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# The Business Trends That Will Emerge Out Of COVID-19



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Here at the midpoint of 2020—a modern-day *annus horribilis*—there is much we don't know. Is Covid-19 on its way out? Or will it make a deadly

return like round two of the Spanish flu? Will the global experiment in modern monetary theory lift whole economies or just boost asset prices? Will it sow inflation or will recessionary deflation continue? Other trends are clearer. Here are five:

## **1. Technology is accelerating**

From my Silicon Valley perspective, the biggest global business story prior to Covid-19 was a brisk acceleration of the rate of technology evolution—and it is still undergoing a transformation that ensures the industry’s continued growth. Relatively new companies such as ServiceNow and Atlassian have rapidly emerged. Big tech was strong heading into the Covid-19 crisis and remains so. Customers of enterprise tech are not slowing their investments. CEOs have put a premium on agility. Their biggest ask of tech is a faster return on investment—weeks, not years.

## **2. Markets are looking past the worst**

I wrote about this in my previous column. Stocks have held up more than one would have expected, given the Great Depression-like collapse of commerce in the second quarter. What markets see is a reasonably fast recovery—not a V-shape, but a “skinny U” as Campbell Harvey, a professor at Duke’s Fuqua School of Business, put it recently. Still, it may take 18 to 24 months to return to January 2020 levels of global GDP. But by the third quarter, the growth rates will be impressive compared with the basement of March 2020.

## **3. Entrepreneurship will accelerate—because it must**

While some sectors like tech and shipping were stable, small family businesses have been hit hard, and there are high unemployment rates among youth. These factors will lead to a boom in “survival entrepreneurship.” History shows that this kind of entrepreneurship—a

traditional path of immigrants—are more durable than startups created by entrepreneurs who are affluent and have good PowerPoints. In the U.S., the 1970s were a lousy decade for business—gasoline prices quadrupled, a president and vice president resigned, and the stock market lost 45% from peak to trough. Yet Apple, Charles Schwab, FedEx, Microsoft and Oracle were born in that decade.

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## 4. Supply chains will be shorter and more regional

China's emergence as the hub of global supply is perhaps this young century's biggest story. But China's global command peaked in 2017. Then came Covid-19. "The disruption unleashed by the new coronavirus is different. It has highlighted country risk at an unprecedented scale. Nobody could have foreseen what would happen when the world's second-largest economy went offline and completely shut down external logistics connections....Many companies are only now coming to grips with the depth of their dependencies," writes Harvard Business School professor Willy Shih in a recent issue of *MIT Sloan Management Review*.

## 5. Wriston's Law of capital flow will be revealed, not repealed

In his 1992 book *The Twilight of Sovereignty*, banker Walter Wriston predicted that global capitalism would force countries to care for capital—both financial and human. If people and money are mobile, they will “go where they are welcome, and stay where they are well-treated.” Certainly, by the standards of 28 years ago, global capitalism is in retreat. But the flow of

money and talent remains a force, and cannot be stopped by anything short of dictatorship. Wriston's Law will play out in the U.S. recovery, where some states and regions, including tech centers like Silicon Valley and Seattle, are slow to open. Money and talent won't wait forever. Other places more open to tech talent and investment, in the U.S. and worldwide, have an opportunity to swoop in.

*Rich Karlgaard is editor at large at Forbes. As an author and global futurist, he has published several books, the latest of which is [Late Bloomers](#), a groundbreaking exploration of what it means to be a late bloomer in a culture obsessed with SAT scores and early success. For his past columns and blogs visit our website at [www.forbes.com/sites/richkarlgaard](http://www.forbes.com/sites/richkarlgaard).*

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