

World economy working from home gets a glimpse of the virtual future

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Credit: CC0 Public Domain

The lockdown gripping much of the world economy has spurred a real-time stress test of the long-heralded digital future.

Virtual brown bag lunches have replaced office gatherings; schools have rushed out internet-based learning; the International Monetary Fund will this week hold its spring meetings online; and the U.S. Supreme Court for the first time will hear arguments by telephone and allow live audio broadcasts.

Virus lockdowns have seen millions lose their jobs as waiters, flight attendants, Pilates instructors and other service providers are shuttered. That means sustaining those sectors that can function online has never been more important for a [global economy](#) facing one of its darkest periods since the Great Depression.

Gauging the exact size of the digital economy isn't easy: The United Nations Conference on Trade and Development estimates a range of 4.5% to 15.5% of global gross domestic product. While that varies by country, it's clear the companies and nations which can migrate the most commerce online will go some way to cushioning the damage.

"The futurists are going to have a field day," said Mark Herlach an international lawyer at Eversheds Sutherland LLP in Washington D.C. "It will change the way we build our cities, the way we move around in those cities and that in turn changes our energy use. A whole series of knock on effects are coming."

Herlach—who has had to steer negotiations between clients and government from his home and has used video happy hours and dinner parties to stay in touch with colleagues and friends—is positive on the experience so far, but worries about a lingering sense of isolation if more opt to work remotely once the lockdowns ease.

Cheaper internet connectivity has enabled explosive growth in online tools, allowing many white collar roles to be done at home and keeping managers and business owners in touch with their staff.

Users of Microsoft Teams soared to a new daily record of 2.7 billion meeting minutes in one day, a 200% increase from 900 million on March 16, the company said on April 9. Even amid security concerns, Zoom has gone from being used by 10 million office workers a day to more than 200 million people.

" 'Zooming' has become a new verb," said Michael Bowes, a barrister and joint head of Outer Temple Chambers in London. He and his colleagues hold a 'Virtual Tea Zoom Group' at 4pm every Wednesday, where everyone brings their own tea and cake for a general chat about non-work issues.

Already, some companies have an eye on how they'll change operations even when the virus dissipates. Some are looking at cutting expensive travel and real estate budgets in favor of investing in better technology and home office set ups, said Satish Shankar, regional managing partner of Bain & Company Asia-Pacific.

"We are poised for a dramatic wanton increase of the digitalization of our economies," he said.

Viewed through metrics such as online government services, fiber internet connection and the share of people who already work from home, Scandinavian nations score highly in terms of online readiness. In tech rich economies such as Japan and South Korea, the sectors most impacted can't readily switch to a remote stance, according to London based HSBC economist James Pomeroy.

Ed Yardeni, who coined the term "bond vigilantes" in the 1980s, dedicated a recent research note to clients on how he has adjusted to a world of meetings and cocktails over video link during what he calls the great virus crisis, or GVC.

"Technology has become a GVC staple, right up there with food and toilet paper," wrote the president and chief investment strategist of Yardeni Research Inc.

Perhaps no sector has been as upended as education, with school closures affecting 90% of the world's students, or more than 1.5 billion people according to UNESCO. That has forced teachers to scramble online courses with little warning, with knock on consequences for the wider economy as parents are forced to adapt their working schedule around their children's needs.

Exam timetables have been threatened as authorities grapple with canceling or postponing critical final year exams, or basing grades on past performance.

Wong Mo Yee, a primary school teacher and a member of the Hong Kong Professional Teachers' Union executive committee where schools have been shut for months, said the crisis highlighted the need for clear goals about what should be taught at home instead of rigidly sticking with the in-class room curriculum. She also flagged dangers of too much screen time.

"Home learning is completely different, the interaction is different, the dynamic in the so-called video classes is also different," Wong said. "It's not so easy to engage students in video teaching."

Poorer children have been hardest hit, where families either have to share devices or don't have them at all. Families where parents have to leave home for work and cannot supervise their child's learning have had it tougher still.

"The longer children are out of school and not learning, the increased likelihood they will never return to school," said Heather Simpson, chief

program officer of Room to Read.

Tech Limits

Manufacturers have also discovered the limitations of tech. One of them is Colin Ng, who is co-founder of Hong Kong-based Lincogn Technology Co. that designs and makes smart home appliances such as facial recognition door locks and [mobile phone](#) controlled lights for the Hong Kong, China, U.S. and European markets.

Travel restrictions on the border between Hong Kong and mainland China have disrupted the main artery between Ng's small R&D team in Hong Kong and the company's manufacturing staff in neighboring Guangdong. That's complicated the process for when a product is meant to move from the R&D laboratory to the factory floor.

"Video conferencing the discussion is very difficult," Ng said. "It is difficult to explain a lot of the detail through the camera, the conversation becomes very inefficient."

Joerg Wuttke, president of the European Chamber of Commerce in China and a veteran of doing business in the world's second-biggest economy, said remote working can only do so much for those in due diligence, sales or manufacturing.

"Companies are pushing the envelope," Wuttke said. "But at the end of the day someone still has to get the coal and oil out of the ground and put solar panels together."

There have been other strains too.

Surging web usage prompted President Donald Trump to hold talks with telecom giants to ensure the networks could cope. In Europe,

Amazon.com Inc., Netflix Inc. and YouTube had to reduce the quality of their video streams to ensure networks can handle increased usage.

In China, mobile broadband downloading speed slumped between mid-January and early February before gradually recovering by mid-March, according to network speed testing platform Ookla. Downloading speed in India and Malaysia has started to dip since early March as the pandemic outbreak spread.

The shift online has been a crucial safety net for a collapsing [world economy](#) and will change how we study, work and play even when the virus passes, said Chua Hak Bin, senior economist at Maybank Kim Eng Research Pte. in Singapore.

"Quarantines and lockdowns for such long periods would have been near impossible to impose and bear without the tech devices available.

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