

FINDINGS & INSIGHTS

SACCNY COVID-19 ACTION STUDY

How Swedish-American corporations and entrepreneurs are coping with and adapting to the COVID-19 pandemic.



ABOUT THIS STUDY

In response to the COVID-19 pandemic, the Swedish-American Chamber of Commerce in New York (SACCCNY) in partnership with Applied Value Group, has undertaken a study to shed light on how Swedish-American businesses are adapting and responding to the disruption brought forth by the pandemic.

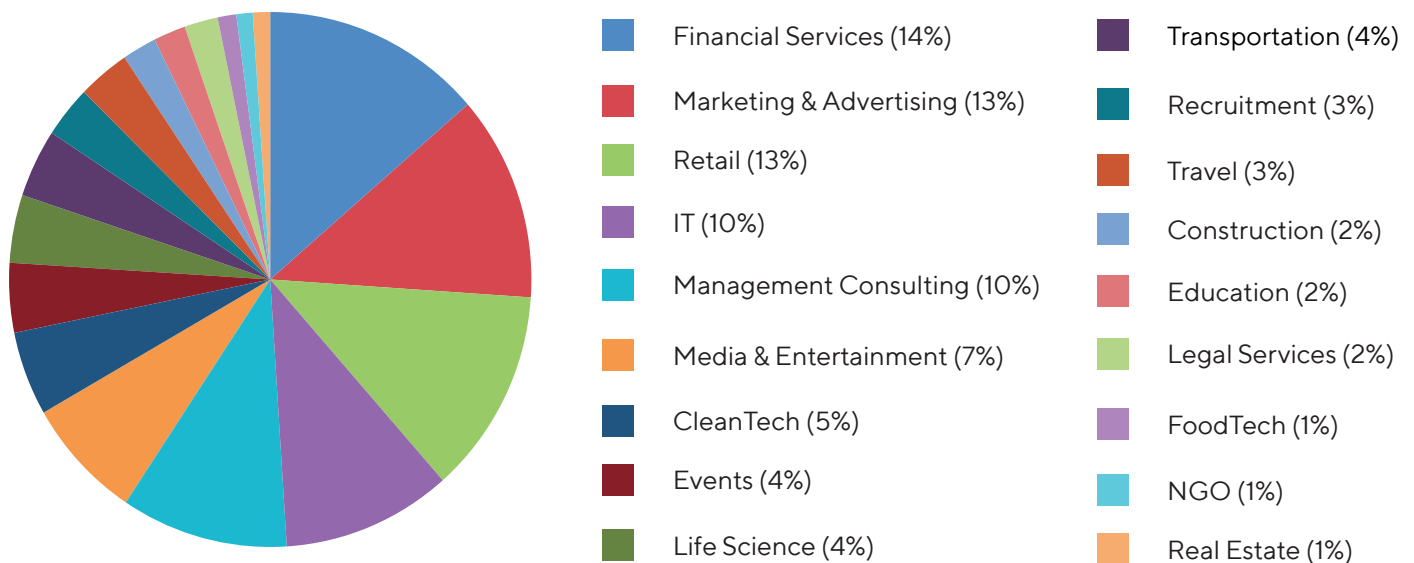
More than 100 management level executives from corporations representing eighteen sectors responded to the survey. In addition, the study includes 20+ in-depth interviews with management level executives, broken down as follows:

- C-suite executives, including board of director members and chairpersons (55%)
- Senior-level executives, including Vice President, General Manager, and head of business unit/department (45%)

Respondents are broken into three company size categories:

- Small (1-49 employees)
- Medium (50-499 employees)
- Large (500+ employees)

Respondent distribution over industry and sector:



Supported by:



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“If you try to stay optimistic and positive, you begin to see the enormous evolution that is taking place right here and now”

PURPOSE & FRAMEWORK - SACCNYPRESIDENT

In early 2020, SACCNYP and Applied Value embarked on a study on the role of cultural differences as pertains to management, organizational styles and decision making for businesses active in both Sweden and the United States. As the COVID-19 pandemic struck, we felt compelled to put this effort to a timelier exercise – namely a comprehensive look at how businesses of various size and sector are now forced to respond and retool. Participants and respondents are all active members of the Swedish-American business community.

“Never let a good crisis go wasted’ may on its face seem cynical, but history has repeatedly shown this saying to be of meaning and importance, and that in crisis and adversity lay the seeds of innovation and progress.”

Much has been said about the importance of memorializing both reactions and actions taken during the course of disruption such as this pandemic – and must include a wide and diverse set of perspectives. With this study we hope to contribute to a set of insights and lessons learned for better understanding, preparedness and new best practices.

SACCNYP and its community of members, does indeed have a particular sector’s perspective to tell, perhaps particularly relevant during a time where the value of open borders and free-flow of trade is being challenged in the face of rising protectionism and nationalist, closed-border influences.

The primary questions we sought to answer and gain insight into include:

- Who, how, and why is being impacted?
- How long-term, even permanent, are response/actions/re-structuring anticipated?
- What important lessons learned and insights for the future are being gained?
- How could negative impact and fall out have been prevented or better anticipated/planned for?
- What positives might come from this?
- How can the Swedish-American business community and its actors be helpful to each other?

We sought to obtain answers to these questions by conducting a study of both quantitative and qualitative nature. First, respondents submitted answers to an in-depth questionnaire, sent to the entire SACCNYP network, followed by in-depth interviews with over 20% of participants. Survey results and interviews have been synthesized and placed into context, broken into eight insights.

Beyond the scope of this particular study, we ask ourselves - and will hope to continue revisiting with respondents - the following: How does the Swedish versus U.S. response model affect how businesses are reacting and retooling on both sides of the Atlantic? How is it different than that of other international or domestic actors? What lessons can be learned for a broader audience and group of businesses now and in the future?

We would like to express our sincere gratitude to the over one hundred corporations and business leaders who so generously and thoughtfully gave of their precious time and expertise and a special thank you to the Consulate General of Sweden in New York for their kind support.

Thank you!



Anna Throne-Holst
President
The Swedish-American Chamber of Commerce, New York



SUMMARY OF INSIGHTS & KEY FINDINGS

Insight 1: Decreased Transactions & Supply Chain Disruptions

The three primary and most commonly shared challenges businesses are facing in the wake of the COVID-19 pandemic include reduced number of transactions and/or transaction value, as well as supply chain disruption.

Insight 2: Business Implications & Corporate Resilience

Company size correlates to impact and actions undertaken in response to the pandemic. Small businesses are struggling to cope with decreasing liquidity and access to capital, while larger businesses are better situated and more resilient, but facing other liquidity challenges due to higher cost structure.

Insight 3: Reimagined Business Models

Companies are identifying and pursuing new revenue sources, as well as reassessing current service- and product offerings, illustrating how a time of disruption both calls for crisis management and adaptation, but can also spur innovation. However, the extent to which companies are re-imagining their business models varies as a function of size and sector.

Insight 4: Impact on U.S. Expansion Plans

Swedish companies' commitment to U.S. market presence and expansion plans remain mostly undeterred and most robust among large companies, while having decreased among small and medium-sized companies.

Insight 5: From Competition to Collaboration

A shift from more traditional focus on competition has emerged, where several companies report not only increased inter-company and sector collaboration, but also a shift to adjusting business models to offer support during the pandemic by reformulating products or services and initiating related pro bono efforts.

Insight 6: Accelerated Internal Digitalization & Changed Behaviors

Companies of all sizes are rapidly digitalizing their internal processes to achieve compliance with current social distancing mandates and safeguard employee health and safety, while adjusting to and optimizing new work and professional environments.

Insight 7: Accelerated External Digitalization & Online Business

In addition to internal digital transformation, businesses of various size and sector are accelerating their external digitalization efforts in response to the new business climate and are challenged to complete digital transformations in a matter of weeks rather than years.

Insight 8: Adapting to the New Normal

Companies anticipate maintaining many of the new approaches and structures, and use lessons learned from COVID-19 in their response to future challenges. Preparedness related to climate change is frequently highlighted.

“With this study we hope to contribute a set of insights and lessons learned - supporting efforts toward improved best practices and stronger preparedness”

– Anna Throne-Holst, President, SACCNy

DECREASED TRANSACTIONS & SUPPLY CHAIN DISRUPTIONS

INSIGHT 1

The three primary and most commonly shared challenges businesses are facing in the wake of the COVID-19 pandemic include reduced number of transactions and/or transaction value, as well as supply chain disruption.

68% of all responding companies report experiencing **reduced number of transactions** with 31% experiencing **lowered transaction values**. With the exception of life sciences, most sectors, including transportation, as well as most non-essential sectors such as event-coordination, marketing and advertising are experiencing a sharp drop in sales. A most marked example is in the retail industry where 75% of businesses report dramatically reduced transactions and a full 100% of businesses in the events sector report similar losses. 92% of marketing and advertising companies, and 80% of companies in the management consulting sector, are similarly being negatively impacted by reduced economic activity.

“We realized we would soon reach zero transactions in the majority of our markets” says the CEO of a retail company and goes on to explain that before the outbreak of COVID-19, the company forecasted a 2020 growth rate of 30-50% globally, but is now anticipating a negative growth rate (-20%) for the same time period.

“This year’s transactions and revenue will be half of what we predicted” asserts a management executive with a boutique law firm.

Given the nature of the crisis, impact differs by sector. Some industries have not only suffered a drastic decline in demand, but are also impacted by the pandemic’s major supply-side implications, with disruption and challenges obtaining necessary products or parts and fulfilling orders in a timely manner.

“There are winners and losers in all industries, but everyone suffers to some degree, in one way or another,” states a C-level executive with a small marketing and advertising company.

The retail industry, in addition to the dramatic and immediate decrease in sales, also expresses concern for the long-term effects on supply chain, with 58% of retail sector companies experiencing supply chain uncertainty and delays. Similarly impacted, 100% of participating transportation companies report related challenges.

While a majority of respondents are facing significant challenges, some are experiencing an uptick in demand, and others are identifying novel market opportunities.

“This crisis will impact our suppliers and generate a domino effect”

Not surprisingly, many life science companies face heightened demand, while battling **increased disruption to supply chain**. “There’s still an unchanged or even higher demand for drugs that need to be produced and provided”, asserts a top-management representative with a large pharmaceutical company, and continues “We set about immediately ensuring supply chain issues would be as protected as possible”.

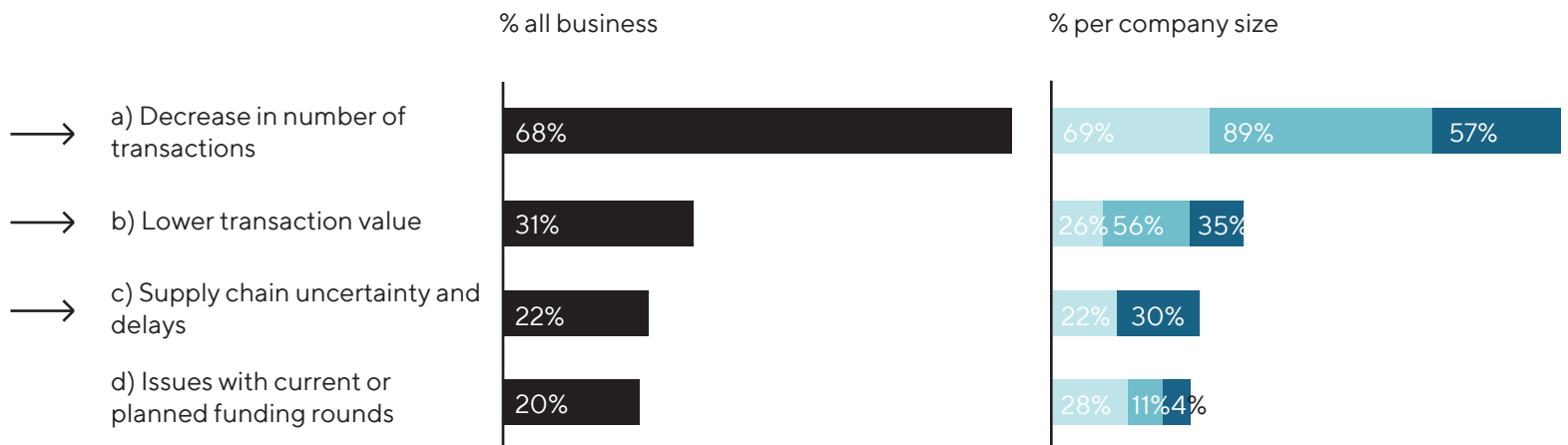
Several life science sector companies also express concern related to the potential consequences of a marked sector-wide shift to narrowed COVID-19 related product and R&D focus - and the effects this may have on unrelated areas of life science/biotech industries and bottom-line implications for suppliers of non-pandemic related product.

“Our clients are now almost exclusively busy developing vaccines and other responses to COVID-19, which can have lasting consequences {for suppliers within other areas of medical supply}” states to a C-suite executive.

As companies struggle to manage both demand and supply-side challenges, a concern for the pandemic’s longer term and deep-reaching impact on market dynamics is expressed by a wide variety of industry representatives:

“Some of our suppliers are facing financial issues and if the crisis continues and our suppliers don’t survive, it will be extremely difficult to replace them” states a top-management executive with a global life science company. And, “This crisis will impact our suppliers and generate a domino effect”, states a management-level executive with a retail company - collectively expressing the uncertainty around long-term effect on partnerships with suppliers, distributors and customers.

Graph 1: What risks is your business facing due to the current COVID-19 pandemic?



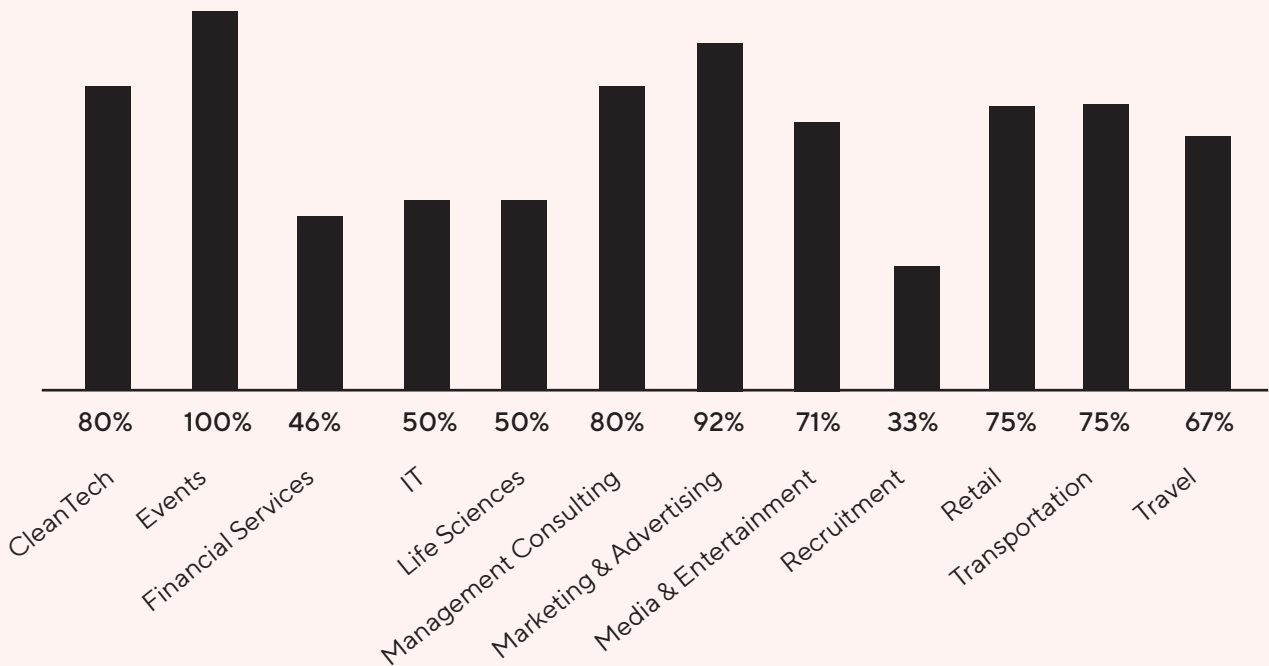
*Respondents could select multiple alternatives

% By company size Small 1-49 Medium 50-499 Large >500

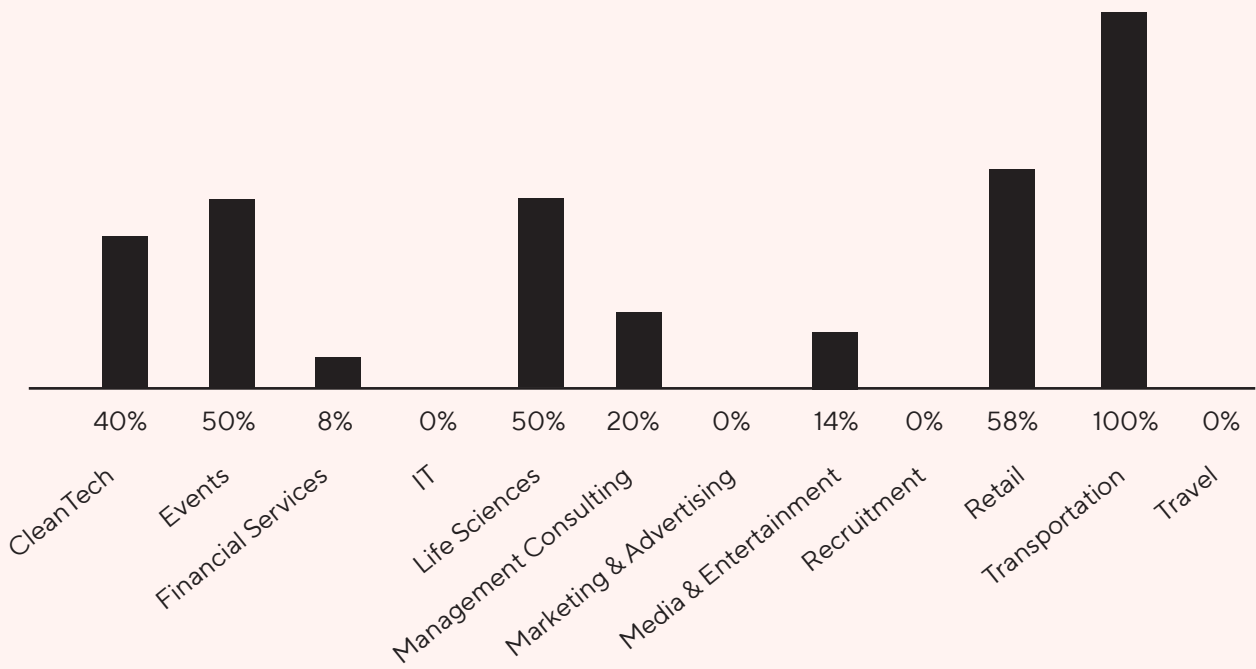
KEY TAKEAWAYS, INSIGHT 1:

- **68% report reduced quantity and transaction value. Most hard hit sectors:**
 - **Events (100%)**
 - **Marketing and Advertising (92%)**
 - **Management Consulting (80%)**
- **Several sectors report experiencing supply chain uncertainty. Most hard hit sectors:**
 - **Transportation (100%)**
 - **Retail (58%)**

Graph 2: Is your company facing a decrease in number of transactions due to the current COVID-19 pandemic?



Graph 3: Is your company facing supply chain uncertainty and delays due to the current COVID-19 pandemic?



*Industries with less than 3 companies are not included

“One risk, as I see it, is that we will miss out on new
tech that won’t get funding”

– CEO, CleanTech Company

BUSINESS IMPLICATIONS & CORPORATE RESILIENCE

INSIGHT 2

Company size correlates to impact and actions undertaken in response to the pandemic. Small businesses are struggling to cope with decreasing liquidity and access to capital, while larger businesses are better situated and more resilient, but facing other liquidity challenges due to higher cost structure.

A vast majority of participating companies report initiating **cost cutting measures**. Predictably, large companies are in more secure financial positions compared to small and medium-sized companies, thus able to take **commensurate action to a larger or lesser extent**.

That said, should the pandemic persist for the longer term, it may imply **difficult consequences even for the larger actors**. While the majority of large businesses state they expect to operate with minimal long-term disruption, **30% have the ability to operate no longer than 3-6 months under pre-pandemic conditions** without undertaking cost-cutting reductions or securing additional liquidity.

In addition, larger companies possess a competitive long-term advantage anticipating the ability to rebound sooner. Many report instead focusing on protecting current competitive advantage positions and ability to take advantage of **newfound opportunity to prepare for time and demand post COVID-19**.

A manager with a large construction company explains “if the period post COVID-19 will be an upturn, which is usually the case, we want to be ready. We have invested in extra material to be ready in a couple of months”.

Other large companies report looking to now direct more **resources toward developing internal capabilities**. A C-suite executive with a marketing and advertising company explains: “We are using this time to develop new functions and initiatives that we have had in our pipeline for a long time, while making sure we have everything ready for when things start moving again”.

Current disruption and uncertainty has led to **more severe consequences for small companies and the startup ecosystem**. The study finds that a number of small companies are facing **critical business continuity risk** as they confront high burn rates relative to lack of underlying or new capital. 48% of small and 56% of medium-sized companies believe they will only be able to operate for an additional 3-6 months without cost reductions and/or additional liquidity support.

“As a startup, COVID-19 just made our uphill battle a lot steeper. We will have to see how long we can carry the costs without sales - everything depends on how long this will go on”, says an executive with a small retail company.

Moreover, 28% of small companies report **issues with current or planned funding rounds**. A private equity VP confirms “the biggest challenge is not seeing interest or securing capital from investors”, and “while there are many good investment opportunities, banks are not willing to lend in the current market environment”.

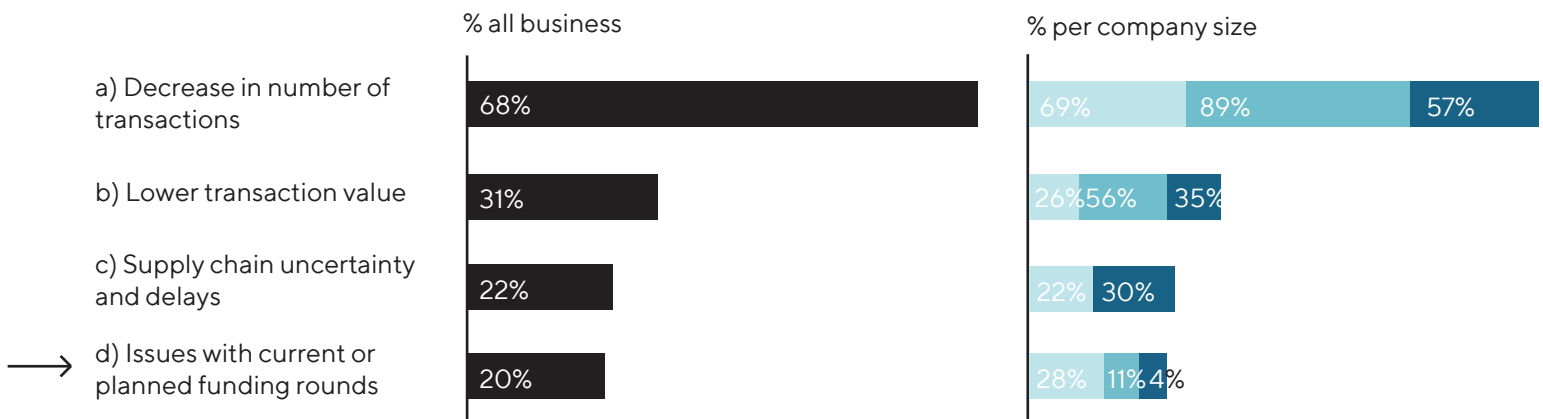
On the other side of the coin, a BioTech founder and C-suite executive explains, “As a startup, we need to consider our runway. Instead of following our earlier expansion plans, we’ve had to shift our focus to cost-cutting”, while another muses: “Lower valuations will lead to increased activity among funds that have access to capital right now. We’ll also see an increase in collaboration and in corporate venture capital activity in the sectors that currently are thriving. **This can benefit certain Swedish startups**”.

Again, **sector matters**. The CEO of a CleanTech company stresses the lasting impact this may have on business- and societal innovation across sectors “One risk, as I see it, is that we will miss out on new tech that won’t get funding”.

“I’m sure that in some way, this crisis will generate new innovation and a new mindset when it comes to pharmaceutical development”.

As the pandemic disrupts the flow of capital, several study respondents point to the traditional balance between markets and industries changing and the risk of long-term effects and downward pressure on funding and support for new innovation – benefitting some while hurting others.

Graph 4: What risks is your business facing due to the current COVID-19 pandemic?



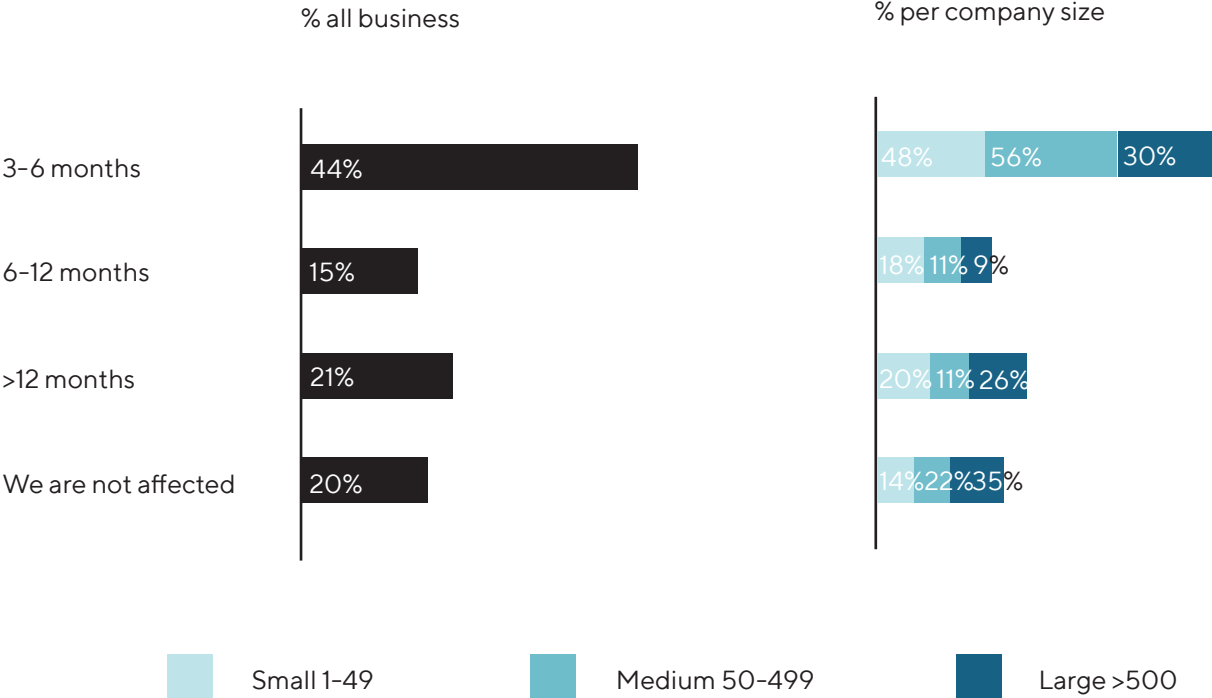
*Respondents could select multiple alternatives

% By company size: Small 1-49, Medium 50-499, Large >500

Nearly 50% of companies believe they will only be able to operate for an additional 3-6 months without cost reductions or additional liquidity support.

“We projected 20-30% growth this year, similar to last year. I’ll be surprised if we experience any growth at all this year”

Graph 5: How long do you expect to be open for business without cost reductions and/or additional liquidity in the current climate?



KEY TAKEAWAYS, INSIGHT 2:

- The majority of large businesses expect to operate with minimal disruption in near-term, 61% anticipate operating at pre-pandemic level for 12 months or more without resorting to cost reductions and/or seeking additional liquidity.
- Many smaller size companies report experiencing current disruption and uncertainty as negatively affecting not only their individual business, but the startup sector as a whole - and anticipate broad and lasting impact on business- and societal innovation across sectors.
- A near half or 48% of smaller sized companies anticipate remaining viable and operational for no longer than 3-6 months under current COVID-19 disruption and related social/market conditions without undertaking reorganization, including cost reductions and/or seeking additional liquidity.
- 28% smaller sized companies are encountering obstacles and complications related to current or planned funding rounds.

“We have shifted from a focus on hospitality to life science sector clients, now we’re finding new contacts and building authority within this field”

– Founder & C-suite Executive with a Branding Agency

REIMAGINED BUSINESS MODELS

INSIGHT 3

Companies are identifying and pursuing new revenue sources, as well as reassessing current service- and product offerings, illustrating how a time of disruption both calls for crisis management and adaptation, but can also spur innovation. However, the extent to which companies are re-imagining their business models varies as a function of size and sector.

Given the shelter-in-place nature of the crisis, **digital technologies undoubtedly play a critical role** in businesses' rapid response efforts (see insights 6 and 7 for additional analysis on companies' digital transformations). However, the degree to which companies are **reinventing themselves reaches beyond the digital world**. Large companies are reevaluating their business offerings. One third of the big businesses surveyed are exploring new revenue sources and/or reassessing current service- and product offerings. Additionally, several large companies are using the pause in regular economic activity to help mitigate the impact of COVID-19 on society at large (see insight 5 for additional analysis on increased philanthropy focus).

Notably, smaller and newer entrepreneurial ventures are taking action to **generate new forms of revenue**, and at a more rapid pace than larger more established companies. Furthermore, businesses in the areas of marketing, advertising, and management consulting are leading the pack – reinventing, identifying and pursuing new revenue sources.

Graph 6: What is your business doing/striving to do to mitigate risks in the short-term (6-12 months)?



*Respondents could select multiple alternatives

Small 1-49
 Medium 50-499
 Large >500

48% of small companies are identifying and pursuing new revenue sources and customer bases, while 42% are reviewing and reassessing current service- and product offerings.

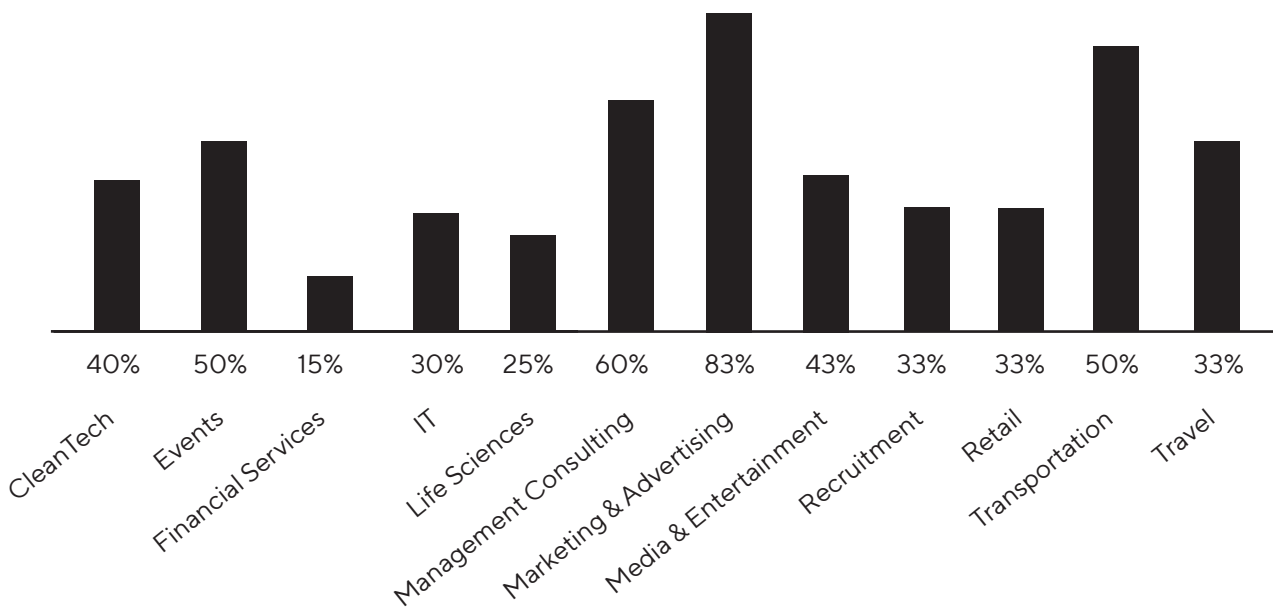
“We have shifted from a focus on hospitality to life science sector clients, finding new contacts and building authority within this field”, says the founder & C-suite executive of a branding agency.

Importantly, the propensity to redefine and reassess current offerings is clearly sector specific.

Marketing, advertising and management consulting firms are navigating the crisis by identifying new revenue sources, while financial services as well as IT-sector companies, are to a greater extent relying on pre-pandemic revenue sources.

In quantitative terms, the propensity or preparedness to explore alternative revenue sources is most pervasive among companies in marketing and advertising (83%), and management and consulting (60%), while less prevalent among companies within financial services (15%), and IT (30%).

Graph 7: Identify and pursue new revenue sources



*Industries with less than 3 companies are not included

40% report pursuing new revenue sources

34% report making changes to their marketing strategy

KEY TAKEAWAYS, INSIGHT 3:

- **Smaller sized companies are identifying and pursuing new revenue sources to a greater degree than large companies (48% and 26%, respectively).**
- **Smaller sized companies are reviewing and reassessing current service- and product offerings as a response to COVID-19 to a greater extent than large companies (42% and 30%, respectively).**
- **Companies exploring and pursuing new or revamped revenue sources are sector specific:**
 - **Marketing and Advertising (83%)**
 - **Management Consulting (60%)**
 - **IT (30%)**
 - **Financial Services (15%)**

“We are not cutting costs, but we are enacting internal hiring freezes limiting growth”

– VP with an International Private Equity Firm

IMPACT ON U.S. EXPANSION PLANS

INSIGHT 4

Swedish companies' commitment to U.S. market presence and expansion plans remain mostly undeterred and most robust among large companies, while having decreased among small and medium-sized companies.

COVID-19 has impacted internationalization plans across company size and sector. 95% of participating companies remain focused on the U.S. market, albeit to varying degree. 44% of Swedish companies are pausing or reducing their U.S. expansion efforts in response to the current crisis, while another 44% remain undeterred, and another 12% are in fact ramping up their U.S. expansion efforts as compared to their focus on other markets.

Focus on the U.S. market also varies with company size. Among respondents, 49% of smaller Swedish companies are decreasing their U.S. expansion efforts, while 20% are growing their U.S. business plans. "Our Board has announced that this will not slow us down. We will focus on the U.S. market with the same strength as before" says a C-suite executive with a small retail company.

Among large Swedish corporate respondents, a reported 15% are postponing or canceling their overall international expansion plans in response to COVID-19, while only 4% are decreasing their efforts on the U.S. market.

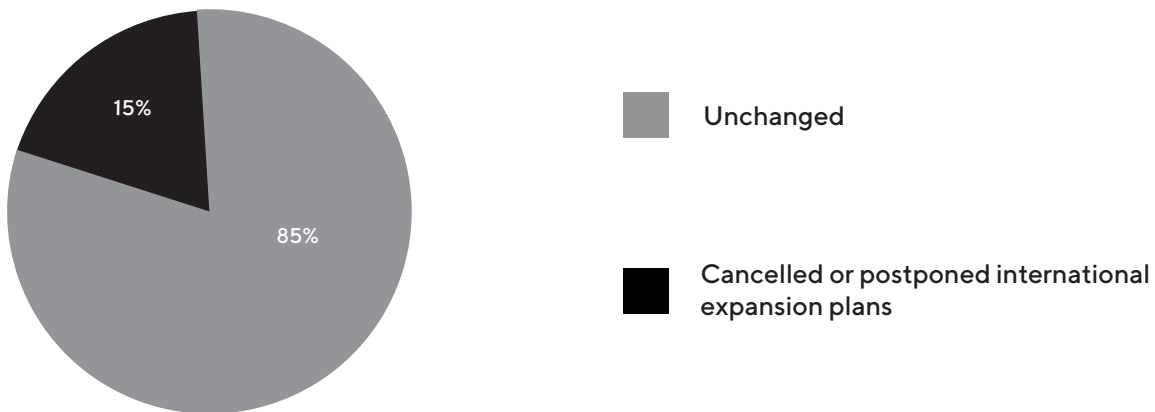
While the COVID-19 outbreak has exposed the many **challenges facing businesses operating internationally**, it has also brought to light some of the advantages. "We have several competitors only established in one or two markets which may be problematic for them. In comparison, we're the only business with a presence in multiple markets. This gives us opportunities", says a manager with a large multinational company, referring to a greater diversification and safeguard against the reliance on a singular market. While recognizing the advantage of operating in multiple markets, companies do point to inherent challenges, such as travel restrictions and cross-border supply chain issues.

In addition, trying to **access relief and aid funds** in different financial and capital systems is complicated, especially for smaller or vulnerable companies, with multinational identity. Clearly, aid packages are seen as helpful, in some cases even necessary, but many also highlight the difficulties accessing such funds.

**"We're the only business with a presence in multiple markets.
This gives us opportunities"**

"There is a different support package in every country which is very problematic"

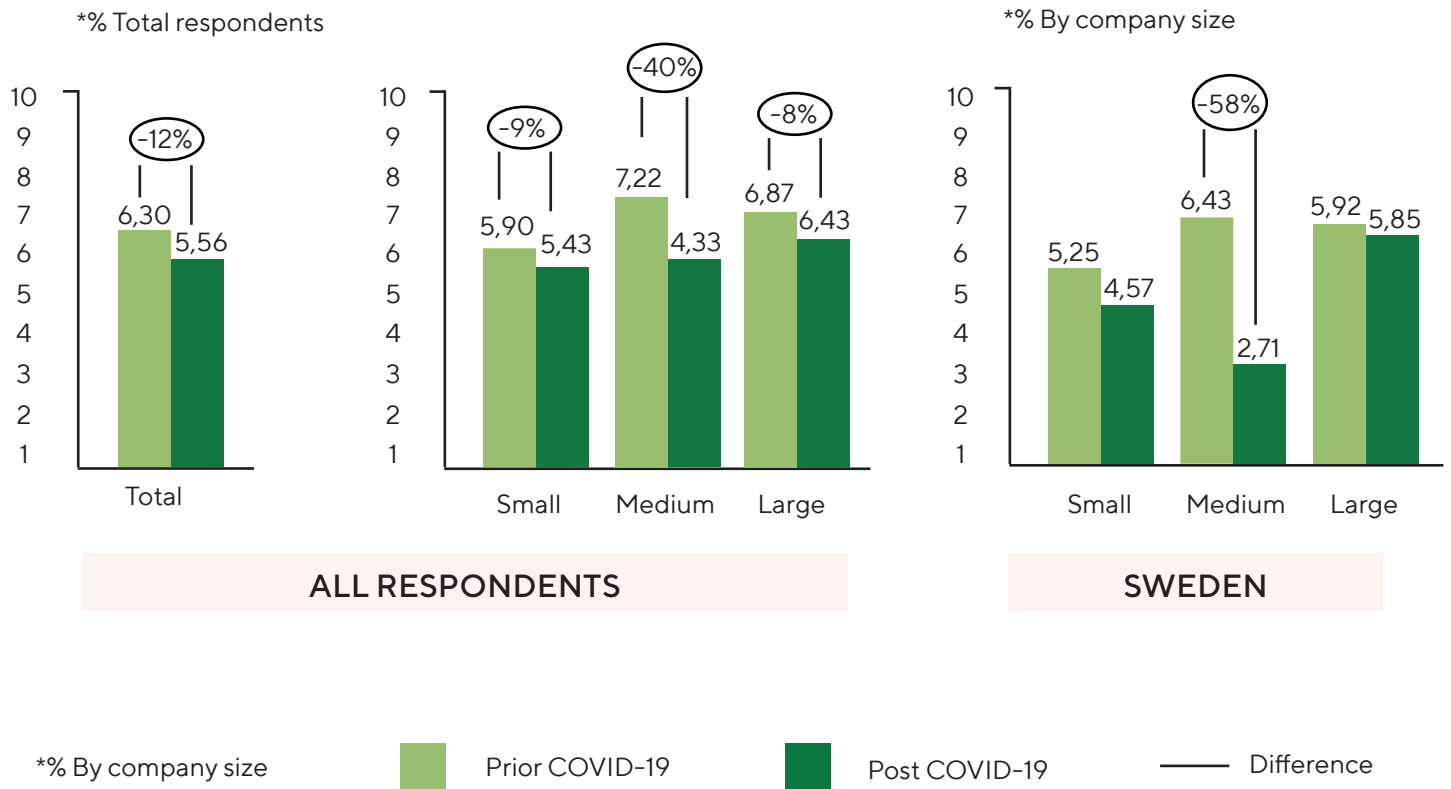
Graph 8: How have Swedish companies changed their overall international expansion plans post the COVID-19 outbreak?



KEY TAKEAWAYS, INSIGHT 4:

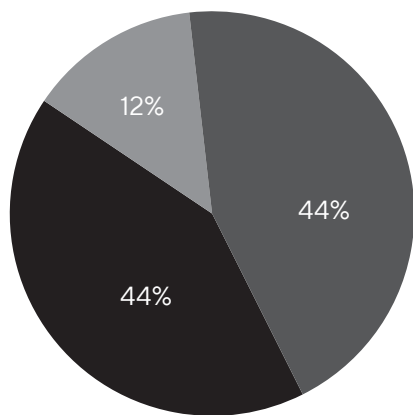
- **95% participating companies remain focused on the U.S. market, albeit to varying degrees:**
 - **56% remain undeterred or are expanding their U.S. focus**
 - **44% are pausing or reducing their U.S. expansion**
- **U.S. expansion plans vary by size and sector:**
 - **Only 4% large size Swedish companies are decreasing their U.S. focus**
 - **49% smaller size Swedish companies are contracting their efforts on the U.S. market**

Graph 9: Prior to and post the COVID-19 outbreak, to what extent did you focus your resources expanding on the U.S. market as compared to other markets (on a scale from 1-10)?



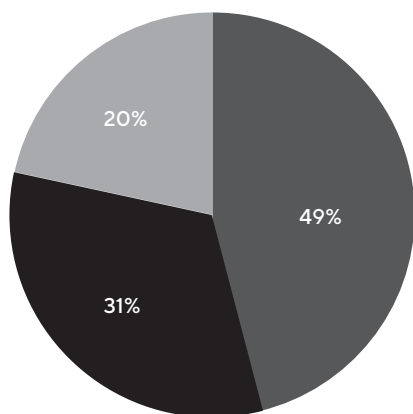
“Our board has announced that this will not slow us down. We will focus on the U.S. market with the same strength as before”

Graph 10: How have Swedish companies of all sizes changed their focus of resources expanding on the U.S. market post the COVID-19 outbreak?



SWEDISH COMPANIES, ALL

Graph 11: How have small Swedish companies changed their focus of resources expanding on the U.S. market post the COVID-19 outbreak?



SWEDISH COMPANIES, SMALL



Decreased focus



Increased focus



Unchanged focus

“As a startup, we need to consider our runway. Instead of following our earlier expansion plans, we’ve had to become much more cost-conscious”

“We used to be more competitive, but now the industry has become more complementary. I definitely think the industry is changing”

– Top-level Representative with a Global Pharmaceutical Company

FROM COMPETITION TO COLLABORATION

INSIGHT 5

A shift from more traditional focus on competition has emerged, where several companies report not only increased inter-company and sector collaboration, but also a shift to adjusting business models to offer support during the pandemic by reformulating products or services and initiating related pro bono efforts.

55% of participating companies report working actively to reduce the negative impact of COVID-19 on society, in some cases with increased profitability in sight, others purely altruistic.

Both small and large companies within the life science sector have **undertaken rapid transformational strategies**. A top-management representative with a global pharmaceutical company explains how they are utilizing their specialized knowledge to **re-prioritize their efforts to help address the pandemic**, “Now we’re directing our knowledge and resources toward fighting Corona”.

The study also suggests that life science companies are **increasingly focusing on collaboration** to help businesses that are struggling. A top-level executive with a second life science company emphasizes the importance of supporting their network throughout the crisis, “We are actively helping our customers and distributors digitalize by offering our license for free. We will not let our suppliers collapse”.

Several of the businesses surveyed also highlight **new forms of collaborations and partnerships** as key factors in their rapid response to the ongoing crisis, and anticipate this shift having positive long-term effects. A top-level representative with a large pharmaceutical company offers the following observation: “We used to be more competitive, but now the industry has become more complementary. I definitely think the industry is changing”.

Moreover, the crisis appears to have inspired a larger movement among companies, well beyond life science, wanting to take **positive action and be part of the solution**. Several companies currently unable to offer their existing products or services due to shelter-in-place and/or travel restrictions, **have shifted to an increased philanthropic approach**, repurposing excess capacity and resources to help alleviate the ongoing crisis, while trying to remain acutely focused on company survival and well-being.

A general manager with a large transportation company points to similar efforts: “We have to review our costs and come up with new solutions to address the immediate crisis – but we also want to go beyond that. Right now, we’re focused on ensuring employment and also see how we can be a part of the solution. Ultimately, we want our competence and capabilities to contribute to the well-being of society”.

A second transportation actor is **working to support critical medical workers** by providing vehicles for safe travel to and from work. Several retailers are donating essential products like soap and shampoo to hospitals. Many companies in the advisory business have shifted their focus toward supporting the healthcare sector and similar essential organizations.

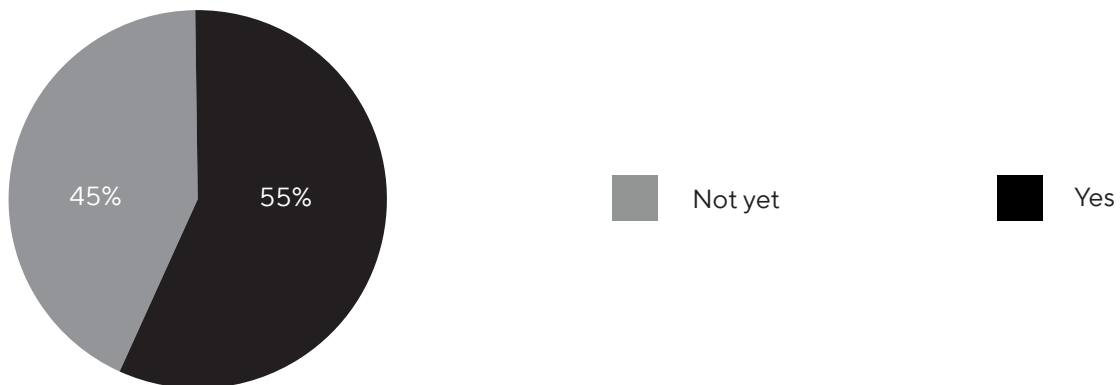
“Companies are stepping up to mitigate the spread of the virus and stepping in to help their communities cope with its damage”

In the words of a management consulting firm representative, “We are currently focusing on supporting startups that aim to solve the crisis and may help combat COVID-19 directly”.

The founder and C-suite executive with a marketing and advertising company highlights how they are now **working pro bono** with a restaurant chain, one of the first to initiate food delivery to healthcare workers. Another CEO of a small marketing and advertising agency explains they have shifted focus toward offering **free advice to nonprofits**, “We are actively reaching out to nonprofits to offer them additional support with our COVID-19 response kit”, all of the above showcasing how companies of all sizes are stepping in to help their communities.

This collaborative and philanthropic trend points to social issues increasingly seen as front and center during the unfolding crisis, and with implications for future modus operandi. “We are all fighting collectively against one common enemy. This is a global crisis where we are all united, and I believe this might lead us to develop a new kind of compassion” muses a senior partner at a global financial services firm, while emphasizing the pandemic is a fundamental humanitarian crisis with lasting effects on how businesses approach their work and societal roles.

Graph 12: Is your company doing anything to actively help stop the spread of COVID-19?



KEY TAKEAWAYS, INSIGHT 5:

- **55% reporting companies are working actively to combat and reduce the negative impacts of COVID-19.**
- **Life Science sector companies are across the board undertaking rapid transformational strategies to address the pandemic.**
- **Numerous businesses across a variety of sectors and industries are shifting focus and strategy toward collaboratively supporting healthcare and similar essential sector organizations and with pro bono initiatives.**
- **Numerous companies currently unable to market existing products or services have shifted to philanthropic endeavors and repurposing excess capacity and resources to help alleviate the ongoing crisis.**

“We are all fighting collectively against one common enemy. This is a global crisis where we are all united, and I believe this might lead us to develop a new kind of compassion”

– Senior Partner, Global Financial Services Company

ACCELERATED INTERNAL DIGITALIZATION & CHANGED BEHAVIORS

INSIGHT 6

Companies of all sizes are rapidly digitalizing their internal processes to achieve compliance with current social distancing mandates and safeguard employee health and safety, while adjusting to and optimizing new work and professional environments.

Most non-essential businesses have **shifted to remote work and virtual communication** in response to COVID-19, both in New York, with a stay-at-home mandate, and in Sweden, where remote work is recommended.

While some companies are struggling with **practical challenges related to IT security** and internal management, many are also emphasizing this as a **key behavioral shift they believe will prevail long past the end of the current crisis.**

The majority of companies have taken extraordinary measures to introduce **work-from-home procedures** in order to prevent further spread of the virus and to protect employees. 18% of respondents state they are **downsizing office space**, an action foretelling what many predict will be more permanent work-from-home policies. "We decided to close all our offices on a global scale early on, putting almost 300,000 employees into remote work overnight", says a senior partner with a large financial services company.

That said, transformation has been far from seamless, where several businesses report **struggling with inadequate preparedness or resources** to comply with regulatory issues, as well as an **uneven comfort level amongst employees.**

"A competing organization was able to send home 40,000 employees in one day, which was very impressive. We don't have the technical capabilities to do anything like that. We had to do more of a gradual process", says a general manager with a large multinational financial services organization.

Both small and large businesses report sharing concern for **how remote work may affect company culture and employee motivation** long-term. Many speak of taking action to mitigate the potential negative implications by introducing new online communication tools or formalizing the use of existing technology, while struggling to maintain the structure and interaction of a regular day at the office, including reasonable transparency and increased communication through regular check-ins and digital social gatherings such as virtual coffee breaks and happy hours.

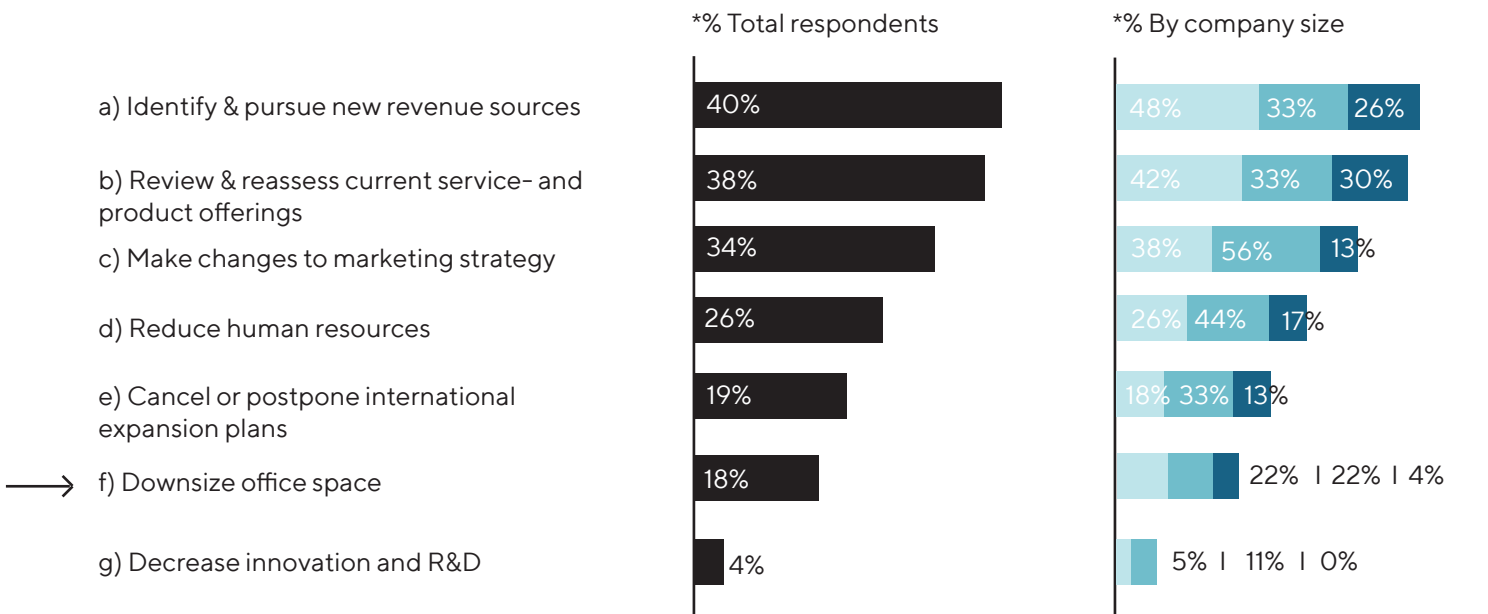
Key behavioral shifts among employees have also been reported: a C-suite executive with a retail company explains, "We have employees that have been with the company for over 30 years who are now starting to change the way they work".

"We decided to close all our offices on a global scale early on, putting almost 300,000 employees into remote work overnight"

They are now taking meetings digitally for the first time, and that is a huge win for both the environment and our overall business". Another top-management representative with a global pharmaceutical company is also acknowledging a shift in mindset, "I've realized that you can do most meetings through video. This will definitely change things".

While too soon to tell the full effects of remote work, **several also point to the upsides**, such as overall time and costs saved, and the benefit of more time spent with family and loved ones, as well as the added upside of reduced emissions and environmental footprint - to name a few.

Graph 13: What is your business doing/striving to do to mitigate risks in the short term (6-12 months)?



*Respondents could select multiple alternatives

% By company size: Small 1-49, Medium 50-499, Large >500

"I've realized that you can do most meetings through video. This will definitely change things"

KEY TAKEAWAYS, INSIGHT 6:

- **A majority of companies responding have taken extraordinary measures to introduce work-from-home procedures in order to prevent further spread of the virus and to protect employees.**
- **Many respondents anticipate a permanent shift to a more digital infrastructure, where 18% of respondents are downsizing office space and anticipate instituting permanent work-from-home policies.**
- **Responding businesses of all size and sector report concern for long-term effects of remote work on company culture and employee motivation, resulting in the introduction of new online communication and interactivity tools and formalizing use of existing technology.**

“We have employees that have been at the company for over 30 years who are now starting to change the way they work. They are now taking meetings digitally for the first time, and that is a huge win for both the environment and our overall business”

– C-suite Executive with a Retail Company

ACCELERATED EXTERNAL DIGITALIZATION & ONLINE BUSINESS

INSIGHT 7

In addition to internal digital transformation, businesses of various size and sector are accelerating their external digitalization efforts in response to the new business climate and are challenged to complete digital transformations in a matter of weeks rather than years.

One third of all companies are currently adjusting their marketing and sales strategy across a wide range of sectors, both forced and spurred to ramp up their external digitalization efforts.

Several participating businesses report now transforming their entire business models to adapt to the new normal. A C-level executive with a retail company with a broad international customer base explains, “We are one of Sweden’s oldest companies with no other choice than to become great at online sales overnight”. Another C-level FoodTech company concurs: “We are now rebuilding our e-commerce site as it has become the core of our business”.

During the course of in-depth interviews, respondents across the board emphasized how the COVID-19 crisis **has forced companies to rapidly adapt**, challenging them to implement heightened digitalization in a matter of weeks rather than years.

A department head with a transportation company also highlights the challenge of such **rapid digital transformation and the challenges it entails**: “Yes, we have been able to go from offline to online. But to be honest, these are just buzzwords - it’s not that simple”.

A financial services sector senior partner stresses there are important nuances when it comes to managing inter-connection. “More intimate settings where there’s an existing association translates relatively well to a digital context, whereas it is very difficult to establish new connections in a completely digital setting”. This challenge seems also to be more palpable among older organizations, where many explain they have **shifted sales strategies to focus on existing customer base and attempts to upsell**, rather than chase new business.

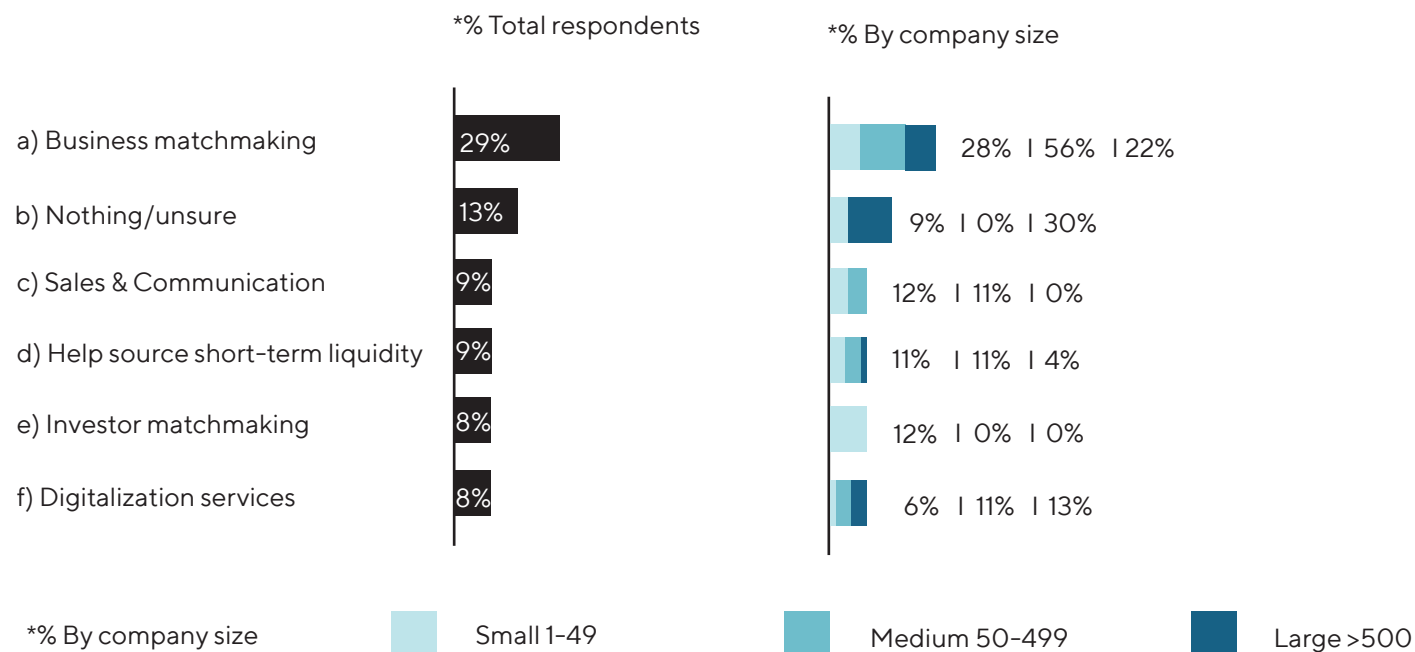
28% of small businesses and 56% of medium-sized businesses report the need for external support in the area of business matchmaking, while only 22% of large businesses express the same need; demonstrating that small to medium-sized businesses need more **help successfully initiating connection and clientele** in this digital world, while more established companies are able to lean on existing partnerships and customer base.

Business executives assert the pandemic will have **long-term implications for organizational culture and market dynamics**. “We are one of Sweden’s oldest companies who had no other choice than to become great at online sales overnight” notes a senior executive with a global retail company.

“We are one of Sweden’s oldest companies who had no other choice than to become great at online sales overnight”

Business leaders identify the need for agile digital transformation across functions, companies, and industries, allowing disruption to become innovation, and forcing laggards to become runners. “If you try to stay optimistic and positive, you begin to see the enormous evolution that is taking place right here and now” remarks a general manager with a global transportation company.

Graph 14: What external help would be most impactful to combat the challenges your business is facing?



KEY TAKEAWAYS, INSIGHT 7:

- **One third (34%) reporting companies are adjusting marketing and sales strategies, being both forced and spurred to ramp up external digitalization efforts.**
- **Companies of all sizes report experiencing challenges establishing new customer relationships in the digital context and market.**
- **Small to medium-sized businesses report the need for third-party assistance, finding new connections and attracting clientele when confined to digital marketing and sales, in contrast to more established companies able to lean on existing partnerships and customer base.**

“If you try to stay optimistic and positive, you begin to see the enormous evolution that is taking place right here and now”

– General Manager with a Global Transportation Company

ADAPTING TO THE NEW NORMAL

INSIGHT 8

Companies anticipate maintaining many of the new approaches and structures, and use lessons learned from COVID-19 in their response to future challenges. Preparedness related to climate change is frequently highlighted.

Notably, companies across the board are reporting not only taking immediate action in response to COVID-19, but are also anticipating how the pandemic will fundamentally reshape their businesses long-term. Companies report, with little exception, preparing for a “new normal”.

“There is no going back, but rather a new way of life and work going forward from this”, states the director of a global organization.

The study identifies the **need for increased agility and comfort with change, as well as heightened ability to proactively anticipate future global challenges**. “We have become more prone to change. This rapid, collective, global response, is something we need to bring into other pressing global challenges”, states a C-level executive.

Despite concerns for the new normal and what a new global business landscape may entail, **only 4% of all respondents are limiting their innovation and R&D** at this time. Rather, they speak to accelerating or readjusting such efforts.

“Our high ambition and work within sustainability remains unchanged. Regardless of what new economic reality awaits us, we will need to be innovative and find ways to make it work” explains a general manager with a global company.

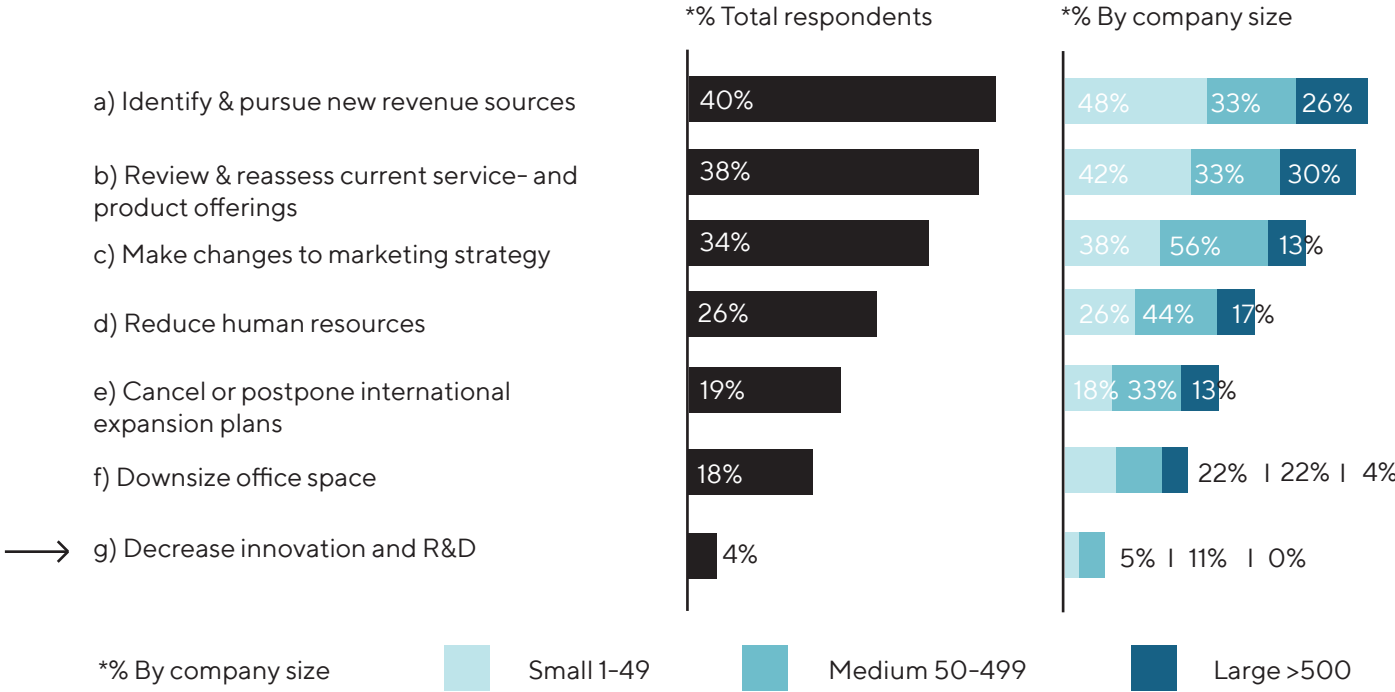
Coupled with the expressed hope that newly adopted readjustments will lead businesses to be better prepared for future crisis, is also the **concern that non-pandemic related issues are being neglected. Most notably, the threat of climate change is a recurring topic**. “As we now seem to have lost momentum on the climate crisis transformation, we risk forgetting about the fundamental changes that still need to happen”, warns a senior-level executive.

“We have become more prone to change. This rapid, collective, global response, is something we need to bring into other pressing global challenges”

“There is no going back, but rather a new way of life and work going forward from this”

“Our high ambition and work within sustainability remains unchanged. Regardless of what new economic reality awaits us, we will need to be innovative and find ways to make it work”

Graph 15: What is your business doing/striving to do to mitigate risks in the short term (6-12 months)?



*Respondents could select multiple alternatives

KEY TAKEAWAYS, INSIGHT 8:

- **The current crisis exposes the need for increased agility and comfort with change and a nimbler, more proactive ability to anticipate and act in the face of future global challenges.**
- **Only 4% of companies report limiting R&D and innovation focus. Rather, most businesses are accelerating or readjusting development and research activity.**
- **Respondents are concerned the COVID-19 pandemic and crisis overshadows other global issues and threats, most notably, climate change.**

SUMMARY REMARKS

The COVID-19 pandemic, still in its early stages when the survey was conducted, but its effects felt across the board. In certain cases, the impact perceived as insurmountable, in others as new opportunity, but all agree “business as usual” will never look the same.

It is our hope this compilation of both anecdotal and surveyed feedback will help heighten insight and understanding for how the early effects and adaptation strategies are affecting the Swedish-American business community, and, serve as a tool to better understand the present, as well as prepare for the future.

The long-term economic and GDP ramifications are currently the focus of much modeling, but will remain hard to fully quantify for quite some time - as will measuring impact on corporate bottom lines. Both Sweden and the U.S. have a corporate history of standing at the forefront of innovation and capitalizing new markets. Swedish leadership in the area of sustainability and climate change resilience should further promote both momentum and competitive edge.

Early on, Sweden pursued a unique response to COVID-19, adopting a more long-term strategy. There is worldwide interest in the Swedish approach of maintaining a relatively more open and functioning business environment, advocating rather than mandating, protective behavioral protocols. The strategy has elicited both critique and praise, and it remains to be seen if the tactic will help the economy to “get back on its feet”.

In the midst of so much difficulty, it is heartwarming to follow the many humanitarian and public good efforts being offered by so many of our member companies. It is that genuine sense of wanting to contribute, even if it does not translate to an improved bottom line, that makes all the difference. We are proud of you!

It is our intention to keep our finger on the pulse of the Swedish-American business community as the realities of the pandemic unfold, and with that, the process of collecting information and data from our member companies in order to continue reporting back to you on a regular basis. As part of this probe and memorializing exercise, we hope to also gain insight into how the Swedish approach to the pandemic may be affecting the way businesses respond, and the larger effect on both a macro and micro-economic level. Most of all, we look forward to the day we will be able to report on signs of relief, corners turned, and useful lessons learned. With that, please accept our deeply felt gratitude to all who participated.



“In times of crisis, you come to think of your own mortality.
Once this experience has sunk in, I believe most will
perceive the climate crisis in a whole new way”

– Founder & C-suite Executive with a CleanTech Company

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