



German American
Chambers of Commerce
Deutsch-Amerikanische
Handelskammern

LEADING THROUGH CRISES

Forging the Path for 2022

ATLANTA | CHICAGO | DETROIT | HOUSTON | NEW YORK | SAN FRANCISCO | WASHINGTON DC

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The German American Chamber of Commerce® of the Midwest (GACC Midwest), headquartered in Chicago with a branch office in Detroit and an extensive chapter network across the American heartland, was founded in 1963. GACC Midwest is an integral part of the German Chamber Network (AHKs) with 140 offices in 92 countries around the globe.

Our continuing mission is to further, promote, and assist in the expansion of bilateral trade and investment between Germany and the United States, especially the Midwest. Our organization combines elements of a trade commission, a membership association, and a professional consultancy - a unique concept in international trade promotion.

LEADING THROUGH CRISES

The unprecedented levels of economic disruption caused by the COVID-19 pandemic exposed vulnerabilities in the global economy while presenting challenges to companies across industries.

Throughout 2021, GACC Midwest hosted a series of monthly webinars and virtual workshops that explored the impacts of COVID-19 on key areas of German American business and the innovative responses of companies and local economies. These events brought together experts with diverse viewpoints from Germany and the United States and promoted an exchange of knowledge, ideas, experiences, and best practices.

Both sides of the Atlantic learned from each other to better respond to the challenges in international trade caused by the COVID-19 pandemic and find solutions together.

A link to each webinar recording can be found on the GACC Midwest YouTube channel. Scan the QR code for direct access.

THANK YOU!


Thank you to our webinar speakers and workshop participants, without whom none of this would have been possible.

We enjoyed the fruitful exchange of ideas and experiences over the past year, and hope that this series will allow for continued transatlantic collaboration going forward as we have confidence in the strong relationship between Germany and the US. This sets a precedent for future crises and working together to navigate them, and come out stronger. We would also like to thank everyone who joined us from the audience, and our various promotional partners throughout the series.

The project was supported by the Transatlantic Program of the Federal Republic of Germany, funded by the European Recovery Program (ERP) of the Federal Ministry for Economic Affairs and Climate Action (BMWK).




Mark Tomkins
President & CEO
GACC Midwest

10 INDUSTRY TOPICS
127 EXPERTS
360 PARTICIPANTS

DIGITALIZATION OF SALES MODELS

FEATURED SPEAKERS

GARY FLY, PRESIDENT, THE BROOKS GROUP

TOM MITCHELL, PRESIDENT, MESSE DÜSSELDORF NORTH AMERICA

RALF WEISER, VICE PRESIDENT OF OPERATIONS, ALEXANDERWERK INC.

Due to travel bans, closures, and other safety restrictions during the pandemic, businesses were forced to change the way they interacted with their customers as well as the way customers purchased products and services.

In the webinar series kickoff, we explored the resultant digitalization of sales models as well as the virtualization of trade shows.

During the public webinar and subsequent expert workshop, we touched upon effective digital sales platforms and strategies, new sales models within B2B business, and the future of trade shows, which are a vital part of many manufacturers' lead generation and sales pipelines.

80% OF SALES REQUIRE FOLLOW UP PHONE CALLS AFTER THE MEETING¹

4X MORE LIKELY THAT A CUSTOMER WILL BUY WHEN REFERRED BY A FRIEND²

23% INCREASE IN OPEN RATES BY ADDING "NEW" TO YOUR SUBJECT LINE³



COVID-19 has forced businesses to establish new touchpoints in sales models with the help of digitalization. Sales managers need to have patience, as new leads require 10 to 12 touchpoints on average to receive a customer response. Incorporating a hybrid model of digital and in-person outreach beyond calls and emails is recommended.

Word-of-mouth recommendations have become essential to customer acquisition, as most clients browse the web for reviews prior to purchasing a service or product.

As social media and brand awareness have gained importance, marketing departments have become vital for companies. Companies need to ensure their websites are professional, easy to navigate, and offer clear solutions for potential customers.

"THE IMPERATIVE TO GO HYBRID HAS LED TO A 'NETFLIXIFICATION' OF THE TRADE SHOW INDUSTRY - AS ATTENDEES AND YOUR TARGET CUSTOMERS WANT TO ACCESS CONTENT ON DEMAND."

**TOM MITCHELL,
MESSE DÜSSELDORF**

DIGITAL SALES TIPS



Turn on your webcam - studies show 41% better closure rates when sales partners are visible!⁴



Conduct virtual research about potential contacts that would usually be done during in-person networking



Limiting presentation to 9 min or less increases audience engagement and information retention



Foster connections between buyers and sellers by hosting virtual trade shows



Pursue an intergenerational workforce to bridge potential skills gaps and match audience communication styles



Revamp marketing departments to concentrate on data analytics and customized content based on audience analysis



Target well-funded start-ups that have disposable income

SUPPLY CHAIN SHOCKS

FLUCTUATION IN SUPPLY AND DEMAND

FEATURED SPEAKERS

MERLIN DOW, SALES MANAGER, GEBRÜDER WEISS

SASKIA WAGNER-SARDESAI, SENIOR SCIENTIST, FRAUNHOFER IML

THOMAS ZELLER, DIRECTOR OF MARKETING & STRATEGY, UPS

Crises such as natural disasters often result in supply chain disruptions and companies generally account for this in risk management planning. However, the COVID-19 pandemic caused massive shocks to both supply and demand across markets, creating unprecedented challenges in the global supply chain.

In our March webinar and workshop, we discussed how German and American companies reacted to production disruptions, global shortages of raw materials, shipping and logistical limitations, and fluctuations in customer demand. We further explored how companies can create more resilient supply chains to withstand future crises.

“ALL CRISES HAVE ONE THING IN COMMON, AND THAT IS THAT THEY SHOW WEAKNESSES - IN LOGISTICAL SYSTEMS, AND POLITICAL SYSTEMS. IT REALLY ACCELERATES TRENDS WE’VE SEEN COMING AND MEGATRENDS.”

**THOMAS ZELLER,
UPS**



PLANNING & COMMUNICATION WITH SUPPLIERS

In the short term, transparency and daily communication along supply chain processes are key. In the long term, companies should conduct periodic “stress tests” of their supply chains using simulation tools to identify potential vulnerabilities and find solutions to combat them. Companies should implement IT systems that allow for collaborative demand and capacity management along their supply chain with essential end customers. Companies should also configure their ERP/SAP systems to anticipate longer lead times. ⁵

INVENTORY CHALLENGES & SOLUTIONS

While the pandemic presented logistical challenges, businesses offered solutions by increasing long-term warehouse space and standing inventory of different products or components sourced from abroad. Companies found success in changing warehouse layouts, revising policies for the social distancing of employees, streamlining workforce training, and ensuring compliance with COVID-19 safety precautions.

FREIGHT CHALLENGES & SOLUTIONS

COVID-19 led to drastic price increases for air and sea freight which were caused by diminished capacity via canceled passenger flights and port bottlenecks. Demand pressures also emerged as shipments of vaccines dramatically increased and had priority. As e-commerce consumes

a majority of shipping capacity, Merlin Dow advises companies to increase their freight budgets, hypothesizing costs will not go back to pre-COVID-19 levels in the future. Businesses should also plan for increased lead times in supply delivery and increase their local storage capacity. Merlin recommends companies book freight shipments as far in advance as possible and leverage block space agreements while being flexible with freight options and providers.

However, we may see a shift towards localization of supply chains for products with a limited shelf life such as food and beverages. Companies can also use ocean freight as a “free” warehouse for inventory if it’s possible to have longer lead times for the delivery of products.

NEW MARKET OPPORTUNITIES & EMERGING INNOVATION

Crises can present market opportunities and drive new business models and investments in innovative technologies. The need to maintain vaccines at consistent cold temperatures during shipment led UPS to invest in refrigeration technology and drones to deliver medication from pharmacies to nursing homes.

DE-URBANIZATION

THE MIGRATION FROM MAIN STREET

FEATURED SPEAKERS

JOHN AUGUSTINE, CHIEF INVESTMENT OFFICER, HUNTINGTON BANK
DR. PETRA HURTADO, RESEARCH DIRECTOR, AMERICAN PLANNING ASSOCIATION
KOLJA MÜLLER, PERSONAL ADVISOR TO HEAD OF PLANNING & HOUSING, CITY OF FRANKFURT

As businesses and schools shifted to operating online, and the vibrancy and economic vigor of large cities were stifled by the pandemic, the appeal of big cities was put into question. During the April public webinar and subsequent private workshop, the focus was on changes in migration patterns, and how businesses responded and adapted to these changes.

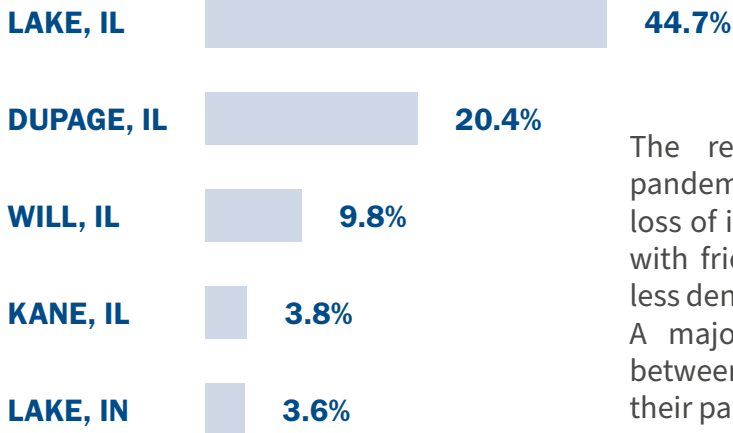
A common concern was how cities can continue to attract and retain residents in a future where work-from-home is widespread and employment opportunities will no longer be the main driver of urban growth.

POPULATION SHIFTS

According to our speaker, Petra Hurtado, the data regarding de-urbanization in the US because of COVID-19 shows that rather than leaving large metropolitan areas for rural areas, most people are moving from urban cores to the suburbs. In Illinois, the largest percentage of outflows (44.7%) from Cook County (Chicago), was towards Lake County.⁶

The reasons people moved due to the pandemic varied- 37% moved due to related loss of income, 33% desired to shelter in place with friends and family, while 24% moved to less densely populated areas for safety reasons. A majority moving due to COVID-19 were between 18 and 29 years old and went back to their parents' homes. It remains to be seen how permanent these moves are.⁶

OUTFLOWS FROM COOK COUNTY, IL (CHICAGO) SUBURBS



BEST PRACTICES FOR COMPANIES

- Focus on improving digital presence and increasing use of social media and virtual events to build brand awareness and customer loyalty.
- Companies in the food service and grocery industry should increase delivery and contactless carry-out as options to strengthen customer loyalty and safety.
- Transition from “me-centered” to “we-centered” spaces - in the office, open areas that foster team collaboration are the goal. Private offices offering distraction-free workspaces can be done remotely.

BEST PRACTICES FOR CITIES

- Provide targeted support for small businesses to keep them afloat and prevent them from relocating to the suburbs, especially in the hospitality and retail industries.
- Invest more in parks and open spaces: During shelter in place, 60% of US travel destinations was to parks.⁷
- Reconceptualize public transit: Ridership declined everywhere. Data has shown that those who can work remotely have the best access to public transit compared to those who cannot work remotely.
- Cities should invest in expanding broadband access to underserved communities. COVID-19 highlighted a ‘digital divide’ in societies.
- Focus on supporting already vulnerable populations. For example, restructure existing economic development incentive programs so that companies can only receive funds if they invest a certain amount in tackling ‘workforce barriers’ such as transit, workforce training or childcare for workers.
- Mitigate excessive housing costs by repurposing vacant office space in city centers to create additional housing options.

PILOT PROJECT IN FRANKFURT AM MAIN: “POST-CORONA CITY”

The German Federal Government is funding 13 individual innovative projects that serve as best practices for providing ideas and tools to strengthen cities and their population during the pandemic. The city of Frankfurt is facing several challenges familiar to most cities: Sales figures have dropped considerably, most commuters work from home, international tourists are staying away, gastronomy, museums, and theaters are closed or have limited capacity, and vacancies have increased.

To keep downtown Frankfurt attractive, the project will strengthen retail, office, cultural, leisure and living locations downtown, develop sustainable mobility projects, and compile solutions to boost the attractiveness of public spaces. The project is forecasted to finish in 2023.





FEDERAL ECONOMIC RELIEF MEASURES

FEATURED SPEAKERS

MARTIN ERHARDT, ECONOMIC & FINANCIAL COUNSELOR, EMBASSY OF THE FEDERAL REPUBLIC OF GERMANY

DR. DIANE LIM, ECONOMIST & AUTHOR, ECONOMISTMOM BLOG

ALINA HARASTASANU, SENIOR MANAGER, EUROPEAN BUSINESS DEVELOPMENT, JOBSOHIO

During the COVID-19 pandemic, containment measures limited economic and social interactions. The decreased consumer demand left jobs and livelihoods at risk and forced government institutions to reconsider effective employment and social policy responses.

The US's response was titled the American Rescue Plan and was aimed at restoring the economy to pre-pandemic levels. Germany implemented a Kurzarbeit policy, or short-time work scheme, which was applauded by many economists worldwide after the recession in 2008. Kurzarbeit is a social insurance program where employees' working hours are reduced instead of being laid off.

GERMANY'S ECONOMIC RESPONSE:

- 1 Directing grants to promote survival of SMEs and self-employed individuals
- 2 Supporting the liquidity of companies with loans, guarantees, and recapitalization
- 3 Expansion of short-time work benefit ("Kurzarbeit")
- 4 Recovery Plan: Next Generation EU - future development package

"RESEARCHERS FOUND THAT 2.2 MILLION JOBS WERE SAVED IN GERMANY AT THE PEAK OF THE CRISIS BECAUSE OF KURZARBEIT."

**MARTIN ERHARD,
FEDERAL EMBASSY OF GERMANY**

GERMANY'S MEASURES & EFFECTS: KURZARBEIT ⁸

- The unemployment rate was 5.9% in 2020 and is projected to fully recover by the end of 2022.
- Kurzarbeit reduced the threshold for the number of employees in a firm that were affected to 10% during 2020, compared to 33% during the 2009 recession.
- In the beginning of 2021, Germany had 3 million active Kurzarbeit employees, a decrease from 6 million in April 2020.



US ECONOMIC RESPONSE: THE AMERICAN RESCUE PLAN

US policies to date focused on "relief" and "rescue" total 5.4 billion USD as of May 2021.

Policymakers passed the American Rescue Plan, which consisted of various support measures such as the Paycheck Protection Program to support small businesses, economic stimulus pay, expanding unemployment compensation, public health and related spending, tax incentives, direct aid to governments, and much more.

Furthermore, the Biden Administration passed the Infrastructure Investment and Jobs Act and has announced the American Families Plan to further combat the negative economic impacts of the pandemic.

US EFFECTS & FINDINGS FROM THE PANDEMIC RECESSION

This recession was sometimes called a "shecession," or a female recession, because it disproportionately affected female loss of employment. The rate of women employed has yet to recover, especially in relation to the male employment rate which has seen a significant rebound.

US policies to counter the recession were relatively successful in the short term. One example of this is the Paycheck Protection Program, which gave cash flow assistance to small businesses for eight weeks through 100 percent federally guaranteed loans.⁹

Our experts believed policymakers should be proactive - concentrating on regions' weaknesses and be prepared for future challenges. Furthermore, communication between governmental agencies and businesses is necessary to avoid confusion about quickly shifting regulations.

STARTUPS

OPPORTUNITIES FOR INNOVATION

FEATURED SPEAKERS

MIRCO DRAGOWSKI, CO-HEAD STARTUP CENTER, BBW HOCHSCHULE
DR. AMANDA ELAM, PHD., RESEARCH FELLOW, DIANA INTERNATIONAL RESEARCH INSTITUTE
MANAS MEHANDRU, CHIEF OPERATING OFFICER, MHUB
TOBIAS SZAROWICZ, BOARD MEMBER, REAKTOR BERLIN

In 2020 the US experienced what some called a “startup boom.” In Q3, the US Census Bureau saw the largest number of new business applications to date compared to any single quarter.¹⁰

Innovators and thought leaders of tomorrow seized opportunities to reinvent the way economies lived, worked, and operated in a pandemic world. Experts discussed the startup scene in both the US and Germany, trends in innovation, and how incubators and accelerators supported the influx of startups.

One thing that remained true for startups throughout the pandemic was the importance of a strong network. During the pandemic, virtual events proved to be a challenge when trying to build relationships. Our panelists recommended that startups focus on key contacts to provide meaningful introductions. Although it may be easier to meet virtually, it does not allow for the same personal connections to be built. Therefore, when attempting to build trust in a virtual setting, it is recommended to rely on existing mutual contacts.

Digital tools turned out to be a source of competitive advantage for many small businesses, accelerators, and incubators because they were now able to reach a wider audience. However,

INDUSTRIES WITH THE HIGHEST LEVEL OF INVESTMENT IN GERMANY AND THE US

- **Automation, Digitization, & Cloud-Based Technology:** Google announced they would be investing 1 billion euros by 2030 to expand its cloud computing infrastructure in Germany.¹¹
- **Digital Health, Life Sciences Biotechnology:** In North America, a record of \$70 billion of private and public capital were invested into life sciences related companies in 2020, a 93% increase from the previous record year.¹²
- **FinTech Startups:** In the U.S. specifically, there was a spike in investment in these startups.¹³
- **Communication Platforms:** Germany has one of the largest Information and Communication Technology markets in the world and the single largest software market in Europe with 94,301 IT companies.¹⁴

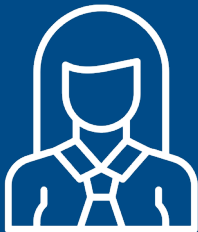
“THE CHAOS OF THE PANDEMIC, OR THE NATURAL PANIC, IS WHERE STARTUPS THRIVE, BECAUSE THAT WAS THEIR EVERYDAY PRE-PANDEMIC.”

MANAS MEHANDRU,
MHUB

our experts believed that some level of hybrid work will be necessary for the future, as in-person interactions are by nature at the core of startup culture.

During the pandemic, investors focused on their own portfolios, and funding for startups dried up. Entrepreneurs began looking at other avenues for funding options – including federal COVID-19 relief from the German and American governments. In Germany, the Public Bank of Berlin created a matching fund for business angel investors to bridge the uncertainty gap of COVID-19. In the US, the National Institute of Health (NIH) funding shifted to COVID-related innovation.¹⁵

Small businesses played an important role for the first time in policymaking during this recession. It was anticipated by our panelists that this is part of a larger trend where policymakers think about our economy in a more heterogeneous way.



PANDEMIC IMPACTS ON FEMALE ENTREPRENEURS¹⁶

The crisis disproportionately affected female entrepreneurs:

- Female entrepreneurs were found to be more vulnerable due to lower average business size / age
- Industry sectors hardest hit by economic shut-downs have a higher concentration of female ownership
- Women often bear the burden of family care; including childcare, homeschooling, and eldercare services

Although female entrepreneurs were disproportionately affected by the COVID-19 pandemic, many faced the challenge with bold innovative solutions.

54% MARKETING / PROMOTED IN A DIFFERENT WAY

53% OFFERED NEW PRODUCTS OR SERVICES

35% STREAMED CLASSES OR SERVICES

BUSINESS MODEL INNOVATION

LEISURE AND HOSPITALITY INDUSTRY

FEATURED SPEAKERS

BILL HARTRAMPF, SALES LEADER/DIRECT SALES, DEUTER USA
DR. MICHAEL CHENG, DEAN, CHAPLIN SCHOOL OF HOSPITALITY & TOURISM MANAGEMENT
ANNA LENA LENZ, EVENT OPERATIONS MANAGER, GERMAN AMERICAN EVENTS LLC
MEHDI BENTANFOUS, MANAGING DIRECTOR, KINEXON

Between February 2020 and February 2021, almost 40% of US jobs lost were in the leisure and hospitality industry, which was triple the number of the next-hardest-hit industry, according to the Department of Labor national jobs report.¹⁷

As economies in the United States and Germany began to reopen and vaccination rates increased, businesses and municipalities revived pre-COVID-19 leisure activities such as travel, full-capacity indoor dining, sporting events, concerts and festivals, and large public gatherings.

However, many companies in the leisure and hospitality industry began to experience labor

shortages as they reopened. According to our speaker Michael Cheng, 54% of consumers experienced labor shortages at restaurants, 45% at grocery stores, and 36% at retail stores.¹⁸

Our experts agreed that it is important to be open with consumers about expectations as businesses reopen with staffing shortages. The priority should be keeping everyone safe/healthy. Furthermore, there was a shift towards automation and streamlining processes. Overall shifts in operations, such as QR codes, online ordering, increased delivery options and

OPERATORS ARE EMBRACING CHANGES TO KEEP BOTH EMPLOYEES AND CUSTOMERS SAFE¹⁸

80% PROVIDING EMPLOYEES GLOVES

53% INSTITUTING SOCIAL DISTANCING

79% PROVIDING EMPLOYEES MASKS

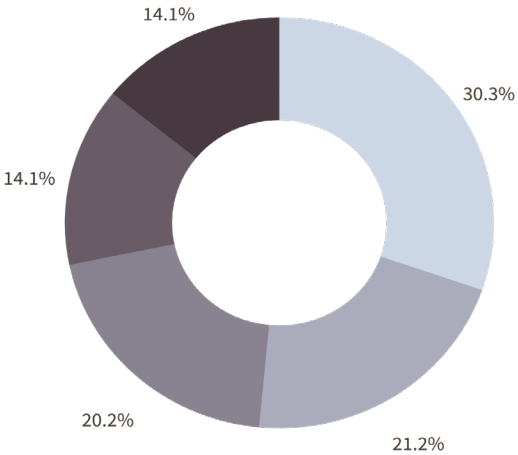
46% DAILY EMPLOYEES TEMPERATURE CHECKS

56% ADDING ADDITIONAL EMPLOYEE SAFETY TRAINING

39% INSTALLING CLEAR COVERINGS AT REGISTERS

CONSUMERS RETURN TO FOOD AND SERVICE INDUSTRY¹⁸

As the country looks "to get back to normal" what do you most want restaurants to provide?



- 30%** Familiar, favorite menu items better than I could ever prepare at home
- 21%** Service and hospitality i could not recreate by myself at home
- 20%** An environment for connecting with others that video conferencing couldn't replicate
- 14%** Innovative menu items only restaurant professionals could create
- 14%** Over the top entertainment

As consumers return to restaurants, focus on familiarity and step up your service.

expanding operating space allowed for safer, more efficient operations while also cutting labor costs. Many of these trends are here to stay, such as tamper-proof packaging, less crowded dining rooms, delivery services, and ghost kitchens.

Consumer behaviors changed over the course of the pandemic as well. According to Michael Cheng, as consumers came back to restaurants, the focus was on familiarity and the need for restaurants to step up the service. Pre-pandemic, consumers were more inclined to try new restaurants and foods.



54% of casual dining, 50% of fine dining and 48% of family dining restaurants shifted their menus online since the pandemic.¹⁹



THE FUTURE OF TRAVEL

Vaccination updates and travel restrictions will continue to be monitored to understand the restrictions in different countries in Europe and how that will impact the hospitality and leisure industries. Some advice from our experts:

- Recommend to clients to stick to traveling to only one country at a time to prevent confusion with different travel restrictions from different countries.
- Implement flexible cancellation policies, and grant vouchers.

THE ACCELERATION OF E-COMMERCE

FEATURED SPEAKERS

NORMAN LEONHARDT, DIRECTOR OF BUSINESS DEVELOPMENT, WITRON INTEGRATED LOGISTICS
KAY HENRY MANN, FOUNDER & CEO, JAK GLOBAL TRADE
DR. ROMAN ZENNER, TECHNICAL PARTNERSHIPS MANAGER, EMEA, SHOPIFY
SEBASTIEN VILLON, MANAGING PARTNER, BRAND AND BUSINESS INCUBATOR (BBINC)

During the first quarter of 2021, US e-commerce sales grew 39% year-over-year. In March 2021 alone, US consumers spent \$78 billion online, a growth of 49% year-over-year, the highest since July 2020, with the COVID-19 pandemic accelerating the shift from physical services to e-commerce by five years.²⁰

As brick-and-mortar stores closed and lockdowns remained, consumers relied on online purchases for everything from essential goods to virtual experiences. As the number of digital buyers grew, businesses needed to adapt to this consumer change to stay competitive in the marketplace.

INCREASE IN SOCIAL COMMERCE

Social media platforms such as TikTok and Instagram are gaining importance in retail as a growing number of consumers are discovering new brands on these platforms.

For independent brands to succeed, they need to show up where people are already spending time – including social media.



TIPS FOR E-COMMERCE

1. Have a country-specific website (.com vs. .de; American English vs British English)
2. Use the appropriate currency and delivery methods for the country
3. Adapt your marketing to the culture
4. Simulate a local presence – i.e., having a US phone number

CHARACTERISTICS OF A RELIABLE LOGISTICS PARTNER

- » On-time processing is crucial
- » Fast and reliable shipping
- » Optimized processes – automation of order processing, packaging, etc.
- » IT connectivity between different systems
- » Offers return management
- » Ability to connect your warehouse to any marketplace rapidly

E-COMMERCE IN THE US

US DISTRIBUTION CHANNELS

COVID-19 accelerated the decline of traditional distribution channels and the US experienced a revolution in online sales. While the B2C evolution has been trending for 15 to 20 years now, there has been a recent increase in B2B e-commerce.

FOOD RETAIL

There is a new trend toward omnichannel in food retail. Originally, it was believed that food retailers would be immune to the e-commerce wave however, it turns out this isn't true.

COVID-19 increased the amount of dark stores and micro-fulfillment centers due to their increased efficiency for online shoppers. Dark stores keep online shoppers out of retail stores, allow for faster order selection, have better stock levels, and lower costs. However, not having an in-store experience makes customers buy less. Dark stores

also do not offer additional services, and the last mile is still very expensive.

In the future, there will be a shift towards digital distribution centers and industry 4.0, which includes data collection and analysis, as well as tracking where things are moving.

US B2B ONLINE SALES²¹

2018	\$600B
2022	\$900B



E-COMMERCE IN GERMANY²²

OMNICHANNEL

According to Roman Zenner, a recent study done by Shopify in cooperation with the Angus Reid Institute revealed that the shopping behavior of Germans post-pandemic will change, with more people using online channels to buy non-grocery items.

Approximately 26% of respondents now supplement their offline shopping with online channels, compared to 18% before the pandemic. Furthermore, the study showed that the number of people who prefer to shop in physical stores decreased by 12% since the pandemic, and overall online shopping is expected to grow.

PAYMENT AND INVENTORY

The study predicted a decline in cash payments, with 53% of shoppers preferring contactless payment options. Furthermore, connecting the inventory and check-out options between an online and an offline store is crucial.

Two-thirds of shoppers want to have the option to ship an item to their home when it is not in stock in-store and half of the shoppers would like to be able to pick up items they discovered online in stores.

THE TRANSATLANTIC FIGHT AGAINST CLIMATE CHANGE

FEATURED SPEAKERS

HOWARD LEARNER, PRESIDENT & EXECUTIVE DIRECTOR, ENVIRONMENTAL LAW & POLICY CENTER
DR. JOHN REILLY, SENIOR LECTURER, MASSACHUSETTS INSTITUTE OF TECHNOLOGY
MANUEL CARMONA YEBRA, COUNSELLOR FOR ENVIRONMENT AND OCEANS, DELEGATION OF THE EU TO THE US

In the weeks leading up to the 2021 UN Climate Change Conference (COP26), our speakers discussed governmental policies on sustainability and ‘green deals’ as well as the market opportunities they provide for the private sector. Experts on both sides of the Atlantic discussed how

small and mid-size cities, as well as businesses, will serve as key advocates to drive sustainability programs in the future.



SISTER CITY PARTNERSHIPS IN SUSTAINABILITY

Existing transatlantic partnerships at the local level, such as sister cities, provide a platform for knowledge exchange on best practices in sustainability.

Top Example:
Freiburg, Germany & Madison, Wisconsin

Youth exchanges on the topic of sustainability and the environment have been taking place between sister cities Freiburg and Madison

for many years. Globally recognized in sustainability, Freiburg is a leader in renewable energy and green infrastructure. Using the sister-city bond, models for new green technology have been transferred at the local level.

These existing relationships are essential to circumventing politics and making real progress.

PANDEMIC AFFECTS CO2 EMISSIONS

Our experts discussed the effects of the pandemic on emissions and how they align with US goals for the Paris Climate Accords. John Reilly hypothesized that while global greenhouse gas emissions decreased significantly in 2020, these numbers will recover relatively quickly in strong correlation with global GDP – meaning that these positive environmental effects are temporary. Therefore, the consensus among the experts was that action needs to be taken immediately and there is no longer time to take a long-term perspective. Emissions pledges and stimulus spending are important and need to be made by both developing and developed countries. China and Europe make up 39% of global emissions;²³ Europe made a pledge to achieve net-zero emissions by 2050 and China has the goal to achieve net-zero emissions by 2060. Other countries should make similar pledges.^{24, 25}

However, political entities can only move as fast as their most reluctant members (i.e., EU countries or US states). To move forward in politically conservative regions, the messaging regarding sustainability initiatives should focus on economic impact and job creation rather than climate change. In the EU specifically, the COVID-19 pandemic led to an increase in solidarity among EU member states, which will hopefully provide positive momentum for EU Green Deal. Continued exchange and best practice sharing at the international and subnational level is needed for continued progress.

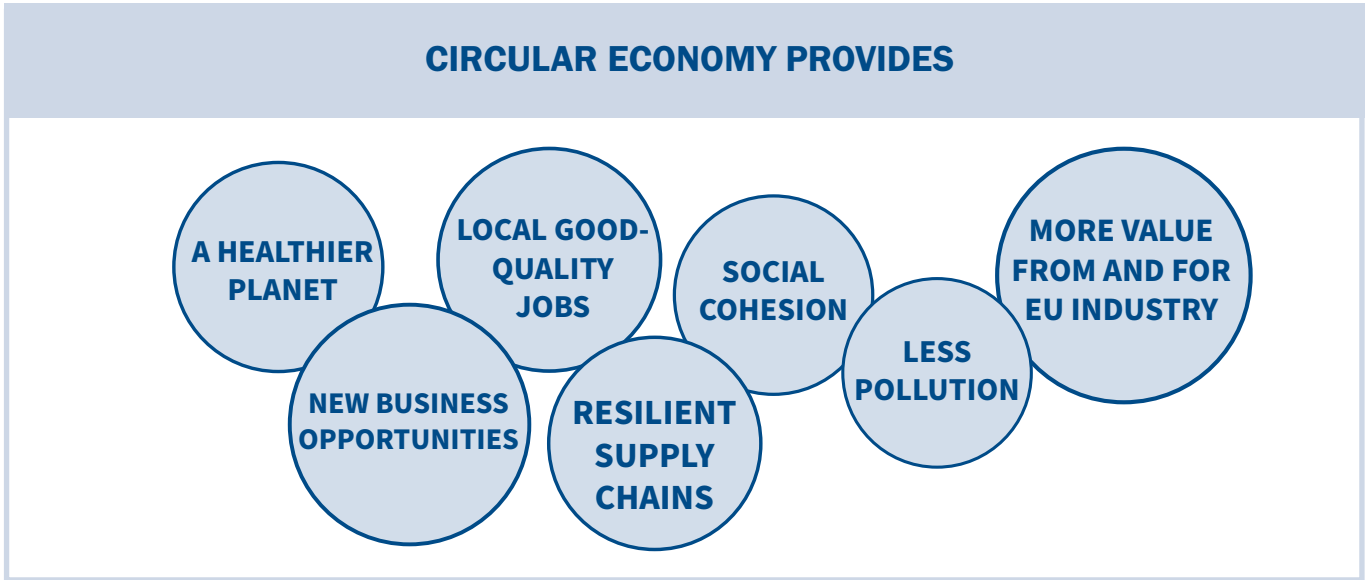
INCREASED CONSUMER DEMAND

Currently, there is more funding and demand for sustainable change than existing companies and researchers can handle, which should incite increased competition as well as market opportunities.

The private sector has a big role to play, and many companies don’t need incentives to drive further sustainability efforts. Firms benchmark the CSR/ ERG of their competitors and try to ‘outdo’ them as the topic is increasingly important to consumer preferences.

GROWING IMPORTANCE OF A CIRCULAR ECONOMY:

Private sector financiers are seeing market opportunities and investing in Environmental, Social, and Corporate Governance (ESG) solutions that promote a circular economy. The shift to a circular economy has focused on restoration, i.e., new product lines with renewable resources, resilient supply chains, and environmentally conscious suppliers. This includes promoting the sustainability of products by design through optimizing product lifecycles and prioritizing energy efficient processes. In the infographic below, Manuel Carmona Yebra lays out the impacts of the circular economy.



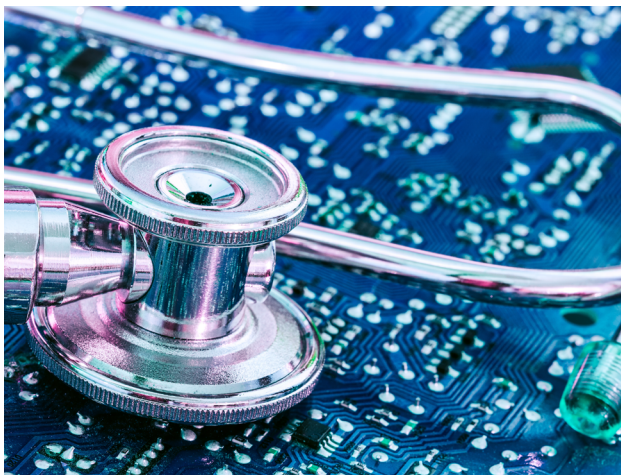
THE FUTURE OF BIOPHARMA AND MEDTECH

FEATURED SPEAKERS

PROF. DR. KATHARINA BLANKART, ASSISTANT PROFESSOR, HEALTH ECONOMICS, UNIVERSITY OF DUISBURG-ESSEN
HAGAY LEVY, CO-FOUNDER & CEO, ILURIA HEALTH
SEBASTIAN KÖRNER, ENGINEERING & REGULATORY AFFAIRS, MECOTEC

The race to develop vaccines to counter the COVID-19 pandemic led to the formation of unique partnerships in the pharmaceutical industry, including cross-border collaborations that leveraged each company's core capabilities.

One of the most successful partnerships was between US-based Pfizer and Germany-based BioNTech, who created an effective vaccine together in record time. Our experts discussed the impact of this transatlantic collaboration and areas where the industry can improve.



VALUE-BASED DECISION MAKING

In Germany, there has been a shift towards value-based decision-making in the biopharma and medtech industry over the past few years. Since 2011, as a part of various healthcare reforms, a law known as AMNOG (Pharmaceuticals Market Reorganization Act) was introduced, which requires biopharma companies to prove a new drug's value over existing drugs before it can be put on the market.²⁶

According to Dr. Katharina Blankart, the value that the COVID-19 vaccine generates for the economy is very clear; when considering predicted gains, it is evident that vaccinated individuals are less

likely to become infected or severely ill. Not only is AMNOG significant for biopharma, but it is also imperative in evaluating the value of new medical technologies. Since its implementation, no significant loss of innovation to the German market has been detected.

Value-based decision making allows manufacturers to negotiate a fair price based on the value provided to consumers. Additionally, products that pass AMNOG regulations tend to be distributed more quickly and reach patients faster.

DEVELOPMENT OF THE COVID-19 VACCINE AND THE FUTURE OF PUBLIC-PRIVATE PARTNERSHIPS

When comparing the development of the COVID-19 vaccine to the development of other vaccines, scientists have seen the benefits of running parallel clinical trials in different stages.

The EU and the FDA had similar approval times for the COVID-19 vaccine with only a 2 to 3 month difference.

The development of the COVID-19 vaccine has shown the potential of public-private partnerships and advance purchase agreements. This set a new precedent by regulators to secure revenue and simultaneously set targets and establish what technology will be developed from the start. These purchase agreements could be employed in other areas, such as antibiotics, and other critical areas where currently there may not be as much incentive for innovation. Another area for improvement can be reducing the price disparity in pharmaceuticals between the US and European countries due to government intervention.²⁷

CHALLENGES WITH THE FUTURE OF CROSS-BORDER COLLABORATIONS

The experts identified one key obstacle for cross-border collaboration is getting products ready to market across different nationalities and regulatory systems. Currently, a joint technology assessment is in the works in Europe, meaning that evidence generated for the German value-based assessment is produced at a European level and can therefore be used in price negotiations and market entry. However regulatory hurdles persist on a national level in Germany. For medical device manufacturers, the single-audit medical device program (MDSAP) covering Brazil, the

AI AND DIGITAL HEALTH TRENDS

Improvements and increased transition to **digital health processes** (such as remote consent) have contributed to efficiency and access to care. However, these products will be a challenge to evaluate and will be a focus going forward – to determine what their value is, different policies to evaluate them, as well as the effects on patient health and use.

Furthermore, our experts identified **artificial intelligence (AI)** as a key trend for innovation and collaboration in the coming years. Harald Seltzer from NoMo Diagnostics, cited the Microsoft 20-billion-dollar acquisition of Nuanced Communications during our workshop, which aims to advance healthcare patient engagement through AI and cloud offerings. This acquisition indicates the direction of future healthcare technologies and the shift towards AI.²⁸

United States, Canada, Australia and Japan has facilitated market entry. According to Sebastian Körner, it would be desirable if other countries joined the program in order to reduce the barriers to access even more markets.

The experts also emphasized the continuing importance of accelerators for MedTech startups. Hagay Levy recounted his experience with both US and German accelerators and the instrumental role they played in developing a network in both countries.

EMPLOYMENT MARKET AND WORKFORCE DISRUPTION

FEATURED SPEAKERS

KEVIN DEPEW, DEPUTY CHIEF ECONOMIST, INDUSTRY ANALYST PROGRAM LEADER, RSM
DR. WERNER EICHORST, COORDINATOR OF LABOR MARKET AND SOCIAL POLICY IN EUROPE,
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DR. CATHARINA KLUMPP, PARTNER, EMPLOYMENT LAW, BIRD & BIRD
ANNA-LENA BAUMANN, LEAD PROGRAM MANAGER, DESIGN CAREERS, AIRBNB

The COVID-19 pandemic and resultant lockdowns triggered dramatic disruptions to the labor markets in both Germany and the United States. In addition to furloughs and mass layoffs, companies were forced to adopt new internal structures and processes for managing their workforces.

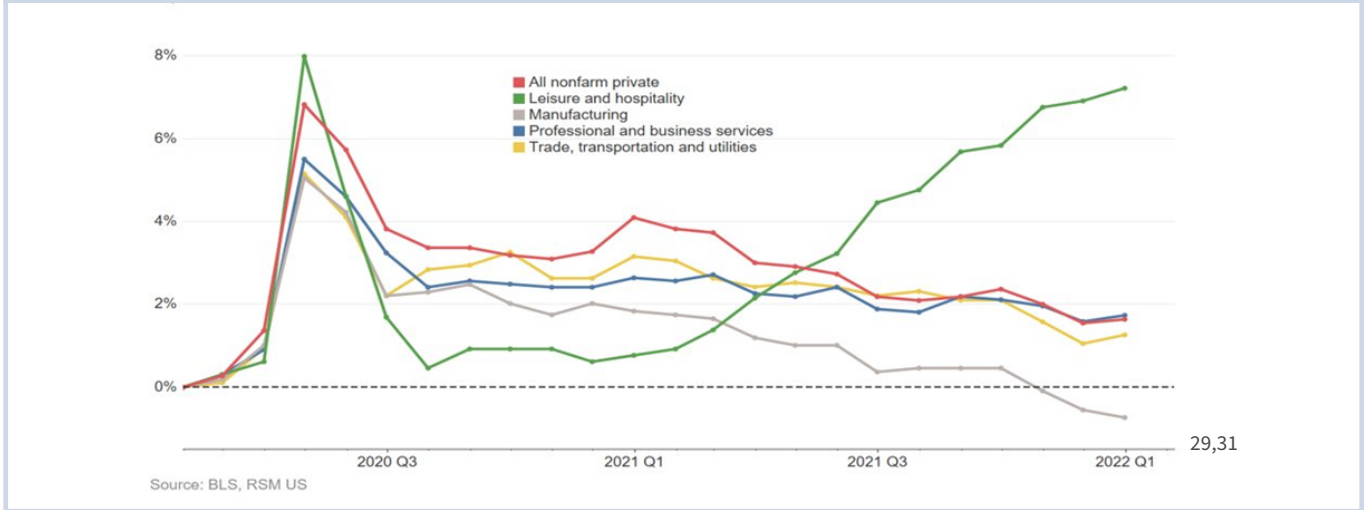
Our experts discussed the changing nature of employee-employer relationships, the restructuring of work processes and compensation frameworks, as well as changes in labor supply.

US LABOR MARKET

The US labor market was tight even prior to the pandemic due to a combination of the US lowering visa quotas and an excess of 3.25 million additional retirements.³⁰

Post-pandemic, there is a vast divergence between people staying at their existing jobs and switching to new jobs in the US because of gaps in compensation and labor shortages.

**REAL HOURLY WAGE BY INDUSTRY:
PERCENTAGE CHANGE SINCE JAN. 2020**



In the manufacturing space, real hourly wages are running negative due to high inflation rates, whereas other aspects of the economy were already running slightly above. Therefore, there has been a particularly harsh loss of labor in the manufacturing sector.

LEGAL RAMIFICATIONS: CHANGES IN THE WORKFORCE

German law does not offer a framework for what work from home is, but states that employers must provide a place to work and all work-related equipment. Before the pandemic, most employers did not allow their employees to work from home. To change this, new agreements needed to be made by companies and employees to add specific regulations and deadlines to account for this flexibility.

US law is more flexible than German law when it comes to changing benefits and offering unique flexible working times, holidays, and vacations to their employees. The real challenge will come when employees and employers deal with permanent hybrid work and expecting employees to come back to the office full time.

All panelists agreed that there is a need for international laws to catch up with the globalization of jobs where employees work in one country but live in another country. For employers, this creates a larger talent pool to draw employees from.



TIPS FOR RECRUITING AND RETAINING TALENT

- Provide flexibility: this can be defined differently for each person, but the American definition is “the freedom of work” and comes from listening to employees.
- Offer opportunities for professional development.
- Highlight an employee’s individual purpose in the organization – for the company this leads to higher motivation and inclusion.
- Allow for autonomy: Work location has been less of a concern than work hours. Employees prefer to work non-fixed hours instead of from 9 am to 5 pm.
- Focus on building trust over control – as work from home increases, employees are responsible for their own broadband and IT and will begin to resist control.
- Have an open line of communication. Ask employees what channels they prefer (i.e., Slack, Teams, E-mail, etc.)
- Explicitly state whether positions in job postings are remote. It has been shown that prospects will move past listings that don’t include that.

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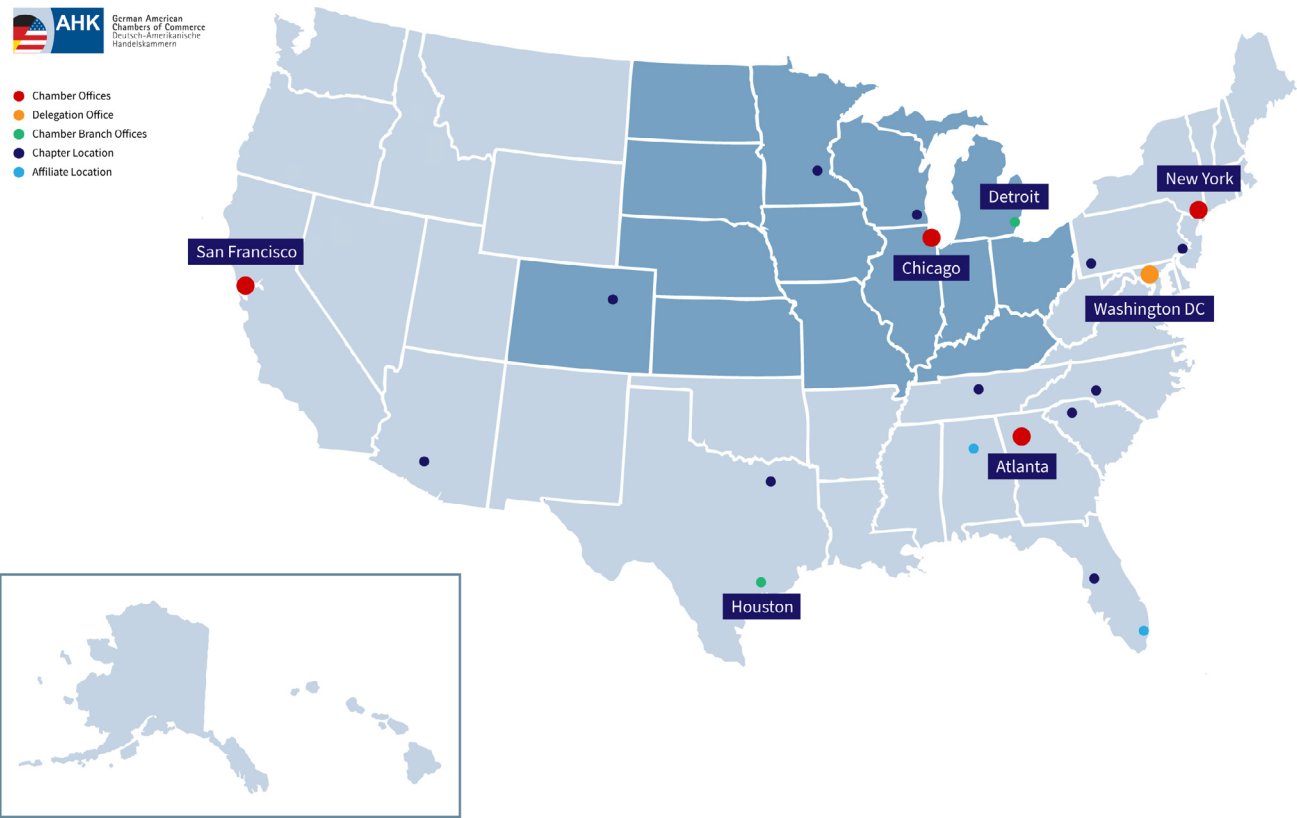
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