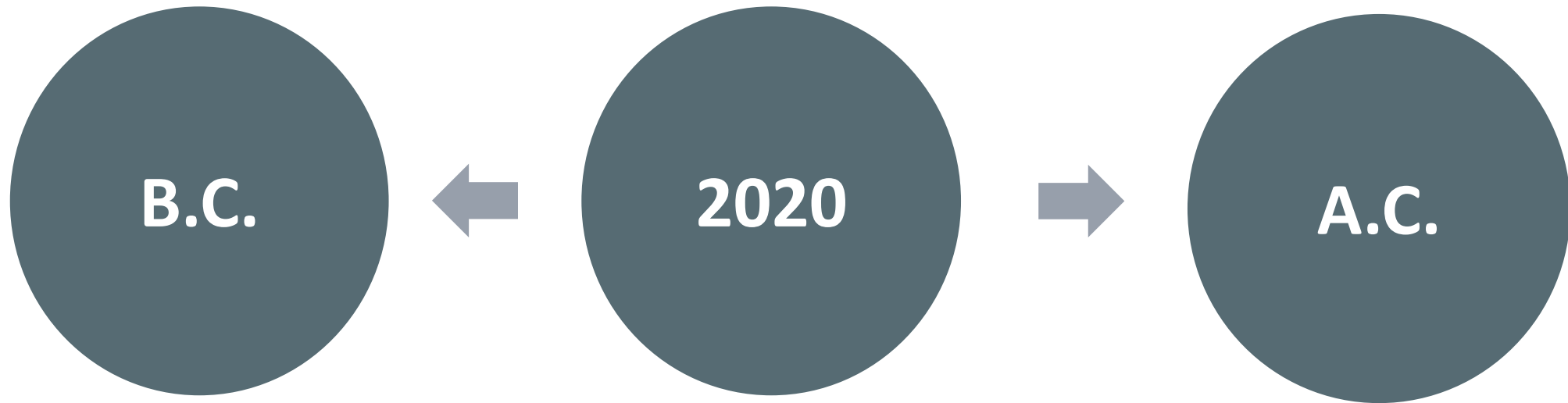


Government Affairs Conference – Nov. 13<sup>th</sup>, 2020

# Post 2020: Business Landscape and Strategy

# Is 2020 Transformational?



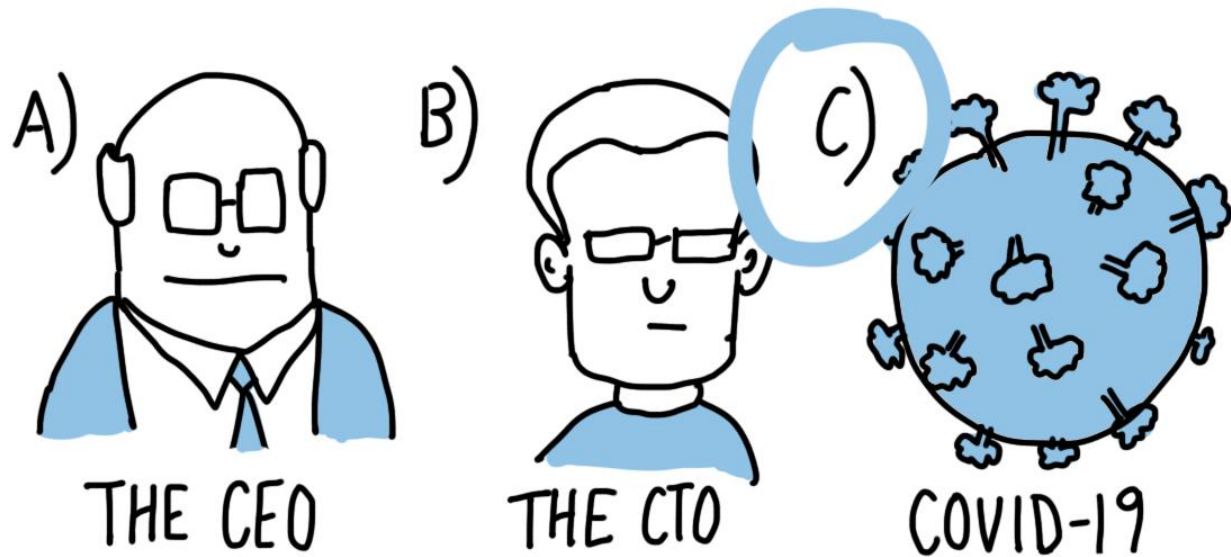
**Before COVID**

**After COVID**

# COVID can speed up digital transformation

# The Trend of Digitalization is Going to be Fierce

WHO LED THE DIGITAL TRANSFORMATION  
OF YOUR COMPANY ?



[BUSINESSILLUSTRATOR.COM](https://businessillustrator.com)

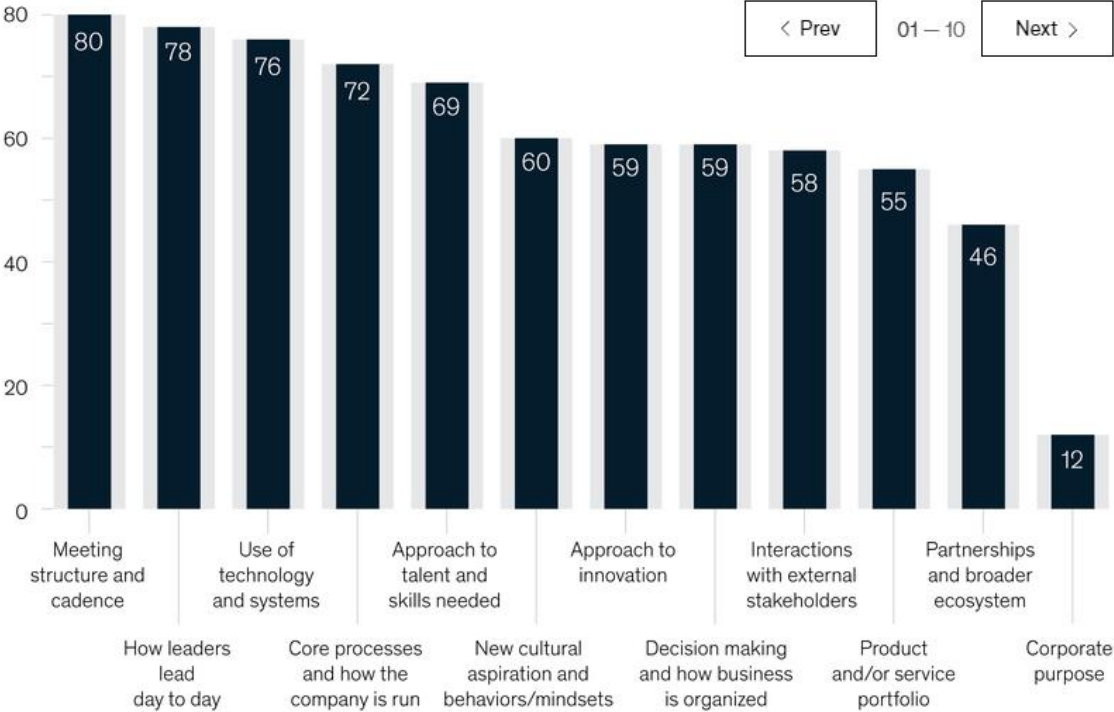


# Most leaders surveyed expect large-scale changes within their organizations stemming from COVID-19.

Share of respondents who say their organizations are considering or implementing given change in response to COVID-19, %<sup>1</sup>

Total across industries

All respondents

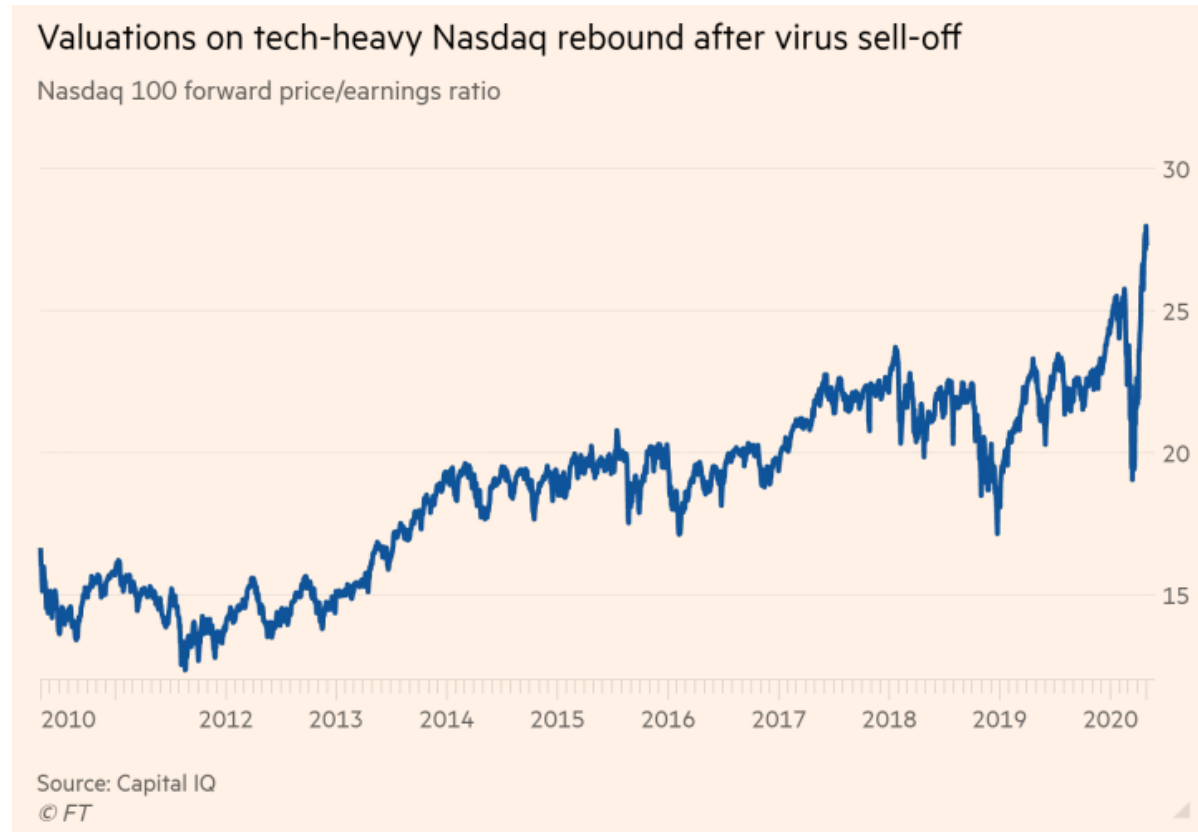


<sup>1</sup>Share of respondents who agree or strongly agree in each category. In advanced industries, n = 97; in banking, n = 98; in consumer goods and retail, n = 101; in global energy and materials, n = 80; in healthcare systems and services, n = 100; in insurance, n = 76; in pharmaceuticals and medical products, n = 101; in technology, media, and telecommunications, n = 100; and in travel, transport, and logistics, n = 100.

McKinsey  
& Company

- More direct links with customers;
- Wider and more complicated collaborations;
- Faster and more fundamental changes.

# Tech Companies Outperformed others in Stock Markets



# The Impact on Labor Market cannot be Underestimated



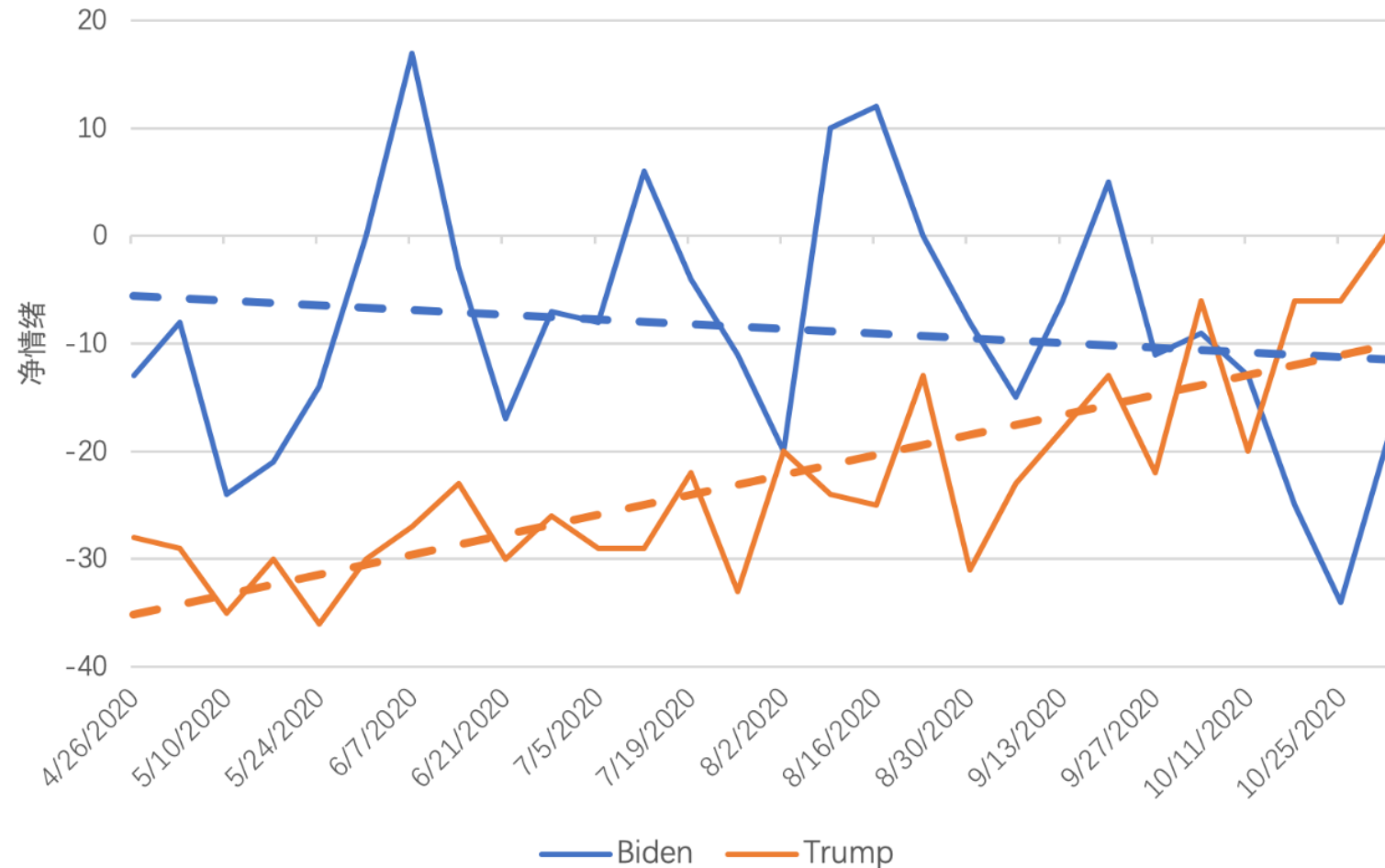


# Are we facing an interconnected fragmented world?

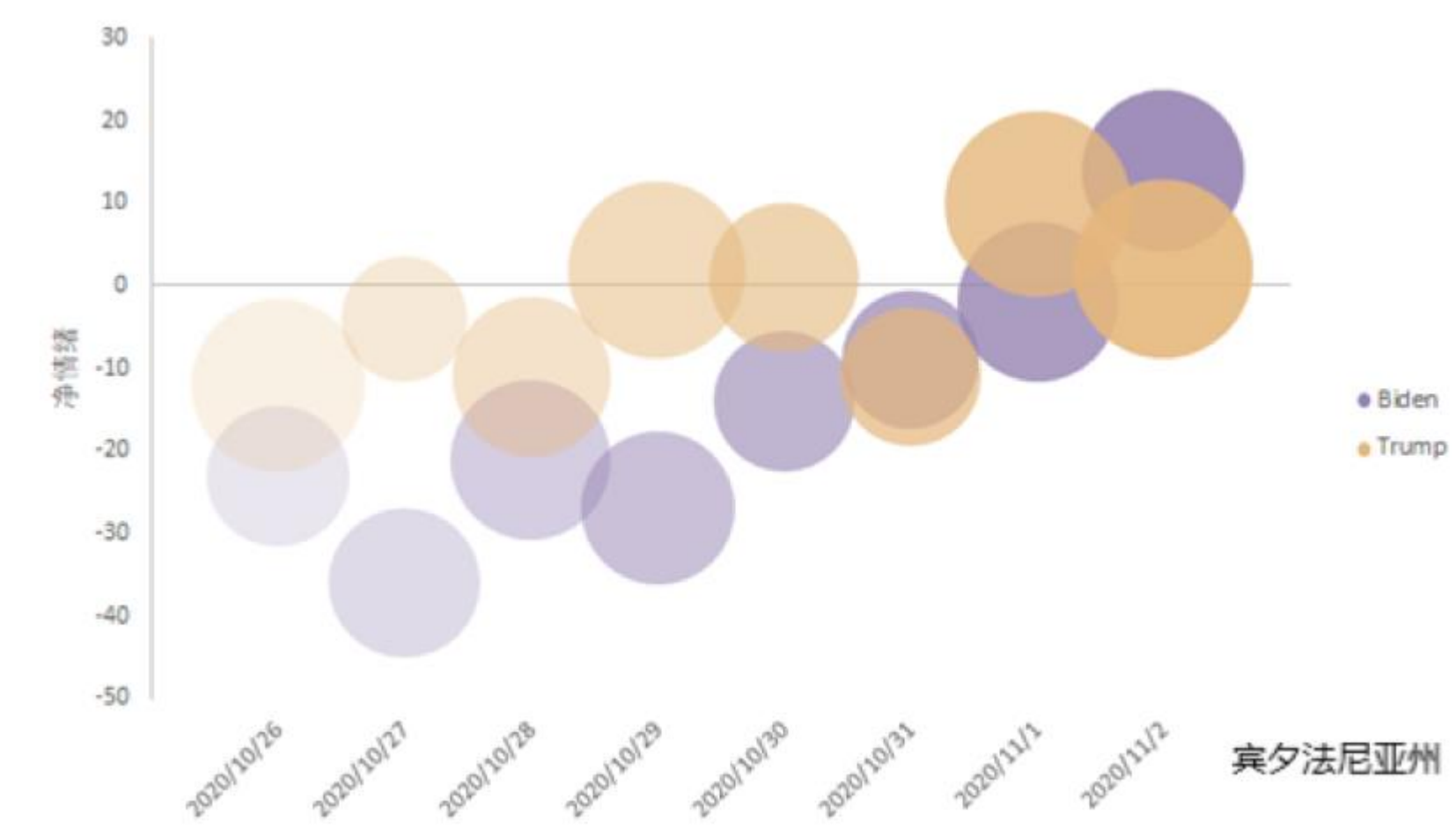


COVID can amplify social divide

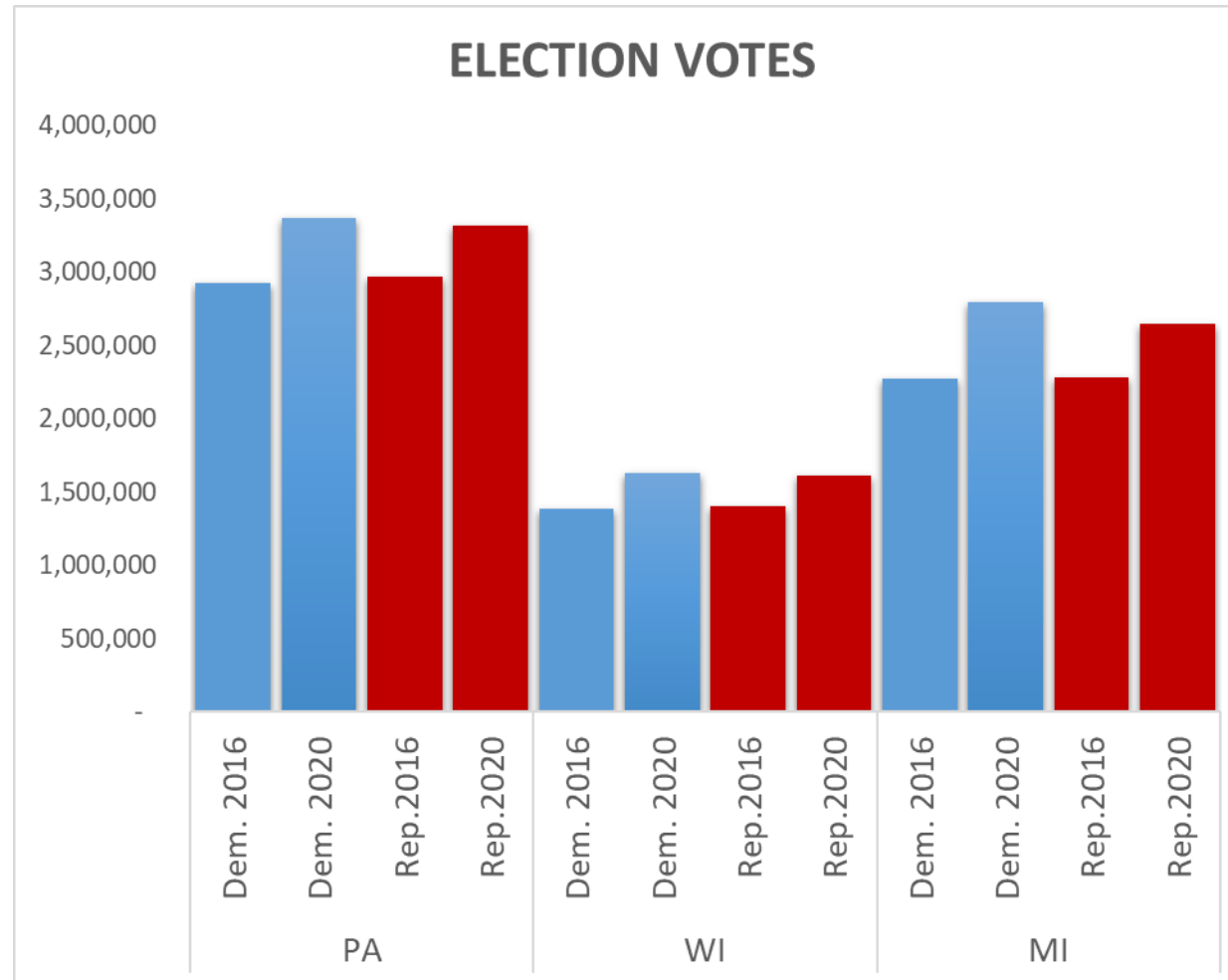
# Trump might be gone. What about Trumpism?



# Public Opinion Analysis on Pennsylvania



# Biden leads thanks to newly registered voters

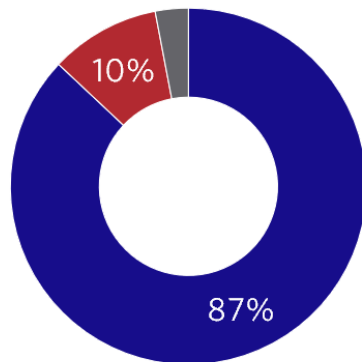




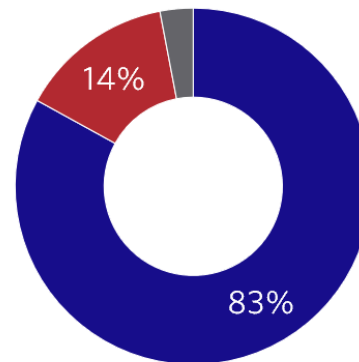
## Young People of Color Supported Joe Biden by Overwhelming Margins

The percentage of young voters (ages 18-29) of each race/ethnicity who supported each candidate in the 2020 presidential election.

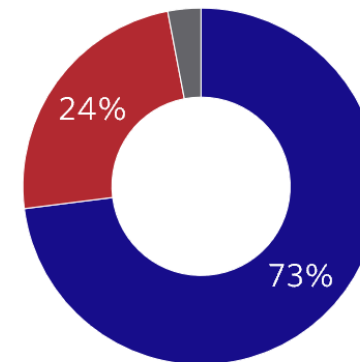
■ Biden ■ Trump ■ Other



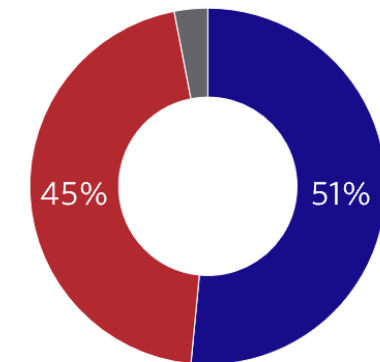
Black Youth



Asian Youth



Latino Youth



White Youth

Updated on November 7, 12:00 p.m. ET

**CIRCLE** Tufts University Tisch College · CIRCLE

Source: CIRCLE analysis of AP VoteCast data from The Associated Press  
[Get the data](#)

# Black-White Unemployment Gap is Persistent

The ratio of Black-to-white unemployment rates for population ages 16 and older

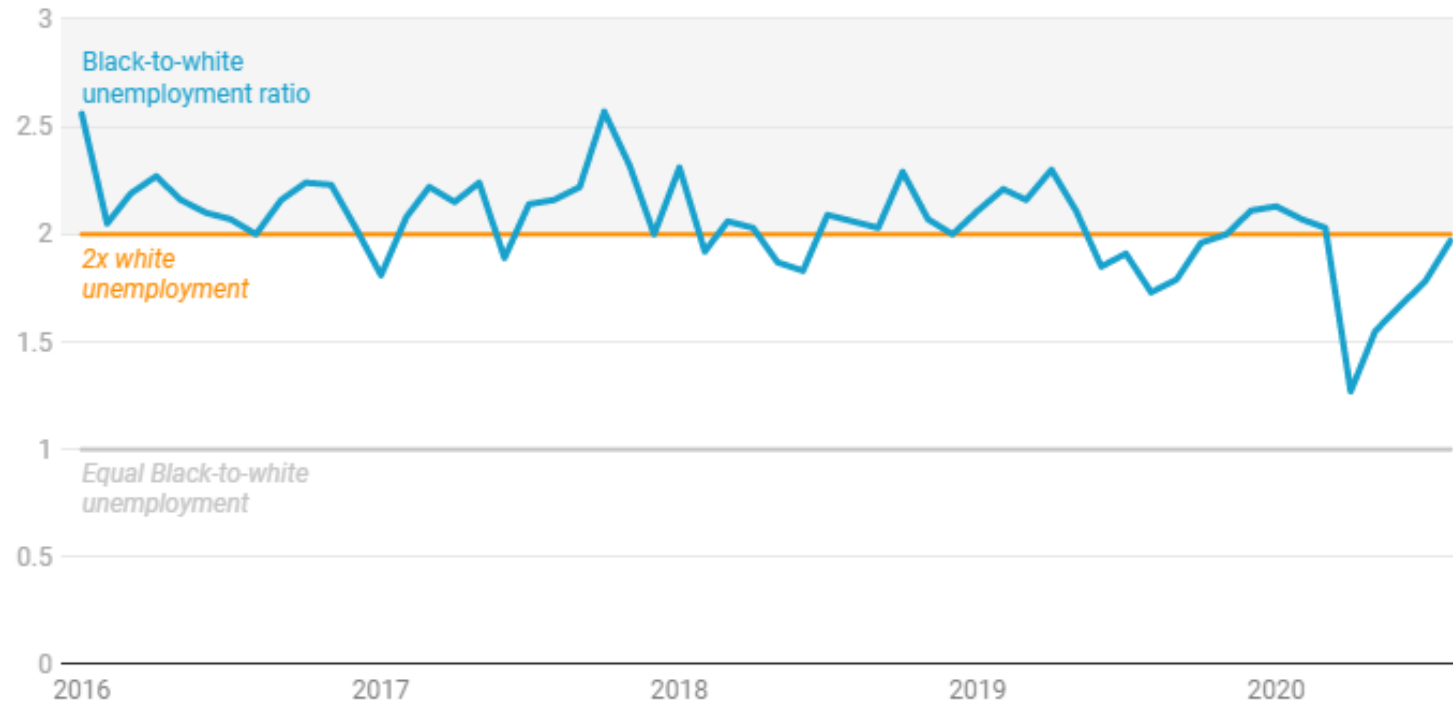
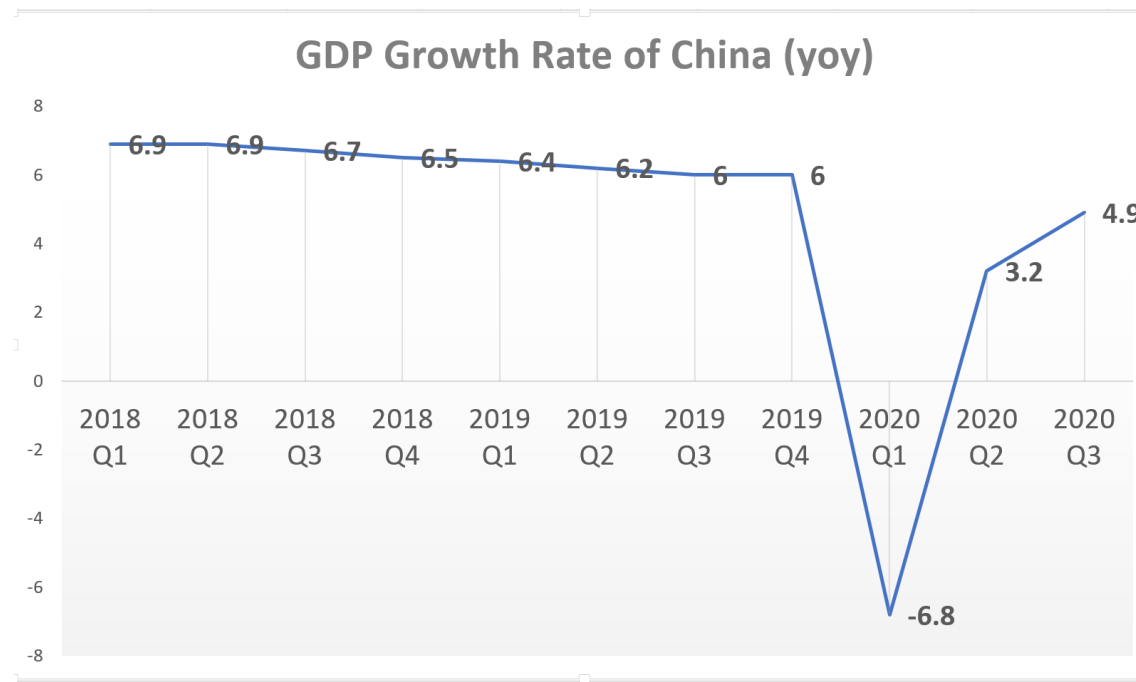


Chart: Center for American Progress •

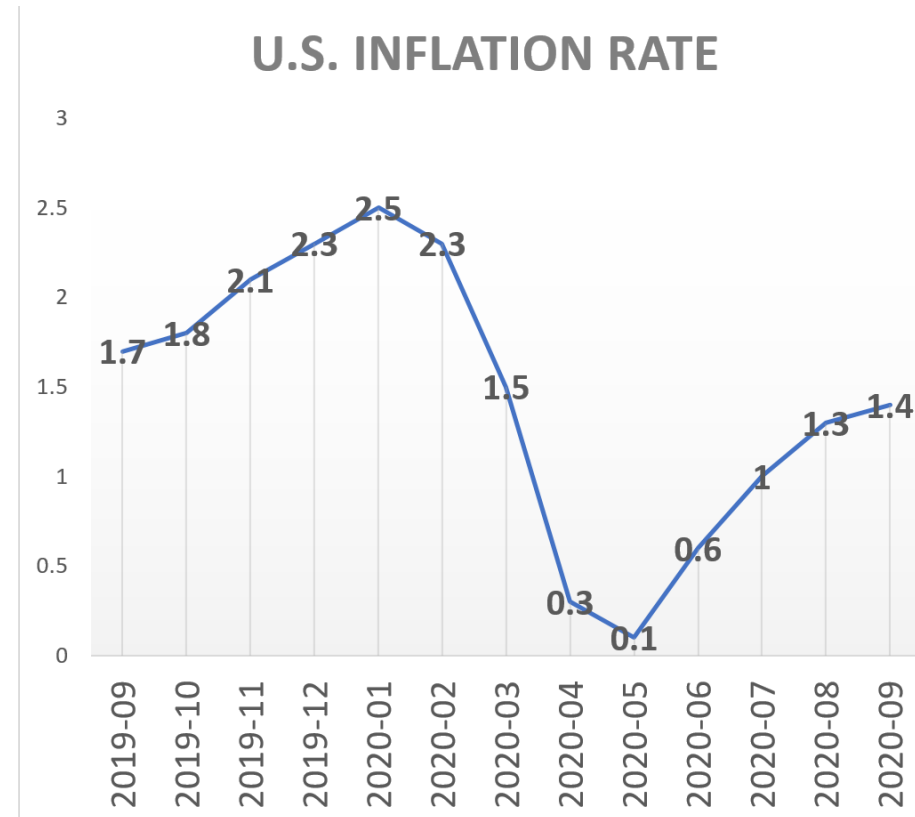
Source: U.S. Bureau of Labor Statistics, "Databases, Tables and Calculators by Subject," available at <https://www.bls.gov/data/> (last accessed September 2020).

• [Get the data](#)

# The Economy will Take Time to Recover



# The Overall Trend is Deflationary



COVID can strengthen the role of political logic



# National Interventions are Necessary in Face of COVID

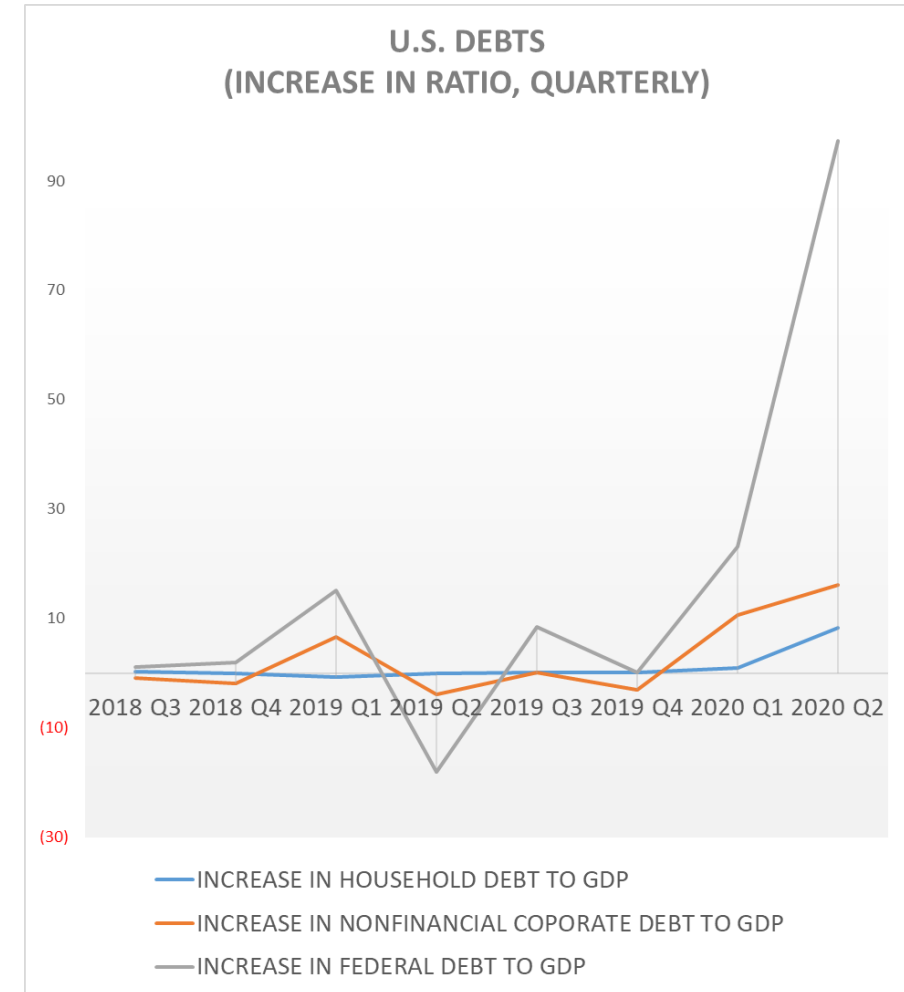


# Who are Going to be the Final Bearers of Debt?

**S&P 500 this year**

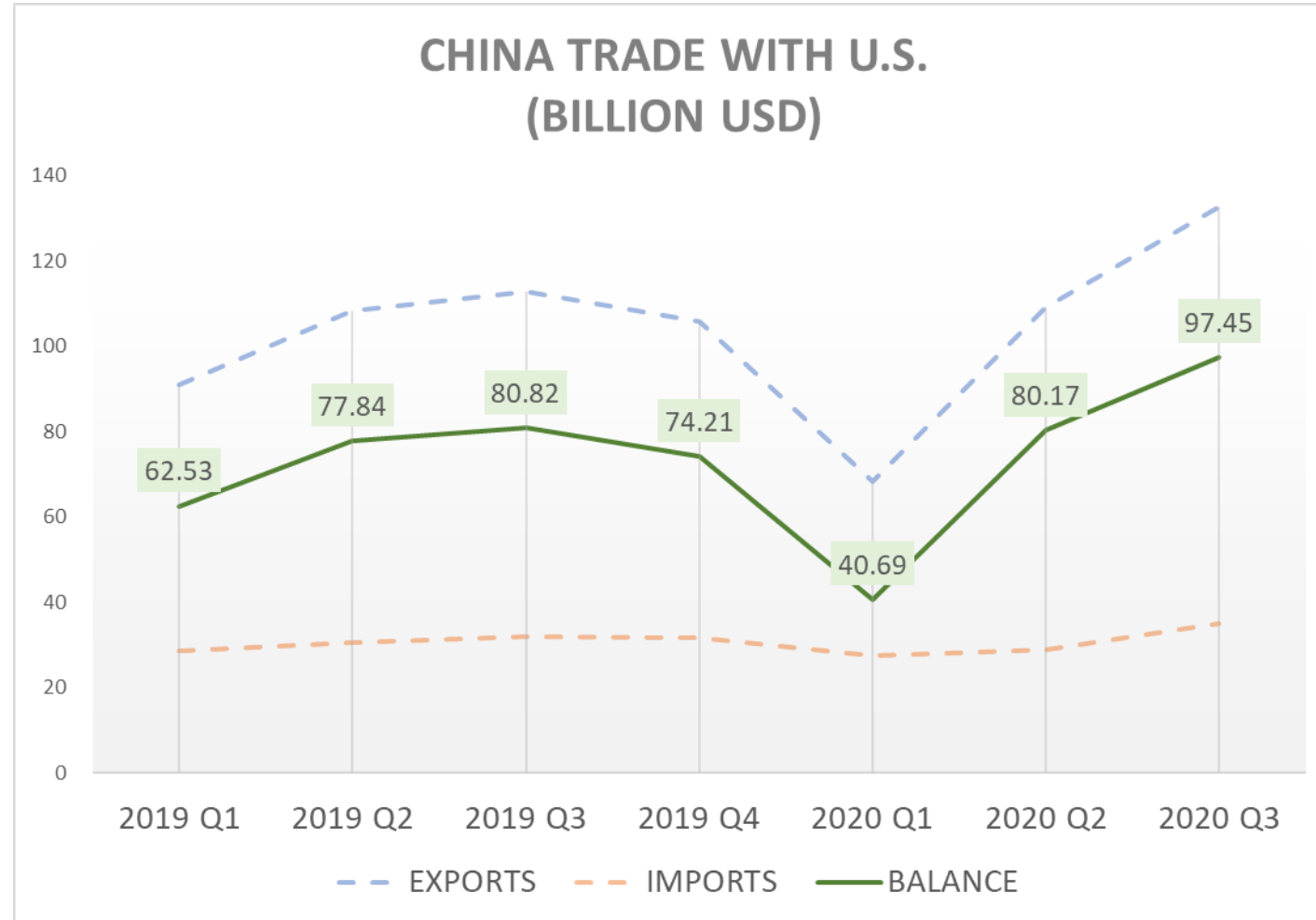


Guardian graphic | Source: Refinitiv





# Trade Frictions Do Not Close Up Trade Gap



# What the A.C. Era will Look Like?

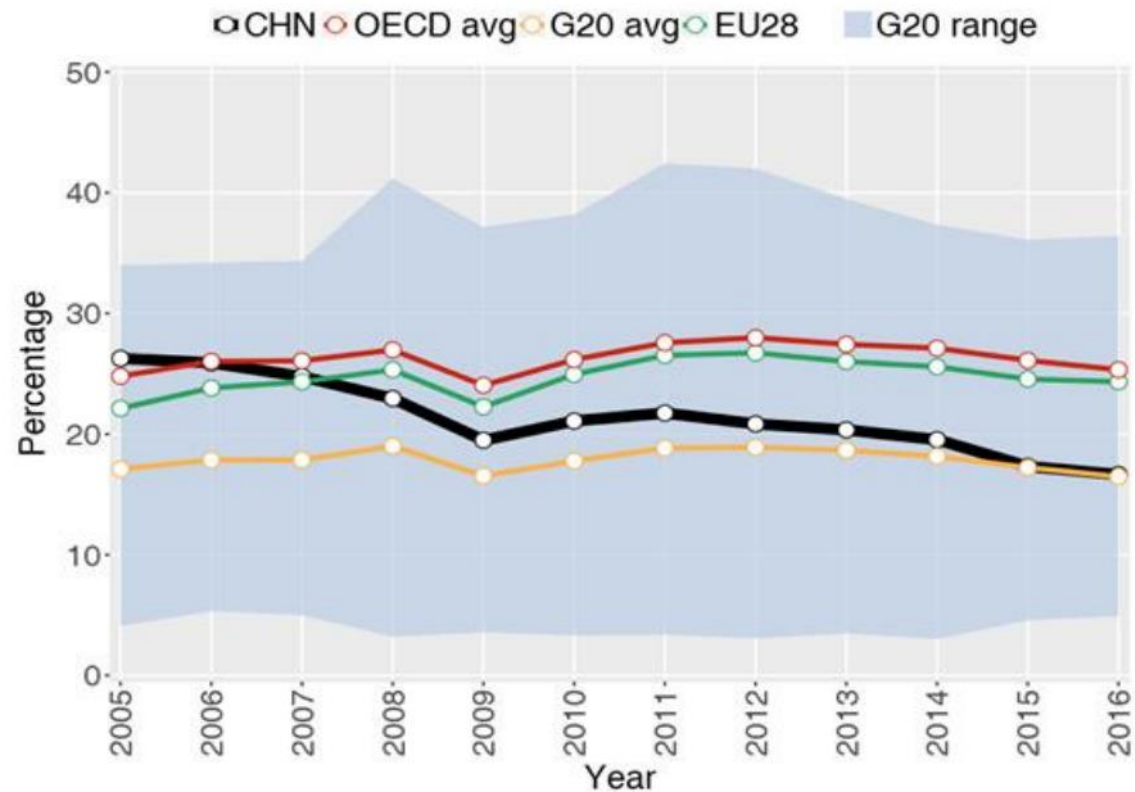


Depends on our answers to the following questions?

# How do we look at China?

# China's Competitiveness is on the Rise

Foreign value-added content of gross exports as a percent of total gross exports (2005-2016)



Source: OECD

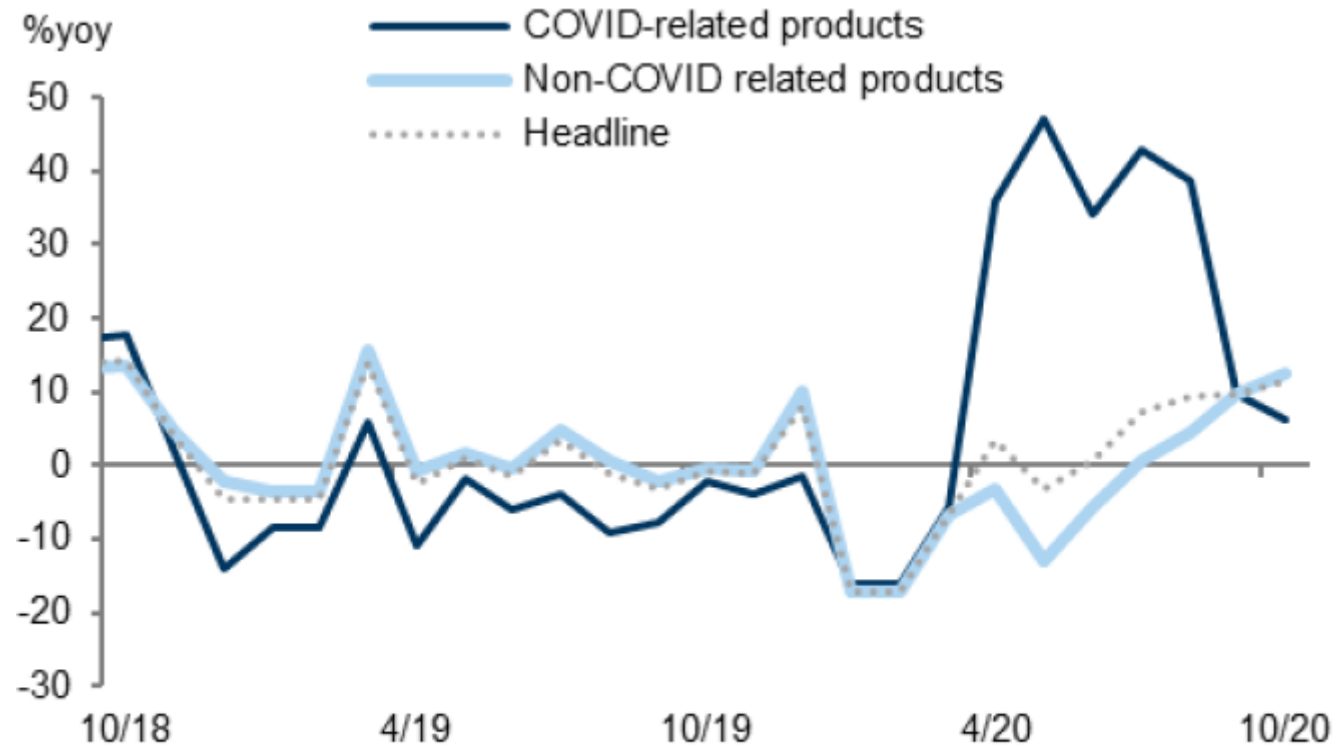
# How do we view interdependence?

# Domestic Circulation Supplemented by Dual Circulation





# China's Exports by Product













COVID-related products include textile (incl. masks), medical equipment, ADP (PCs & laptops) and mobile phone;

Source: Goldman Sachs Investment Strategy Group

# Is it necessary to bear the cost of decoupling?

● Restrictions on Chinese access to US technology ●

	2018 baseline	Made in China 2025 plan alone	Scenario 1: Perpetuation of status quo	Scenario 2: Technology decoupling
 Impact on US revenue from Chinese customers <sup>1</sup> (%) <ul style="list-style-type: none"> <li>Time frame</li> </ul>	—	-15 to -40 <i>Replacement by Chinese suppliers where available</i>	-55 <i>Proactive supplier diversification by Chinese OEMs</i>	-100 <i>Completely shut out of the Chinese market</i>
 Global US market share (%) <ul style="list-style-type: none"> <li>Impact vs. 2018 baseline (percentage points)</li> </ul>	48	43 to 46	40	30
 Global US revenue (\$billions) <ul style="list-style-type: none"> <li>Impact vs. 2018 baseline (%)</li> </ul>	226	205 to 220	190	143
 US R&D investment <sup>2</sup> (\$billions) <ul style="list-style-type: none"> <li>Impact vs. 2018 baseline (%)</li> </ul>	40	36 to 39	30 to 35	16 to 28
 Global market leader	 US	 US	 US	  South Korea    China

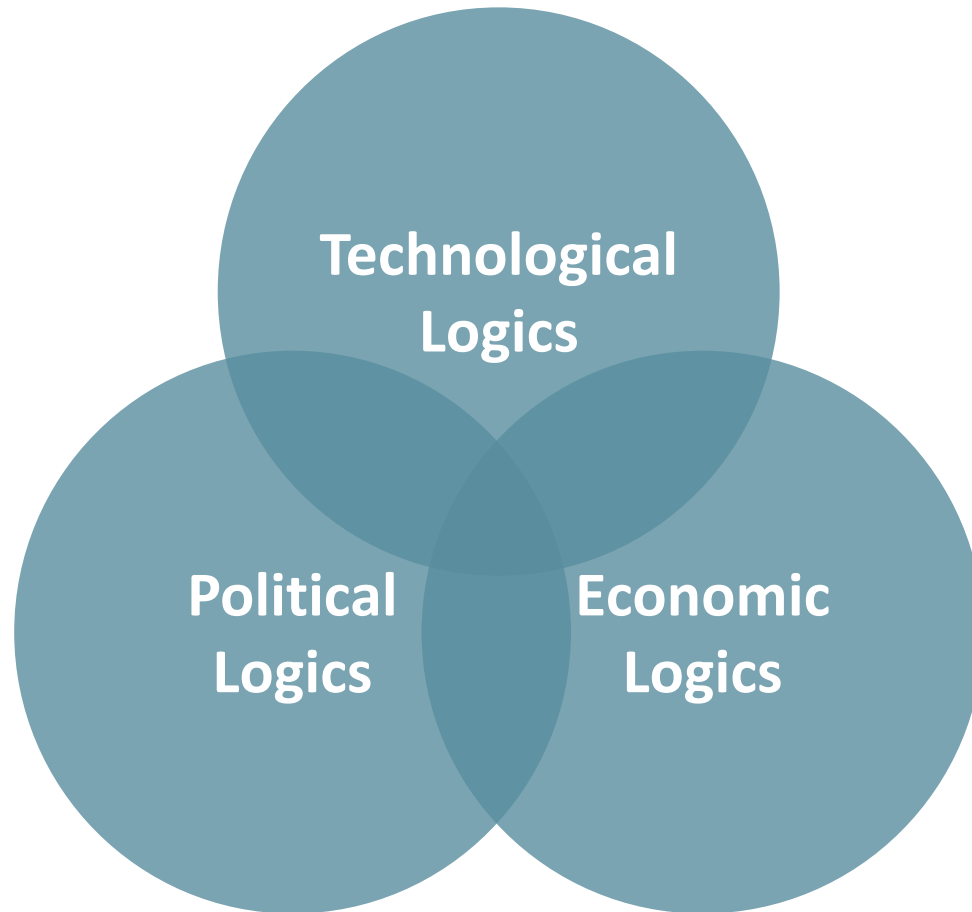
Source: BCG analysis, using market data from Gartner and company reports.

<sup>1</sup> Defined as purchases from Chinese device makers; does not include products shipped to China for devices made by non-Chinese companies.

<sup>2</sup> Sum of the reported R&D spending of the top 20 US semiconductor companies by revenue, which are responsible for more than 90% of the total US semiconductor industry sales.

# What is our Common Goal?

# The Future of Human Race Requires Responsible Leadership



## **Social Wellbeing**

- Integrity
- Creativity to Construct
- Collaboration

Thank You!

