An aerial night view of a city skyline, likely Dubai, featuring numerous illuminated skyscrapers and a complex highway interchange. A large yellow text box is overlaid on the left side of the image.

Coronavirus
response in MENA:
Strengthening
business continuity
and resilience to
disruptive events

The EY logo, consisting of the letters 'EY' in a bold, white, sans-serif font, with a yellow triangle pointing upwards to the right of the 'Y'.

EY

Building a better
working world

The coronavirus outbreak is causing unprecedented levels of disruption and uncertainty – a complete picture may not emerge for some time.

While authorities grapple with balancing containment measures against the cost of social and economic disruption, the immediate need for businesses is to rapidly assess and respond to the organization-specific impacts of the coronavirus outbreak (COVID-19) to business continuity and long-term viability.

The full impacts of COVID-19 will not be understood for many months and will vary both by industry and a company's unique ecosystem: its workforce composition, supply chain and operating model. Some organizations may experience relatively limited impacts, for others the outbreak will highlight areas of operational weakness and risk.

Early decision making will give businesses greater options when the impacts of COVID-19 become felt. Forming a response now is paramount.

Two critical questions for businesses:

1. How to quickly understand their immediate exposure to COVID-19 disruption and effectively navigate their response?
2. How to better equip themselves to be more resilient to future major unpredictable events?

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The traditional business continuity plans prepared by organizations in the Middle East may not be sufficient to meet the unprecedented level of disruption experienced due to COVID-19. Organizations require agile pandemic response plans to deal with longer-term disruptions and outages experienced in this pandemic.

Mohamed Nayaz, Business Resilience Leader, EY MENA

How EY MENA can help

The MENA Risk and Resilience team is supporting businesses of all sizes with pragmatic workshops and focus meetings.

To discuss any of the issues raised, please contact the MENA Risk and Resilience team at the end of this paper or your usual EY contact.

A rapid yet comprehensive cross-functional impacts review is critical to cut through the hype and media noise, focus on your business-specific exposures, and mobilise your short-term crisis response.



Scan
Assess key
impacts



Focus
Prioritise
responses



Act
Execute
responses

How could the COVID-19 impact business?

The situation is dynamic and impossible to predict with organizational exposure uniquely impacted by industry, geographies and operating models. These factors are compounded by complex, international supply chains and global travel. Major areas for many businesses will include:

People

Employee welfare and workforce management tops the list of business concerns. For those with front-line consumer interaction, there is an inherent risk of virus exposure in the normal course of work. Travel restrictions also impact normal ways of working and remote working is not always a viable option. Consideration must also be given to supporting globally mobile workforces, business travellers, international assignees and contractors.

Global trade and supply chain

Globally interconnected supply chains meant the first shockwaves were rapidly felt from the initial outbreak in China. An immediate focus is short-term mitigations to minimise impact such as alternative ports and component sourcing, but dual sourcing strategies and critical reviews of trade-routes will likely increase.

Customer demand

Consumer behaviour and shopping patterns will impact demand. For example, an increase in online vs. bricks and mortar. Panic buying or supply chain issues may cause shortages or for certain products to become unavailable.

Legal and contracts

Businesses will need to consider how they can best mitigate the legal risks of contractual non-performance (penalties, cancellation, termination, etc.); whether their own or in their wider supply chain. Understanding the risks in the contractual landscape and identifying preventative actions quickly will be key to minimising loss and supplier dispute.

National government and global responses

The World Health Organization provides guidance, but governments make decisions on how best to protect citizens and residents interests – such as border closures, restrictions on travel or group gatherings and imposed quarantine. Leading businesses also pre-define internal alert levels that dictate local response scenarios – e.g., in terms of staff travel or meetings – to direct the efficient and consistent responses across their sites.

Finance management

More frequent cost impact reporting and revenue forecasting may be required given volatility and localised anomalies. Results and operational changes may generate a need for new funding or existing funding to be redirected. The knock-on effects could have consequences for pricing and tax strategies.

Organization disclosures

The impact of share price and economic volatility may have implications for transactions, financial reporting, organization disclosure obligations and other statutory duties.

National and CNI Agenda

Most of the countries in the Middle East are moving rapidly to implement their national agenda and vision for the future. The pandemic and the consequential lockdown will adversely impact the pace of implementing the national agenda in the short to medium term. In addition, the Critical National Infrastructure (CNI) of each country will be impacted and should be prepared to activate their response plan to continue existing operation.

Seven key COVID-19 response recommendations

Businesses will be judged in real-time on how they manage the challenge, their behaviour and strategic choices. An informed response could build trust and brand affinity whereas poor decisions will pose a real reputational risk.

1. Build a trusted team

Bring together a crisis management team of key decision-makers, including but not limited to: leadership and strategy, operations, HR, communications and corporate affairs, legal and risk. Empower the team to make and implement decisions quickly.

2. Review the current plans and capability

Perform an immediate review of any existing or activated business continuity or contingency plans. The situation is fluid and rapidly evolving therefore internal and external assumptions will have moved on – plans will need to be refreshed and capability gaps bridged.

3. Utilise timely intelligence

Maintain situational awareness by gathering up to date and accurate information from trusted official sources and experts. Cascade the business-relevant facts to your teams and encourage them to not get distracted by media panic.

4. Operate a deliberate response to an agreed rhythm

Ensure your business response operates at a speed determined by the leadership:

- ▶ Avoid waiting for new decisions or actions to be dictated by outside factors
- ▶ Limit abrupt localised decision-making

5. Understand exposure to third party risks and impacts

Assess the reliance on third parties in your network, their vulnerability to failure and potential viability impacts. If possible extend this risk review to their supplier networks. These factors may have commercial implications – e.g., contractual liability for unforeseen costs, delay penalties or termination risk, insurance cover (and any limitations/exclusions), force majeure and hardship clauses.

6. Communicate and engage

Staff, suppliers and customers are all likely to be worried and impacted directly or indirectly from COVID-19.

- ▶ Engage staff in a consistent dialogue about actions you are taking to protect and support them
- ▶ Engage with suppliers to properly pinpoint the most material risk exposures and jointly define mitigations
- ▶ Keep customers and wider external stakeholder groups informed and promote confidence in your business resilience via clear and consistent messaging

7. Establish or reinforce your crisis response process

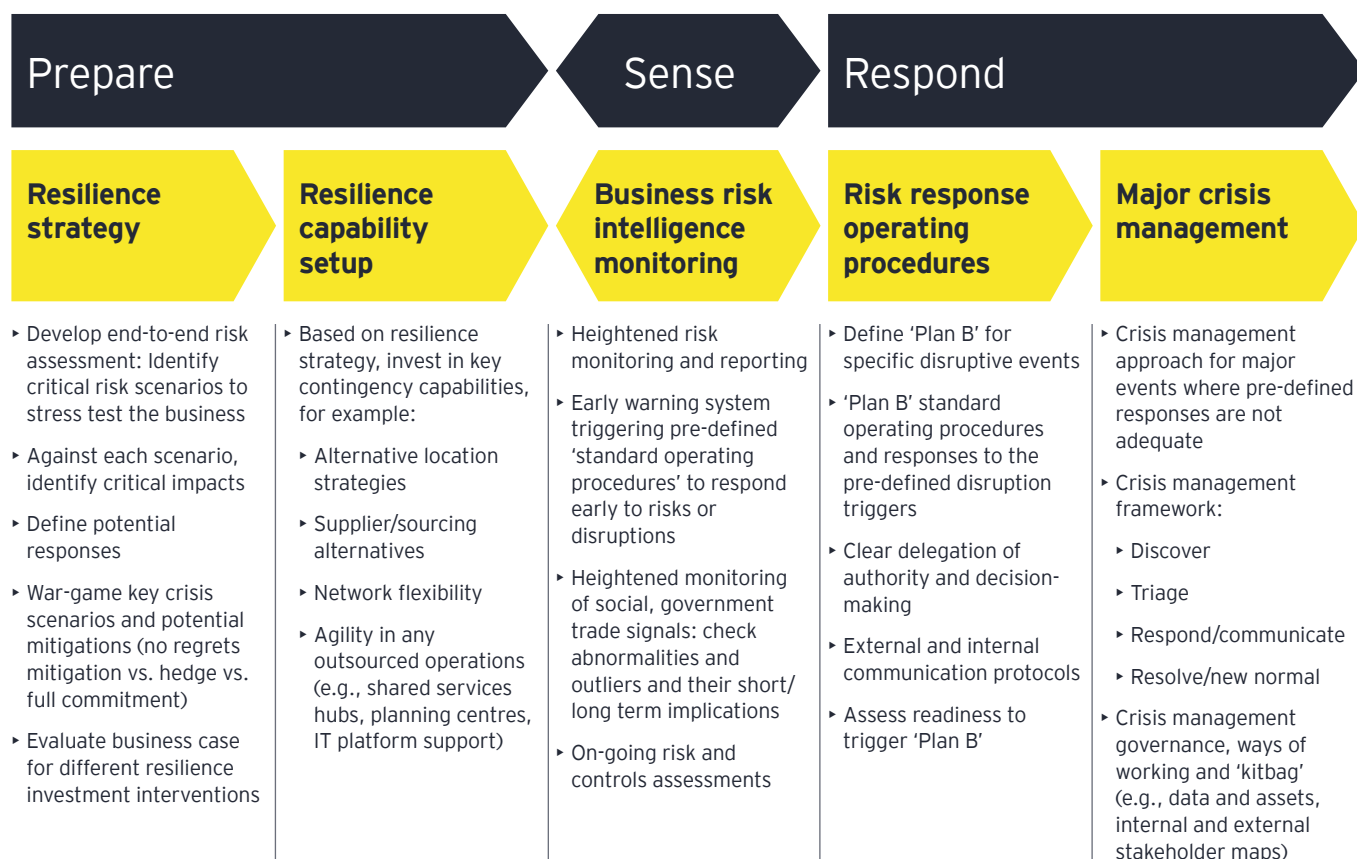
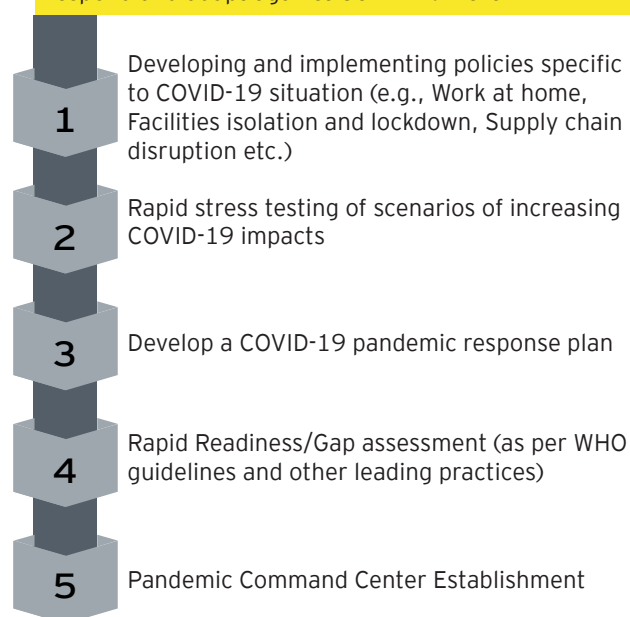
Ensure that all functions, sites or countries in your network know the firm-wide approach to crisis management and the response protocols. Advise teams on who holds the mandate for decision-making and comms at leadership and local levels, given the need to potentially act at a much quicker pace than is usually expected.

How can businesses better equip themselves to be more resilient to major disruptive events or rapidly evolving crises?

Further epidemics or major health emergencies are a given – indeed, there are likely to be additional phases of the current COVID-19. A business continuity plan is therefore a basic requirement but leading companies are focused on an evolving resilience strategy.

To effectively build a resilient business, companies need to focus on five key capabilities. This EY framework can be applied across all aspects of the business operating model or parameters, but in particular for people and physical supply chains.

EY Resilience solutions to help you sense, resist, respond and adapt against COVID-19 risks



MENA Risk & Resilience Team



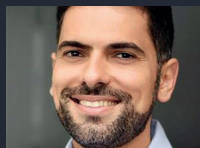
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