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John N. Angelis

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4 Trends For A Post-COVID-19 World

Apr. 22, 2020 9:00 PM ET

Original URL: <https://seekingalpha.com/article/4339272-4-trends-for-post-covidminus-19-world>



Dumb Wealth

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Summary

Society has rapidly adopted new behaviors that are re-shaping the future.

We're on the verge of a new era for virtual care in the healthcare system.

Digital transformation is accelerating, due to so many people working from home.

The quarantine has forced even the most resistant consumer into the online world.

The network for online communications has been fortified.

You're probably wondering if I'm about to tell you we're entering a post-COVID-19 apocalyptic world, with tribes of nomad warriors travelling from town to town in search of food and water.

No. I am not telling you that.

I believe we will eventually get control over the COVID-19 one way or another. We've done it before and we'll do it again. Whether it's a 6-month journey or a 24-month "Whac-A-Mole" is irrelevant to this article. (Although it is highly relevant to investors at the moment.)

There are plenty of articles debating whether this is a [bear market rally](#) or [Great Depression 2.0](#). There are few discussing the longer-term implications of what we're currently experiencing.

Society has been forced to rapidly adopt new behaviors. The longer these behaviors are performed, the more habitual and commonplace they become. Trends that once existed in the background have been forced to the forefront of our daily lives. *Technologies and behaviors that once might have taken years to reach saturation have been embraced by hundreds of millions in a matter of weeks.* For many, these behaviors will stick.

While there's a mythical stat floating around the internet that it takes 21 days to form a new habit, there is some validity to this claim. Indeed, research by Phillippa Lally, Cornelia H. M. van Jaarsveld, Henry W. W. Potts and Jane Wardle published in the [European Journal of Social Psychology](#) indicates it can take anywhere from 18-254 days to form a habit:

The time it took participants to reach 95% of their asymptote of automaticity ranged from 18 to 254 days; indicating considerable variation in how long it takes people to reach their limit of automaticity and highlighting that it can take a very long time. Missing one opportunity to perform the behaviour did not materially affect the habit formation process. With repetition of a behaviour in a consistent context, automaticity increases following an asymptotic curve which can be modelled at the individual level.

Although we might not be in quarantine for 254 days, enough of us will repeat new behaviors enough times to permanently change life for a material segment of society. Moreover, *the apparent benefits to those new behaviors will accelerate and reinforce adoption over the long run.* And that has implications for long-term investors.

Let Me Start With A Personal Anecdote

One of the preventative takeaways during the 2003 SARS scare was to wash hands frequently. Being a conscientious citizen, I started doing so during the

epidemic that lasted several months. However, even after SARS burned itself out and the fear subsided, I continued to wash my hands as soon I got to work or arrived home. I knew it was a good idea and was used to doing it, so this protocol remained with me even before the 2020 COVID-19 drama began.

The same thing is happening right now - people are washing their hands religiously. But with 'stay-at-home' orders around the world, a huge array of new behaviors is being formed. *The inertia blocking the mass adoption of various technologies has been broken, and employees and corporations are relishing the new forms of convenience, efficiency and cost savings.*

With benefits like these, many of these new behaviors will become firmly entrenched.

Below, I've broadly named 4 major changes that will impact investors going forward:

1. Rise of Telehealth and Digital Therapeutics

If it can be avoided, nobody is going to a doctor's office or the hospital. People want to avoid virus hot-zones and the medical community needs to reserve capacity for chronically ill, including COVID-19 patients.

For this reason, governments around the world have encouraged the use of online doctors visits. The chart below shows the rise in global weekly downloads for Teladoc Health, Inc.'s ([TDOC](#)) iOS application. According to Teladoc CEO (Jason Gorevic), "The demand has shifted forever on virtual care and we're on the verge of a new era for virtual care in the healthcare system." I'd have to agree.

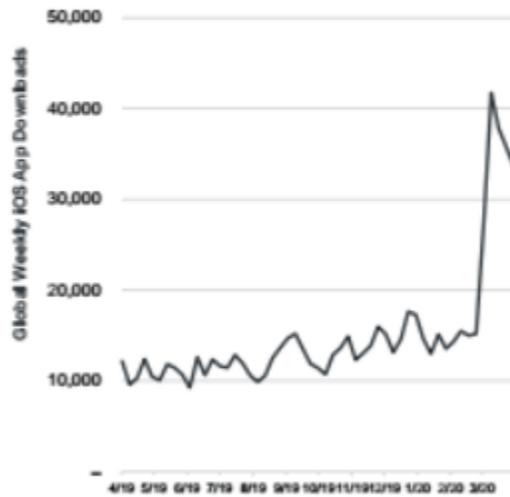
Doctors = Shifting from In-Person to Telehealth Appointments

The demand has shifted forever on virtual care & we're on the verge of a new era for virtual care in the healthcare system.

We're certainly seeing a significant increase in volume & I didn't exactly expect the president to be talking at a White House press briefing about telehealth. If you'd asked me that a few months ago, I would have said that's pretty unlikely.

Jason Gorevic – CEO, Teladoc Health, CNBC (3/23/20)

Teladoc – 3rd Party iOS App Download Data (AppAnnie)



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Source: AppAnnie iOS worldwide Teladoc weekly download data as of 4/15/2020. Excludes partial week download data.

Source: [COVID-19 Trends Report](#)



Apr 19 2020, 8:18PM EDT. Powered by **YCHARTS**

Data by [YCharts](#)

Of course, the delivery of health services goes beyond doctors' appointments. A vast range of services - therapy, diagnostic follow-ups, personal training, counselling, and so on - can be delivered digitally.

While this channel for delivering healthcare services has existed for years, widespread adoption was limited because people were unsure how it worked. But with government encouragement (e.g. President Trump talked about telehealth during a press briefing), this has become a new way of life. While not everyone has had to make a doctor's appointment during the quarantine, *enough people have adopted the technology to lead change for friends and family in the future.*

There will always be some who prefer the human touch. After all, there were many who rejected the notion of making a deposit at an ATM. Yet, the delivery of banking and payment services has still dramatically transformed because the business case (corporate and personal) was strong enough to justify the transition.

2. Remote Working and Teleconferencing

"Digital transformation is accelerating, due to so many people working from home. New work-life balances are also being struck." - [Mary Meeker](#)

Corporations have just conducted a massive experiment - a massive experiment that has proven successful.

The old stodgy biases against working from home - people will slack off, collaboration declines, workers are unable to connect - have been proven false. People *can* work from home. And large traditional companies that were previously hesitant are now building this into their standard practices. Partly for business continuity purposes, after getting caught unprepared when the quarantines were ordered, but also because they've quickly recognized the benefits.

I doubt I have to tell you about how employees benefit by working from home. The immediate benefits are obvious - no commute, save money on

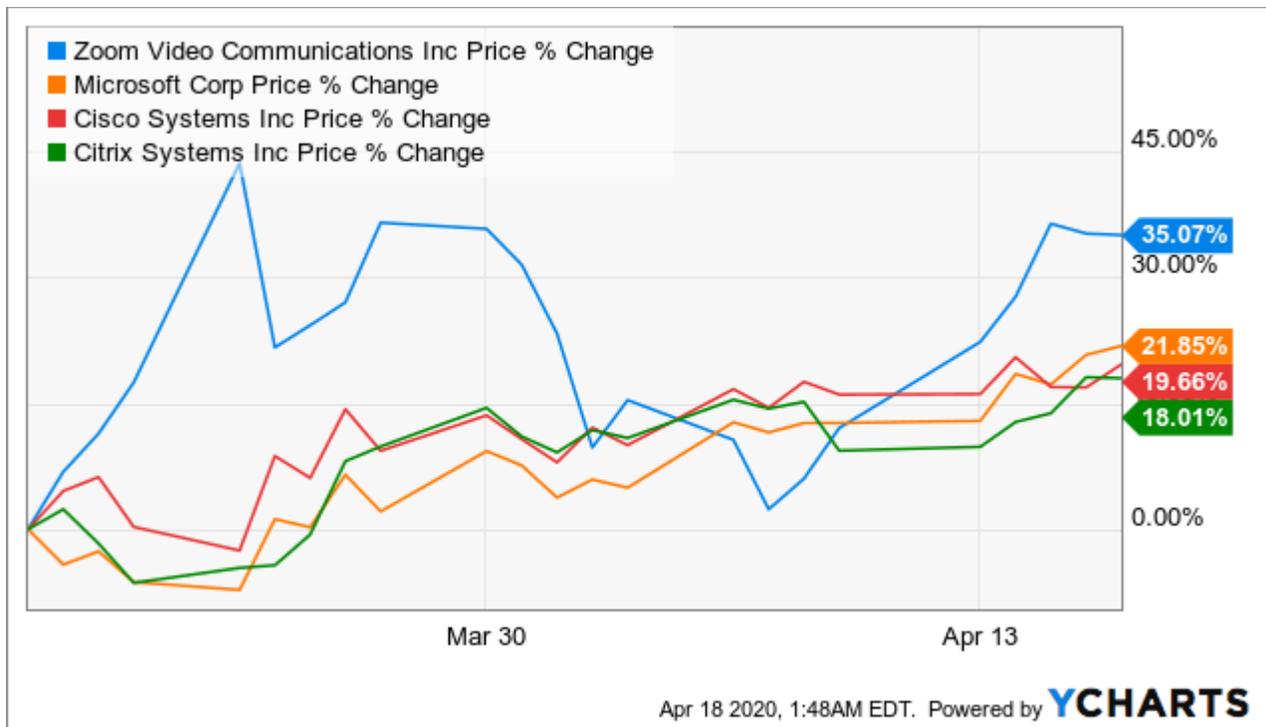
transportation and food, more flexible working hours. However, there are less obvious benefits like the ability to live farther from work, helping employees who work in cities with expensive real estate (e.g. San Francisco, Vancouver, Toronto, New York).

There are also substantial benefits for employers. Companies headquartered in high-rent/high-salary areas like Manhattan can now comfortably hire employees in lower-cost areas of the country, increasing the pool of available candidates and reducing salaries expense. Also, by allowing more employees to work remotely, companies can reduce their physical footprint, saving considerable amounts on commercial real estate leases for office space (and the additional infrastructure to support each desk).

[Bond Capital](#) conducted an informal survey of companies, asking what they've learned from 1.5 months of remote work. Here are some of the findings:

- At the margin, productivity is the same or higher
- Video calls, when not overused, are efficient/productive and they tend to start/end on time (or early)
- Messenger and video-based information sharing/editing is very effective
- People outside of headquarters feel more included
- It's easier to bring outsiders in for quick video discussions
- Time flexibility/commute time elimination/family meal sharing are big wins for workers

With their various connectivity platforms, companies/products like Citrix Systems ([CTXS](#)), Microsoft's Skype ([MSFT](#)), Zoom ([ZM](#)) and Cisco's Webex ([CSCO](#)) are clear beneficiaries of these shifts in the corporate working environment.



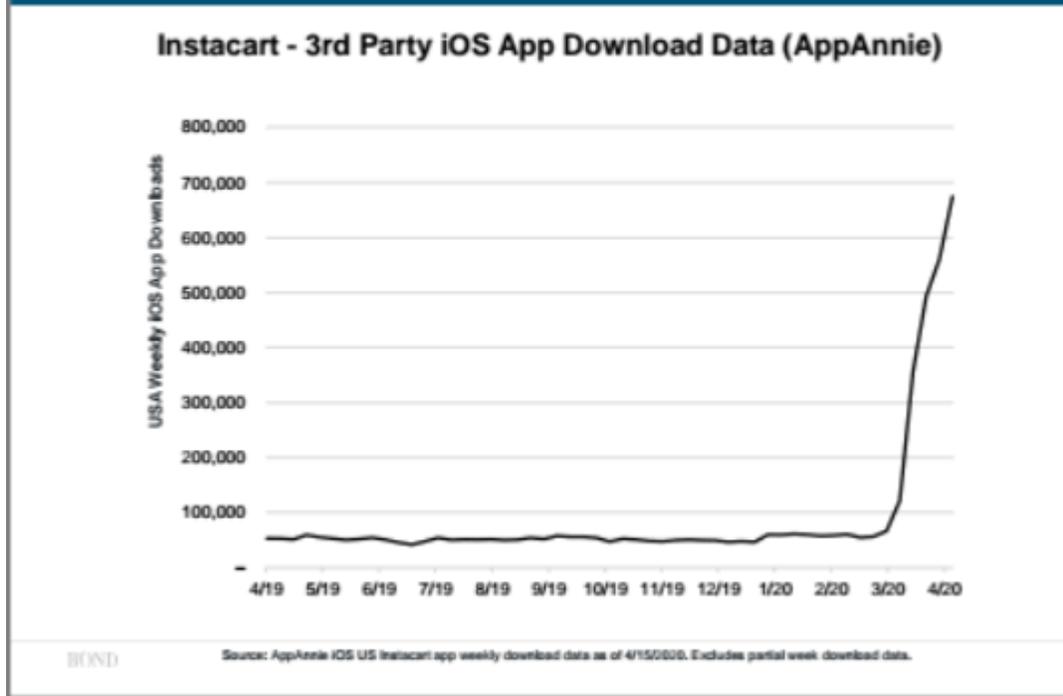
Data by YCharts

3. Acceleration of Offline-to-Online Consumption

With stores, restaurants and entertainment venues closed, the quarantine has forced even the most resistant consumer into the digital world.

Grocery shoppers are increasingly buying online, many using the app Instacart. To survive, restaurants have acquiesced to delivery services like Uber Eats ([UBER](#)) and DoorDash.

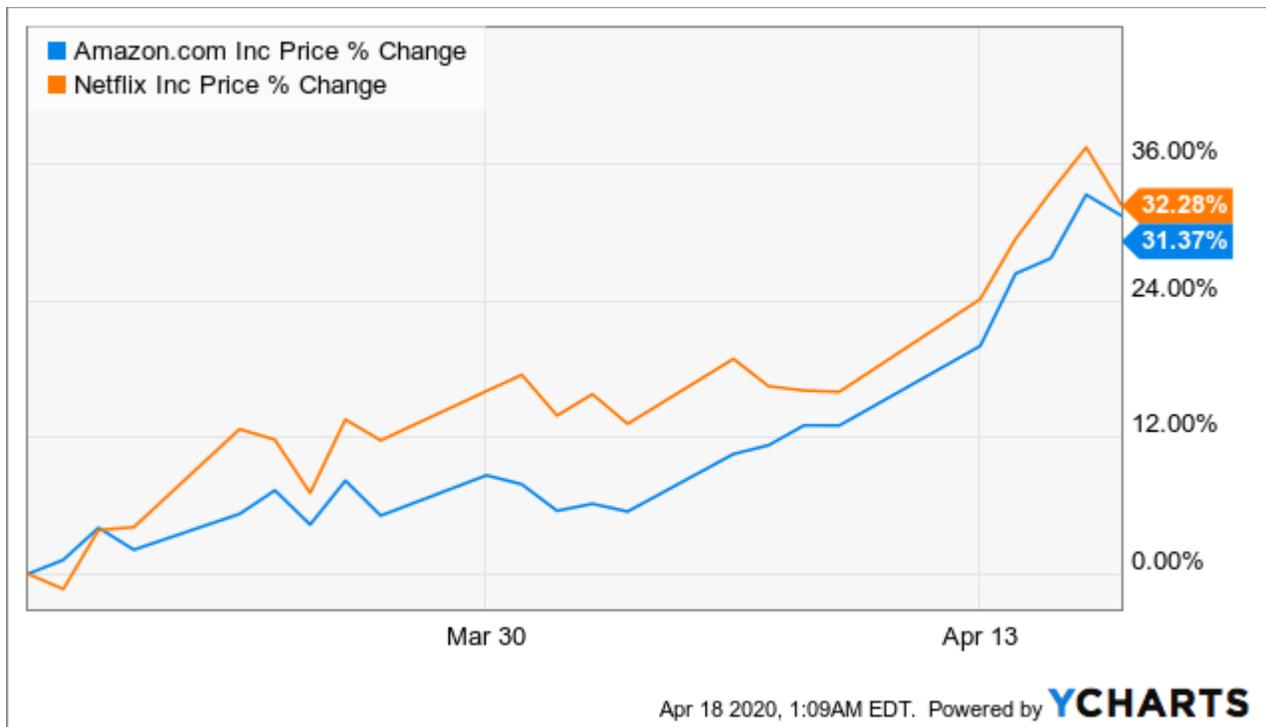
Grocery Shoppers = Shifting from Going to Store to Ordering Delivery



Source: COVID-19 Trends Report

People have also jumped on-board the Netflix ([NFLX](#)) and Disney+ ([DIS](#)) trains. While new subscribers and users might not become lifelong converts, a segment will keep using these delivery and entertainment services. (Note: I'm not suggesting Disney overall is a huge beneficiary of this trend, since its theme park and ESPN revenues will get hit hard by the lockdown.)

However, the big winner from the acceleration of offline-to-online consumption is Amazon ([AMZN](#)), which is trading near all-time highs. To Amazon's advantage, *as individual brick-and-mortar retailers are forced to shut it has essentially become a retail monopoly (for the time being).* *Eventually brick-and-mortar will return, but with a huge proportion closing down permanently, Amazon has a long runway to profit from retail dislocation.*



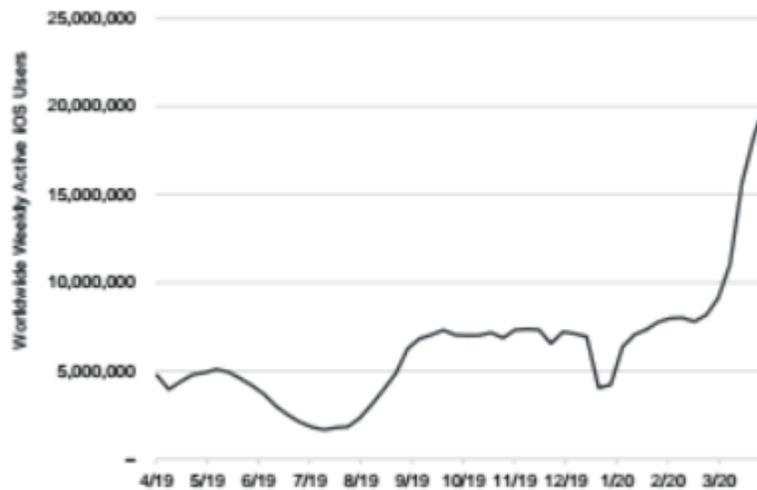
Data by YCharts

Perhaps the most interesting - and needed - transition will be to the delivery of education. The trend was already in motion, but it will become increasingly clear that education can be delivered online in some respects.

Millions of kids are using Google Classrooms ([GOOG](#)) (NASDAQ: [GOOGL](#)), but I expect the trend to follow through to post-secondary education as well. Traditional universities will fight to retain their huge tuition fees, but the concept of online college education is becoming increasingly accepted. While a full-scale transition isn't likely, in the future there will be an increase in hybrid and tiered approaches to delivering education.

Students = Shifting from Physical to Virtual Classes...

Google Classroom Worldwide Weekly Active Users on iOS (AppAnnie)



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Source: AppAnnie iOS worldwide Google Classroom weekly active users data as of 4/15/2020.

Source: COVID-19 Trends Report

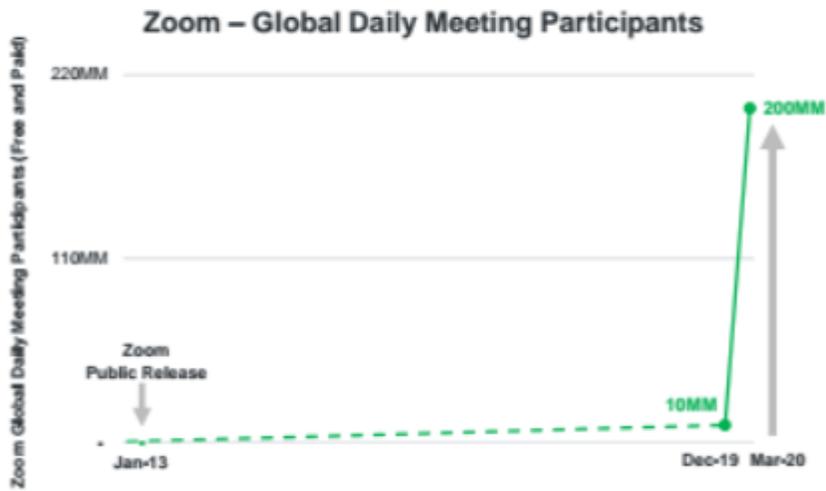
4. Adoption of Lifetime Communication Habits

Millions of kids around the world haven't seen their friends over a month. For the first time, many of these same kids have started using video-chat services like Google Hangouts, Apple's ([AAPL](#)) Facetime and Zoom as a substitute.

Previously, these companies would have spent millions in marketing dollars to achieve the same effect. Now they suddenly have been granted the opportunity to create lifetime value from each new account.

Once the world opens up again, kids will become kids again. But the network for online communications has been fortified. And to the companies that use that asset wisely, this could be worth billions in lifetime customer value.

Zoom Video = 200MM Daily Participants in March 2020, +20x in Three Months



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Source: Zoom, "A Message to Our Users," April 1, 2020. Represents maximum daily meeting participants.