

Transforming how the world measures, recognizes and rewards human performance.

At a March 25th CarltonOne townhall meeting, which was attended by virtually every one of our 175 employees globally, we looked back at similar major events from The Depression through to the 2007 Global Financial Crisis.

In all, North America has had 13 economic recessions since 1945. The patterns for successfully riding out these events for any business has many similarities. So, what's the template for survival, and what can we learn?

- 1. For companies to survive, they have to be financially stable going into the recession.
- 2. Staying financially stable required cash:
 - a) To ride out the inevitable bad debts and lost income.
 - b) To fund the investments needed to reinvent and take advantage of the opportunities that these events inevitably create.
- Finally, companies with a solid business model and delivery system not only survived, but thrived.



Today, just as very few companies saw the Global Financial Crisis coming in 2007, very few people imagined the speed at which COVID would change everything...

J. Crew, Neiman Marcus, Aldo Shoes, Avianca Airlines, Virgin Australia, Gold's Gym... are just a few examples of companies that were not financially prepared for a pandemic and in less than 10 weeks they are gone.

COVID has changed every sector of every economy around the world. In 10 weeks we have seen travel, entertainment, shopping, family interaction and work patterns all dramatically changed. Major industries have been completely altered: airlines, traditional retail, education, broadcasting, food delivery systems, shopping and our healthcare systems.

It's not an overstatement to say that the fundamental structure of how we live, learn, travel, eat, work and shop has changed completely.

In 10 weeks.

But note one thing: I'm saying changed, not ended.





The vacuum created by the pandemic has been quickly rewired by the internet.

Online meetings, e-commerce, apps, couriers and in-store pickup are the new economic engines. Companies like Shopify, Amazon, Slack and Zoom have seen staggering valuation growth. Customers are rewarding the companies that have evolved their business models faster to meet their new needs.

Speed, flexibility, agility are the qualities we need today to run our business.

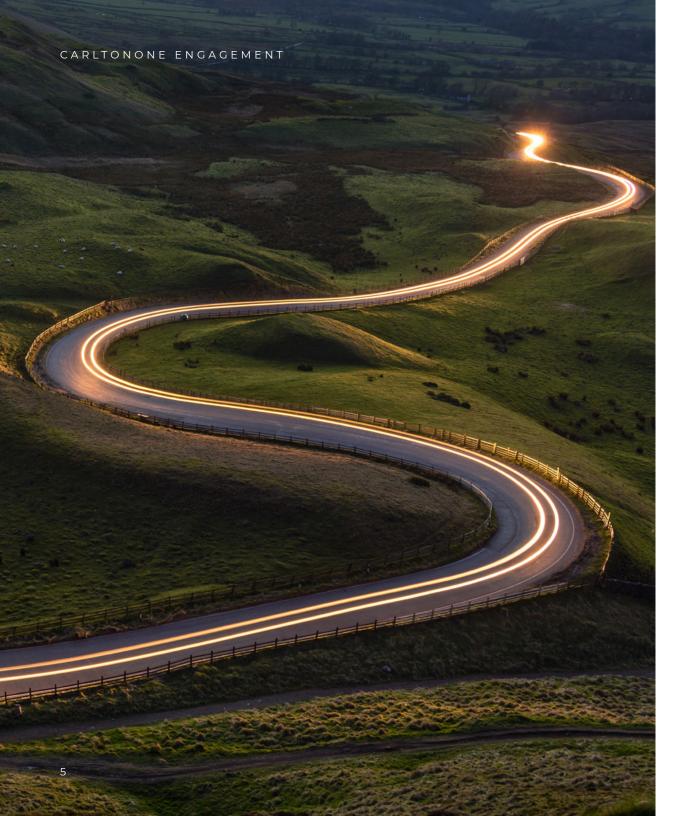
There's opportunity in adversity. Customers (and companies) are now forced to reevaluate their preconceived notions of productivity and realize that work is an activity, not a location.

Companies like Zoom, whose business model resonates with this new reality, are seeing massive growth. Zoom-type businesses serve

a global marketplace with virtually, limitless growth potential. The same is true for Shopify who, along with Amazon and GRS has proven why e-commerce marketplaces are so powerful.

Zoom and Slack have been credited with enabling the shift to a "work from home" marketplace. This shift is now a permanent, societal change. Google and Facebook have announced that employees can work from home for the rest of 2020 and beyond...

By putting the world on pause, COVID has, in just a blink of time, redefined who will thrive in this new global marketplace. It has enshrined digital delivery as the economic engine behind every successful business model on the planet. More damage has been done to traditional retail business models in 10 weeks than Amazon was able to inflict over 26 years.



So, what does all this mean for the CarltonOne family?

For one, I believe we are poised to be the next Slack, Zoom and Shopify by "Transforming how the world measures, recognizes and rewards human performance."

This isn't just a mission statement we put on our presentations. It isn't just a tagline for our website. This is what we do.

Our customers around the world, whether they acknowledge it or not, are reaping extraordinary human, person-by-person benefits from our work.

Power2Motivate and Global Reward Solutions work. Employers use our platforms to recognize and motivate their top talent. Employees love our platforms. And when employees are motivated and engaged, families thrive and companies grow.

COVID cannot change this truth. Our business is growing. Remarkably, we are stronger today than at any point in our history. There are many reasons for this, but today, as we talk about COVID, there's one specific reason that I want to highlight...

Recognizing talent is a superpower

Recently, a focus group of CEOs at 10 major US companies was asked about their approach to downsizing during this pandemic. Every company had to unfortunately make major cuts to their workforce, but each CEO confessed that the cuts were mostly arbitrary—they didn't know who to cut and who to keep. They had no way to rank value and keep their best, most engaged, most productive talent.

These cuts resulted in a significant loss of employee intellectual capital, decimating their potential for future growth and innovation. These huge companies just didn't have a resource plan for their biggest investment – their people.

Once COVID passes, they all plan to "hit the restart button" and rebuild

their employee capital with a special emphasis on rebuilding a new corporate "work from home" culture and performance model — based on ROI measurement tools that will accelerate employee engagement. They all want to identify their top talent, but more importantly, they will invest more to keep them now because when the next catastrophic event hits, they want to be prepared.

These CEOs now realize how important it is to be able to identify their top talent and to retain them so that they preserve human capital.

This is (already) our core CarltonOne talent. Our customers trust us to deliver this today, around the world. I believe we are beautifully positioned to lead the coming "Human Capital Revolution".



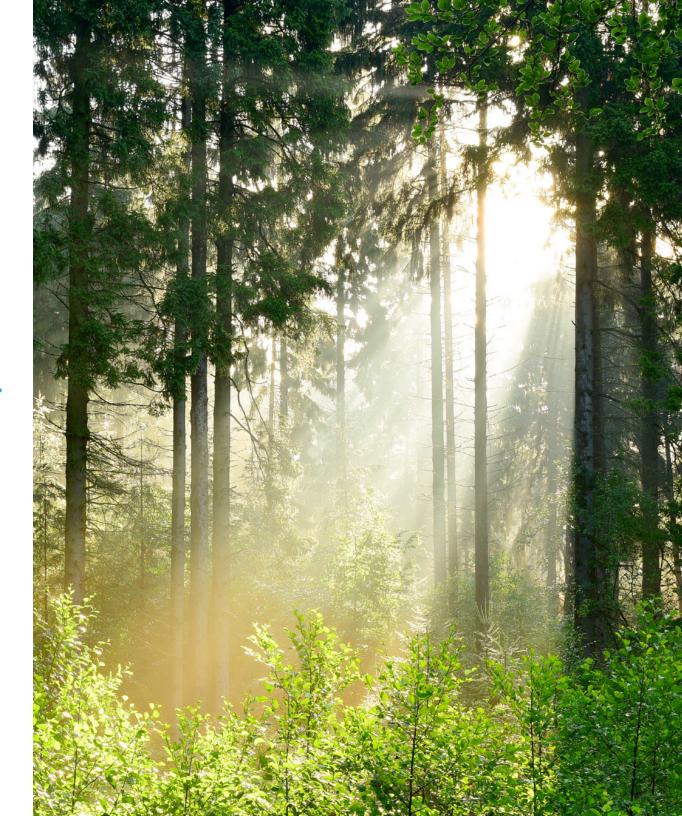
Extraordinary times can create meaningful change.

The CarltonOne team is working hard to bring some exciting new products to market. We will be announcing the launch of a new multiexperience platform this summer.

Stay safe, stay healthy.

Rob Purdy

Founder & CEO





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