

# ROUNDTABLE



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Tipping Point:

**Economic Impact of an Epidemic:  
A New Approach to Doing Business**

## Facing 'recession' in post-pandemic era

Global community, businesses set for far-reaching technological and societal changes after the pandemic

By **LUO WEITENG** and **SOPHIE HE**  
in Hong Kong

As the coronavirus-hit global economy charts the course of restarting in the aftermath of the unprecedented public-health crisis, businesses and the international community should lose no time in gearing themselves up for the pronounced, wide-ranging technological and societal changes that can fundamentally reshape our future, industry leaders and experts told the China Daily Asia Leadership Roundtable in Hong Kong on Monday.

Speaking at the webinar panel titled "Tipping Point: Economic Impact of an Epidemic: A New Approach to Doing Business", Edward Chen Kwan-yiu, chairman of HKU School of Professional and Continuing Education, said every economic shock leaves a legacy, and the coronavirus will be no different. The world will be bracing for a "grand recession".

"Compared with the last Great Recession caused by the 2008 global financial crisis, what makes the recession this time so 'grand' is not just in terms of how many jobs we're going to lose, but results from the fact that we're going to be led to a historical turning point in terms of geo-economics," he warned.

Well before the pandemic, there had been a lot of talk about the "deglobalization trend" that may find its roots in the "America First" policy and the United Kingdom's withdrawal from the European Union, Chen noted.

"Nowadays, the deglobalization trend has been sped up by the pandemic, with the breakdown of the global supply chain not only at the national level, but at the international level," he reckoned, adding that up to 75 percent of world trade is related to the supply chain, and China alone accounts for half of it.

"With all these disturbances and disruptions, there must be a rearrangement of the global supply chain. Some industries may be brought home, while some countries will try to diversify their sources of supply. You'll see a new scenario of geo-economics in the post-pandemic era."

However, Chen stressed he's not fully pessimistic. He prefers to use the word "reglobalization" rather than "deglobalization" to depict the sea change poised to take place.

To be sure, some companies are standing at the frontier to get a taste of the upcoming changes.

Norma Chu, founder and chief executive officer of DayDayCook — a Hong Kong-based operator of an online cooking-recipes-sharing

platform — said traffic in her company's cooking videos saw a whopping 200 to 300 percent growth in February and March, as more people stayed at home, rekindling their interest in cooking.

"With the emergence of the 'stay-at-home economy', the challenge for DayDayCook and its kind at this moment is how we can bring everyone back from a complete standstill to work safely, in order to capture the explosive growth in demand," she said.

As an entrepreneur, Chu said she has to believe "we're going to come out of the crisis stronger", hoping for a recovery in the second half of next year. "We're going to be more efficient, nimbler and more resilient as a society, as a whole."

Tony Tsang, chief executive officer of DYXnet Group, an authorized reseller of Zoom, believes that people's behavior, as well as the way corporations conduct their businesses, may be forever changed because of the pandemic.

In 2003, when the SARS epidemic erupted, Tsang recalled he was among the first batch of people to push for working online. Compared with SARS, the coronavirus pandemic has lasted much longer, the virus has spread wider and has left a greater impact on human society.

"Human behavior is like this — if you do something only one or two



Guest speakers share their views on post-pandemic challenges at a webinar themed "Tipping Point: Economic Impact of an Epidemic: A New Approach to Doing Business", held in Hong Kong on Monday. EDMOND TANG / CHINA DAILY

times, it may not have much of an effect. But if you do it for months, you'll build up your staff and you use them intensively, then you see the value of it. This will become something not easy to give up," he explained.

Joe Ngai, senior partner and managing partner of McKinsey, Greater China, called the drastic measures the world has taken to combat the pandemic as "chemotherapy to cancer patients".

"We are killing the virus. True

enough. But we are also killing a lot of things along with it," Ngai said, adding that what concerns him most is that the "weak and vulnerable" businesses won't be able to survive the pandemic, which will make the thorny issue of inequality even worse.

He foresees the digital population becoming even stronger after the pandemic.

"People who are younger, better educated and more capable of leveraging these changes and

technological tools will certainly become more powerful, whereas people who have no choice but to make a living through manual labor and physical effort are likely to be more marginalized in business," Ngai emphasized.

"It's just like people with low income are usually the first ones to be laid off and in dire need of more government help."

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I expect the recession caused by the COVID-19 pandemic to last eight to 10 quarters, and the recovery will be in the second quarter of 2022.



My assumption is that some kind of vaccine will be developed and put in place by the second quarter of 2021. And, if that's the case, usually, it'll be able to take a V-shape recovery, so the economy will be back to the original level by the second or third quarter of 2022.

I would call it a "grand recession" because the significance of this recession is not just in terms of how many jobs we

are going to lose, how much the production will drop, but, more importantly, the recession we face will be a historical turning point in terms of geo-economics — the whole geo-economic game will be different after the pandemic.

**Edward Chen Kwan-yiu**,  
chairman, HKU School of Professional  
and Continuing Education

The online business for us is somewhat benefiting from the current situation. But I think the offline business actually has been very, very hard. We have to (operate) cost-effectively. We did have to trim off some staff at the

retail business level. We have to remain very cautious and sensitive. But at the same time, I think don't limit ourselves. All of us have to be very creative just during this period.

**Norma Chu**,  
founder and CEO, DayDayCook

The experience this time, which lasts longer and impacts wider compared with SARS in 2003, has actually given us a very good time to sit down, rethink and rewind a little bit on how we do



In terms of infrastructure, network and technology, nowadays, we are more ready. Why don't we just ride on the chance this time to leverage on technology and try to do something that can help us change the way we do business.

**Tony Tsang**,  
chief executive officer, DYXnet Group

Under the COVID-19 pandemic, the business started to rethink about risk management. But for startups, they are thinking about if there are

opportunities they can leverage on and capitalize on while, for big corporations, they think about if they are agile in the current situation enough and can cope with the risks along with the pandemic.

After the COVID-19 pandemic ends, we need to look at a broader picture, like what we can do to come around and how to deal with the inequality that can widen after the pandemic.

**Joe Ngai**,  
senior partner and managing partner,  
McKinsey Greater China



## The COVID-19 crisis a 'wake-up call' for institutions to embrace fintech

By **ZHOUMO** in Hong Kong  
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The coronavirus pandemic is a "wake-up call" for financial institutions to embrace financial technology, the development of which has accelerated as a result of the public health crisis, said Joe Ngai, senior partner and managing partner at McKinsey, Greater China.

As governments worldwide enforced lockdowns and travel restrictions to curb the spread of the virus, which has so far claimed more than 206,000 lives and infected over 2.98 million people globally, the demand for remote online banking services has grown.

Generally, the growth and devel-

opment of fintech has intensified in terms of customer behavior, as people are now more willing to seek digital banking services, rather than going to physical banks to handle financial matters, Ngai said.

"The coronavirus outbreak is a wake-up call for large financial institutions that have yet to embrace fintech, for they've to think about, 'If my branches cannot open, how do I interact with my customers? If I cannot see customers face to face, how do I make credit decisions?'" he told China Daily in an interview.

"Before the outbreak, financial institutions were already looking at technology. Most of them have invested in technology, but

I think the coronavirus will accelerate the development."

Ngai noted that uncertainty about returns from IT investment still presents a major challenge for financial institutions in undertaking digital transformation, but there are also obstacles from the "softer" side.

"When people look at how much I'm spending on IT, the return on investment is sometimes not so clear. But it's sometimes not only around hardware, it's also around culture, it's also around the operation model," he said.

"For financial institutions, the most difficult thing is trying to figure out how to get better returns from their investment, how to

change their culture, people and their mindset. The softer side is much more difficult for larger financial institutions. It had faced the challenge before and it will continue to be a challenge."

According to a recent report by the China Banking Association and PwC, traditional banks are, generally, adopting a positive attitude toward fintech development despite multiple difficulties, and are continuously increasing investment in the sector to win a bigger market share. But information security and regulations have been two issues that bankers are concerned about.

About 57 percent of bankers surveyed said the information security risk brought by fintech is something

they're worried about most. Nearly 60 percent believe that government regulatory capabilities need to be improved to better serve fintech development.

As the pandemic continues to batter global businesses and roll markets, Ngai stressed the importance of agility and adaptability for enterprises to survive and

grow in this difficult time.

"My advice would be to be agile. You have to maintain the agility, and the ability to change and adapt to the new environment quickly, because maybe the world would become one that would see many more such unforeseen challenges, and we have to be ready for that," he said.

## Hong Kong 'casting off its tech desert image'

By **EDITH LU** in Hong Kong  
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The online-office trend in Hong Kong, it seems, is here to stay with many businesses adopting the practice as the coronavirus pandemic continues to wreak havoc across the globe.

The city is casting off its perceived image of a "tech desert", as enterprises plan the next step ahead, trying out various online office-related applications and tools during the pandemic, said Tony Tsang, chief executive officer of DYXnet Group — a local network service provider.

In a tough economic environment, businesses on the ground have to find a way out by leverag-

ing technologies and applications that can help them sustain their basic operations and cushion the impact.

Tsang said his company has been getting inquiries from different industry segments in the past few months about services such as secure sockets layer virtual private networks (SSL VPNs) and video-conferencing solutions. The former provide employees with secure remote access to business resources, while the latter could help businesses with running team presentations and training.

Among DYXnet's business clients, more than half are from the manufacturing sector, while the others come from such industries

as trading, retail and logistics.

"It's no surprise seeing this happening as the pandemic is likely to last much longer, and the impact is also bigger from a geographical perspective, compared with the SARS outbreak in 2003," said Tsang.

After the SARS outbreak ended, the demand for online collaboration services plunged. But Tsang believes the demand can be sustained this time.

"In 2003, we actually didn't have good infrastructure and a fundamental environment to support a massive adoption of the online-office model. For example, we didn't have the 4G or 5G network in place. The end-point devices were not smart enough and the cloud adop-

tion was also low at that time," he recalled.

With the rapid development of technology, implementation experience and accumulated support skills, online collaboration services are regarded as a much-better choice for businesses in terms of investment returns, as they cost less and lead to faster solution deployment.

"The cost consideration is somehow important, especially when the pandemic is over. Businesses definitely have to look into cost control during the rebound so as to bridge the significant financial performance gap created," Tsang said.

He also expected businesses to get used to online collaboration



Edward Chen Kwan-yiu (left), chairman of the HKU School of Professional and Continuing Education, speaks at the webinar on Monday. EDMOND TANG / CHINA DAILY

services and develop using them as a habit.

In view of the growing demand for video-conferencing solutions in the market, DYXnet teamed up with Zoom Video Communications in February to become its authorized reseller in Hong Kong.

Tsang saw video-conferencing services as one of the company's key value-added services, like "butter added to bread".

"The collaboration with Zoom is definitely beneficial to both parties this time. It allows Zoom to

leverage our resources to provide better sales and marketing coverage for them. And for us, Zoom can definitely help us sell more of our network services to our existing customers, as well as new customers, in adopting Zoom on the ground," he said.

According to Tsang, DYXnet has acquired "quite some" new clients through Zoom, which helped it march into certain new industry segments, such as education and government, that it did not have a chance to serve in the past.