

Opinion **Technology sector**

The business world can never go back to the way things were

The global plague has turbocharged the growth of the internet, catapulting us into the future

MICHAEL MORITZ



Michael Moritz says the world has been catapulted into a future in which restaurant meetings and conferences abroad are replaced by online delivery and video meetings © FT montage; Bloomberg; Reuters; Getty Images

Michael Moritz YESTERDAY

The writer is a partner at Sequoia Capital

Judging by the number of self-administered haircuts visible on [Zoom calls these days](#), hairdressers have nothing to fear about their long-term prospects once the devastating disruption to their business ends. The same is not true for many other businesses, as Covid-19 reshapes the contours of our lives.

The plague sweeping the world has turbocharged the growth of the internet and catapulted us into the future. In the space of March 2020, many businesses fast-forwarded to 2025. For some this meant a surge in activity, but for a vast number doomsday has come early.

Almost all the companies whose fortunes have been lifted by the pandemic conduct all, or a big part, of their business over the internet. Many also provide services to the home. The management of the online restaurant and grocery delivery companies cannot add capacity quickly enough; the purveyors of online exercise equipment have brought puddles of sweat to many more basements and attics; video streaming services and producers of podcasts have scrambled to add bandwidth.

Covid-19 has also boosted the fortunes of companies providing remote medical diagnosis and home therapies. Educational institutions ranging from elementary schools to the world's leading universities have taken their lessons from the classroom and lecture hall to the bedroom and kitchen table. Large financial institutions have permitted their brokers to do the unthinkable: conduct trades from home. Software and hardware companies are scrambling to shield home workers from cyber attacks as a fresh crop of security companies are monitoring suspicious activity in deserted workplaces.

For others Covid-19 has accelerated the day of reckoning. Mall operators and department store owners have seen a preview of what their future was already going to look like. Many small restaurants and corner stores will never reopen because "cloud kitchens" or the 24-hour pharmacy will have taken their places. Gym operators may find that clients accustomed to exercising at home may not attend as frequently.

After the air corridors slowly reopen, business travel and entertainment will be severely dented. People who had been accustomed to flitting back and forth to China six times a year might cut their number of trips in half and depend more heavily on video calls. The gruelling multi-city roadshows that are part of stock offerings are probably a vestige of the past.

Managers are likely to question the value of compelling teams to convene in one place. Those who doubt whether video calls can ever replace the benefits of personal meetings should remember that the defenders of voicemail once said that email could never capture the tones, inflections and spirit of an answering-machine message. As a result airlines and hotels will suffer for longer than anticipated and thousands of commercial aeroplanes will be dumped at fire-sale prices or sold for parts.

Bosses will also be far more willing to embrace the idea that their teams don't have to appear in an office just to demonstrate they are working. Millions have discovered the productivity boost gained from fewer social interruptions more than compensates for the loss of companionship. This doesn't portend [the end of offices](#), but it probably means a future in which managers are more willing to let their employees spend some time working from home. It's easy to see how this could lead to a permanent crimp in the demand for commercial office space.

As for the recovery, the west is at a disadvantage to China where the response to Covid-19 has been more effective than the uncoordinated and tragically belated firefights conducted in the US and elsewhere.

It will take longer for western consumers, with savings rates far below their Chinese counterparts, to regain confidence. An entire generation is now being given a taste of what their grandparents experienced during the Depression. In addition, Beijing is likely to take further steps to boost domestic consumption at a time when export markets remain shaky because of Covid-19, the trade war and its decision to nurture more homegrown technology.

For business and political leaders Covid-19 conveys two other lessons.

First, their organisations [can move more quickly](#) than they ever thought possible. Second, those who played down the warnings of the plague have now received a taste of what it will be like if they continue to ignore scientists' warnings about a far greater scourge to humanity: climate change.

[Copyright](#) The Financial Times Limited
2020. All rights reserved.