

INSIGHTS INTO FORESIGHTS

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Surviving Post COVID19

A Common Sense Approach

What was normal?

- ❖ *Well drafted Standard Forms of Contract with reasonable risk allocation*
- ❖ *Employer's, Consultants and Contractors who often neglected their rights, ignored their obligations or failed altogether to administer those well drafted contracts*
- ❖ *An industry which had yet to wholeheartedly embrace technology and therefore necessary change the way others have done so such as manufacturing and logistics*
- ❖ *Forms of Contract which did not cater for Pandemics*

What was normal?

- ❖ *Construction was and still is the biggest industry in the world but was not performing well**
- ❖ *The ecosystem represents 13% of global GDP*
- ❖ *Yet a meager productivity growth of 1% per annum for the past two decades*
- ❖ *Time and cost overruns are the norm*
- ❖ *Overall earnings before interest and taxes (EBIT) of only around 5% despite presence of significant risk in the industry*

**McKinsey - The next normal in construction – how disruption is reshaping the world's largest ecosystem (June 2020)*

What will be the new normal?

- ❖ *Opportunity through adversity*
 - ❖ *Radical change to construction projects delivery:*
 - ❖ *Reduced dependence on site based labour though standardised products with customisable designs*
 - ❖ *Specialisation in target niches and segments*
 - ❖ *Value-chain control*
 - ❖ *Consolidation through product based approaches*
 - ❖ *Customer centric branding of design and construction services*

What will be the new normal?

- ❖ *Opportunity through adversity*
 - ❖ *Radical change to construction projects delivery:*
 - ❖ *Investment in technology and off-site production facilities*
 - ❖ *Investment in human resources – digital talent*
 - ❖ *International reach through standardisation and necessity of scale to achieve competitive advantage*
 - ❖ *Sustainability which is already a focus for change continuing to be relevant via materials selection, site safety and environmental protection*

What will be the new normal?

- ❖ *The need for change was acknowledged before COVID19*
 - ❖ *The realisation that change is necessary is not a new concept*
 - ❖ *Transformation will take time*
 - ❖ *COVID19 will accelerate change*
 - ❖ *Domestic markets will gain attention over forays into international markets for the time being – an opportunity presented by COVID19*

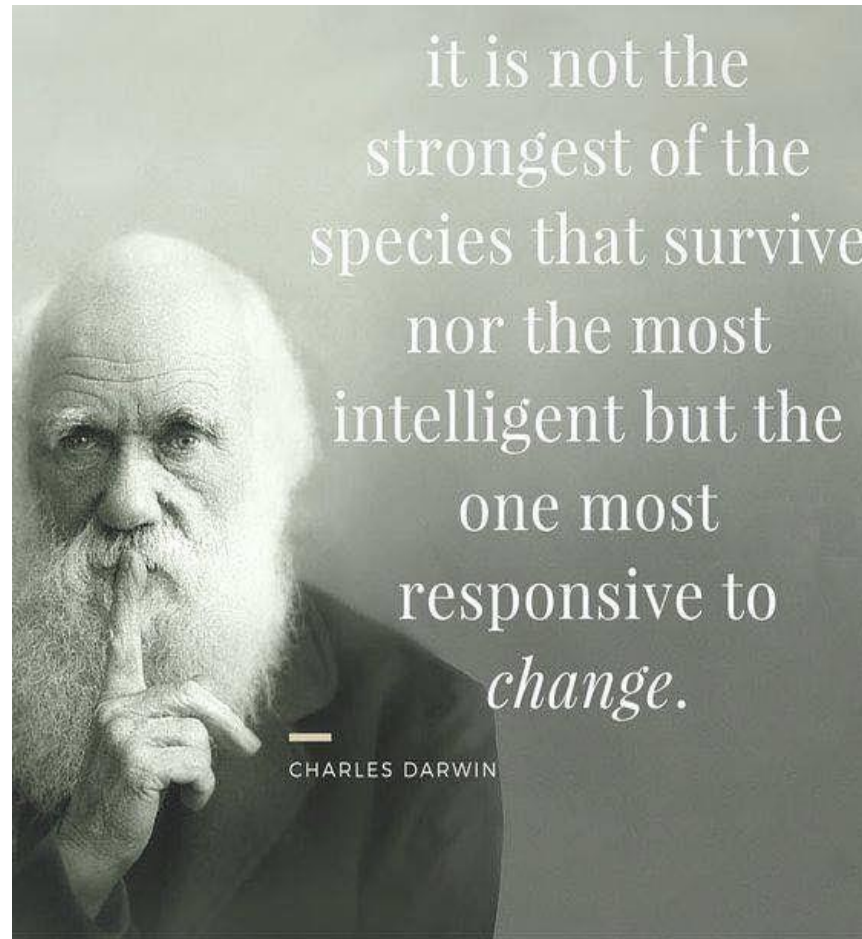
What will be the new normal?

- ❖ *The Construction Industry is now the perfect storm*
- ❖ *Compare the evolution of the auto industry:*
 - ❖ *1970s & 1980s industrialisation*
 - ❖ *1990s & 2000s globalisation*
 - ❖ *2010s & 2020s digitisation*
- ❖ *These drivers are now impacting the Construction Industry all at once!*

What will be the new normal?

- ❖ *The potential to achieve necessary change in the construction industry presented by COVID 19 as a disrupter in 2020 and beyond is unique and unprecedented*

What will be the new normal?





THANK YOU