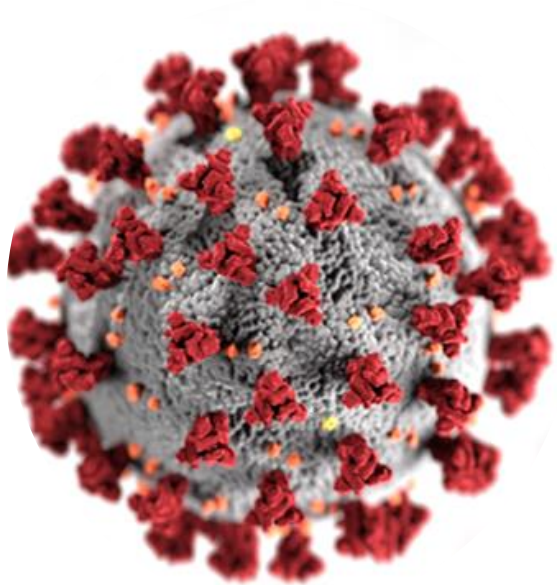


BRIGHT WOLVES[®]

Impacting Transformation



COVID-19 EPIDEMIC: Assessing the robustness of your business model

Evaluate potential risks to better
mitigate their impacts

April 2020

Empowered by  Quanteus
Group

Why should you use this tool?

As a business leader, it is essential that you keep the ability to evaluate your options as the disease propagates its effect on the economy. To do so, you should critically assess the robustness of your business model and the possible actions you could take to mitigate the risks of the continued spread of the disease.

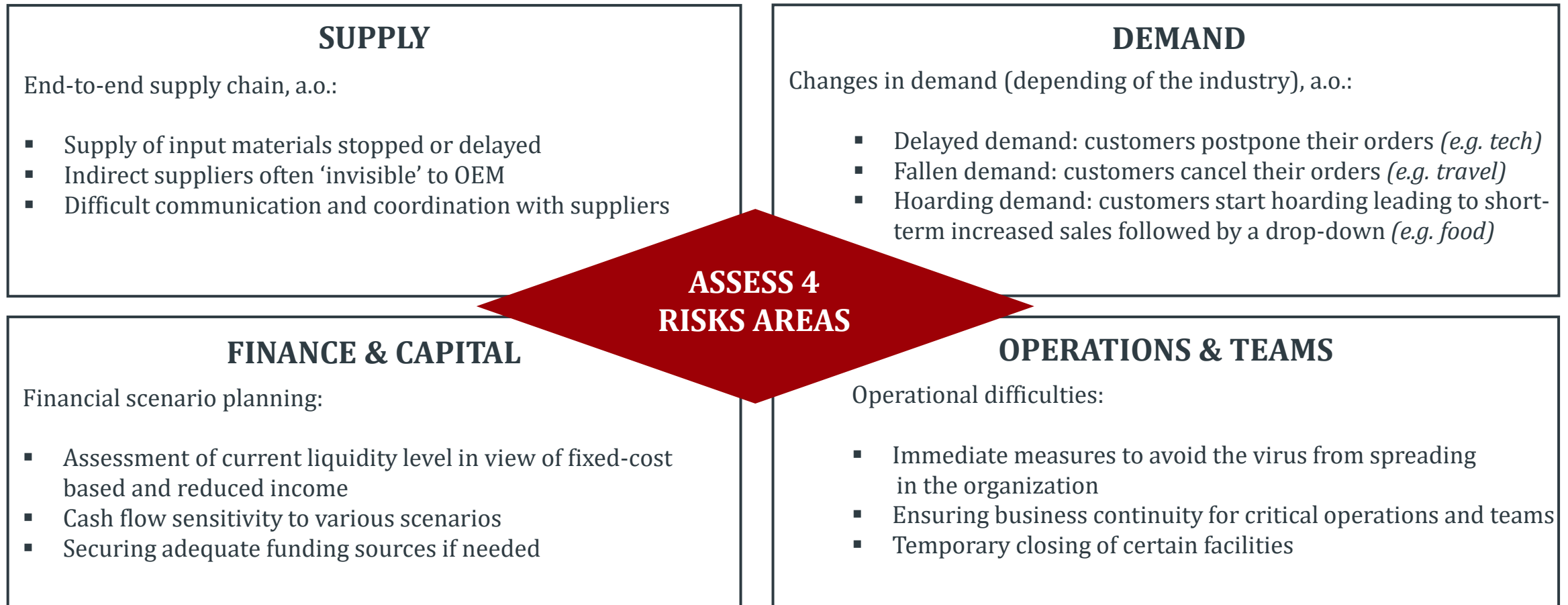
To this effect, we have prepared a concise report with a set of suggested questions, which are useful in performing your analysis.



ASSESS THE SITUATION AND KEEP YOUR BUSINESS MODEL CRISIS PROOF

Assessment of the robustness of your business model

COVID-19 epidemic affects 4 risk areas



These risks are already impacting several sectors of the economy

Covid-19 epidemic affects the 4 areas: examples

SUPPLY



In addition, today's value chains are global and more complex than they were in 2003 or 2011. According to "Business Impact of the Coronavirus," a Dun & Bradstreet report published earlier this month, 938 of the Fortune 1000 companies have a tier 1 or tier 2 supplier that has been affected by the virus.

The automotive industry with its just-in-time supply chain and global supplier network felt the shock early on. In fact, China's automotive industry is at less than 50 percent of its pre-virus production rates, and while some Chinese parts suppliers have partially resumed operations, it will be a long time before factories return to full capacity. For example, Volkswagen AG's joint venture with China FAW Group Co. resumed at four plants last week but won't be at full steam until May.

FINANCIAL TIMES

Virgin Australia forecasts \$50m hit from low demand

Jamie Smyth reports from Sydney

Virgin Australia Group has warned the coronavirus outbreak could cost it A\$50-75m (\$33m-\$49.5m) in the six months to end June due to weaker demand, prompting the struggling carrier to slash flight capacity and restructure its fleet.

DEMAND

THE WALL STREET JOURNAL

Ralph Lauren Corp., the New York-based fashion retail chain, earlier this month stated fourth-quarter income in its fiscal-year 2020 would be \$35 million to \$45 million lower because of slower sales in China, Japan and Korea.

Chinese steel inventories reach record levels as demand slows

A total of 34.3 million tonnes of finished steel products - the highest level ever recorded - were being held by steel makers and traders as of February 20, according to Shanghai-based industry data provider Mysteel.

ASSESS 4 RISKS AREAS

FINANCE & CAPITAL

THE WALL STREET JOURNAL

Other companies, including Bausch Health Companies Inc., have provided precise estimates of the hit to their finances. Bausch, a Laval, Quebec-based pharmaceutical company, on a recent earnings call estimated the coronavirus would roughly be a \$50 million drag on its balance sheet.

Deutsche Lufthansa AG is implementing a hiring freeze and plans to cut projects by 10% and budgets for material costs by 20%. The German airline didn't provide a financial estimate of the financial impact, though.

BBC OPERATIONS & TEAMS

Twitter has told its employees to work from home to help stop the spread of the coronavirus.

In a blog post, the social media giant said it was mandatory for staff in Hong Kong, Japan and South Korea to work remotely.

The company also said it was "strongly encouraging" all of its 5,000 employees around the world to not come into work.

It comes a day after

Afhandelaar Swissport overweegt tijdelijke werkloosheid

Bagageafhandelaar Swissport bereidt zich administratief voor om tijdelijke werkloosheid aan te vragen bij de Rijksdienst voor Arbeidsvoorziening (RVA). Maar de aanvraag is op dit moment nog niet ingediend, meldt de woordvoerder van het bedrijf. 'De vraag tot tijdelijke werkloosheid moet goed gemotiveerd worden. Swissport wil daarmee klaar zijn voor het geval de coronacrisis nog verergert.'



Coronavirus prompts HSBC and Shell to send staff home

Employees in Hong Kong and Singapore came into contact with people infected

Immediate analyses for effectively facing the crisis

SUPPLY

- Have you recently performed a **risk analysis** of your supply chain — could you update that analysis to reflect your operation today?
- Can you isolate **the likely points of disruption** of your supply chain given the above analysis?
- What **risk-mitigation measures** could you take? (Could you further diversify your base of suppliers to mitigate that risk?)

DEMAND

- How is the **demand for your products** likely to evolve (e.g., high demand as your customers are creating stocks, or low demand if your products cannot reach their markets)?
- Should you proactively **shift your production or adapt your services** to emphasize certain products or services while reducing others given the crisis?
- Are there **additional services** that your company could provide that would be needed as the outbreak propagates and habits of customers are disrupted (e.g., home delivery)?

FINANCE & CAPITAL

- How much time can you sustain **reduced cash flows** given your fixed-cost base?
- What are the **alternative temporary financing sources** (e.g., state aids, etc.)?
- What are the **various plausible scenarios** for the impact of the outbreak on your business?
- What would be the **revised business plans** for 2020 according to these scenarios?

OPERATIONS & TEAMS

- What are your **critical operations** which could not suffer disruption?
- What are **the teams** able to control or perform these critical operations?
- How do you ensure that you will always keep **critical skilled personnel** available (redundancy, etc.)?
- How do you make sure that teams remain **physically separated** so that if a team is affected by the disease, it does not spread to other teams?



KEEP ROOM TO MANEUVER

Establish a taskforce to monitor the situation and coordinate to act

TASKFORCE

A multidisciplinary team aiming to **monitor** the situation and protect the business by coordinating and ensuring quick **actions**. The taskforce will also be involved during risk **assessments** and **planning**.

MONITOR

- Monitor the evolution of the epidemic and its consequences (global economy)
- Decide on what should be monitored (depending on the most important risks for your business)
- Review and weight new evidence in real-time
- Follow updates from relevant authorities on a daily basis
 - *World Health Organization (daily situation reports)*
 - *European Centre for Disease Prevention and Control*
 - *Belgium: Vlaio (daily updates for business in Flanders, FAQ and a helpline), Federal Public Service Health, etc.*

ACT

- C-level leadership to enable quick decisions and actions
- Involve different departments in the taskforce
- Swiftly act based upon recommendations of the authorities
- Coordinate new strategic analysis with management and operational teams and revise as required
- Communicate internally and externally in a clear, transparent manner

Addressing the COVID-19 challenge with a strong partner



RESPONSE TASKFORCE COORDINATION

BrightWolves has a solid track-record in project management in various industries



DECISION-MAKING SUPPORT

BrightWolves supports decision-making process with its proven analysis capabilities



REAL-TIME INFORMATION MONITORING

BrightWolves assists the taskforce in monitoring all relevant information impacting your business