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Accelerating smart manufacturing

As COVID-19 necessitates greater agility and speed, leaders should consider engaging in smart manufacturing ecosystems.

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Managing chaos under the new reality

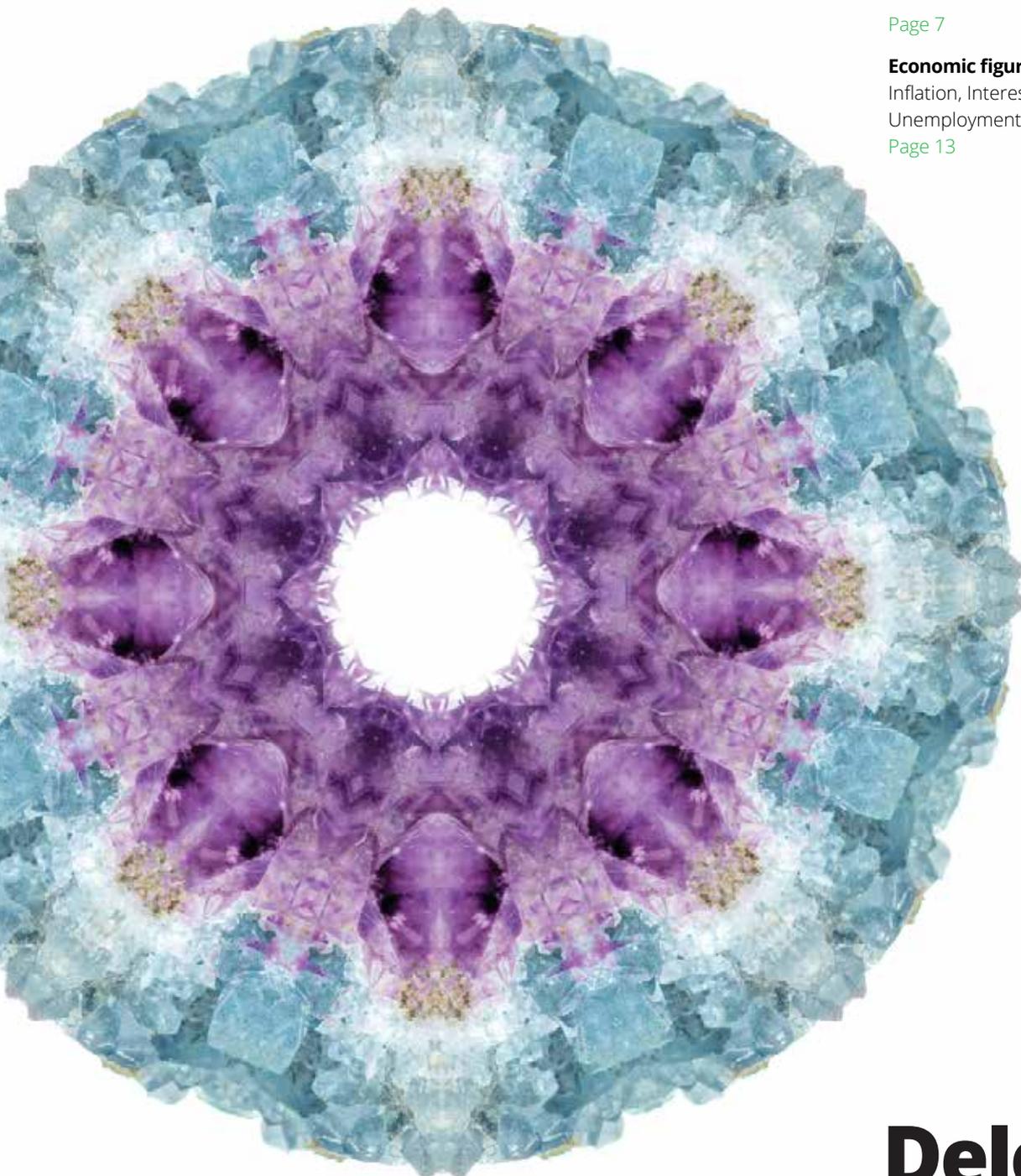
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Accelerating smart manufacturing

As COVID-19 necessitates greater agility and speed, leaders should consider engaging in smart manufacturing ecosystems to accelerate digital transformation and drive results in the next normal.



On March 11, the novel coronavirus disease, COVID-19, was officially declared a pandemic by the World Health Organization. As regions in North America and Europe faced critical shortages of personal protective equipment (PPE) to protect frontline workers and ventilators to treat patients, global supply chain bottlenecks and scarcity of supply put pressure on overwhelmed health care systems in the hardest-hit regions. Leaders in many countries were desperate for supplies, and many turned to the manufacturing industry for assistance. The solution? Regional manufacturing networks ramped up production of the much-needed equipment.

The examples below illustrate the possible value of manufacturing ecosystems and digital tools in delivering faster turnaround and enabling better collaboration among partners. They also demonstrate how quickly coinnovation and collaboration can occur when organizations have a common goal and can leverage digital technologies.

But what exactly is an “ecosystem” in smart manufacturing terms? Essentially, an ecosystem is formed when different entities come together in meaningful ways to solve shared challenges and meet shared objectives. Effective ecosystems enable a cumulative “network” effect for participants and create value greater than the sum of parts, driving higher performance and creating exponential results. Underlying all of this is the concept of collaborating and coevolving. For smart manufacturing, Industry 4.0 necessitates this notion of evolution as advanced technologies continue to propagate.

The “perfect storm” speeding up ecosystem adoption

Since early 2020, manufacturers have experienced notable disruptions, from supply-demand imbalances to regional work stoppages, due to the arrival of COVID-19. This disruption has also had an impact on digital transformation initiatives. As of August 2020, 38% of manufacturers surveyed had paused their smart factory investments as they assessed the impact of the economic conditions caused by COVID-19. A majority of them expect to



resume their smart manufacturing investments in the next 12 months. However, 12 months is a long time in the world of technology and digital transformation, and companies that wait too long could risk falling further behind their peers in smart manufacturing adoption. Especially since 62% of manufacturers surveyed are committed to forging ahead with initiatives and some are even accelerating them. In fact, these companies on average are dedicating 36% of their factory investments toward smart manufacturing investments, which is a 20% increase from those surveyed in last year's study.

Why now? The benefits of smart manufacturing ecosystem participation

To remain competitive, today's manufacturers must produce more relevant, better products at a faster pace. The stakes are high to evolve production processes using advanced technologies and technology-savvy talent. Given the complexity, most manufacturers do not have these areas all figured out, and yet their future success depends on it. Ecosystems can help facilitate a more rapid digital transformation, providing near-term growth and strategic long-term benefits to companies. And these ecosystems could even have a direct impact on financial performance.

Benefits vs. metrics

The diffused nature of ecosystem benefits can often make it difficult to measure their impact on operations. In a standard vendor-client relationship, the solution provider is typically measured against a set of tangible metrics, many of which reflect the core metrics that the company uses to assess its performance, such as on-time project completion or realized cost savings from efficiencies gained. With ecosystems, the metrics for partner evaluation may be specific but the benefits are often defined as “bigger picture” ones, capturing aspects of the potential of these networks to transform the way business is done.

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Understanding the pandemic's impact on working women

How employers can act now to prevent a setback in achieving gender parity in the workplace.

Global survey finds that nearly 7 out of 10 women who experienced negative shifts in their routine as a result of the COVID-19 pandemic believe their career progression will slow down.

The COVID-19 pandemic has changed every aspect of our lives, including the way we work. Women, who have traditionally taken on primary caregiving duties, have been especially hard hit, with added daily responsibilities and a host of new challenges to their work/life arrangements.

The survey unveils the pandemic's impact on the work/life balance and well-being of countless working women, highlighting how the pandemic could threaten some of the progress made on gender equality in the workplace in recent years.

Importantly, our survey findings have enabled us to not only identify how some women have been impacted during the pandemic, but also the actions companies must take in order to support women's

continued success and progress within their organizations. From making flexible working the norm to addressing micro-aggressions in the workplace, there are six critical areas of focus for employers to take action and ensure that women continue to advance in the workplace.

COVID-19 is taken a heavy toll on the daily lives of women

Lockdowns and shut-downs related to the pandemic have resulted in many women more frequently working from home: now, more than a third (37%), are working from home full-time versus just 1% before the pandemic. This extra time at home is impacting in various ways: on the one hand, our survey reveals some women have more free time as a result of changes to commuting and travel routines, and on the other, women are experiencing a number of extra responsibilities and commitments added on to their already busy lives.

We are at inflection point. With no end to pandemic currently in sight, it is vital for organizations to step up to meet this moment and its specific challenges, or we risk facing a major setback in our pursuit of reaching gender parity across the global workforce.

Emma Codd
Deloitte Global Inclusion Leader



Women see the pandemic's impact as a threat to their careers

Worryingly, just under a quarter (23%) of respondents who feel they need to always be "on" for work fear they will end up having to choose between their personal responsibilities and their careers. 10% are considering a career break or leaving the workforce entirely.

Working women with and without caregiving responsibilities are being impacted in different ways

Prior to the pandemic, slightly over 16% of respondents with caregiving duties said 75% or more of childcare or care for other family members fell on them. However, that figure has grown to 48% as of the time of surveying. Those with caregiving responsibilities also indicated they have added responsibilities around virtual schooling and caring for other dependents, which has had an adverse effect on them.

Despite the challenges created by the pandemic, women remain optimistic about their potential to progress in

their careers. But barriers endure

On a positive note, a majority of respondents see potential to progress in their careers in the next year by taking on more responsibility (52%). 47% anticipate receiving pay increases. Amidst the pandemic, many women remain loyal to their current employers, 32% plan to stay with them for two to five years, and 30% for more than five years.

Employers should take action through a customized approach

While the options were varied, there were notable differences between women with caregiving responsibilities and those without. For example, women without caregiving responsibilities emphasized wanting more skills-development opportunities (49% vs. 33% when compared to those with caregiving responsibilities).

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Conclusion: Actions taken by employers will be critical in women's working advancement post-pandemic.

The data from this survey highlights the difficulties women face in balancing their multiple responsibilities at home and at work, with no certainty as to when the pandemic will end or when their lives will ever get back to "normal". Yet, our survey respondents were also clear about how their employers can support them.

The findings point to six steps that organizations can implement now to support their workers both during and after the pandemic.

Managing chaos under the new reality

Why does COVID-19 require greater agility and speed? Leaders should consider engaging in intelligent manufacturing ecosystems to accelerate digital transformation and generate results in the next normal.

Companies raise questions and concerns about how to address new challenges, capitalize on opportunities, and adapt quickly to constant change.

Flexibility, innovation, and resilience are just a few features that will enable companies to address this crisis better. Planning and preparing for the new reality is also indispensable to achieving its sustainability.

To do this, it is important to stay informed: Identify, industry trends and competition behavior, understand and re-know the market, recognize the needs of suppliers, partners and the community in which it operates.

Clients

• As a result of the pandemic, 73% of the companies in the sample reported a decline in their revenues.

• Overall, average price behavior was similar in the four regions (Mexico, Colombia, Argentina and Centrometric). However, Argentina shows a smaller impact.

• E-commerce still poses a challenge for Latin America. In the region, Colombia showed the highest growth.

• Recommendations:

1. Re-know customers and the market to adapt products and services; review differentiated care schemes for key customers.
2. Anticipate changing habits in all ways.
3. Increase the company's capabilities in digital commerce and the use of self-service technology platforms.
4. Revalue physical sales points to mitigate risk; define divestiture where applicable.
5. Establish price optimization models, considering supply, demand elasticity, competition, etc.
6. Consider strategic alliances with suppliers, distributors and/or competitors



to strengthen the customer offer.
 7. Strengthen mechanisms for obtaining feedback and thus identifying opportunities for improvement.
 8. Seek to differentiate yourself through loyalty and reward schemes, as well as personalized attention; privilege flexibility.
 9. Define key messages and expand communication, repositioning the company and building confidence in health and safety measures.
 10. Consider that social and environmental aspects will have a greater impact on customer preference.

Finance

• Overall, costs and expenses remained; marketing expenses and investments in machinery, equipment, and technology

were reduced.
 • 63% estimates cost and cost savings of less than 10% from remote working.
• Recommendations:
 1. Prioritize cash management and make flow projections for the next quarter; consider cash reserves in the event of uevos outbreaks.
 2. Set the cash conversion cycle as a key indicator. Track the portfolio, optimize inventories and improve payment times.
 3. Identify cost and cost reductions that do not affect the operation and/or future growth.
 4. Identify fixed expenses that could become variables, which favor flow in the medium term.
 5. Automate financial reporting and accounting closures to speed decision making.
 6. Ensure the possibility of the credit lines

granted, diversify sources of financing and restructure those that are necessary.
 7. Evaluate financial instruments to mitigate risks.
 8. Make planned or ongoing investments; they may need to adjust to the new reality.
 9. Conduct fiscal planning and use the incentives applicable to each locality. If any, prioritize the recovery of balances in favor.
 10. Identify risks related to fiscal strategies implemented; review policies and procedures to avoid non-deductible expenses.

Business Operation and Continuity

• The operation shows a general increase in days of collection. The region with the greatest impact on its working capital is Central America.
 • As for business continuity, the estimated recovery time of the companies is 6 to 12 months; Central America considers a period of up to 24 months.
• Recommendations:
 * Operation:
 1. Make new demand estimates based on collaborative planning with clients, expanding communication with clients and between areas.
 2. Identify potential chain disruptions, assess financial risks; consider diversifying suppliers, mitigating dependencies.
 3. Implement practices that contribute to the continuity of the entire chain.
 4. Focus the organization on the Lean concept, improving the cost and cost structure.
 * Business Continuity
 1. Generate timely and relevant information and provide certainty to partners, board members and other stakeholders.
 2. Strengthen Corporate Governance bodies, including external directors.
 3. Revalue the strategic objectives and goals of the business, adjusting the projections and budgets; identify resources required for its achievement.
 4. Refine key business indicators and seek automatic generation through technology tools.
 5. Define recovery scenarios and plans that consider lessons learned during the contingency.

Talent

• Companies have made efforts to maintain their entire workforce, even with declining revenue and profitability.
• Recommendations:
 1. Design and communicate the return plan, including defining new work schemes, policies, security measures, protocols, etc.
 2. Standardize virtual work, setting new objectives and performance indicators and providing communication technologies for its operation.
 3. Estimate the size, cost and capabilities required of the new ideal workforce; analyze loads and relocations, adapting related processes.
 4. Review the labor and legal implications for future outflows and rehire of personnel, as well as adjustments to work contracts.
 5. Identify concerns to reduce resistance to the return plan. Provide for work abandonment and/or absenteeism, giving priority to flexibility.

Conclusion

Conducting a strategic planning exercise is good practice and becomes more relevant in times of crisis and uncertainty. In addition, incorporating flexibility and adaptability into these plans will allow us to better address the many changes we are experiencing.

This study shows the main challenges companies face, as well as their behavior during the current health crisis. Maintaining revenue, retaining customers, preserving cash flow and ensuring operation along the value chain are just a few of your concerns.

To be sure, each company has its own concerns and concerns, but rethinking the strategy, with innovation and flexibility, will allow identifying and capitalizing on opportunities that were not visible before the pandemic.

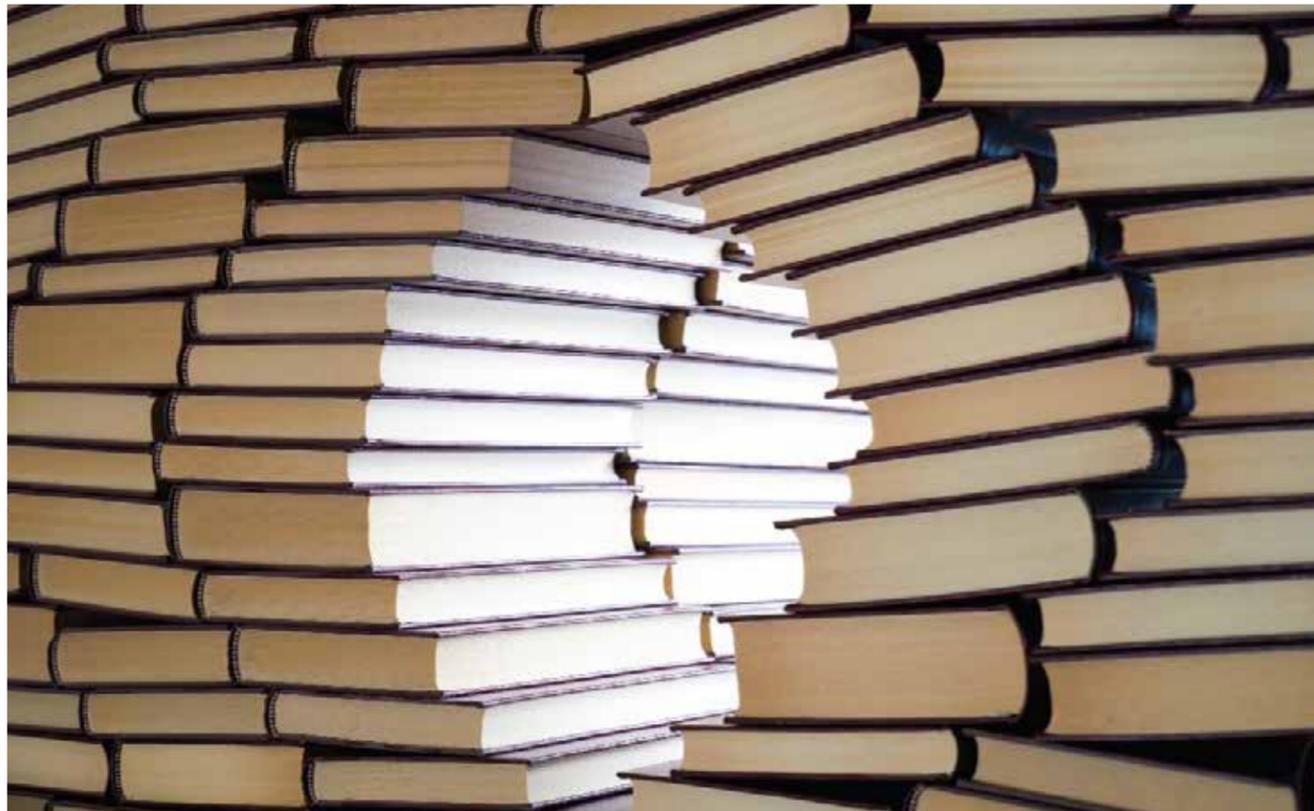
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Planning and preparing for the new reality is indispensable to achieving its sustainability.

Official gazette

Learn about the main Laws, Decrees, Resolutions and Agreements published in the Official Register.



We present the official records for the month of November:

Social Security Matter

Official gazette No. 1117, SPECIAL EDITION, 02 OCTOBER 2020 ECUADORIAN SOCIAL SECURITY INSTITUTE:

The Ecuadorian Social Security Institute issues the rules on the new distribution of contributions to finance retirees' finances and unemployment insurance, which will come into effect from 2021. The contribution to workers in relation to dependency will be increased by 1 percentage point from 9.45% to 10.45%. The increase includes 0.5% of the disability, old age and death premiums and 0.5% of the unemployment insurance premium.

Tax Matter

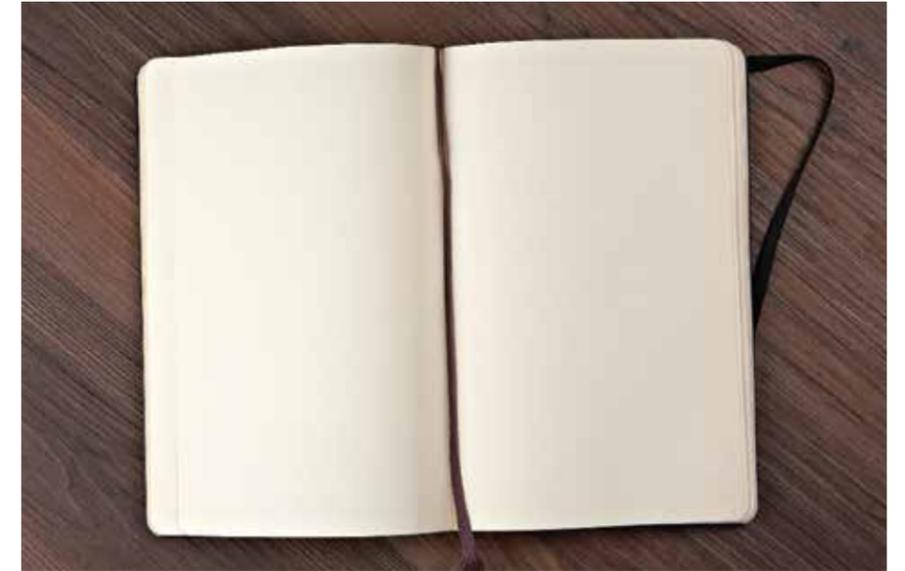
Official gazette No. 303, Supplement, 05 OCTOBER 2020 EXECUTIVE FUNCTION Resolution No. 54

The rules and guidelines applicable to the Organic Law on Humanitarian Support to combat the health crisis arising from COVID 19 are issued, related to job sustainability, social welfare measures, productive reactivation and financial relief.

Customs Matter

Official gazette No. 1185, SPECIAL EDITION, OCTOBER 19, 2020 EXECUTIVE FUNCTION Resolution No.185

Documented procedures are issued for internal and external users in obtaining exemption from foreign trade taxes.



Labor Matter

Official gazette No. 317, OCTOBER 26, 2020 EXECUTIVE FUNCTION Ministerial Agreement No. MDT-2020-171

The exceptions applicable to the measures relating to working hours, wage reduction, established to support the sustainability of employment as set out in the Organic Law on Humanitarian Support to Combat the Health Crisis arising from the Covid-19 are issued.

Official gazette No. 318, OCTOBER 28, 2020 EXECUTIVE FUNCTION Ministerial Agreement No. MDT-2020-181

Guidelines governing the application of teleworking hours, workers' rights and employers' obligations are issued as set out in the Organic Law on Humanitarian Support to Combat the Health Crisis of Covid-19.

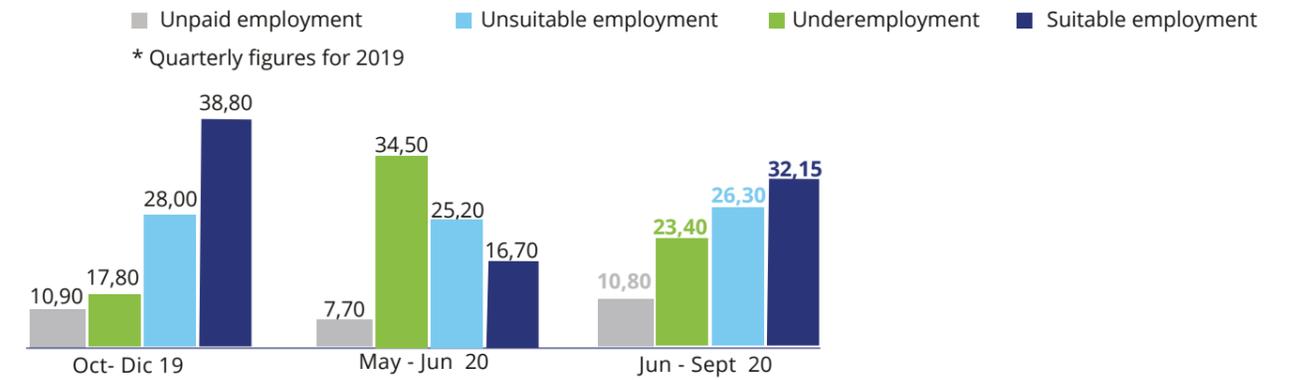
Materia Turismo

Official gazette No. 317, OCTOBER 26, 2020 EXECUTIVE FUNCTION Ministerial Agreement No. 2020-037

Procedures for the filing and payment of "ECO-Delta - ED" and "Tourist Power - PT" taxes pending collection for the months of March, April, May, June, July and August are established. These must be carried out in October and November 2020.

Economic figures

We provide the economic figures for the following variables: Inflation, interest rates, Employment and unemployment, Trade Balance, Exchange Rate, among others.



Currencie	International Price	Official Rate	Transactions	
			Buy	Sell
Bolívar soberano	526315,79	100.000,00	100.000,00	100.000,00
Euro	0,85	0,85	0,85	0,85
Libra esterlina	0,77	0,77	0,77	0,77
Nuevo sol	3,59	3,59	3,59	3,59
Peso argentino	76,92	76,92	76,92	76,92
Peso boliviano	6,91	6,91	6,91	6,91
Peso chileno	757,58	757,58	757,58	757,58
Peso colombiano	3805,18	3805,18	3805,18	3805,18
Yen	104,45	104,45	104,45	104,45
Real Brasil	5,70	5,70	5,70	5,70

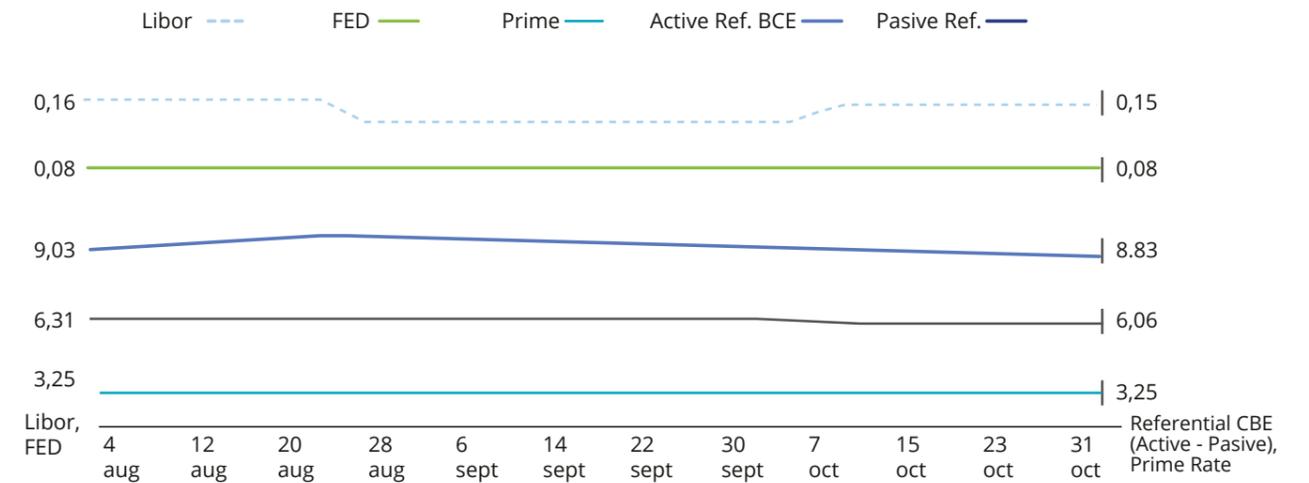
01

01 Values express units of each currency that are obtained by every \$1US

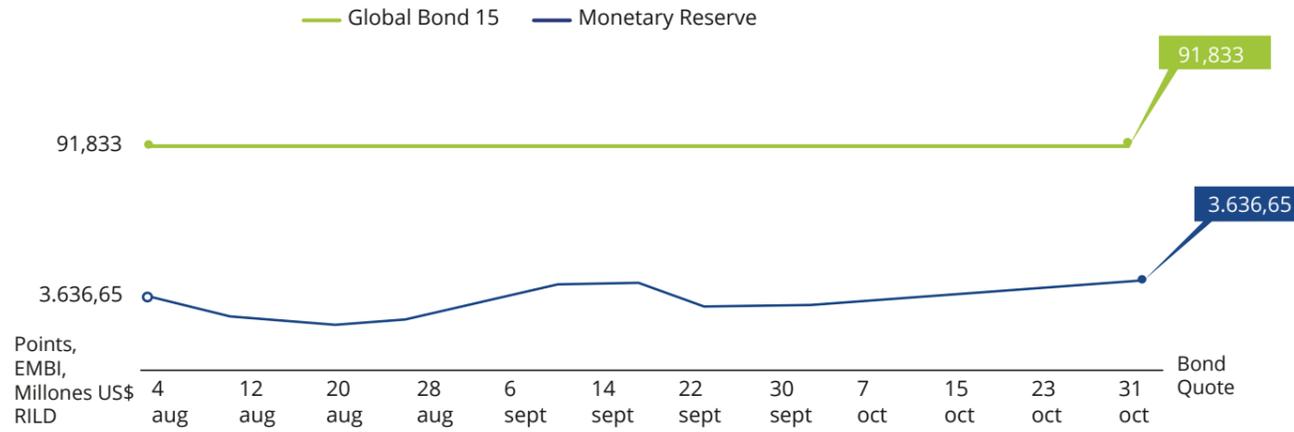
03 Reference rates

02 Evolution of indicators

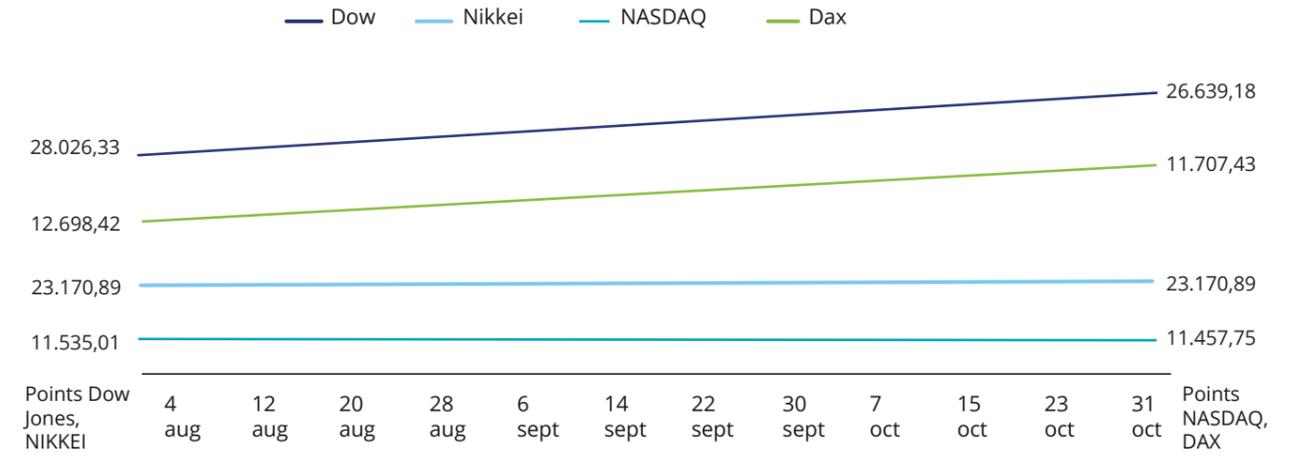
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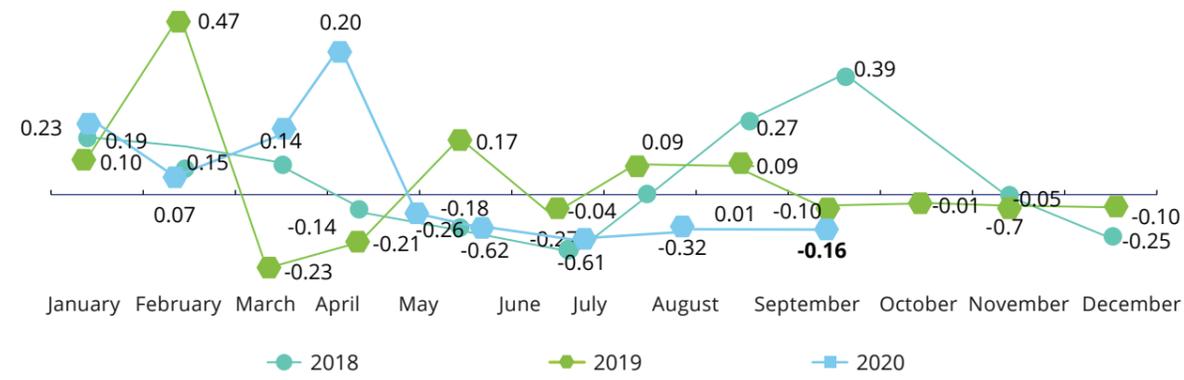
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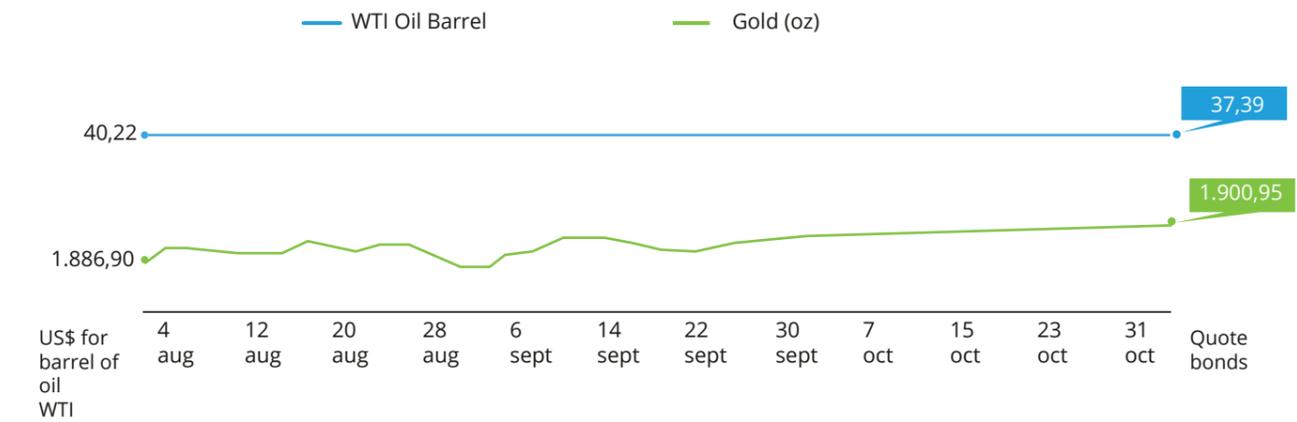
06



05

04 Global bonds 15 and RILD

05 Inflation



07

06 Stock indexes

07 Raw material

Referential interest rates				International rates					
Period	Central Bank rate	Pasive referential	Active referential	Legal	Prime NY	Libor			
						30 days	90 days	180 days	360 days
2016	0,20	5,12	8,10	8,10	3,75	0,77	1,00	1,32	1,69
2017	0,20	4,95	7,83	7,83	4,50	1,51	1,64	1,79	2,07
2018	0,20	5,43	8,69	8,69	5,25	2,48	2,79	2,87	3,05
2019	0,20	5,70	8,82	8,82	5,50	2,50	2,74	2,82	3,02
January 2020	0,20	5,70	8,82	8,82	5,50	2,48	2,66	2,69	2,87
February 2020	0,20	5,70	8,82	8,82	5,50	2,48	2,66	2,69	2,87
March 2020	0,20	5,70	8,82	8,82	5,50	2,48	2,66	2,69	2,87
April 2020	0,20	7,20	8,40	8,20	3,25	0,44	0,89	0,92	0,94
May 2020	0,20	5,07	8,98	8,98	3,25	0,17	0,36	0,59	0,71
June 2020	0,20	6,24	9,12	9,12	3,25	0,17	0,36	0,59	0,71
July 2020	0,20	6,24	9,12	9,12	3,25	0,16	0,26	0,32	0,46
August 2020	0,20	6,37	9,03	9,12	3,25	0,18	0,23	0,30	0,44
September 2020	0,20	6,31	8,96	8,96	3,25	0,16	0,23	0,26	0,36
Octubre 2020	0,20	6,07	8,83	8,83	3,25	0,15	0,21	0,24	0,33

	2019					2020				
	Inflation					Inflation				
	Index	Month	Accumulated (by year)	Anual (12 months)	Anualized (Month * 12)	Index	Month	Accumulated (by year)	Anual (12 months)	Anualized (Month * 12)
January	105,77	0,47	0,47	0,54	6,58	105,45	0,23	0,23	(0,30)	2,77
February	105,53	(0,23)	0,24	0,16	(2,69)	105,29	(0,15)	0,07	(0,23)	(5,31)
March	105,31	(0,21)	0,02	(0,12)	(2,47)	105,50	0,20	0,27	0,18	2,42
April	105,49	0,17	0,19	0,19	2,07	106,56	1,00	1,28	1,01	12,75
May	105,48	(0,004)	0,19	0,37	(0,11)	105,28	(0,26)	1,01	0,75	(13,50)
June	105,45	(0,04)	0,15	0,61	(0,034)	105,62	(0,62)	0,39	0,17	(3,94)
July	105,54	0,09	0,25	0,71	1,03	104,27	(0,61)	(0,23)	(0,54)	(7,14)
August	105,54	0,09	0,25	0,61	(0,034)	104,63	(0,32)	(0,55)	(0,76)	(3,82)
September	105,54	(0,10)	0,14	0,33	(1,20)	104,47	(0,16)	(0,71)	(0,90)	(1,82)

**The CPI indices (Base: 2004=100) have been linked to the new CPI series (Base: 2014=100).

09
Evolution of inflation

Effective lending rates calculated by the Central Bank

Credit segment	Product	Reference rate	Rate
		Corporate product	Reference rate
	Corporate product	Maximum rate	9,33%
	PYMES product	Reference rate	11,03%
	PYMES product	Maximum rate	11,83%
	Consumption	Reference rate	16,61%
	Consumption	Maximum rate	17,30%
	Housing	Reference rate	10,25%
	Housing	Maximum rate	11,33%
	Microcredit accumulation extended	Reference rate	20,27%
	Microcredit accumulation extended	Maximum rate	23,50%

Source: Central Bank of Ecuador

08
Interest rates



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