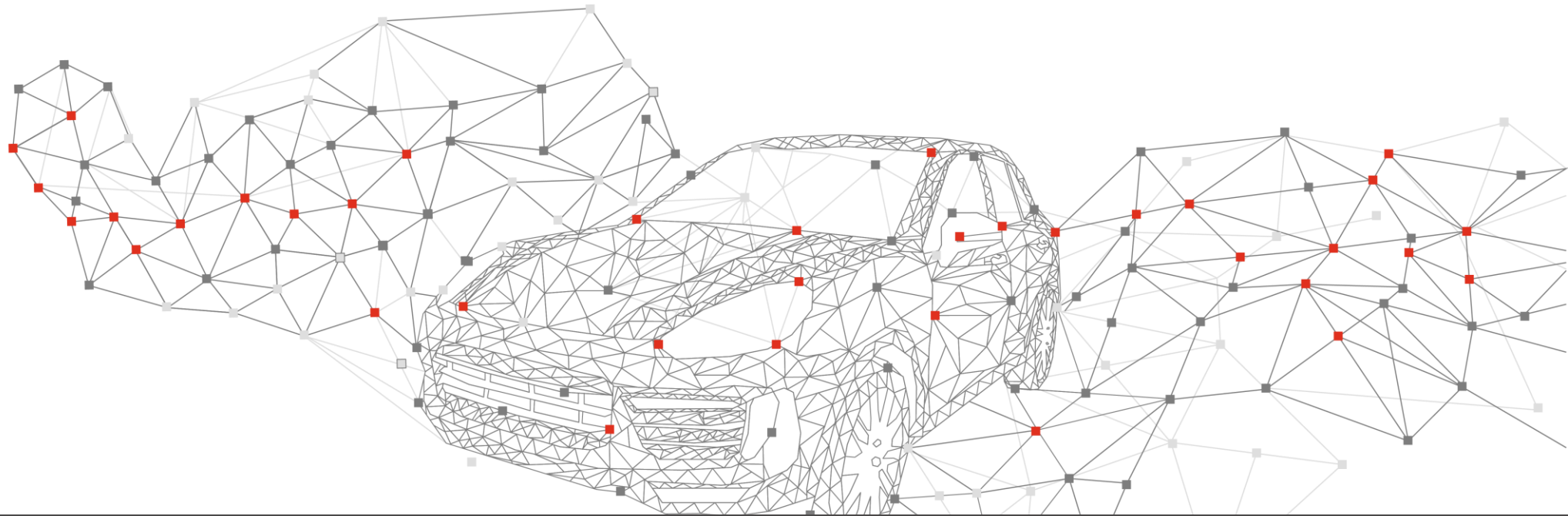


COVID-19

Vietnam Automotive Industry: Impact of **COVID-19** and Navigating the Turbulence



Agenda

01 Executive Summary

02 COVID-19: Impact on Economy and Automotive Industry

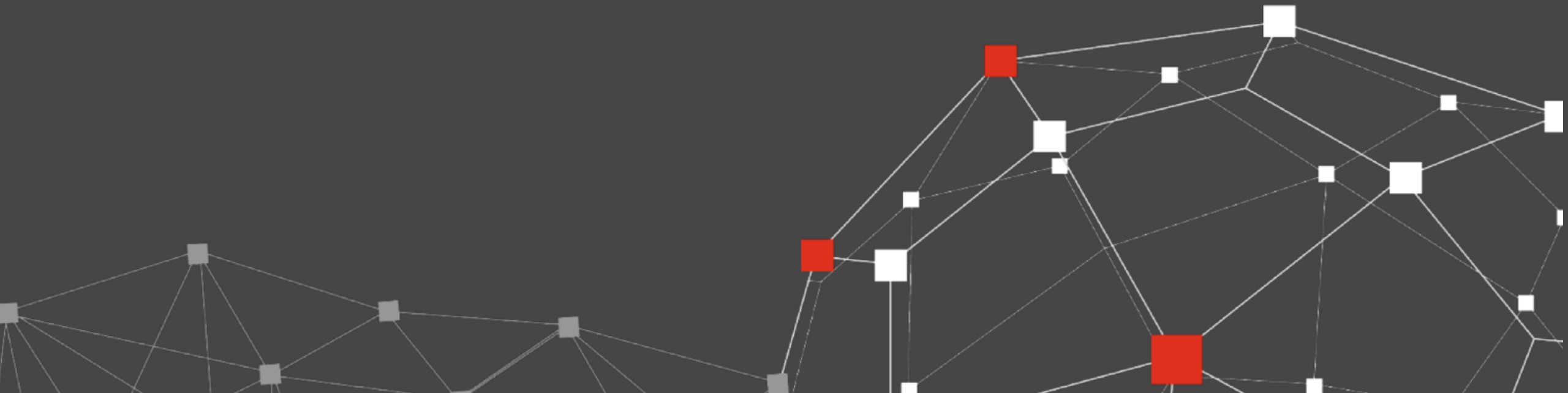
03 How Can We Navigate Through This Turbulence?

04 How Can PwC Help?

Appx. Learning from China: COVID 19 Experience



1 Executive Summary



Executive Summary



The impact of COVID-19

- **COVID-19 has the potential to be the most significant event in recent human history**, causing great damage to Vietnam as well as the global economy with over two million cases recorded and counting.
- **The two- and four-wheeler industries are expected to suffer deep decline** due to market saturation and reduced demand.
- Issues in various aspects of the automotive industry such as supply chains, finance, and human resources are putting **pressure on businesses to adapt and accommodate the so-called 'new normal'**.



How do we navigate through this turbulence

In order respond to current events and industry pressures, automotive companies have the option to respond with a phased approach in line with demand recovery, covering:

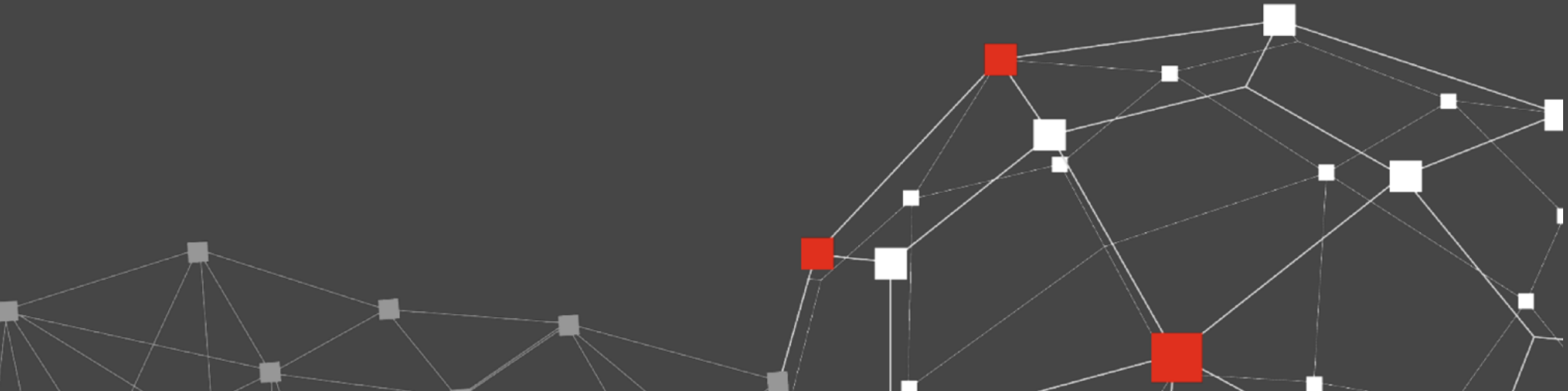
- **Strategic response** – ability to sense the change in demand and respond quickly to adapt.
- **Managing liquidity** – ability to collect, reserve and control cash.
- **Workforce engagement and productivity** – plan for remote working, employee wellness in balance with cost, compliance, and efficiency.
- **Supply chain risk and resilience** – leveraging digital supply chain solutions to build on long term competitive advantages
- **IT readiness** – adapt to new working limitations and strengthen security and governance.



How do we go through it together

- We need to look at how **businesses can protect themselves** in the short term through various quick-win initiatives such as adopting and continuously updating clear policies aiming to protect staff, planning for data flow, communication during crisis to quickly update and share accurate information, or policies given the work from home needs.
- At the same time, businesses need to address **how to recover and accelerate in the medium and long term**, addressing various opportunities in strategy, front end, supply chain/ operations, and workforce. This can be done by implementing a phased approach to **identify, evaluate and manage risks** along with the pandemic.

2 COVID-19: Impact on Economy and Automotive Industry



According to Oxford Economics, COVID-19 could cause a world GDP decline of 2.8% (USD 2.5 tn) in 2020

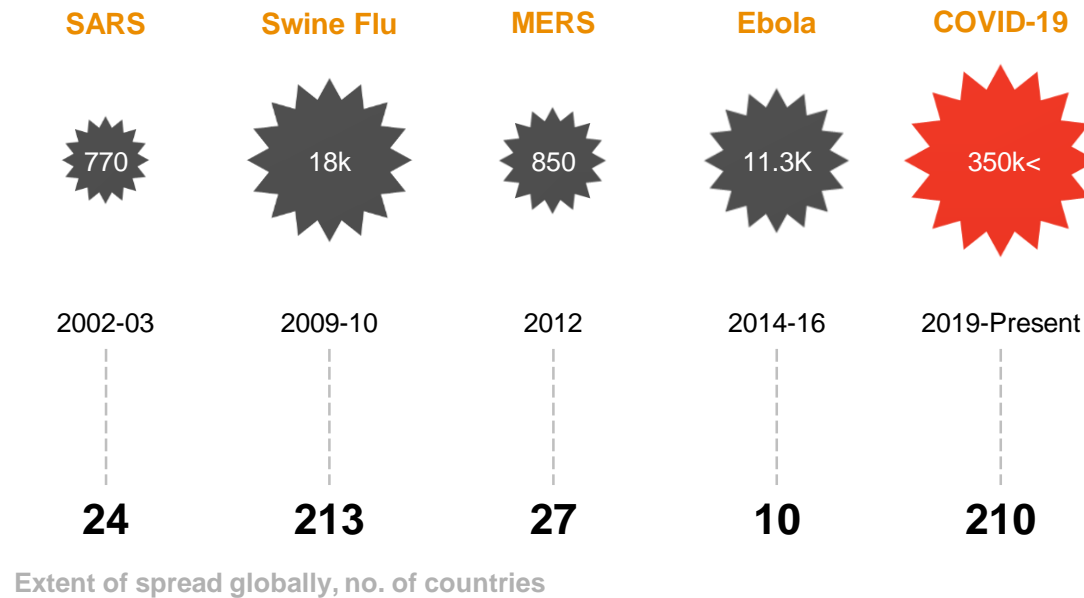
210 Countries or territories with reported infected cases²

>102 Countries or territories with evidence of community transmission or clusters of cases²

15 Countries or territories with more than 1000 reported deaths²

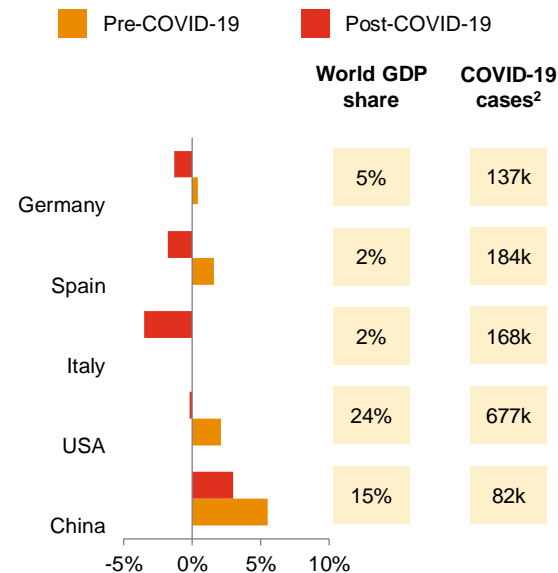
Human impact of recent health crises

Human deaths as a result of particular diseases, after the year 2000



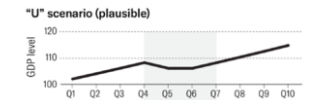
Significant impact on 2020 GDP growth forecast given lockdown and social isolation

COVID-19 world GDP Impact is bigger than 2008-09 (-1.7%) recession



Unlikely Quick Recovery

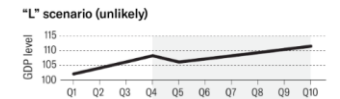
U-scenario



V-scenario



L-scenario



- Past crises have typically resulted in V-shaped recoveries
- Given the shape and global nature of this crisis a V shape is unlikely

1. Assuming world GDP of USD 90 tn;

2. As on 16th April 2020; Source: Worldometers, IHS Markit, WHO, ECDC data, Press Releases

Vietnam's economy is not spared from the impact of the COVID-19 pandemic



Total number of cases in Vietnam¹:

270



Number of cities or provinces under social distancing orders¹: **28**



Total number of people in quarantine¹:

74,326

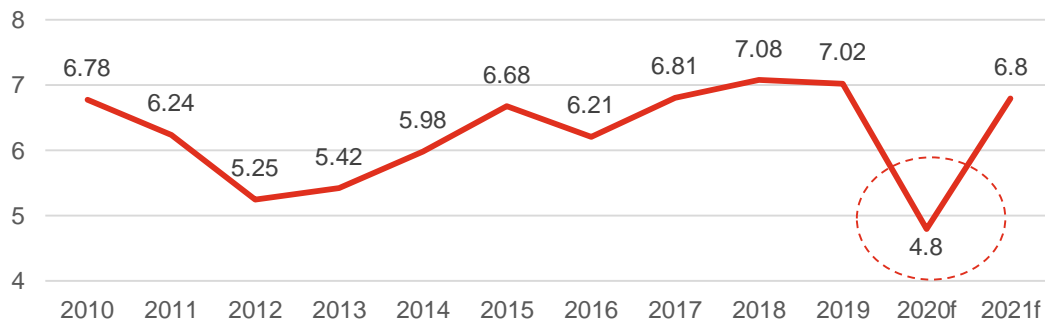
Impacts on the Vietnamese economy²

1. With the recent COVID-19 pandemic, Vietnam is expecting a significant decline in its GDP growth. Preliminary estimates suggest that its GDP growth will go down from 7.02% in 2019 to only 4.8% in 2020, which is the lowest level in the last two decades.
2. Forecasts also include an increase in inflationary pressures, potential trade disruptions and fluctuating prices.
3. The tourism and manufacturing sectors will see the strongest impacts, being highly dependent on the global economy,

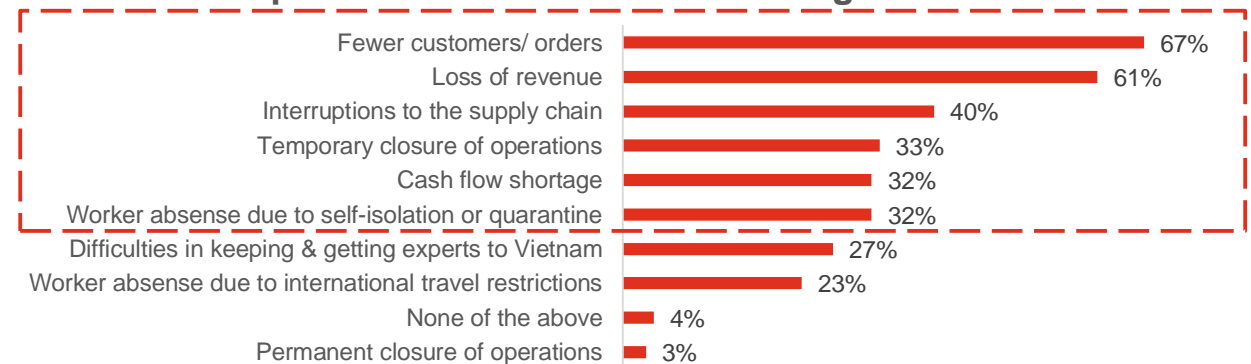
Impacts on Vietnamese enterprises³

1. The COVID-19 pandemic negatively impacts 93% of companies, half of which stated they will be significantly affected.
2. Top concerns for business leadership during this time include a reduction in customer orders, revenue loss, supply-chain interruptions, temporary closure, liquidity issues and lack of workers.
3. Possible reasons:
 - Government's measures against the outbreak, including travel restrictions and quarantine order.
 - Sudden shrinkage in customer demand.

Vietnam's GDP growth forecast (%)



Top concerns of businesses during COVID-19



The potential impacts on consumption-oriented clusters will most likely be different across industries and territories

Resilient: Growth or marginal de-growth¹ in H1 '20



Pharma



FMCG
(Staples)



E-Commerce
(essentials)



OTT
Entertainment



Online
Education



Remote Working
Tech. Infrastructure

Dampener:

10% – 30% de-growth¹ in H1 '20²



Cab
Aggregators



Financial
Services
(banks, insurance)



FMCG
(Premium, New,
Gourmet)

Deep Descent:

> 30% de-growth¹ in H1 '20²



Airlines



Hotels



Entertainment
(Multiplexes etc.)



Consumer
Durables &
Electronics



Dining
Restaurants



Gems &
Jewellery



Automobiles



Auto-
Components



Retail

1) De-growth means the need to reduce global consumption and production.

2) Data taken as of 16th March 2020 and comparison period is for a few days before 18th March vis-a-vi 2019

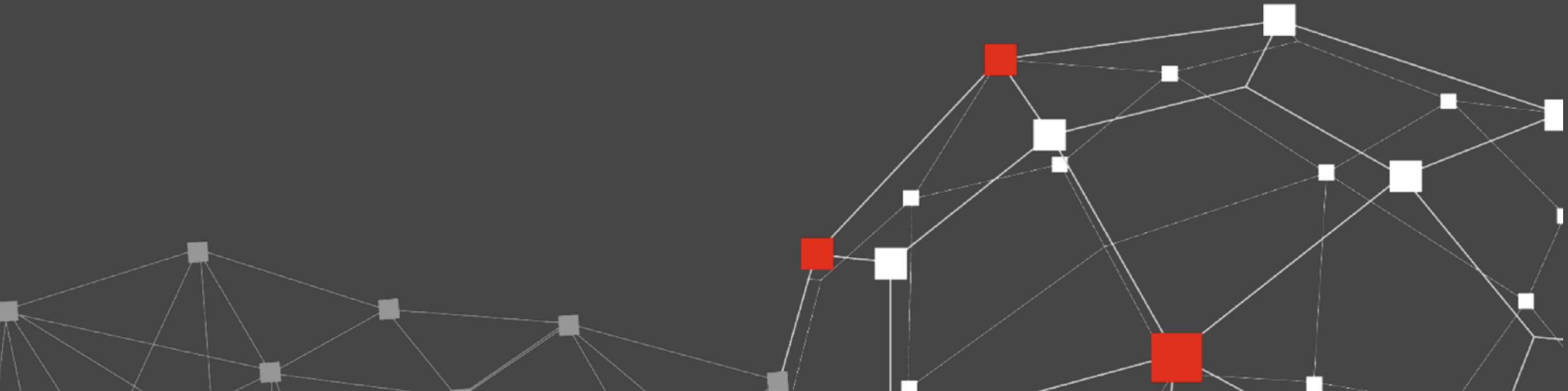
Sources: Secondary Research, Strategy& analysis

The list of industries
is non-exhaustive

Factors impacting automotive demand in the coming months

	Factor	Key parameter	Characteristic	Optimistic	Realistic	Pessimistic
Supply Side	Supply (availability)	OEM - manufacturing capacity	Reduced production levels			
		Supply-chain issues	Expected supply-chain disruptions			
	Finance availability	Stability of the financial system	Financial system likely to undergo stress			
	New product launches		OEMs to defer product launches later than Q3/Q4			
	OEM initiatives	Vehicle discounts and incentives	High discounts from OEMs			
	Government and regulatory interventions	Tax cuts and other incentives	Government support expected to reduce impact of taxes and duties			
Demand Side	Consumption demand	Consumer income	Job losses and pay cuts expected			
		Net worth	Asset prices expected to decline			
		Sentiment	Consumer and business sentiment to remain low			
		Mobility preferences	Increased preference for personal modes of transport			
		Vehicle finance rate	To be lower than FY20			
	Activity levels in the economy	Manufacturing sector activity level	To remain below normal			
		Service sector activity level	To remain subdued due to poor sentiment & periodic lockdowns			
	Investment demand	Private capex	To be deferred to FY21			
		Infrastructure spend by Government	Boost in infrastructure spend by the Govt. post Covid-19			






3 How Can We Navigate Through This Turbulence?



The following focus areas have been identified to assist organisations in addressing **common issues and challenges** encountered as a result of COVID-19



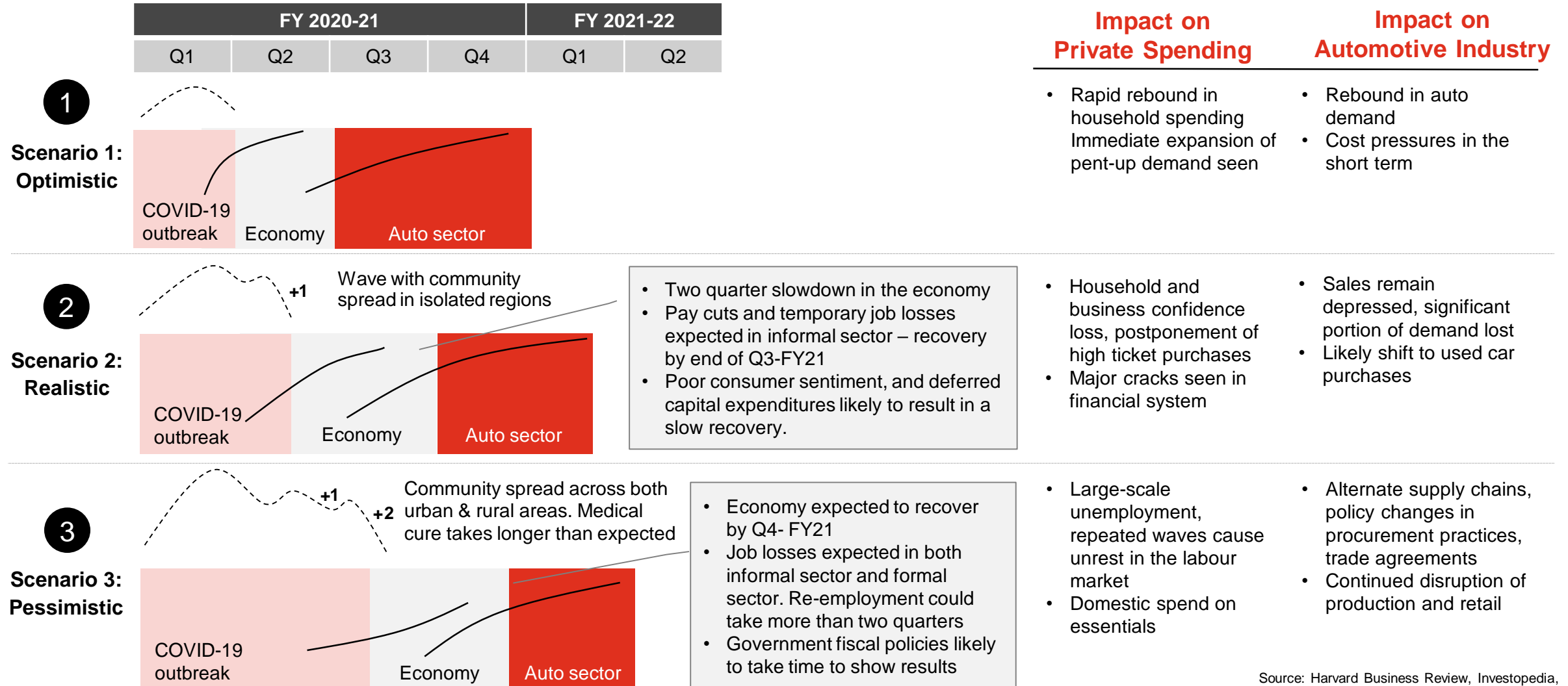
A phased recovery plan for automotive companies

Phase				
	1: Protect (3-6 months)	2: Restore (6-12 months)	3: Rebound (> 12 months)	Examples of initiatives
 Strategic response	<ul style="list-style-type: none"> Determine impact of disruption Protect customers and revenue 	<ul style="list-style-type: none"> Recover operations and resume planned growth trajectory for the period 	<ul style="list-style-type: none"> Prepare for growth Invest in new opportunities 	<ul style="list-style-type: none"> VinGroup producing ventilators at its automobile and smartphone factories (Source)
 Managing liquidity	<ul style="list-style-type: none"> Preserve cash and create liquidity Identify quick cash generation and saving opportunities 	<ul style="list-style-type: none"> Improve and sustain cash position through new initiatives 	<ul style="list-style-type: none"> Strengthen cash position to invest in new growth initiatives 	<ul style="list-style-type: none"> Golden Gate negotiating with landlords to lower rent in line with lost revenue (Source)
 Workforce engagement and productivity	<ul style="list-style-type: none"> Safeguard employee welfare Communicate and engage with employees 	<ul style="list-style-type: none"> Manage employee productivity and adapt operating model to new ways of working 	<ul style="list-style-type: none"> Re-organise to align with current business imperatives Create a resilient organisation 	<ul style="list-style-type: none"> The Coffee House implementing internal shipper program and internal fundraising for employees in need (Source)
 Supply chain risk and resilience	<ul style="list-style-type: none"> Assess supply chain disruption and monitor and manage risks Protect supplies, orders & deliveries 	<ul style="list-style-type: none"> Evaluate supply chain gaps and restore operations to support business objectives 	<ul style="list-style-type: none"> Strengthen supply chain resilience and visibility Invest in agile supply chain 	<ul style="list-style-type: none"> Vietnam Airlines conducting supplier re-negotiation (Source) Samsung transporting electronic components to its factories in Vietnam by air (Source)
 IT readiness	<ul style="list-style-type: none"> Stress test IT infrastructure Resolve issues impacting business continuity 	<ul style="list-style-type: none"> Scale up IT resources to meet business requirement 	<ul style="list-style-type: none"> Strengthen IT infrastructure and security and develop scalability 	<ul style="list-style-type: none"> Hanwa hosting online furniture fair using virtual reality to boost customer experience (Source)

3.1 Strategic Response



Historically, there have been three potential recovery scenarios after economic shocks



Preparing for different scenarios

	Scenario 1: Optimistic	Scenario 2: Realistic	Scenario 3: Pessimistic
Customer Segments	<ul style="list-style-type: none"> • Assess impact across core segments – mass vs premium, rural vs urban, private vs fleet • Protect core segments and prioritise segments that are showing more resilience 	<ul style="list-style-type: none"> • Sense any significant impact on core segments • Identify new segments and opportunities that are relatively insulated 	<ul style="list-style-type: none"> • Refocus business areas and segments under stress • Protect and grow attractive business segments
Products and Launches	<ul style="list-style-type: none"> • Evaluate any product delay costs and revise target costs • Assess launch readiness and identify opportunities to accelerate launches 	<ul style="list-style-type: none"> • Review product launches basis segment trends • Prepare for digital and soft launches • Assess launch readiness and ability to scale up new models 	<ul style="list-style-type: none"> • Shelf product launches that do not meet the revised business case • Evaluate and invest in product solutions that meet the evolving customer needs
Channels	<ul style="list-style-type: none"> • Enhance promotional activities across digital channels • Enabling digital sales journey • Evaluate network strength and expansion plans 	<ul style="list-style-type: none"> • Optimise sales channels for revised demand projections • Invest in convenient digital sales and marketing channels 	<ul style="list-style-type: none"> • Restructure sales channels to create more flexibility and resilience • Developed integrated digital channels to enhance visibility of demand & customer needs
Ecosystem	<ul style="list-style-type: none"> • Evaluate financial health of suppliers and dealers and develop support initiatives • Evaluate opportunities to enhance resilience of ecosystem 	<ul style="list-style-type: none"> • Support suppliers and dealers with financial initiatives to ensure sustenance • Review and enhance ecosystem continuity plans 	<ul style="list-style-type: none"> • Explore opportunities for strategic investment in distressed partners • Identify alternative sources and channel partners in line with revised strategy

Factors impacting automotive demand and customers prioritisation

The motorbike market struggles due to new options (electric vehicles) and saturation

- The market for motorbikes has been shrinking with **2019 motorbike sales in Vietnam reduced nearly 4% compared to 2018**. 2020 Q1 sales were 3% lower than the same period last year due to saturation in addition to the effect of COVID-19
- Amidst saturation, there is also a rise in competition from other two wheeler manufacturers
 - Vin Group started their **new two-wheeler lines with excessive promotions and events** to promote the new products
 - Many users are **switching toward electric vehicles (EVs)**, which are often less costly and considered lower speed and safer for young students and elders

Temporary decline of four-wheeler market due to COVID -19

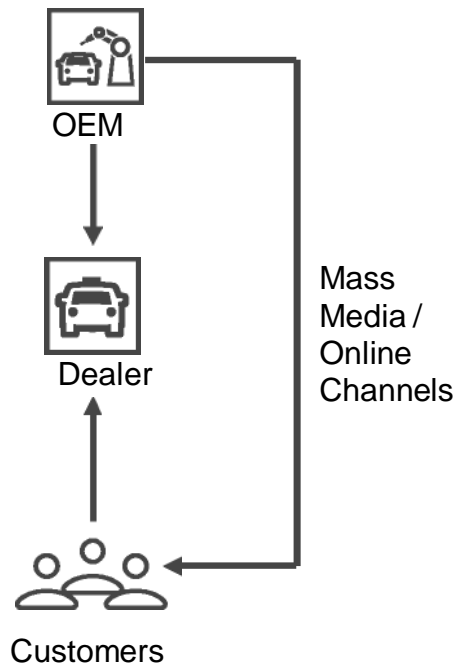
and

increase in uptake of used automobiles

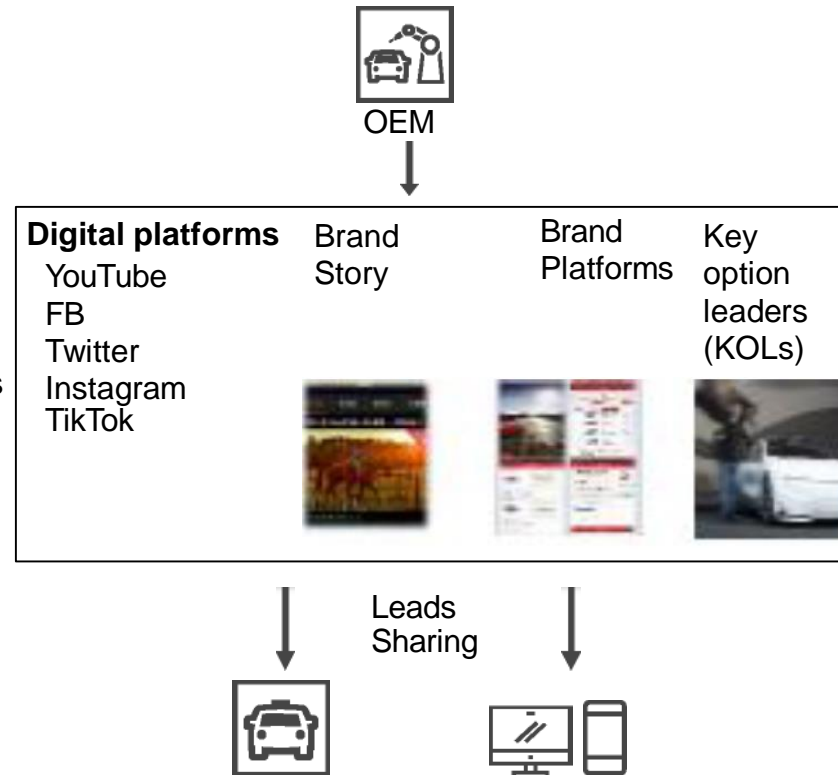
- The impact of COVID 19 is likely to dampen the demand for new vehicles, with a serious decrease in new vehicle sales, **with Q1 recording 33% lower sales than last year**
- Overall, market for four-wheelers are on the rise with an increasing number of buyers might choose to defer their new car purchase or shift towards pre-owned vehicles, for the following reasons:
 - Recently Vietnam's government announced that it is planning to issue a revision to Decree 116/2017 on the conditions for production, assembly, import and business of automobile warranty and maintenance services, removing a number of regulations relevant to auto imports. This will allow for **more efficient vehicle imports, which will further increase the supply of used vehicles and reduce the demand for new vehicles**
 - **Vietnamese wage growth may be beneficial to passenger vehicle (PVs) demand**, especially when coupled with decreasing vehicle prices. A strong increase in real wages, in part driven by skills shortage, would support a continued rise of Vietnam's middle class. This will see the portion of the country's population who are able to afford vehicle increase, but **this growth will likely feed into the used vehicle market over the new vehicle market**. This will limit growth in new vehicle sales over our 2020-2029 forecast period, especially if the Vietnamese government continues to ease the import barriers for vehicles

..while leveraging **digital sales and promotion channels** to enhance engagement with customers

Traditional model: lead generation primarily driven by dealers



Increased focus on OEM led lead generation



Key considerations

Offline lead generation and sales promotion activities have been deeply impacted by COVID-19

OEMs can take the lead to engage with the prospective buyers through digital channels and share the leads with their dealer partners

For the digital natives, the trend towards online sales may be accelerated in the post-COVID-19 environment

3.2 Managing Liquidity



While navigating turbulence, cash is king!

Global
uncertainty may
require robust
cash forecast

Why is it important to manage liquidity?

1

Cash visibility

2

**Foundation for cash
generation initiatives**

3

Process improvement

4

Rapid decision-making

Certain working capital levers to conserve cash



Debtors

- Proactive customer dispute management process
- Collection focused KPIs
- Increase invoice frequency
- Negotiate advance payment terms



Payables

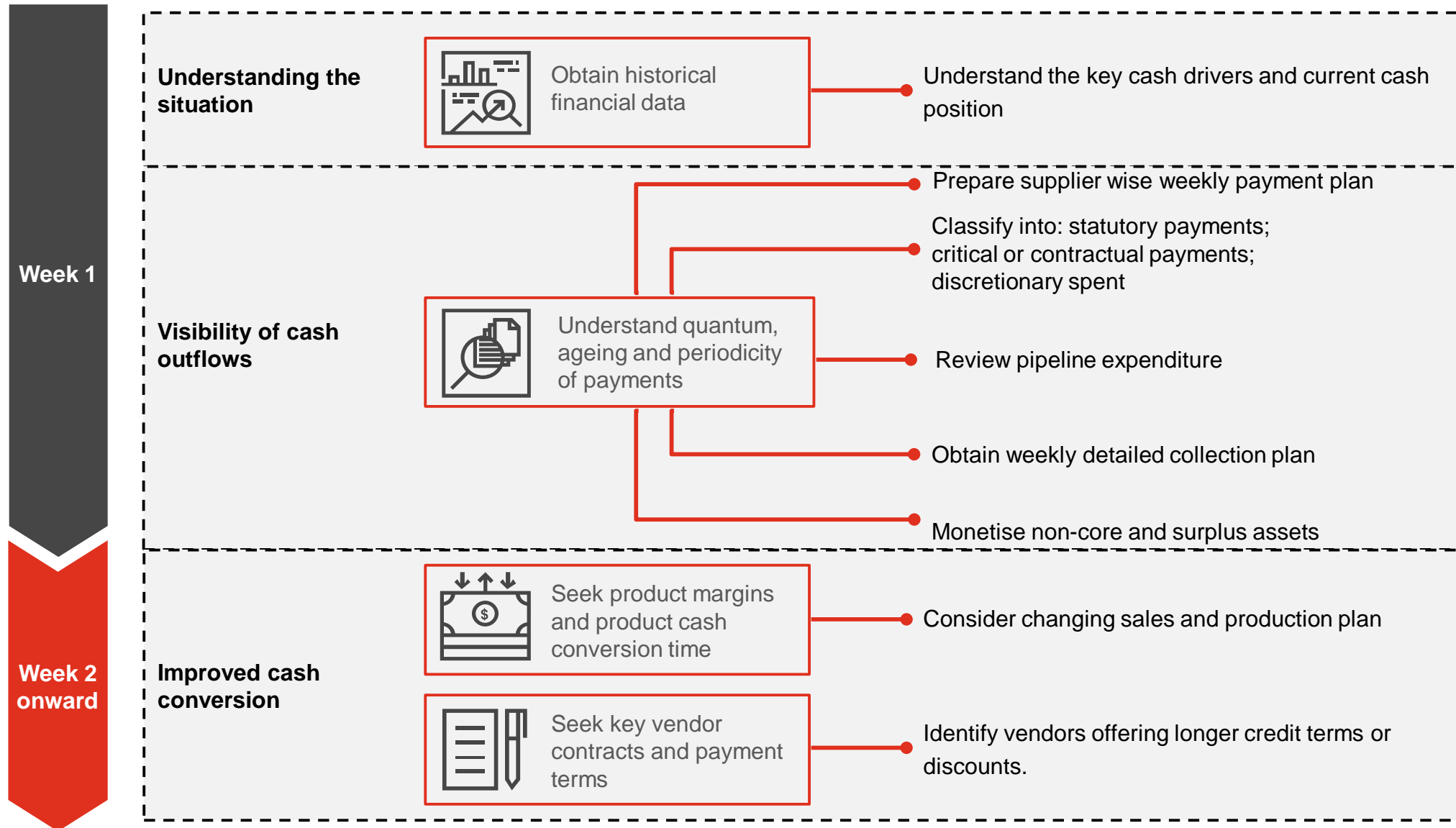
- Prioritise payments
- Ensure process compliance
- Realise discounts and rebates
- Renegotiate credit terms
- Consolidate supplier base



Inventory

- Align target stock levels with supply chain
- Identify alternate sources

Getting liquidity management off to a great start



Implementation of a cash conservation and liquidity management office (CCLMO) gives better control of the organisation's cash position

Members – Representative of CFO, Treasury, Payables, Receivables team

Role and Agenda of the CCLMO

Daily meetings with various departments

- ☐ Prepare daily payment requests
- ☐ Cost- benefit of delaying capex, R&D, on-boarding
- ☐ Accelerate refund and recovery processes, identify opportunities for bill discounting
- ☐ Capture cost reduction ideas

Weekly meetings

- ☐ Actual vs forecast variance
- ☐ Update of forecasts

Regulate the activities each day and at each stage

Direct 13-week cash flow forecast- Example format

13 week cash flow forecast - indicative format

Weeks	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Total
Cash inflow														
Collections from outstanding AR														
Customer 1														
Customer 2														
Customer 3														
Customer x														
Customer xx														
Collections from fresh invoices														
Product/ Project/ Service 1														
Product/ Project/ Service 2														
Product/ Project/ Service 3														
Product/ Project/ Service xx														
Product/ Project/ Service xxx														
Others														
Total cash inflow														
Cash outflow														
-Statutory payments														
Expense 1														
Expense 2														
-Contractual/ Critical payments														
Vendor 1														
Vendor 2														
-Discretionary payments														
Expense 1														
Expense 2														
General costs - total														
Tax payouts														
Total cash outflow														
Total cash from operations														
Cash flow from financing and investing														
-Capital expenditure														
-Investment														
-Inflow from monetisation of surplus/idle assets														
- Loan repayment														
- Interest payment														
- Other inflows														
- Other outflows														
Net inflow/ outflow from financing and investing														
Net cash forecast														

3.3 Managing People and Organisations in the 'New Normal'





“

What we were least prepared for, has become our new reality and our “new normal” ...

The roadmap: key workforce focus areas to consider for the future

A 2 phase approach can be considered to shift resources and evolve focus

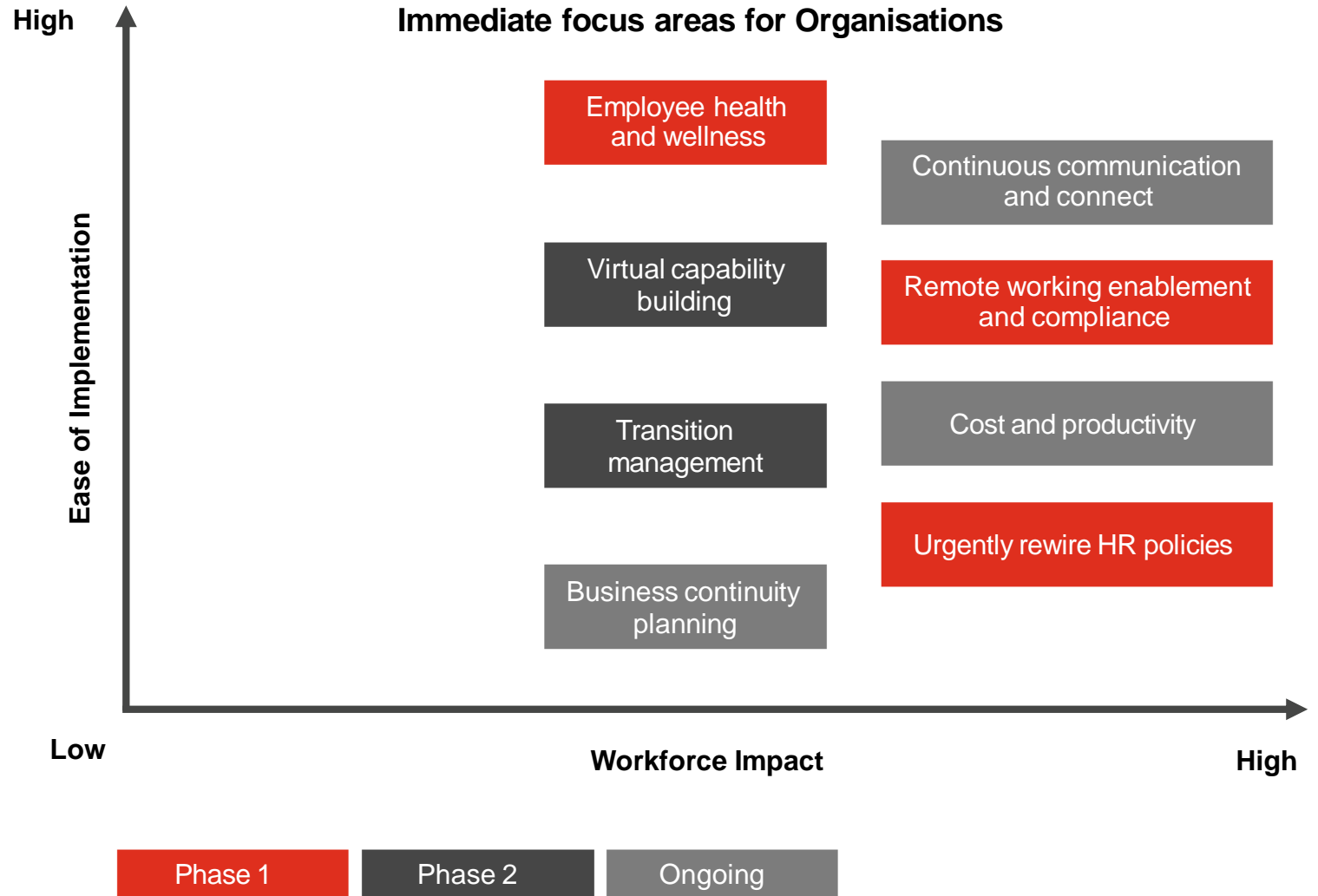
Phase 1 : Immediate / Short Term

- Timeframe: 2 weeks to 2 months
- Focus: Keeping the lights on through cost, compliance, care and commitment

Phase 2 : Mid Term

- Timeframe: 2 months to 6 months
- Focus: Building the momentum and nurturing the eco-system to adapt to new ways of working

There will also be clear focus areas, where continued focus will be imperative in both phases



Tactics implemented by other companies in response to the crisis

Key focus areas

Remote working enablement and compliance

- Test and enable technologies to support collaboration and communication
- Remote working policy and data security compliance



Business continuity planning

- Global mobility and business continuity with customers
- Leadership alignment for business continuity
- Workforce augmentation for key activities and tasks that need support
- Scenario based crisis-preparedness audits



Continuous communication and connect

- Constant communication to employees notifying about measures taken amid COVID-19
- Share knowledge from credible sources e.g. WHO
- Creating a digital workplace of the future



Cost and productivity

- Workforce planning and management
- Refine performance expectations
- Plan for increase in absenteeism and work refusal
- Senior executives, white collar and blue collar productivity plans



Virtual capability building

- Managing virtuality as a capability
- Building leadership capability for a virtual world
- Coaching of leaders and staff for morale and resilience
- Future focused capability building and **digital fitness**



Transitions management

- Compliance and brand management around workforce transitions
- Coaching and career transition support for impacted staff
- Creation of scenario-based workforce transition plans



Urgently 'rewire' HR policies for relevance

- Realign Hiring, Onboarding, Exits, C&B, PMS and L&D policies to support the organisational strategy and the current scenario



Employee health and wellness

- Conduct health and wellness training
- Revise leave, travel and hospitalization, and insurance
- Manage employee morale through care and communication
- Establishing employee support services e.g. dedicated hotline number



Tactics implemented by other companies in response to the crisis

Key focus areas

Accepting the 'new normal'

- An otherwise 'brick and mortar' sector, the automotive industry has shown tremendous resilience to transition to 'working from home'
- Slow returning to normal and hence managing plans around that



Value stream management

- Planning for ramping up will be different depending on whether the supplier is direct or indirect
- With regard to employee productivity, use the down time to build newer partnerships and avenues



Workforce morale

- Employee costs should not exceed 10% of total costs for the sector; yet the success dependence on employee inclusivity is high
- Working with executives, white collar, blue collar, contractual staff and unions to manage scenarios for sustenance



Productivity

- Productivity is going to be hugely governed by how productivity is defined in current circumstances
- Value to be delivered as a productivity norm by each function and level will be critical to be defined and focused upon
- Capture learnings from COVID



Newer norms and capability for the future

- Managing virtuality as a capability and a way of life
- Building leadership capability for a virtual world
- Coaching of leaders and staff for morale and resilience
- Future focused capability building and **digital fitness**



Contributing to the ecosystem

- Produce an inclusive cash flow and productivity management plan, that takes into consideration the success of the entire value chain will be key
- Planning with ancillaries, suppliers and dealers and distributors for 'newer ways' and 'newer propositions' could be key



Preparing for the new customer and employee expectations

- Will the definition of 'mobility', and social distancing change human preferences?
- Could workforce models across the entire value chain be shifted to 'core' and non-core and build service providers for non-core segments across all players?



The long-term bets

- Ring-fence your critical talent
- Upskill your talent for the future: people will have to run at double the speed as normalcy comes in
- Focus on talent pipeline and engaging new talent
- Finally, work on new processes for enablement and decision making



“

And once the storm is over, you won't remember how you made it through, how you managed to survive. You won't even be sure, whether the storm is really over. But one thing is certain. When you come out of the storm, you won't be the same person who walked in.

That's what this storm's all about.”

Haruki Murakami

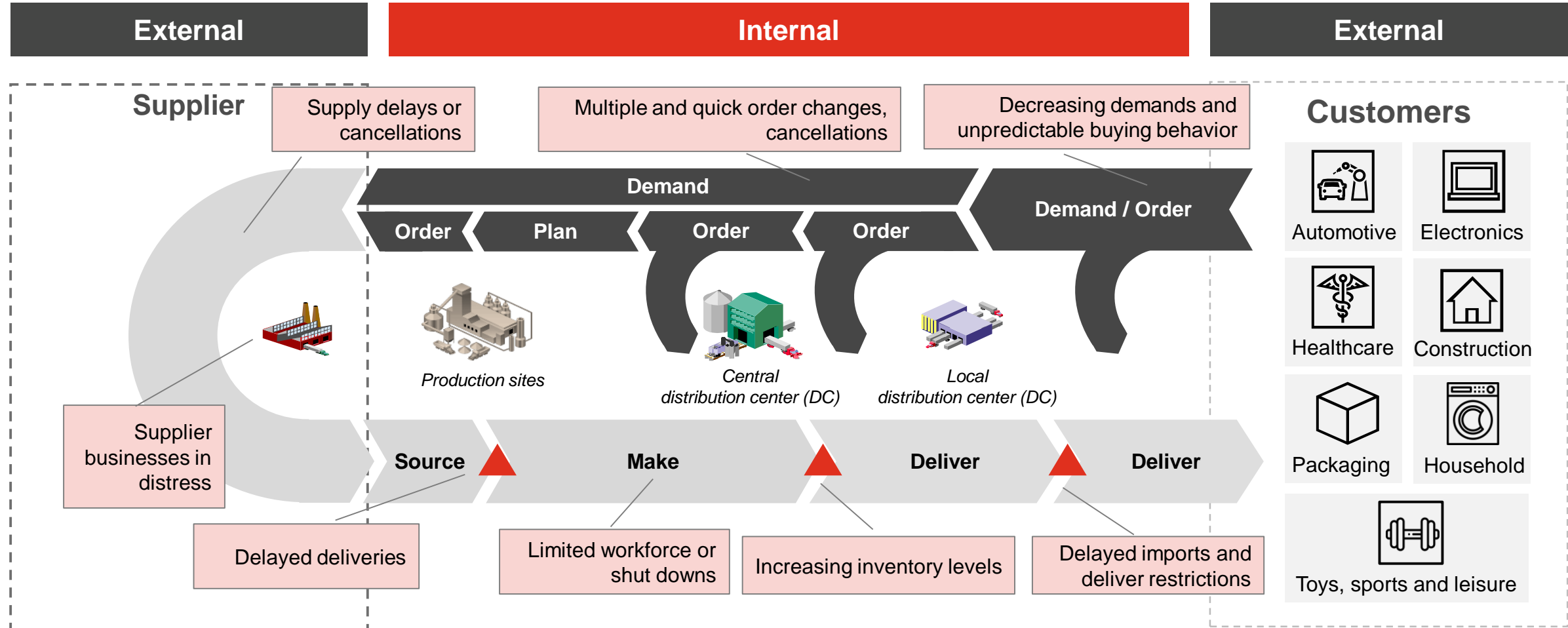
Japanese writer



3.4 Supply Chain Risk and Resilience



The crisis will continue to be very disruptive for supply chains...



...and raise fundamental questions on how to enhance supply chain resilience that need to be urgently answered...

Have you established a cross functional task force?

1

Have you performed an operational and financial risk assessment across the supply chain and supporting business functions and updated your contingency plans?

3

Have you conducted scenario planning exercises to understand the operational implications, both financial and non-financial, of various scenarios?

5

Have you leveraged the latest tools, technologies and data analytics to create ongoing transparency as rapidly as possible?

7

Have you evaluated strategies for alternative sourcing, including the impact of tariffs to cost?

2

Have you established a short-, mid- and long-term mitigation plan for demand, supply and workforce?

4

Have you set up a temporary inventory recovery and evaluation process?

6

Do you have track and trace solutions in place at your manufacturing sites or delivery centres?

8

Have you accessed governmental support and cross industry synergies and partnerships?

Are you preparing for the up-swing? – “History shows that SC struggle most with the up-swing”

...while building the capability to propel future growth and competitive advantage for many years to come...



Working Capital Management

- Analysis tools to model how changes in supply chain activities affect inventory and working capital
- Robust inventory planning processes
- KPIs should focus on working capital, not increasing capacity usage or avoidance of lost sales



Enhanced Planning Capabilities

- Advanced modelling and analytics including demand sensing
- Real-time scenario analysis during planning sessions to allow rapid evaluation of options



End-to-end Supply Chain Visibility

- Deploy control towers that aid in understanding raw material, inventory or sales positions etc.
- E2E supply chain orchestration using the internal data and external data (e.g. goods in transit, supplier data etc.)



Agile Sourcing and Supplier Management

- Streamline and simplify the sourcing processes to reduce complexity
- Reducing product complexity to reduce the supplier base where possible
- Digitization of the entire process will aid increased agility and responsiveness



Stronger eCommerce Enablement

- Anticipate the increased volume of eCommerce fulfilment and scale up the supply chain capacity
- Build unified middle-tier platforms to connect their online channels with their offline operations

...such as leveraging digital supply chain solutions to enable self-orchestrating ecosystems, massively improving responsiveness

Supply

Integrated Planning and Execution

Customer

Integrated material requirements planning (VMI/ consignment stock, visibility on inventory)

Vertical integrated real-time planning in production incl. MES introduction

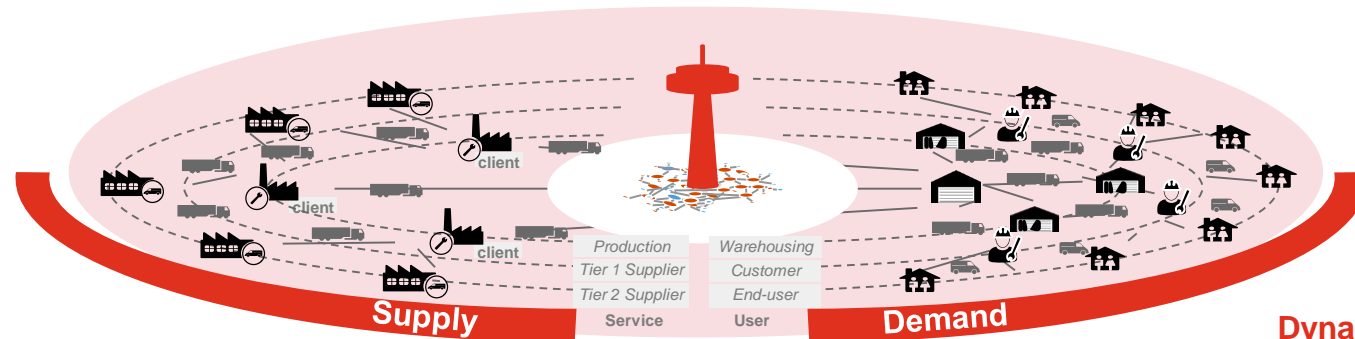
E2E logistics visibility (E2E tracking, alert based analytics)

Horizontal integration

Integrated planning and execution across the end-to-end value chain

Integration into B2B and B2C ecosystem (PoS data & public data, online market places, own apps, customer ERP integration)

Proactive demand sensing
Utilization of digital customer and configuration data, sales data, service needs and external data



Dynamic real-time inventory and order management for a multistage SC and warehouse network

Enabler

E2E data availability, utilization and analysis and efficient IT and data architecture as supply chain support

3.5 IT Readiness and Security



Information technology readiness and security

- Identify functions, and number of employees and infrastructure

- Ensure secure practice awareness
- Contact details of IT and IS teams

Target WFH Workforce and Functions

- Availability of a Central repository of Critical process documentation
- Access management processes and policies for different time zones and shifts
- Stringent security policies for internet

IT and Security Tools

- Sufficient internet connectivity and bandwidth
- 24/7 availability of crisis management team
- VPN coverage in the complete network
- Laptops/mobiles/desktops A/V enabled VOIP

IT and Cyber Security Governance

- Optimum mix of traditional and cloud-based solutions
- Prioritise critical daily usage softwares
- Prioritise softwares with easy remote access and installation

Hardware and Data Centres

- Policy clarity on personal device usage and special attention
- Issue laptops and handheld devices to the extent possible
- All data centres to be equipped with a live or hot network
- Robust and scalable security infrastructure
- Adequate staffing of managed IT services partner

Software and Licensing

- Awareness on possible modus operandi of cyber attacks
- Authorisation to resources based on relevance
- Multifactor, adaptive and risk-based authentication
- Identity management solutions should be updated

Bandwidth Sizing and Data Backup

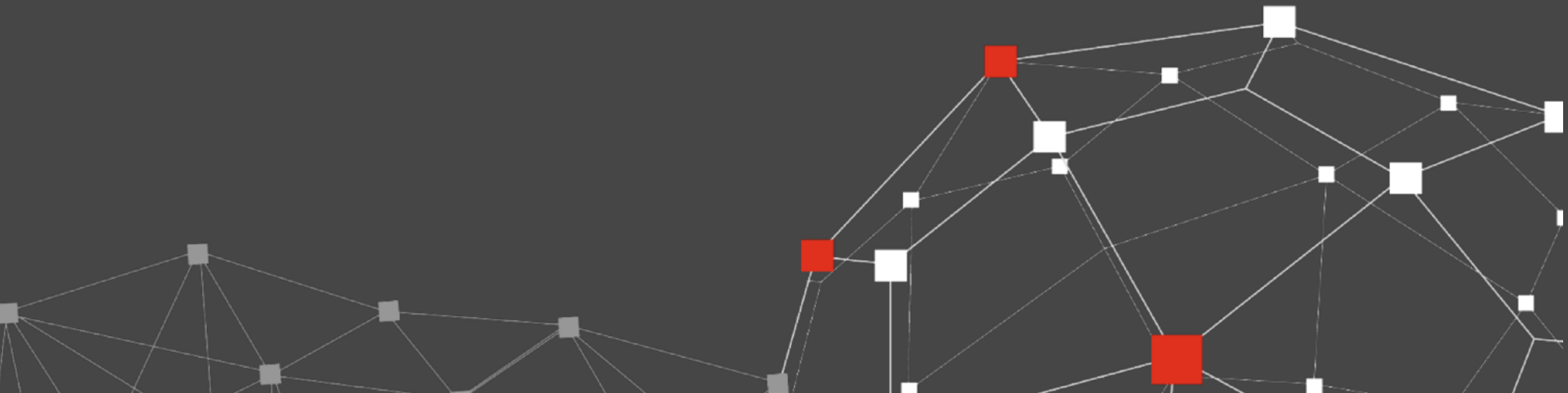
- Ensure ISP and VPN solutions have both upstream and downstream sufficient bandwidth
- Plan for peak-load scenarios

Cyber security Considerations








- Training workers with remote working nuances
- Disseminate guidance templates to make remote working self-explanatory

Remote Working Ways





















4 A potential game plan in response to the crisis



Start by considering how the business can protect itself in the short term...

<p>Review your workforce and travel</p> 	<ul style="list-style-type: none">• Identify staff in affected or vulnerable territories and their (potential) problems.• Review upcoming travel plans.• Adopt and continuously update clear policies aiming to protect staff (reasons for absence, visitor protocol, tax issue for staff in foreign countries, etc.).	<p>Revisit your crisis and continuity plans</p> 	<ul style="list-style-type: none">• Adapt and tailor generic plans to the specific challenges of a pandemic.• Plan for data flow, communication during crisis to quickly update and share accurate information and policies.• Assess operations, feasible and remote working technologies to ensure business continuity.
<p>Identify potential points of failure</p> 	<ul style="list-style-type: none">• Identify key workers processing critical roles.• Identify steps can be taken to effectively protect key people, who will keep businesses running.	<p>Use scenario analysis</p> 	<ul style="list-style-type: none">• Prepare best- to worst-scenario plans for every part of a business (from finance to organisations).
<p>Evaluate the supply chain</p> 	<ul style="list-style-type: none">• Perform a supply chain risk assessment, beginning with the most critical product.• Consider alternative plans for products' suppliers, prioritising plans for first and second-tier suppliers.	<p>Get communication right</p> 	<ul style="list-style-type: none">• Maintain consistent and accurate messaging, which is the key to avoid the internal chaos.• Assure the workforce that they are protected and their welfare is paramount.
<p>Do not lose sight of other risks</p> 	<ul style="list-style-type: none">• Pay attention to all of the risks, not only COVID-19 threats: focus on the virus alone could lead to neglect of other serious problems.		

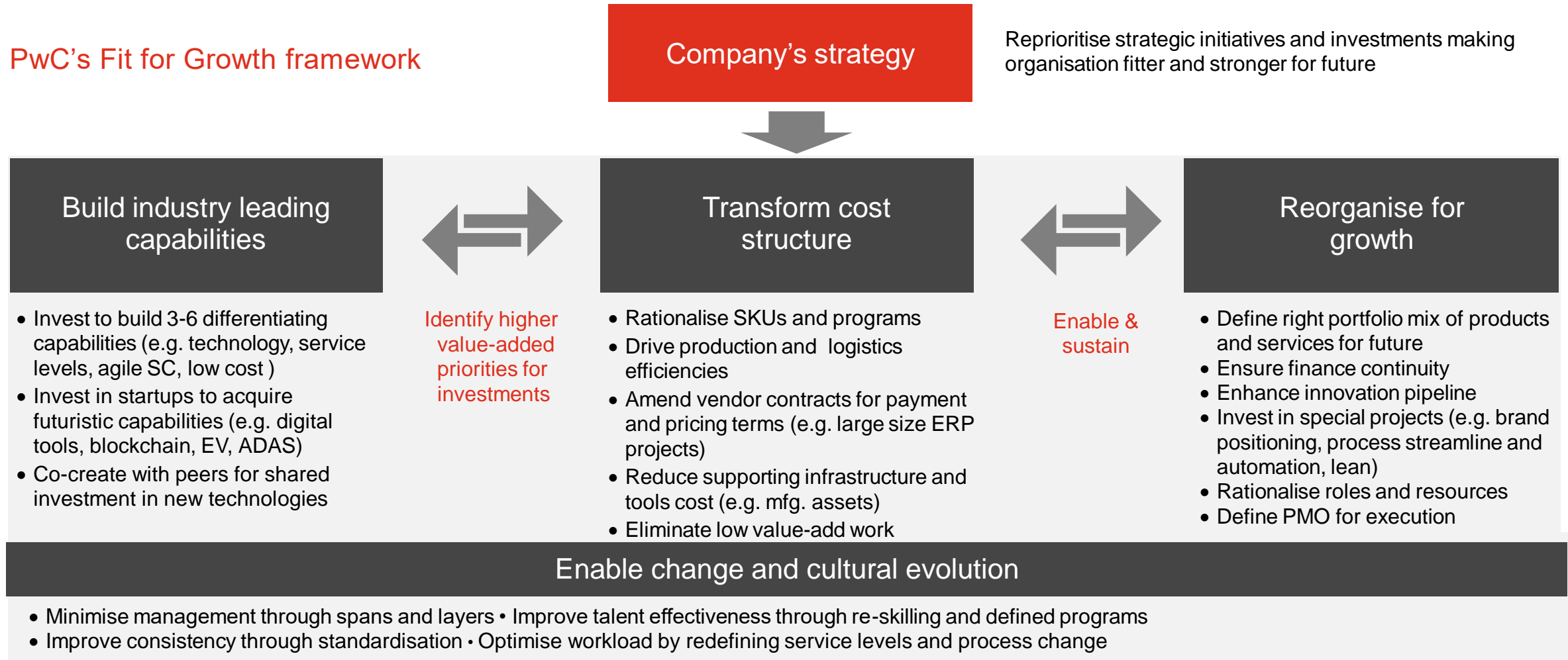
...and the consequences on different options to accelerate the organisation in the medium to long term

 Strategy	Business restructuring Create independent scalable business units with resiliency for future 	Differentiated capabilities Leverage low valuation to acquire capabilities for future through M&A 	Unlock value Identify low performing business and assets to sell for improved liquidity 	Product portfolio Develop new products considering new customers (tier-II & III), health, hygiene and connectivity needs 
 Front End	New business opportunity Shared mobility concerns can open up increased 2W, PV & used vehicle sales and pay-per-use model 	Increased online sales Concerns to visit showroom will lead to online digital sales and marketing processes (manpower & OH savings) 	Re-evaluate retail format and network Network footprint and showroom sizes revaluated considering dealer viability 	Door step service Vehicles serviced and sanitised at door step to bring in hygiene transparency; reduced service center footprint 
 Supply Chain and Operations	Be decisive Consider financial viability for future decide on ops restructuring, leadership and investments on hold 	Focus on data: Build digital thread across Ops. for faster decisions, lower human intervention, financial loss preemption, remote support 	Build future ready SC* Redesign supply base (on/off-shore, critical parts, alternative matl.) with real-time risk profiling (e.g. integrate blockchain) 	Mfg & Office space redesign Reduced opex (e.g. lease, energy, supplies) considering optimised mfg. (lower prodn.) / office space (remote work) 
 Workforce	Policy restructuring Restructure HR policies (e.g. health, remote working, travel, visitors, immigration, leaves, pay) through crisis learning 	Contract restructuring Revisit labor union contracts (e.g. pay, leaves, benefits) for shared risk impact ownership for collaborative crisis mgmt. 	Shared services & IT Savings through shared services (legal, tax, finance, admin) Build scalable IT backbone for online and remote needs 	Multi-skilled workforce Convince need for multi-skilling and conduct relevant training programs (e.g. coding) 

 Low attractiveness
  High attractiveness

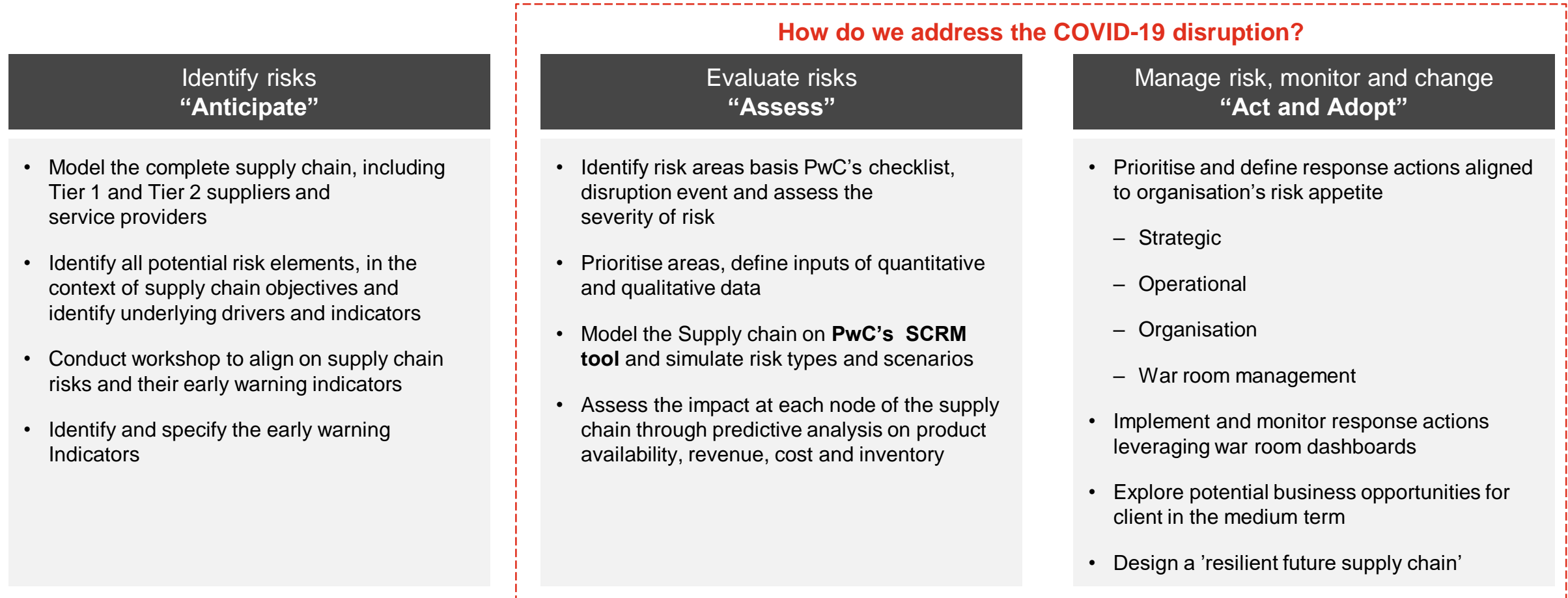
This can be done by looking at all components in the business, including the strategy, capabilities, cost and organisational structure...

PwC's Fit for Growth framework



..and leveraging a standardised approach to support you in your journey to adapt to and thrive in the 'new normal'

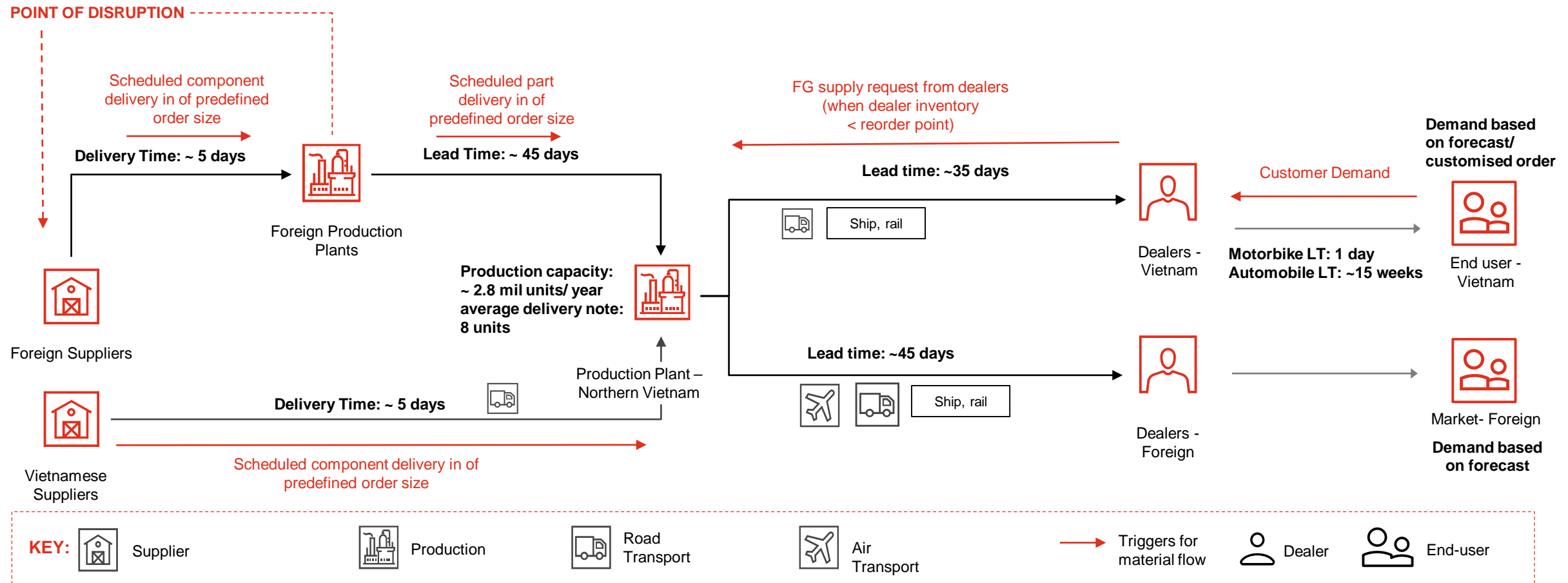
Example of PwC's standardised approach to enable companies to design a 'resilient supply chain'



Example - Demo Conceptual Model

Objective

Develop a solution for managing supply chain disruption that enables client for accurate assessment and quantification of the value at risk during the course of disruptions occurring in the supply chain.



Contact us

For further information and insights, please feel free to get in touch with



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