

Business Advisory  
Services

COVID-19

Important Considerations  
for your Business



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# Economic Impact

COVID-19 is rapidly evolving from a major health issue to a global economic problem and quickly transforming into a credit crisis

The global spillovers will come via main channels, such as:



Travel bans and  
quarantines



Supply chain  
disruption



Financial market  
effects

“**79%** Board members state that their organizations are not very well prepared to deal with a crisis event

“**94%** of the Fortune 1000 are seeing Corona Virus supply chain disruptions

“ Corona Virus Outbreak to Impact **Tourism Industry** in 2020 and Beyond

“ Fear of the consequences of the global Corona Virus epidemic has caused the **international stock markets** to experience the **blackest week since** the 2008 **financial crisis**

# Impacts on Social Macroeconomic Behaviour

National and local containment measures are materially disrupting both supply and demand drivers

## What is happening

COVID-19 is affecting most of the regions worldwide. Central governments are imposing protective measures to stop the spread of the virus. In the EU, each Member States adopted own preventive and responsive measures to the situation

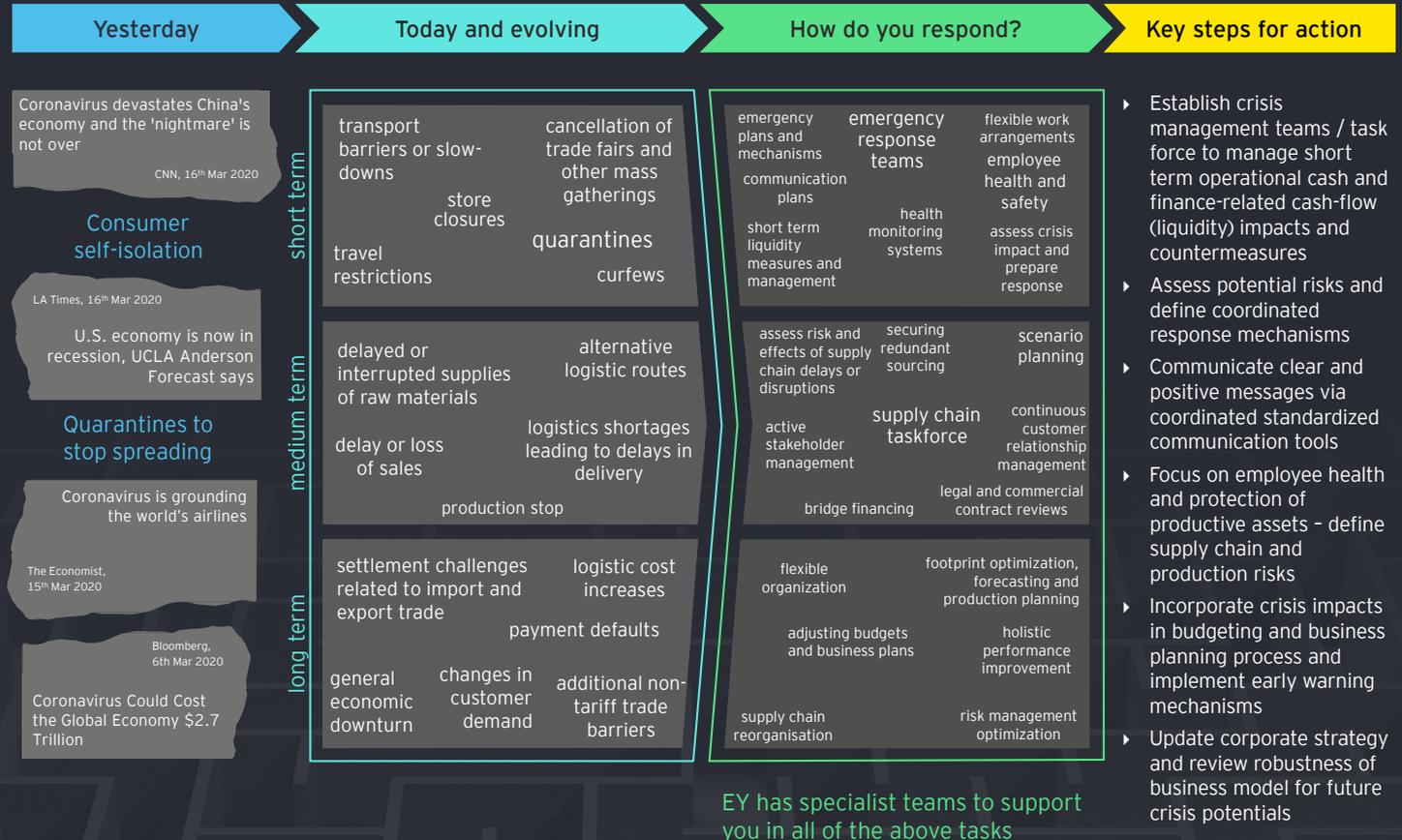
- ▶ Many places and regions are being quarantined
- ▶ Travel restrictions and entry barriers imposed almost everywhere
- ▶ Factory shut-downs and home-office preventive solutions are widely adopted
- ▶ Educational and public institutions are working in a limited mode. Most public events (e.g. cultural and sport events) are being cancelled
- ▶ The length of the measures is unknown.



Containment measures	Supply	Demand
Quarantines	Factory closures	Loss of confidence
Travel bans and restrictions	Restrictions of certain services	Decline of tourism and entertainment
Closure of public places, sport and cultural events	Supply chain disruption	Change in consumption behaviour

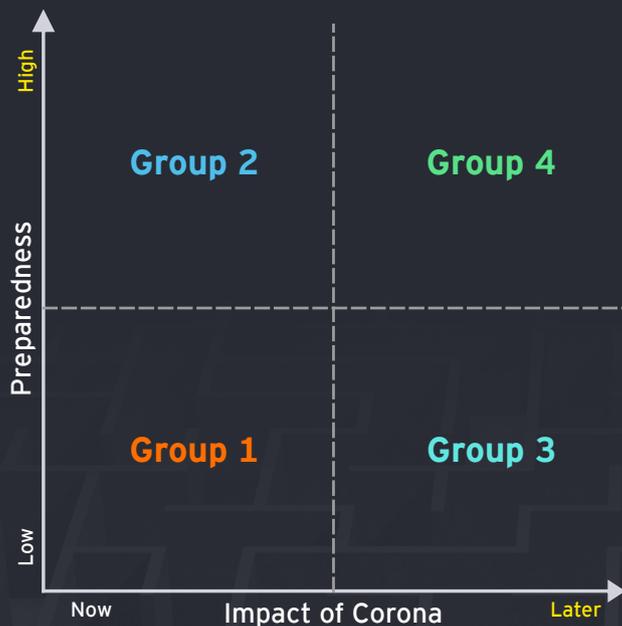
# Handling the Crisis

Immediate actions are required to protect mid- and long-term results



# What is Your Positioning?

To help you to ensure the right measures are taken at the appropriate time, it is important to identify to which Group your company belongs



## Group 1

- ▶ Immediate action required
- ▶ Focus on first emergency measures
- ▶ 3 Day Quick Check with focus on emergency measures and practical tools

## Group 2

- ▶ Immediate review required
- ▶ Focus on review of existing actions and developing of complimentary actions
- ▶ 3 Day Quick Check and with focus on mid-term plan as part of Quick Check "Corona"

## Group 3

- ▶ Immediate action required
- ▶ Focus on transparency and risk assessment
- ▶ 2 Week Quick Check "Corona" to develop holistic crisis management plan

## Group 4

- ▶ Complete review of existing actions required, analysis for "gap to target"
- ▶ 2 Week Quick Check "Corona" with continuous update and expert advice on current development

# Crisis Management Overview

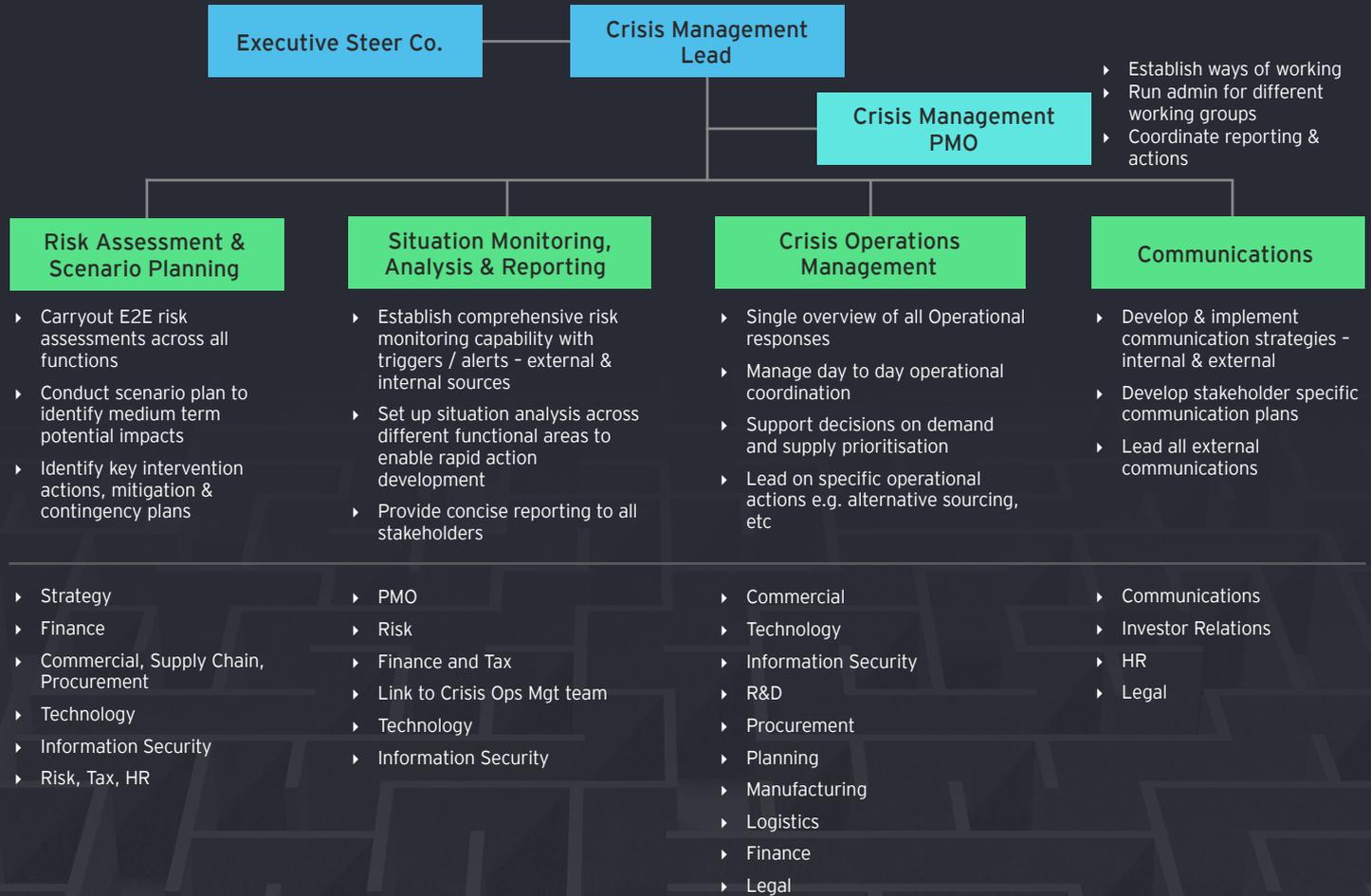
A critical first step is to establish a Crisis Management structure and Task Force covering all areas of impact



Workforce Mgt & Employee Health	Customer & Brand Protection	Short - term Finance Management	Supply Chain Management	Technology Risk & Information Security	Legal & Contract Dispute Resolution
<ul style="list-style-type: none"> <li>▶ Plan &amp; execute employee health plan following guidance</li> <li>▶ Identify contingency working arrangements for business continuity</li> <li>▶ Strong communications and employee support programs</li> <li>▶ Local labour law</li> </ul>	<ul style="list-style-type: none"> <li>▶ Conduct customer risk assessment</li> <li>▶ Safety based Customer Experience</li> <li>▶ Ensure adequate credit where needed</li> <li>▶ Create product shortage allocation plans</li> <li>▶ Look at product alternatives</li> <li>▶ Review competitor situations</li> <li>▶ Direct to consumer &amp; e-retail</li> <li>▶ Packaging &amp; delivery innovation</li> <li>▶ Ensure digital channel stability</li> </ul>	<ul style="list-style-type: none"> <li>▶ Revenue forecasting &amp; impact assessment</li> <li>▶ Liquidity risk assessment &amp; contingency planning</li> <li>▶ Cash forecasting &amp; intervention actions</li> <li>▶ Customer / Supplier financial health monitoring - identify financial support needed</li> <li>▶ Capital structure stabilization</li> <li>▶ Payment term re planning models</li> <li>▶ Regulatory incentive assessments to support business</li> </ul>	<ul style="list-style-type: none"> <li>▶ E2E SC risk assessment</li> <li>▶ SC risk assessment with Tier1 and Tier2 suppliers</li> <li>▶ Customer's dependency to other component providers to produce</li> <li>▶ Potential inventory</li> <li>▶ Agile supplier scouting</li> <li>▶ Review demand &amp; supply - S&amp;OP - inventory</li> <li>▶ Dynamic supply network optimization</li> <li>▶ Upside and downside flexibility improvement</li> <li>▶ Production clustering/ isolation (social distancing)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Business Continuity Management - BCM: Business Impact Assessment BIA, Business Continuity Planning BCP, Crisis Management Planning</li> <li>▶ BCM training, and testing</li> <li>▶ Remote working solutions implementation,</li> <li>▶ Cloud solutions implementation</li> <li>▶ Crisis management and IT recovery process</li> <li>▶ Third Party Risk Management, focusing on resilience and SLAs</li> </ul>	<ul style="list-style-type: none"> <li>▶ Contract risk assessment &amp; identify prevention actions</li> <li>▶ Managing customer / suppliers contract disputes due to economic impacts or supply disruptions</li> <li>▶ Identify 'Force Majeure' and hardship causes</li> </ul>

# Crisis Management Team Structure

Internal and external management teams should be allocated specific responsibilities, reporting ultimately to an Executive Steer Co.



# How EY Can Help

EY offers a broad range of professional solutions to support your business



Crisis management teams / taskforce  
Risk and Response assessment

- ▶ EY Crisis Watch
- ▶ Crisis Cockpit
- ▶ Pre-Crisis Preparation
- ▶ Ensure organized response and maintain situational awareness
- ▶ Manage information flow(s), cope with the crisis and uphold critical business processes



Technology Risk / Information Security

- ▶ Business Continuity Management,
- ▶ Disaster recovery planning
- ▶ Remote working
- ▶ Third Party Risk Management
- ▶ Update/Create Business Continuity Management components (Business Impact Assessment, Disaster recovery planning, crisis management) to cover Pandemic Threats. Training and testing
- ▶ Implementation of remote working and Cloud solutions
- ▶ Third Party Risk Management focusing on resilience



Employee Management / Duty of care

- ▶ Risk assessment & contingency planning
- ▶ Communication Plan
- ▶ Deal with employee concerns regarding risk of virus infections in workplace/ client interactions/ travel etc.
- ▶ Address crisis communication in cases of employee infections



Legal topics

- ▶ Legal Q&As
- ▶ Legal Documents (Review)
- ▶ Dispute resolution
- ▶ Provide legal guidelines and support in terms of customer / supplier obligations and disputes
- ▶ Insurance coverage and follow up



Supply Chain Management

- ▶ SC Risk Intelligence Monitoring
- ▶ End to end SC review and risk analysis
- ▶ Operational options and actions
- ▶ Multi echelon supply network remodelling optimisation scenarios
- ▶ SC new supplier scouting / assesment
- ▶ Set-up ongoing risk monitoring and reporting
- ▶ Identify risks in SC and define plans for disruptive events
- ▶ Manage events when pre-defined response is not adequate
- ▶ Remodel the possible good option of over all SC Network including inventory, supply routes, regulations, demand, supply capabilities



(Short term) Liquidity management

- ▶ Cash Management
- ▶ Cash Forecasting
- ▶ Securing short- and long-term liquidity to fund business operations
- ▶ Conduct adequate cash forecasting under crisis scenario



Budgeting and business plan effects

- ▶ Integrated Business Plan
- ▶ Financing Tools
- ▶ Tax impacts
- ▶ Full transparency on financials to gain planning security on effects on all three financial statements for the short- medium and long-term



Strategy update & Robustness check

- ▶ Quick Market screening / modelling to adapt existing scenario
- ▶ Competitive watch to identify risks and opportunities
- ▶ Understand potential market / customer impact
- ▶ Predict competitive moves / activities
- ▶ Update scenario profiles
- ▶ Recommendations on tactical / strategic adaptations

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