Tomorrow’s world

A revolution begins
A fluid, inclusive information system is taking shape

Companies today are navigating their businesses through an increasingly complex world of decisions, risks and opportunities, amid technological advances that are unprecedented in their speed and impact.

A growing proportion of the data that management teams are using to manage their businesses is now generated outside their company and beyond its control. And this same information is also available to people outside the company, including customers, investors, suppliers, owners, and society as a whole. They are drawing on it to inform their own decisions, whether for investment, employment, supply chain or purchasing. This range of data also provides the basis to put management teams under intensifying scrutiny about issues ranging from strategy to ethics and environmental impacts.

All these shifts are combining to create one irresistible force for change. At PwC, we can see emerging from today's state of flux an interdependent network of systems that will be broader, more fluid and more inclusive than ever before.

### Today's system of reporting and assurance is under strain

Businesses are responding by using a wider range of data and sharing this information. This move – combined with the growing availability of company-related data from non-company sources – is putting today's system of reporting and assurance under increasing strain, pulling it in directions undreamt of when it was developed over 100 years ago. This is all happening at a time when advances in technology are enabling new business models that were not feasible – or even conceivable – when the system was developed.

As these seismic shifts gain pace and scale, a system is needed that addresses these challenges: one that provides management teams with information to manage their businesses more effectively, responsibly and responsibly; and one that enables people to access the right type of credible information to make their decisions with confidence. The system also needs to adapt to the pace of technological innovation and manage the wealth of information being used to make decisions... and it must enable companies to be held to account.

### Towards the new ecosystem of information and trust

A solution is beginning to take shape. The shifts that technology is driving in data and information are revolutionary, triggering – and enabling – radical changes in how organisations are managed and how they report their activities and impacts. These changes include investments by a growing number of organisations – technology companies, investment groups, data aggregators to name a few. It is characterised by freer flows of information covering a broader spectrum of data and information types and sources – company and non-company, machine-and human-generated, and financial and non-financial, including operational, market and transactional.

The result will be a new information ecosystem that's far broader and more inclusive than before – one in which the flows of information between companies, people and machines will create new roles in the generation, analysis and consumption of data and information.

*Figure 1:* The new ecosystem takes shape
A PwC point of view

The new ecosystem – powered by technology, fuelled by data, open to all.

Trust is central to the effective operation of any system

A key pillar of trust – both today and in the future – is confidence in the data and in the underlying systems, processes and controls. New technologies, information flows, roles and relationships in the ecosystem will only add to this need for trust and introduce additional risks. All of which will require new ways of providing confidence, alongside established methods such as independent assurance.

We believe confidence will be provided through a mix of people, technology and data analytics. This will combine assurance as we know it today with new approaches based on technology, including the use of the increased processing and analytical power to collate and analyse huge volumes of data from multiple sources.

Compared to today’s system, the ecosystem will include more data sources and a greater flow of data between more users, including intermediaries such as aggregators and analysts. The roles of people and organisations in the ecosystem will continue to emerge, evolve, adapt and – in some cases – disappear. And it is not only people, machines will play vital roles in generating data, managing the volume and complexity of data, and – through technologies such as AI and machine learning – make their own decisions and also help humans make better ones.

Figure 2: Today’s company-generated data will be supplemented by data from multiple sources

Tomorrow's world

The ecosystem’s interconnected components will include elements of today’s system of reporting and assurance, some of it optimised by technology. Financial data will continue to play an important role for many of the same reasons it’s important today. The data, systems, processes and controls that make up financial results, and the rigour that goes into developing them, underpin many other data sources used for decision-making. This also works the other way: today’s financial performance story will need to be expanded using data generated by others and the insights that people deduce from the data.

The connectivity across the network of diverse systems not only benefits companies and their stakeholders, it will enable decision-making that promotes the interests of the ecosystem as a whole and balance the needs of different people. It will not meet everyone’s needs equally, but enable the impacts of decisions to be considered and understood in a more holistic way. At the same time, the open flow of information will help in potentially identifying systemic risks across the ecosystem, helping those with regulatory, policy and economic roles fulfil their responsibilities.

The open flow of information will help in identifying potential systemic risks across the ecosystem.
PwC believes the ecosystem we’ve described is the future of information and trust. While the timeline for it to become established remains unclear, it is already starting to emerge – and its development is set to be accelerated by continued investment and technological breakthroughs.

It is time to take action. Everyone who is part of today’s system, and those who want to play a role in the new ecosystem, must understand how the rapid change will open up opportunities. They must act now to secure their future role and support the development of the ecosystem.

Consider these steps as a matter of urgency: early adopters will gain a competitive edge – while laggards will face disruption and a battle to catch up.

1. Use the data that is becoming available to improve your decision-making. Work with the data providers to improve its quality.
2. Build relationships with those who will help you grow in the new ecosystem.
3. Establish clear communication channels with stakeholders to influence your ‘story’ in the context of the data being used in the marketplace.
4. Introduce governance and controls over use of new data flowing within your organisation and across the ecosystem.