



Global Clients & Markets

Global Recovery Framework



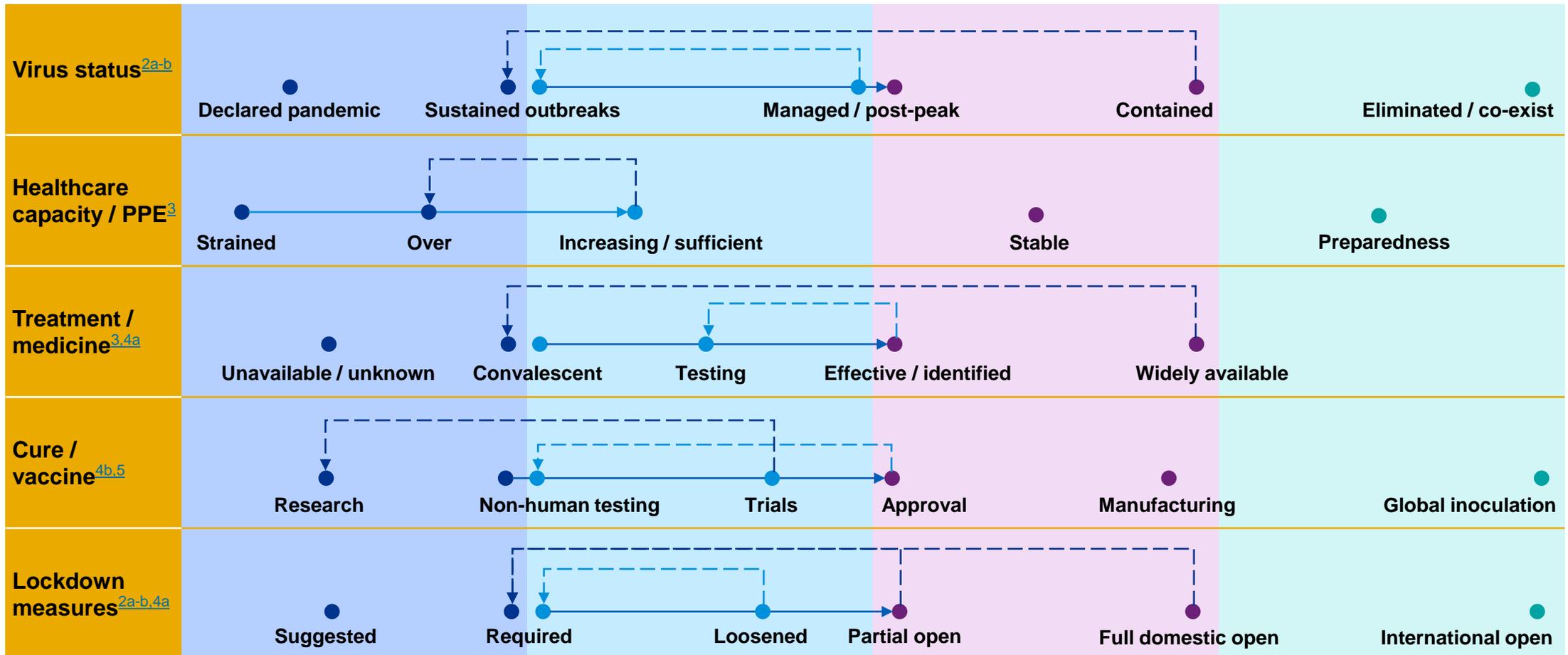
Macro environment and key signals for each phase



	Reaction Respond to crisis	Resilience Manage through uncertainty	Recovery Identify opportunities	New Reality Adapt to a new world
Pandemic¹	<ul style="list-style-type: none"> Viral outbreak has become a healthcare crisis that is overwhelming hospitals and response capacity. A lack of ability to address and treat the outbreak is leading to radical lockdown measures. 	<ul style="list-style-type: none"> Infections continue to rise but lockdown measures are proving effective at slowing the rate. Healthcare capacity is catching up / getting ahead of the spread, enabling some lockdown measures to be loosened. 	<ul style="list-style-type: none"> The virus spread decreases, healthcare capacity stabilizes and treatment / vaccine research looks promising. Loosened lockdown measures are not resulting in further outbreaks, allowing domestic reopening to commence. 	<ul style="list-style-type: none"> The virus is broadly contained and healthcare is in a state of preparedness Lockdown has been fully lifted and borders are reopening as a result of effective treatment and/or a vaccine and/or herd immunity.
Economic	<ul style="list-style-type: none"> Lockdown measures are effectively halting the economy and creating simultaneous supply and demand shocks that lagging indicators are not yet registering. 	<ul style="list-style-type: none"> Economic impact is now evident in lagging indicators and the decline is continuing despite interventions. Unemployment rates are rising dramatically and consumer confidence is bottoming out. 	<ul style="list-style-type: none"> The economy has stopped declining and is beginning to stabilize, slow (re)growth in some sectors is starting to show. Unemployment rates have stopped increasing and are beginning to stabilize. Production / manufacturing stabilizes as lockdown measures are lifted. Consumer confidence remains low. 	<ul style="list-style-type: none"> Stabilization of the economy is confirmed, and slow-but-steady (re)growth is starting to show more widely. Production / manufacturing is starting to increase as demand returns. Consumer confidence is slowly beginning to increase.
Business	<ul style="list-style-type: none"> The primary focus for companies is on crisis management and business continuity. All decisions being made are framed in the 'here and now'. 	<ul style="list-style-type: none"> Companies are taking stock of the crises (health and economic) and doing anything and everything possible to stay in business. 	<ul style="list-style-type: none"> Businesses are starting to see the 'light at the end of the tunnel' and/or getting acclimated to the dark (i.e. finding ways to operate under lockdown restrictions). 	<ul style="list-style-type: none"> Reopening in both social and economic terms is allowing businesses to fully re-emerge. Companies are leveraging efforts from / identified in earlier phases to transform and be successful in the new reality.

'Stage gate signal': bolded statements under each phase are considered primary indicators of alignment / progression to a given phase. Regression to previous phases is possible should a given signal cease to be accurate / current.

Pandemic signals



Economic signals

	 Reaction Respond to crisis	 Resilience Manage through uncertainty	 Recovery Identify opportunities	 New Reality Adapt to a new world
GDP	↔ ↘ No immediate change; decrease starts as shock sets in	↘ Continued decreasing as impact of the shock is understood	↔ Stops decreasing and stabilizes	↔ ↗ Stabilization continues; increase starts as cycle restarts
Unemployment	↔ ↗ No immediate change; increase starts as production halts	↗ Continued increasing	↔ ↘ Stops increasing and stabilizes; decreasing as production (re)starts	↔ ↘ Continued stabilizing / decreasing as production continues to increase
Interest rates	↘ General decrease continues as a result of existing policy	↘ Continued decreasing in response to shock / recession	↔ Stops decreasing and stabilizes	↔ ↗ Stabilization continues; increase starts as cycle restarts
Inflation	↘ Inflation slows as supply / demand shock slows economy	↔ Inflation remains low; potential for deflation in some markets	↗ ↔ Inflation rises; potential for stagflation in some markets	↔ Inflation stabilizes within target range
Consumer confidence	↘ Immediate decrease as panic and disruption occur	↘ ↔ Continued decreasing; panic starts to subside as disruption normalizes	↔ ↗ Panic continues to subside; increase as conditions improve	↔ ↗ Continued insecurity; increasing as recovery solidifies
Manufacturing / production	↘ Immediate decrease as supply chains and consumption slow	↘ ↔ Continued decreasing as disruption remains; stabilization begins	↔ ↗ Stabilization continues; increase starts as demand returns	↔ ↗ Continued stabilization and increasing as return to full operation
Government intervention	● Stimulus	● Liquidity operations	● Monetary policy	● FX management
		● Bailouts	● Government spending	

Business signals



	Reaction Respond to crisis	Resilience Manage through uncertainty	Recovery Identify opportunities	New Reality Adapt to a new world
Steady cash flow	↘ Immediate cash flow disruption	↔ Disruption normalizes and more consistent cash flow is forecasted	↔ ↗ Forecast remains steady; consistent cash flow returns	↗ ↔ Consistent cash flow continues to return; forecast remains steady
Reliable supply chain	↘ Immediate disruption to supply chain halts BAU operations	↘ ↔ Continued disruption; alternatives are tested though limited operations	↔ ↗ Limited operations continue; supply chain (re)optimization efforts begin	↔ (Re)optimization efforts continue to become new BAU
Manageable demand	↘ Unable to plan for, stimulate or influence demand due to crisis	↔ Constraints on demand management capabilities remain	↗ Demand management evaluated in response to consumer shifts	↗ Ability to plan for, stimulate and influence demand returns
Relevant business model	↘ Disruption impacts relevance of existing business model	↔ Business model evaluation begins and BCP tweaks implemented	↔ ↗ Post-pandemic business model (re)defined; execution begins	↗ Continued execution with (re)defined post-pandemic model
Effective operating model	↘ Disruption impacts effectiveness of existing operating model	↘ ↔ BCP measures embedded; operational (re)evaluation begins	↔ ↗ Post-pandemic operating model (re)defined; execution begins	↗ Continued execution with (re)defined post-pandemic model
Digitization journey	↗ Scramble to implement digital tools to maintain operations/work remote	↗ Rethinking and acceleration of digital strategy	↗ ↔ Digitization strategy implemented; automation replaces some jobs	↔ Digital tools widely adopted; use becomes BAU
Deals activity	↔ ↘ Near-final deals move to close quickly; abrupt halt to preserve cash	↔ ↗ M&A plans frozen; PEs begin to pursue 'lifeline deals'	↗ Corporate development plans (re)evaluated; PEs ramp up deals	↔ Companies that emerge with cash on hand resume 'normal' M&A activity



References

- 1) *Current WHO guidance:* [Pandemic Influenza Risk Management Guidance](#) Global Influenza Programme, World Health Organization, 2017
- 2) *Prior WHO guidance:* [Pandemic Influenza Preparedness and Response](#), Global Influenza Programme, World Health Organization, 2009
 - a) [Excerpt: recommended actions, phases 5-6](#)
 - b) [WHO Pandemic Phase Descriptions and Main Actions by Phase](#)
- 3) [Country & Technical Guidance – Coronavirus disease \(COVID-19\)](#), World Health Organization, 2020
- 4) [COVID-19 Strategic Preparedness and Response Plan](#), World Health Organization, 2020
 - a) [Operational planning guidelines to support country preparedness and response](#)
 - b) [Strategy update: April 14, 2020](#)
- 5) [2019 novel Coronavirus – coordinated global research roadmap](#), World Health Organization, 2020
- 6) [The Great Lockdown: Worst Economic Downturn Since the Great Depression](#), International Monetary Fund, 2020
- 7) [Economic Policies for the War on COVID](#), International Monetary Fund, 2020
- 8) [Government Interventions in Response to Financial Turmoil](#), Congressional Research Services, 2010

KPMG insights and perspectives

- [Global Geopolitics & Eurasia Group](#)
- [Government Response – Global landscape](#)



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