

Shaping the digital future in Asia Pacific

PwC's 2018 APEC CEO Survey findings

APEC CEO Summit:

Port Moresby, Papua New Guinea, 15-17 November 2018



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About PwC's APEC CEO Survey

- Official release on 15 November at the APEC CEO Summit 2018
- Online survey completed between 10 May to 16 July
- Survey conducted for the 9th time
- Produced by PwC as Knowledge Partner



All 21 APEC
economies represented



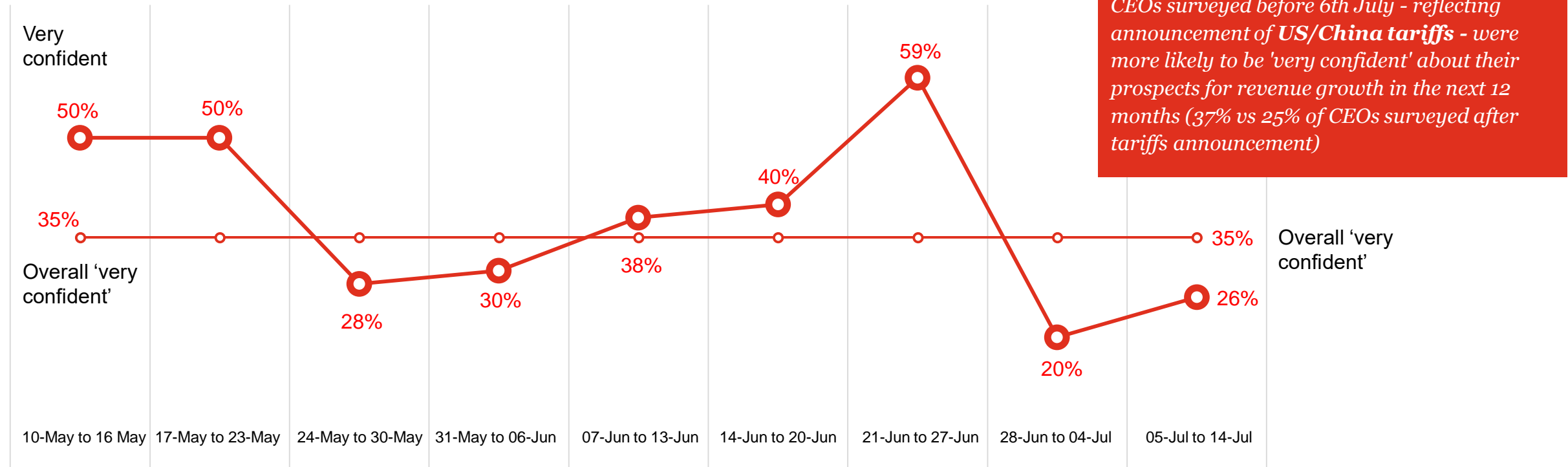
The voice of over 1,100
business leaders



37% in businesses with at least
\$US1 billion revenue

CEO sentiment highly sensitive to trade policy uncertainty

Key measure of CEO optimism



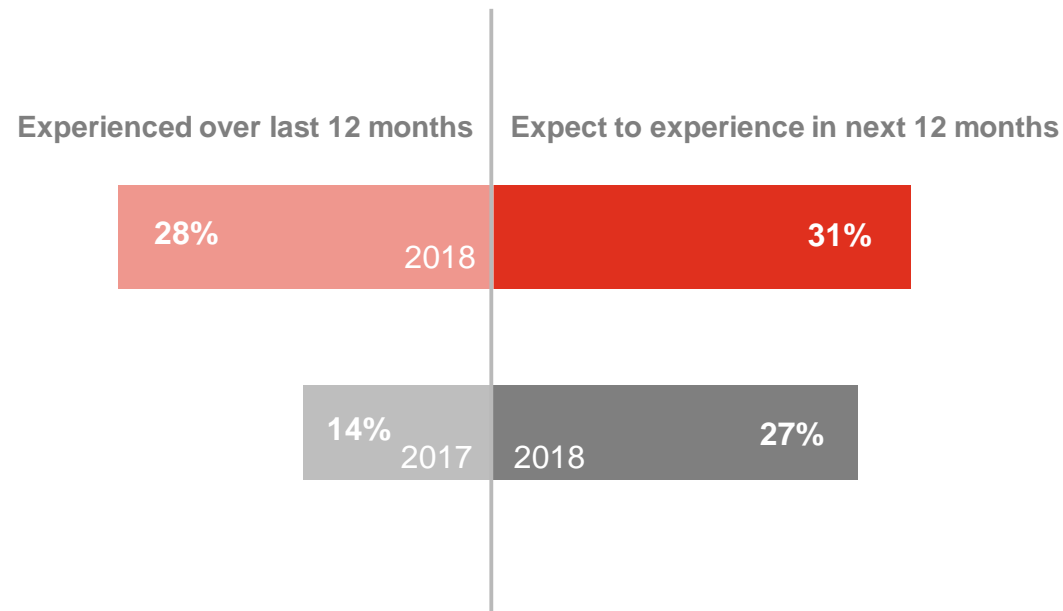
Q7: How confident are you about your organisation's prospects for revenue growth in your principal economy over the next 12 months?

Base: APEC CEOs 2018 1189, Don't know 0%. Week 1 82, Week 2 105, Week 3 78, Week 4 161, Week 5 143, Week 6 118, Week 7 97, Week 8 155, Week 9 250

Source: PwC's APEC CEO Survey 2018

A dynamic trade policy environment is creating more opportunity than downside

Experienced an increase in revenue opportunities due to a new trade agreement?



Q12a: Considering your organisation's cross-border activities only, which of the following changes have you experienced in the last 12 months?

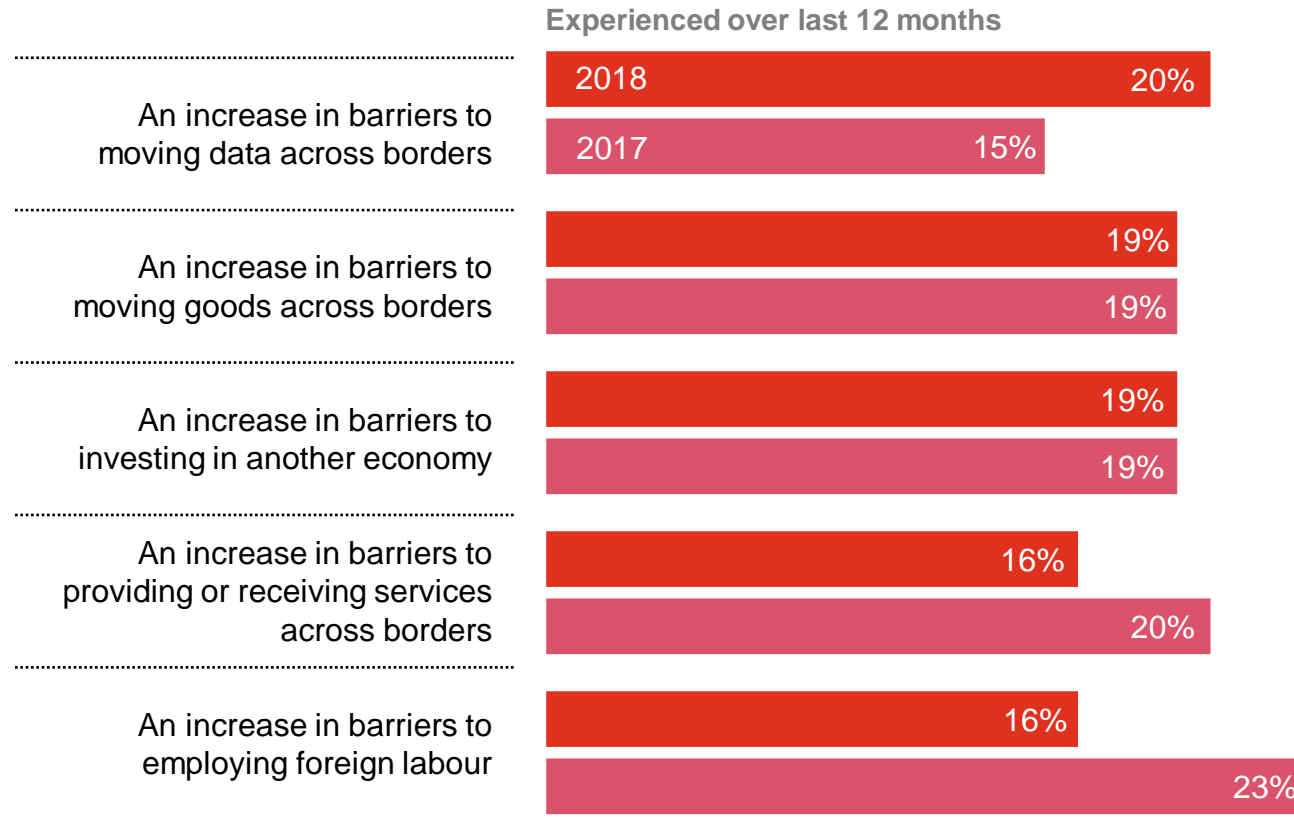
Q12b: Now looking ahead, when considering your organisation's cross-border activities only, which of the following changes do you expect to experience in the next 12 months?

Note: Pink bars present 2017 score for 'An increase in revenue opportunities due to a new trade agreement' and 'A decrease in revenue opportunities due to stalled or collapsed trade agreement'

Base Q12a: APEC CEOs 2018 1161, Don't know 5%, None of the above 23% **Base Q12b:** APEC CEO's 2018 1154, Don't know 6%, None of the above 17%, 2017: 1375, Don't know 9%, None of the above 15%

Source: PwC's APEC CEO Survey 2018

Rising protectionist pressures make moving data across borders more difficult



Q12a: Considering your organisation's cross-border activities only, which of the following changes have you experienced in the last 12 months?

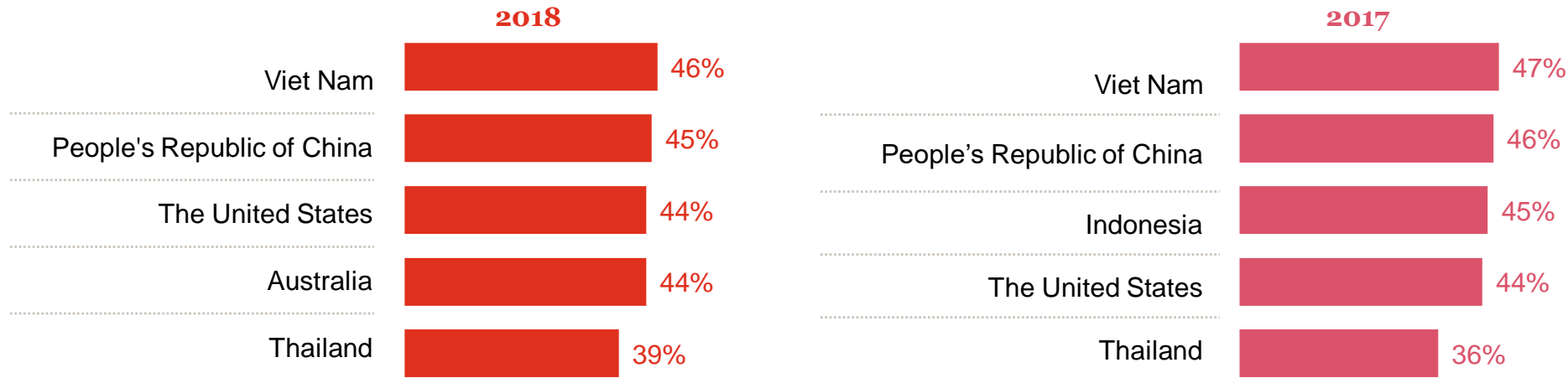
Note: Pink bars present 2017 score for the same statements

Base 12a: APEC CEOs 1161, Don't know 5%, None of the above 23% 2017: 1375, Don't know 9%, None of the above 26%

Source: PwC's APEC CEO Survey 2018

Top APEC economies for planned increases in cross-border investments

Top APEC economies to receive increased cross border investment over the next 12 months (net increase)



Q10: Thinking of your footprint in APEC economies, will your business investments increase, stay the same or decrease over the next 12 months?

Base: APEC CEOs Cross-border investment 2018 310-493, 2017 379-552. 'Net increase' refers to % 'increasing' their investment minus % 'decreasing' their investment. 'Increasing' includes those currently investing in the economy with plans to increase AND those planning to invest in the economy for the first time minus those who will decrease their investment. Percentages recalculated on respondents with a footprint in each relevant economy only

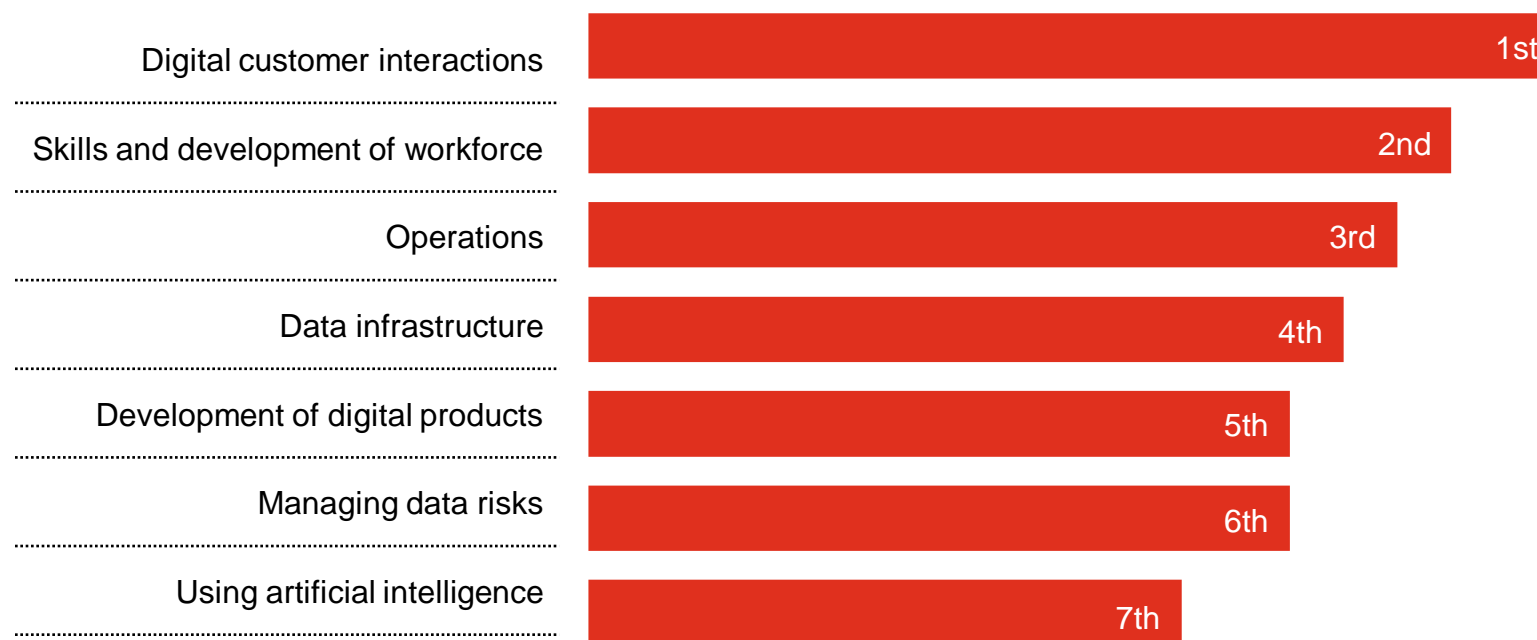
Source: PwC's APEC CEO Survey 2018



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Shaping the digital future in Asia Pacific

CEOs are prioritising investments over the next 2 years in customer interactions, developing a digital workforce and digital operations

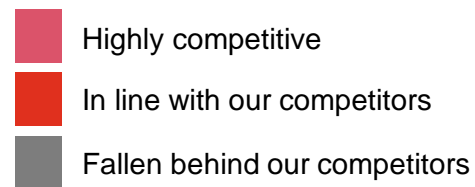


Q17: Looking ahead, in which areas will your organisation prioritise investment over the next 2 years to succeed in Shaping the digital future in Asia Pacific ? (Rank the top 3). [Showing ranked based on index analysis, excludes 'don't know' and 'other' responses]

Base: APEC CEO's 1113, Don't know 3%

Source: PwC's APEC CEO Survey 2018

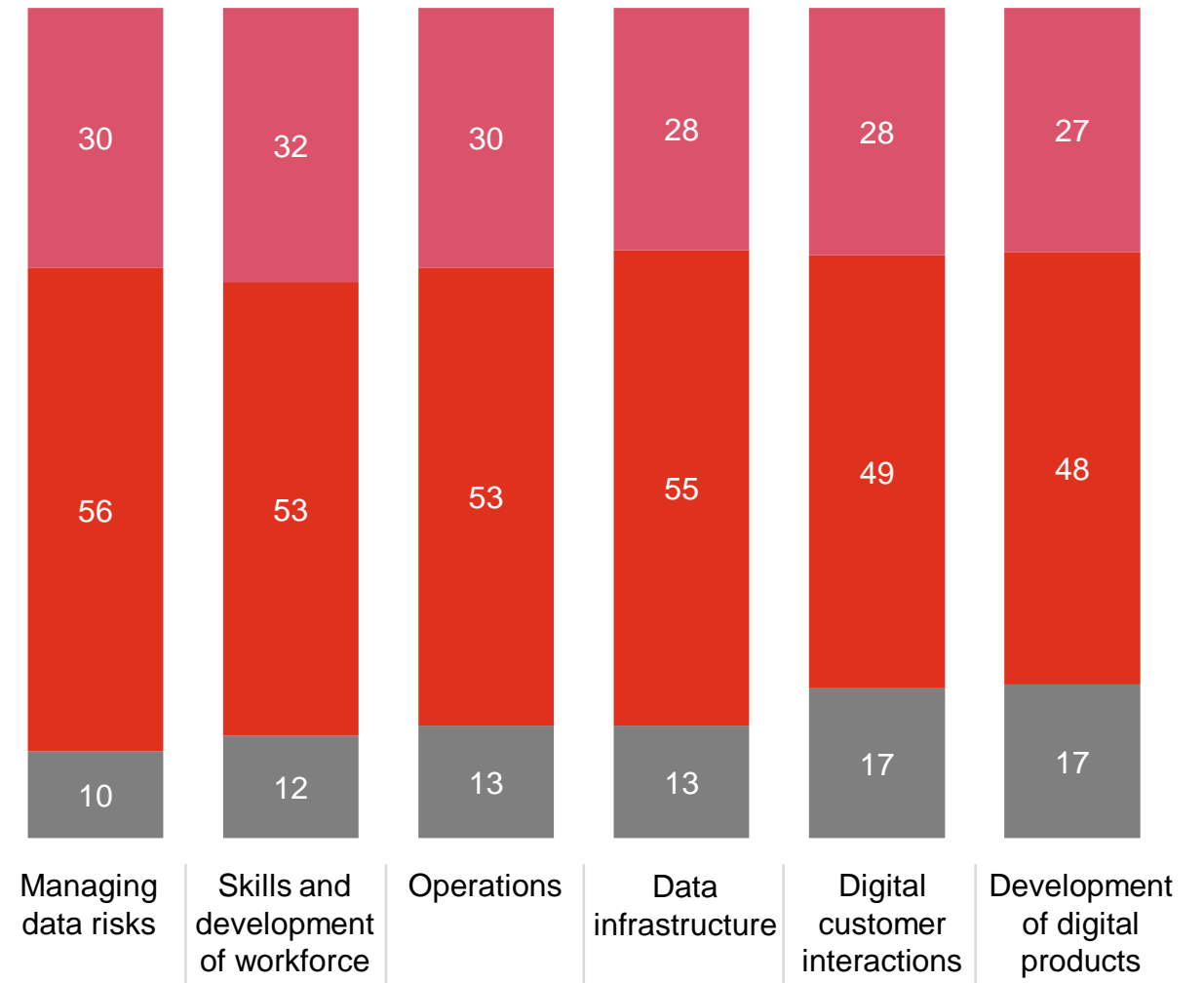
Digital leaders believe their businesses are 'highly competitive' across most of these digital capabilities



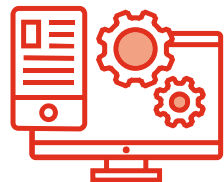
Q15: Thinking about how your organisation operates in the digital economy, how would you assess your organisation's competitiveness today across the following areas...

Base: APEC CEOs 1120, Don't know 3%-8%

Source: PwC's APEC CEO Survey 2018



Digital leaders are more likely to be...



Tech companies
(29% vs 14%)

\$1bn+ companies
(56% vs 37%)



US companies
(27% vs 11%)

Very confident about revenue growth (66% vs 35%)

Increasing investments (79% vs 54%)

Investing in local start up businesses (59% vs 36%)

Highly competitive in AI (59% vs 15%)

Prioritise the development of digital products

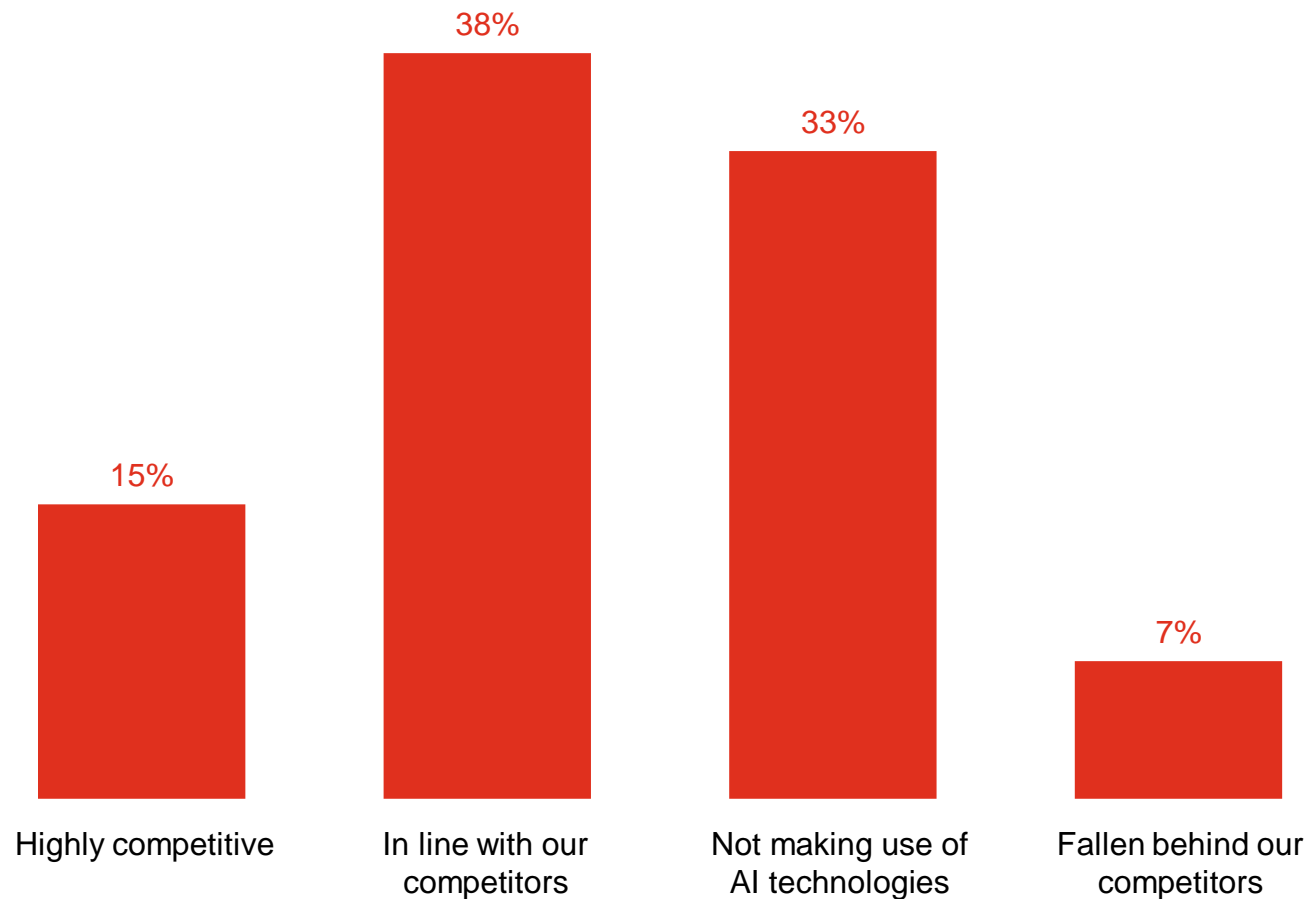
Increasing job roles and filling them (50% vs 22%)

Note: Digital leaders – CEOs that rated their business 'highly competitive' for 5 or 6 components of digital competitiveness at Q15

Base: 102

Source: PwC's APEC CEO Survey 2018

A third of CEOs are not making use of AI technologies

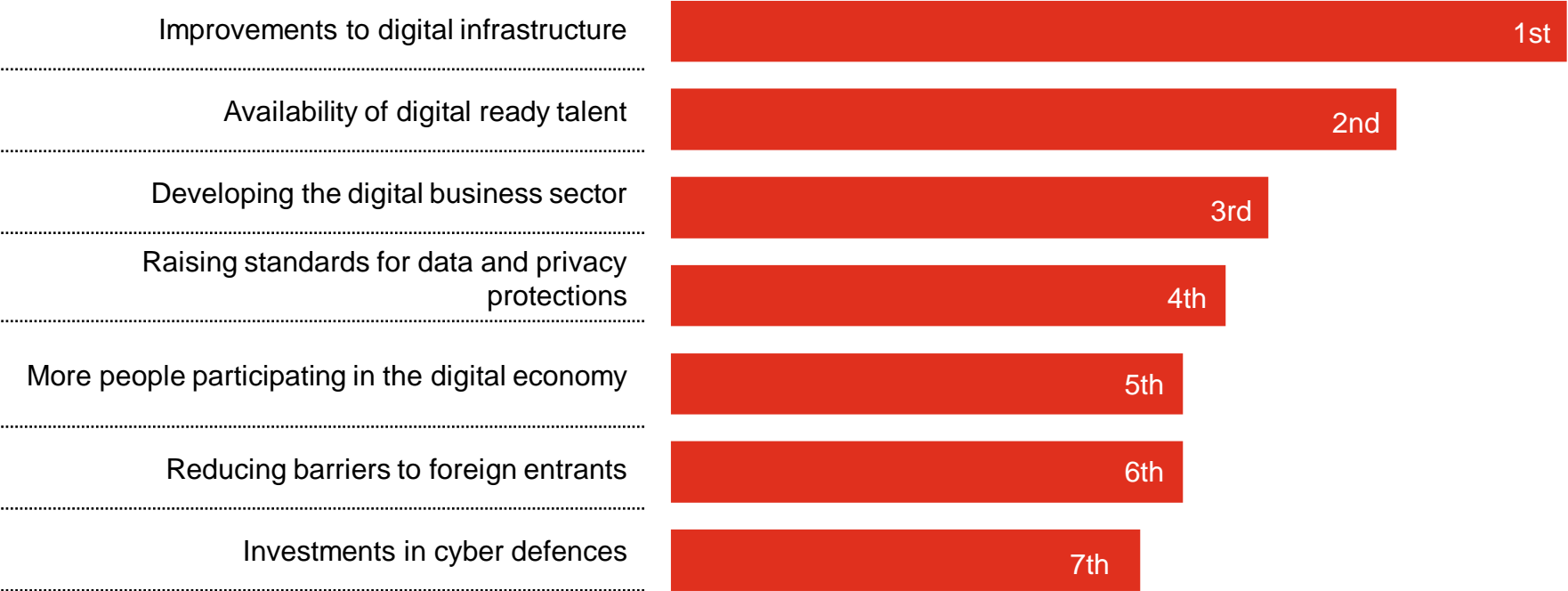


Q16: How would you assess your organisation's performance over the last two years in building artificial intelligence (AI) into products?

Base: APEC CEOs 1117, Don't know 6%

Source: PwC's APEC CEO Survey 2018

Business leaders believe infrastructure upgrades are the number one need for APEC economies to further advance in digital economy, workforce development is second



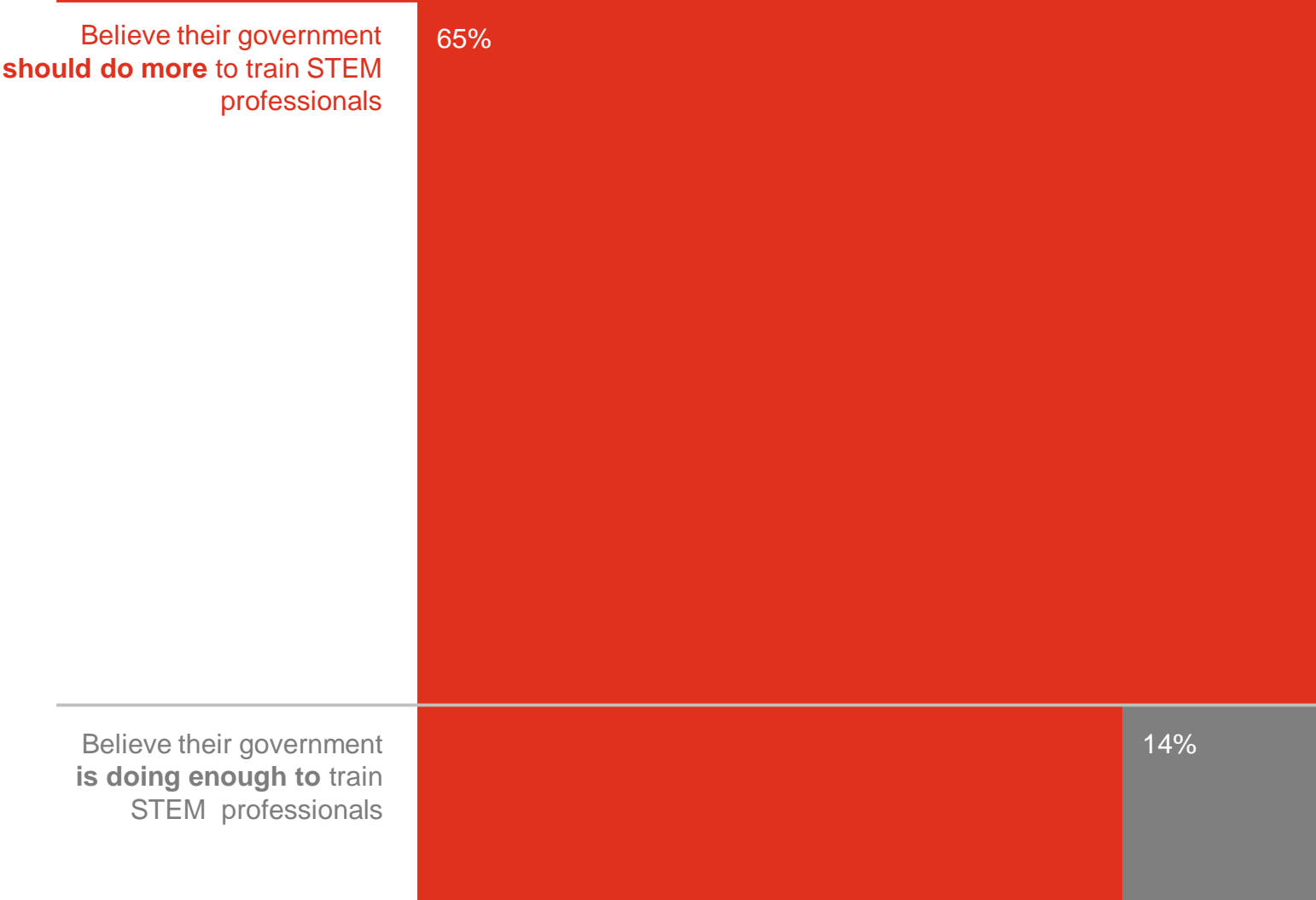
Q19: What are the most important areas to improve for your principle economy to further advance in the digital economy? (Rank the top 3).[Showing ranked based on index analysis, excludes ‘don’t know’ and ‘other’ responses]

Base: APEC CEOs 1104, Don't know 3%

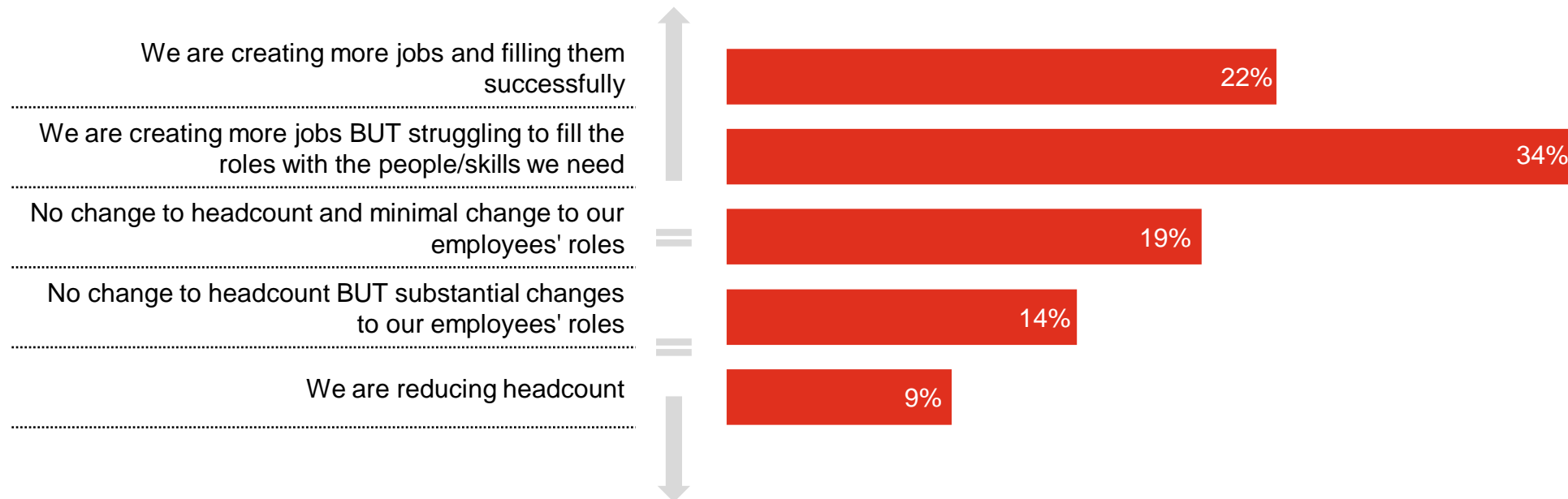
Source: PwC’s APEC CEO Survey 2018

Majority of APEC CEOs believe the government should do more to train on STEM

Q20: Do you think the government is doing enough to train STEM professionals in your principal economy?
Base: APEC CEOs 1104, Don't know 20%
Source: PwC's APEC CEO Survey 2018



Most APEC CEOs are creating jobs but many struggle to find the right talent



Q18: Which statement best describes the impact of technology (e.g. increased automation, new business models, etc.) on jobs in your organisation today?

Base: APEC CEOs 1108, Don't know 2%

Source: PwC's APEC CEO Survey 2018

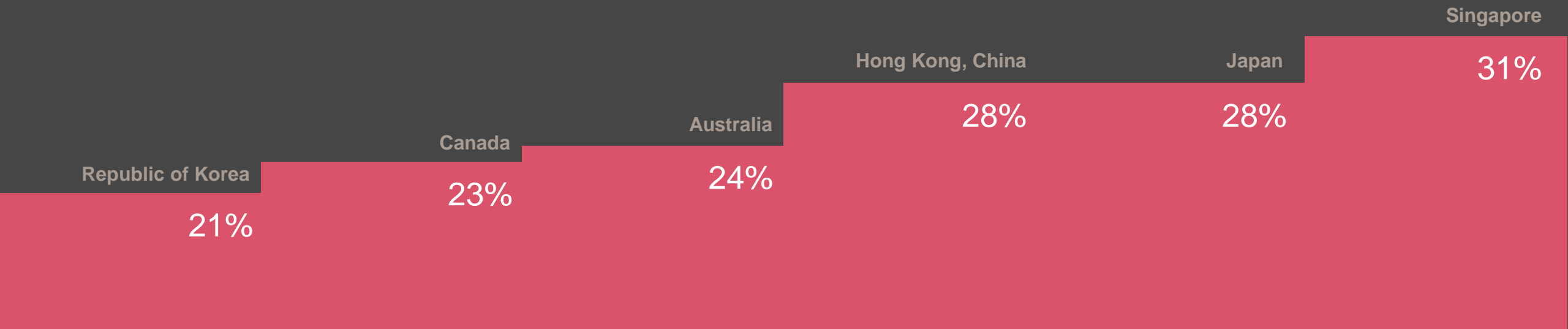
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Shaping the
digital future in
Asia Pacific:
The next unicorns



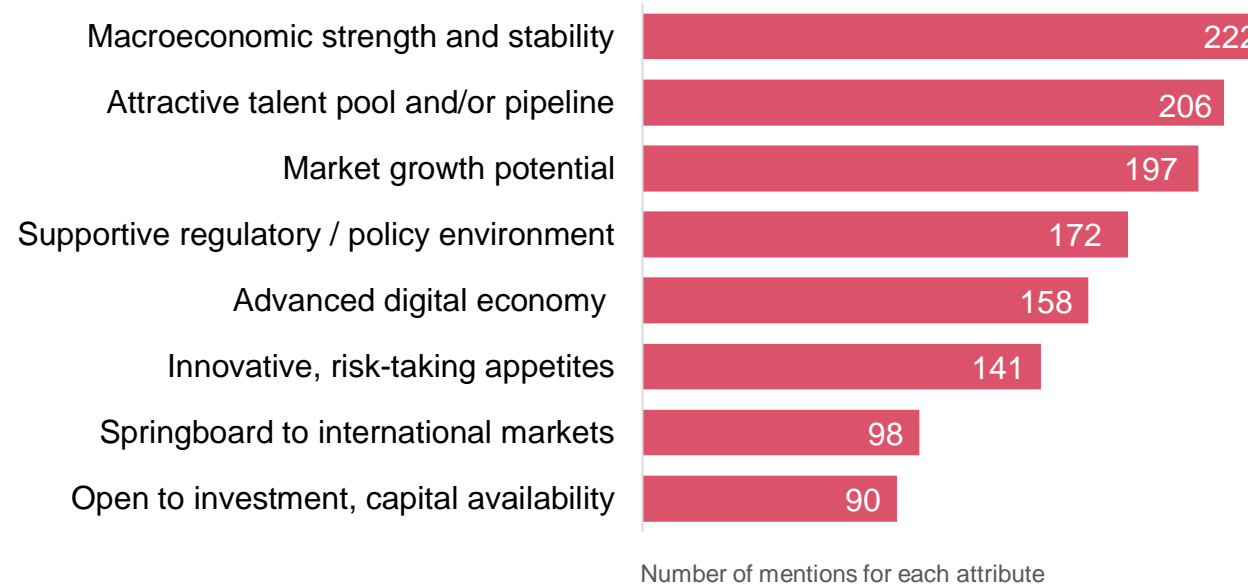
CEOs see supportive factors across APEC for fast-growth start-up success beyond the US and China

Name an economy with the right conditions to spark the next unicorn start-up, beyond the US and China



Q21: Outside of the United States and the People’s Republic of China, what other economies in APEC do you think have the right conditions to spark the next unicorn start-up? The term ‘unicorn company’ refers to a privately-owned start-up that has attained a valuation of at least \$1 billion. [Showing top 6]
Base: APEC CEOs 1102, Don’t know 25%
Source: PwC’s APEC CEO Survey 2018

Government policies, talent pipelines key to start-up success beyond US and China



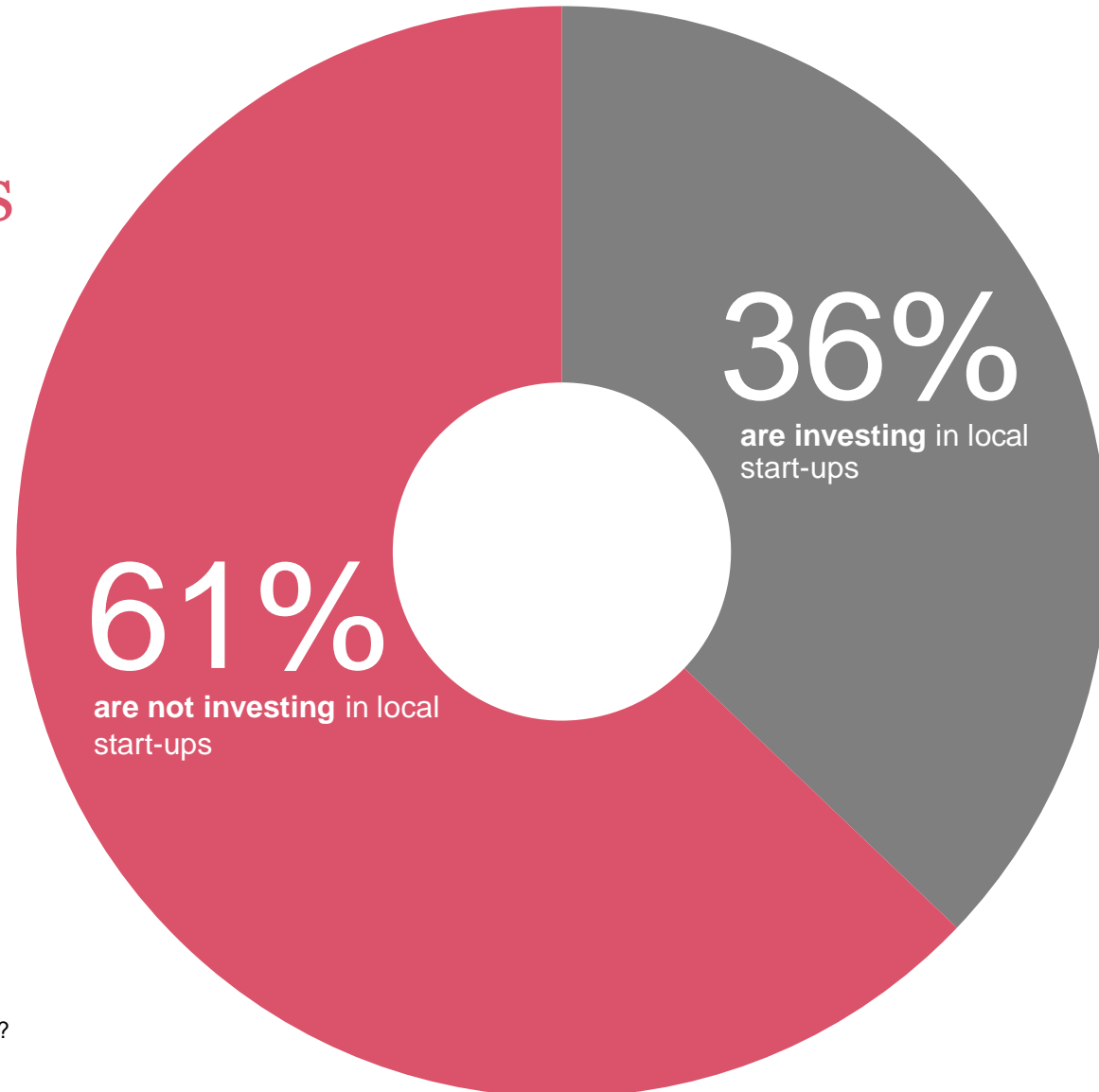
Q22: Explain why you selected this economy as having the right conditions to spark the next unicorn start-up

Base: APEC CEOs 524

Source: PwC's APEC CEO Survey 2018

Around a third of APEC CEOs are investing in local start up businesses

'Digital leaders' (59%) are far more likely to invest in local start-ups



Q11: Is your organisation investing in start-up businesses in your principal economy?

Base: APEC CEOs 1185, Don't know, 3%

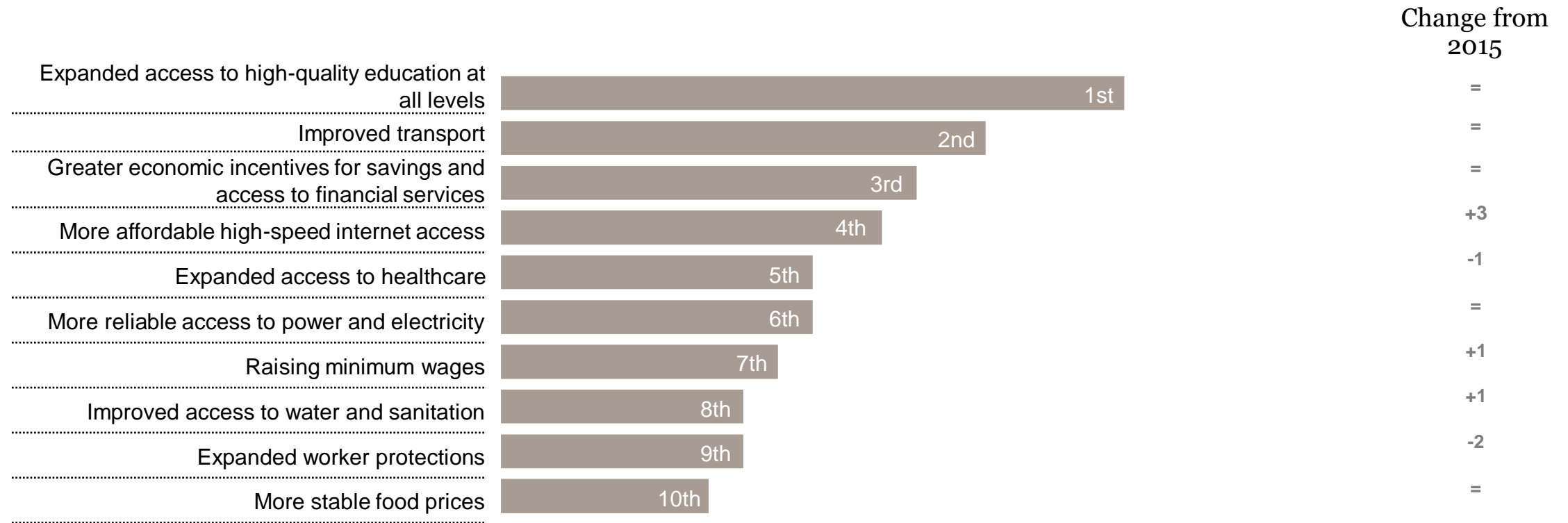
Source: PwC's APEC CEO Survey 2018

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Towards a more
inclusive APEC



Top two ways to accelerate inclusive growth: Expand access to education and improve transport



Q24: Which factors would enable more people to participate in and benefit from growth and trade in the APEC economies in which you are active? (Rank the top 5).

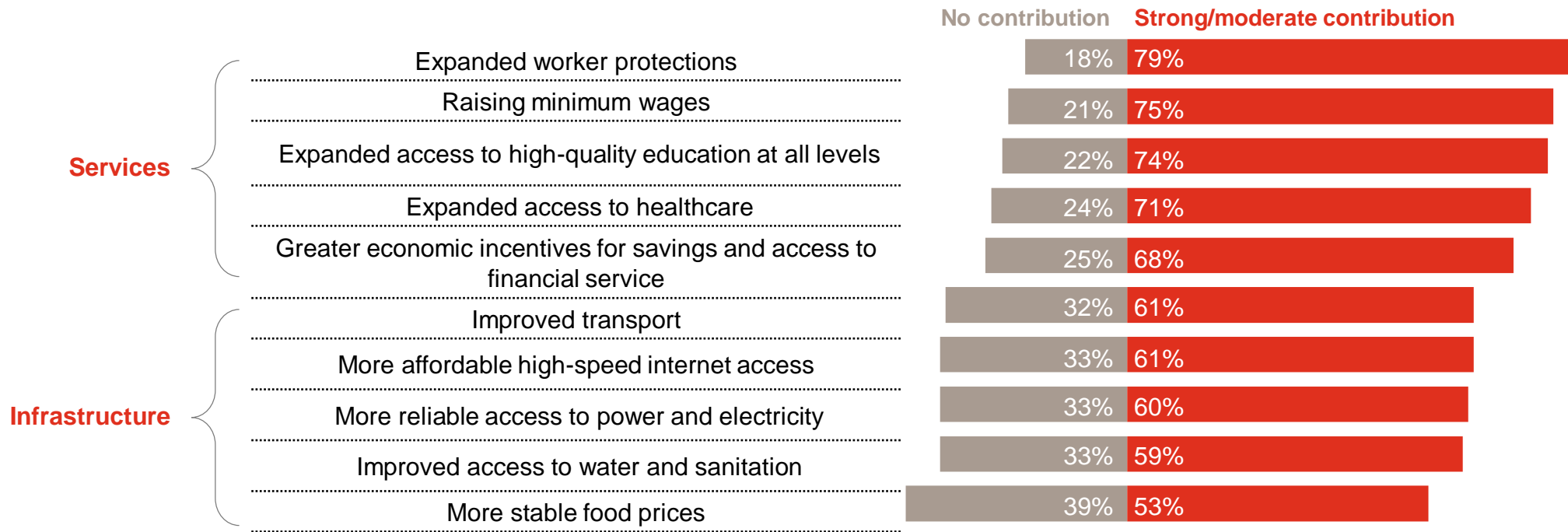
[Showing ranked based on index analysis, excludes 'don't know' and 'other' responses]

Note: Showing change from 2015 based on index analysis

Base: APEC CEOs 2018 1088, Don't know 4%, 2015: 665

Source: PwC's APEC CEO Survey 2018

Most businesses seen making contributions toward inclusivity. Can companies do more to improve infrastructures?



Q25: Thinking of your own organisation, how do you rate your organisation's contribution over the past two years against the same goals?

Base: APEC CEOs 1080, Don't know 4%-8%

Source: PwC's APEC CEO Survey 2018



Appendix: Profile of survey respondents and methodology

Breakdown of responses by economy

	2018 – 1,189 responses		2017 - 1,412 responses	
	No. of responses	Proportion of overall responses	No. of responses	Proportion of overall responses
The United States	129	11%	132	9%
People's Republic of China	122	10%	121	9%
Singapore	94	8%	82	6%
Viet Nam	89	7%	107	8%
Mexico	80	7%	80	6%
Japan	71	6%	77	5%
The Philippines	61	5%	77	5%
Indonesia	60	5%	77	5%
Hong Kong, China	56	5%	81	6%
Malaysia	55	5%	57	4%
Thailand	54	5%	42	3%
Papua New Guinea	50	4%	49	3%
Chile	50	4%	46	3%
Australia	49	4%	84	6%
Peru	37	3%	106	8%
Russia	31	3%	61	4%
Chinese Taipei	29	2%	33	2%
New Zealand	26	2%	22	2%
Republic of Korea	22	2%	33	2%
Canada	22	2%	42	3%
Brunei Darussalam	2	0%	3	0%

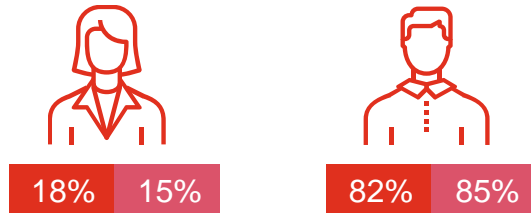
Base: APEC CEOs 1189

Source: PwC's APEC CEO Survey 2018

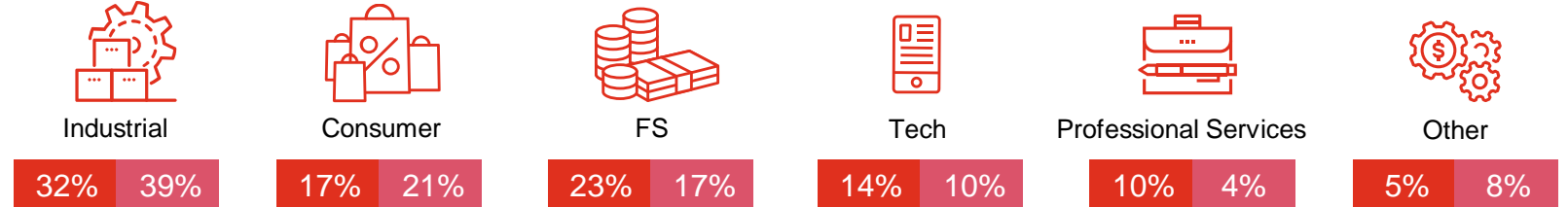
Profile of survey respondents

2018 2017

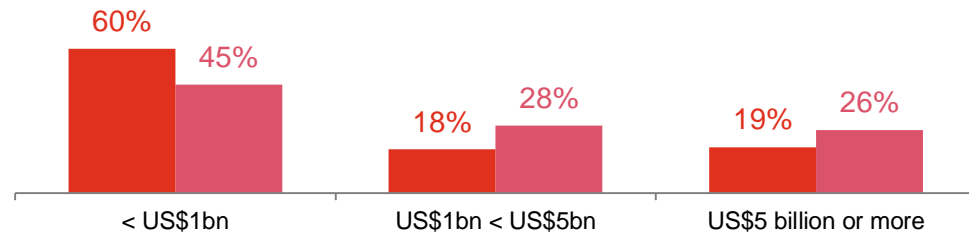
Gender



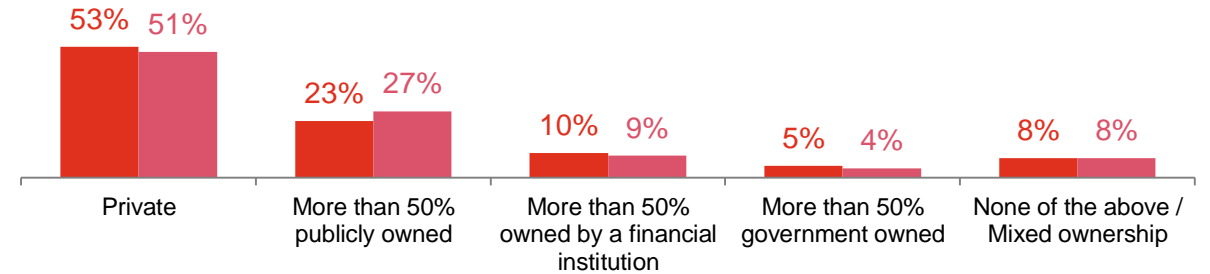
Sector



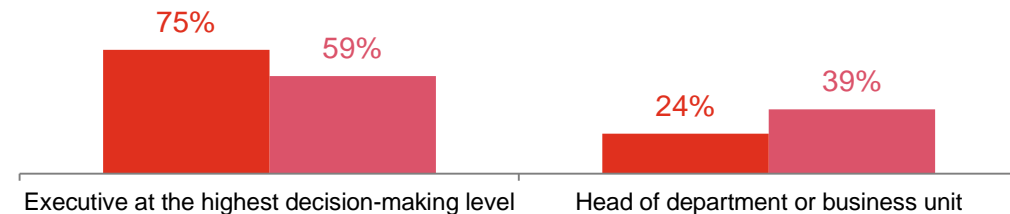
Revenue



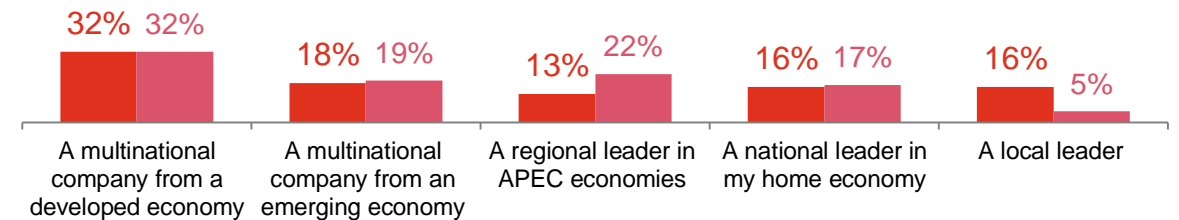
Ownership structure



Principal role



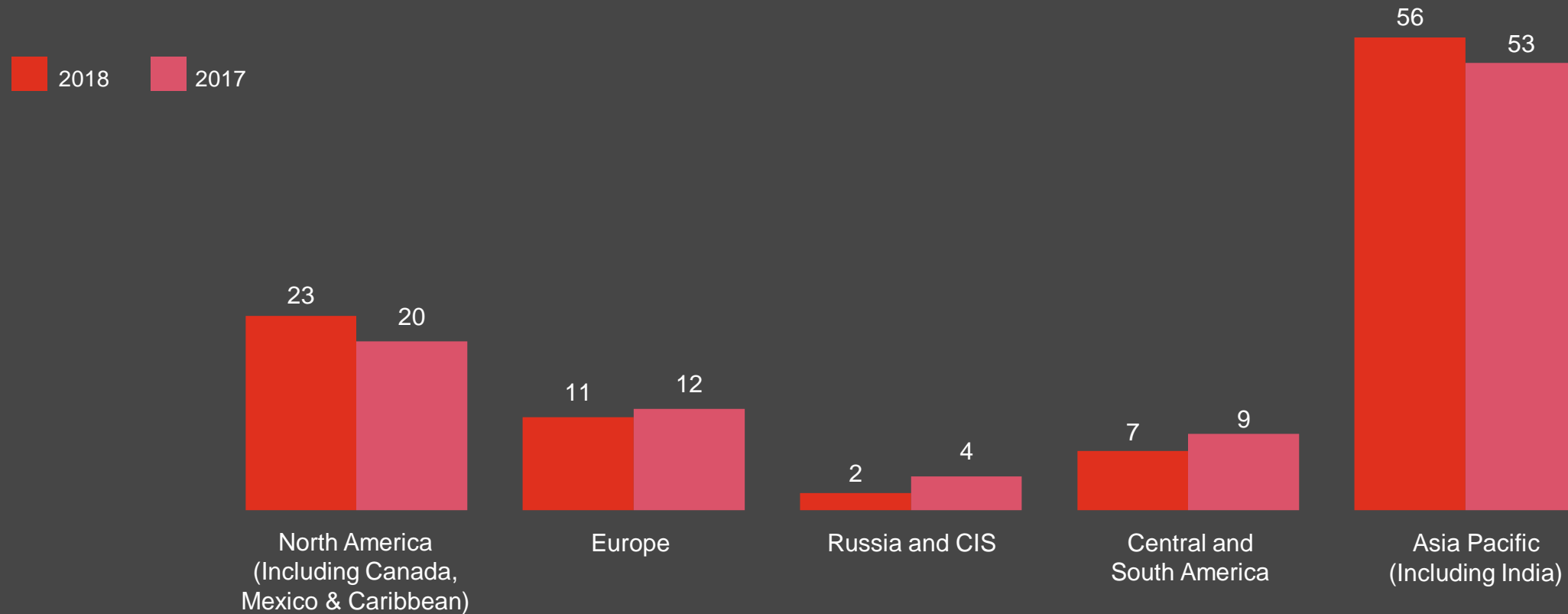
The leading company in my competitive set in the next 3-5 years is...



Base: APEC CEOs 2018 1079-1189, 2017 1297-1412

Source: PwC's APEC CEO Survey 2018

Region of global headquarters



Q3: Which region are your ultimate global headquarters based in?

Base: APEC CEOs 2018 1189, 2017 1412

Source: PwC's APEC CEO Survey 2018

Methodology

We surveyed industry leaders from 10 May to 16 July 2018 for PwC's 2018 APEC CEO Survey.

We used an online and paper methodology to **achieve 1,189 valid** responses from CEOs and industry leaders, with responses scored from each of the 21 APEC economies. The 21 APEC member economies are: Australia, Brunei Darussalam, Canada, Chile, People's Republic of China; Hong Kong, China; Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, The Philippines, Russia, Singapore, Chinese Taipei, Thailand, The United States and Viet Nam.

This multilingual survey was made available in six languages: English, Simplified Chinese, Vietnamese, Japanese, Korean and Spanish.

Responses to the survey were given on a confidential and unattributable basis.

Note: Not all figures add up to 100% due to rounding.

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