Global Crisis Survey 2021

Building resilience for the future

Japan insight edition

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Introduction

PwC is pleased to release the results of our Global Crisis Survey 2021. This is the second time that we have conducted this survey, which received responses from more than 2,800 business leaders in 73 countries. PwC analysed information from companies that have experienced crises with the goal of obtaining direct insight into how companies are responding to crises, as opposed to the more general concept of fraud and misconduct.

In our report on the first Global Crisis Survey, we broadly defined a ‘corporate crisis’ as any event with broad impacts on a company, including its management, operations or reputation. We also provided examples of crisis response expertise drawn from companies that answered the survey. In the 2021 survey, however, we focused on the specific crisis of COVID-19. Although this may appear to be somewhat of an over-addressed topic these days, by using the shared event of a global pandemic as a benchmark, we have been able to compare companies' responses from a more equal perspective and gauge examples of successes and failures. This has resulted in many new insights, even for seasoned crisis response professionals.

The results of this survey show that there is essentially no difference between pandemics and other kinds of crises, in that they can all shake an organisation to its core regardless of the industry or location. We can also see that companies that succeed in responding to crises — and perhaps even demonstrate post-crisis growth — are linked by certain commonalities. These include measures such as planning and investment to pre-empt all kinds of crises, information gathering and communication in the event of an emergency and responding to crises with resourcefulness and flexibility. In addition, while the adoption of technology related to remote work and automation has rapidly increased because of COVID-19, the risk of secondary crises has also heightened. In particular, the risk of cybercrime, which spreads and impacts businesses in unpredictable ways, poses a very real threat to all companies.

The next crisis is always just around the corner. As crises become more diverse and complex, companies face increasing difficulty in mounting responses. Under these circumstances, we hope that this survey will provide you with information that will contribute not only to your company's survival, but its future recovery and growth.

September 2021

Go Otsuka, Partner
PwC Advisory LLC

Chapter 1
The impact of COVID-19 on companies in 2020

Following the first Global Crisis Survey in 2019, we have chosen to continue to investigate the issue of crisis response, with a focus on the COVID-19 pandemic, which experts expect will continue to impact the global economy for many years to come. Through this survey, we plan to explore how organisations can develop the resilience to quickly recover from crises.

Respondent demographics

This survey was conducted between August 2020 and January 2021, targeting senior executives and department heads at multinational companies. We received more than 2,800 responses from 73 countries, including 216 responses from Japanese companies. Among these respondents, 45% were senior executives and 51% were at the manager or department head level.

In Japan, 47% of respondent companies were listed companies, 65% had 1,000 or more employees, and 54% had annual consolidated net sales of 1 billion US dollars (approximately 110 billion yen) or more. In addition, approximately 70% of respondents from Japanese companies were responsible for or in charge of internal crisis response processes. As such, the results of this survey reflect responses from individuals with knowledge and experience related to crisis response.

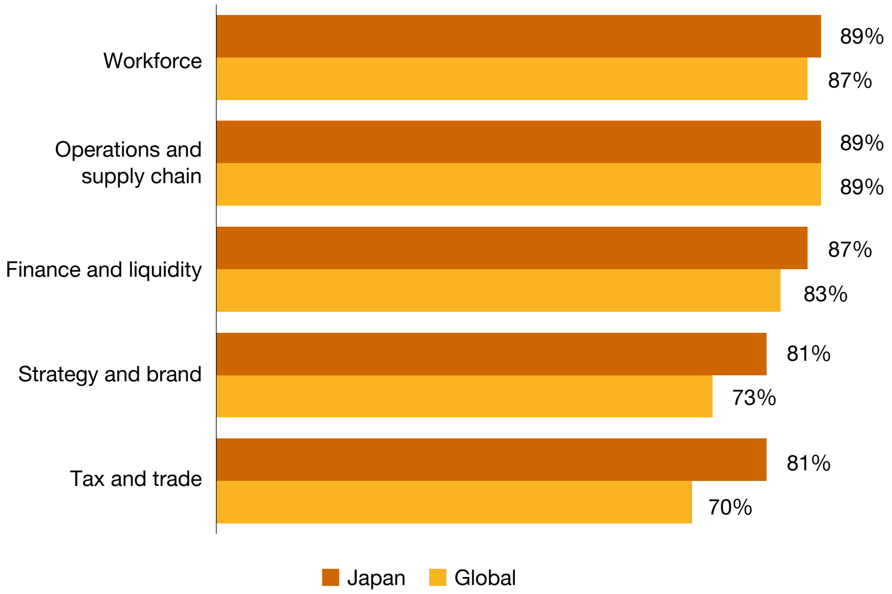
Respondent companies
2,800+

Countries covered
73

Of the respondents
45%
were senior executives

Of the respondents
51%
were managers or department heads

Figure 1: Percentage of respondents who said the following aspects of their organisation had been ‘negatively impacted’ by COVID-19



Overall impact of COVID-19

In response to the survey, nearly 80% of companies answered that COVID-19 had negatively affected their businesses, with approximately 20% describing that impact as 'severe'. Some companies also reported positive impacts on their business, but this number was relatively small, at approximately 20% globally and 12% in Japan.

The areas in which companies were most adversely affected were the same in Japan and globally, with 'workforce' (global: 87%, Japan: 89%), 'operations and supply chain' (global and Japan: 89%), and 'finance and liquidity' (global: 83%, Japan: 87%) all ranking among the areas most affected. With many countries around the world declaring states of emergency and lockdowns, it is only natural that operations and supply chains have been adversely affected. In addition, more than 80% of Japanese companies responded that they experienced negative impacts in the areas of 'strategy and brand' and 'tax and trade', showing the broad impacts of the pandemic (Figure 1).

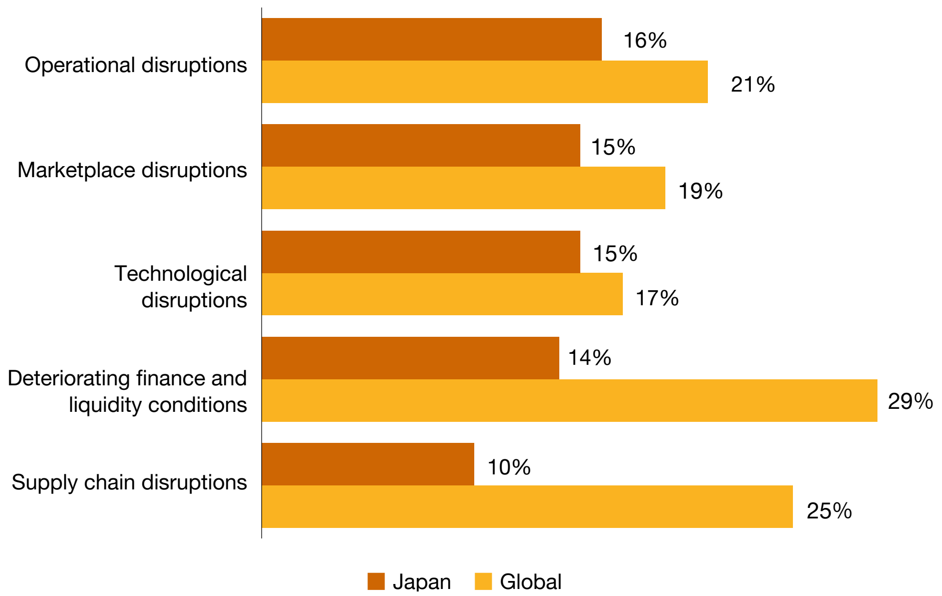
Timing of COVID-19 response

Among Japanese companies, 63% responded that they recognised COVID-19 as a crisis and judged that there was a need for an urgent response 'when the number of confirmed cases began to rise in Japan'. Further, 23% of companies responded that they made this judgment 'when the national government declared COVID-19 a crisis'. As such, we can infer that the majority of companies began to implement some form of response between April 2020, when the number of cases reported in Japan began to rise, and early May 2020, when the state of emergency was declared. In contrast, only 46% of global companies began implementing a response when the number of cases began to rise in their own countries, while 8% did not implement a response until lockdowns or orders to suspend business operations were issued. Because the timing of the increase in cases and the circumstances surrounding government lockdowns vary by country and region, it is not possible to make sweeping statements about whether the timing of such responses was right or wrong, but this data does suggest that Japanese companies responded to COVID-19 relatively quickly.

Secondary and ancillary crises

When responding to crises, secondary and ancillary crises can often emerge from the immediate emergency. Indeed, more than half of respondents in Japan reported experiencing secondary and ancillary crises while responding to the COVID-19 pandemic. The impacts of these secondary and ancillary crises were widespread, with approximately 15% of respondents in Japan saying such a crisis had occurred (or the situation had worsened) as a result of 'operational disruption', 'marketplace disruption', 'technology disruption', and deteriorating 'finance and liquidity' conditions. Although the global survey responses generally followed the same trends as those from Japan, the proportion of global respondents that answered that they had been affected by secondary and ancillary crises related to deteriorating 'finance and liquidity' conditions and 'supply chain disruptions' was 15 percentage points higher than Japanese respondents (Figure 2).

Figure 2: Proportion of respondents reporting secondary and ancillary crises arising from COVID-19



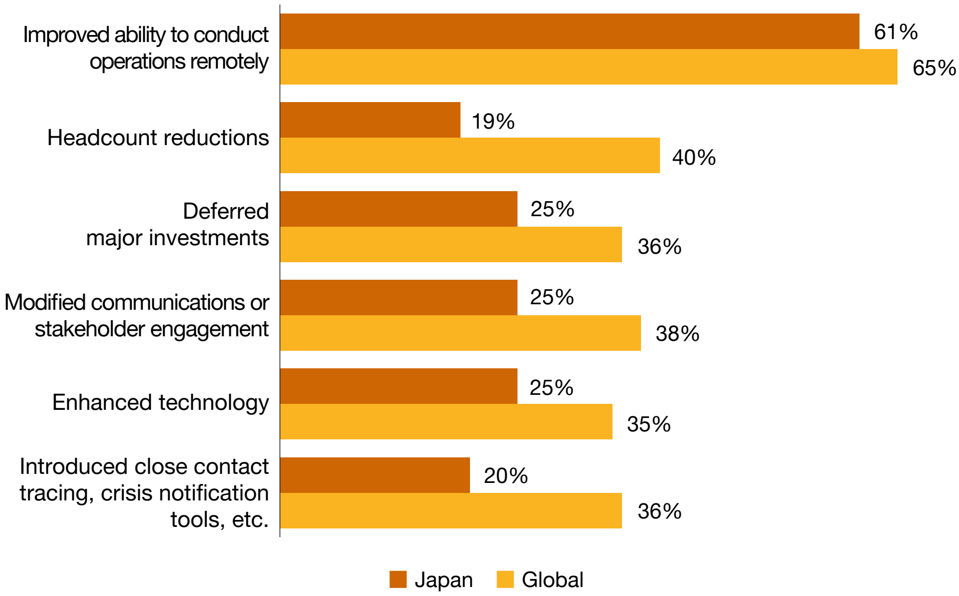
Chapter 2
Preparing for and responding to an unprecedented crisis

Crises come suddenly. How can businesses prepare for and withstand unexpected crises?

1. Responses to COVID-19

When asked about actions taken in response to the realisation that the pandemic might have a major potential impact, the most common response by both Japanese companies and the global community was that they 'improved [their] ability to conduct operations remotely' (Japan: 61%, global: 65%). Other common responses from Japanese companies include 'enhanced technology' (25%), 'modified communications or stakeholder engagement' (25%), 'deferred major investments' (25%), and 'introduced close contact tracing, crisis notification tools, etc.' (20%). However, each of these percentages were lower than the respective global totals by approximately 10 to 15 percentage points (Figure 3).

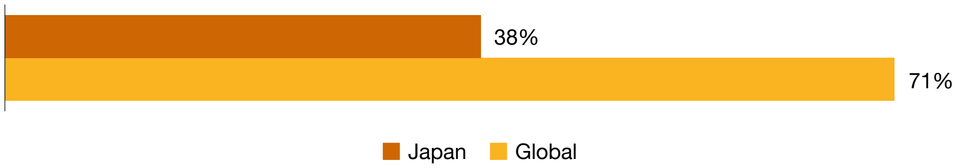
Figure 3: Actions taken by companies upon realising that the pandemic might have a major potential impact



In this survey, we found a clear difference between Japanese and global respondents in terms of their response to COVID-19. Japanese companies responded promptly to COVID-19 compared to global respondents as a whole, but while 71% of global respondents said they were 'proud of how their organization responded to COVID-19', that number was only 38% for respondents in Japan. What were the reasons for this difference (Figure 4)?

Figure 4: Opinions toward companies' responses to COVID-19

Respondents that stated they were 'proud of how their organization responded to COVID-19'

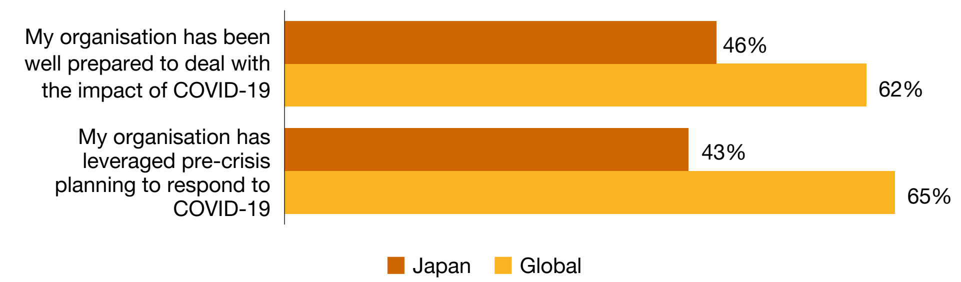


2. Differences between effective and ineffective plans

Were plans formulated by Japanese companies sufficient for the sudden crisis brought about by COVID-19? According to the results of the survey, approximately 90% of Japanese companies had prepared some sort of crisis plan prior to the outbreak of COVID-19 and utilised this in their response to COVID-19. (The most common types of plans were crisis response plans [63%], followed by business continuity plans [52%], and pandemic countermeasures [32%].) At first glance, these results appear positive, indicating that Japanese companies were prepared for emergencies such as pandemics. In this survey, however, only around 25% of Japanese companies responded affirmatively to the question of whether these advance crisis plans and business continuity plans 'were very relevant' in informing their actual response to the pandemic. By contrast, more than half of global companies responded affirmatively to the same question. Further, less than half (roughly 40%) of Japanese companies responded that they were 'well prepared' or able to 'leverage pre-crisis planning' to respond to COVID-19, which was lower than the global total of around 60% (Figure 5). In other words, companies in Japan attempted to execute plans that they had prepared in advance, but in practice many companies found that they could not use those plans for this actual crisis. In this way, the plans that they had diligently prepared for an emergency may have ended up as no more than wishful thinking.

Figure 5: Effectiveness of crisis response plans against COVID-19

Were companies able to use their preformulated crisis response plans in responding to COVID-19?

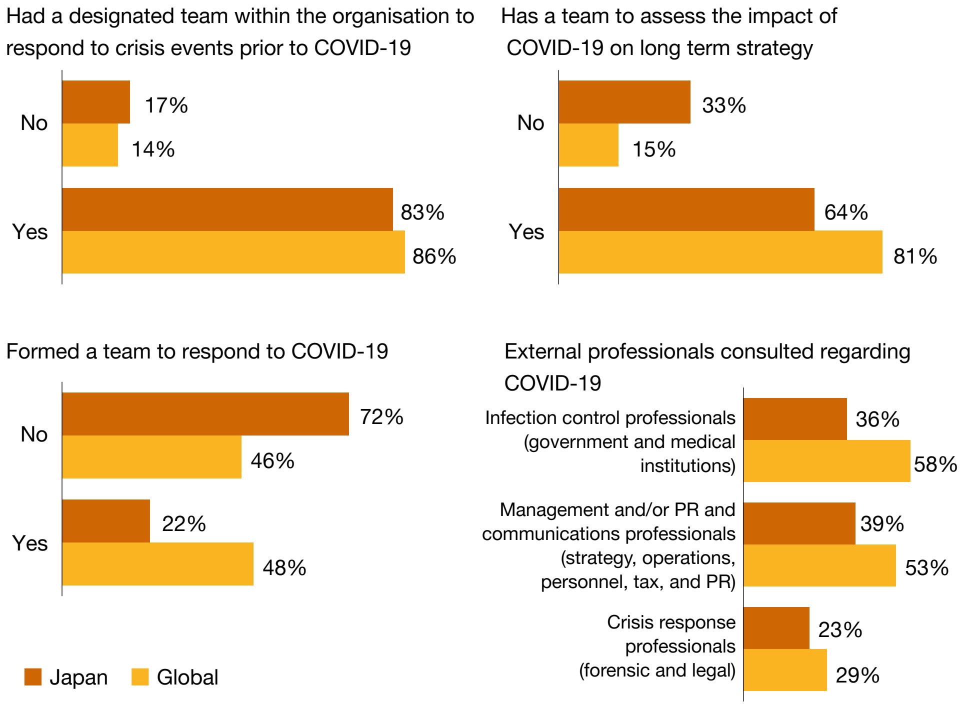


What distinguished companies that felt they were able to effectively utilise their advance planning and those that did not? In this survey, we found that although 83% of Japanese companies had crisis response teams, only 22% had teams dedicated to COVID-19 response, a significantly lower percentage than the global total (48%). In addition, a lower proportion of companies in Japan (64%) had expert teams to assess the long-term impact of COVID-19 compared to the global total (81%) (Figure 6).

Furthermore, under the influence of COVID-19, 36% of Japanese companies (58% globally) responded that they had consulted with infection control professionals (such as government agencies and medical institutions), 39% (53% globally) said that they had consulted with management and/or PR and communications professionals, and 23% (29% globally) said that they had consulted with crisis response professionals. Together, these results indicate that comparatively few companies sought support from external professionals in their response to the pandemic (Figure 6). Even considering that pandemic conditions vary among countries and regions, it is apparent that despite few companies possessing the in-house expertise to respond to pandemics and crises, Japanese companies were more likely than global respondents as a whole to attempt to weather the crisis by relying solely on in-house resources, without the cooperation of external professionals.

Based on these results, we suggest companies can do the following three things to prevent crisis plans and business continuity plans from ending up as check-the-box exercises: (1) create a dedicated team for each specific type of anticipated risk; (2) ensure that expert teams have personnel who are able to assess the long-term impact of crises and develop systems that can adapt both to immediate crisis response and initiatives addressing the long-term impact of crises; and (3) depending on the nature of the crisis, develop initiatives where advice and support is sought from external professionals from the planning stages.

Figure 6: Responses to COVID-19



3. Importance of communication in emergencies

Our survey found that approximately 1 in 10 Japanese companies (11%) did not take any action after realising the major potential impact of COVID-19. Although this percentage appears small at first glance, it is approximately twice as large as the corresponding percentage for the global community (5%), so we cannot view this as a positive result.

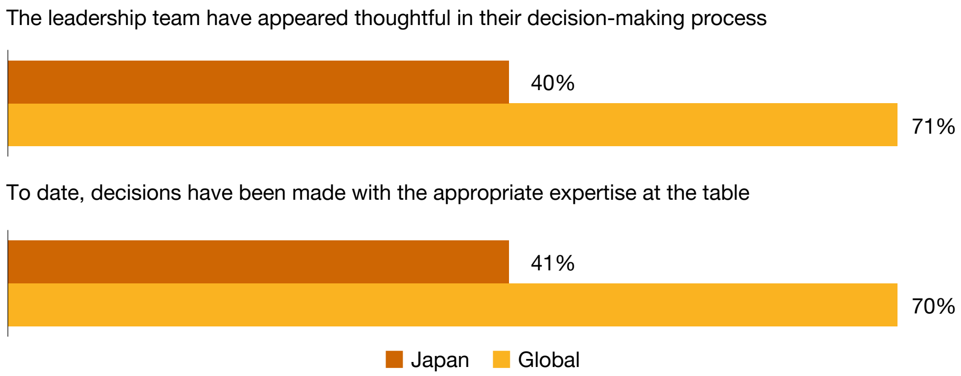
Particular attention should be paid to the issue of crisis response communication. When asked about how well companies were communicating both externally with shareholders and business partners and internally with employees in relation to COVID-19, more than half of Japanese companies responded that they 'communicated effectively' both internally and externally. This marks a significant difference between Japan and the global community, where approximately 80% of respondents gave the same response. The percentage of Japanese companies that answered that in responding to COVID-19 their 'leadership team have appeared thoughtful in their decision-making process' and 'decisions have been made with the appropriate expertise at the table', was approximately 40%, compared with approximately 70% for the global total. This demonstrates that for a large proportion of Japanese companies, communication, role division and decision-making processes did not function sufficiently when faced with an immediate crisis (Figure 7).

One of the differences between Japanese and global respondents in terms of communication is the dissemination of information both internally and externally. While most global respondents (77%) responded that they provided clear guidance to internal and external stakeholders on their current plans and policies, only 57% of Japanese companies responded similarly. In addition, we found significant differences between Japanese and global respondents in their responses to questions directed toward respondents who were personally tasked with responding to COVID-19. Specifically, a larger number of global respondents agreed with the following statements: 'communications are provided at the right level of detail to keep me informed' (global: 71%, Japan: 51%), 'communications are provided consistently and in a timely way' (global: 69%, Japan: 46%) and 'communications are provided with enough frequency' (global: 67%, Japan: 44%). From these results, it appears that the self-reported failure of many Japanese companies to respond to COVID-19 was a natural consequence of insufficient communication.

Furthermore, 64% of global companies responded that they 'dedicated additional resources to carry out the operational aspects of communicating to many different stakeholders', compared with only 48% of global companies. This suggests that Japanese companies may not have allotted sufficient resources to communication as part of their crisis response.

Based on the above results, we can say that effective communication when responding to crises consists of the following four elements: (1) prompt and continuous information provision at an appropriate frequency; (2) explanations that are clear and sufficient for the recipient; (3) standardisation of procedures and forms for sharing information; and (4) securing of sufficient and dedicated resources to enable the above. It is not enough, however, for companies to simply satisfy these requirements. They must also investigate why their current practices may be inadequate. The differences between Japanese and global companies highlighted by this survey are not only the result of companies' actions during times of crisis, but can also be attributed to everyday management problems that manifest during an emergency. In particular, it is still common for the different business departments within a Japanese company to be siloed. As a result, operations tend to focus on specific departments and people, and there are differences in the degree to and methods by which information is shared from various sources. Therefore, even when communication manages to subsist during ordinary times, it may dissolve entirely in an emergency.

Figure 7: Decision-making related to COVID-19 response



Chapter 3
Using technology to prepare for and respond to crises

The global community has worked to strengthen technology to accommodate the impact from the spread of COVID-19. In Japan, some companies have used COVID-19 as an opportunity to adopt new technologies, but at the same time, comparison with global benchmarks reveal challenges and dilemmas faced by Japanese companies.

1. Crisis preparedness

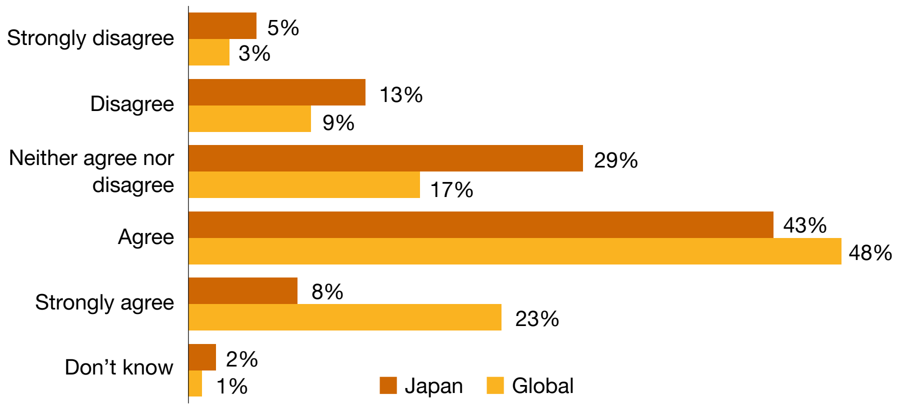
Prior preparation is of paramount importance in responding to sudden crises. In the event of an actual emergency, the continuity of an organisation's businesses may be determined by whether the organisation can respond quickly, prevent the spread of damage, and recover sufficiently from the incident. To this end, both companies that have experienced crises and those that have not should plan how to respond to all kinds of crises to which they are vulnerable.

In our survey, we found that a relatively high proportion of global companies have adopted sufficient technology, with approximately 70% answering that COVID-19 highlighted the fact that their organisation has the right technology to maintain businesses continuity. In Japan, on the other hand, only about half (51%) of companies responded similarly, indicating that the adoption of technology by Japanese companies is a step behind the world as a whole (Figure 8).

Business continuity is affected by a wide range of factors, including internal and external communications, outsourcing partners and supply chains, and management of the company's production lines and human resources. Of these, operational processes were perhaps the most affected by the pandemic, as companies were forced to make sudden and far-reaching changes to their operations due to restrictions on employees physically going into offices and self-imposed isolation as a result of COVID-19.

Many companies were obliged to invest in technical resources to build and improve the operational support systems they needed to ensure they could flexibly perform normal operations without being bound by time or place. It appears that companies that responded that they had sufficient technology in place benefited from preparations undertaken prior to the pandemic as part of operational reforms. Even amongst companies that were not so prepared, many had already introduced technical measures, such as infrastructure to ensure employees were able to work smoothly on business trips (secure and portable electronic devices, tools that enable internal collaboration, etc.), measures to approach customers online (multiple channels for contacting customers outside of stores, including the Internet), and enhancements to electronic approvals (online approval workflows, etc.). Such efforts, however, may have been implemented only to a limited degree, simply to facilitate certain job types and employees with specific working conditions. The results of the survey may have been different if these companies had actively adopted technologies to protect themselves from not only COVID-19, but risks posed by various catastrophes, and also made those same technologies available on a company-wide basis for use in normal times.

Figure 8: Do you agree that COVID-19 showed that your organisation has the right technology to maintain business continuity?



2. Effective use of data in decision-making

When a company is facing a crisis or has suffered actual damage, the first action it should take is to quickly gather information and confirm facts to develop an understanding of the situation. Quantifying the impact of a crisis to the greatest extent possible with data can help establish criteria for the content and scope of appropriate countermeasures. It can also help to predict the effects of such measures, thus facilitating decision-making.

According to the results of the survey, less than half (41%) of Japanese respondents who led or were involved in their company's response to COVID-19 felt that they were able to gather changing information or data, which was significantly lower than the global total (78%) (Figure 9). In addition, only 39% of Japanese companies felt that they were able to create data-driven milestones to mark changes or accomplishments in response efforts (compared to the global total of 74%) (Figure 10). Recently, the use of big data in the market has made various kinds of data analysis possible, and an increasing number of companies are using this data to make decisions. The degree to which Japanese companies are using such data, however, is still low compared to global benchmarks. If data collection is insufficient from the outset, it is of course difficult to analyse and visualise the data later, which can result in stopgap management decisions based on past experiences. However, in unprecedented circumstances such as the COVID-19 pandemic, it is extremely difficult to make decisions based on past experiences. In such circumstances, it is essential to quickly make objective decisions based on quantitative information.

Figure 9: To date, how confident has your organisation been in gathering changing information or data in responding to the COVID-19 crisis?

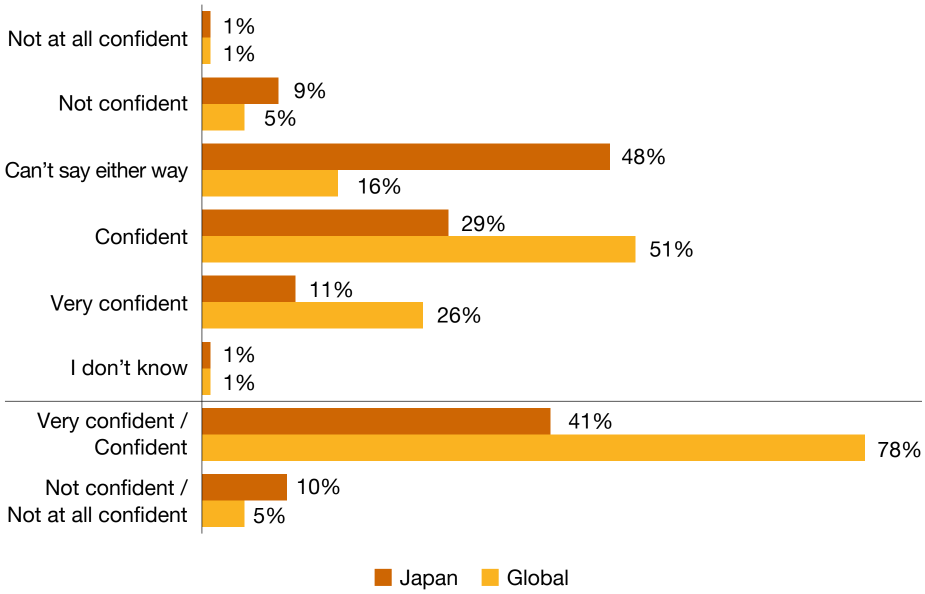
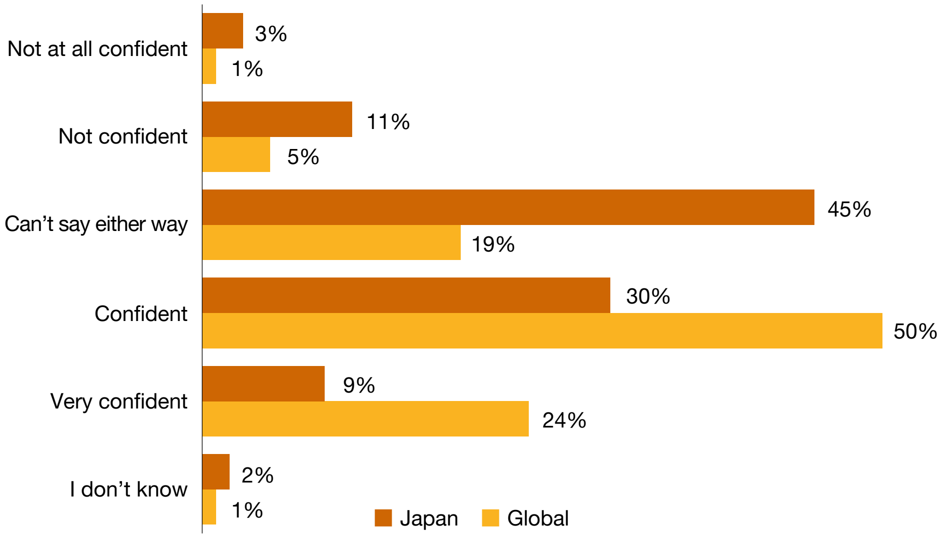


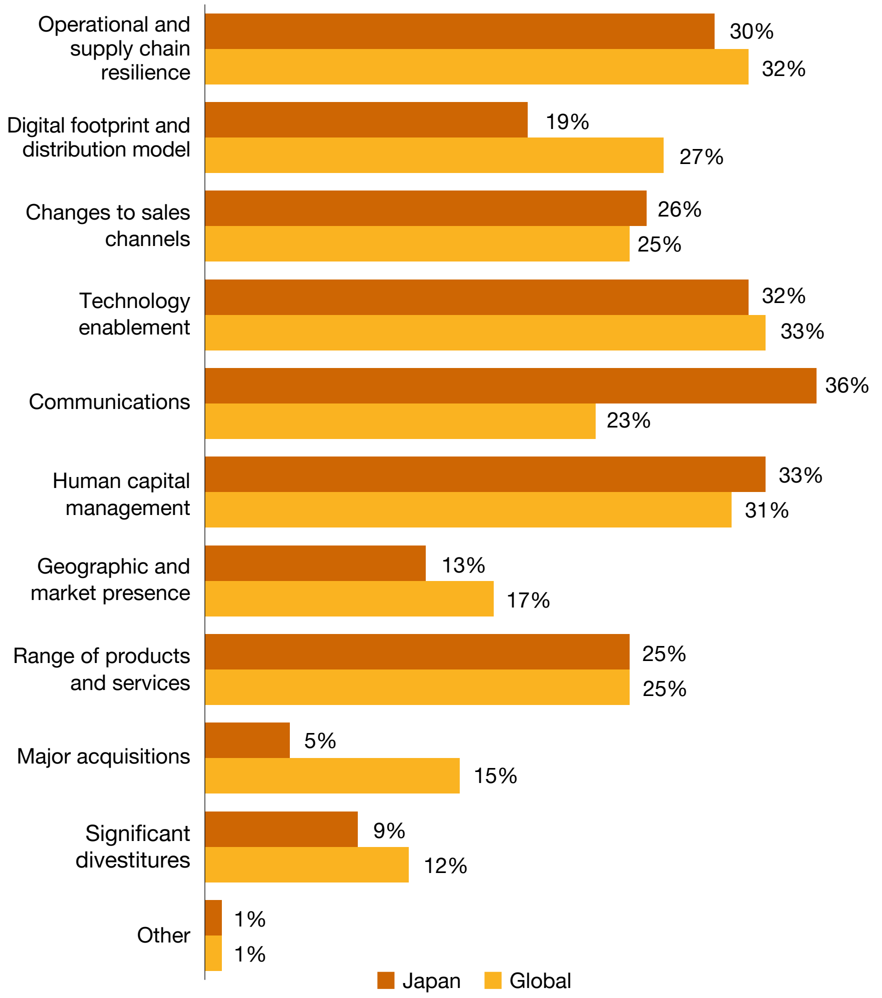
Figure 10: To date, how confident has your organisation been in creating data-driven milestones to mark changes or accomplishments in response efforts?



3. Dilemmas requiring resolution in the post-COVID-19 age

Japanese companies' responses to questions about the adoption and use of technology tended to be less positive overall than the global total. Yet when we asked about the top three business areas that companies planned to improve in the wake of COVID-19, the top answer globally was technology enablement (33%), and the figure for Japanese companies was similar, at 32%. At the very least, this indicates a positive stance toward investing in this area in the current plans of decision-makers (Figure 11).

Figure 11: Of the changes you are planning to make in response to COVID-19, which of the following are the highest priority for your organization? (Rank your top three priorities.)



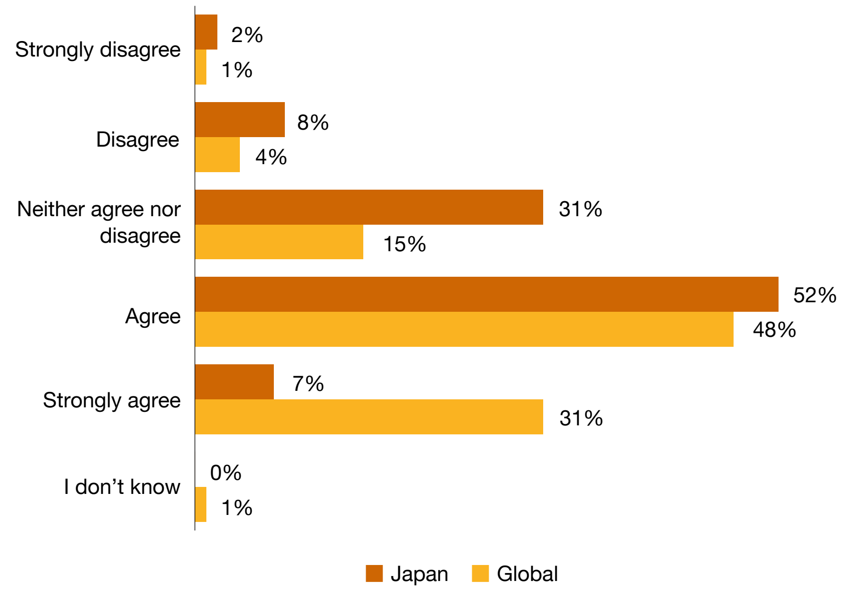
However, only approximately 59% of Japanese companies agreed that their employees ‘have so far been willing to adapt to new technologies that have been implemented’, with only 7% of respondents stating that they ‘strongly agreed’. When we look at the global totals, on the other hand, 31% of all respondents said that they ‘strongly agreed’ with this statement (and 79% either ‘agreed’ or ‘strongly agreed’) (Figure 12). Unfortunately, this result shows that in Japan, many employees prefer to continue to use existing systems that they are familiar with or to work face-to-face or on paper. This suggests a lack of employee awareness about the need for new technologies.

The overall amount of IT investment by Japanese companies to date is by no means lacking when compared with the global community. However, with changes to the business environment and potential crises anticipated in the post-COVID-19 era, the issue will likely be whether companies can allocate investments to truly effective technological fields. In addition to platforms that enable employees to work anytime, anywhere, the development of systems for quickly analysing data to provide directional insights for companies will become increasingly important.

In recent years, not only have business intelligence solutions been developed to quickly display cross-departmental data in an easily understandable way, but specialized tools have also been produced to analyse employee communication and online contact with customers. This has enabled companies to use AI to capture early business indicators from the range of data they have access to.

Even if companies expect that a certain number of employees will not welcome new technology, it is increasingly important for senior management to take the lead in building systems necessary for the future and disseminating them throughout the company.

Figure 12: To what extent do you agree that your organisation’s people have so far been willing to adapt to new technologies that have been implemented?



Chapter 4
Turning crises into successes

1. Some companies have used COVID-19 as fuel for growth

As we noted at the beginning of this report, the majority of companies responded that COVID-19 negatively impacted their business. On the other hand, a small minority of companies actually said that COVID-19 had a positive impact on their business. What was the difference between companies that were able to draw benefits from COVID-19, and those that were negatively impacted? And why did a smaller proportion of Japanese companies report that they had been positively impacted by COVID-19, compared to the global total?

Resilience is a term that refers to the ability to overcome hardship and recover from adverse situations. At PwC, we refer to companies that use crises as a basis for growth as having resilience. Based on what we have discussed thus far, it can be said that resilient companies are those that reflect on crises and move quickly to address any identified issues. In addition, it is clear that resilient companies must not only look to the past, but should also adopt two forward-looking strategies: the utilisation of technology and the development of the ability to implement change.

2. The importance of technology when human contact is limited

As described in previous chapters, while many companies in Japan have adopted remote working in response to COVID-19, many have not been able to keep up with the rapid pace of change and have failed to sufficiently utilise technology to respond to COVID-19. And while 46% of global companies reported that their use of technology has improved since before the pandemic, only 25% of Japanese companies responded similarly. This highlights differences in the responses of the overall global community and Japanese companies in relation to technological improvements and crisis awareness following COVID-19. Furthermore, 36% of global companies answered that they had made changes to their corporate strategy for technology enablement after COVID-19, whereas the corresponding figure was only 21% for Japan. At the same time, 21% of global companies said they had no plans to make such changes to their strategy, compared with a higher proportion (32%) of Japanese companies.

Further, when asked about areas that are of most concern for future crises, the global community most commonly cited areas of current actual crises — global pandemics and cybercrime. The next highest proportion (27%) identified technological innovation as an area of potential crisis. By contrast, only 14% of Japanese companies listed technological disruption as an area of crisis, indicating a difference in perceptions about future technological changes and potential associated crises.

These results show a tendency on the part of Japanese companies to make comparatively fewer technological improvements, and demonstrates a comparatively lower degree of crisis awareness. This meant that they were less likely to use technology to counter COVID-19, and as a result, fewer companies were able to emerge stronger having experienced the pandemic.

3. Assessing past performance for improved crisis response

In our survey, a large majority of companies, both globally and in Japan, reported that their organisation's experience in responding to COVID-19 resulted in changes to corporate strategy (77% globally and 85% in Japan). In other words, COVID-19 forced companies all over the world to rethink their management strategies. Large differences, however, were apparent in answers regarding the formulation and implementation of such strategies in Japan and throughout the world as a whole.

At the time of the survey, half of all companies, both globally and in Japan, were in the process of reviewing their own responses to the COVID-19 crisis. This involves assessing and analysing how each of the regions, departments, business operations, and other areas of the company were affected, and what they should have done to respond. In Japan, few respondent companies had expert in-house personnel who could perform such assessments, which meant that external professionals were more often used compared to the global community. As a result, even when Japanese companies were able to identify areas that required improvement, many companies were unable to execute those improvements with only in-house resources.

Corporate reform is meaningless without action. To ensure that strategies formulated to respond to COVID-19 are not reduced to mere formalities, senior corporate executives, directors and others must lead the reform and ensure that even when assessments use external professionals, measures are ultimately executed independently within the organisation.

4. Using crises as fuel for growth: Becoming a resilient company

More than a year has already passed since COVID-19 began to wreak havoc around the world. There have been more than 226 million cases of the virus worldwide, with 4.65 million deaths reported so far. Even taking into consideration the speed of the vaccine rollout, the threat of COVID-19 is likely to continue, and it remains unclear when the virus will recede. Faced with this threat, many companies have struggled with weak business performance and in the worst cases, been forced into bankruptcy. By contrast, other businesses have used the crisis as fuel for growth.

While COVID-19 has become a part of our day-to-day reality, the next crisis may also be just around the corner. A crisis is not something to be avoided, but rather an opportunity. Companies must become resilient if they are to seize such chances.

In this survey, the answers we received from companies around the world helped to shed light on corporate responses to COVID-19. Resilient companies are analysing the results of their own responses to the pandemic, planning countermeasures and leveraging technology to execute these actions. In Japan, however, the survey clearly showed that many companies have been able to formulate countermeasures but have not put them into practice.

Executing reforms is not easy, but companies that are able to utilise the power of technology to initiate reform are precisely the kinds of companies that will be able to weather all kinds of future crises. It is also of the utmost importance that management displays strong leadership in implementing such measures.

Summary

In PwC's second Global Crisis Survey, we focused on the crisis caused by the COVID-19 pandemic. While our initial survey in 2019 considered all types of crises for companies both in and outside Japan as well as corporate actions aimed at recovery and growth, the 2021 survey used the shared global crisis of COVID-19 as a benchmark, enabling us to measure differences in responses by companies from specific perspectives, regardless of country or industry. This also highlighted the differences between companies that successfully responded to the crisis, those that endured the crisis to emerge stronger, and those that did not.

In this survey, we found two commonalities between companies that were able to generate a positive outcome from the crisis of COVID-19. The first was that these companies reflected on their existing crisis plans and actual experiences of crisis in order to assess their own response. 93% of companies said they expect another crisis in future, with pandemics, cybercrime and system failures and outages among the top concerns. In respect of this, 75% of global companies responded that they were confident they would be able to utilise their experience with COVID-19 in the management of their organization in the future, whereas less than half (40%) of Japanese companies answered in the same way. For Japanese companies whose advance crisis plans did not function as expected and who lack the confidence to utilise their experience with COVID-19, the most important thing is to objectively organise, analyse and assess the successes and failures of their response to COVID-19. These companies will end up repeating the same mistakes if they cannot improve the effectiveness of their plans in anticipation of the next crisis. In crisis response, as with normal operations, the key is whether companies can reflect on their successes and failures as a basis for repeating the cycle of forecasting, planning and building systems in order to respond to future crises.

The other commonality that successful companies share is that they saw the crisis as an opportunity for reform and growth and put this approach into practice.

Changes and improvements can take many forms, such as reforms to corporate strategy and the way we approach our work. The important thing is for each company to develop the necessary measures to maintain continuity and grow in a business environment transformed by COVID-19. Further, in our society — which is saturated with information due to digitalisation and the expansion of social media and other platforms — technology-centric businesses will become the future global standard. With remote work becoming mainstream at many companies, and the expectation that the shift from old workstyles based on in-person and paper processes to digital and remote processes will accelerate going forward, the crisis of COVID-19 can be seen as a great opportunity for companies to unlock further growth. However, despite the benefits of technology-based workstyle reform and greater business efficiency, the risks associated with the adoption of new technologies are increasing. As companies continue to adopt virtualised communication and approval processes, appropriate risk management will be required in respect of the heightening risk of fraud — although from the perspective of fraud prevention, the amount of data available for analysis is also increasing. Many solutions are being developed in response to corporate changes, such as communication and access log monitoring, cloud database-based internal reporting systems, and preventive fraud detection systems utilising accounting data and data from other internal systems. In the future, it will be increasingly important for companies to build systems to respond to emerging risks, and to accumulate expertise in incorporating and effectively using technology.

No company would welcome a crisis such as the COVID-19 pandemic, and ideally no company should have to experience such disruption. However, in reality, crises will continue to materialise suddenly. More than anything, demonstrating a proactive approach is key to successfully overcoming a difficult experience and turning a negative situation into a positive outcome.

Contact information for Japan

PwC Japan Group

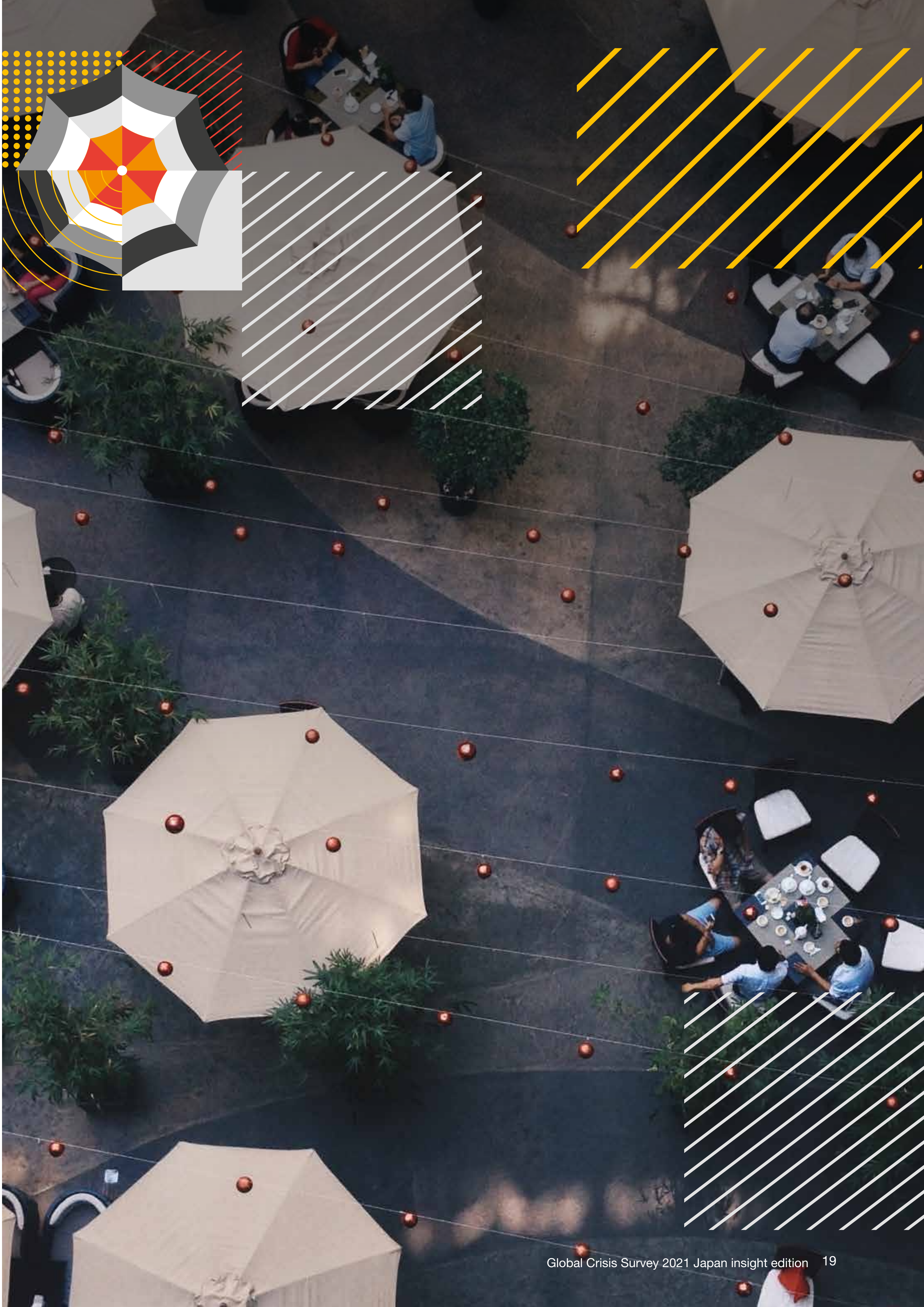
www.pwc.com/jp/en/contact.html

Go Otsuka

Partner
PwC Advisory LLC

Takuei Maruyama

Partner
PricewaterhouseCoopers Aarata LLC
PwC Business Assurance LLC



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Date of publication: September 2022 Control number: I202204-05