

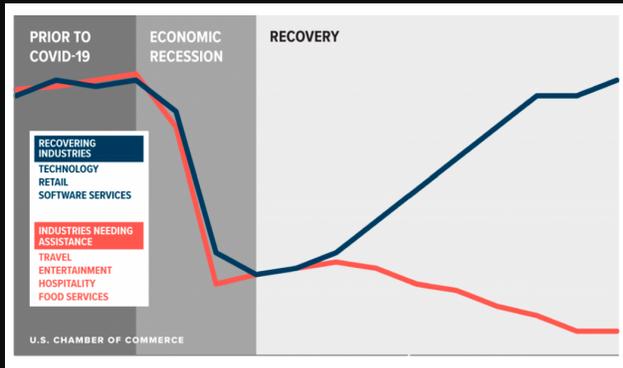
1

**The Impact of the COVID-19:
 Everything is amplified and accelerated**

- Workstyle Changes
 - Empowerment of employees to structure their own work rhythm
 - Free-address offices
 - More fluid work relations
- Digital Transformation
 - Autonomous systems and machine learning
 - Ecommerce and e-logistics
- Income inequality
 - The rich get richer, and the poor get poorer
 - Industrial bifurcation

2

The so-called “K-shaped” recovery



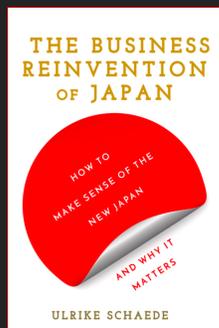
The pandemic is wiping out business that were already marginal (“zombies”). This might be a good thing, insofar as it is speeding up an inevitable process. But it also amplifies the cruel, “dog eat dog”, aspects of capitalism.

Yet, the pandemic is also speeding up change in our industrial organization. Countries, regions, and companies may exit certain industries, enter new ones.

So, how can we limit the “collateral damage”? That is, how to protect businesses that we need or want – for normative or practical reasons?

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For Japanese business, this could be a good thing...



- Japan is quite slow in making adjustments
 - corporate restructuring: exiting non-core businesses
 - labor relations: work hours, role of women, daycare, etc.
 - regional revitalization: remote work and reduced stress
- Japan is in the middle of a “business reinvention”
 - from diversified conglomerates to nimble, agile specialists
 - the “aggregate niche strategy”: dominating strategic advanced tech niches globally
 - growth of markets for corporate assets: PE, M&A, governance reform, etc.
 - turn to more individualized work patterns

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What strategies can Japan adopt to promote economic resiliency?

1

Enable global competitiveness

- Enable the top tier companies to place their technology bets and lead the recovery
- Remove regulation (e.g., bio, IT, cybersecurity, data, telecom) to remove constraints on competition

2

Build a new role for the state

- Increase the “welfare state” function of government
- Strengthen the safety net for the low end (reduce corporate role in welfare)
- Be creative in inducing demand for hospitality, food services etc.

This, too, is already (very slowly) happening and is now being accelerated.

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Thank you!

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