



The world remade by COVID-19

Scenarios for resilient leaders | 3-5 years

6 April 2020

salesforce

Deloitte.

Remarkable times call for remarkable collaboration.

As the COVID-19 pandemic began to sweep across the globe, some of the world's best-known scenario thinkers came together to explore different ways the unfolding crisis might play out—and what its effects could be on businesses and societies around the world.

Building on many years of collaboration both as friends and colleagues, the team came together—virtually, of course—to share ideas, questions, headlines, medical studies, and their own hypotheses. The goal? To imagine what might be changed as a result of the pandemic. What could the early-to-mid-2020s be like, once the health crisis has passed?

Andrew Blau

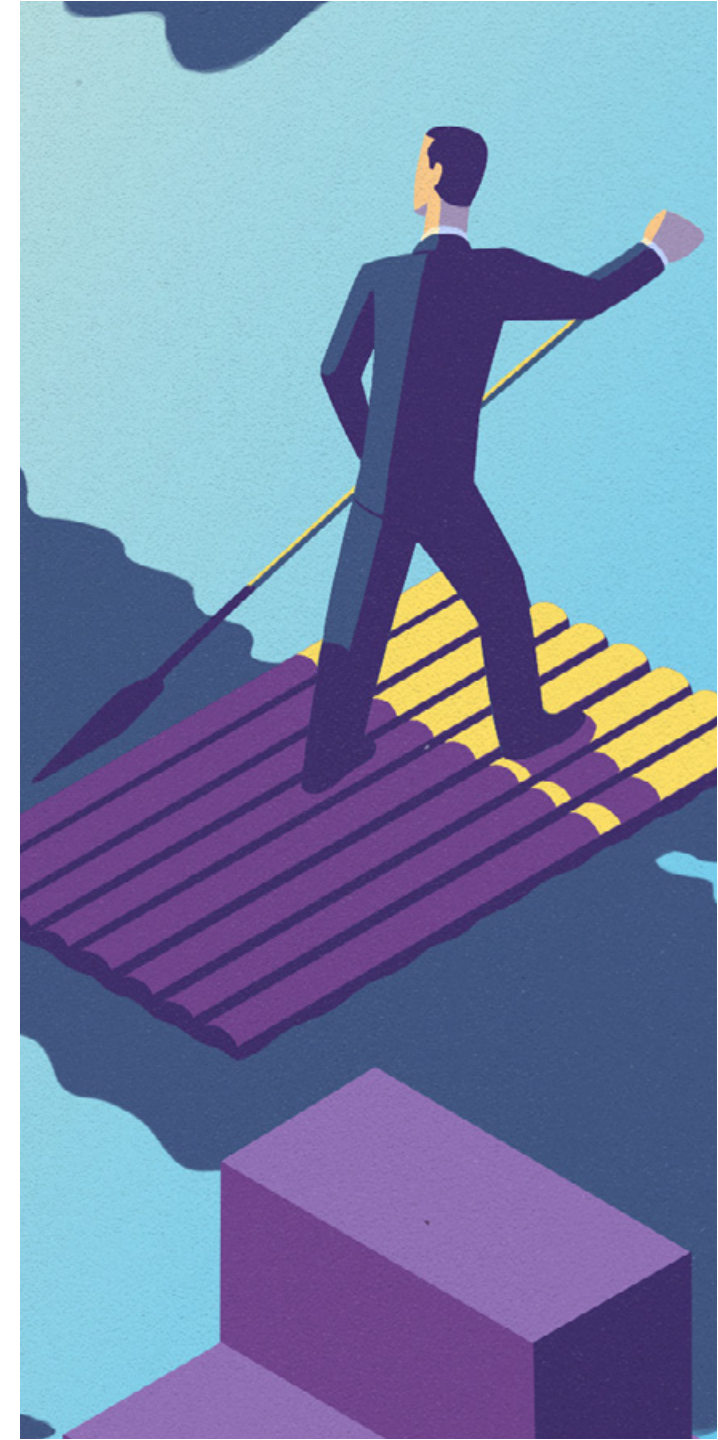
Managing Director, US Leader, Signature Issues
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Scenario thinking around these issues benefited from years of rich collaboration between two hosts of this dialogue, Deloitte and Salesforce. Both companies are committed to providing foresight and insight to help organizations around the world rise to their highest potential. That commitment has never been more important, and we are proud to share a first look at futures that may challenge us to rise together again.

We are grateful for the collaboration that made this work possible and look forward to the discussions we hope these scenarios will inspire around the world.

Peter Schwartz

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1 / A world remade

2 / Making sense of the future

3 / A closer look at the scenarios

4 / Team and acknowledgements

We face a global crisis unlike any we have known.

Health care workers and researchers are on the front lines fighting COVID-19, hoping to slow the spread of the disease and care for the sick.

Normal life has stopped for more than a billion people around the world.

While models and predictions abound, no one can say with certainty what the course of the virus will be, much less the impact the pandemic will have on people and societies.

Eventually, though, the crisis will end, and life will return to “normal.” But what if it’s not like before?

**What will
have changed
as a result
of what’s
happening
now?**

A world remade

We are in uncharted waters, yet leaders must take decisive action to ensure their organizations are resilient.

Deloitte's Resilient Leadership framework defines three time frames of the crisis



This document shares a view of how the world may develop over the next three to five years and is intended to help leaders explore some of the potential long-term implications of COVID-19.

Our view is based on scenarios—stories about the future created to spark insight and spot opportunity—created with some of the world's best-known scenario thinkers.

Use these scenarios to inspire bold thinking about the future, because as Peter Drucker famously observed,

“The greatest danger in times of turbulence is not the turbulence itself, but to act with yesterday's logic.”¹

Objectives of this document

Share scenarios about how the world might evolve in three to five years to help leaders:

- Explore how trends we see during the pandemic could shape what the world may look like in the long term
- Have productive conversations around the lasting implications and impacts of the crisis
- Identify decisions and actions that will improve resilience to the rapidly changing landscape
- Move beyond “recovering” from the crisis and toward “thriving” in the long run

Scenario thinking can help us prepare for a future no one can predict and clarify the potential implications of our choices.

This document explores various scenarios about how the COVID-19 pandemic could accelerate or redirect social and business changes over the next three to five years. While some of those trends may have already been in motion, others could be initiated by public and private reactions to the pandemic.

We have chosen a three-to-five-year time frame, as it offers a window wide enough for significant change to take place but narrow enough for executives to take practical action now to build their organizational resilience.

As you read this document, challenge yourself to imagine how the things you were sure would happen could now be on a different course. Avoid the temptation to conclude that the crisis will accelerate the changes you already expected or believed were inevitable.

This document should ultimately spark a number of questions around implications and next steps for your organization.

What are scenarios?

Scenarios are stories about what the future may be like, created through a structured process to stretch thinking, challenge conventional wisdom, and drive better decisions today. They are not predictions about what *will* happen. They are hypotheses about what *could* happen, designed to open our eyes to new opportunities or hidden risks.

Note that these scenarios stand as of 6 April 2020. They are based on our best understanding of the health trajectory, economic impacts, and government actions in response to the COVID-19 pandemic.

As you read through the scenarios, consider:



Which of your **previous expectations** need to be rethought? What prospects that seemed unlikely or years away could be accelerated?



What might **consumers value** in particular in these different worlds? How might that vary across key variables (for example, region and demographics)?



What are the **biggest threats** to your current business in these worlds?



What new **providers, companies, business models, and ecosystems** might emerge? Which existing companies are best positioned to succeed?



What **capabilities, relationships, and assets** are important in these worlds?



1 / A world remade

2 / Making sense of the future

3 / A closer look at the scenarios

4 / Team and acknowledgements

Making sense of the future

Five fundamental uncertainties are likely to have a significant impact post-COVID-19

Fundamental uncertainties explored

- 1 The overall **severity of the pandemic** and pattern of disease progression
- 2 The **level of collaboration** within and between countries
- 3 The **health care system** response to the crisis
- 4 The **economic consequences** of the crisis
- 5 The level of **social cohesion** in response to the crisis

Additional uncertainties explored

Society

- Levels of societal trust
- Psychological impacts after quarantine
- Impacts on different generations
- Long-term impacts on education

Technology

- Attitudes toward data-sharing
- Speed of technological innovation
- Long-term effects on the workplace
- Types of new technology adopted

Economy

- Speed of economic recovery
- Distribution of economic growth
- Impacts on inequality
- Shifts to new business models

Environment

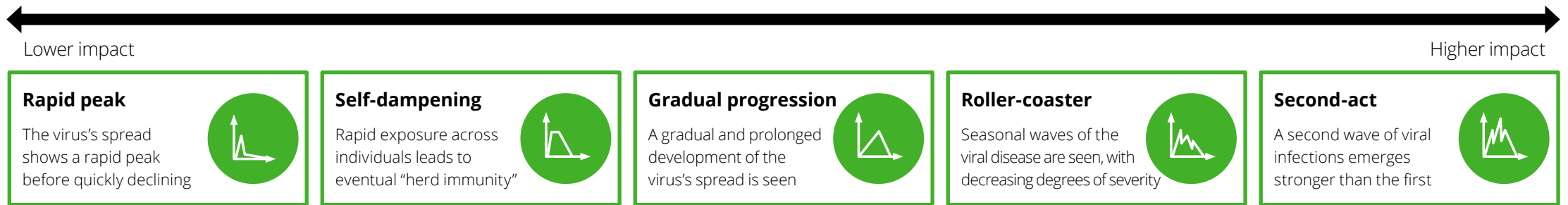
- Focus on fighting climate change
- Reduction of emissions
- Investments in renewable energy

Politics

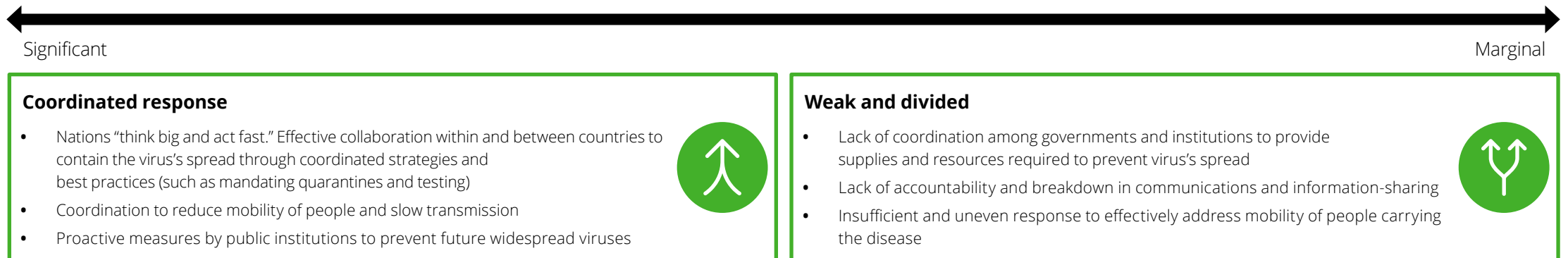
- Long-term impacts on governments
- Impacts on public policy and regulation
- Levels of trust in political systems
- Changes in election methodologies

Two critical uncertainties will drive the overall impact of COVID-19

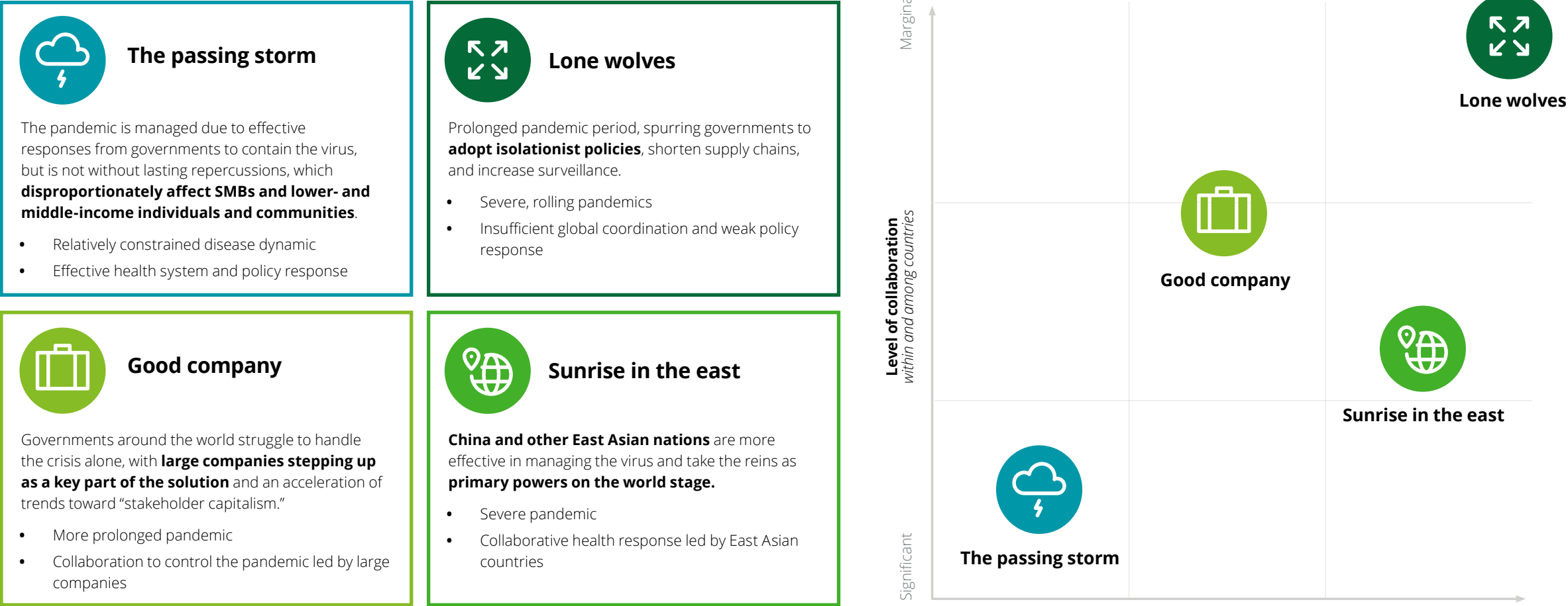
1 | What is the overall **severity of the pandemic** and pattern of disease progression?



2 | What is the **level of collaboration** within and between countries?



Four distinct scenarios emerge based on current trends and critical uncertainties



Making sense of the future

These scenarios illustrate different ways in which the world could unfold after the crisis

	The passing storm	Good company	Sunrise in the east	Lone wolves
Society Social cohesion...	... rises , with a heightened appreciation for interpersonal and familial relationships	... is maintained , as society shifts to become more “purpose-driven”	... shifts to an increased emphasis on the “good of the whole”	... falls , as xenophobia and suspicion of others become the norm
Technology Technology advances...	... stay on course , as previous holdouts move online	... take the center stage , with large companies driving solutions in areas such as health tech and biotech	... are accelerated , as more data-sharing allows for advances in AI and other advanced tech capabilities	... are divergent among different markets, with a focus on advances in surveillance and control measures
Economy Worldwide economies...	... enter an extended recession , with increased income inequality	... are disrupted , with a growing concentration of power among large companies	... shrink , due to the prolonged nature of the virus	... are left in turmoil , as global supply chains are disrupted
Environment Focus on climate change...	... is renewed , as global collaboration provides hope for progress	... is mixed , with some sustainability-minded companies investing in renewable energy	... is deemphasized , as economic recovery is prioritized	... declines , as countries shift toward energy independence
Politics Governments around the world...	... gain trust , and international organizations such as WHO grow in relevance	... partner with large corporations, who step up as part of the solution	... look to the east for guidance, as Asian countries effectively manage the virus	... adopt isolationism , as they attempt to contain the virus within



1 / A world remade

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How to read the following pages

As you read the scenarios, **DO...**

- ...focus on why this scenario might happen and what it would mean if it did.
- ...remember that there is no data about the future. There is only data about the past. These are efforts to spark new ideas about the future. If they don't challenge your expectations, they're not doing their job.
- ...resist the temptation to focus or anchor on the scenario closest to your current expectations.

As you read the scenarios, **DON'T...**

- ...focus too much on specific details. Instead, read for the overall direction and conditions each scenario creates.
- ...expect to see specific forecasts or detailed views on specific industries.
- ...try and assign probabilities to these scenarios. At this moment, the question should be, what do we need to be ready for, even if we think it's "improbable?"

Structure of the following pages

Page 1 of 2: Overview

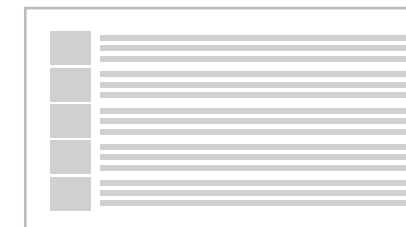


The **overall scenario description**, which paints a picture of how each particular scenario unfolds

What we would need to believe about the world for this scenario to unfold

How the **five fundamental uncertainties** would combine to create this particular scenario

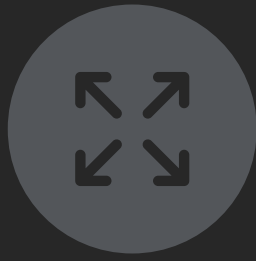
Page 2 of 2: A closer look



Additional narrative elements regarding society, technology, the economy, the environment, and politics

Scenario 1

The passing storm



1 / Disease severity



2 / Government collaboration



3 / Health care response



4 / Economic consequences



5 / Social cohesion



15 | as of 6 April 2020

Scenario description

The COVID-19 pandemic shakes society but, after a slow start, is met with an increasingly **effective health system and political response**. The virus is eradicated earlier than expected due to coordinated measures by global players to spread awareness and share best practices. Their competence in the crisis renews trust in public institutions. Despite being relatively short-lived, the pandemic causes **long-term economic impacts**. Fiscal and monetary stimulus help blunt the shocks, but cannot reverse the **losses that small businesses and lower- and middle-income individuals** have begun to experience. Tensions sharpen between socioeconomic classes.

What we would need to believe...

- Governments effectively communicate the severity of the pandemic and collaborate to share best practices. Society complies with quarantine measures to effectively mitigate the virus's spread.
- No indications of a second wave of the virus are identified. Mechanisms to combat the virus (such as immunization) are mobilized and lead to effective prevention and treatments in the long run.
- Economic activity rebounds in late 2020. Recovery is initially slow, but speeds up in the second half of 2021 as consumers become more confident.

The passing storm

Society	• Social cohesion is generally improved coming out of the crisis, as people develop a heightened sense of appreciation for relationships following periods of quarantine. • The forced exposure to work from home measures open some companies' eyes to the benefits and cost-effectiveness of occasional or "as-needed" virtual opportunities, with white-collar workers seeing the biggest uptick in opportunities. • Virtual learning rises in prominence, particularly in higher education, resulting in increased access and reduced cost of higher education. • The lasting economic ramifications drive increasing tension between older and younger generations, as Boomers push back retirement ages to recover lost wealth.
Technology	• In response to short-lived quarantine measures, technological development in communications and collaboration tools sees an acceleration with increased investment in remote conferencing and virtual reality applications. • Technology is seen as an enhancement to the in-person experiences people increasingly value. Virtual "hangout" sessions become a norm, helping to keep friends and families connected regardless of distance.
Economy	• Although short-lived, the pandemic launches the world into a recession and exacerbates the challenges of socioeconomic inequality, as people's uneven ability to weather the storm becomes highly evident. • Initial adjustments to fiscal policy and economic stimulus provide cushion for some, but SMBs still suffer. Trillions of dollars in stimulus focus on helping small businesses retain their employees, but the quarantine period still forces many to shut their doors. In turn, many nonessential and blue-collar workers find themselves unemployed in the longer term. • Businesses adapt to become more resilient toward future crises, with a rise in subscription-based models as a method to generate more predictable streams of revenue.
Environment	• Renewed efforts to fight climate change are undertaken as successful global collaboration gives individuals hope of enacting actual change. Stricter global emission regulations are adopted.
Politics	• In the aftermath of the pandemic, countries and leaders around the world introduce new collaboration efforts to prevent the spread of future pandemics and increase proactive disaster response; trust in government and public institutions is renewed. • International organizations, such as WHO, see a rise in relevance, as a spotlight is placed on, and people become aware of, their efforts.

Scenario 2

Good company



1 / Disease severity



2 / Government collaboration



3 / Health care response



4 / Economic consequences



5 / Social cohesion



17 | as of 6 April 2020

Scenario description

The COVID-19 pandemic persists past initial projections, placing a growing burden on governments around the world that struggle to handle the crisis alone. A **surge of public-private sector partnerships emerges** as companies step up as part of the global solution. New “pop-up ecosystems” arise as companies across industries partner to respond to critical needs and drive much-needed innovation. Social media companies, platform companies, and tech giants gain new prestige. **Ultimately, companies shift further toward “stakeholder capitalism,”** with a more empathetic stance on to how they can best serve their customers, shareholders, and employees to rebuild after the crisis.

What we would need to believe...

- Businesses take initiative to combat the virus's spread by supplying health care expertise and enhanced software and tools.
- A shift toward greater corporate responsibility is seen, with new long-term outlooks leading to greater emphasis on investing in workers and communities.
- Economic recovery begins late 2021. Recovery slow in early 2022 and speeds up by the second half of 2022.

Good company

Society	• In reaction to extended periods at home and in quarantine, society shifts to become more purpose-driven. • Society becomes accustomed to more frequent telecommuting, which results in a widespread rise in support for more flexibility in corporate policies toward work from home, sick leave, vacations, and parental leave. • Individuals, empowered by technologies from wearables to AI, take accountability for security and health into their own hands. • Online education becomes more widely accepted and significant investment is poured into moving schools or portions of education online; telemedicine becomes the “front line” of the medical field.
Technology	• People increasingly embrace technology and its role in their lives, reversing previous trends toward a “techlash.” • An innovation explosion occurs, with significant investment into new applications in areas such as virtual reality, AI, and 3D printing, as part of a digitally integrated customer experience. • Online security becomes a mounting focus to maintain and protect the connectivity upon which people have become increasingly reliant; people become increasingly comfortable sharing information and data with companies.
Economy	• The prolonged pandemic rocks the economy and leads to a fundamental shift in the balance of power. Bigger companies are more resilient, and smaller players are acquired or struggle to stay in business. • Companies lagging in technological maturity and connectivity decline in prominence or go out of business during the extended periods of shutdown. • Larger companies take on some functions previously provided by the public sector and work to revitalize their communities and provide support during a time of economic downturn.
Environment	• Focus on climate change is mixed, with some sustainability-minded companies partnering to drive forward initiatives.
Politics	• The public sector struggles to contain the virus on its own, prompting large corporations to step up as part of the solution; increased partnership between the public and private sector is seen in the long term. • Some decline is seen in trust in government and public institutions.

Scenario 3

Sunrise in the east



1 / Disease severity



2 / Government collaboration



3 / Health care response



4 / Economic consequences



5 / Social cohesion



Scenario description

The COVID-19 pandemic is severe and unfolds inconsistently across the world. **China and other East Asian countries manage the disease more effectively**, whereas Western nations struggle with deep and lasting impacts—human, social, and economic—driven by slower and inconsistent responses. The global center of power shifts decisively east as China and other **East Asian nations take the reins as primary powers on the world stage** and lead global coordination of the health system and other multilateral institutions. The ability of China, Taiwan, and South Korea to contain the outbreak through strong, centralized government response becomes the “gold standard.”

What we would need to believe...

- East Asian countries emerge from the recovery period with less economic impact.
- China significantly ramps up foreign direct investment efforts, bolstering its global reputation.
- People accept greater surveillance mechanisms as part of the public good.
- Economic recovery begins late 2021, with notably quicker and more robust recovery in the East.

Sunrise in the east

Society	• Social cohesion rises, with an increased emphasis placed on values such as public order and shared sacrifice. • An extended and more severe pandemic causes all things virtual to become the norm, particularly shopping online, learning and education, political activism, and managing social relationships. • The required shift to virtual interactions may be particularly challenging for older generations.
Technology	• The technologies of the fourth industrial revolution accelerate in development due to greater demand. • Increases in consumer data-sharing with governments and businesses cause a leap forward in AI and its quick embedding into everyday life, from health management to security.
Economy	• Significant shrinkage is seen in the global economy, and sweeping government bailouts are needed by countries to keep major industries afloat. • The pandemic creates a “social leveling” across all classes, as all are affected by the ongoing crises, but wealthy individuals are better equipped to withstand the shifting landscape. • The physical transportation and hospitality industries are hit hardest in the short term, with global flows of goods and people eventually stabilizing after an extended decline. • As China rises in prominence, they expand investments in the Belt and Road Initiative, New Development Bank, and Shanghai Cooperation Organization, providing much-needed relief and an economic spark for countries requiring capital.
Environment	• While declines in pollution are seen from increased “stay-at-home” measures, the economic challenges lead to an overall decline in emphasis on climate change and renewable energy investment.
Politics	• East Asian nations who entered the pandemic period with stricter control measures find themselves better able to weather the storm than those without, and accordingly see more rapid economic recovery. • The shift in the center of political gravity toward the East motivates Western countries to take additional control measures. Momentum is with East Asian nations as they take increasing leadership roles in global institutions. • A rise in centralized government surveillance mechanisms is seen, with people generally accepting it as a part of the public good.

Scenario 4

Lone wolves



1 / Disease severity



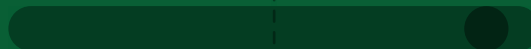
2 / Government collaboration



3 / Health care response



4 / Economic consequences



5 / Social cohesion



21 | as of 6 April 2020

Scenario description

The COVID-19 pandemic becomes a prolonged crisis as **waves of disease rock the globe** for longer than anyone was prepared for. Mounting deaths, social unrest, and economic freefall become prominent. The invisible enemy is everywhere, and **paranoia grows**. Nations put strict controls on foreigners and force supply chains home in the name of local security. **Countries grow isolationist** in the name of domestic safety. **Government surveillance is commonplace**, with tech monitors on people and their movements.

What we would need to believe...

- The SARS-Cov-2 virus strain which causes COVID-19 disease continues to mutate and evolve, evading eradication.
- Citizens cede freedoms to governments in the name of virus containment.
- Countries deemphasize working together and enforce isolationist policies.
- Governments turn to extreme surveillance and monitoring tools.
- Global economic recovery by mid-2022, with diverging rates of recovery across countries.

Lone wolves

Society	• Physical distancing becomes an ongoing fact of life, hampering social cohesion. Paranoia and distrust abound. • A decline in individual freedom is witnessed, as governments adopt strict measures (such as mandatory screening and tracking programs and penalties) to reduce the spread of the disease domestically.
Technology	• Technology advances to meet society's virtual demands, but funding is spent primarily on extreme surveillance measures in hopes of containing the ever-present pandemic. • Advanced forms of virtual communications are developed as curfews and regulations restrict in-person communication. • Government and law enforcement oblige data-sharing and rapidly implement facial recognition and surveillance technology. • With increased reliance on technology and rising global tensions, society finds itself increasingly vulnerable to cyberattacks.
Economy	• Credit crisis spurred by prolonged virus increases cost of capital and reduces liquidity. • Larger countries such as the United States, China, and Germany inject massive amounts of public investment to localize manufacturing and become self-sustained. • Countries largely dependent on trade, like South Korea and Singapore, see their supply chains cut and find they must increasingly fend for themselves. • Businesses and consumers become increasingly wary of frequent market shocks, and consumer surplus and savings decline due to the increased price of goods. • Governments take more control over business life, and now yield major influence over flows of capital.
Environment	• Environmental initiatives are deprioritized as countries focus on energy and food independence. • Countries withdraw from previous climate change agreements and focus on short-term economic recovery over longer-term environmental impact.
Politics	• Isolationism is practiced globally as countries try to individually contain the disease. Initial border control policies are now cemented in place with full border lockdowns, international travel bans, and cancellation of work and student visa programs. • Global coordination institutions like the UN, WTO, and ICANN become increasingly ineffective, and official international mandates such as the Paris Agreement are left in endless debate.

As you reflect on these scenarios, consider:

-  Which scenario best describes the world your **organization appears to be preparing for**?
-  Is there a scenario that your **organization is currently ignoring**—but shouldn't be?
-  **What would you need to do differently** in order to win in each of these scenarios?
-  What **capabilities, partnerships, segments, and workforce strategies** do you need to learn more about?

Remember, these scenarios suggest a range of possible outcomes as the COVID-19 crisis evolves. It is too soon to tell which of these or other scenarios will emerge, but resilient leaders are preparing now for what the future may hold.



1 / A world remade

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3 / A closer look at the scenarios

4 / Team and acknowledgements

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