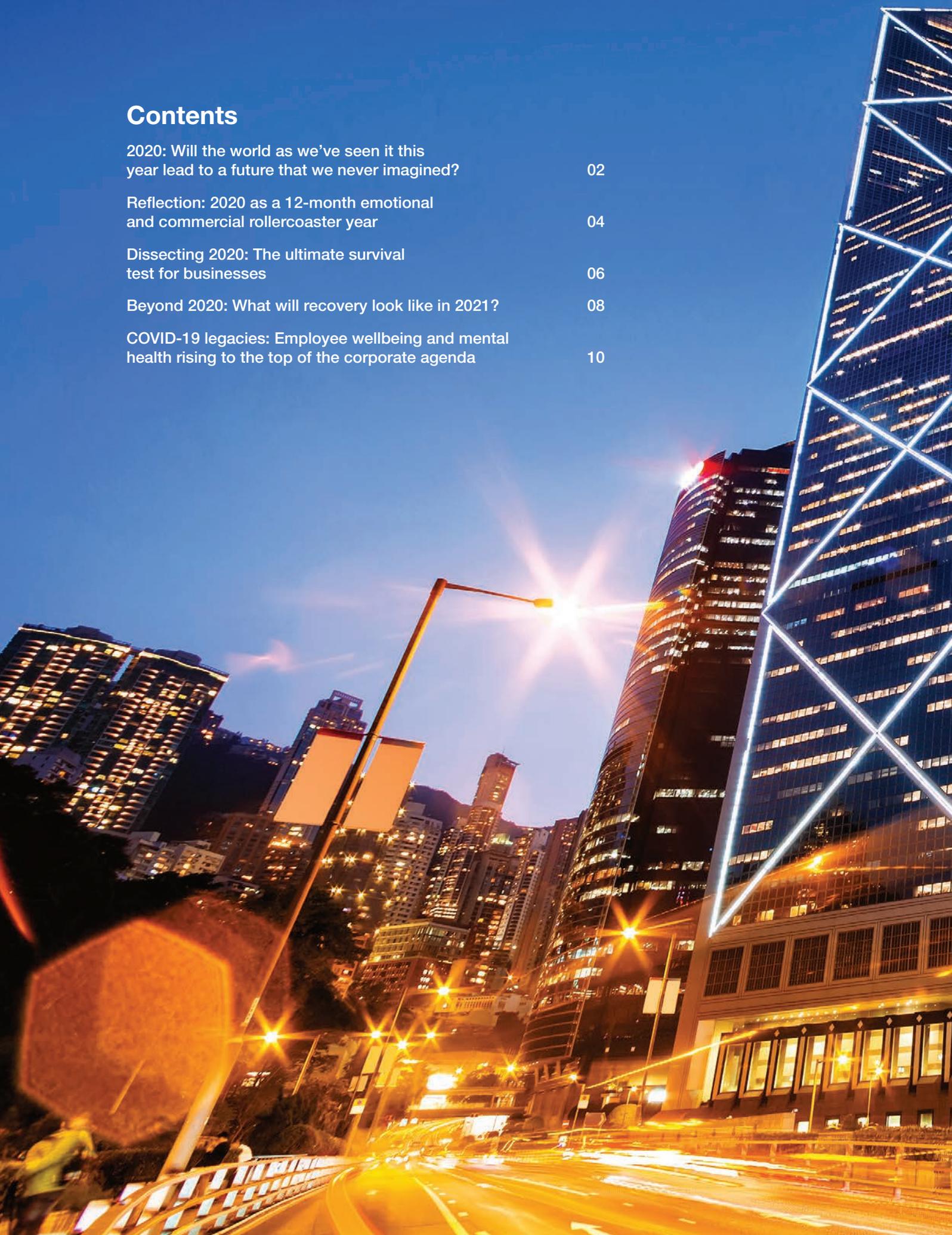


2020 in review: The year that transformed the world



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2020: Will the world as we've seen it this year lead to a future that we never imagined?

There is no doubt that 2020 has been the year of change, challenge and transformation. From a growing economic downturn and the necessary and rapid implementation of new operating business models, to the significant changes affecting society on a macro and micro level, the world has turned upside down within a short space of time. The global pandemic's impact on society and individuals has been significant and on an unprecedented scale that not even a Hollywood blockbuster could have scripted.

Despite the continued uncertainty and the shared feelings of anxiety and uneasiness experienced and witnessed by many this year, we are resuming to a more 'settled' status and people, businesses and political leaders have gradually moved to adopting a more pragmatic approach for the future. As we approach the end of 2020, we are experiencing a slow return to normal, with the world hoping for a brighter 2021.

In this rather turbulent and unusual year, to ensure we remain visible with our clients and continue to engage with them on important issues, we invited some of our clients to take stock of 2020 and discuss key areas and issues they had to navigate, as well as how they managed their businesses. We also encouraged them to give us a sense of what they anticipate for 2021 and beyond. The conversation with our clients was direct and honest and, as always, we appreciated the thoughts, candid opinions and ideas they shared at our virtual forum.



This was the final session of our 2020 virtual roundtable series – an initiative developed and designed to create a platform for senior business leaders, general counsel, legal and business teams, and senior management representatives to share relevant business experiences, discuss live issues and explore strategic ideas for the future. Through our established roundtable programme, in the past couple of years we've aimed to foster a real peer-to-peer learning environment for our clients to ensure they are able to discuss real and current issues in an informal but informative setting.

Our roundtable events, in their virtual and in-person formats, are held under the Chatham House rule. Therefore, our follow-up thought leadership reports are set out so that they do not disclose specific names or examples from the sessions, but instead are strictly confined to themes. This report outlines the key themes that emerged from our discussion, and some of the key spotlight areas that seemed to be highlighted during the conversation with our clients.

As we continue to explore some of the critical issues our clients are currently experiencing and anticipating in 2021, we are grateful to the participants in all of our roundtables for their honesty and candour and their willingness to have such meaningful discussions with us. We will, of course, ensure that we continue the dialogue with our clients as we work to improve and diversify our legal and business services in the future.



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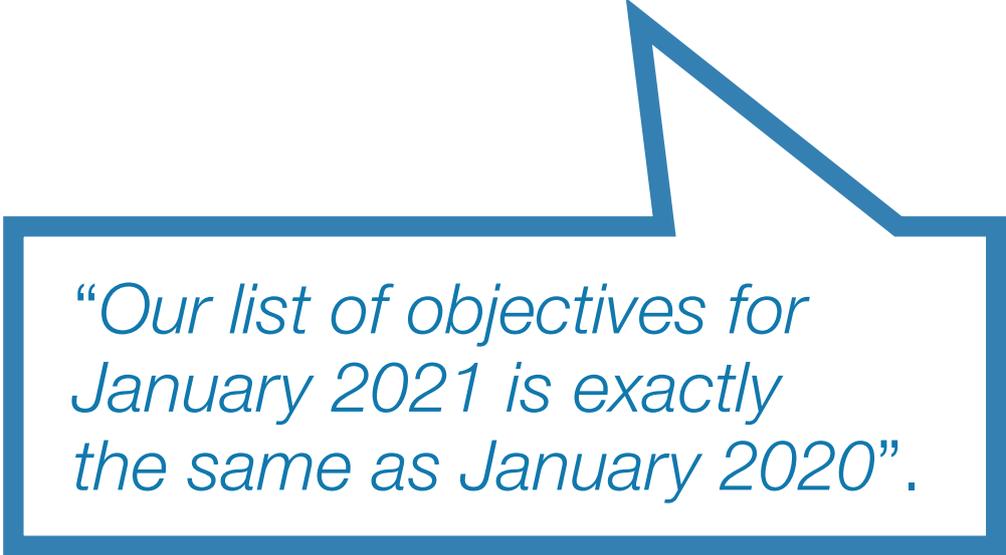
Please note: Throughout this report quotes in *“blue italics”* are direct quotes from the session

Reflection: 2020 as a 12-month emotional and commercial rollercoaster year

Thinking back to the first couple of months of 2020, there is no doubt that the world looked different. Clients universally agreed that the COVID-19 crisis was a turning point for them, recognising the challenges that many companies, businesses and individuals have faced and describing 2020 as *“a brutal year for most people”*.

Evaluating the highs and lows of 2020, some clients said that the pandemic forced them to entirely shift their focus from their initial 2020 priorities to a firefighting mode focused on *“protecting the business”*, commenting that *“all of the big stuff that we wanted to do this year, we did not achieve”*.

One client admitted that many of the projects and priorities that were part of their strategic and business plan for 2020 simply could not be progressed and would now need to be reviewed and executed next year:



“Our list of objectives for January 2021 is exactly the same as January 2020”.



Overall, clients unanimously described 2020 as a *“topsy-turvy ride, on an emotional and commercial level”*.

What we heard from clients



The COVID-19 crisis has made clients closely monitor the shape of their businesses from a different angle. For example, one client admitted that their focus was not on reflecting on the success of their business objectives but rather on analysing where the work streams were coming from: *“I am not reflecting on our objectives and what we achieved and did not achieve. I am reflecting on the shape of the earnings, the possibility of [our future] earnings”*.



Contemplating the challenges that UK businesses have faced this year, one client from the audit and risk management services sector admitted to having faced challenges on *“both ends of the spectrum”*. They reflected that *“auditing corporate Britain in a pandemic was incredibly challenging”* but equally, as an organisation employing thousands of staff across the UK, this client had to deal with lots of issues internally too, such as being mindful of their employees’ wellbeing.

Taking stock: in summary



When looking back to January 2020, some clients shared that they already had a full agenda for the year, saying that *“this year would have been busy enough without a pandemic”* and that the crisis has only pushed them to *“redouble our efforts”*.



Clients also admitted that *“it feels like everyone has written off this year”*, noting that *“it’s been a pretty brutal year for most people.”*

Dissecting 2020: The ultimate survival test for businesses

When reflecting on all phases of the COVID-19 crisis this year, clients admitted to having navigated the crisis successfully thanks to their established relationships with their business partners and the ability of their businesses to adapt to a fast-changing environment.

Among clients there was a unanimous view that the strength of relationships within their commercial ecosystems helped them to successfully navigate the crisis and adapt more easily to the difficult economic environment.

One client from the real estate sector shared that throughout the year, rent collection was the key issue they had to deal with but that rent had *“stayed 90 per cent collected throughout the year”*. The client commented that this positive outcome was because of *“the resilience of the business and our approach to the relationships with our tenants”*.

Another client from the financial regulatory sector commented that the relationships they built in 2019 enabled them to continue doing business successfully at the beginning of 2020, describing the first part of this year as a period when *“we were chiseling away on the work that had been won in the latter part of 2019”*.

The second quarter of 2020 proved to be difficult for many businesses, with one client commenting that *“it wasn’t until May, the numbers started to weaken a little bit and it lasted until August”*.

However, some clients also acknowledged that despite the numerous challenges they faced, particular segments of their business portfolios picked up significant volumes of work and remained active, for example, private equity, trading and industrial warehousing facilities leasing.

One client from the banking sector also acknowledged that *“we are still very busy”* and admitted that parts of the business, such as investment banking, were doing very well despite the COVID-19 crisis.

Taking stock: in summary

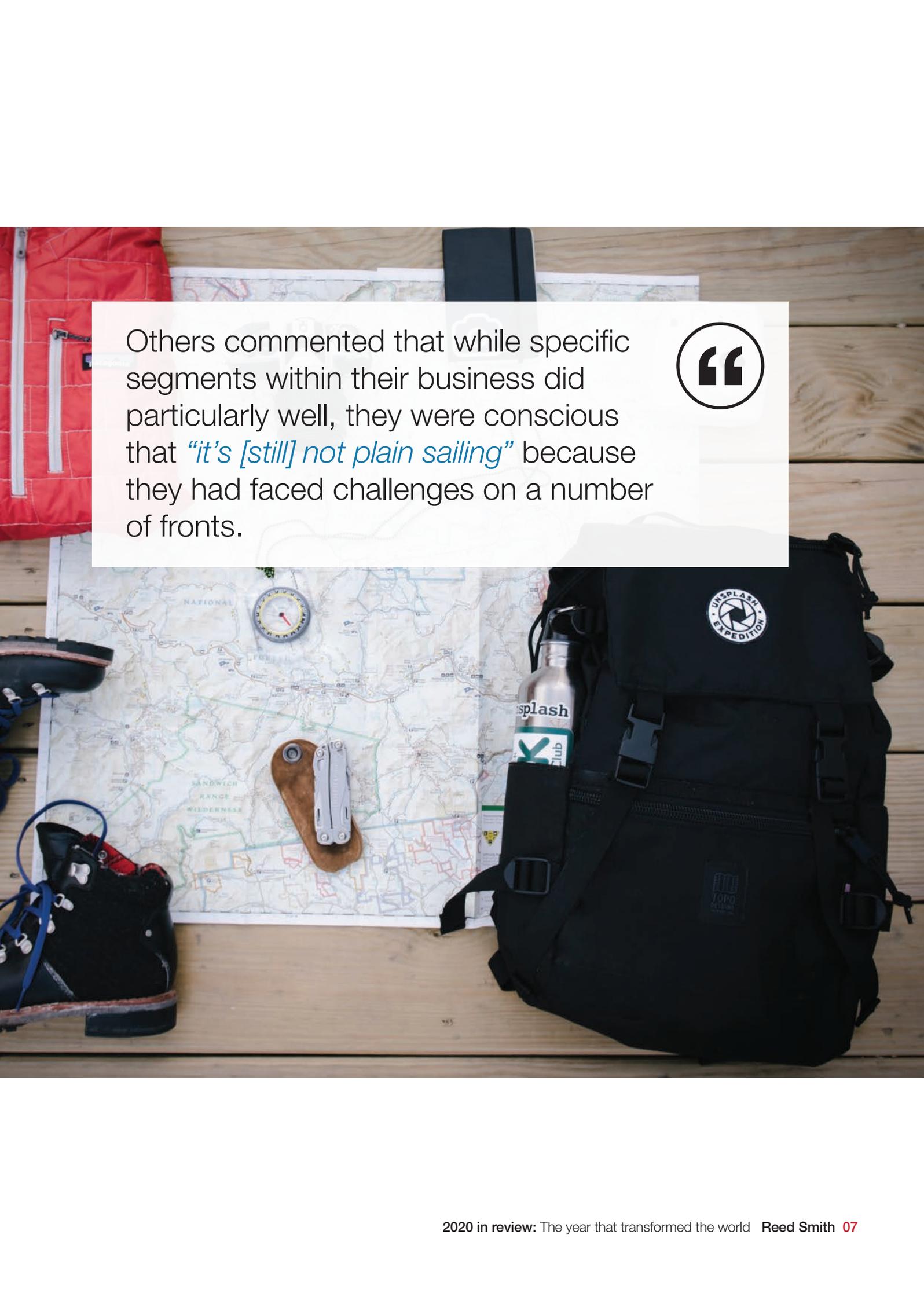


Looking back, clients admitted that 2020 has truly put their organisations to the test.



Some admitted that the resilience and adaptability of their businesses proved to be a critical factor for the success of their crisis management strategy.





Others commented that while specific segments within their business did particularly well, they were conscious that *“it’s [still] not plain sailing”* because they had faced challenges on a number of fronts.



Beyond 2020: What will recovery look like in 2021?

While we see the world steadily returning to 'normal', clients generally remained cautious about predicting what the future will hold for their businesses. A general feeling was that macro trends and geo-political events, such as Brexit and the change in leadership in the United States, will continue to dominate the business landscape globally, which will lead to an unpredictable economic recovery and a slower return to normal.



What we heard from clients



There was a common consensus that the full economic consequences of the 2020 global crisis will carry over into 2021:

"The legacy for the economy is going to be a long one".



Some clients were conscious of the impact that Brexit would have on the economy, in addition to the current challenges posed by the consequences of the pandemic, with one client saying *"the challenge will be when the reality hits in addition to dealing with the pandemic and dealing with the additional regulatory challenges that will come by being outside of the single market".*



One client from the banking sector acknowledged the specific challenges ahead for financial services sector *"if there isn't a deal"*. He went on to compare the challenges they expect to arise from Brexit to the issues that they have seen in relation to the Libor transition: *"The Libor transition that we have experienced cannot compare to the economic challenges that we experience".*

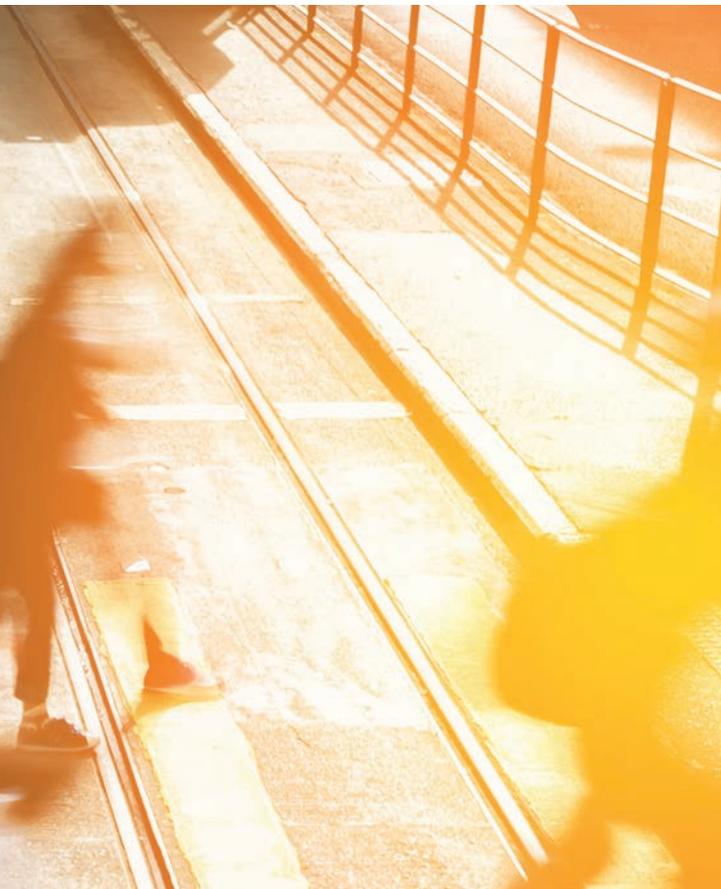


Among clients, there was also a general concern about the impact on the economy when the various governmental schemes implemented this year come to an end:

"The issue that we have here, compared to the United States, is that some companies are kept on life support". Another client added: *"It will be interesting to see what London commercially looks like post March or April 2021"*.



One particular example is the real estate sector, where landlords are expecting *"the leasing market to be very tough for the foreseeable future"* because of the financial difficulties tenants continue to face and many companies are re-thinking their need for office space as a result of the increased number of people working remotely.



Anticipating the year ahead: in summary



Looking ahead, clients envisaged that in addition to COVID-19, *"Brexit will have a lasting economic impact."*



Clients commented that while the news of a COVID-19 vaccine offers them a *"glimmer of hope"* from a medical and health and safety perspective, when it comes to economic and business recovery, *"we're probably looking at the end of 2022 for the end of this"*.



Unanimously, clients thought that the risk of fraud within the business environment and people's overall awareness of risk has increased exponentially, and that it will be one of the longest-living trends of the COVID-19 crisis: *"Risk is high on the corporate agenda and the way people think of risk will be one of the lasting legacies of 2020"*.

COVID-19 legacies: Employee wellbeing and mental health rising to the top of the corporate agenda

The unexpected and mass move to a remote work setting has pushed a lot of organisations to re-evaluate their business operating models. While clients admitted that the success of remote working was undeniable, they questioned whether a transition to this working model was feasible and practical in the long run.

Unanimously, clients agreed that despite the initial challenges in relation to the tech and limited operational infrastructure capability, the move to a remote work setting has been successful.

One client noted that the feedback from their workforce back in March was overwhelmingly in favour of this new model and that *“there was a huge amount of positivity around the new way of working and the ability to work more flexibly”*.

However, over a longer period, clients reflected that what has made working remotely successful is the ability of people being able to *“rely on their social capital that they have acquired throughout their life, the existing relationships they have”*.

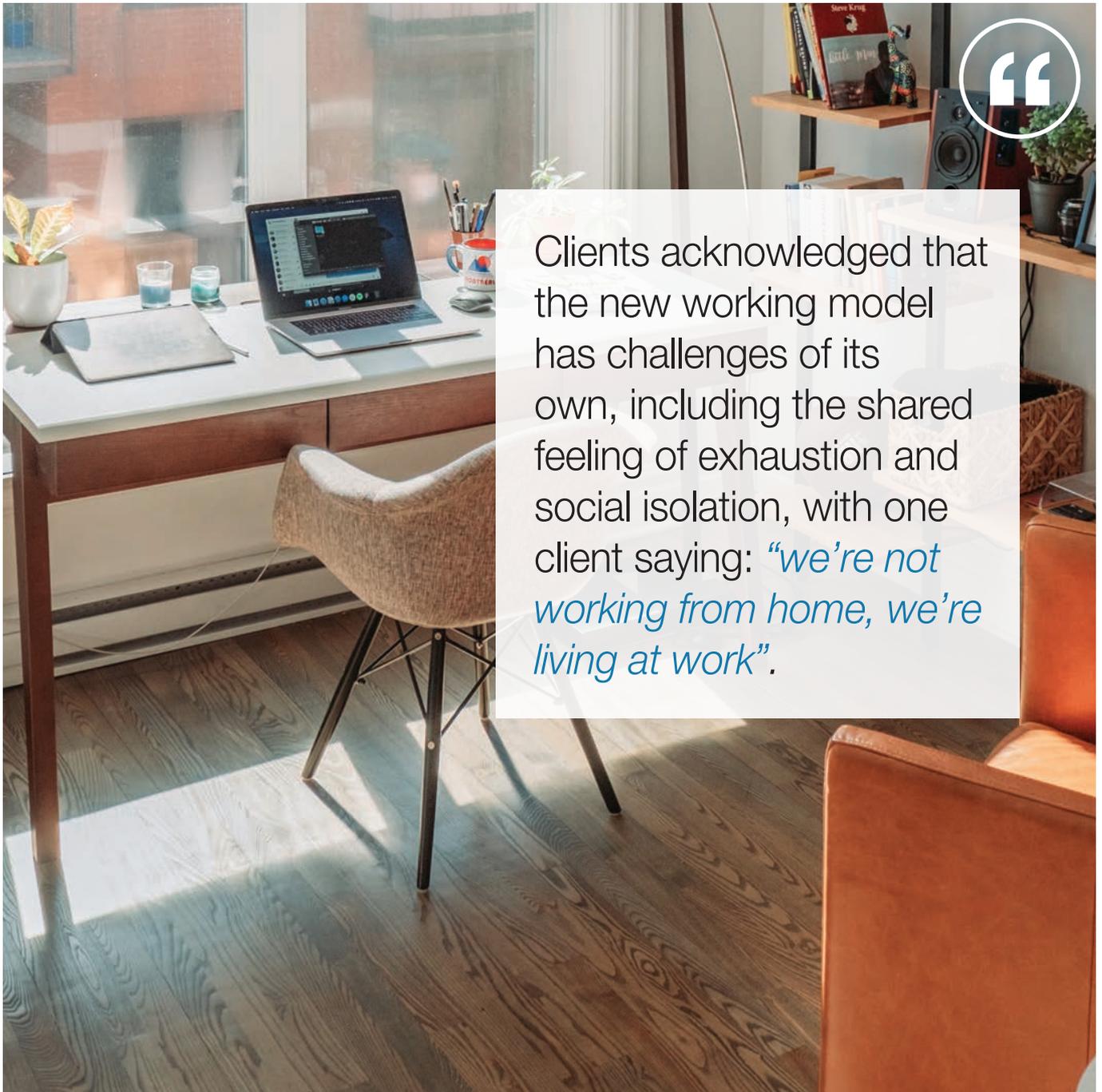
Clients noted that one of the challenges of working remotely was that it has been harder to create new relationships because *“you don’t get the day-to-day opportunities to just walk to a person and have a chat”*.

During the COVID-19 crisis, this has been particularly challenging for new joiners or less experienced team members. Therefore, as a long-term and permanent strategy, clients did not consider a full-time remote working model to be practicable, although they also acknowledged that *“it’s striking how well people, who have joined us in this environment, have done”*.

However, there was also a consensus that this new working model would have an immediate impact on the career prospects and development path for many employees. One client emphasised that the ability to work remotely on a full-time basis for some business operations and functions could lead to some employers to consider where certain functions could be located: *“If someone wants to work remotely full-time, I might want to think whether their job can be done in Bolton or Bangalore”*. In this sense, he went on to suggest that employees may need *“to be careful what they wish for”*.

A common key issue for clients was in relation to having a balanced working model for their workforce in the future: *“A lot of people will want to retain some elements of homeworking in their lives, and we are trying to adapt that into our plans”*.





Clients acknowledged that the new working model has challenges of its own, including the shared feeling of exhaustion and social isolation, with one client saying: *“we’re not working from home, we’re living at work”*.

Anticipating the year ahead: in summary



Clients were mindful of the toll that the global pandemic has had on people’s mental health and how this has led to an increased focus on the wellbeing of employees: *“Wellbeing is at the top of our agenda; we’re investing an enormous amount to build an infrastructure around it”*.



Looking forward, clients envisaged *“a hybrid”* scenario between an office environment and remote working and how that hybrid may be the successful formula for their future workplaces, thereby striking a balance between the two working environments.



Overall, clients remained optimistic about the future and concluded that *“human beings will go back to what we used to do before”* because *“most businesses are about people”*.

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