

COVID-19 Economic Downturn Study

April 2020

GLG Surveys

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Research Overview

Background:

This study was created to help understand the overall economic impact of COVID-19 on SMB and Enterprise organizations.



Factors investigating:

1. How prepared their organization is for an economic downturn.
2. How they feel this downturn will compare to the 2008 recession.
3. How long they feel the economic downturn will last, and how long their organization will need to recover to pre-COVID-19 levels.
4. Where, if any, costs would be cut for their organization.
5. Support / additional information their organization needs for preparation and sustainability.



Methodology:

- Online survey hosted and administered by GLG
- Survey length: ~8.5 minutes
- Respondents are C-Suite executives from U.S. based companies

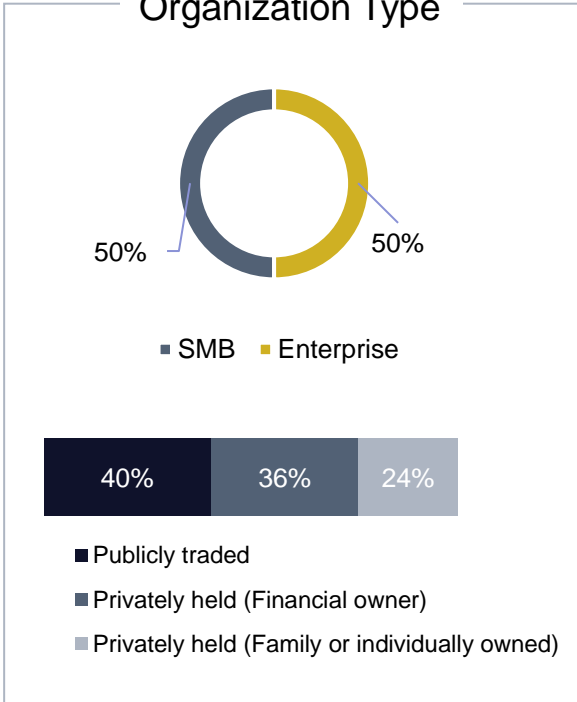


- **Fielding time:**
- Fielding time: March 31, 2020 – April 3, 2020

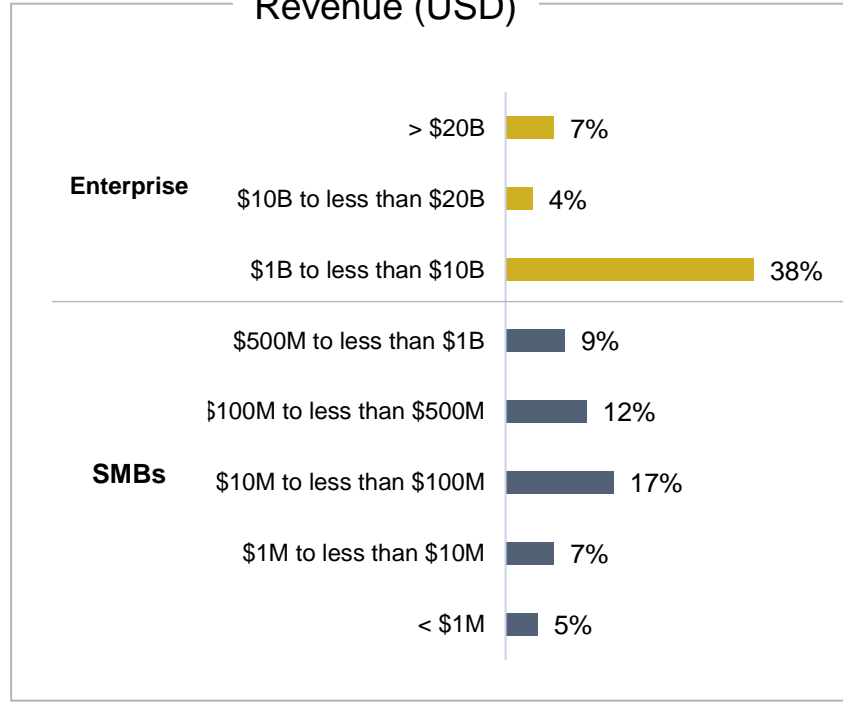
Demographics

Firmographics

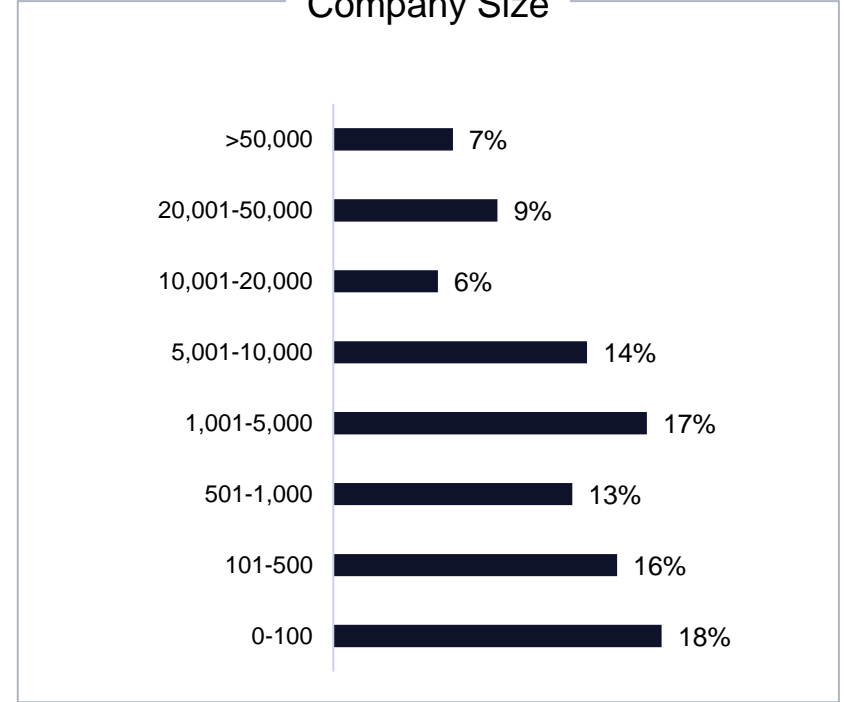
Organization Type



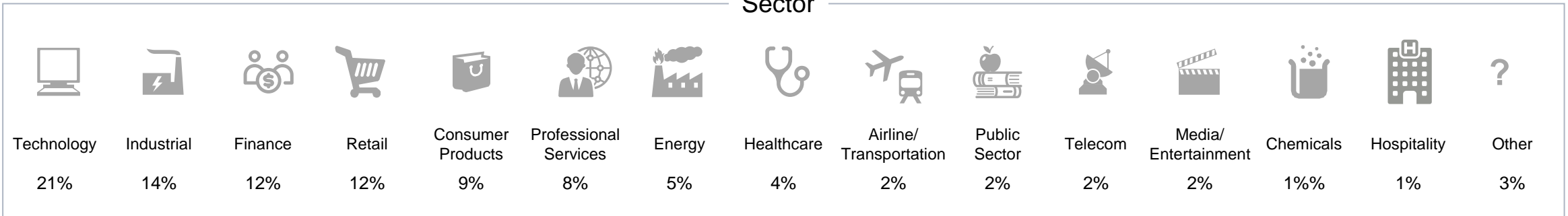
Revenue (USD)



Company Size



Sector



Demographics

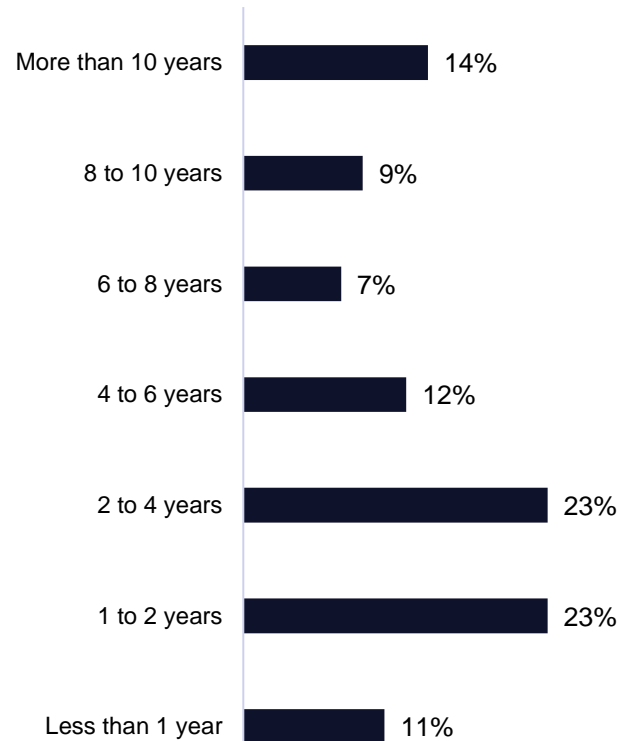
Role

100%

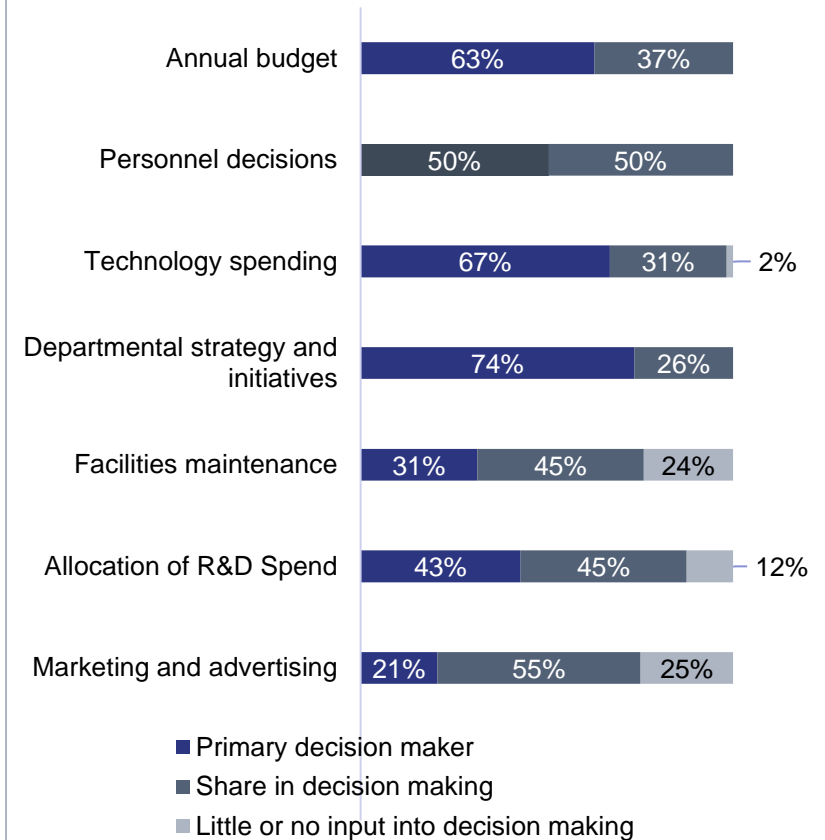
C-level (e.g., CEO, CFO, COO, etc.)



Tenure at Org



Decision Making



Summary

Key Findings:



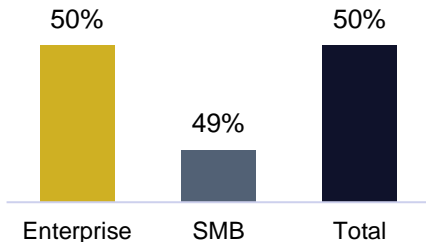
Believe global COVID-19 impact will continue to affect their revenue for another **9 months**.



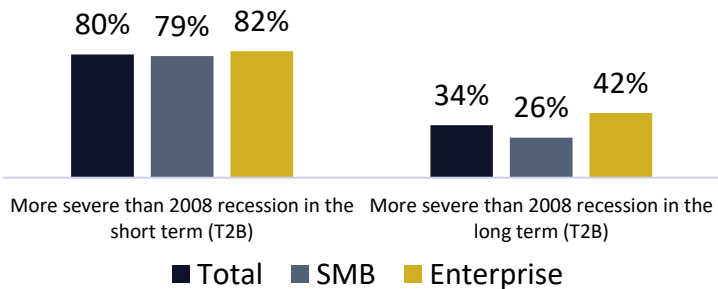
Confidence in Preparedness

About 50% of all leaders feel confident about their preparedness to deal with the economic downturn caused by COVID-19.

Confidence in their preparedness.



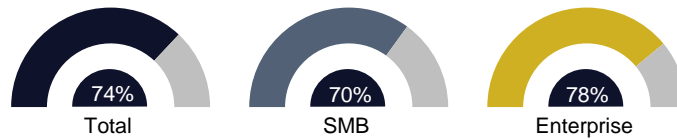
Belief that it will be worse than 2008 recession.



Expense Cutting Actions

Close to 3 in 4 leaders are expecting to take expense cutting action in response to COVID-19. Leaders from Enterprise organizations are moved to action the most, with 78% of them realizing they must find ways to cut costs.

Plan to deploy expense cutting actions



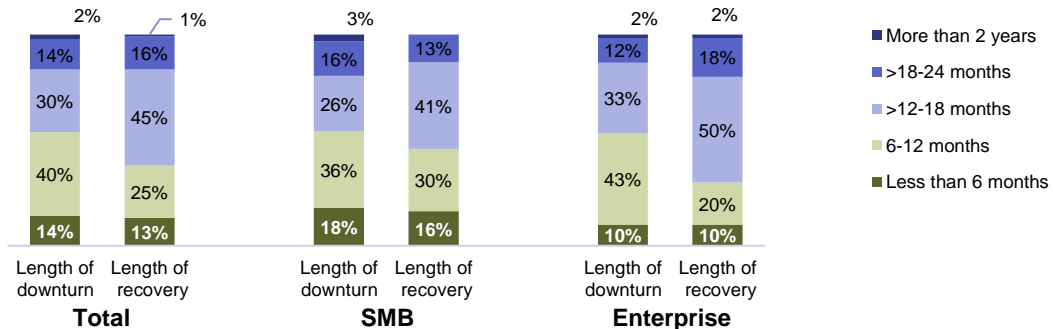
... top actions to be taken

- Hiring Freezes/ Layoffs/Furloughs
- Cut back on/negotiate vendor expenses
- Process Standardization & Automation

Downturn Length & Recovery Expectations


More than 1/3 of leaders expect the economic downturn to last more than 12 months. More than 1/2 believe it will take them more than a year for their organization to recover to pre COVID-19 levels.

Months the economic downturn is expected to last & cost leaders in recovery time.

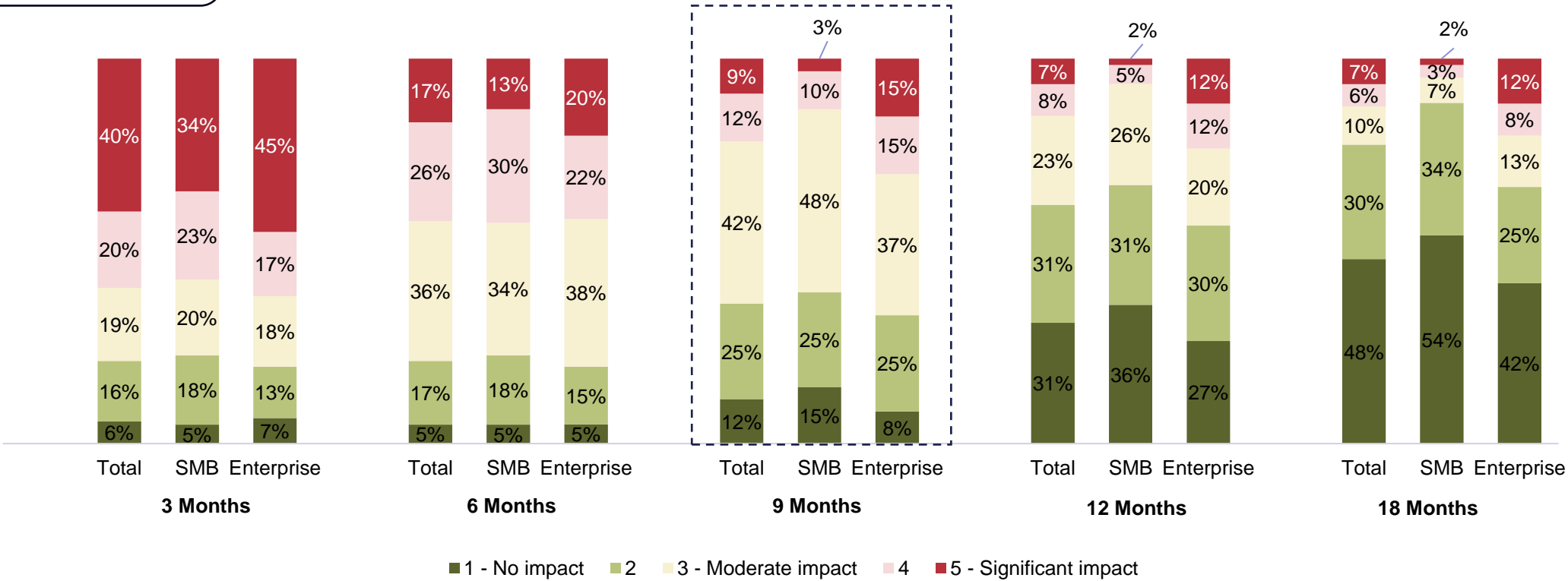


Detailed Findings

More than 60% of leaders believe that the global impact of COVID-19 will at least moderately impact their revenue over the next 9 months.


 About **10%** of leaders believe that recent events would have a **positive impact on revenue**.

Impact of COVID-19 On Revenue Over Time
(Among Total Respondents)

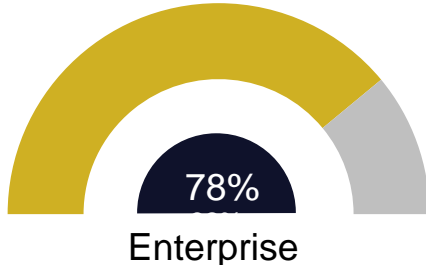
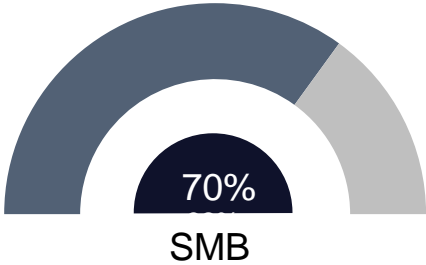
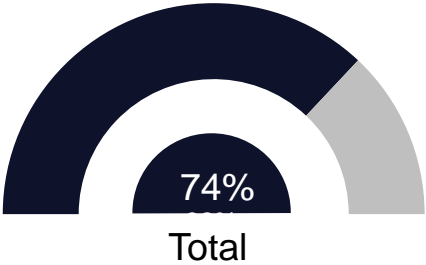


In response to the global impact of COVID-19, 74% of leaders expect to take explicit expense cutting actions, the most common of which being changes to labor strategy.

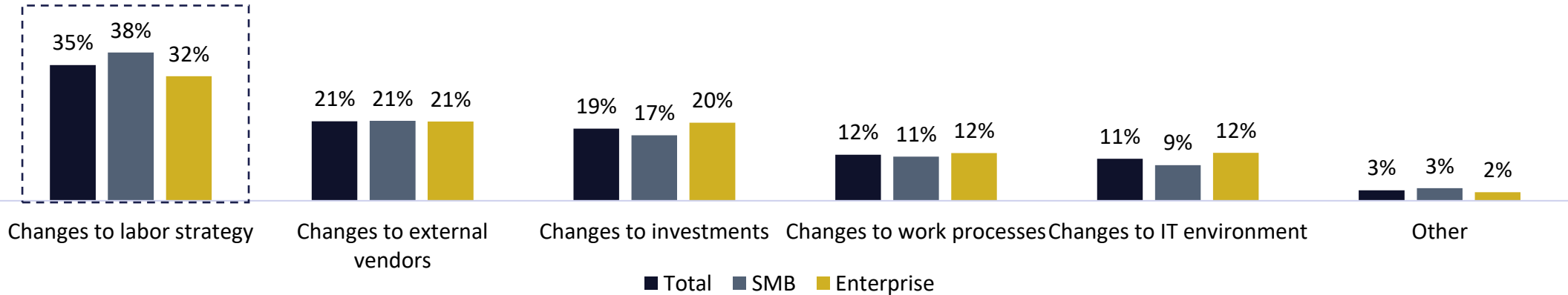
Expense Cutting Actions

(Among Total Respondents)

% who plan to take expense cutting action



Types of expense cutting actions expected

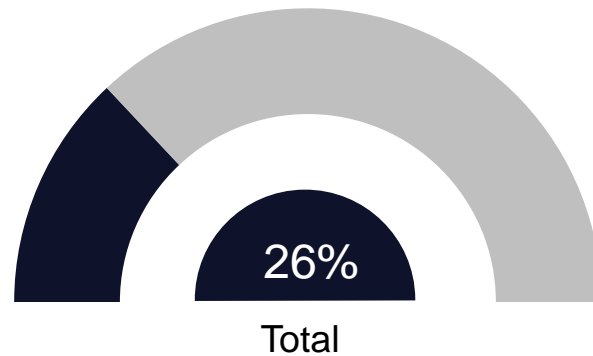


Approximately 1 in 4 leaders are not planning to take expense cutting actions, primarily due to optimism about temporary nature of the downturn and confidence that their teams withstand/absorb the short-term losses.

Expense Cutting Actions

(Among Total Respondents)

% who DO NOT plan to take expense cutting action



*“While we anticipate a slow down in total revenue and revenue growth rates, **we are cautiously optimistic** that the impact on our business will be comparatively minor, and one which we can absorb.”*

- C-level, Healthcare, SMB



*“We are in growth mode. This will slow our growth, but **we will not need to cut existing expenses.**”*

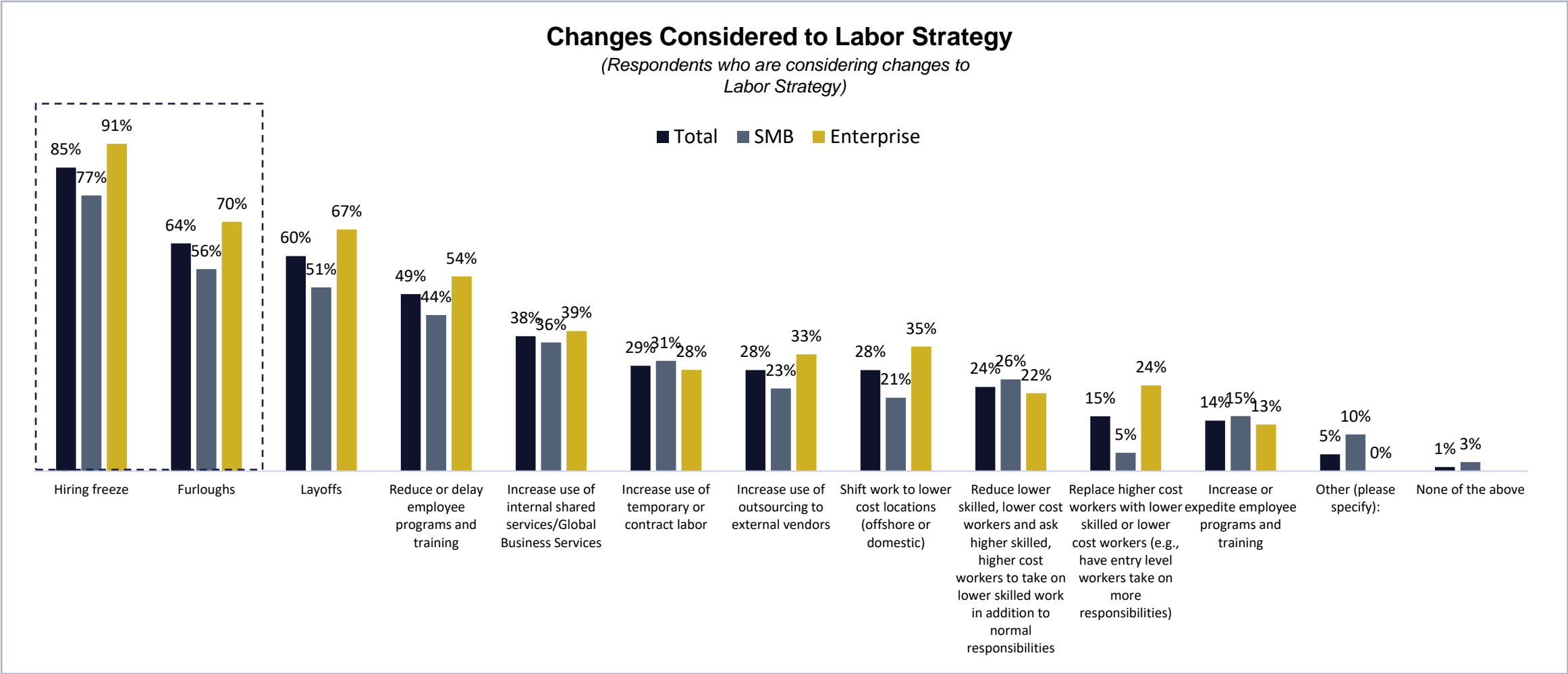
- C-level, Energy and natural resources, Enterprise



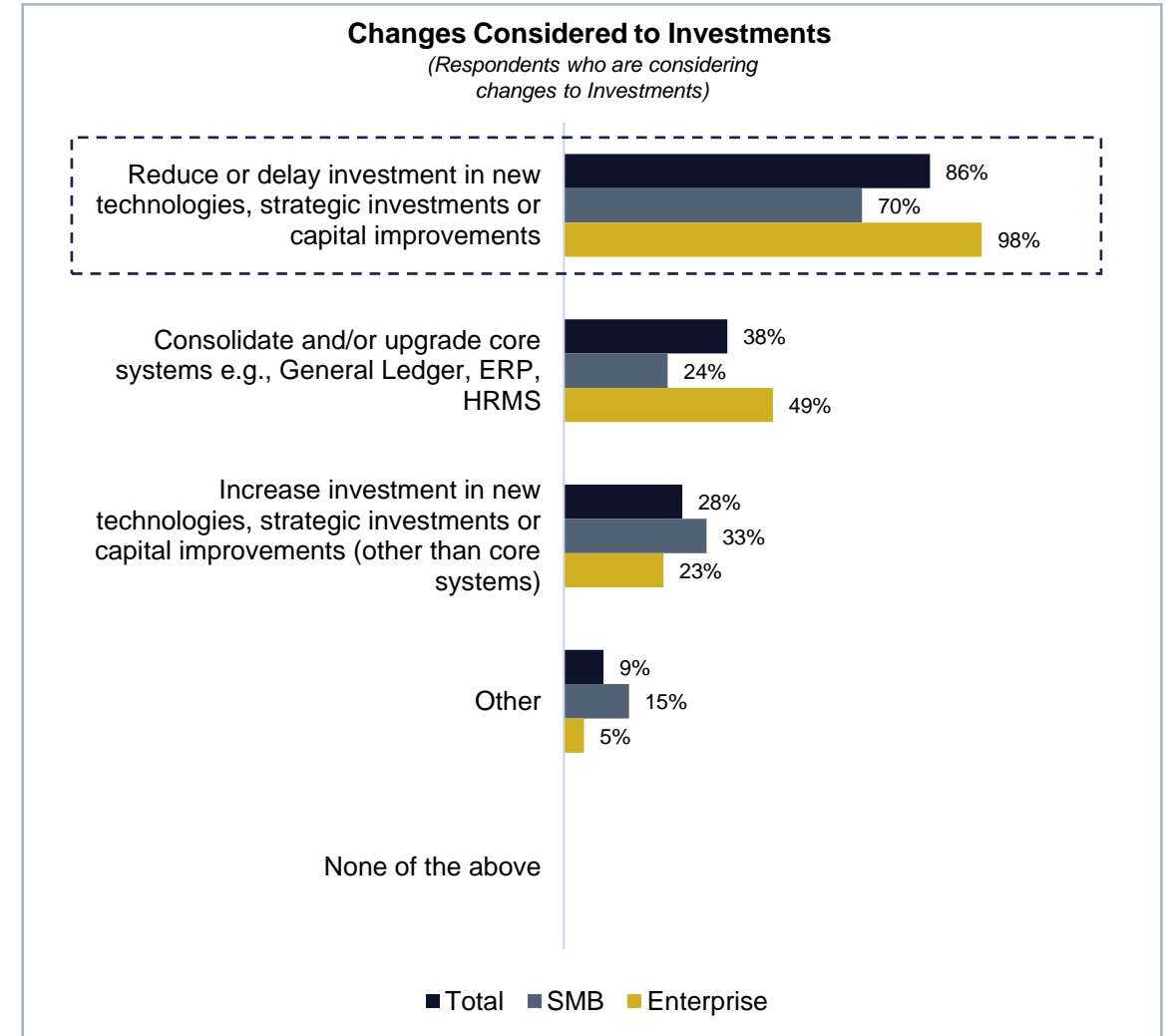
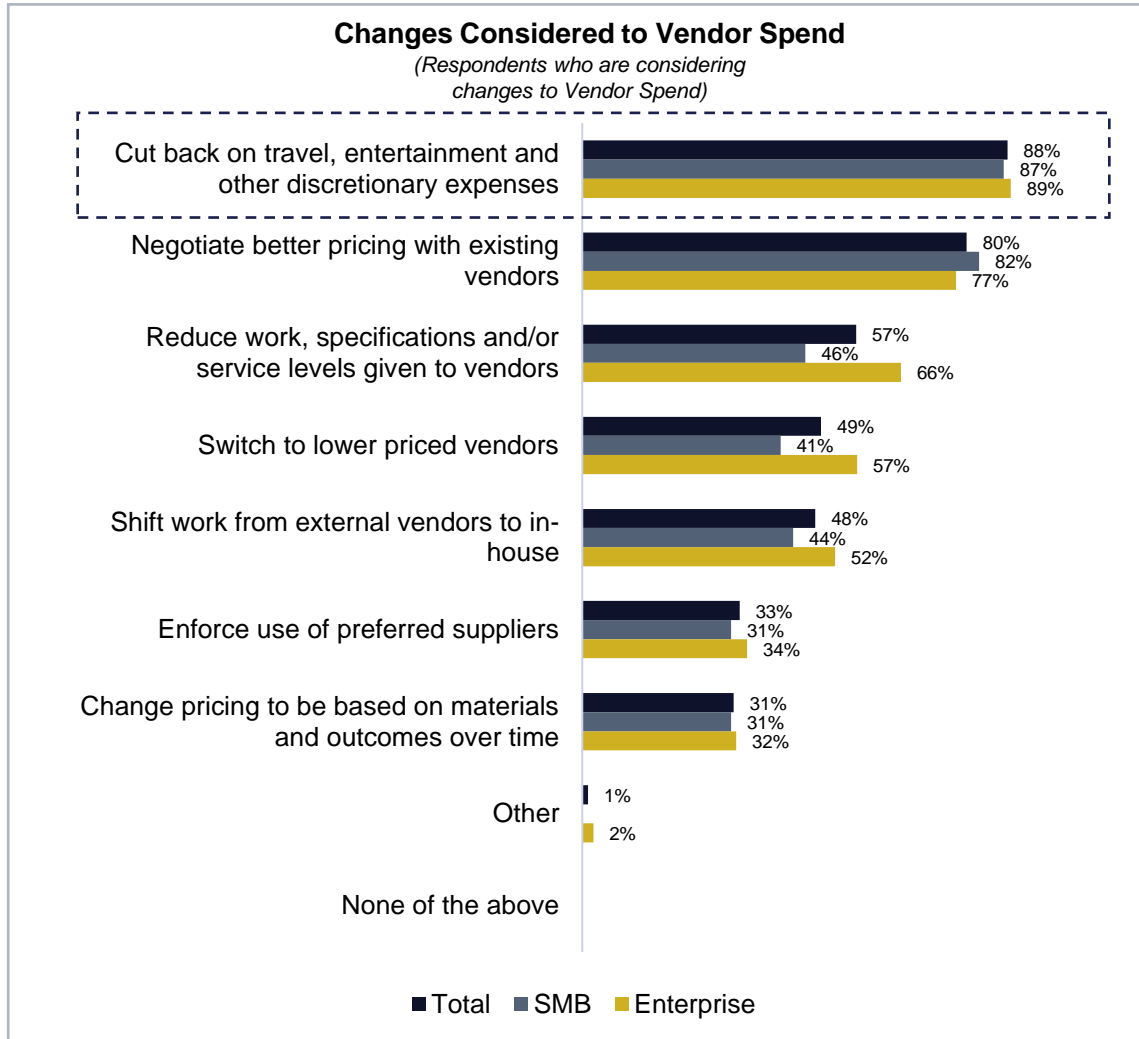
*“**We do not have staff who stop being necessary during a downturn**, nor do we have many expenses (outside marketing spend) that are really discretionary. In other words, we are already rather lean, and don't feel that cost cutting is the best way to move forward.”*

- C-level, Technology, Enterprise

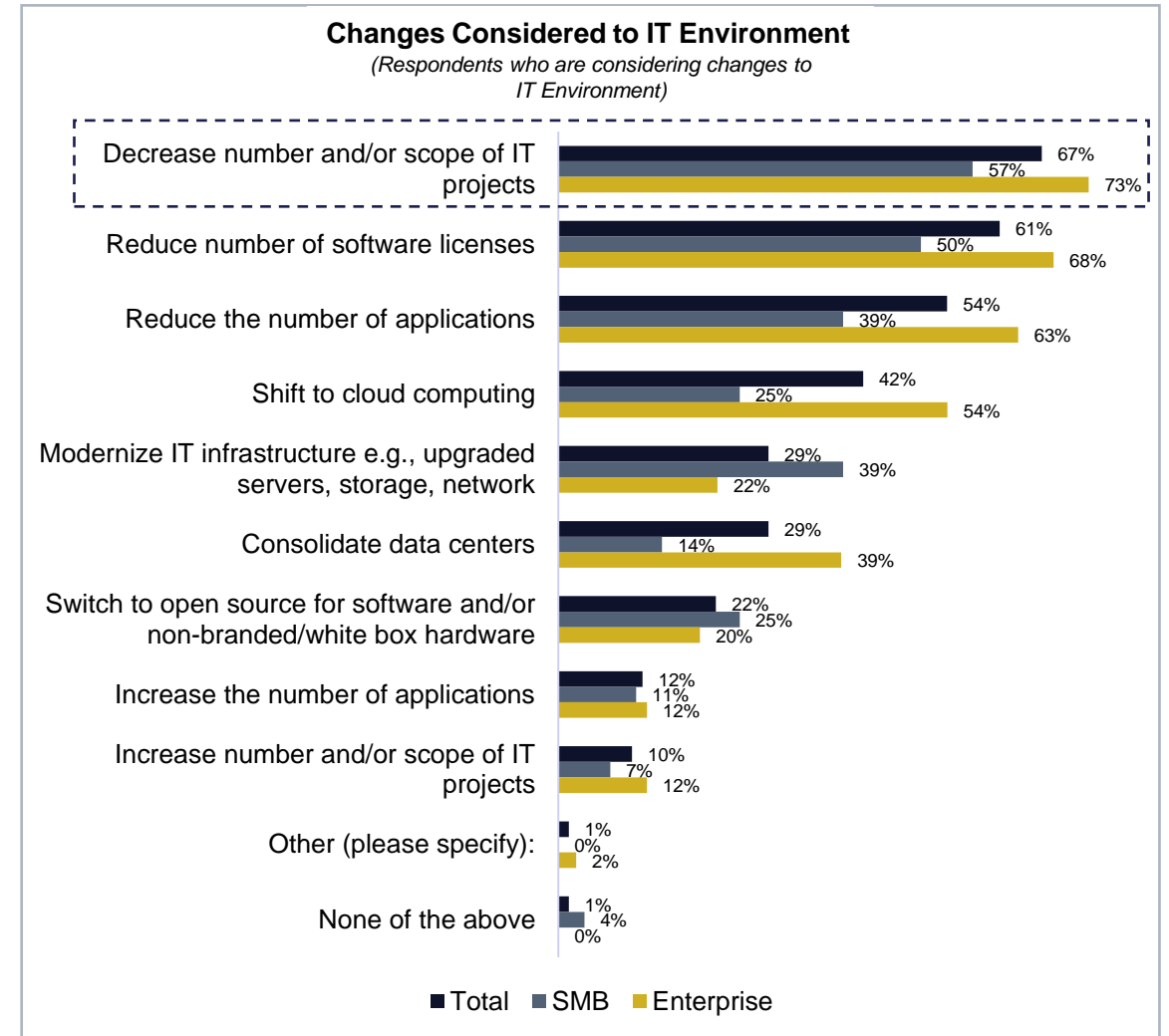
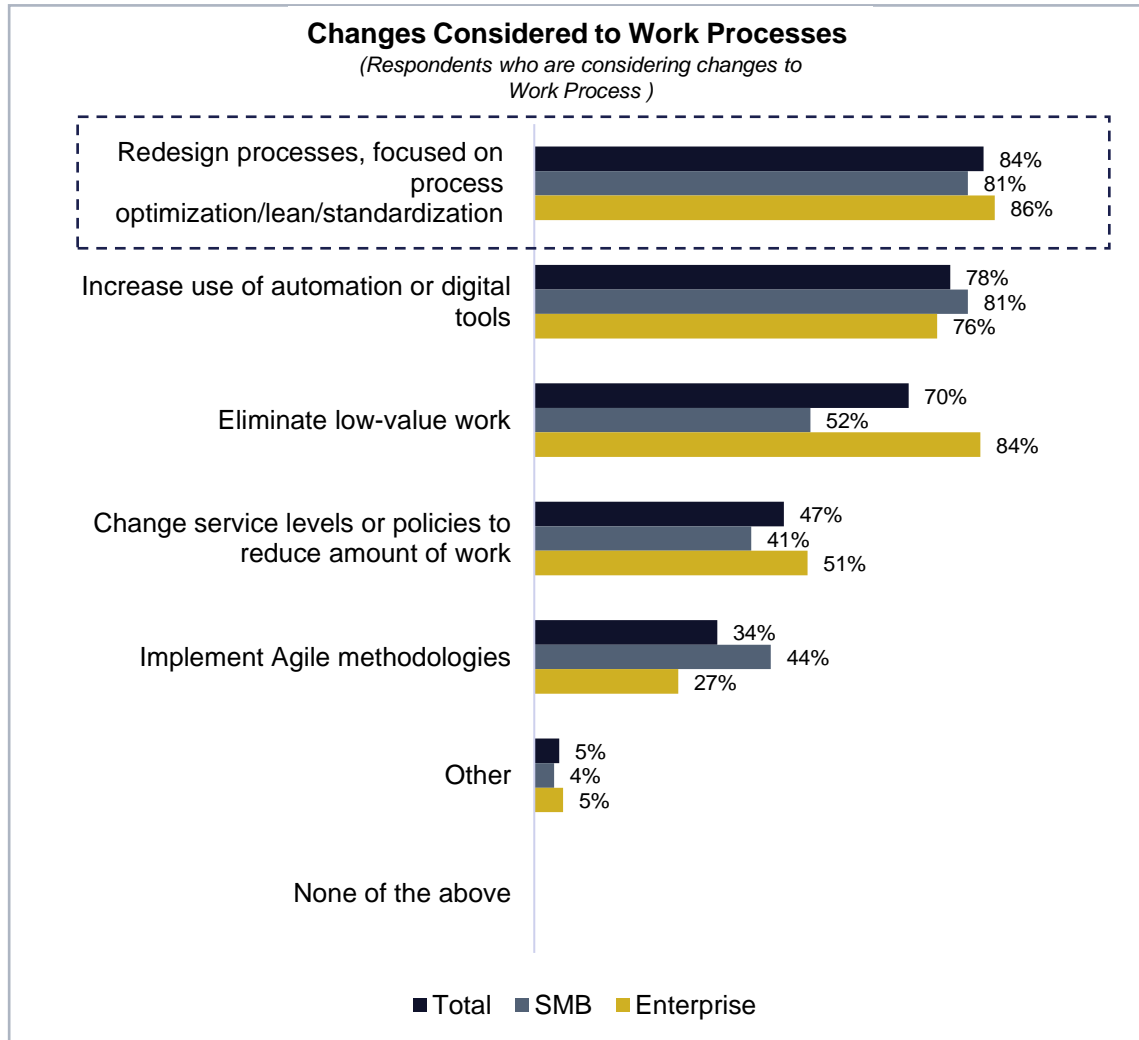
Hiring freezes, furloughs and layoffs are by far the most prevalent expense cutting changes in labor strategy.



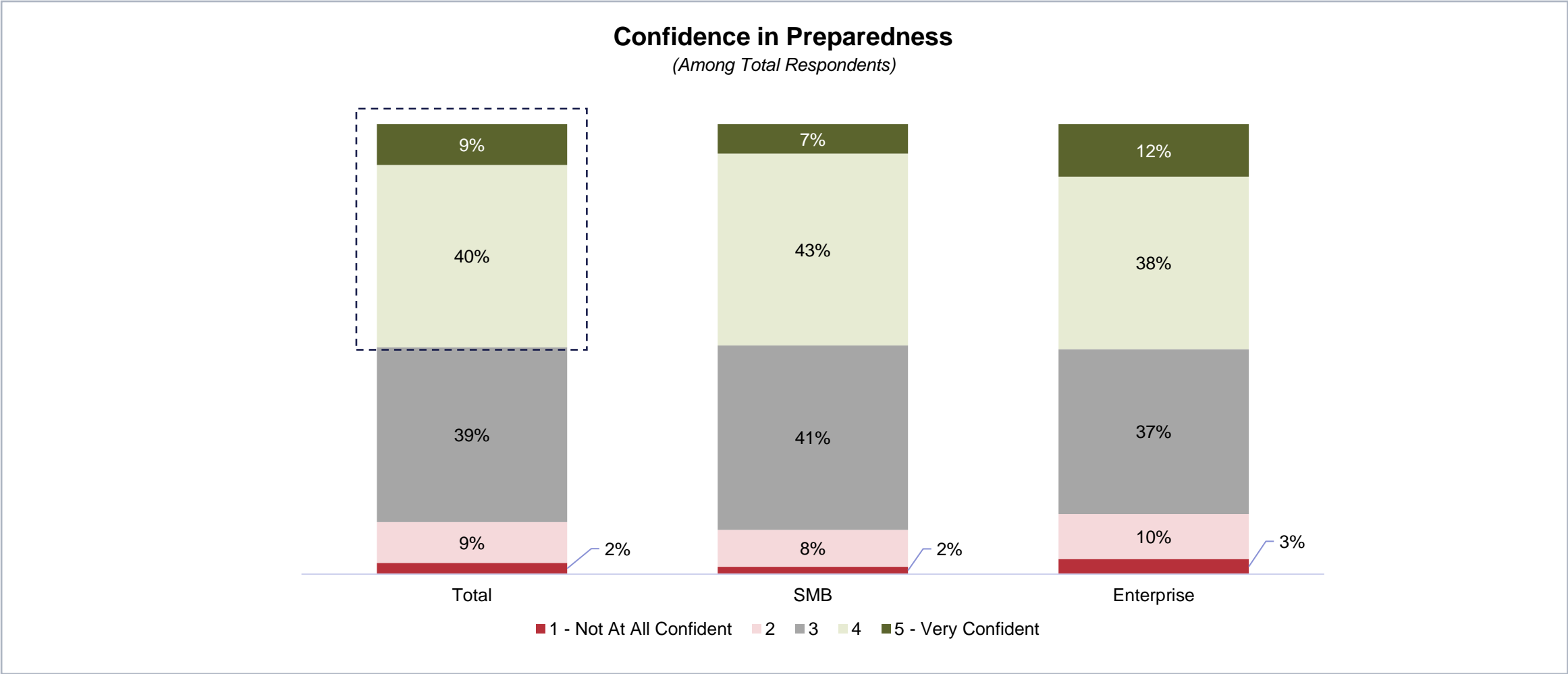
About 9 in 10 of those making changes to vendor spend are doing so by cutting travel, while most who are making changes to investments are reducing or cutting those altogether.



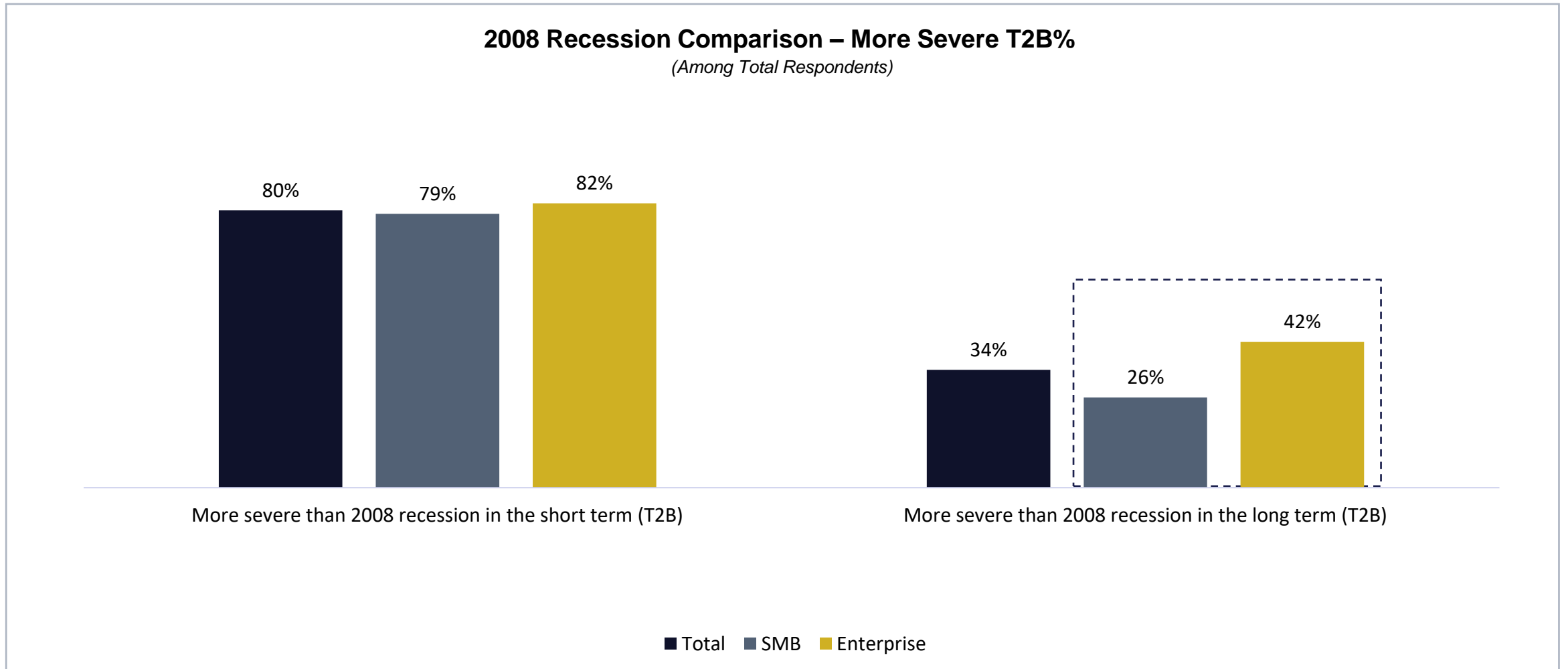
Most leaders (84%) who are looking to find efficiencies in work processes are focusing on standardization while those looking at the IT environment are cutting number of projects.



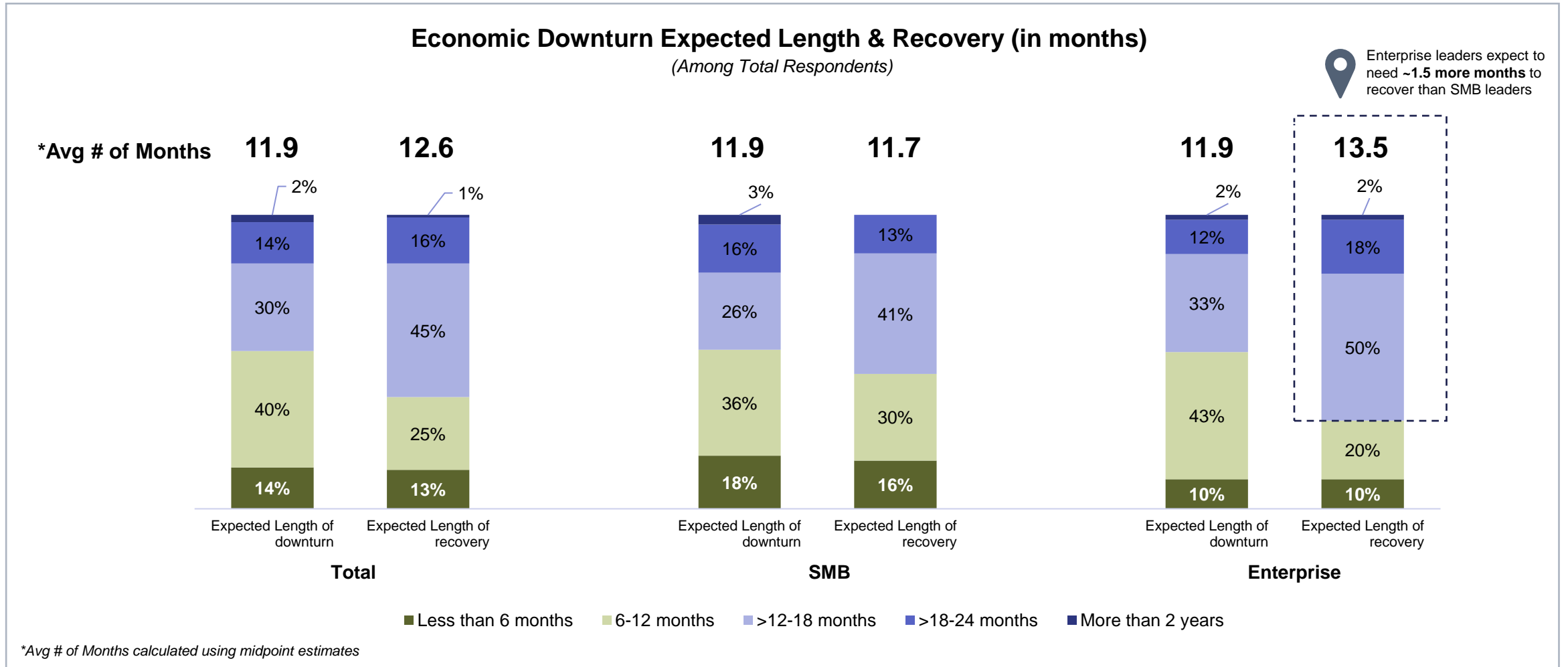
Close to 50% of leaders report confidence in their organization's preparedness for an economic downturn.



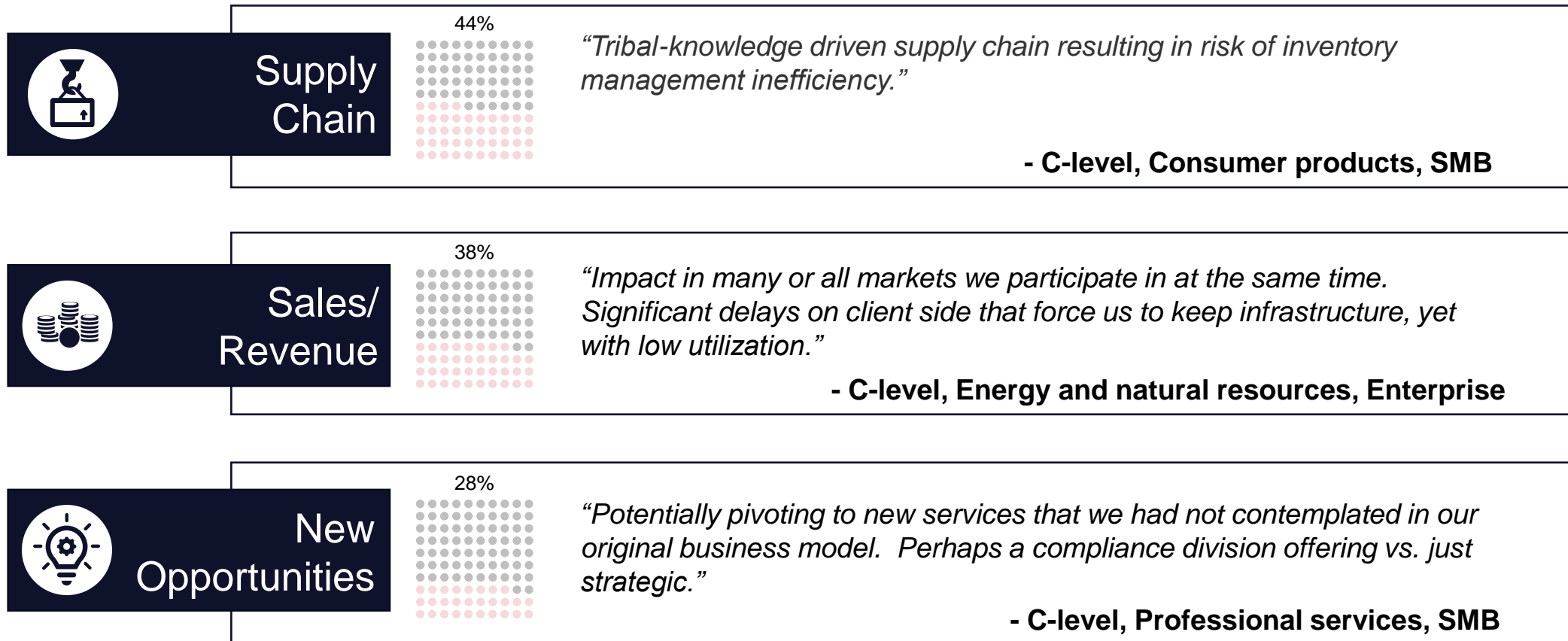
While most leaders (~80%) believe that the economic downturn from COVID-19 will be more severe than the 2008 recession in the short-term, more enterprise leaders believe the long-term effects will be more pronounced than their SMB counterparts.



Leaders expect the economic downturn to last approximately one year, need at least that long to recover to pre COVID-19 levels.



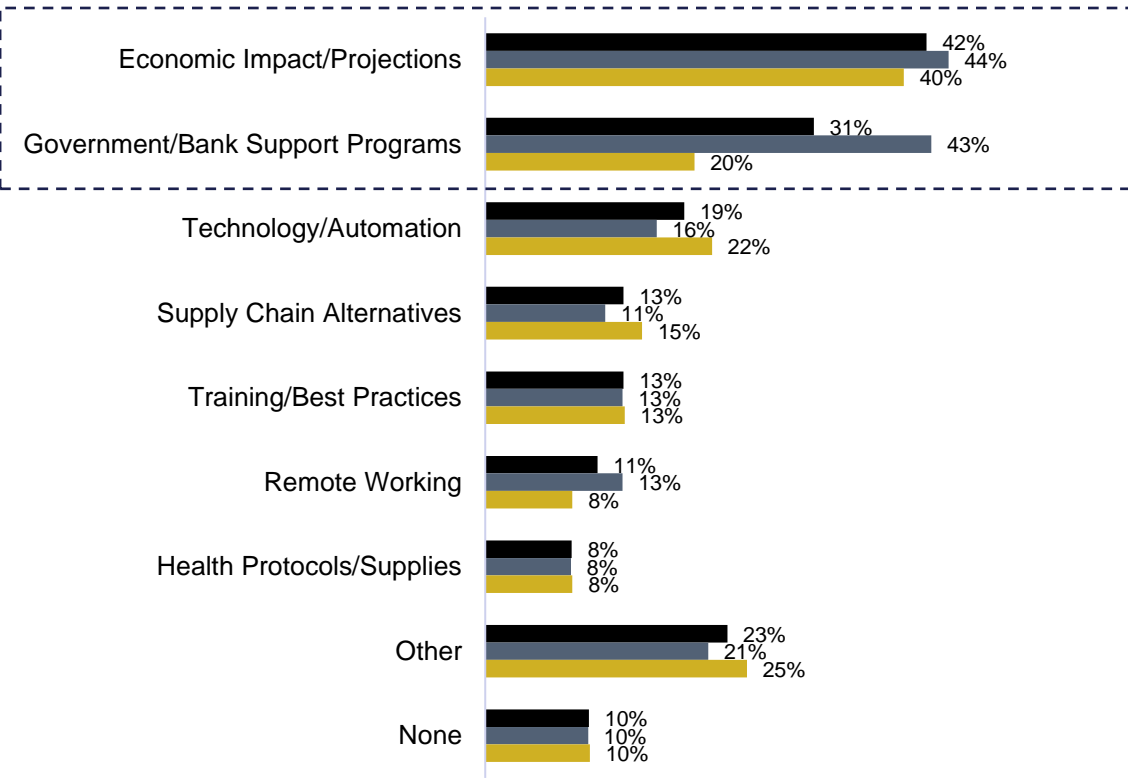
The top business challenges leaders feel least prepared for are supply chain disruptions, loss of sales/revenue and an increasing need to identify new opportunities & innovate quickly.



Leaders believe that better/more information and projections about the global impact of COVID-19 and ways to access government/bank assistance programs would help them better navigate through the economic downturn.

Type of support/additional information Needed to Prepare

(Among Total Respondents)



■ Total ■ SMB ■ Enterprise

Q25



“Better visibility into demand from customers and Additional modeling to predict scenarios of shelter in place timeframes.”

- C-level, Technology, Enterprise



“More details from our clients, insurance companies, on how they are impacted now and over time.”

- C-level, Financial Services, Enterprise



“So many new regulations--really need help in understanding how programs are being implemented and how we can get access to assistance.”

- C-level, Telecommunications, SMB

Appendix
