



The Global CEO Advisory Firm

Teneo Insights

Coronavirus: A weekly update from Teneo

A discussion between Ursula Burns, Jerome Hauer, Ph.D., and Kevin Kajiwara

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Kevin Kajiwara (KK): Good day everyone and welcome to the Teneo Insights call. I'm Kevin Kajiwara, Co-President of Teneo's Political Risk Advisory and calling in today from a very rainy West Village in Manhattan. Thank you for joining our latest coronavirus call.

I think that the key dynamic that everyone is watching right now, both globally and within the United States is obviously reopening. What it means, what it means in relation to what we used to think of as normal, and for the purposes of this call, how corporate companies will navigate the process. But I think it's also not too soon to contemplate the longer-term impacts, the negatives which are taking all too much of our time focusing on obviously. But perhaps also some of the positives, or changes that have been forced on us that would be valuable perhaps to retain.

And my guest today brings, due to her diverse set of roles and her distinguished career, I think a very unique perspective. Ursula Burns is the Chairman of the international communications firm, VEON, a position she's held since 2007. She was also the CEO between 2018 and March of this year. She is also on the boards of ExxonMobil, Uber and Nestlé as well as MIT, the Mayo Clinic, the Ford Foundation and the New York City Ballet. And she was the Chairman of President Obama's Export Council in 2015 and 2016. And I should also mention that

she joined Xerox as an intern in 1980, and rose to become CEO and Chairman, a very rare journey these days, indeed. And all the more so, she's the first African American woman to become the CEO of a Fortune 500 company. She's a Senior Advisor and very good friend to Teneo and I'm delighted to have her on our call today.

But we're going to start as we generally do with an update on the outbreak itself from Dr. Jerry Hauer. He's a Senior Advisor to Teneo Risk, and the former Commissioner of the Division of Homeland Security and Emergency Services for the state of New York, and Director of the Office of Counter-Terrorism. And as many of you know he was also the Acting Assistant Secretary of the U.S. Department of Health and Human Services for Public Health Emergency Preparedness. We will have time for questions at the end. We're now fielding these in written form. You can submit your question at any time by clicking the moderator chat button at the top of your screen. All questions will remain anonymous and we'll deal with them toward the end of the call. So, where are we? Globally, there are over 3 million confirmed cases. One out of three of those are in the United States and in the U.S. earlier this week, we surpassed the 58,000 Americans who died in the Vietnam War. Coincidentally, today is the 45th anniversary of the Fall of Saigon, incidentally. U.S. Q1 GDP contracted 4.8% and



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Fed Chairman Jerome Powell said yesterday that he expects economic activity will drop at an unprecedented rate in the second quarter. And initial jobless claims numbers just came out a moment ago at 3.84 million for the latest week. That takes us to now over 30 million since lock down, which effectively is the equivalent of the entire population of Texas. So, Jerry, I want to start with you.

A couple of updates. The Trump administration is organizing now an effort that they're calling Operation Warp Speed, which is a Manhattan project-style effort that's meant to bring together private pharmaceutical companies, government agencies, and the military to cut the development time for a vaccine. Now maybe it's a bit late, especially given all of the efforts that are already out there on the vaccine front, but it seems on the surface to make sense. How much time can you actually cut on vaccine development and what and what do you make of this?

Jerry Hauer (JH): Well, Kevin, when you develop a vaccine, you have to go through a process first, proving safety, then proving efficacy. You really have to show that you're not going to cause more harm than good and that it actually does what you want it to do in promoting the development of antibodies. People will go forward with the phase one, two and three tests, or studies, to get to the point where they then decide whether or not to begin production. What this project is going to do is it's going to take several vaccine candidates that show the most promise. They're going to allow them to go through clinical study, but also begin manufacturing, so that the risks of not having their product bought or procured by the federal government is basically neutralized. If the product does not come up to standards, does not meet the clinical efficacy and safety standards, even

though they went ahead and manufactured it, the federal government will pay them for the work they've done. So, there is no risk in moving forward very aggressively in trying to develop a vaccine. It is a very positive move in trying to get things done quicker. How quickly or how much it is going to accelerate things is hard to tell at this point, but it should contract the timeframe somewhat.

KK: You spoke last week about the number of programs that are underway and in fact some are under trial. A lot was made this week. In fact, it was featured on the front page of The New York Times of the Oxford trial. Any thoughts on that front?

JH: Sure. You know Kevin, the study being done at Oxford, they are talking about having a million doses available this fall. I'm always a skeptic with pronouncements like this. A lot of vaccines go into study, into clinical study and the clinical trials tend to not pan out the way you want. Then you have to go through a very difficult process of scaling up manufacturing, validating your manufacturing procedures and having the FDA approve it. That's not an easy process. It would be terrific if they have a vaccine available. I'm at a point in time where I've got to wait and see kind of mindset.

KK: Well, at the same time, there have been developments on the therapy front. Obviously, markets jumped yesterday on the news of positive results on Gilead's Remdesivir. And Tony Fauci, just earlier today on the Today Show said that he expected an emergency FDA approval soon. On the other hand, the Lancet followed up on some of the Chinese results that were discussed earlier in the week that weren't necessarily as positive. What do you make of the data that you've seen thus far on Remdesivir?

JH: Well, first of all, I have tremendous faith in Tony Fauci. I worked with him. And his analytical skills, his ability to cut through the data and look at what is really going on, is extremely important for deciding what drugs move forward. Tony Fauci, when he was in the President's office yesterday in the Oval Office, was cautiously optimistic about Remdesivir. The data shows the mortality dropped somewhat and the length of illness dropped somewhat. Not huge drops, but a 3% drop in mortality is a very positive number.

If the FDA does go ahead and do an EUA, as they start using the drug on a wider basis in thousands of patients, we'll get a lot more data. I think these preliminary studies show that there's no harm from the drug and that's important. So as they start using the drug more widely, we will get better data on whether or not this drug is actually helping patients, or whether or not it is basically somewhat of a wash. But the good news is there was no downside to the drug. So now Gilead's got to really step up production so they can meet the demands once the FDA issues this EUA.

KK: Right. I want to turn for just a couple of minutes here to the reopenings. And as part of this, increasingly one of the things being talked about is contact tracing technology, and I know as part of the solution and part of the monitoring process. And there are a lot of variations out there, not least is the Apple, Google collaboration. Clearly there are privacy issues which could probably be the subject of an entire call that we do one day, but what do you make of these? And it seems to me that you need a lot of societal uptake for these to be effective. And I think even in some countries where they're well underway and let's just say there's more of an ability to force compliance, the uptake isn't necessarily where you need it to be. How do you see this?

JH: I think that the reopening of some states here in the U.S., particularly those that have not shown the kind of decline that we would want, is a big mistake. I think at the end of the day we're going to see an uptick in the number of cases over the next several weeks. It will be a good indicator of how well they can control any outbreaks, or small upticks, locally. In other words, if they start to see a patient, or a person here or there that winds up becoming symptomatic, how quickly can they put a fence around that person? Identify the person, test the person, do the contact tracing very quickly so that they can control any additional spread? That's going to be a key component of these reopenings. If their public health departments, if their systems are not in place in a way that they can do that fencing, that they can get a person isolated extremely quickly, then we're going to see even a greater uptick in the number of cases. So this will be a test to look at what good controls look like. As far as contact tracing, the whole notion of contact tracing has a number of overlays. By definition, contact tracing is a fairly simple concept, but it can be a very difficult process to implement, particularly from strictly the number of people that are required to do it. When you look at contact tracing, one person becomes symptomatic. They test positive. You have to then quickly isolate that person, go out and track down who that person might've come in contact with. One, who have they been in contact with, who have they touched, who have they spatially been in contact with for any period of time? And that's defined right now as about 10 minutes, or who they'd been in contact with on a regular basis? Not just for that 10 minutes, family, co-workers, things like that. You then have to identify those people. Now, Andrew Cuomo wants to take all those contacts and test them. Normally what you do with contacts is you quarantine them. You have them self-quarantine, they stay at home and if one of them become symptomatic, you then start the process all over again where you take that person's contacts

and begin to test them. What Governor Cuomo wants to do is instead of quarantining the contacts, he's saying, "Okay, if I test positive, everyone that I come into contact with should be tested as well." And that's a good idea. I think it's a terrific idea, if the tests are available. And we've had a real challenge in the country with the number of tests that have been available. We hear all this bloviating, I'll call it, about how there's going to be millions of tests done every day. That there'll be 5 million tests done by the end of the week. What we heard three weeks ago, four weeks ago, that there were going to be 4 million tests in a couple of weeks. Well, we just surpassed that number, we're just not where we need to be, both with diagnostic testing, which is what you need to stem the outbreak, and then antibody testing has been a real fiasco. The tests coming in from China have been completely unreliable. They're junk basically. The UK bought \$19 million worth of the antibody tests and they simply didn't work. So, the reopening, my personal belief, is we're doing it too soon and too quickly.

KK: Got it. I want to remind everybody that if you want to ask a question to use the moderator chat button on the top of your screen. And Ursula, I want to turn to you now and your resume gives me a number of different avenues to go down and we're going to do so. But I want to start at kind of a very high level because here we are with the most devastating global pandemic in a century. We've got the biggest economic contraction in global economic activity since the Great Depression, and certainly I think the biggest global leadership crisis since World War II. So as a leader, in a sense, nothing has ever prepared you for this. By the same token, everything you've ever done professionally has prepared you for this moment. So speaking as the proxy for other corporate leaders out there, how are you approaching this crisis for your employees, for your customers, for your shareholders, and all of the other stakeholders that really matter?

Ursula Burns (UB): I think that you handle this crisis very much like you would handle an internal, more contained crisis. The same elements that you use to rally people. So, the strength of communication, the strength and effectiveness of communication. The effectiveness of the team around you and making sure that you have the right inputs and experts that manage situations, good assessors of the realities of the situation that you're in and the development of a path out. Partnerships and arrangements that can help you through. The size makes it particularly daunting, but the approach is very, very similar to even simpler and smaller problems. And one of the things that we fail at often is we try to develop a new playbook, a totally new playbook when the playbook has been proven over and over and over again through all of the examples that you just mentioned, back to World Wars, to other large outbreaks of disease, to big competitive moves by some of your competition. So I think that the thing to do if you're a leader in the business is to kind of settle down and step back and call on the resources that you already know, the thing that made you a leader in the first place. Teams, communication, good strategies, good understanding of the reality. And the final thing is some propensity to act, which is something that I think about a lot, which is missing in many, many, many companies. This idea that staying still is an action in and of itself. So after you get all of the things together, you should actually have a move, uneasiness about doing nothing and starting to move and fail fast. Try a lot of things and fail fast is the methodology that you use. This is a little bit harder, but the basic tenants are the same, same approach. Whether you're not for profit, whether you're government, whether you're an educational institution, which I'm involved with, whether you're a public company. I can say one thing across all of them is that these basic tenants have to be used. You have to have great people around you. You have to be able to assess the situation. You have to have expertise and this idea that we can actually make things better, even if smaller, even if they are small actions that have to be taken.

KK: Yeah, I know you as a leader and truly as an engineer, you have the view to not let a crisis go to waste. But if I can just push a little bit further on what you've just been talking about. From your perspective now, what do you see that's sort of not changing and what do you think is never going to be the same again? And maybe talk a little bit about how boards can help guide companies on that front.

UB: Yeah, a couple of things that are really interesting in all of the interactions that I had. I just had an all-day board meeting yesterday with a very large company. And it's interesting how there is still a belief that we're going to go back to "normal". If we just wait long enough and we can hope and pray that this is just a little blip in time and we'll go back to the way that we did things before. This is a tendency that never changes. Right? This is one of the things that never changes. Fortunately we have to get over it pretty quickly, but people actually do hope that we can just kind of forget about this in a couple of months, maybe a couple of years and just go back to the way that we were doing business before. That's the place that I'm comfortable being and that's the place that I would prefer to be. What I think most CEOs are doing now, after this has gone on for now close to two plus months, is they are starting to do, first was are my employees safe? Second, can I resume, do I have a business resumption plan? Can I get the business operating? Third, what the heck is happening around my communities? Can I help there? And now fourth, which is an important fourth, which is where boards come in, is what does the future actually look like and what can we drive in our operations that are net positive, net good to the way that we operate, to the people that we operate with, to our clients, to governments? Whatever it is, however we're involved, what can we learn from this situation and institutionalize in our operations? This

is a very important role for boards to take because they don't get involved with the day to day operations. They ask all the right questions, but then they turn it over to somebody else. The next phase for boards that I've been engaged with is all around, okay, what are we learning today that we can use in the future to change the way that we do business, to improve the way that we do business, etc.? How much money are we spending in areas that really don't add a lot to the bottom line? We were talking about in this company audits yesterday, how many audits we do and how many audits we have to stop. And the discussion went, we're not going to miss a whole lot. One of the board members said, "If you're not going to miss a whole lot, why are we doing them in the first place?" These kinds of questions are the things that have to come into place in companies and organizations. And if I can just divert and go a little bit broader. I'm on the board of some social institutions as well, so not-for-profit institutions in New York City. And one of the things that's really concerning to me about these organizations is that they actually don't have a plan for the change the world. Particularly performing kinds of organizations, they literally are still dependent 100% on the fact that they will be able to get an audience together of 1000 people, hundreds of people, to view someone doing something, and that has to happen in the near term. And that's something that I think that as experts in business and planning, we can help some of these not-for-profit institutions prepare for the reality that this recovery will be a long recovery, and this idea of gathering a lot of people together is probably one that will be the tailing end of the recovery. It will not be the near end. And I don't know if a lot of them can stand through there. So one of the things that you see is that people kind of hope for good things to happen. And hope, as we all know, is not a strategy. We have to literally put in action, we have to drive change if we want to come out of this in a better place than we entered.

KK: Yeah, you've opened a lot of doors there and I want to go through as many of them as possible in our time here and get to some specifics. But one thing I did want to ask just while we were on the board subject, and I know you've talked a lot about this and you've talked a lot about this with members of our governance team, like Martha Carter and others. But one of the hallmarks of management and of investing in the last few years has been ESG. And I'm wondering with all of the turmoil, all of the impact that this is going to have on day to day operations and on employees and so on, what you think about the concept of ESG going forward and the prominence it will play in investment.

UB: I think that it's interesting. This is going to be I think a time of great opportunity and change for this movement, which is the fundamental movement of engaging and considering "all", as many of the constituents as you can as you do your business. That's basically the definition here. And I think that what we have with this pandemic is a restart where some silent voices, workers, I tell you, this is going to be an interesting time for workers. Where some silent players are going to get a voice that's oversized and where some oversized voices will be pushed to the back. I think it's going to be important that businesses and leaders literally use this as a point of advantage for them and literally start to engage workers, the community, the environment a little bit more actively to actually drive a more positive change. Not fight to protect the status quo, but literally fight to see if there's a way that we can use this situation to improve the future.

One of the things that has been really frustrating in the ESG initiative is how disparate the focus has been. For example, if you look at people of color and women. This is an environment, this is a group of people that literally are at the tail end of everything.

Right? Everything good, they get less. And ESG has not properly yet comprehended the impacts or the effect of work and changes on people of color and women, particularly poor women. And this is a time now when you look at the workers out here who are being affected. I'm in New York City, the workers that are being affected the most, the ones that we depend upon the most on our day to day lives to check us out at the thing, who move our hospital gurneys around, are people of color and women. And this is a time where ESG can start to balance itself out. Companies can start to balance themselves out in their ESG initiatives. This is environment for sure, but it is also humans and the need to refocus our efforts and to actually become serious about this. Right? Just like we're serious about profit. It's the time to become serious about this. And I think workers are going to have a voice that's unbelievably important in the future. I'm on the board of the Ford Foundation, this is something we spend a lot of time thinking about and trying to plan for a good, equal kind of landing for everyone so that we can have some of the voices of these people, like I say, that we now all clap for at seven o'clock in New York City. We clap for them, but literally yesterday we didn't even know that they existed. And so, this is the kind of thing that have to be in the leader's mind. Right? It's not only the PnL and the balance sheet of the organization, which most of us have looked at a thousand times. It is also the people who drive that PnL and balance sheet and the supply chain of everything. The food delivery people, the health care delivery people, etc. that we have to care for. Because you said it, the governments in this crisis have been significantly less effective than in any crisis that we've had before. And so it's really going to be important that business and individual leaders stand up and take charge and try to lay some foundations for us for the future.

KK: This is a perfect segue, I think. I mentioned at the outset that you're on the board of Uber,

and before coronavirus came along, one of the key components of modern life was the growth of the gig economy and the gig worker. But the pandemic, just to follow on what you've been just saying here, the pandemic has exposed the pitfalls of that, particularly when there's not a universal health care or a social safety net. So how do you see this contract between worker and employer, going forward, evolving?

UB: Yeah. I think that the gig economy is one, I think it's here to stay, by the way. And I think, interestingly enough, it's a net positive, not a net negative. It needs some adjustments though. Obviously it's a net positive because it allows people to be employed who were probably very likely not going to be employed in any meaningful way before. It gives them a lot more flexibility, etc. But as you said, it's not only for gig workers, but for low paid workers in general. People not covered by healthcare, people who can't afford to buy into Obamacare. People who have to opt out of some of the basic things that we expect to have as citizens of this world, access to good healthcare being one of them. What has been shown here is that this needs to be fixed. So the gig economy companies, Uber being probably the largest one, absolutely has to step back, and is stepping back, and defining globally, different around the world. We see it one way in the United States and they see it a completely different way in the UK and a completely different way in India, etc. Around the world has to step back and design more inclusive and collaborative solutions for their workers, "for their contractors". Because these are not workers for them, they're independent workers. But I don't believe standing still is going to be the solution. I know that that's the case. It's not going to be the solution and it's going to have to be a collaborative solution between the worker, represented by governments generally, and the companies. And I'm hoping that this issue, this is total hope because it's

not showing its face yet, that we do start to have that collaboration, more meaningful collaboration instead of the no, they are a worker. Yes, they are a worker. No, they're not a worker. Yes, they are a worker. No, they're not a worker. That battle is not the one that we should be having. It's what is it that the basic needs that we should be cooked in the partnership with governments providing to the people who bring value to our companies and how do we deliver that and that's the conversation that Uber is trying to have, gig economy companies are trying to have versus this categorization and how do we tax them only as the narrow venue. I don't know the answer to that yet. Nobody knows the answer to that yet, but I think the great news is that we're at least having the conversations now and having them in a meaningful way.

KK: Does government have a role to play in this conversation in your view? And we're using these analogies like a war time scenario and a moonshot and things like that. What's the government private sector balance need to look like?

UB: I think that government has a very, very important role to play in this scenario. I may be a minority here. I actually am generally not as supporter of government getting too involved with business, but this is a public policy and a public health issue and the nano thing I'm speaking about here is access to services that taxpayers generally around the world pay for and how do we get companies and governments to actually speak more realistically about that in this new employment model. In the old employment model we have it, we know how it works in the old employment model. You sign up, you pay some, the company pays some. That's not the way it works in a new model and almost know for sure that this solution cannot be developed by a mandate only by government or by some solution developed by the companies. It's going

to require some kind of understanding, partnership maybe, but at least understanding and cooperation between both sides. This is not something that can be done alone. By one side of change.

KK: Yeah. I want to change tack here a little bit. Maybe get Jerry back in the conversation in here too. You're on the board of the Mayo Clinic and I just want to get a sense, switching into the healthcare sphere specifically here, talk a little bit about the lessons learned, other than that the Vice President won't abide by your mask protocols when visiting the Mayo Clinic, that you've learned here regarding things around the healthcare system, the resiliency of that healthcare system and the ability to scale to meet a challenge like this because we've got all the parts, but the parts don't seem to be adding up to a whole in a sense.

UB: One of the things that is really interesting that I learned in this short time of the pandemic and being involved with the Mayo Clinic, but other systems as well, and this is not Mayo specific, it's just rooted in some of the learnings I have from Mayo, is that we've designed a healthcare system pretty much like we've designed a factory. Lean, it's called, so having extra beds is like having idle lines in a factory and we don't particularly like that. We like hospital systems funding models for hospitals. The leadership of hospital like very lean, highly utilized supply chains, they don't have a lot and want a lot of backup for bad times. And I think one of the things that we learned here is that there has to be something besides this lean system that nations, people have access to. It seems illogical to say that you should design an unlean system, so I know that that's not the solution, but literally we actually have, if you look at most well-run hospitals, very, very few. You try to run with very, very few available anythings because that would be inefficiency. And one of the things that is clear is that we have run out of capacity

of not only beds but machinery, basic equipment, everything, in a situation like this, we don't expect this to happen every month or week, we don't expect this to happen all the time, but when it does happen it does put a light on the need for some expanded capacity. That's one thing that's really important. The second thing that is really interesting is that the funding for complex, a longstanding, Jerry talked about this a little bit earlier, healthcare intervention is something that the model, the chain is long. You just can't come up with an idea and then say, "Okay, it's great. It seems to work. Let's go with it." It's a years-long process in normal times and so the need, and that's one of the things that I'm happy to hear about is that the need to change the system to lean out that system a bit to allow for some risk taking but not clinical failures that affect the people is something that's really, really needed. The third is that we have to really take our hats off to docs, nurses, the orderlies, the people who take care of the hospitals. I haven't been in Mayo because we're not allowed to be there, but we have a call just about every week on this thing. It is amazing what we're asking these docs and nurses to do and we have to figure out a different way to reward them in the future because we have turned a lot of people away from this field, particularly internationally, by the way, but away from this field because it's just not that lucrative anymore. It's not that graceful anymore. And you get all of the downside. So we really have to look at this system as well and try to rebuild it around a new model.

KK: Jerry, do you want to jump in here as well? I know you've got a view on this response.

JH: Yeah, sure, Kevin. Ursula brings up a very important point that has been an issue as we've gone through this pandemic. That's the issue of hospital preparedness. This is something we've struggled with for as long as I've been working on preparedness

issues, hospitals, as Ursula says, beds, people and equipment. How do you surplus beds? You can't have empty beds sitting around. Equipment, I know for many years the issue of ventilators has come up. A big problem with stockpiling ventilators and certain other machinery or equipment is maintenance. If you let ventilators sit around for too long, components of the ventilators start to deteriorate. So when you think about having 30 or 40,000 ventilators stockpiled, just maintaining them is a huge task. When you think about the response from the federal government now, I define it with two words: disjointed and disconnected. There's a disjointed response here in D.C. The agencies are not coordinated and there is some disconnect within the agency. The biggest disconnect is between Washington, cities and states. There has not been a cooperative endeavor. As a matter of fact, it's been politicized, which is about the worst thing you can do in the middle of a public health emergency. In most public health incidents that I've coordinated, the scientists take the lead and they are the spokesperson. You can never eliminate the political component of dealing with public health outbreaks of this kind, but you really have to let science dominate the conversation rather than politics. And that just has not happened here.

KK: We started this conversation, Ursula, talking about never letting a crisis go to waste, but I'll give you another old axiom, which is never underestimate the willingness of political actors to absorb economic pain in their pursuit of strategic gain. Now you sit on the board of ExxonMobil. And so you must have been, I imagine justifiably concerned about the collapse of global demand for oil, but then had to have watched with dismay as Russia and Saudi Arabia engaged in a war for market share that has seen production fall further out of sync with demand levels, storage filling up, and prices enter the realm of the surreal as we went into negative prices last week and now you've got the IEA today estimating that global oil demand is going to fall 6% in 2020 which is

seven times the decline that we saw after the 2008 financial crisis. So obviously Exxon and the other IOCs are extremely sophisticated managers of risk, but this has to have been positively mind-boggling. And how are you dealing looking at this going forward, and do you have a view on the future of OPEC, frankly, as an entity?

UB: Well, as you know, they did come back together. Russia, Saudi, came back together and actually had a little bit more sensible talks, but I do believe that the way that the oil markets work and oil industries work and therefore that OPEC works, it's very different than us. One of the things that I love about ExxonMobil is their approach, this is a truly long view company. This company literally doesn't think in even years, they think in decades and centuries and because that's how long it takes them to generally find something and make it purposeful, fit for purpose, to get it out of the ground or out from under the water. So it's a long view company. The reason why I was on the first point is our country has an interesting anomaly in that our oil companies are publicly held by shareholders. We talk about most of the OPEC nations, the government's own, operate, this is the resource that funds the operation of their country. This is not the way it is in the United States and we have to always remember that we're not playing the same game over the same time as OPEC nations are generally. So the way that we approach it, demand destruction has been absolutely amazing. As you said, this has never been seen before in the history of anybody counting, even when we had small numbers of people and we literally as a company and as companies who are not in the government controlled space have to continue to look long here. And that's the goal. This is not about shifting energy sources, moving to solar, all that stuff still plays. But at the background you have to think about the assets that you have in the ground, whether they are viable at the lowest price possible.

And that's a big thing that Exxon has going in its favor, is that it looks for places, its technical ability allows it

to play in places that most other competitors can't go. We can actually get oil at a good price from a lot of different places and we have to continue to play that game. And be involved politically because one of the things that I didn't know until I was on the board of Exxon is the amount of interplay between ExxonMobil and its leadership team, the CEO primarily, and the governments around the world, including our government, is massive and significant about setting policy, about understanding how the markets work, but understanding the fundamental levers that can be and can't be pulled to keep supply because we don't really manage demand, keep supply coming and to actually have some good positive impacts on demand. The oil markets will recover. I am a really big believer that this shock to the system is good news for big and not so good news for small. If you're big here, you can hold your breath for a while. ExxonMobil can hold its breath for a while. Chevron could probably hold its breath, but a lot of the small chain players won't be able to and that's where we have to keep an eye out, not only ExxonMobil, but the world about that we don't take out so much of the what I call fringe capacity that is not lost, such that when the demand comes back that we can meet that demand. One of the things that's going to be interesting to look at and to pay some attention to is what happens to transportation, not motor gas, but airline transportation. That's going to be the longest chain to come back. Flying, every pundit says this, and logic would say that as well, that we're going to have a dearth of demand for air travel. It's going to take a while for that to come back. And that's a big source of profitability and supply or demand for oil for the world, for the global oil place. So, we have to figure out what kind of demand changes we have to make for that. So I think that in the near-term it's nerve-wracking, but the approach here is that this is a long game for sure. The asset is still needed. We have to still be good at exploring and getting it out. We have to be safe, etc., and we have to take advantage of the opportunities that are presented by this weak market.

When we look at other players in the market, are there things that we can do that are not usual? Mergers and acquisitions, divestitures, those kinds of things. Because like I said, this is a long game.

KK: Well, time flies when we've got so many subjects to talk about, and I do see questions coming in and I want to move to them in just a couple of minutes here, but there are a couple of other things I wanted to ask you about that maybe aren't directly related to business, but I want to take advantage of your being here and they're certainly of interest to a lot of our listeners. You're on the board of MIT. A lot of us have kids, a lot of us have kids that are of college age. You know, how are you looking now at the immediate and long-term future of the student experience, the solvency, fiscal solvency of a lot of educational institutions and how you are going to keep the research arms going?

UB: Yeah. I'll tell you, there are two places that have had less focus and less analytical, financial intensity focus, model focus from my perspective. One is the arts and the other one is clearly the educational experience. Not K through 12. K through 12 has its own problems, but university experience. And it's very similar to the arts, right? There's a thought that, "Oh, September. People are going to start coming back to campus and we're going to start having classes again." And one of the things that the board says over and over again is, "By the way, get real, people." There is a likelihood, there's a chance that can happen. It's very unlikely that the experience, the numbers of people that actually flood these universities on day one in August are going to actually be there in August. We're already in May and we still have half of the United States under lockdown.

So literally, number one is be prepared financially, technologically, value proposition-wise for a 2020

school year that looks fundamentally different than 2019. And you have to figure out a way to deliver education remotely in smaller clusters, however you do it, but every school has to have its own model. So that's one. And I think one model would be great, but I think schools have to have their own model. And they have to do it really quickly because they're admitting now, as most of them have admitted already. Some of these kids are going to say yes and not come. You could imagine the disarray here in who do we let in? Do we let in more people from closer to home than we did? Do we let in people from China? Do we let in people from Saudi? Do we let people in from all these other countries or do we stay closer the home? All that's in play right now in institutions. And the ones that have the best chance of making it through this are the MITs, the Stanford's, right? They're literally the ones that have a hundred applicants for every seat, or a thousand applicants for every seat. So, we have to really help. On this call, you have to go to your alma maters or your neighborhood universities and help them. They need modeling help. They need to think about a different way to deliver the value that they have or these guys are going to be in trouble. One. The second is financially this is a disaster for even the best endowed universities because most of that comes from research. The ability for them to do research has been severely curtailed. Right? Even when you lift it, it will still have this slow recovery, and the model has to change fundamentally. The big universities are starting to think about it very aggressively. The small ones I think are just praying, praying that September will come and the kids will come back. And some of them will stay away and maybe we can make it work. I think that we're going to see a lot of negative fallout from the inability for educational institutions to adjust.

One of the institutions that we did do a lot of work on is community colleges. So the four year colleges are, I was just talking about the big four year colleges, community colleges actually can be, and partnership between four years and community colleges can be an asset that increases in value significantly during this

time. Right? Because obviously, they're community colleges, the distance to travel is small. You can actually do a little bit better social distancing. The need to house all of these kids are not there. So, there's a whole bunch of work and thinking that has to go on about how you change the fundamental construct of these four walls and start to bring in other assets to assure that we can deliver a reasonable education. Because until we perfect it, it's not going to be the same reasonable education, and to as many people as possible, and not break the bank doing it, not have the marginal university kind of go out of business. Historically, black colleges have a really big worry here, huge worry. They get a large amount of their intake from foreign students and big concerns about that. So I think that we, business leaders, have to actually help them, the universities. And you don't have to think about Stanford and MIT. You can, but I'm not as worried about them. They need help as well, but the local guys, the ones that you went to, maybe you should just do a call and say, "Do you have it all under control? Do you need help?" Because they need planning, they just need to literally step back and think of a new model. I've been ranting on this. This is a big deal. And MIT is in a consortium that's trying to help the other colleges as well because it's just a big change. And the financial implications, I'll just repeat it, are amazingly negative right now for most universities, even the best endowed.

KK: I know you've brought this up a couple of times, but it's worth diving just a little bit deeper here in the few minutes we have left. You know, many on the call, myself included, we live in New York City. We moved here and live here for reasons that go beyond professional. The cultural life of the city is part of its heartbeat, it's part of its appeal to the entire world, and many institutions are going to have to fight for their lives. You've already indicated this. Now, the prestige institutions, you sit on the board of the New York City Ballet, the Metropolitan Opera, the Metropolitan Museum, the Museum of Modern Art. They've got the

benefit, not only of, you know, they've got richer endowments, but they also have the benefit of having some of the best business minds in the world helping guide them. But a lot of the smaller institutions that are the grassroots of the city, and I imagine in many other cities as well, are in really, really tough shape, which will change the cultural fabric of these cities afterwards and the desirability of the urban center to live in even. How are you thinking about that from your perspective on that board?

UB: Yeah, I think about it as a responsibility that we have as citizens to help. I tell you, I also am on the board of the New York City Ballet, but I'm very involved with The Studio Museum in Harlem. I'm not on the board of The Studio Museum because they have a great board, but this is an organization that if we don't stand behind it, we'll not be able to make it. I mean, it's a small museum, African American museum in the middle of Harlem. These organizations, these small organizations are all over New York, Philadelphia, I don't know, Timbuktu, all of these places. It's our responsibility as business leaders and I call the people of grace to actually help them where they need help and when they need help. As you said, ballet has the Metropolitan, the MET has 10 people who are the top 10 in New York City and so on and so on, even they are struggling, by the way. Even they have massive financial problems, so you can just imagine what's happening to the smaller organizations. And this is where, in our spare time, as citizens, we can literally help. You don't even have to be on the board. They have all kinds of task forces and committees, etc. Without this, as you say, fabric of a social infrastructure, cities become just crowded, hot places. The reason why you're here is it has great food, it has great culture, etc. If that all goes away, then the purpose of the city becomes just to house a whole bunch of pretty desperate, crowded people, and that's not, obviously it's not socially good and it's not property value good either. So I think it's really

important just to, even if you live in a rural community, to actually look outside your window and engage the things that make your community your community, and assure during this time that you offer help that they can use. And you would be surprised how many will take it and they would be shocked that there are people who are putting up their heads enough to say, "Yeah, please help me. Help me think about fundraising," which is not generally what these people need in the short term. They'd take it, don't get me wrong. They need a plan. They need a strategy and a plan. And they'll take some money, but it's strategy and a plan, helping to form that is something that's really important. How do I say this? I really implore us all - we spend a lot of time with the people with a lot of grace - that's us, guys, on this call, and we have to kind of just look out a little bit for, let's say 10 minutes a day, and see whether or not there is not someone who is struggling. And you can say, "You may not need my help, but I'll offer it to you. I'm good at planning, I'm good at financial analysis, I'm good at whatever the heck it is and I can help you." It's really going to be important because the fundamental fabric is being changed. And we're learning new habits, right? We're learning to not "go to restaurants". We're learning to order in, right? So we're learning to literally order in and the physical structure of restaurants is going to have to change a little bit. We're learning to do video content consumption versus going to the live thing, but we have to help them make the transitions or else they'll be lost. And that, I think, will be one of the unbelievably negative outcomes of this pandemic, is just the people who are at the edge, on the fringe, who keep our lives going and make our lives graceful, just literally being swept away.

KK: Well, of all the things you've said, I'll disagree with you on point, and that's for those of us who have the cooking skills that I have, we learned how to order in a long time ago, Ursula, but I take your point.

We have one-minute left here and I want to get to one or two questions that you guys can answer just really, really quickly. One question is for you, Jerry, and that is with regards to the reopening as well as just the actions that we're seeing after a month plus of lockdown and better weather improving, is not only are we seeing social distancing kind of not be practiced as much as one might like, but we're also starting to see leaders themselves kind of not really extending some social distancing bans. That's not to say that others aren't being very diligent on that front still, but what are your concerns on that front right now?

JH: Well, I think some leaders, Kevin, are disbanding the restrictions, but keeping smaller kinds of restrictions in place or urging businesses to restrict what they're doing as far as the number of people coming into businesses. I am very concerned that this reopening is very premature in some areas. I think there are some areas of the country where we can do slow, moderated, measured reopening and we can deal with that. But Georgia, South Carolina, Florida, I think reopening components of those States is going to come back to bite us.

KK: Great thank you very much. I am aware that it's 9:32 and we want to wrap this up. I want to thank everybody for joining us today, and particularly Ursula and Jerry. Jerry is always with us, which is great. He gets up early every morning to do these calls with us. And Ursula, your perspectives have been amazing. We very much appreciate it. We very much appreciate your help with us always at Teneo, and I want to thank everybody for taking the time to join us again today. I know you're all very busy. So, with that, all the best for the day and for the upcoming weekend. Thank you very much.



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