

LEADER

— Opportunity and innovation in a time of pandemic —



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ALTHOUGH THE AGONY is always different, most major crises inflict significant economic damage and can tear the fabric of society—but they also inspire innovation.

The COVID-19 pandemic has dramatically altered the way we live. While many aspects will prove temporary, there can be no doubt that we will find our world has changed in fundamental ways once the threat recedes.

Yet, although economists cannot revise down their 2020 GDP forecasts fast enough to keep pace with developments, not all is doom and gloom. The axiom of opportunity in crisis remains as true as ever. History has repeatedly shown that crises drive innovation. Whether technical, scientific, or developments relating to business models or societal institutions, such innovations all have one feature in common: They solve problems.

We are, for example, seeing how COVID-19 is fast-tracking digital transformation. In response to restrictions imposed to slow the spread of the virus, companies are embracing digitalization at rates far exceeding those achieved by all previous corporate investment and government programs.

While the logic behind digitalization remains the same as in the past, three reasons come to mind behind this energized uptake:

- Demand is driven by customer need. When there is no alternative to online services, customers often focus on solutions that maintain some semblance of business normality—and readily adopt them even if they are still evolving.

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- Supply capabilities are being pushed, so corporations are laser-focused and acting fast. Side issues are deprioritized, enabling companies to suddenly function far more efficiently as bureaucracy is eliminated.
 - Regulatory bodies are creating encouraging framing conditions. Governments are intervening through laws, regulations, and support programs that prioritize crisis response. These are largely accepted by everybody, as the overall benefit to society is placed before individual considerations.

We can be confident that the health issues brought on by COVID-19 will inspire innovations in many fields, including new drugs and medical devices, improved health care processes, and manufacturing and supply chain breakthroughs. And the development of innovations will not only be restricted to these obvious beneficiaries.

Consider the industry in which I have spent my own career: the automotive industry and its sales process. The days of having a coffee and a chat on fancy leather couches at local brick-and-mortar dealerships are gone. Instead, many customers accept—even demand—a multichannel sales and service interaction approach. Automotive original equipment manufacturers (OEMs) are realizing that they cannot wait another decade to enable this journey. As financial pressures mount, the urgency for transforming automotive sales networks grows ever more apparent.

This issue of *Deloitte Review* aims to provoke thinking on how such technological developments change our society and how, in turn, changes in society demand new technologies. The coronavirus may be the current accelerant, but it is also important to reflect on what the next driver may be, what new regulations might come out of it, and how the resulting innovations will likely become important for your business. ●



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