

# Covid impact

I wrote previously about the Covid situation in Italy and some thoughts on how the situation might be brought back under control. Now one month later, many countries in Europe are starting to unwind slowly the confinement measure imposed – absolutely necessary in my view – to bring the pandemic under control. Some countries seem to have used the time to prepare for a test, trace and isolate system to maintain control whilst others such as UK and USA seem only to have been concerned with communications rather than a serious attempt to reduce the impact on their countries.

In Belgium, I believe the authorities are doing a good job. They are very transparent with the figures and how they are calculated and the only issue which concerns me is that the capacity for testing could be higher. The appropriate response to the pandemic has changed and with the system in place, no longer are national figures relevant and we should be looking for small local outbreaks which, like small fires smouldering after a major incendiary, need to be snuffed out quickly before they can take hold.

We have been conducting a survey of our members to see what impact the pandemic is having on them. The results show that most companies have adapted quite well to the situation by moving their production out of the offices and into employees homes and that few are suffering immediate problems. Most of their revenues are coming from contracts (rather than single product sales), most can be executed on-line and some are even seeing advantages coming from the shut-down. For example, it is much easier to fly survey aircraft at this time. There is also demand for information on natural resources and statistics linked to the pandemic.

However, most are somewhat fearful for the future in 6 months when contracts start to come to an end and customers budgets are squeezed due to many competing priorities. The first concern is for commercial contracts where private-sector customers will face cash-flow issues but public budgets will also be affected. In my view, they may also face problems with access to capital, as lending will be in heavy demand and competition fierce.

But with a crisis come opportunities and the EO services sector would appear to be in a position to benefit as well. The much-heightened awareness of security of supply chains will generate a need for more business intelligence to inform on bottle-necks, on delivery channels, and on capacity. The links between the crisis and environmental factors will increase the demand both for climate-related information and specific environmental / ecosystem factors such as deforestation, sustainability, pollution risk etc. And of course, the climate pressures, although ameliorated slightly in the short-term, will not go away and the need for more information linked to security and threats from natural disasters is likely to accelerate.

And a final thought, the crisis is going to drive significant M&A activity as companies with cash and buying power are able to seek out bargains. Will we see a wave of consolidations in the EO and space sectors?

At EARSC, we seek to help companies prepare for this changing world, firstly by surviving and secondly to offer the best products and services to as large a market as possible. We shall continue to do this. At the end of next month, I shall hand the role of secretary-general over to my successor – Emmanuel Pajot. I shall continue to support EARSC but just at a lower level of activity than at present. I'll no doubt write about this again in the future. In the meantime, stay safe.