



The Very Future of IR

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Let's talk about after... but how? We are still in the midst of things and while there is light at the end of the tunnel, 'what might be...' seems to be a far-off question.

While our entire world went upside down this past year, the big question is what we have learned, what works and what will remain.

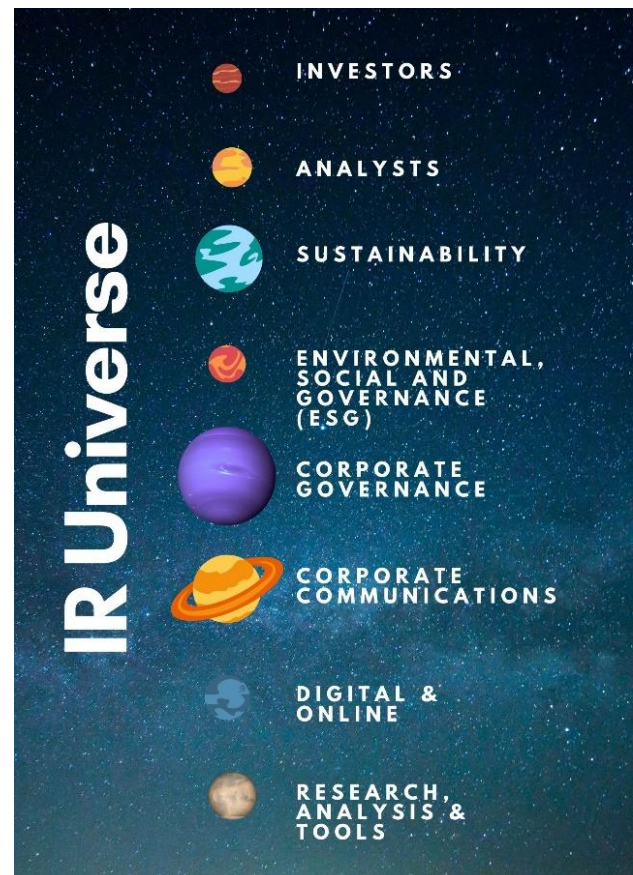
Each and every one of us faced completely different situations, whether personal or business. What happened in our investor relations universe? Initially, global lockdowns, travel bans led to thousands of cancellations of face-to-face meetings world-wide. Conferences, roadshows, IR events, AGMs had to be postponed or delayed. This was a new way of crisis communication, a more pro-active approach, one that forced us to think outside the box and use our -maybe limited- capacity of advanced technology knowledge. Not only did we have to learn new ways of approaching our financial community, but we also had to change the way of our shareholder outreach and targeting program. The landscape of retail investors as well as passive investment suddenly became a revisited focus point.

As the news about the virus, its mutations and the vaccination spread, investors and shareholders were eager to hear how corporates were handling the health concerns of their employees and customers, how operations kept functioning and how business continuity was assured. This approach brought a new light to the already heated topic of CSR/ESG/SRI.

And while many of us may have romanticized about working from home, remote working always had been part of our universe, especially if you were a globetrotting investor relations professional, such as myself. Reality came crashing down when video calls

(VC) had to be done, with the dog barking, kids being schooled/homeschooled and your partner in crime was on an important call such as yourself. Obviously, no one has imagined that it would turn out that way.

On top of everything, you were no longer in the loop like you used to be. In the office you would drop by your C-Level, pop by your colleagues from financial reporting or budgeting department, catch up with corporate communications by the water cooler. The close contact was missing, hence everything -literally everything- was being done over VC. At some point even, it became so ineffective as the suffering from zoom fatigue was inevitable.



Our universe is so widely encompassing, that I probably could go on and on. However, I do believe that this pandemic was a first of its kind as we saw it, and it might not be the last. So, instead of talking what the near future has in store for us, I would rather be inspired of what might be the very future of investor relations.

Be your brand ambassador



While many of the investor relations tools are technologically advanced, this past year has brought along the importance of retail investors (RI). In conjunction,

communications widened to include retail investors in a pro-active approach. While this may not be an option for all sectors, it was essential for the company to show that it speaks the RI's language. Enter social media platforms. Communication done over these platforms is essential, hence why companies have their own pages. But the function of IR, a brand in itself, has a completely different audience. The financial and operational performance aspect is something that is of interest to the wider financial community. Inclusions of governance, risk, compliance as well as sustainability can be communicated through these channels. *Information tidbits that can be consumed in short videos, infographics and short stories are in line with the attention span of the social media consumer. Though this is still a debated topic, it will be an inevitable addition to IR programs.*

Become Inspiration Seekers

A key communications partner for the IR team is the Board of Directors. Investopedia defines it as follows: "The board of directors is elected to represent shareholders' interests. Every public company must have a board of directors composed of members from both inside and outside the company. The board makes decisions concerning the hiring and firing of personnel, dividend policies and payouts, and

executive compensation."¹ In this past year, saying "doing business as usual" became rather obsolete, as each regulatory change, lockdown or curfew brought newness. That in turn called for change management and communication. During this time board committee meetings were utilized to brainstorm and exchange ideas. A new synergy was created, and the board was more engaged. Onboarding during this time had to be closely monitored to get the new board members up to speed and have them feel the inclusion and value they brought to the diversity of the board structure. *With everyone calling in from home, the virtual realm established an open line of communication and created a comfortable and inclusive environment in board and committee meetings. The pandemic-fueled value creation of an increased board engagement is likely to remain going forward.*

Money, Money, Money



Cryptocurrency and Covid-19 seem to spark some memories, as increasing interest left footprints. Elon Musk announced that Tesla

invested in bitcoin and would accept it as a form of payment, retracted it later, as it may not be ESG suitable, however held on to its bitcoin investments. At the same time central banks didn't sit still either. Digital monies, as well as new monetary systems had been in the taskforce making, but as the newsflow sped up several central banks piloted their initiatives. "European officials want to launch a digital euro by 2025. On April 19th the Bank of England and the British Treasury launched a taskforce to consider the idea. In America the Fed is also looking into it. A survey by the Bank for International Settlements finds a large majority of central banks researching or experimenting with CBDCs (central bank digital currency). They may be in use by countries with a fifth of the world's population in as little as three years' time."² China is already way ahead, as it has been

¹ "Board of Directors (B of D) Definition", Investopedia, Updated 12 April 2021, <https://www.investopedia.com/terms/b/boardofdirectors.asp#:~:text=The%20board%20of%20directors%20is,and%20payouts%2C%20and%20executive%20compensation.>

² "When central banks issue digital Money", The Economist, 8 May 2021, <https://www.economist.com/special-report/2021/05/06/when-central-banks-issue-digital-money>

trialing since 2014. J. Christopher Giancarlo, former chairman of the U.S. Commodity Futures Trading Commission says, “China’s experiment is very large scale,” and further adds “When the world arrives in Beijing next winter for the Winter Olympics, they are going to be using the new digital renminbi to shop and to stay in hotels and to buy meals in restaurants. The world is going to see a functioning [central bank digital currency] very soon, within the coming year.”³ It seems that although decentralized digital monies like cryptocurrency have been around much longer, companies may utilize the centralized version as it is issued and regulated by the competent monetary authority of the country. This in turn is an area that will continuously change into the future. *Not only are we IROs going to be utilizing it during our travels, for personal and business expenditures, but at the same time, we will be starting to talk about them as we do talk about other currencies and the pertaining issues in relation to our corporate story. ICOs may even enter the communication umbrella done by IROs in the future.*

The post pandemic adaptation – Office Transformation



On many levels the new normal of office work, remote work and hybrid work is being discussed. Employees need to feel safe in their environment and it is up to the companies to prepare and create a sense of place. The era of social distancing has started, and seating, meeting and cleaning protocols need to be in place more than ever. Even though, we may return to the office, the key would be to be in the office if a close collaboration is needed. At the same time, what will happen when outside visitors want to visit for a 1-1? One thing that seems to be a mutual understanding is that the majority of employees who can get their work done remotely, shall do so 2 days a week. Even recent job postings now include the “flexibility” of this work schedule. That said, with the recent increase in zoom

fatigue and the related health issues, many companies are considering providing their employees with well-being options to boost their physical and mental health. HSBC UK is therefore piloting zoom-free Fridays in an effort to tackle stress caused by working from home.⁴ Sounds like casual free Fridays, which I loved, but most of the time, I couldn’t play along, as I would be on the road or meeting investors. *We shall see how this office and work schedule transformation actually will take shape, and accordingly how headquarter meetings with analysts and investors will form.*

Beyond the moon... and back.



2020 was quite an interesting year in terms of space exploration, space travel and space tourism. More action was taken during this year than in any of the preceding years. While we wait for the Elon Musks’ to transport us to the moon and back, we should concentrate on the here and now and see what awaits us in our future travel. Air taxis, autonomous airplanes, cars and travel suits are on the verge of becoming a daily routine of traveling. Health screenings, though, are imminent topics in discussion which are designed to determine viral infections upon arrival. The 40-second full body sanitization pods, as they are being tested at the Hong Kong International Airport may be implemented already this year.⁵ A rather more controversial approach to the travel industry is the implication of vaccine passports/certificates/health apps. Some utilize it for indoor dining, some just to cross the border. The variety is out there. *As leisure tourism is likely to open up much quicker than corporate travel, the question remains, if such passports or certificates will also be utilized prior to conference attendance or meetings. In cases where there is no such passport or certificate and the health of the employees is of utmost concern, then what about quick tests, to ensure the health of employees? But all these changes bring another important question of ethics, freedom and personal space. Can*

³ “Central banks around the world want to get into digital currencies—here’s why, CNBC, 6 March 2021, <https://www.cnbc.com/2021/03/06/why-central-banks-want-digital-currencies.html>

⁴ “HSBC to pilot Zoom-free Friday afternoons”, BBC News, 10 May 2021, <https://www.bbc.com/news/business-57057782>

⁵ “11 Predictions for How We’ll Be Traveling in the Future”, Fodors.com, 16 March 2021, <https://www.fodors.com/news/photos/11-predictions-for-how-well-be-traveling-in-the-future>

you really require your employee to take the test, or get vaccinated?

To attend... or not to attend... that is the question

We have seen it in the past, sometimes when we attended conferences and roadshows abroad, an investor here and there may not be able to make it to the meeting, hence a video call would be set up. In essence, we have already lived through a hybrid events model in one form. Pre-pandemic, MiFID II had placed a strain already on events, forcing big brokerage houses to merge their conferences. This is why the expansive participation this past year in broker-organized virtual conferences gave the hybrid model a new spin. Going forward a hybrid model would be much more engaging for all attendees; slots could be divided into real-time and virtual meetings. The best part would be that companies as well as investors could be attending virtually. Yet, in order for the travelling to be worthwhile, virtual as well as real-time meetings need to be established beforehand. *Of course, companies are on a restricted budget right now, but as the environment settles and more and more activities happen, IR budgets may return back to pre-pandemic levels in a couple years. I cannot stress enough the importance of human interaction. Hence, coffee breaks and networking slots will be valuable more than ever.*

Choose your Avatar – Real Virtual Meetings



Remember SimCity? A video-game series that lets you build your city by designing your own development zones, determining your tax rate, budget and social policy and populating it with “sims” (simulated persons). Luxury

retail fashion used this idea during the pandemic to meet the changing behaviors of their customers. SK-II was inspired and built its city around Tokyo, letting customers see Mount Fuji or the Tokyo Tower, have

them visit the movie theatre to watch SK-II Studio films or behind-the-scenes footage of campaigns. As this may become a permanent fixture for them, a virtual store to buy and browse products is in the making. Brands such as Valentino, Burberry and Dolce & Gabbana followed with boutique designs. According to Cathy Hackl, a futurist and chief metaverse officer at Future Metaverse Labs, and vice president at Avatar Dimension (her team helped with the volumetric capture and gamified experience for Balenciaga’s AW21 collection). “A brand’s social media and website is where customers are currently meeting them, but as we move towards web 3.0, these virtual brand worlds are the calling cards of the future.”⁶

Not just Sims, but movies such as Ready Player One even enforce the idea that virtual reality lets you be who you imagine yourself to be. As brands and companies start entering this realm, the “IR playground” even may widen. Now, I do think that our entire future may not be completely virtual, and I do



believe that there is still quite some time, but this is an idea for some of the communication tools we have in our IR universe.

Companies could potentially design their headquarters and location(s) in VR. **IR meetings could be held at the virtual headquarters.** This theoretically is of higher value than video calls, as the human interaction factor, the tilt of the head, body posture, the tone of your voice etc. can be immediately seen. Of course, learning the new skill set for VNDRs (see my recent article “VNDR”) carries a completely different value in personal development.

Capital Market Days, group meetings, analyst briefings, pretty much all of the corporate organized events can be held here in the VR world as well. An environment that is comfortable for management and always available...

This application might even be a big plus for **field/site visits**, especially if your headquarters is farther away from your facilities, which may be of interest to your investor. A walk-thru can be a part of pretty much any

⁶ “Are branded virtual worlds the new marketing terrain?” Vogue Business, 10 May 2021, <https://www.voguebusiness.com/technology/are-branded-virtual-worlds-the-new-marketing-terrain>

type of meeting as long as there is a time scheduled for it.

Something that might contribute to the knowledge macrocosm useful for external as well as internal communication is a library of information. Every bit of information found on the website, financial platforms, analyst notes and reports, ratings, you name it, could be pooled into one location where retrieving it is much



easier than searching google. The information could be called up with just a search word, or with the assistance of an AI-driven virtual human ambassador, available 24/7.

This idea then could be expanded into brokerage houses that offer their conference and roadshow options in VR, where their location can be used as a meeting point. Hence, these conferences in turn can then also offer the extras such as networking and mingling, which we have missed during this past period.

Ready to Upskill?

Our roles as investor relations professionals may in essence remain the same yet adjusting and adapting to our drastically evolving surroundings over the next years will be inevitable. As the future holds interesting developments and improvements, our focus should be on our adaptive nature of attaining these skills. Employing technological exploration as a daily task or being open minded to create a futuristic vision of our IR strategy are necessary additions. Imagination without borders is key in creating a future that starts now.