Business Continuity “Plan”demic

A close look into how to maintain business functions amid a crisis like COVID-19 and what consumer changes and business opportunities we can expect after the pandemic in the “new normal”.

Jeff Wuest    CEO, SynFiny Advisors – Presenter
Matteo Arena  Chair and Associate Professor, Marquette University – Host
Your Panelists

Jeff Wuest
CEO, SynFinyAdvisors

Matteo Arena
Marquette University
Agenda

- Finance at Marquette
- Overview of Business Continuity Plan
- Vulnerabilities
- Financial Strategies
- Turning COVID into an Opportunity
- World Post COVID-19
- Q & A
Finance at Marquette (I)

- The Finance Undergraduate Program is ranked top 40 nationally (U.S. News and World Report)

- Nationally Renowned Program and Centers:
  - Applied Investment Management (AIM) Program
  - Center for Real Estate
  - Commercial Banking Program
  - Finance in NY program
Finance at Marquette (II)

- Finance is the largest major in the College of Business and the third largest major in the University based on the number of graduating students.
  - Between 130 and 160 students graduate every year with a finance degree.
- 90% of finance majors secure their first destination (job or graduate school) within 6 months of graduation.
  - Placement is at 100% for students in specialized programs and real estate
- Faculty
  - have received University and College teaching and research awards, research grants,
  - have published in leading academic journals in the field.
  - serve the community through local, regional and national boards, consulting projects, and speaker events
Business Continuity
“Plan”demic
LIFE JOURNEY

Jeff Wuest

Global CEO & President

Global FP&A Associate Director

Eastern Europe Plant Role or Country CFO

US Various Finance Roles

P&G
A plan and set of procedures an organization must follow during a disruption

The purpose of a BCP

- BCPs get pushed aside
- Creates opportunities
- Transform your business
Crises Relevant to Business Continuity

Financial Crisis of 2008

China and US Trade War

Chipotle E. Coli Outbreak & Other Crises
Surviving Through Crises

Financial Crisis of 2008

- China and US Trade War
- Chipotle E. Coli Outbreak & Other Crises
Losses and Vulnerabilities Businesses Face due to COVID-19:

- Safety
- Organization
- Cash Issues
Poll Time
Concerns for CEOs Right Now

Top Issues Week or April 7, 2020

- Health of Employees: 26%
- Transition to Remote Work: 17%
- Create Engagement Working Remotely: 16%
- Protect Employees Jobs: 14%
- Communicate Frequently and Clearly: 14%
- Continuity of Business Operations: 12%
- Increase Long Term Viability: 10%
- Plan Workforce Utilization: 10%
- Deal with Uncertainty: 7%
- Reduce Costs: 7%
- Help Employees w/Mental Health: 7%
- Foster Connections w/Employees Remote: 6%

Top 4 Issues:
- Health and Wellbeing (41%)
- Manage Remote Work (39%)
- Jobs and Continuity (36%)
- Mental Health, Uncertainty (14%)

Online survey conducted by GfK and SynFinya Advisors from March 31 through April 7. By role, the sample consisted of CEOs/CEOs (34%), HR VPs, directors, or managers (17%), HR specialists or business partners (10%). Organizations with more than 5,000 employees represented 21% of the sample, 1,000-5,000 (14%), 200-1,000 (22%), and fewer than 200 employees (24%). Information technology (12%) of respondents; professional services (14%), and financial services (8%) were the most common of 19 sectors represented in the sample.
COVID- Cash is King

COVID has brought lower sales, higher local costs, and a devalued currency

The best way to reduce risk is with cash:

• Companies are moving to put their stock repurchasing programs on hold to conserve cash
• Banks are tapping into their lines of credit
• Countries or States are tapping into their rainy-day funds
• Consumers are slowing down on spending on non-essentials
Video
Top Concerns for CFOs

Strategies:

• Tighten Cost Controls
• Optimize Balance Sheet
• Careful Planning of Inventories
• Avoid Hard Currency Payables
• Reduce Spending
Poll Time
New Opportunities

"Business as Usual" will not be the case after COVID-19.
New Opportunities: Commercial Real Estate

- The pandemic is the perfect storm to make a bad situation worse
- COVID has accelerated the needs of
  - diversifying sources of revenue
  - pursuing digital strategies
  - and focusing on tenant experiences.

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**FIGURE 1**

The impact of past epidemics, pandemics, and economic downturns on commercial real estate

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Q3 1957-Q1 1958</th>
<th>Q1 2001-Q4 2001</th>
<th>Q4 2002-Q2 2003</th>
<th>Q1 2008-Q1 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rising</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Flat to positive</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Declining but positive</td>
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<tr>
<td>Negative</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Data not available</td>
<td></td>
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</tbody>
</table>

- **Pre-event (4 quarters)**
  - GDP
  - CRE Price Index
  - Real estate investment trusts (REITs)
  - Transactions

- **During the event**
  - GDP
  - CRE Price Index
  - REITs Index
  - Transactions

- **Post-event (4 quarters)**
  - GDP
  - CRE Price Index
  - REITs Index
  - Transactions

New Opportunities:
Technology- Work From Home & Cloud Computing

- Remote working technology will thrive as work-from-home becomes new normal
  - Zoom went from 10 million users in Dec. 2019 to 300 million today
  - Teams is Microsoft’s fastest growing product

- Increased demand for cloud communication and collaboration services across the globe

- Low upfront costs, flexibility, and scalability key factors of rapid adoption

- Ensures improved data management and enhanced IT management and flexibility
ANT - LARGEST FINANCIAL NO SALES TEAM

ANT FINANCIAL SERVICES
- BUILT ON DIGITAL CORE
- NO WORKERS IN OPERATING ACTIVITIES
- NO EMPLOYEES PROVIDING FINANCIAL ADVICE
- NO REPRESENTATIVE AUTHORIZING CONSUMER MEDICAL EXPENSE

More than 1 Billion Users

ANT FINANCIAL SERVICES USES AI AND DATA FROM ALIPAY FOR:
- CONSUMER LENDING
- MONEY MARKET FUNDS
- WEALTH MANAGEMENT
- HEALTH MANAGEMENT

$150B VALUATION

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New Opportunities:
Mergers & Acquisitions: Retail
Mergers & Acquisitions: Cloud Computing

Microsoft Signs Definitive Agreement to Acquire Affirmed Networks

Microsoft

affirmed
New Opportunities: The Restaurant Space Recovering from COVID-19

The shape of recovery will depend on the success of virus-containment policies and will differ by restaurant type.

Projected monthly restaurant sales by virus scenario, % change from 2019

<table>
<thead>
<tr>
<th>Scenario</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virus Contained</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virus Recurs</td>
<td></td>
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</tbody>
</table>

VIRUS CONTAINED
-15 to -25 % change in 2021 1st quarter sales (year-over-year)

VIRUS RECORS
-25 to -35 % change in 2021 1st quarter sales (year-over-year)

Projected sales by restaurant type in scenario A1, % change from 2019

- Pizza
- QSR
- Fast casual
- Casual dining
- Coffee
- Fine dining

Includes fast-food pizza only.

*QSR-service restaurant: Includes burger, chicken, Mexican, and sandwich; excludes coffee and pizza.

Source: Bernstein Research; Foursquare; Industry reports and expert interviews; McKinsey COVID-19 US Consumer Pulse Survey, March 30—April 16, 2020; McKinsey research and analysis, in partnership with Oxford Economics

McKinsey & Company
Reinventing the Restaurant in the New Normal

According to McKinsey, restaurants need to use the following strategies through their recovery period and into the next normal:

- Update Operating Procedures
- Reactivate Customers
- Adjust Menus
- Optimize Delivery Business
- Rethink Restaurant Design
JEFF WUEST

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