

By Danielle Keeton-Olsen and Roel Landingin

# The Way Forward

The world is finding its way back from a pandemic both corrosive to the commercial and political order and devastating to lives and livelihoods. This second episode of the Forbes Asia CEO Webinar—The Way Forward—was held virtually on March 30 and March 31. Business leaders delved into the road to recovery, the issues at hand, and the opportunities and challenges created on the path to a new normal. Here are some key insights from those discussions.



**In Conversation with Steve Forbes,  
chairman and editor-in-chief, Forbes Media**

Tighten your seat belts, said Steve Forbes, chairman and editor-in-chief of Forbes Media, as advice to those wondering what's in store from President Joe Biden's administration. The good news is the vaccine rollout in the U.S. is faster and wider than in Europe and other places, making recovery imminent. "The economy itself is ready to roar," said Forbes in a wide-ranging talk. "Airline traffic is way up. Everyone wants to get up and do things, and so the economy should do extremely well short-term as the states finally end lockdowns."

However, he also warned there could be "a lot of turbulence" in financial markets as the new administration's massive tax and spending plans, particularly its \$2 trillion infrastructure package, could trigger "inflationary pressure later this year and early next year." In turn, rising consumer prices could result in higher interest rates, he said. Already, the yield on the 10-year Treasury bond had risen to 1.7% from just 0.8% a few months ago. "I think that's just a small beginning of what you're going to see," he added.

## Forbes CEO

Webinar

The combination of inflationary pressures, higher taxes and other regulations on businesses that the Biden administration plans to roll out could undermine the economic recovery itself, cautioned Forbes, resulting

in a backlash against Democrats at next year's midterm congressional elections. "I think we'll see the Republicans taking both houses again and perhaps we'll get more benign economic policies," he predicted. He added redistricting in U.S. states due to population changes would likely increase congressional seats in Republican states.

On U.S.-China relations, Forbes expected America's dealings with the world's most-populous country would continue to be "rather frosty." Still, he was hopeful that the two sides could firm up agreements on tariffs and other trade issues. On the other hand, he predicted other Asian countries such as Japan, India and Indonesia would move closer to the U.S.

As for U.S. equities, Forbes had some words of caution for investors. "I'm surprised [that the U.S. stock market] is as high as it is and the markets are counting on the fact—and on the hope—that the Biden administration won't be able to get through some of these very antigrowth policies, especially on taxation," he said. "When those tax increases come through, [and when] they make other changes in our voting system which would favor the Democrats," they could trigger a slump, he cautioned.

Forbes also shared his thoughts on bitcoin. While he sees a number of problems with digital currencies, ranging from excessive price volatility to government intervention slowing their adoption, Forbes was bullish about the long-term outlook. "Ultimately, I think technology will triumph in many countries despite regulators' attempts to crush it, and you will see the rise of alternative monies to those of governments—and that will be an interesting new era to say the least," he predicted, with the days of sovereign control over money "coming to an end."



From top left to bottom right: **Chew Gek Khim**, executive chairman of The Straits Trading Company; **Michael ByungJu Kim**, founder and partner of MBK Partners; **Kuok Meng Xiong**, founder and managing partner of K3 Ventures; **Danny Yong**, CEO and CIO of Dymon Asia Capital; **Wayne Arnold**, executive editor, *Forbes Asia* (moderator).

March 30 - First Panel

## MONEY & INVESTING: FEVER PITCH

**Leading investors** agreed the global recovery from the pandemic was underway despite localized surges in infection rates. But as economic growth recovers, they were worried it would unleash fresh risks, notably an uptick in inflation and interest rates. They felt investors should expect increased market volatility, with the recent billion-dollar margin calls on Archegos Capital Management as a cautionary tale.

Michael Kim, partner of Seoul-based private equity firm MBK Partners, attributed the heightened market uncertainty to the unique character of the ongoing recovery. “This feels a little bit different. The valuations are way ahead of the recovery,” he said, referring to the recent rally in tech stocks. “That’s markedly different from the SARS recovery period and the Great Recession [of 2008],” he added.

Danny Yong, CEO of Singapore-based investment firm Dymon Asia Capital, highlighted another difference. He argued central banks have been consistently wrong in forecasting higher inflation over the past 12 years. This time, however, monetary authorities could be underestimating inflation in the aftermath of the pandemic. “We could actually have price pressures that overshoot, leading to it being non-transitory and with the result that [central bankers] have to catch up” with interest rate hikes, he said.

For investors with the patience and resources to withstand short-term volatility, plenty of opportunities are still available. Kuok Meng Xiong, founder and managing partner of Singapore’s VC firm K3 Ventures, insisted that the tech rally, while partly driven by the huge amounts of liquidity released by the U.S. Federal Reserve and other

central banks, was supported by “underlying relevance and growth.” “Back in the ‘90s, growth rates of companies were like 18%, in 2000 they were about 28% and now we’re seeing growth rates of about 38% to 50%,” he said.

Yong cautioned rising interest rates could hurt some tech companies. “In the near term, tech stocks that are premised on strong earnings will continue to do well and those that are premised on future growth may take a bit of a hit,” he said.

Chew Gek Khim, executive chairman of Singapore-based Straits Trading Company, made a similar point: “We all enjoyed this lower interest rate environment and what I was surprised [about], perhaps I am too old school, is the degree of leverage so that even a slight pick up in yields has a huge effect.”

Chew noted that some segments of the property sector did well during the pandemic. “We see a lot of opportunity in the logistics space, particularly as people change the way they handle logistics,” she said.

The panelists saw tremendous opportunity in private markets. Kim, whose MBK Partners acquired the largest car rental company in China at 5.4 times Ebitda, said such entry valuations can only be found in private deals in China.

Cryptocurrency’s appeal was also discussed. The asset class had become far too important to ignore and Yong recommended that investors should consider holding at least 1% to 5% of their portfolios in bitcoin and other cryptocurrencies for diversification. It’s gotten to the point that “it will become more and more feasible, and more secure, with respect to investing in that space,” he said.

March 30 - Second Panel

## TRAVEL & TOURISM: MOTION SICKNESS

**Tourism has been** one of the pandemic's biggest economic casualties. Border closures and restrictions slammed international air travel and took a massive bite out of entertainment, hospitality and restaurant revenues. The panelists, however, were optimistic that pent-up demand for travel is on the horizon.

For Lance Gokongwei, president and CEO of the Manila-based JG Summit Holdings, the strict lockdowns in the Philippines dealt the group's Cebu Pacific Air record losses. It had to rely on defensive industries in its portfolio, such as telecoms and food and beverage, that could withstand pandemic stresses, said Gokongwei. However, "for our airline, at least it's never been a question of do we survive this crisis," he added. "Rather, how prepared are we to come back when business inevitably returns."

In Hong Kong, daily arrivals plummeted from 200,000 pre-pandemic to fewer than 200. The steep decline impacted the island's economy, a hardship exacerbated by Hong Kongers' inability to get away, said Y.K. Pang, chairman of Hong Kong Tourism Board. With borders closed, the agency pivoted to promote holidays at home, and encouraged locals to make the most of the city's tourist destinations. It also supported hospitality and tourism businesses through subsidy programs and domestic travel campaigns, he added.

The key to weathering the pandemic was being "very agile in response," explained Sonia Cheng, CEO of Hong Kong's Rosewood Hotel Group. It reacted with a health and safety campaign to instil trust in the company, she said, while fast-tracking initiatives already in progress, including a wellness resort and serviced residences. She believed pandemic-driven changes are here to stay: "Some of these trends are very fitting with the strategies we already had planned for Rosewood."

Cheng noted that China has remained relatively unscathed as its economic recovery gains steam and domestic travel resumes, with Rosewood's China properties performing better in 2020 than the previous year. She expected more regional travel bubbles to surface this year.

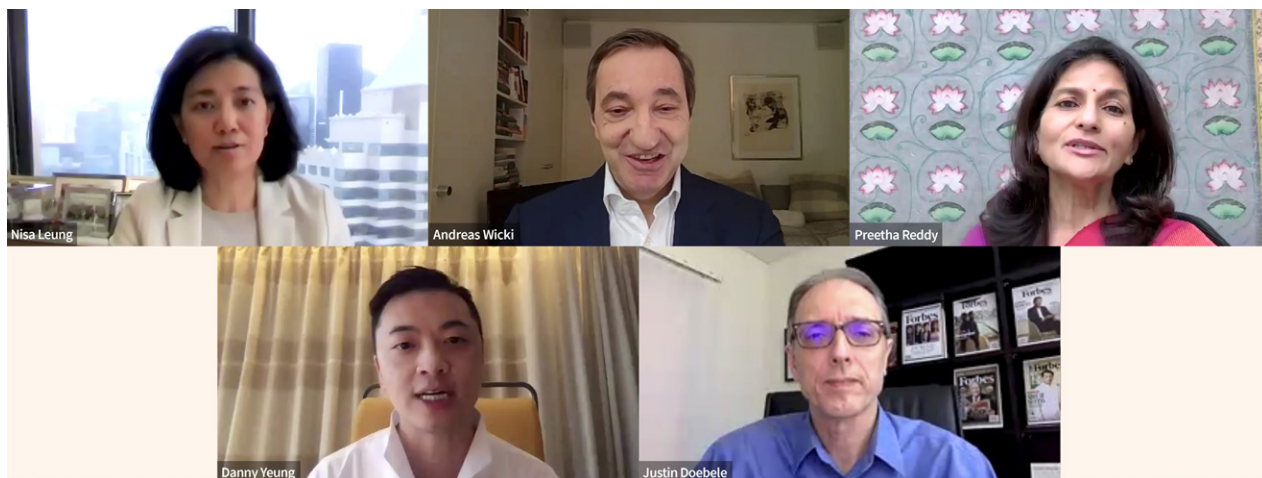
Whether vaccine passports would help the ailing tourism industry remained unclear and would likely need to be supplemented by other measures such as Covid-19 testing of travelers while they are in an airport. Even if a full recovery was far off—potentially as long as two years for the Philippines' airlines industry, Gokongwei said—businesses were already anticipating how travelers' needs would shift in the new normal.

Travel would be more purposeful, the panelists agreed, with "cost being an important decision point," Gokongwei predicted. The first post-pandemic travelers "will dip a toe in the water and see what it's like," Pang added, anticipating they would choose nearby countries with better health and safety records as top destinations.

People would be prepared to spend, but Cheng felt it would still be a test for businesses. Industry leaders would need to deliver not just on safety but also on factors such as sustainability and quality to stay "on the top of [customers'] minds," she said. But there was no doubt among the panelists that demand would return. Pang clarified, "Person-to-person connections are a very important part of people's lives."



From top left to bottom right: **Sonia Cheng**, CEO of Rosewood Hotel Group; **Lance Gokongwei**, president and CEO of JG Summit Holdings, president and CEO of Cebu Pacific Air; **Y.K. Pang**, chairman of Hong Kong Tourism Board; **Rana Wehbe Watson**, senior editor-special projects, *Forbes Asia* (moderator).



From top left to bottom right: **Nisa Leung**, managing partner of Qiming Venture Partners; **Andreas Wicki**, CEO of HBM Healthcare Investments; **Preetha Reddy**, executive vice chairperson of Apollo Hospitals Group; **Danny Yeung**, CEO and cofounder of Prenetics Group; **Justin Doebele**, editor and executive director-content, *Forbes Asia* (moderator).

March 30 - Third Panel

## HEALTHCARE: COMMONHEALTH OF NATIONS

**No industry** had to step up faster under pandemic pressures than the health sector, and more than a year since the first Covid-19 cases emerged, the panel of health industry experts was realistic about the achievements and concerns.

Hospitals and healthcare workers had to change entire systems to cope with surges of patients and heightened health risks, noted Preetha Reddy, executive vice chairperson of Apollo Hospitals Group, India's largest hospital chain. "Digital [was] adopted almost overnight," she said. "Today, within the Apollo system we conduct about 5,000 tele-consults a day."

Nisa Leung, managing partner of China-based VC firm Qiming Venture Partners, said China's response to the pandemic was in sharp contrast to what happened during SARS in 2003. "Back then China didn't have the ability to develop its own diagnostics," Leung said. But over the past year the country's health companies strengthened their capability to battle the virus.

Testing is now known to be critical to breaking transmission chains, but at the pandemic's start, many countries didn't have the infrastructure to conduct large-scale testing, noted Danny Yeung, CEO and cofounder of Hong Kong's biotech company Prenetics Group. The health sector quickly transitioned from facing frequent shortages of test kits to providing rapid result tests. At the same time, significant new therapies in the healthcare sector have emerged in the fight against the disease, said Andreas Wicki, CEO of Swiss investment company HBM Healthcare Investments.

He warned of the possibility of a super-mutant coronavirus strain, which could throw global progress to stop Covid-19 off-kilter: "If we can't reduce the spread, we'll have more and more mutations forming, and we don't know what dangers new mutations can really bring." As vaccination campaigns kick off globally, the panelists agreed widespread distribution is key to returning to a "new normal." China has administered over 100 million vaccinations so far and Leung said the country's healthtech companies were considering how to further expedite distribution, such as bringing an inhalation vaccine to market.

India has distributed 60 million doses as the nation's vaccine makers ramp up production, Reddy said. Though there have been debates about the efficacy of different vaccines, she argued countries would be remiss to pass up vaccine opportunities on the basis of brand preference. "We should really make do with anything we can get, as long as it's safe, and I think the safety has been proven," she said.

Politicians will naturally try to prioritize vaccinating their own people, Wicki noted, but widespread vaccine distribution to developing nations can reduce the possibility of a deadlier, more contagious strain emerging. Reddy agreed: "I think health is a fundamental right. It should not be caught by any boundaries or geographies."

Leung said she was encouraged to see how quickly leaders in healthcare embraced new technologies, such as developing better diagnostic tests. "Even for the technology that's in the R&D stage now, [we] see how far we've come from 10 years ago," said Leung.

From top left to bottom right: **Muhamad Chatib Basri**, former finance minister of Indonesia; **Laura Cha**, chairman of Hong Kong Exchanges and Clearing; **Daniel Yergin**, vice chairman of IHS Markit, Pulitzer Prize winner; **Rich Karlgaard**, futurist and editor-at-large, Forbes Media (moderator).



**March 31 - First Panel**

## U.S. AND ASIA: CONTRAINDICATIONS

The pandemic heightened tensions between Beijing and Washington, with Asian companies sometimes caught in the crossfire. As the Biden administration shapes its Asian policies, Hong Kong as a financial center needs to perform “a solid, sturdy and stable role,” said Hong Kong Exchanges and Clearing Chairman Laura Cha. She cautioned the future remained unclear. “As the world evolves, the geopolitical tension is becoming more complex, more uncertain, and I’m afraid to say it will become the new normal,” she said. “We just have to live with a lot of uncertainty.”

Still, Cha said Hong Kong had economic clout in “connecting the East and West.” The South China Seas dispute has further exacerbated tensions over trade and territory—an issue “not easy to see how the two sides resolve,” noted Daniel Yergin, vice chairman of IHS Markit and Pulitzer Prize winner.

These challenges have significant implications for ASEAN. Muhamad Chatib Basri, Indonesia’s former finance minister, posited the region must strike a balance. “On the one hand, ASEAN needs the presence of the U.S. to balance the increasing role of China in the region, but on the other hand, we realize the importance of China as one of the important trading partners in Asia,” he said.

Turning to global issues, the Biden administration is expected to spearhead environmental and green issues, said Yergin. Meanwhile, a number of green energy projects are underway in China’s Greater Bay Area, which is emerging as a technology hub with Hong Kong’s support. “The world needs more than one capital-raising center for new economy companies,” Cha said.

While China has invested heavily in Southeast Asia, Basri noted Indonesia is improving its investment frameworks. The country recently launched a sovereign wealth fund to support infrastructure projects and passed legislation last year to ease restrictions on foreign investment.

The panelists expected recovery to be uneven, with some industries, including tourism, education and fintech, facing possible continued disruption. “Inequality will rise after the pandemic and this is what the governments need to anticipate in the future,” said Basri. Overall, however, the panelists were optimistic. Yergin said IHS Markit predicted global growth would shoot up to 5.1% by the end of the year, higher than the World Bank’s projections in January—barring any setbacks such as a new wave of the virus. “When the [recovery] gates open, it might be a more positive surprise than people think,” Yergin said.

March 31 - Second Panel

## ENTREPRENEURSHIP: IMMUNE RESPONSE

The pandemic had a significant toll on the growth of even the world's strongest economies, yet tech entrepreneurs on the panel managed to turn Covid's challenges into opportunities for growth. The U.S. firm Zoom's founder and CEO Eric Yuan noted he had started the video-messaging company because he noticed inefficiencies with existing offerings and wanted to make something better. When the pandemic hit, Yuan's team imagined improving people's lives by virtually hosting gatherings such as online classes, yoga sessions and even weddings.

Similar to Zoom, Indonesia's Gojek was founded 11 years ago on the belief that there are "daily frictions that we can take away through a common set of capabilities," said Gojek Co-CEO Kevin Aluwi. During the pandemic, the super-app company delivered essential goods such as groceries to homebound residents.

Byju Raveendran, founder and CEO of India's online learning startup Byju's, thought that, before the pandemic, it might take years for widespread acceptance of online education. Yet the lockdowns and travel restrictions had created an eager audience and a huge pool of users to test Byju's online learning method. "We can see how students adapt to this new model of learning," he said. In order to retain the attention of students, Raveendran noted it was important to keep programs engaging without losing their effectiveness. He didn't see his company as an education technology company but rather, an education media technology company.

The pandemic kicked up problems the CEOs had to solve quickly under difficult conditions. Almost overnight, Zoom's customer base changed from people working in offices to those working from home. The company made an immediate and heavy investment in remote tech support to support these homebound workers. At Gojek, corporate and support staff not only had to transition to completely virtual work, but the company's drivers faced enormous risks due to the person-to-person contact at the heart of their jobs.



From top left to bottom right: **Byju Raveendran**, founder and CEO of Byju's; **Kevin Aluwi**, Co-CEO of Gojek; **Eric Yuan**, founder and CEO of Zoom; **Rana Wehbe Watson**, senior editor-special projects, *Forbes Asia* (moderator).

Aluwi said the company offset some of the strain with health checks, care packages and other support for its drivers.

The pandemic also created unexpected avenues for growth. Aluwi described how an entire new industry such as online-only restaurants and sellers popped up on Gojek's order and delivery app. He envisioned Gojek increasingly becoming a platform that nourished micro-enterprises as "a place where individuals and businesses can grow and thrive."

Raveendran felt edtech was only just realizing its possibilities. Even though in-person learning was still critical, he saw opportunities to connect talented teachers—especially among India's underemployed, largely female, workforce—to enthusiastic learners, regardless of their location. Investors appeared to see these possibilities, too; the company's latest fundraising round gave Byju's a valuation over \$15 billion. Raveendran said he aimed to take Byju's public in the next 18 to 24 months.

Yuan also saw Zoom expanding its platform capabilities to support other innovations, such as enabling vivid sensory experiences that bridged the virtual gap in remote meetings. Whatever Zoom conjures up next, Yuan said his core business philosophy will stay the same. "If I make my friends, family members and employees happy, I'll be happy, and if we make our customers happy, our business will also be happy," he said. **F**