WHAT'S NEXT FOR WORK: The Evolution of People, Places, and Productivity

June 24, 2020
With You Today

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COVID-19 Will Continue to Impact Our Organizations

<table>
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<tr>
<th>First Movers</th>
<th>Fast Followers</th>
<th>Early Majority</th>
<th>Late Majority</th>
<th>Laggards</th>
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</thead>
</table>

**US New Case Peak**
- Antiviral Trial Results (April)
- Testing Capacity at 500k/Day (End April)
- Testing Capacity at 1M/Day (End May)
- Serology Testing Widely Available (June)
- Public Health Departments Fully Staffed (Mid-Summer)
- Wave 1 Returns to Work (Early Infected) (June)
- Wave 2 Returns to Work (Mid-Summer)
- Potential Vaccine for Healthcare Workers
- Potential Vaccine Broadly Available
- Schools Re-Open
- Period of time to prepare for potential second wave

Factors Driving Complexity

Understanding of the virus

New ways of working

Episodic global impacts

Shifting Consumer Behavior

Uncertainty of government response
How Organizations Are Responding

- Codifying new ways of working
- Integrating social responsibility into their business models
- Preparing for new regulatory requirements and industry guidance
- Focusing on their extended enterprise
- Addressing their geographic and concentration risks
- Assessing their insurance policies to identify coverage and gaps
- Elevating operational resilience
What You Can Do Now to Improve Resiliency

- Focus on your people
- Review your response
- Assess your operations
- Designate your “North Star”
- Plan for multiple scenarios
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SO YOU’VE GOTTEN YOURSELF BACK TO WORK

Return to work policy
- Employees understand new expectations

Return to work plan
- Worked with federal / local guidelines
- Aligned with property management
- Spent capital to ensure safety of your EEs

Following the CDC guidelines

Employee engagement
- We have alignment between leadership and our employee base
Transformation of What’s Next - Human Capital

HCM AS A BUSINESS PARTNER

- Contingency planning
  - Opportunity to engage our Strategic Cloud
  - Where will we be 6 weeks from now? In the fall? What about in 2021?
  - What does that mean for our business?

- Change management
  - Have we begun to formally adopt a process / procedure / leader?

- 2020 /2021 and beyond
  - Key learning
  - Practical application

- Applicability to ‘What’s Next?’
  - Where do you live / how can you deploy

- Attitude
  - Can we take our fear of uncertainty and change that to curiosity
What’s Next for the Management of Human Beings

- What do we mean by talent
  - What skills / competencies are now needed
  - How will we recruit at various levels
  - Are we going to have retention issues
  - How will we define our expectations / manage them

- Have we recognized the new internal needs
  - Focus on new emerging internal support need
    - Communication expertise
    - Technology expertise

- Can we adapt to technology

- What does the new world mean to our humans
  - Work life coexistence
How Are We Going to Evolve Our Leadership

- Leadership development
  - Leading in an office environment vs. virtual - new KSAs
  - Training and development opportunity (especially front line)

- People leadership
  - Maslow’s Hierarchy of Needs
    - Third tier is love & belonging
    - Four is esteem!

- Culture leadership
  - How will we maintain our culture
  - What will our new culture be
  - How does leadership support / embody
    - Culture - Behaviors - Beliefs (or) Beliefs - Behaviors - Culture

- Performance leadership
  - Management by objectives vs. hourly
Work Opportunity Tax Credit

The Work Opportunity Tax Credit (WOTC) is a federal tax credit program available to employers who hire candidates from target groups that face challenges in finding employment, such as veterans and SNAP (food stamp) recipients. This program allows an employer to receive a reduction in their income tax liability of up to $9,600 per approved employee.

Any industry in any location within the U.S. and its territories qualify. There is a 28 day deadline from the date of hire so applications must be filed in a timely manner.

Potential Value of Federal WOTC Credits:
- Average credit is $1,500 per qualified new hire
- One time credit with the one rare two year exception for Long term TANF recipients
- Maximum credit of up to $9,600 per qualified new hire
- Example: 10 qualified employees could yield a federal income tax credit or $15,000 to $96,000
With You Today

KAREN SCHULER
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The Impact the Pandemic Had on Data Protection

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<th>INDUSTRY</th>
<th>EMERGING ISSUES</th>
<th>PRIVACY IMPLICATIONS</th>
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<td>Customers</td>
<td>Information requests</td>
<td>Visibility and transparency</td>
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<td></td>
<td>Policies and procedures</td>
<td>Respect for user privacy</td>
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<tr>
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<td>Online ordering</td>
<td>Individual rights management</td>
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<tr>
<td>Technology &amp; Apps</td>
<td>Protection of personal data</td>
<td>Proactive not reactive</td>
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<td>Preventative not remedial</td>
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<td></td>
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<td>Privacy as the default</td>
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<td>End-to-end security</td>
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<td>Social Media &amp; Online Collaboration</td>
<td>Remote workforce collaboration</td>
<td>Privacy embedded into the design</td>
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<td>Data storage</td>
<td>Records retention and remediation</td>
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<td>Compliance requirements as online collaboration increases</td>
<td>Compliance in 3, 6, 9, 12 months</td>
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<td>Remote Workforce</td>
<td>Product implementation without regard for customer data</td>
<td>Data management</td>
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<td>Return to work, building optimization</td>
<td>Seasonal workers data handling</td>
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<td></td>
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<td>Tracking health information</td>
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<td></td>
<td></td>
<td>Physical security</td>
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<tr>
<td>Regulations</td>
<td>California Consumer Privacy Act (CCPA)</td>
<td>CA begins enforcement July 1</td>
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<tr>
<td></td>
<td>General Data Protection Regulation</td>
<td>GDPR requests continue to increase</td>
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<td></td>
<td>National Security</td>
<td>National security implications for critical infrastructure</td>
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## Industry Specific Impact of a Pandemic on Data Protection

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</table>
| **Hospitality**                 | Hotel requisitioning                                 | ▶ Property management and above property systems used for COVID-19  
|                                 |                                                      | ▶ Tracking health information                             |
|                                 |                                                      | ▶ CCTV                                                    |
| **Food & Beverage**             | Increased use of apps and credit card payments       | ▶ Data handling to fulfill orders                          |
|                                 |                                                      | ▶ Privacy by design requirements                          |
|                                 |                                                      | ▶ Vendor data management                                  |
| **Healthcare**                  | Telemedicine                                          | ▶ Online data storage (videos)                             |
|                                 |                                                      | ▶ Vendor data management                                  |
| **Manufacturing & Distribution**| Supply chain                                          | ▶ Data management                                         |
|                                 |                                                      | ▶ Seasonal workers data handling                           |
|                                 |                                                      | ▶ Tracking health information                             |
| **Marketing & Data Analytics**  | Geolocation                                           | ▶ Tracking individuals                                    |
|                                 |                                                      | ▶ Law enforcement use of data                             |
Specific Attack Types During This Pandemic

- Significant increase in socially-engineered spear-phishing attacks using fake e-mails and fake websites, including:
  - Fake websites to sell protective equipment
  - Fake CDC information
  - COVID-19 Health Webinar - fake links
  - Fake government and healthcare reports
- Rise of ransomware attacks worldwide, especially targeting IOT connected medical devices against hospitals and healthcare centers
- Increased number of business e-mail compromise (BEC)/impersonation scams on banks and financial institutions
- Growth of cyber-attacks on healthcare and food distribution supply chains
Contact Tracing Is Changing Privacy Requirements

CANADA
- Issued guidance for organizations to manage federal privacy laws during COVID-19

UNITED STATES
- CCPA enforcement - 7/1
- AZ - executive order re: COVID-19 surveillance
- NY, NJ, CT - considering tri-state COVID-19 contact tracing program
- TX - breach notification law

EUROPE
- European Data Protection Board - crisis data processing
- European Union regulators - pandemic impact on privacy
- European Parliament Civil Liberties Committee Chair - contact tracing apps must respect privacy

CHINA
- Wuhan - Government Surveillance to enter region
## Contact Tracing vs. Wellness Apps

<table>
<thead>
<tr>
<th></th>
<th><strong>CONTACT TRACING APPS</strong></th>
<th><strong>EMPLOYEE WELLNESS APPS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PURPOSE</strong></td>
<td>Track movements of individuals to slow the spread of disease (e.g., COVID-19)</td>
<td>Track employee wellness daily and get notified of potential health risks (e.g., COVID-19)</td>
</tr>
<tr>
<td><strong>STORES PERSONAL DATA</strong></td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td><strong>DATA COLLECTED</strong></td>
<td>Geolocation, name, address, personal identifier, exposure notification</td>
<td>Personal information, health status, temperature, travel locations</td>
</tr>
<tr>
<td><strong>TECHNOLOGY</strong></td>
<td>Bluetooth, Google/Apple, DPT-3, BlueTrace</td>
<td>Open source, ERP systems, Cloud environments</td>
</tr>
<tr>
<td><strong>IS IT VOLUNTARY?</strong></td>
<td>In some cases</td>
<td>In some cases</td>
</tr>
<tr>
<td><strong>DATA DESTRUCTION</strong></td>
<td>In some cases</td>
<td>In some cases</td>
</tr>
</tbody>
</table>
BEFORE YOU SELECT A CONTACT TRACING OR WELLNESS APP, CONSIDER THE FOLLOWING:

**DEVELOPMENT**

- Was the app designed with privacy in mind?
- Is the data anonymized and/or encrypted?
- What types of information are collected?
- How long will geolocation be stored?

**GOVERNANCE**

- Can you opt-out at anytime?
- Will data be shared with the authorities?
- How long is data stored?
- Can I get a copy of my data and can I request that it be deleted?
Develop a Data Protection Framework

**PRINCIPLES**
- Fair, lawful, and transparent
- Purpose limitation
- Data minimization
- Accuracy
- Storage limitation
- Integrity and confidentiality
- Accountability

<table>
<thead>
<tr>
<th>BDO DATA PROTECTION FRAMEWORK® (DPF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Governance</td>
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<tr>
<td>2. Privacy Operations</td>
</tr>
<tr>
<td>3. Privacy by Design</td>
</tr>
<tr>
<td>4. Notice</td>
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<tr>
<td>5. Consent Management</td>
</tr>
<tr>
<td>6. Rights Requests &amp; Complaints</td>
</tr>
<tr>
<td>7. Data Management</td>
</tr>
<tr>
<td>8. Data Security</td>
</tr>
<tr>
<td>9. Incident Management</td>
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<tr>
<td>10. Vendor Management</td>
</tr>
<tr>
<td>11. Training &amp; Awareness</td>
</tr>
<tr>
<td>12. Regulations &amp; Change</td>
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Establish a Holistic Data Protection Program

LINEAR APPROACH

A linear approach is used when a business addresses the requirements for one regulation at a time and incorporates those requirements into their privacy program.

- Governance and Oversight
- Data Protection Officer (DPO)
- Data Management and Retention
- System Inventory, Data Maps, and Processing Activities Register
- Security Technology and Infrastructure of Systems
- Privacy by Design and Default
- Privacy Impact Assessments (PIAs) and Data Protection Impact Assessments (DPIAs)
- Cross-Border Data Transfers
- External-facing Privacy Statement (including Consent and Information Disclosures)
- Internal Policies, Processes, and Guidelines
- Vendor Risk Management
- Data Subject Rights
- Incident Response and Breach Notification
- Training and Awareness

General Data Protection Regulation (GDPR)

- Consumer Opt-Out of Sale of Covered Information

Nevada Senate Bill 220 (SB 220)

- Notice to Consumers
- Consumer Rights
- Training and Record-Keeping
- Special Rules Regarding Minors

California Consumer Privacy Act (CCPA)

CYCLICAL APPROACH

- Identify Regulatory Changes
- Review Current Status of Aspects of Privacy Program
- Create or Update As Needed

Source: BDO Building a Holistic Privacy Program in the New Age of U.S. Data Privacy Law
Evaluate Options

**Operations**
- RegulatoryWatch®
- DPIA and privacy incident response advisory
- DPA and processing contracts advisory
- Individual rights requests consultation

**Data Protection Administration**
- Policy and standards reviews and updates
- Data inventory/RPA maintenance
- DPIA/PIA execution
- Information lifecycle management

**Monitoring**
- Annual data protection assessment
- Third-party assessment
- Managed Defense (O365)
- Advanced Threat Protection

**Rights Administration**
- Intake and verification
- Notification
- Fulfillment
- Close out and record keeping

**Regulatory & Litigation Response**
- Complaints and inquiries response
- Breach and litigation response
- Supervisory authority communications
- PCI readiness assessment

**Training & Awareness**
- Data protection training
- Awareness communications
- Microsoft Compliance Workshop
- Data Protection Academy®

WHAT'S NEXT FOR WORK?
With You Today

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Real Estate Expected Changes

- Books will be written about the coronavirus-driven commercial real estate shift and the “new normal” for offices
- In one swift moment, we were all forced into smart working and for many, things will never be the same again

The Significance of the Office
- In the end, “remote working won’t spell the end of the office”, given that 87 percent of global corporations view real estate as a key strategic asset rather than just a place for people to go do their jobs.”¹
- Not all jobs can be done remotely, and many firms will still favor the social and collaborative benefits which are fostered through in-person working relationships.
- An estimated 37% of U.S. jobs can be performed properly remotely.²

Office Layouts Restructuring
- As firms adapt to allowing for more remote work as a permanent fixture of the way things are done, office requirements will change, with larger areas for individuals to work in and less fixed desks.

Bottom Line: Employers need to provide options / choices for where and how employees work, based on how they feel they can be most productive.

1. Forbes, Faisal Butt
2. University of Chicago, Dingel and Neiman
Real Estate Expected Changes

Office Requirements will Change
- Flex working hours
- Allow remote work as a permanent fixture
- Integrate technology shifts and improvements

Health and Safety
- The office experience won’t remain as it was
- Many companies will require employees to wear masks at all times, redesign spaces to ensure physical distancing, and restrict movement in congested areas (for instance, elevator banks and pantries)
- Even after the reopening, attitudes toward offices will probably continue to evolve

Company Culture, Satisfaction and Productivity
- Is it possible that the satisfaction and productivity people experience working from home is the product of the social capital built up through countless hours of previous culture engagements working with peers?
- Will corporate cultures and communities erode over time without physical interaction?
- Will planned and unplanned moments of collaboration become impaired? Will there be less mentorship and talent development?
- These are the critical counter arguments to the ultimate success of working from home that need to be addressed

Bottom Line: Employers need to provide options/choices for where and how employees work, based on how they feel they can be most productive.

1. Forbes, Faisal Butt
2. University of Chicago, Dingel and Neiman
Call to Action to Accelerate Recovery

IMMEDIATELY

- Finalize quality reassurance plan and workplace re-entry plan
- Test the re-entry work plan
- Complete VOE survey & analyze data
- Coordinate with landlord about office configurations
- Workplace re-entry plan - providing a comprehensive playbook for a communication plan
- Revised policies, procedures, and protocols
- Change management plan
- Remote working policies

NEAR TERM

- Rapid scenarios planning: to understand impacts of consolidating, closing and reducing space requirements
- Renegotiation/restructure of outsourced MSA/contacts, facilities, and lease escalation expenses/lease audits
- Construction audits
- Operation model review
- Organization restructure
- Outsourcing expansion - go to market approach - cost/benefit analysis
- Staff augmentation
- Evaluation & elimination of SG&A spend
- Asset monetization

“At the end of the day, we looked at key historical events that shaped society: the Great Depression, the 1918 pandemics, WWI and WWII, 9/11, and the financial crisis. During these crises people reduced consumption, grew more frugal. After the crisis, worry continued and it was a permanent mindset shift. That’s really important. We think the world is changing. We’ve got to take cost out of the system. We want to enable sustainable growth.”

KIRT WALKER
Nationwide CEO
COVID-19 Impacts to Real Estate

- NYC office vacancy expected to rise 20% and downtown office vacancy rates increase 30 BPS
- 67% of white collar jobs have employee’s are still working from home (WFH)
- White collar companies will begin to see a financial impact due to the economic impact and must accelerate recovery now

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>COVID-19 PANDEMIC 2020</th>
<th>2008-2009 FINANCIAL CRISIS</th>
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<tbody>
<tr>
<td>GDP</td>
<td>-5.0%</td>
<td>-8.4% (Q4 2008)</td>
</tr>
<tr>
<td>Personal Consumption Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Durable Goods)</td>
<td>-13.2%</td>
<td>-26.3% (Q4 2008)</td>
</tr>
<tr>
<td>GPDI</td>
<td>-10.5%</td>
<td>21.1% (Q2 2009)</td>
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</table>
COVID-19 Impacts to Real Estate

RESPONSE AND OPPORTUNITY

- Evaluate current events as a “reset button”
- Understand what was learned
- Ask how do we improve
- Use the above to rewrite what was
- And most importantly: reshape the future

If we truly want to use COVID-19 as an opportunity to rewrite what was and be prepared for the next inevitable major disruption, it will require:

- Challenging all previous assumptions
- Have an open mind and willingness to put aside preconceived notions
- Look across People, Process & Technology

“...The supply and demand for office space may change significantly. A lot of people have learned that they can work at home, or that there’s other methods of conducting their business than they might have thought from what they were doing a couple of years ago. When change happens in the world, you adjust to it.”

- Warren Buffett
Real Estate Strategy to Accelerate Recovery

1. Lessons Learned
   - Capture voice of the employee
   - Incorporate customer/client feedback
   - Hold Visionary Workshops to assess leadership/staff and customers desire/need
   - Assess the organization's actual needs
     - Where should the company be located to accomplish mission and goals
     - Portfolio Composition
       - Traditional office/retail/distribution
       - Flex & co-working
       - Work Remotely
   - Perform a GAP analysis from current to ideal business state
   - Quantify costs and timing to address gaps identified
   - Draft a priority matrix to support decision making

2. Action Plan
   - Take advantage of the crisis and analyze the financial gains
   - Use this time as a “reset button” to accelerate recovery
   - WFH productivity through human energy within the organization
   - Digital and technology systems must be up to date to accommodate remote working
   - Attract and retain high performing employees
   - Enhance employee engagement
   - Mitigate costs
   - Support collaboration and innovation
   - Improve productivity

3. Accelerated Recovery

WHAT'S NEXT FOR WORK?
With You Today

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IT Resiliency and Productivity

4 Most Important Actions to Take Now

In short, business as usual will no longer cut it. It’s the businesses that start thinking now about what the post-COVID-19 landscape will look like—and make plans accordingly—that will be poised to thrive in crisis and beyond.

Remote Work Strategy

Get to the Cloud Now

Collaboration Environment: Governance, Security and Compliance

Desktop and App Virtualization
Remote Work Strategy

Once you are in the cloud how do you support your workers?

> Over a fifth of senior executives rank change management as their top digital priority for the year ahead—suggesting a growing understanding of its role in digital transformation success. Change readiness is a function of:

- **Culture** - The level of cultural acceptance and alignment with proposed new behaviors

- **Commitment** - The level of conviction in the proposed change and resolve to see it through to success.

- **Capacity** - The level of resources, knowledge and skills to support and sustain the proposed.

https://digital.bdo.com/remote-workplace-resources
Leverage the Cloud - Now

A solid cloud strategy drives both IT resiliency and productivity

- Protect organization from disruption
- Reduce Complexity
- Optimize Operations
- Increase Business Agility
- Scale to Meet Demand
- Improve Experiences and Engagements
- Keep connected amid COVID-19 and be prepared for future disruption
Collaboration: Governance, Security, & Compliance

Collaboration not optimized? Now what?

Teams pull through security opportunities (and vice versa)

- **Identity & Access Management**
  - Securing access to Teams and business apps based on a set of conditions. (i.e. Guest Access)

- **Information Protection**
  - Protecting and encrypting your data in Teams and wherever it travels, along with the devices accessing it.

- **Threat Protection**
  - Safeguarding Teams from advanced threats such as phishing attempts and malware.

- **Security Management**
  - Visibility and control over Teams and its data. Not only within Teams but outside such as 3rd party storage (i.e. Box).
Microsoft Teams: Governance, Security & Compliance

Collaboration not optimized? Now what?

Just because you can get started with the click of a button, doesn’t mean you should!
Case Study Example:

Industry: Manufacturing

Problem: The manufacturing company needed a secure and reliable solution that would allow employees without company laptops to utilize their personal computers to work-from-home.

Solution: Recognizing the urgency of COVID-19, the company implemented Windows Virtual Desktop from conception to implementation in just 4 days.

Benefit: The company was able to keep employee health and safety the number one priority while continuing to serve customers and grow the business.