Scenario Planning for a Post-COVID-19 World

Make sure you are prepared for the new normal

Michael Wade
IMD Professor of Innovation and Strategy
Director, the Global Center for Digital Business Transformation

IMD
REAL LEARNING. REAL IMPACT

IMD **Purpose**

Challenging what is and inspiring what could be, we develop leaders who transform organizations and contribute to society.

IMD **Mission**

Founded by business executives for business executives, we are an independent academic institution with Swiss roots and global reach. We strive to be the trusted learning partner of choice for ambitious individuals and organizations worldwide.

Executive Summary

The COVID-19 virus is sweeping across the world, leaving a trail of economic and social damage in its wake. Forward thinking organizations are starting to plan for a post-COVID-19 world. However, predicting what this world will look like is not easy. We can be reasonably sure that the world will not simply revert back to the way it was before the crisis, but what will be different? The problem with answering this question is that recent history does not provide us with any points of reference to learn from. The world has simply never faced a crisis like this one before. And yet, while it may not be possible to predict the post COVID-19 landscape, it is still possible to plan for it.

Scenario planning is a tool designed to help organizations plan for uncertain futures. It has been used extensively by organizations whose performance is vulnerable to major economic, social, political, and environmental shifts, such as the oil and gas industry. COVID-19 has placed all sectors within this context of uncertainty, requiring them to think and plan in new ways.

Scenarios do not attempt to predict the future, but rather identify a set of possible future states. They focus on the external driving forces over which individual organizations have little or no control. Scenarios are both plausible and challenging. Organizations benefit from scenario planning by imagining how they might compete in each scenario. This process helps them widen their thinking around possible responses and outcomes. For example, some responses may not have been considered if the scenario planning process hadn't been followed. Other responses become clearer and more obvious as they are identified across multiple scenarios.

In this report, we have created a set of plausible scenarios for the world after COVID-19, and provided guidelines for how these scenarios can be used in a workshop format to help prepare for a very uncertain future. Scenario planning workshops are relevant for organizations wishing to develop proactive strategies for dealing with the pandemic.
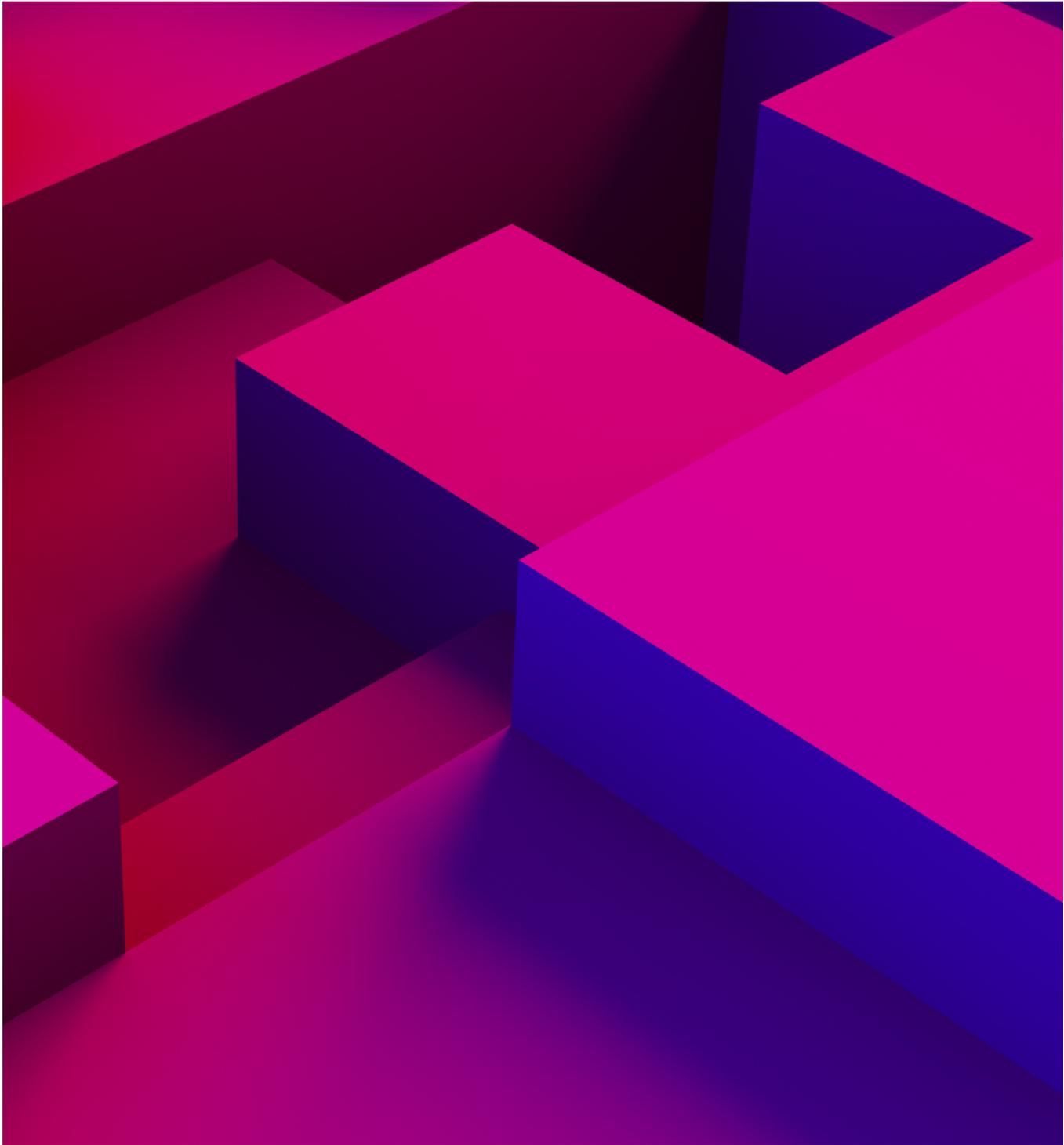
Factors influencing a post-COVID-19 future

Among the many factors impacting the post-COVID-19 landscape, we have identified three that, in our opinion, will create the greatest impact and uncertainty.
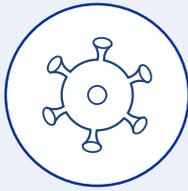
FACTOR 1:
VIRUS LONGEVITY

How long before viral infections and deaths slow down to the point where isolation policies can be lifted?

FACTOR 2:
GLOBAL MINDSET

How will people's views of social, economic, and political boundaries be impacted by the virus?
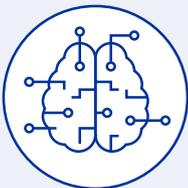
FACTOR 3:
DIGITAL ADOPTION

How will consumers react to digital tools and technologies that have emerged because of the virus?

Virus Longevity

How long before viral infections and deaths slow down to the point where isolation policies can be lifted?

Short-term Impact

One potential outcome is that the spread of COVID-19 follows a similar pattern to China, Japan, and South Korea where the virus reaches its peak quickly, but also dissipates quickly. While the virus does not disappear, the massive scale of infections and deaths fades away in a few months. After severe disruption in Q1 2020, many parts of the world are ready to reopen their borders and return to a new normal. A massive global effort to develop preventative measures, such as vaccines, and treatment options results in multiple options to reduce the impact and spread of the virus. Many countries in East and South-East Asia relax isolation requirements, businesses restart, and borders reopen by the end of May 2020. Most of Europe reopens by the end of June, including a full reinstatement of unrestricted travel within the Schengen area. North America comes back online by Labour Day. Some pockets of COVID-19 remain in the developing world through the end of Q3, but almost all COVID-19 restrictions are lifted globally by the beginning of Q4 2020.

Long-term Impact

Another outcome sees COVID-19 linger across the world for at least a year. The attempt by many countries to 'flatten the curve' fails, and infections and deaths continue to grow and spread unabated. While the developed world struggles to maintain control of the virus, the developing world is overrun with infections and deaths. A mutated version of the virus that was first identified in Brazil shows resistance to newly developed treatments. Despite a massive mobilization of scientific resources, early vaccines fail to prevent the virus. Countries that survived the initial wave of infection, like China, South Korea and Japan, see a second wave of the mutated virus appear that is even more deadly than the first. Borders and non-essential businesses remain closed across most of the world. In this outcome, the global lockdown remains until at least the first quarter of 2021.

The virus dissipates within a few months
and isolation policies are lifted quickly

SHORT-TERM IMPACT
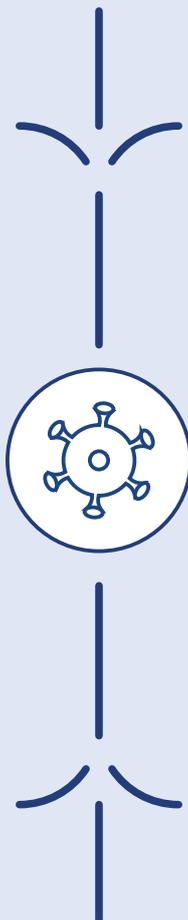
LONG-TERM IMPACT

Infections and deaths continue for at least a year
and isolation policies remain in place indefinitely

Global Mindset

How will people's views of social, economic, and political boundaries be impacted by the virus?

Global Acceptance

In one outcome, the globalization of trade and travel picks up unabated once the immediate effects of the virus subside. The COVID-19 coordination challenges between nations and regions point to a need for closer global alignment. Many people realize that if information, know-how, and critical infrastructure, like medical equipment, had been shared earlier and more effectively, far fewer people would have died across the world. This realization leads to the establishment of stronger global institutions to pursue the global 'common good'. Global supply chains are re-started and trade routes are quickly re-established. New trade deals between countries and regions are quickly negotiated and ratified. With barriers being lowered and border controls weakened, people feel free to travel and live in other parts of the world. Travel is customary, and even though virus break-outs occur, there is enough medical capacity to identify and contain episodes, and to enable individuals recover quickly no matter where they travel to. COVID-19 is seen as a harbinger of closer global social, economic, and environmental cooperation.

Global Rejection

In another outcome, the fragmented response to COVID-19 and the failure to stop the virus' spread lead to a deep distrust among different parts of the world. A multi-national 'blame game' is ignited as countries attempt to shift the responsibility for the infections and deaths to someone else. When borders do reopen, they are less free than before. Distrust of China, the US, and Russia deepens globally, and each withdraws partially into its own borders, leaving a global leadership vacuum. Regional alliances, like the EU and ASEAN start to weaken and fragment. People are shocked by the oppressive reaction to the virus in some countries, and become less comfortable living and working abroad. Nationalism grows across the world as countries realize that globalization has made them defenceless against a global pandemic like COVID-19.

People see the value of a global response to the virus and seek to increase coordination across the world

GLOBAL ACCEPTANCE

GLOBAL REJECTION

People become deeply skeptical and distrustful of other countries and retreat to a more familiar and local way of living

Digital Adoption

How will consumers react to digital tools and technologies that have emerged because of the virus?

Digital Acceleration

In one outcome, COVID-19 initiates a surge in the development and usage of new digital technologies. The requirement to work and socialize via technology pulls technology skeptics and luddites into the information age. Video conferencing solutions become mainstream for work and pleasure. Software vendors make sure that all programs and apps work at any time, from anywhere. With restrictions on physical colocation, new forms of entertainment are developed that are completely technology-mediated. Physical restrictions everywhere are compensated in part by new advances in digital technology. Developing countries get access to cheaper smart devices and infrastructure, so that people across the world become accustomed to living, working, and socializing with technology.

Digital Skepticism

In another outcome, the push to use digital technologies more and more for living and working leads to a backlash. For corporate-type work where investments can be made in reliability, the technology does enable productivity. However, for "have nots" or in personal use, there is deep skepticism of surveillance, control, and ultimately a fundamental mistrust of the most productive digital tools by consumers and civic society at large. There is considerable activism to lobby for less intrusion, but it's unclear how the hold of the monopolistic companies that control key digital technologies can be reduced. Surveillance measures implemented by governments and large corporations to keep track of the virus lead to a deep mistrust of technology. People still use digital technologies, but begin to resent the intrusion that they place on their lives, while calls for privacy rights and the freedom to be 'left alone' become louder.

**The virus initiates a wave of innovation
and adoption of new digital technologies**

DIGITAL
ACCELERATION

DIGITAL
SKEPTICISM

**Digital skepticism sets in and people
turn away from digital technologies**

What will the post-COVID-19 future look like?

The interplay of the three factors we selected – viral longevity, global mindset and digital adoption – can lead to remarkably different future worlds. Among the possible worlds emerging from the combination of the three factors, we developed four scenarios that challenge our thinking, question our assumptions, and help us think broadly about the future. The choice was based on an attempt to provide plausible, novel, yet divergent views on how the post-COVID-19 world might look, rather than on how probable each scenario might be.
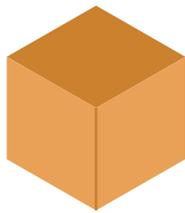
Global Marketplace
- Short-term virus longevity
- Global acceptance
- Digital acceleration
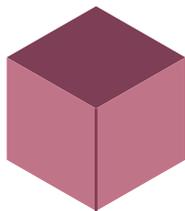
Back to Basics
- Long-term virus longevity
- Global rejection
- Digital skepticism
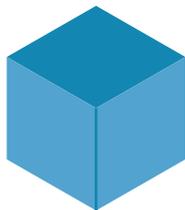
Digital Reset
- Long-term viral longevity
- Global acceptance
- Digital skepticism

Walled Gardens
- Short-term virus longevity
- Global rejection
- Digital acceleration

Digital Adoption

DIGITAL ACCELERATION

Walled Gardens

Global Marketplace
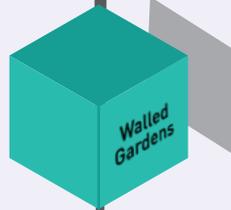
DIGITAL SKEPTICISM

SHORT TERM

GLOBAL REJECTION

LONG TERM

Back to Basics

GLOBAL ACCEPTANCE

Virus Longevity

Digital Reset

Global Mindest

Scenario comparison & implications
Four scenarios to challenge your strategy and response to COVID-19 change

We have explored possible divergent futures to comprehend how the post-COVID-19 world might look.
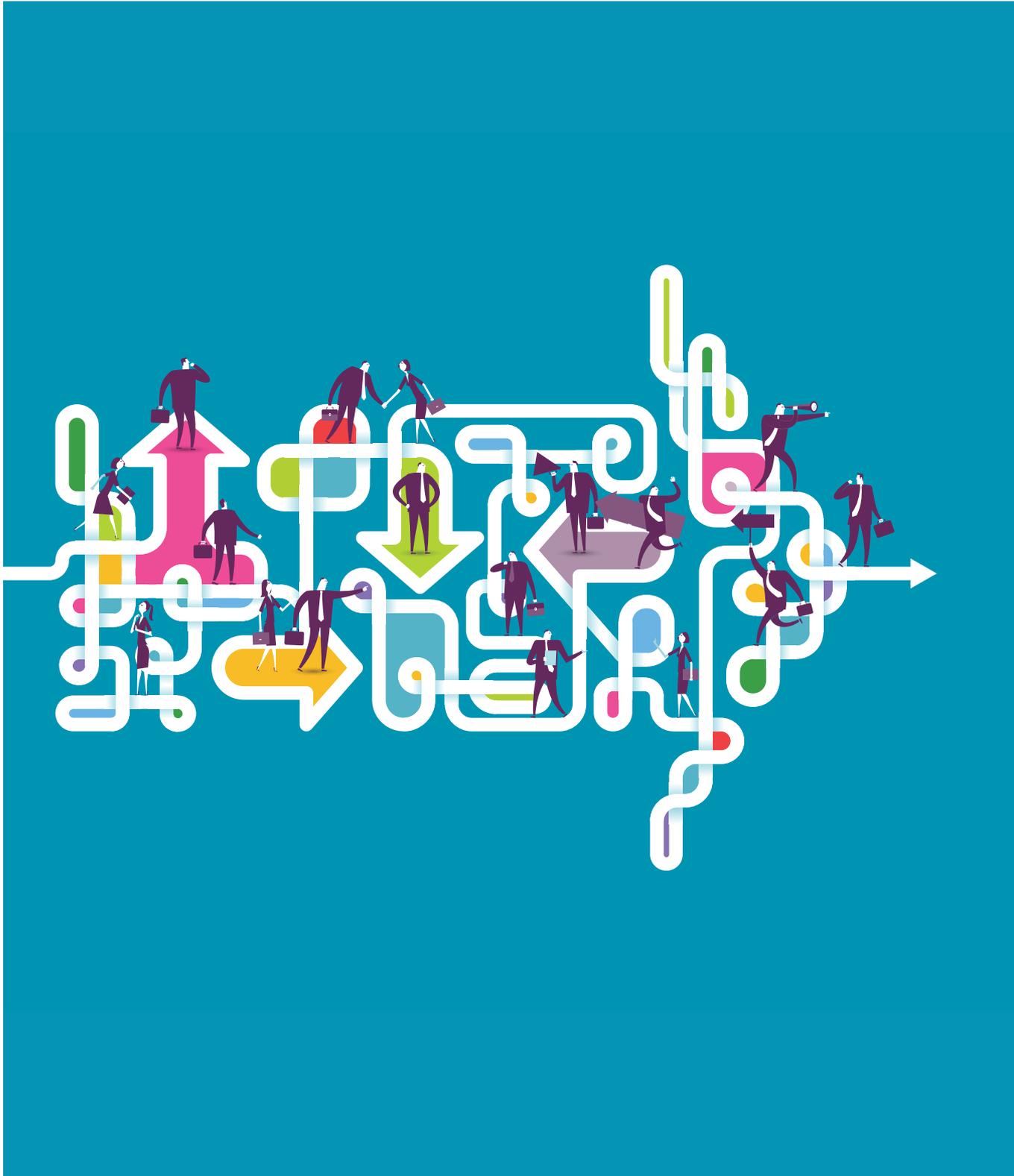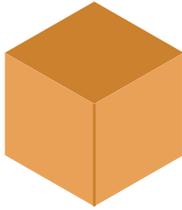
Global Marketplace

- In this scenario, the world quickly moves on from the COVID-19 pandemic. People realize that the virus was just a temporary health event, with no deeper economic, political, or social roots. There is a general sense of the importance of 'getting back to business'. Therefore, borders reopen and trade resumes as before. Widespread usage of digital technologies during the crisis leads to a new wave of digital innovation. This digital renaissance does not just occur in Silicon Valley, but across the world. As borders open and trade barriers are removed, people start to live and work more in other countries.

- Short-term virus longevity
- Global acceptance
- Digital acceleration

Digital Reset

- In this scenario, infections and deaths from the virus fail to dissipate. National governments realize that unilateral responses are failing, so a massive multilateral effort is undertaken to slow down the spread of the virus. After some time and effort, progress is made, and a large part of the success is credited to the globally coordinated response. As soon as travel restrictions are lifted, people start to move again, tourism picks up quickly, and global supply chains are reopened. At the same time, people start to realize that the pandemic, even though it was responsible for many thousands of deaths, was made much worse due to the constant flow of sensationalized misinformation. Therefore, many people restrict their exposure to digital media and generally retreat from an over-exposure to digital technologies.
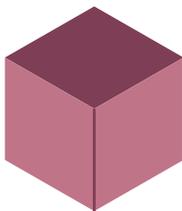
- Long-term viral longevity
- Global acceleration
- Digital skepticism

Back to Basics

- In this scenario, COVID-19 infections and deaths fail to slow down, even after the so-called flattening of the curve. People become distrustful and skeptical about threats from outside their immediate environments. Tourism fails to reignite, as people choose to travel close to home, and global supply chains are dismantled to avoid vulnerabilities to future shocks. People become deeply suspicious of people and products from other parts of the world. Digital technologies become too invasive and pervasive for many people, and thus they often disengage. Even young people retreat from the constancy of being online.

- Long-term virus longevity
- Global rejection
- Digital skepticism

Walled Gardens

- In this scenario, the virus dissipates quickly, so the immediate threat of infection and death disappears in most parts of the world. However, lingering suspicions remain about the dangers of pandemics from foreign lands. The invocation of the Defense Production Act in the US, and similar legislation elsewhere that prioritized national interests during the height of the virus outbreak leads to a local-first, isolationist mentality. Nations prioritize themselves over the global collective good. National patriotism grows along with pressure to limit immigration. Tourism fails to pick up as many foreign destinations lose their allure and local trips and events become more popular. Technology remains pervasive but people become less interested in global themes and celebrities. Local versions of global apps and software products make gains against the digital giants.

- Short-term virus longevity
- Global rejection
- Digital acceleration
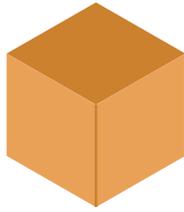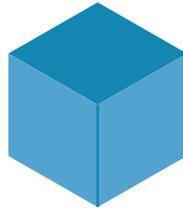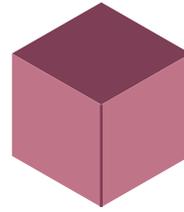
|	Global Marketplace	Digital Reset	Back to Basics	Walled Gardens
Global environment	Quick return to global geopolitical stability, openness and international cooperation. Harmonization of trade and engagement rules on many topics: data flows, cyber security, Internet governance.	Strong push for multilateral cooperation. Harmonization of trade and engagement rules on many topics, including guidelines on responsible and ethical use of digital technologies and information flows.	Unstable geopolitical environment, protectionism takes over: stagnant growth. Lack of international harmonization in privacy standards and digital governance.	Societies trend towards nationalism, isolationism, and protectionism. Strong government intervention to support local economies. Local digital giants reduce the power of global players.
Business landscape	Vibrant and highly competitive business landscape with small and large companies competing from within and outside reference industries. Digital business models unfold their full value. High rates of corporate mortality.	Digital disruptors are challenged by consumers' lack of trust in online services. Small and large companies team together in consortia to offer digitally secured services through platforms. Intense competition across consortiums.	Large regional companies dominate the landscape. Markets consolidate within industries. Digital business models lose their strengths in terms of experience and platform value. The tech bubble bursts.	Multinational companies become regional. Global trade shrinks because of protectionism. Some local and regional markets thrive, while others suffer. Successful companies enter market adjacencies to keep up growth.
Market regulation	Business-friendly regulation favoring industry convergence: finance & telecom & e-commerce; energy & automotive; post & e-commerce.	Business-friendly regulation favoring industry convergence: finance & telecom & e-commerce; energy & automotive; post & e-commerce.	Regulation hindering industry convergence. Global giants are impacted and protected. Governments enact laws to protect people from poor ethical digital practices.	Business-friendly local and regional regulation favoring industry convergence: finance & telecom & e-commerce; energy & automotive; post & e-commerce.
Innovation trends	Asia emerges as the main global driver of innovation. New innovations scale quickly across the globe. Digital innovation expands from base in US to global.	Asia emerges as the main global driver of product and business innovation. Digital innovation slow-down due to consumer/company disengagement.	Digital innovation continues to be driven by a small set of large monopolistic tech companies. Security takes off.	Innovation continues but at local and regional levels. Differences among regions become more pronounced.
Consumer engagement	Consumers/companies have a digital always-on approach. Personalized products expand at the expense of privacy & security.	Consumers are disillusioned by digital: costs of being online are higher than benefits. Consumers/companies value privacy and security first: • They want control & ownership of their data. • Trust in a vendor is the key value in the purchasing process.	Consumers are aware of the privacy and security costs of being digital, and reluctantly bear these risks. Consumers/companies have limited leverage over the data that is being collected about them whenever they are online. Trust in technology providers that guarantee privacy and security is highly valued by consumers/companies.	Consumers/companies have a digital always-on approach. Personalized products expand at the expense of privacy & security. Shift away from global brands like Google, Nestlé, Nike, Amazon, to more local and regional brands.

How to use the scenarios
The interplay of these factors leads to different futures, depending on how the chosen factors play out. Among several possible combinations, we have explored four.

We have developed these scenarios to provide organizations with a toolkit to understand the complex landscape surrounding them. The scenarios are intended to raise questions; challenge thinking and help decision makers test their strategy and underlying assumptions.

By placing their own organization in each of the depicted scenarios, business leaders can assess threats and opportunities, raise awareness of the environment and foster the organization's business agility in navigating today's uncertainty.

We recommend the following approach to using the scenarios. Scenario planning sessions work best with teams so that multiple scenarios can be assessed and debated.

1. All team members should be familiar with the factors and scenarios in advance of the session

2. The facilitator walks through the three factors - virus longevity, global mindset, and digital adoption - paying particular attention to the 'extreme' end-points

3. The facilitator then presents the four scenarios - global marketplace, digital reset, back to basics, and walled gardens

4. Teams are assigned one scenario and asked to break out and discuss the organization's strategy given the assigned scenario

5. Upon return, each team presents their scenario strategy, which is then discussed within the group

6. The group builds on the strengths and weaknesses of each presented strategy to create one consolidated approach to managing in a post-COVID-19 world

Make sure you are prepared
for the "new normal"

IMD

REAL LEARNING. REAL IMPACT

www.imd.org