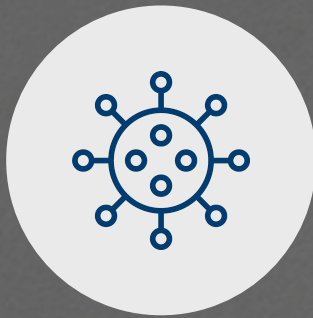




JUNE 2020 INDUSTRY INSIGHTS





COVID-19
INFORMATION



BUSINESS
IMPERATIVES



NEW REALITIES

COVID-19 MEDIA SOURCES



- **Reliable, unbiased information on global pandemic is essential to build sound business plans in the mid-term. The following is list of the most objective sources of information on Covid-19.**
- **Solid source to guide re-opening efforts:**
 - <https://www.covidexitstrategy.org/>
 - <https://www.ft.com/coronavirus>
 - <https://www.economist.com/news/2020/03/11/the-economists-coverage-of-the-coronavirus>
 - <https://covidtracking.com/>
 - <https://budgetmodel.Wharton.upenn.edu/events/2020/5/1/live-panel-penn-wharton-budget-model-on-coronavirus-policy-responses>
 - Source: Mike Marks, Indian River Consulting – “I carefully read everything that McKinsey publishes on Covid-19”
<https://www.mckinsey.com/featured-insights/coronavirus-leading-through-the-crisis>

Apply the mind map to your customers:

<https://www.boardofinnovation.com/low-touch-economy>

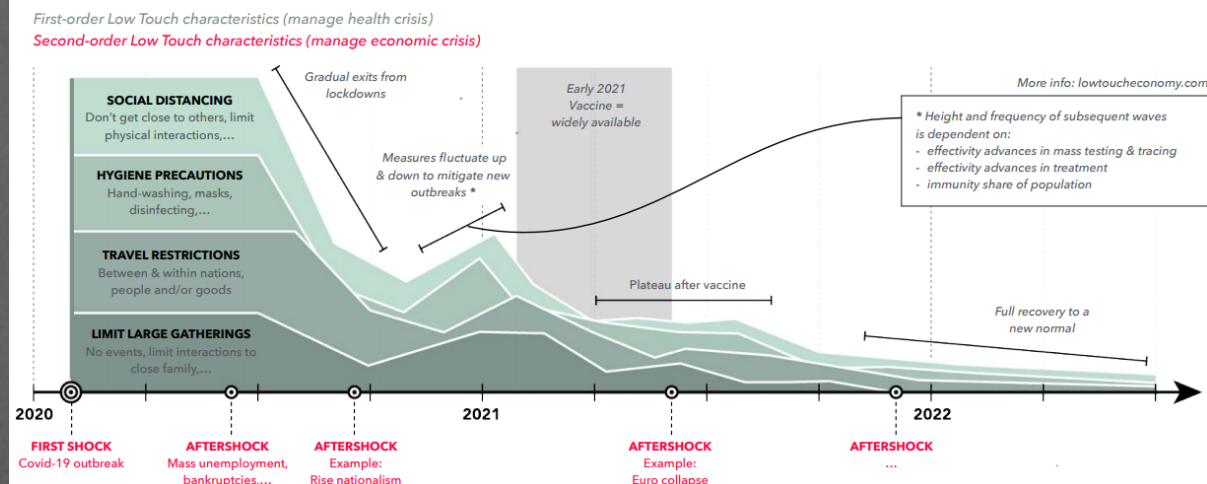


- **PPE considerations for re-opening (source: Nicole Randall, ISEA Director of Marketing & External Affairs)**
 - <https://safetyequipment.org/knowledge-center-items/ppe-considerations-for-reopening-the-workplace/>
- **Cleaning vs. Disinfecting**
 - Source: Centers for Disease Control and Prevention (CDC)- <https://www.cdc.gov/infectioncontrol/guidelines/disinfection/introduction.html>
 - Source: WebMD- <https://www.webmd.com/parenting/features/cleaning-disinfecting#2>
 - Source: Clorox- <https://www.clorox.com/resources/coronavirus/whats-the-difference-between-cleaning-sanitizing-and-disinfecting/>
 - Michigan State University Center for Research on Ingredient Safety- <https://www.canr.msu.edu/news/covid-19-cleaning-vs-disinfecting>
- **Glove Donning and Doffing Video and blogs**
 - Source: Bill Sampson, Watson Gloves- https://www.linkedin.com/posts/bill-sampson-01417533_with-the-increased-usage-of-disposables-among-ugcPost-6656210472792133632-IXuy
 - <https://www.watsongloves.com/how-to-safely-take-off-a-pair-of-gloves-in-6-steps/>
- **Cleaning Gloves**
 - <https://www.watsongloves.com/keep-the-germs-out-how-to-wash-your-gloves-and-keep-them-clean/>
- **Proper Hand Washing Video**
 - Source: Now This News- <https://www.youtube.com/watch?v=2YuDWCX3OkM>

COVID-19 RESPONSE

- **Face-to-face meetings will not happen regularly until Q4 2020**
 - Video meetings are mandatory
 - Routine business can happen by phone, video and electronically
 - Follow company electronic communication guidelines
 - People are home and taking phone calls
 - Make check-ins part of your weekly routine; customers will appreciate your genuine concern for their health and safety
- ✓ **Be ready for another outbreak in Q4; will likely have economic impact**
- ✓ **Economic recovery will be slower than many expect**
 - “W” recovery: downslope now, recovery in October, then another decline starting Thanksgiving that will last until March 2021.
 - Election outcome will have significant impact on economic growth

Most experts agree we're in for a long, slow, bumpy recovery.





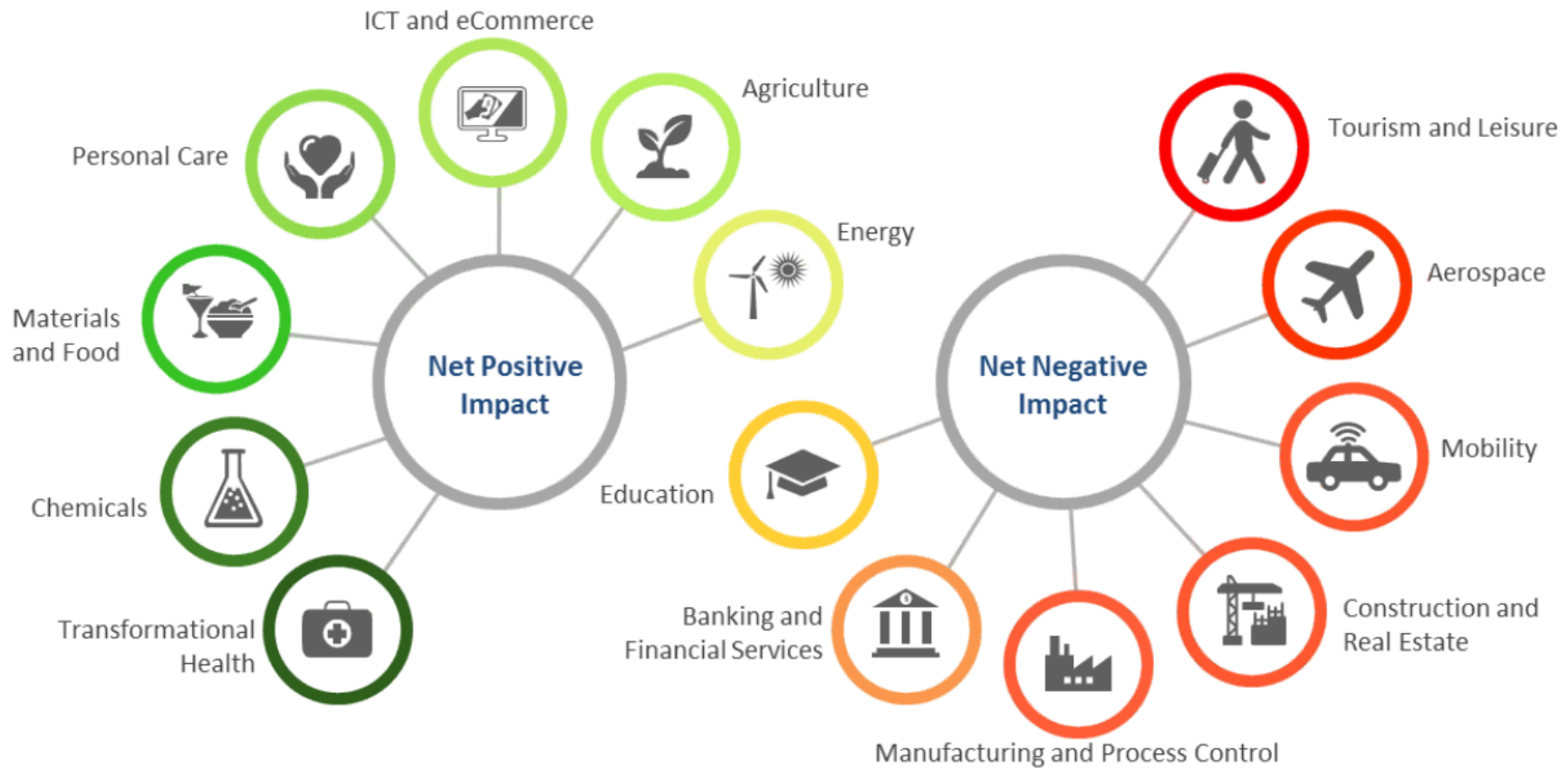
- ✓ **Key Themes for businesses coming out of the covid-19 pandemic:**
 - **Focus on preserving cash**
 - Tap credit lines; government funds
 - **Re-open safely**
 - US Manufacturing sector has scaled back – many plants will start with 1 shift to prove-out reopening tactics
 - PPE is a business imperative
 - Increased disposable and mask demand
 - Proper use
 - **Reduce reliance on foreign supply**
 - Pursue new North American suppliers
 - Continued threat of new sanctions
 - **Win new business to offset demand declines in key sectors (e.g. O&G)**
 - End-users will not want regular visitors until Q4
 - Suppliers with strong electronic content/capability will win



What are urgent priorities for our customers?

Imperative	Implications	How Watson can help	Resources
Re-open safely	Build re-opening plans; PPE is a business imperative	<ul style="list-style-type: none"> ▪ Disposables and masks portfolio ▪ Covid resources 	<ul style="list-style-type: none"> ▪ Disposables and mask stocking orders ▪ See pp. 3-5 of this deck
Focus on preserving cash	Tap credit lines; pursue government funds	<ul style="list-style-type: none"> ▪ Provide cost-savings solutions 	<ul style="list-style-type: none"> ▪ “Dataplan” category analysis ▪ e-SWAT
Reduce reliance on foreign supply	Find new North American suppliers	<ul style="list-style-type: none"> ▪ Canada made gloves ▪ Stock in Canada DC 	<ul style="list-style-type: none"> ▪ Order confirmation ▪ Stocking orders
Win new business	Suppliers with strong electronic content/capability will win New technology will be adopted quickly	<ul style="list-style-type: none"> ▪ Leverage Watson content ▪ Seamless electronic meetings ▪ New product development 	<ul style="list-style-type: none"> ▪ Broad content available in variety of formats ▪ New offerings

IMPACT ON KEY INDUSTRIES



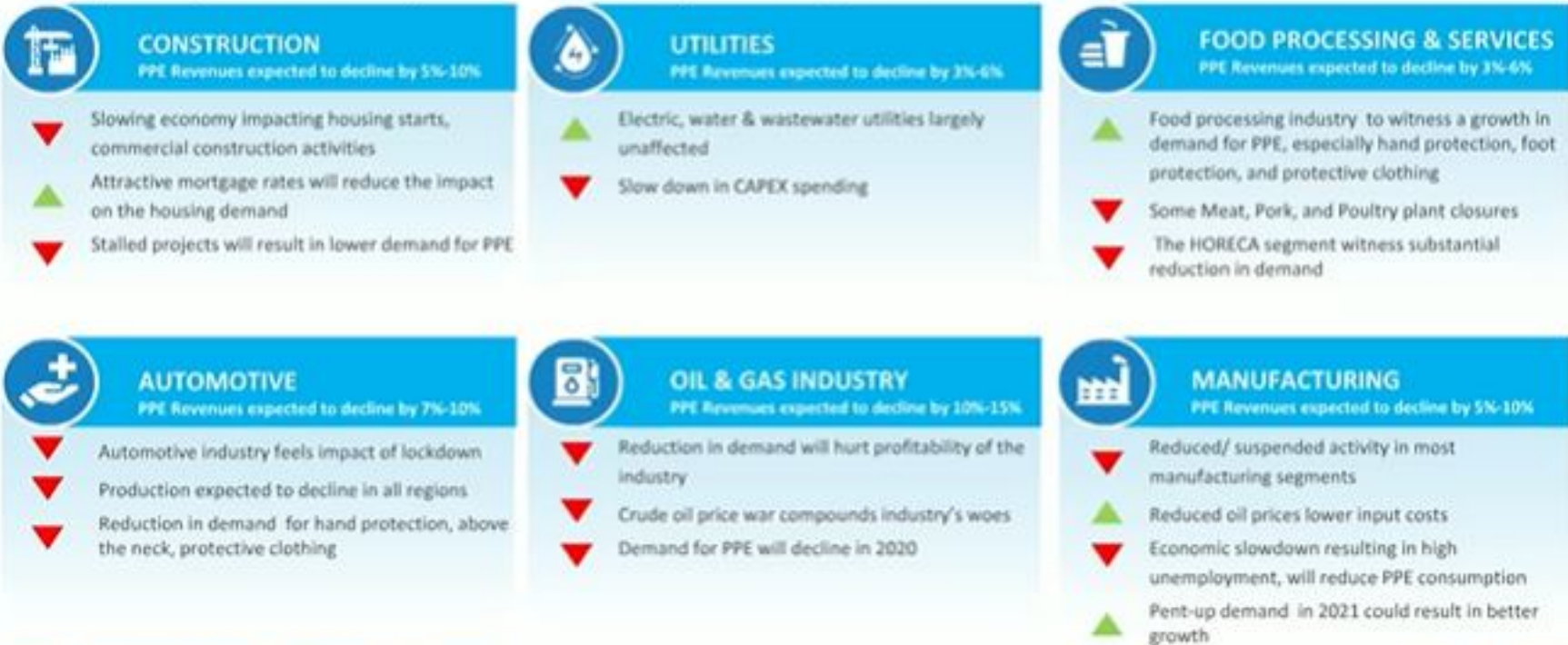
Source: Frost & Sullivan

SOURCE: Frost and Sullivan



COVID-19 IMPACT ON INDUSTRY VERTICALS

Industrial PPE revenues will decline in 2020 due to production slowdowns, supply chain disruptions, and a possible decline in the labor force. Growth in 2021, however, will be above average in most verticals as the global economy recovers.



Note : These are estimates. Impact Time Period – 6 to 12 Months

Source: Frost & Sullivan

SOURCE: Frost and Sullivan



Healthcare PPE

The global healthcare PPE market will witness unprecedented growth during 2020 and 2021 as the COVID-19 pandemic strains healthcare systems worldwide.

Consumer PPE

As social behaviors change in a post-COVID-19 world, the consumer PPE market will take off. This will be spurred by government mandates in many countries like UK, Germany, Austria, Spain, Turkey and others making wearing masks compulsory in public places.

Domestic Production

Most countries will encourage PPE manufacturers to increase domestic production and build surge capacities for critical products. This could become a competitive advantage to serve government requirements.

Strategic Stockpiles

Most countries realized the shortcomings of their stockpile strategies during the COVID-19 pandemic. Governments will make it a priority to build stockpiles of critical PPE products to prevent shortages during any future pandemics or national emergencies.

Smart and Wearable PPE

Health concerns and social distancing requirements will give a fillip to adoption of smart PPE technologies and speed up acceptance by employers and employees alike.



FUTURE OF THE PPE SUPPLY CHAIN



The COVID-19 pandemic exposes the PPE industry's overdependence on an outsourced supply chain. Supply chain risks will have to be addressed at every level.

The industry will witness entry of new competitors in the industrial, healthcare, and consumer segments.

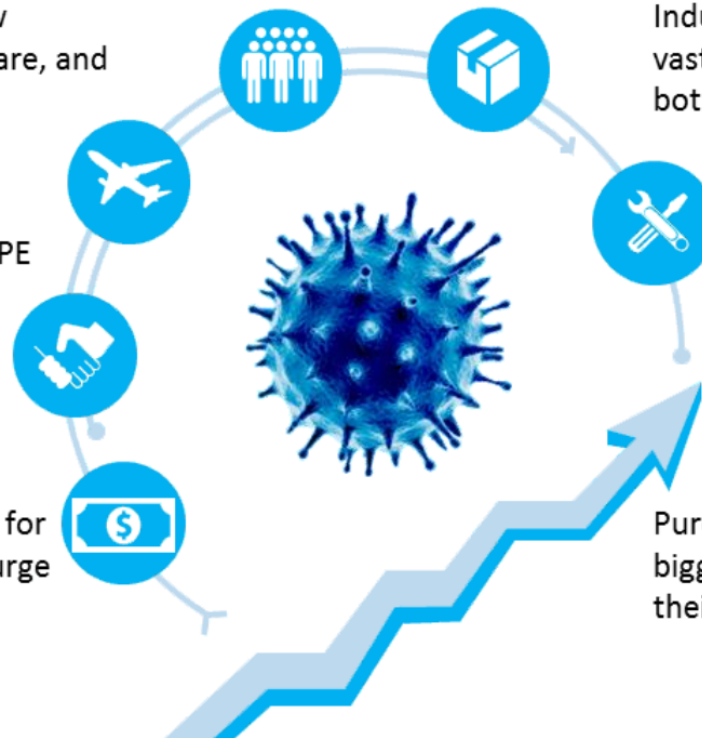
Industrial and healthcare distribution models are vastly different; companies will try to cater to both segments.

M&A activities are likely to grow and PE firms will become more active in a growth industry.

Industry will witness forward integration efforts from material suppliers in some product segments

Most countries will witness initiatives for increased domestic production and surge capacities.

Pure eCommerce companies will play a much bigger role, competing with PPE distributors and their digital platforms.



Source: Frost & Sullivan