will not fit all employers' and employee needs;
- Individual provisioning, accommodating contributions from more than one employer will suit a segment of employers / employees;
- Risk providers will have to adopt to accommodate such individual employees on group schemes, or individual schemes that is priced similar to groups.  
Administrators will add value here to segment employees across client base into different risk profiled groups and re configure groups to get balanced premiums;
- Group type communication will change from physical conference style presentations to electronic seminars where each employee participate from his/her own workstation / cellphone (live streaming or recorded with opportunity for recipient to participate);
- Travelling cost replaced by communication costs;

- New mobile payment systems is already on the way to the market, e.g. Vodacom (M-Pesa) and MTN (Mo-Mo). As receipts and payments are central to our operations, we need to ensure we understand and adapt to these methods.

7. AcraVest: Comments on major industries in our client/partner base:

- Mining and manufacturing will most likely be fastest to find their feet, provided their clients are up and running to purchase stock / Services. Lockdown period however will totally stop income streams in this industry;
- Leisure and tourism industry will struggle as many businesses in these industries are small businesses that could go down or will take a while to re-establish their services again;
- Financial and services industries should be able to stay in operation through the lockdown. Their risk is in their client base where clients could close down. Their offering both in a service delivery as well as generation of growth on invested monies will be subject to rethinking. Already re-thinking the cost aspect, which provide more opportunity to AcraVest – provide a wholesale investment platform..
- Health industry is buckling under the demand and should survive and grow in this particular environment;
- Retail stays open to provide essential products such as food and cleaning material. Therefore not fully exposed to current risk;
- Agriculture (No current exposure) is part of essential services and should be able to survive;
- Property Industry: Landlords may be exposed to lower demand for office space and need to change their offering from "physical space" to "solutions", to include for instance spaces for companies to operate their remote workforces from. Their offering could include access to ICT infrastructure and other services to facilitate a company's home base