

Navigating the impact of COVID-19 on the tech industry

Respond and restore. Together.

Powering the world's critical IT infrastructure in the midst of a pandemic

While the uncertainty of COVID-19 has sent waves around the world, technology companies are focused on ensuring the viability of supply chains for the movement of critical supplies, overseeing the efficacy and security of the technology framework and empowering employees to support customer and business needs and have therefore often become even more critical.

And even though the overall tech sector seems mto be among the more resilient, it is facing its own challenges driven by the COVID-19 crisis:

Top immediate impacts

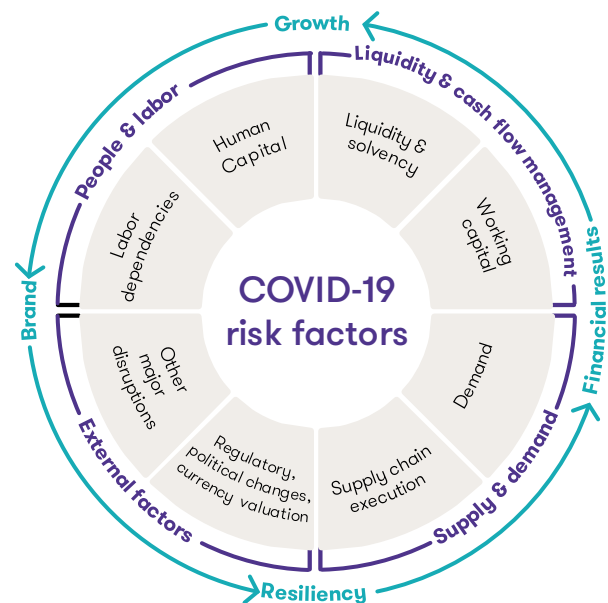
Considering these surging circumstances, technology companies are grappling with issues disrupting the industry including:

- Complex and fluid international mobility restrictions governing access to data centers and operating centers
- Technology infrastructure to support spiking demand from healthcare, telework and e-retail, remote learning and more
- Dramatic shifts in services delivery models driven by remote work requirements
- Retention of top tier talent
- Surge in capacity demands from remote operations
- Disruptions in supply from international partners
- Unanticipated cancellation or slow renewals of contracts
- Liquidity issues at the company and with ecosystem partners
- Emergent cash needs and application for funding sources for smaller tech companies

Resiliency starts with a commitment to identify and mitigate risk factors that can further disrupt your business.

Looking at future impact

The technology sector's essential role in critical infrastructure has never been more vital. Some companies will struggle while others will experience growing demand. Regardless, the rapidly evolving pandemic makes it particularly challenging to consider potential longer-term implications of COVID-19.



Liquidity & Cash Flow Management

What financial impact will the pandemic have on your organization? The need to collect data in real time and document support for costs is critical.

- Some technology companies will be weakened and may seek new sources of capital through acquisition or joint venture
- Speed to securing and maintaining funding sources will be essential (e.g. for Germany, KfW Support; Economic Stabilisation Fund; Law to Mitigate the Consequences of COVID-19)
- The ability to pivot and rely on a financial operating plan that maps a path toward solid financial footing and support from banks, rating agencies, etc. will be very important

Supply & Demand

Applying new learnings from COVID-19 and changed expectations of stakeholders will re-shape how we use technology to enable work and society.

- Tele-work growth and digital services for all organizations may become the norm
- Demand for broadband, mobile hotspots and other infrastructure capacity such as 5G campus networks will spike and continue to grow
- Online learning will experience a strong push as schools and universities invest in their infrastructure
- Remote sales and service models may become the rule
- Supply chain vendor management relationships will need to be re-evaluated and managed

People & Labor

The response to COVID-19 will be a defining moment for how technology enables commerce and society. This will create an opportunity for all technology companies.

- There will be stress from operating extended global product development, sales and support organizations
- Dependence on the viability of infrastructure partners may need to be reassessed
- Shifting seamlessly to digital sales and support will be an imperative

- Remote working - already an industry competency - will evolve dramatically

What technology executives should consider as needs evolve

Immediate

- Protect the safety and well-being of employees
- Communicate clearly and transparently with stakeholders
- Focus on ensuring secure access to operating and data centers
- Preserve and manage cash flow
- Access recovery funding assistance:
 - Track and document support for recovery funding
 - Identify and request appropriate support and recovery funding
 - Treat recovery funding as a project and manage all potential funding sources together

Longer term

- Ensure remote workforce productivity
- Continue program of clear and transparent communications
- Develop and document lessons learned to enable future product and service development

How we can help

We work with hardware, software, communications, semiconductor and business services companies in the areas of finance, transactions, sales and marketing, domestic and international operations, performance improvements, cybersecurity and data privacy, risk, tax and IT.

Specifically, we can:

- Assist with a Covid-19 business risk assessment
- Identify cash management and other strategies needed for the near term
- Support in accessing recovery funding
- Support reassessment of business continuity plans
- Support reassessment of internal audit plans and internal control systems
- Data protection & IT Security for mobile work (home office)
- Remote support in case of Cyber Incidents and Cyber attacks

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