

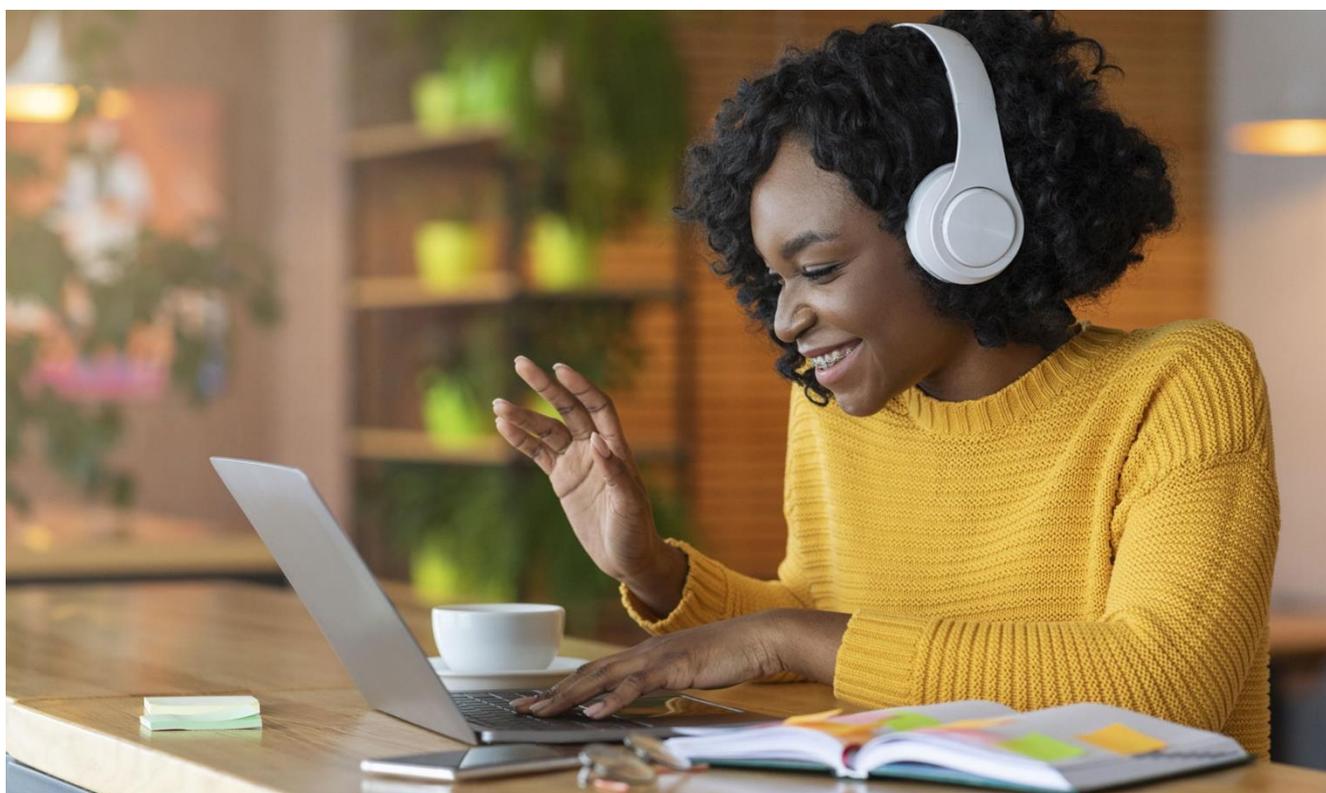
How coronavirus could change our working lives (and the climate)

Tools that can reduce business travel have long been available. The coronavirus is forcing us to use them, and the climate could benefit.

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The societal response to the coronavirus outbreak has shocked the global economy and financial markets. The epicentre of the shock is clearly being felt in travel related industries, as people cancel or put holiday plans on hold, and businesses cancel conferences and move to remote working.

Remote working tools widely available

As an investor looking at climate change trends, these changes in working practices are interesting in an environmental context. Even 10–15 years ago it was clear that the tools to facilitate meetings and conferences virtually were becoming available.

In theory, they should dramatically increase productivity – just think of all the unproductive time and cost associated with airports, planes, hotels and taxis. Yet their use has not taken off as much as expected and business travel has been a major growth industry for the aviation and high end hotel business.

The behavioural changes that the coronavirus is forcing on people in such dramatic fashion are likely to lead to a re-evaluation of the necessity of many face-to-face meetings. Many businesses have moved to remote working, and business meetings and conferences are being switched to virtual ones.

Here at Schroders' London office, for some time now we've had an emphasis on video conferencing where viable, instead of business travel. This underpins our focus on sustainability. It's also normal for employees to work remotely, as our chief executive Peter Harrison discussed yesterday in his column: [Covid-19: the technology test for businesses](#).

New working practices could lead to permanent change

Being forced to work in this way for a period of weeks or months is focusing organisational resources on getting the systems fit for purpose. It also means that employees, clients and customers will gradually become accustomed to it.

While some will not like it, the chances are that many people will, and managers will recognise the benefits of shifting more permanently in this direction.

For many services businesses, business travel-related emissions are the largest source of their carbon footprint. But more and more companies are committing to manage down their own footprint in line with the Paris agreement to limit greenhouse gas emissions. If the airline industry is unable to find an alternative propulsion technology to jet engines, the only way for businesses to reduce travel-related emissions is to travel less.

The investment consequences are more permanently negative for industries reliant on ever-growing long distance travel. The International Air Transport Association said on 5 March that the 2020 revenue loss for the sector could be between \$63 billion and \$113 billion. That was before the latest round of travel restrictions.

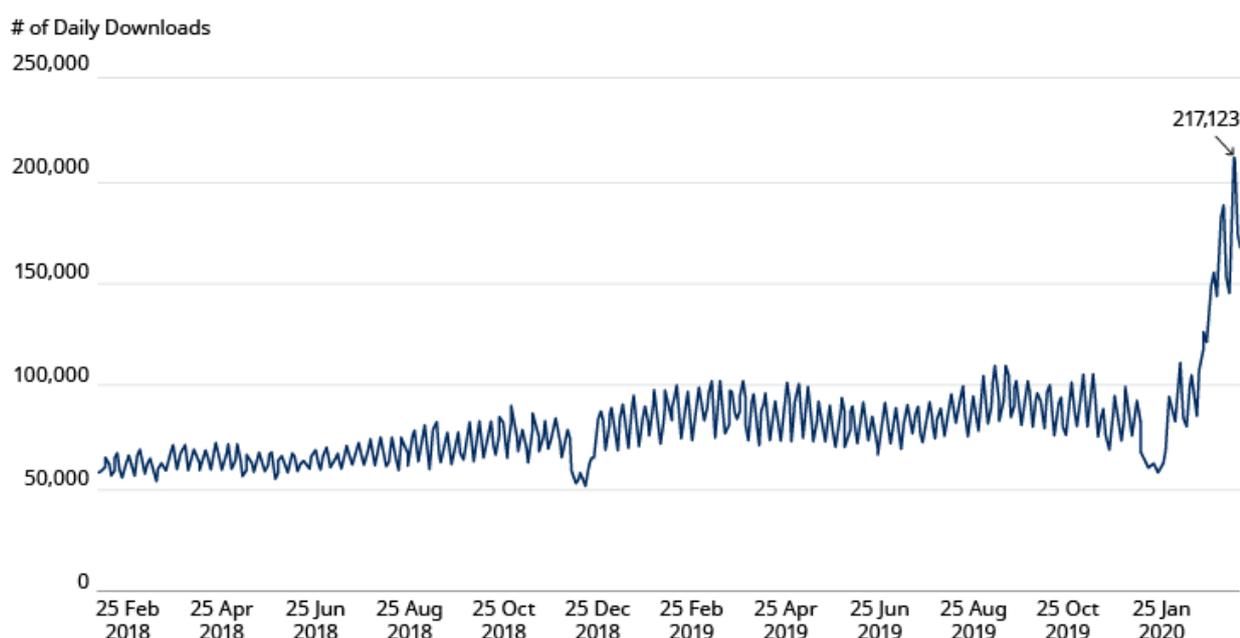
While it is tempting to think that this will just bounce back once the virus is contained, it is likely that behavioural habits will have already begun adjusting.

However, there will also be investment opportunities. Remote working software, video conferencing technology, better employee personal technology, etc, will all experience greater demand. For example, the chart below shows the spike in downloads of the video conferencing app Zoom at the end of February.

Spike in downloads of video conferencing app Zoom

Downloads of the Zoom video conferencing app have spiked since the Coronavirus outbreak

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Source: Apptopia, Bernstein analysis, February 2020. 417717

Climate targets mean behaviour must change

In a nutshell, until the aviation industry develops a technological solution that doesn't involve burning things in the upper atmosphere, we simply can't fly all over the place all the time and expect to solve the climate problem.

It is quite possible that 2020 will mark the inflection point where the corporate sector realises that it can do more with less travel. In that respect, getting used to virtual meetings and the immense productivity gains it can bring will be a positive side-effect of the crisis response.

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