



HOUSE VIEW

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#COVID19

AMAZING GRACE FOR THE PLANET ?

Li Edelkoort – leading future trend forecaster:

“The corona virus brings to light what is terribly wrong with our society”
and it teaches us to refocus and change our ways !

It is a disaster for the economy
but a chance for our collective conscience to change



IMPACT FOR YOUR BUSINESS

#READYFORCHANGE





MACRO



STRATEGIC



REGULATORY



FINANCIAL



OPERATIVE



TURNAROUND



01 Macro Perspective COVID19 Impact

| | |
|---------------------------|---|
| Impact on people's health | Health is becoming top priority |
| Impact on our society | Society could change towards mutual interactions* |
| Impact on the economy | A disaster for the economy and the current system |
| Impact on the individual | Family and relation values become top priority |
| Impact on values | Core values change – see #Values |
| Impact on environment | Climate targets can suddenly be achieved ! |
| Impact on digital | Digitalization will be adopted and succeed |

*vs. exchange value principle

02 Strategic

Corporate Strategy

has to adapt towards the impact of COVID19 and the challenges

Company values and companies purpose have to be defined

Employees needs and values come into focus – influenced by gen Y, X & C

Customers change their behaviour e.g. towards less consumption

Stakeholders will be more important in the future

Shareholders – people will not accept shareholder value as core parameter

Ecological footprint to be acknowledged by customers and stakeholders

Further topics: Health, Ethical, Aesthetic, Moral & Social Impact

03 Regulatory

Regulatory Environment in Germany

Politics and the legislation have set a new legal and financial framework

FINANCIAL

KWF-Sonderprogramme 2020 – Loans for SME's

Wirtschaftsstabilisierungsfondsgesetz WStFG - EUR 400 billion, EUR 200 billion

Measures by the federal states – various support and funding programs

Tax measures - Deferral or reduction of tax payments

Venture Capital Program - planned

LEGAL

Changes in insolvency ruling: How and when companies have to file for bankruptcy

Changes in civil law : Rent, right to refuse performance, legal deferral regulations

Changes in criminal law: Period of interruption of a criminal trial

Change in labour law: Change of legislation regarding working hours

04 Financial

Financials and the management of financial capabilities

Financial manager **CFO** has the following tasks during the crisis:

Benefit from **funding programs**

Benefit from **tax programs**

Set new **working capital requirements** for the business and **secure liquidity**

Perform relevant **cost savings**

Secure Equity e.g. capitalisation of assets / valuation of fixed and current assets

Secure revenues e.g. adopting pricing strategy

Develop your future financial strategy

05 Operative

Operative Level has various tasks to stabilize the business

Companies need to deploy a risk team to secure, recover and ramp-up

Perform scenario and risk analysis

Check the value chain

Temporary shut down of divisions if necessary

Freeze expenditures

Develop new products –products for a world post crisis vs. quick wins

Take opportunity to perform overdue and now possible operative actions

...

06 Turnaround

This does not only mean traditional turnaround management:

Make a change and redefine the mission of your company

In the future you will only be successful if you learn from the corona crisis:

Slowing down – Reduce speed and unnecessary actions

Reset - analyse what is essential

Work, life, family and health balance – redefine your purpose

Manage the greed – Covid is fighting the greed

New work - with agile flexibility focusing on performance and outcomes

Corona led to a creativity boost – use the creativity of people

07 Today

COVID19 has already accelerated the change in various areas

Some examples:

- Awareness of the fact that **health and bankruptcy** always sit at the table
– the government can not save us all in the current system of capitalism
- Many people think of **jumping of** the carrousel
- **Digital will succeed** over brick and mortar
- **New work** will now be requested by the late adaptors
- Necessary **change** will be accelerated ...
- Travel will shift towards **video conferencing**
- **Meetings, conferences with** meaningless speakers **will be less relevant**

08 M&A Perspective

Deal making is not a priority in the midst of the crisis

But you need to stay humble and look for opportunities

- Digital technology is a winner of this crisis
- Digitized companies can cope better with the challenges
- Impact of the crisis has to be documented carefully
- Use the time of uncertainty for informal investor approach
- Share your art of dealing with the crisis
- Practice video conferencing in all its facets – it's tricky
- Prepare case studies with client references "pre crisis"

To Do's : Convert the market momentum



Evaluate

- Start to be aware of the new situation
- Try to get it under control
- Evaluate the information which is more than evident during this crisis

Grow

- Adopt to the changes
- Get an agile mindset
- Listen to google trends
- Listen to your organisations creative power



Opportunities

- Get the relevant market insights
- Develop business intelligence
- Define your prospective targets
- Include digital technology

Acquisitions

- Develop your buy- or build strategy
- Source the relevant targets or teams
- Leverage the crisis valuations while everybody is calling for the government

Breaking VC News in April :

Insight Partners completes Growth Equity Technology Fund at \$9.5 Billion

General Catalyst raises \$2.3 Billion for three Funds

Source 6th of April:

<http://www.finsmes.com/2020/04/general-catalyst-raises-2-3-billion-for-three-funds.html>

<http://www.finsmes.com/2020/04/insight-partners-completes-growth-equity-technology-fund-xi-at-9-5-billion.html>

TECHNOLOGY RETURN

Technology Return is a midcap corporate finance and investment advisory boutique, advising selected entrepreneurs, investors and leading European innovators on M&A mandates exclusively in the digital and technology industry.



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