



# PwC's COVID-19 CFO Pulse

28 April 2020

[www.pwc.com/cfopulse](http://www.pwc.com/cfopulse)



## Introduction

PwC is tracking sentiment and priorities about the COVID-19 outbreak among finance leaders. We surveyed 871 CFOs from 24 countries or territories during the week of 20 April. This survey is our third look across the globe; we continue to add territories and companies to offer a robust view of how the crisis is affecting people and businesses worldwide.

Global COVID-19 CFO Pulse reports:

[14 April 2020](#)

[30 March 2020](#)

US COVID-19 CFO Pulse reports:

[27 April 2020](#)

[13 April 2020](#)

[30 March 2020 \(includes Mexico\)](#)

[16 March 2020 \(includes Mexico\)](#)



## 20 – 22 April: Finance leaders respond to the latest COVID-19 developments

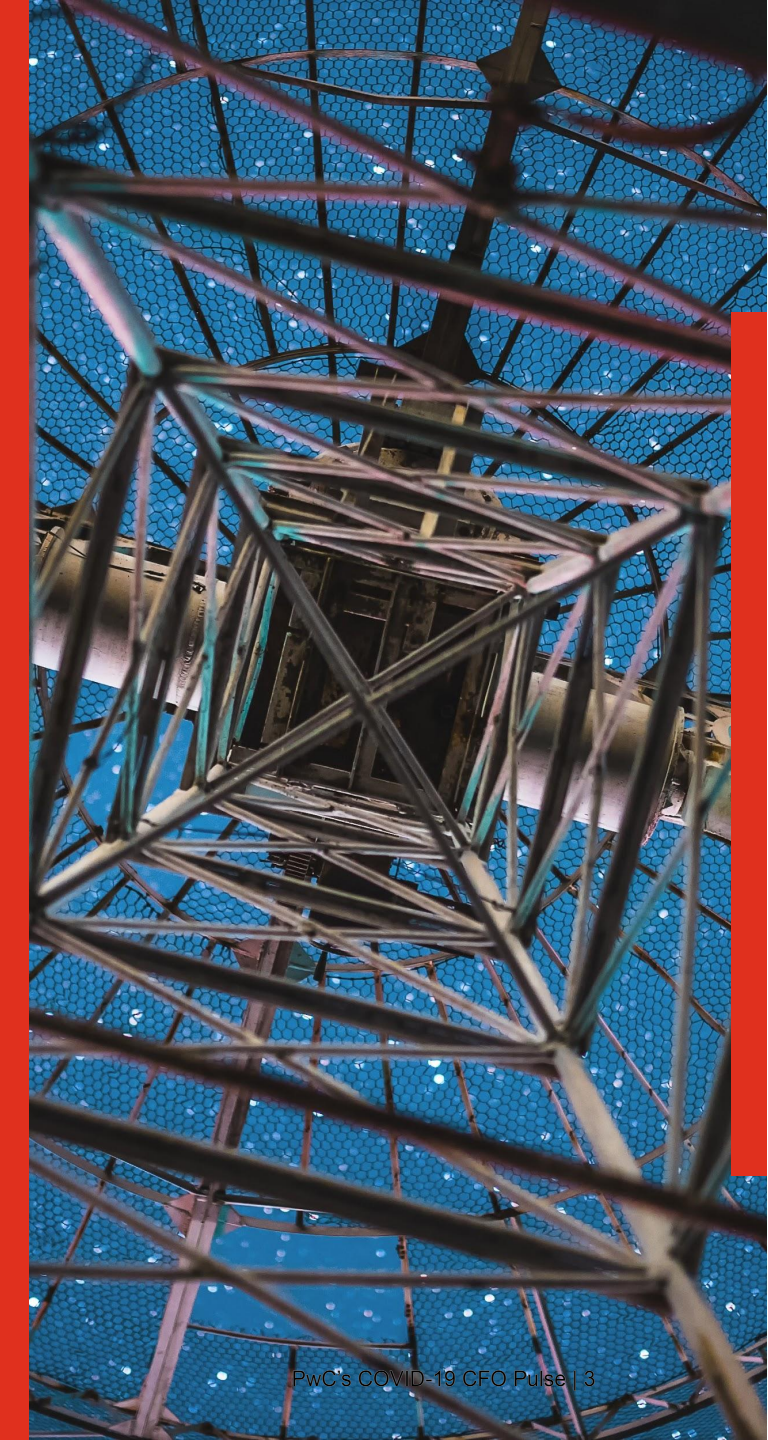
The message among global CFOs is clear: most companies have moved beyond the short-term, reactive phase of the novel coronavirus pandemic. During that first phase of the crisis, companies mobilised their response plans to address immediate concerns, such as health and well-being. Today, they still need to do what it takes to ensure the safety of their people and the survival of their business, but they are also thinking about how to stabilise — taking the tactical steps that will prepare them to operate in ‘the new normal.’

These moves come as the news about coronavirus ebbs and flows around the world. Many countries in the EU have now passed the [peak of the initial wave of transmission](#), and several European countries — Germany, Denmark, the Czech Republic and Spain, among others — have begun to ease restrictions. In the Middle East and North Africa, the coronavirus combined with oil price volatility has led the [IMF to project](#) a 3.3% economic

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contraction in 2020. In the US, the government passed a US\$484bn coronavirus relief package to help small businesses and hospitals — and the [Congressional Budget Office predicted](#) that the federal budget deficit will reach US\$3.7tn in FY 2020. [Japan declared](#) a national state of emergency, with plans to provide ¥100,000 (US\$930) to all citizens.

We see this complexity reflected in our current CFO Pulse results. Finance leaders are worried — the overall percentage (70%) who report being greatly concerned about the potential business impact of the coronavirus is roughly the same as in our [previous survey](#). But in some countries, the percentage of those greatly concerned is now less than 50%. Most CFOs are still considering cost containment measures, but they are also planning various actions around work sites, supply chains and investments that will position their company to succeed in the post-crisis world, and to emerge stronger and better prepared to face future crises.



## Top findings

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As companies consider when and how to reopen work sites, 64% plan to change safety measures and requirements and 46% plan to accelerate automation and other new ways of working.

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CFOs will look for alternative sourcing options (52%) and to understand the financial and operational health of their suppliers (50%). Another 34% plan to extend visibility into their suppliers' networks.

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49% of CFOs believe their operations could return to normal within three months if the coronavirus pandemic were to end today; that said, 70% are greatly concerned about the potential business impact of the crisis.



## The return of on-site work, but with new policies and protections

An essential part of stabilising business operations is the reopening of offices, factories and other work sites. Of course, doors can't simply be flung open, and company leaders are determining how best to protect their employees and customers. The top two measures CFOs are considering are changes to workplace safety measures and requirements (64%) and reconfiguring work sites to promote physical distancing (55%). There was some variation among countries — for example, 77% of US CFOs report safety measures as a top-three choice, compared to 33% of Switzerland CFOs. Among industries, CFOs in energy, utilities and resources are most likely to pursue safety measures (70%), and technology, media and telecommunications CFOs are more likely than average to consider reducing their real estate footprint (41%).

### As workplaces reopen, 46% of CFOs will accelerate automation and 21% are eyeing contact tracing

Question: Which of the following is your company planning to implement once you start to transition back to on-site work? Please select all that apply.



Source: PwC, COVID-19 CFO Pulse, 20 April 2020  
Base: 871

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Other CFOs are weighing how technology will help ease their transition back to on-site work. Overall, 46% of CFOs say they will accelerate automation and other new ways of working; at least 60% of CFOs in Germany and in Mexico cite automation and remote work among their top-three actions. Remote work is also a top-three choice for financial services CFOs, selected by 56% of respondents. Another 21% of CFOs overall are evaluating tools that enable contact tracing and geo-tracking. These are critical but complicated actions, given privacy concerns. Governments may struggle to enforce the use of such tools among their citizens — leaving an opening (and perhaps even an imperative) for corporations to develop technologies to fill the gap.

Even as organisations consider measures to allow employees to return to work safely, 20% of CFOs overall are concerned about insufficient staffing to accomplish critical work. Only 7% say they are considering targeted benefits such as on-site childcare — yet with many schools and daycares still shuttered worldwide, employees will struggle to meet work obligations if workplaces reopen first.

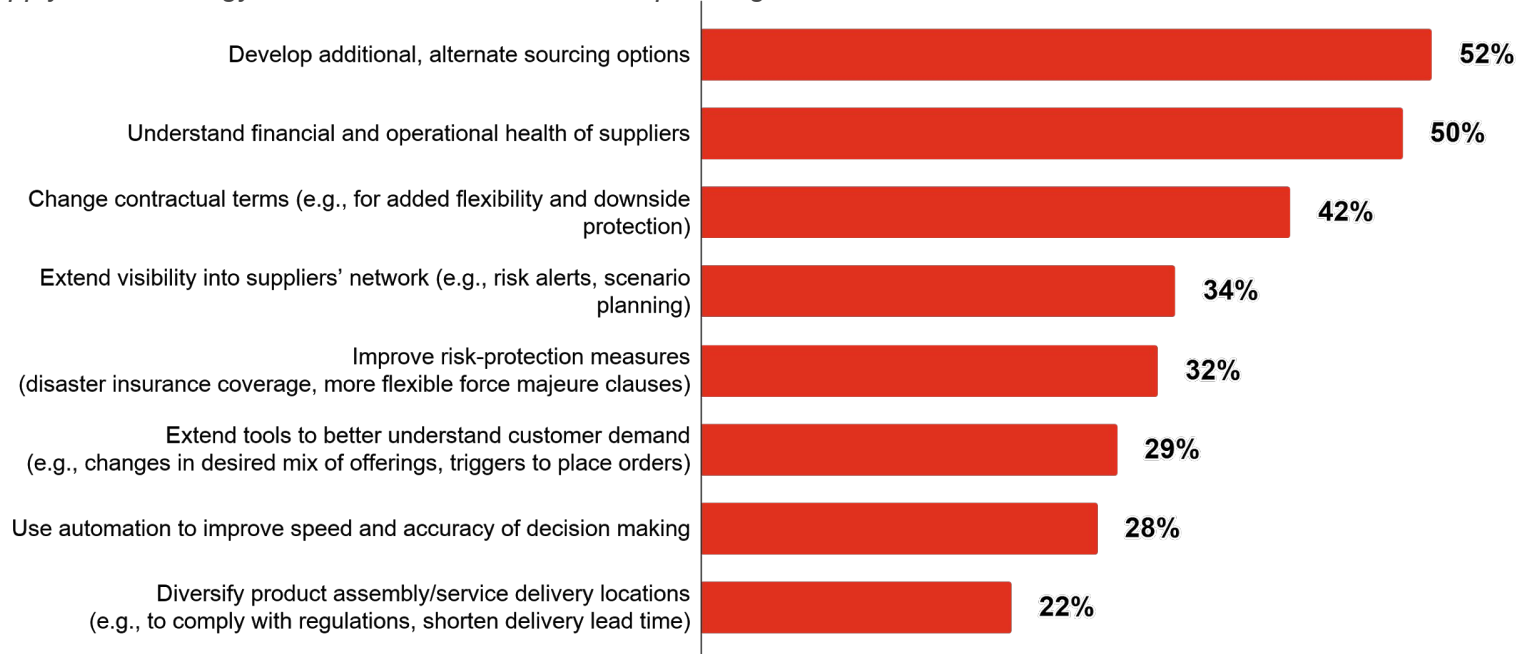


## Know your suppliers, and your risk

Also key to stabilising an organisation during a crisis? Ensuring a high-functioning supply chain. As CFOs turn their attention to supply chain issues, about half say they will prioritise the development of alternate sourcing options (52%) and understanding the financial and operational health of their suppliers (50%). German respondents (54%) are most likely to place a premium on extending visibility deeper into suppliers' networks to assist in risk assessment and scenario planning. This action, along with increased flexibility, will help build resilience. In Switzerland (50%) and Portugal (47%), CFOs are more likely than average to cite improving risk-protection measures.

## The post-crisis supply chain will have more options, transparency and risk management

*Question: As a result of COVID-19, in which of the following areas are you planning changes to your supply chain strategy? Please select the three most pressing areas.*



Source: PwC, COVID-19 CFO Pulse, 20 April 2020  
Base: 871

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CFOs across industries align with the territory view on top sentiments, but energy, utilities and resources and industrial manufacturing and automotive CFOs consider understanding the health of their suppliers as their top priority (60% and 58%, respectively). Health industries (40%) and retail and consumer (36%) CFOs are more likely than average to plan to extend tools to better understand demand, given the focus on consumer behavior in these segments. CFOs in financial services are more inclined than those in other segments to plan to use automation to improve decision making (40%).

Generally, organisations with supply chains that are highly integrated both internally and externally will be better equipped to develop alternative sourcing or extend visibility to suppliers. Companies that fit this profile have already automated most of their supply chain processes and decisions, both inside the organisation and with external partners. Yet according to PwC's recently published [Connected and autonomous supply chain ecosystems 2025](#), only 36% of companies surveyed were operating at this level of integration (this figure goes up to 81% among 'digital champions' — companies ahead of the curve when it comes to supply chain excellence).



## CFOs prepare for a return to 'business as usual'

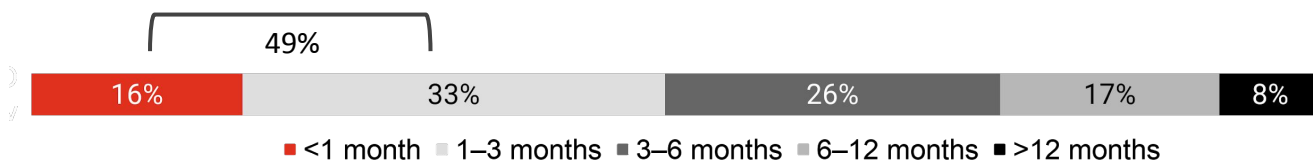
Nearly half (49%) of CFOs say that their organisation could return to business as usual within three months if the crisis ended today. This number was only slightly higher (56%) in our survey two weeks prior; many finance leaders maintain a positive perspective on their company's ability to rebound.

Viewing this question through an industry lens reveals that energy, utilities and resources CFOs are most likely to believe operations would return to normal within three months (62%), with more than half of health industries (54%) and retail and consumer CFOs (51%) saying the same.

Of course, the crisis is not ending today. And we've seen that, even in countries such as Singapore that appear ready to relax restrictions, [new waves of infection](#) can emerge. Around the world, governments are struggling to balance protecting the safety of citizens with restarting the economy. Some CFOs may take encouragement from hard-hit countries in the EU that have been able to slowly lift some restrictions and open parts of the economy. Finance leaders may also find reason for optimism in the growing amount of stimulus funds set to become available: on April 23, [EU leaders agreed](#) to a €1tn (US\$1.1tn) recovery fund to help Europe's economy, though they will not settle specific details of the package until mid-May, and many individual countries have announced assistance programmes and tax relief.

### Nearly half of CFOs believe their company could return to normalcy within three months if COVID-19 ended today

Question: If COVID-19 were to end today, how long would you estimate it would take for your company to get back to 'business as usual'?



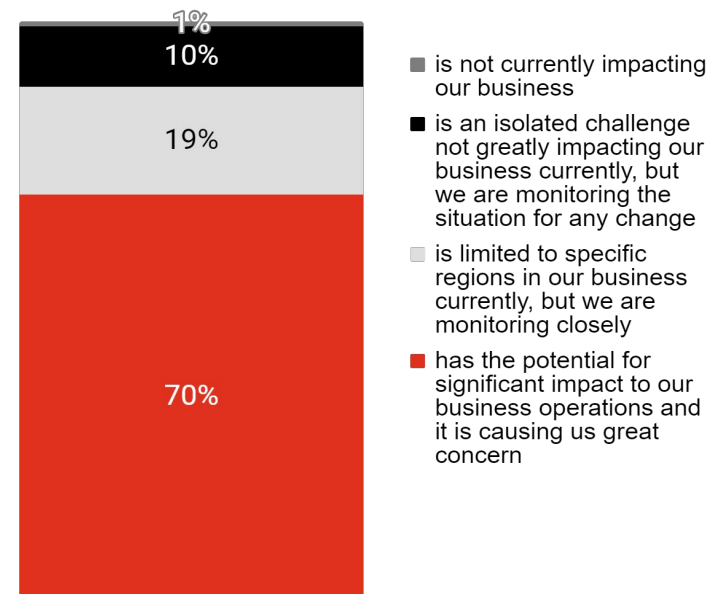
Note: Sums may not total 100 due to rounding.  
Source: PwC, COVID-19 CFO Pulse, 20 April 2020; Base of 871

## The big picture is still one of great concern

Despite the sizable percentage of respondents who feel that 'normalcy' is within reach, finance leaders recognise that the global economy is facing dire challenges. In mid-April, the [IMF predicted](#) that the global economy will shrink by 3% in 2020, ushering in the worst economic downturn since the Great Depression. The [World Bank has reported](#) on shocks to the commodities market, with oil and the food supply at gravest risk. These and other indicators are reflected in the responses of global CFOs, with 70% expecting significant impact to their business operations. Finance executives are also considering how to communicate concerns about the crisis to shareholders. A majority (56%) plan to include discussion of the coronavirus in their financial statements, led by CFOs in Portugal (78%) and Cyprus (76%).

### Even as CFOs plan for recovery, 70% are greatly concerned about the impact of COVID-19 on their business

*Question: What is your company's current level of concern related to COVID-19?*



Source: PwC, COVID-19 CFO Pulse, 20 April 2020  
Base: 871



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There is significant variation in the level of concern among countries, with a clear separation developing between CFOs who still see the potential for major impact and CFOs who believe the situation is starting to ease. CFOs in Denmark (48%), Switzerland (47%) and Germany (44%) report much lower levels of concern than the overall share. In Germany, despite the prediction that the [country's economy will contract by nearly 10%](#) from April to June, CFOs' outlook may be lifted by high levels of government investment in COVID-19 crisis recovery, efficient medical treatment of COVID-19 patients, and thorough safety measures, including disease monitoring and management.

From an industry perspective, retail and consumer CFOs report the highest level of concern (75%), which aligns with the [mass closing of retail stores](#) and more consumers staying at home, perhaps with drastically reduced disposable income. (And 58% of retail and consumer CFOs also cite a decrease in consumer confidence reducing consumption as a top concern.) The lowest level of concern about potential business impact was reported by energy, utilities and resources CFOs (57%).

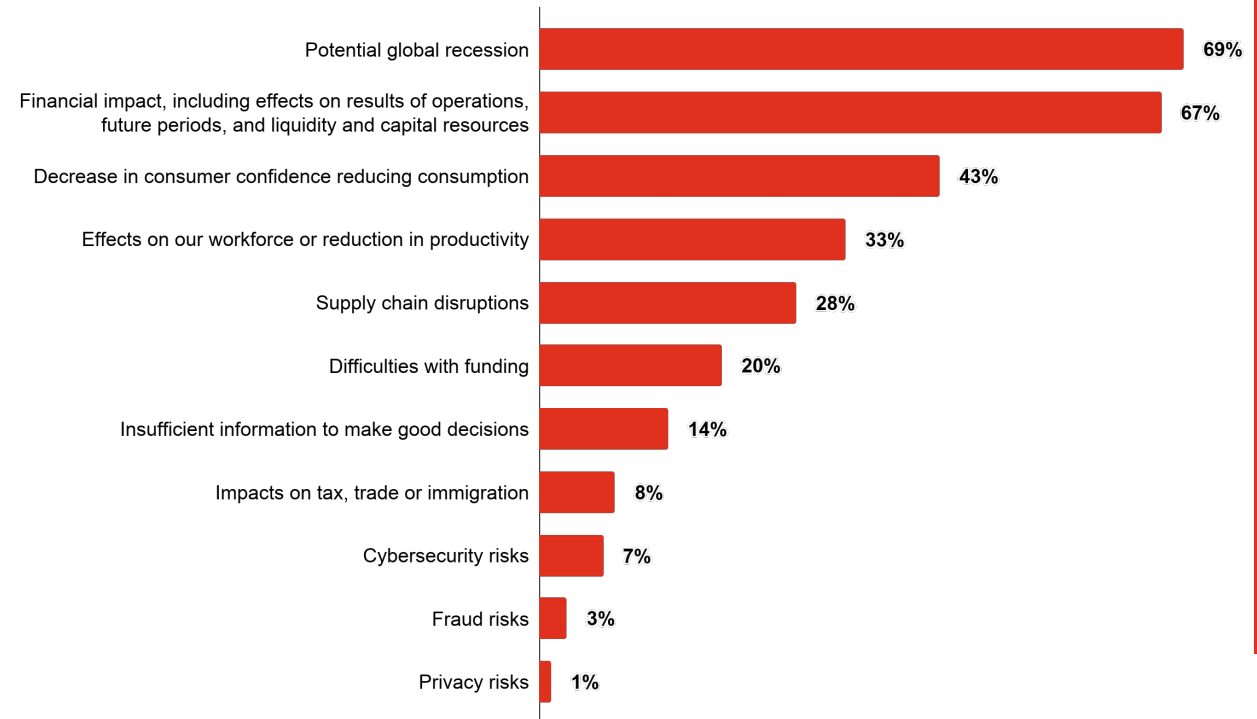
## The top concerns? Global recession and company financials

Among CFOs' top coronavirus concerns are the looming potential for recession (69%) and the financial impact on operations (67%). In countries with lower levels of overall concern, such as Denmark and Switzerland, CFOs are more likely to rank worry about a global recession higher — signalling that although they may feel confident about their own organisation's prospects for recovery, they are still worried about how a global economic downturn could affect them. Specific concerns vary by territory, with CFOs in Turkey (80%), Mexico (80%) and the US (71%) more likely to cite financial impact as their top concern, while leaders in Portugal (69%), Cyprus (58%) and Brazil (57%) are more focussed on a decrease in consumer confidence. Unsurprisingly, CFOs in the financial sector are most likely to be concerned about recession (74%) and financial impact (72%).

Most CFOs (80%) across all territories expect a decrease in revenues and profits. CFOs in Ireland take the most hardline view, with 98% saying they expect the crisis to lead to a decrease. Even in countries with a more optimistic outlook, CFOs take it as a given that the economic impact of the coronavirus will reduce revenues and profits, with finance leaders in Switzerland (80%), Denmark (73%) and Germany (66%) all reporting that they expect to see a decrease. Among industries, financial services (86%), industrial manufacturing and automotive (86%), and retail and consumer (80%) have the highest share of CFOs who expect a decrease in revenue.

## The global economy, company finances and consumer confidence weigh heavily on CFOs

Question: What are your top three concerns with respect to COVID-19?



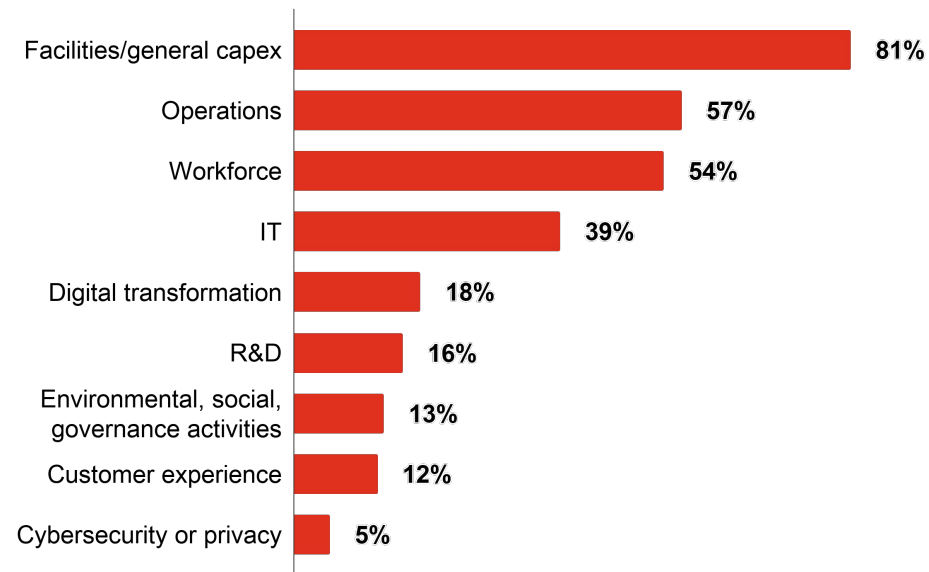
Source: PwC, COVID-19 CFO Pulse, 20 April 2020  
Base: 871

## Placing investments on hold, but not digital transformation

The most favoured action across countries is cost containment, which 82% of CFOs report they are considering as a result of the coronavirus. However, just 20% say they would change their M&A strategy. Overall, 40% of CFOs across all territories indicate that the coronavirus is not affecting their M&A outlook, with 11% stating they plan to increase M&A activity. The perception of CFOs toward M&A strategy is comparable across industries.

### Capex investments are the costs most likely to be cut, and just 18% of CFOs plan to cancel digital transformation spending

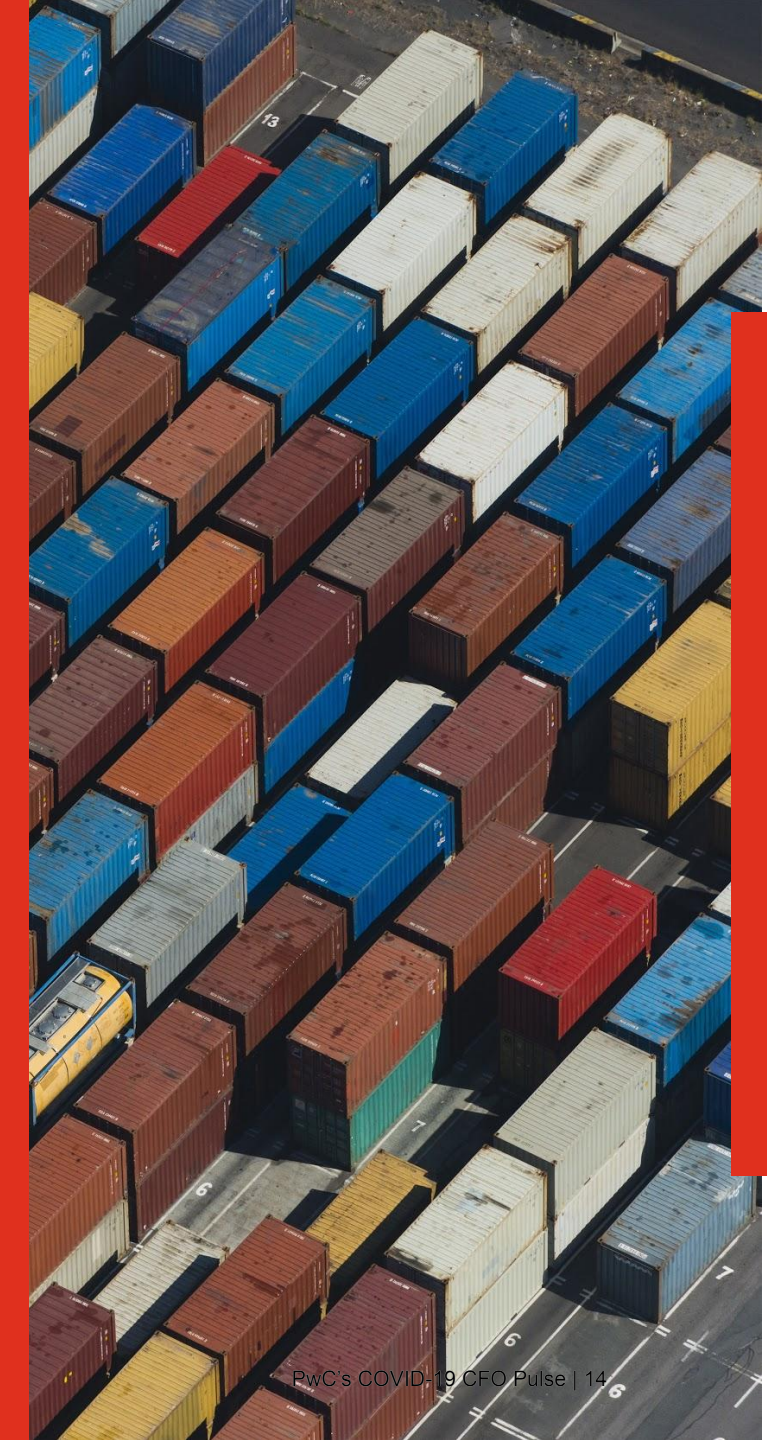
*Question: You mentioned your company is considering deferring or canceling planned investments as a result of COVID-19. Which of the following investment types are being considered in that regard? Please select all that apply.*



Source: PwC, COVID-19 CFO Pulse, 20 April 2020  
Base respondents considering deferring or canceling planned investments as a result of COVID-19: 575

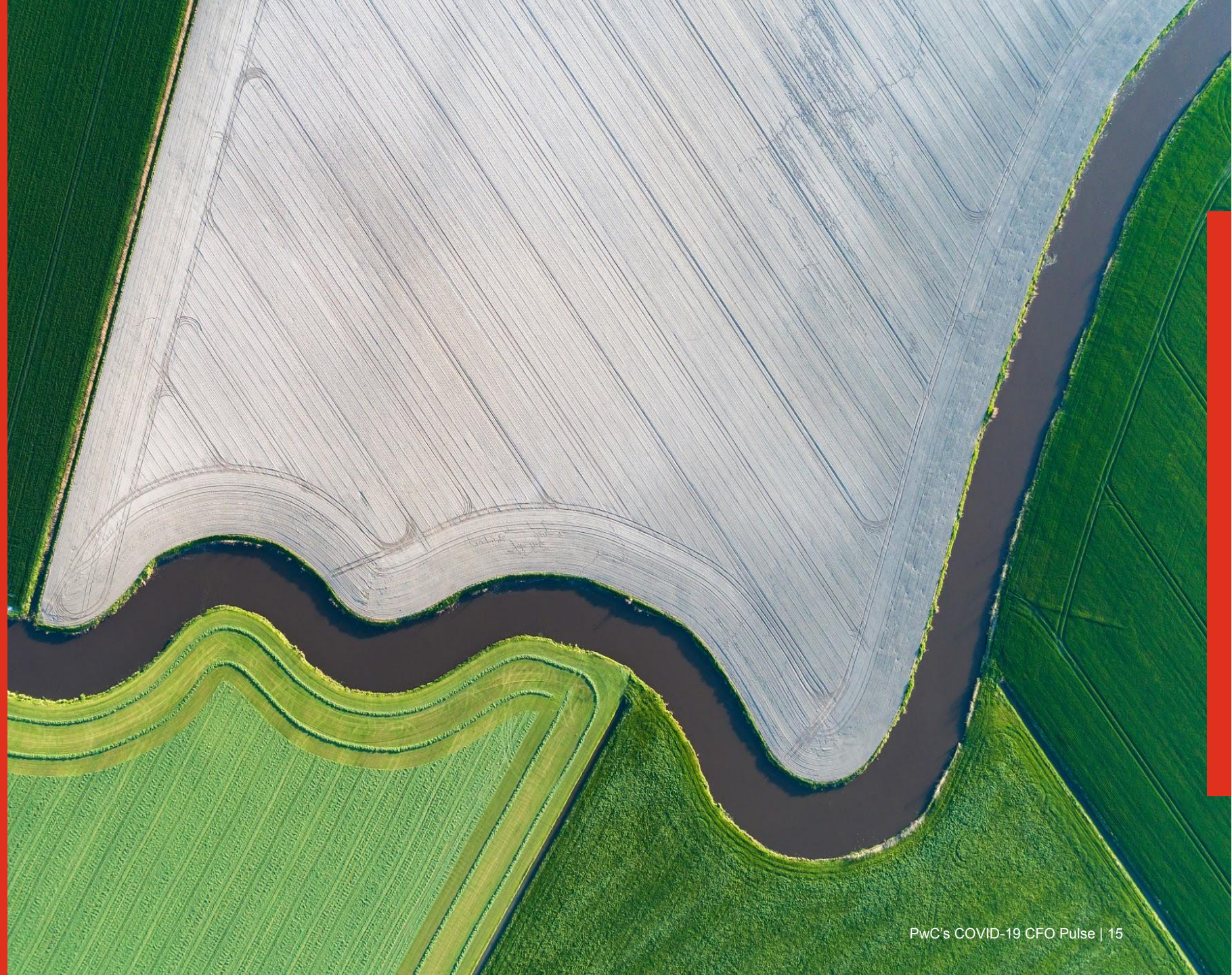
Of those CFOs across all territories who say they are planning cost containment measures, capex investments are the most likely to be deferred or cancelled, led by CFOs in Mexico (97%). Middle East CFOs indicate they are more likely to consider layoffs, in line with the fact that they are more likely (70%) to cite workforce investments being cancelled or deferred. Capex is also the top choice to be deferred or cancelled across industries, led by industrial manufacturing and automotive CFOs at 93%.

Significantly, relatively few global CFOs (18%) say they plan to defer or cancel investments related to digital transformation. At the industry level, this ranged from 24% of energy, utilities and resources CFOs to just 11% of technology, media and telecommunications CFOs. This overall reluctance is unsurprising, given that digital transformation stands to play a large and critical role in the latter stages of the [mobilise–stabilise–strategise continuum of crisis response](#) — especially as organisations accelerate automation or other new ways of working on-site, consider contact-tracing technologies to ensure workplace safety and look to create more integrated and tech-enabled supply chains.



## Monitoring finance leaders' evolving response

Finance leaders are starting to think about the future of their organisations, both through the intermediate phase of the coronavirus crisis, and in the new normal that ultimately emerges. They are planning tactical moves to ensure safe reopening of their physical work sites and a strong, secure supply chain. As new recovery milestones are reached, we'll continue to monitor how CFOs react and respond.



## About the survey

To help identify the business and economic impact of COVID-19, PwC is conducting a global, biweekly survey of finance leaders. Of the 871 surveyed for the global report during the week of 20 April 2020, respondents were from 24 countries or territories: Armenia, Azerbaijan, Brazil, Cyprus, Denmark, France, Germany, Ireland, Japan, Kazakhstan, Malta, Mexico, Middle East\*, Netherlands, Philippines, Portugal, Singapore, Slovakia, Sweden, Switzerland, Thailand, Turkey, US and Vietnam. The next set of results will be released on 12 May 2020.

\*Representatives from Bahrain, Oman, Qatar, KSA, Kuwait, UAE, Egypt, Jordan, Lebanon and Palestine

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