US election policy risks are shaping — but not derailing — plans for M&A or foreign investment by US executives

As the election clock is ticking down, uncertainty is going up. COVID-19 stimulus bill negotiations ground to a near stop just after we closed PwC’s latest Pulse Survey. But even before the news, business leaders expected the uncertainty to extend into 2021; 35% say the nation’s pandemic response poses new risks for their companies, no matter who prevails in the US election in November. The only concern that’s weighing more heavily on their minds than the speed and scale of US COVID-19 response is tax policy. A majority of respondents continue to expect instability in the US corporate tax code amid concerns about who’ll pay for the fiscal policy action they say is needed to drive post-pandemic recovery.

And yet, even though they hate uncertainty, business leaders aren’t paralyzed by it. More financial leaders are seeing prospects for revenue growth improve, continuing an upward trend we’ve tracked since June. Twenty-eight percent of CFOs expect their companies to increase revenue over the next 12 months. Having led their companies through the recent tumultuous months, many business leaders are adjusting trade and M&A strategies to transform their businesses for the future.

PwC’s latest Pulse Survey report is informed by the responses of 537 US corporate leaders, including chief financial officers (CFOs), chief operating officers (COOs), chief human resource officers (CHROs), and tax and risk leaders, from September 30 to October 6. We began polling business leaders the day after the first presidential debate and continued to field the survey as another jolt of uncertainty, President Trump testing positive for COVID-19, shook the country.
We asked respondents to weigh potential policy risks for their business resulting from the US elections, and this is what they told us:

Tax policy, pandemic response and tech regulation pose risks regardless of election outcome. Respondents across the C-suite see changes to the US tax code as the top policy risk for businesses, and most leaders also rate potential risks for their business in the federal pandemic response strategy. A new administration suggests significantly greater tax risk (62% under former Vice President Biden) compared to continuity (39% under Trump). Clearly, Biden’s tax increases to offset the costs of various proposals, such as expanded healthcare coverage and energy transformation, are on the minds of executives. However, rising US debt is also a source of uncertainty. A majority of executives (76%) agree that business tax rates will rise to pay for pandemic relief, regardless of which party controls Congress, up from 70% who said the same in early September. At the same time, tax directors we surveyed are also worried about international tax policy risk.

Over a quarter of business leaders also expect new risks related to technology and data regulations covering issues like antitrust and social media content moderation under both administrations. Risk leaders have a heightened perception of these risks under both Trump and Biden. Of note: We surveyed business leaders before a House Antitrust Subcommittee report laid out Democrats’ vision of an updated antitrust policy for large technology companies.

<table>
<thead>
<tr>
<th>Top policy risks for US business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rank</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>9</td>
</tr>
<tr>
<td>9</td>
</tr>
</tbody>
</table>

Q: Under a Trump/Biden administration, changes to which of the following policy areas would potentially introduce new risks for your company? (Select up to three.)
Source: PwC US Pulse Survey
October 6, 2020 base of 537
Actions to consider:

**Model outcomes for pinpointed risks:**
Keep in mind that the perception of higher tax- and healthcare-related uncertainty with a change in administration may not match up to the reality of enacting big-picture policy change in Washington. Model outcomes and implications for business based on not only who becomes president but also on his ability to implement. For example, if Republicans retain control of the Senate, the resulting divided government would create heavy challenges for the prospect of new tax increases. And healthcare scenario plans should take into account what a post-ACA world might look like under both Trump and Biden administrations. At the same time, companies should consider actions that they can take today that put them in a better position regardless of what political changes take place.

**Scenario plan for high overall uncertainty:**
The agility businesses have shown in their operations over the last few months should also be reflected in their policy response planning. Even as tax and pandemic responses are top of mind, other risks, e.g., energy transformation-related policies, should not recede in the background. Watch the Congress closely in the first 100 days for signals on the direction of future policy. Broaden risks under consideration.

---

**Executives more likely to tie US-China business relations and healthcare policy risks to election results:**
Business leaders are preparing for a faster decoupling from China under President Trump; 32% pick US-China business relations as a top risk with his reelection. Just 23% see relations with China as a risk under Biden, who many expect to take a more multilateral approach to trade. All eyes are on Biden’s more expansionary healthcare agenda with 33% of respondents calling out healthcare reform as a risk under a Biden administration compared with 20% with a second term for Trump. Biden wants to bolster the Affordable Care Act (ACA) but policy turbulence likely lies ahead. The ACA’s constitutionality will be challenged in the Supreme Court just one week after Election Day, with a decision expected next year. If the far-reaching 2010 law is struck down, even in part, Democratic lawmakers likely will try to cobbled together a replacement under a Biden administration, although they likely would need support from some Republicans in the Senate. President Trump has said he supports coverage of pre-existing conditions, but it is unclear what specific policy remedy his administration would pursue.

Business leaders are preparing for a faster decoupling from China under President Trump; 32% pick US-China business relations as a top risk with his reelection. Just 23% see relations with China as a risk under Biden, who many expect to take a more multilateral approach to trade. All eyes are on Biden’s more expansionary healthcare agenda with 33% of respondents calling out healthcare reform as a risk under a Biden administration compared with 20% with a second term for Trump. Biden wants to bolster the Affordable Care Act (ACA) but policy turbulence likely lies ahead. The ACA’s constitutionality will be challenged in the Supreme Court just one week after Election Day, with a decision expected next year. If the far-reaching 2010 law is struck down, even in part, Democratic lawmakers likely will try to cobbled together a replacement under a Biden administration, although they likely would need support from some Republicans in the Senate. President Trump has said he supports coverage of pre-existing conditions, but it is unclear what specific policy remedy his administration would pursue.
Business leaders expect trade with major economies to recover — and more diversification from China if Trump is reelected

After a near collapse this spring when the pandemic hit, global trade has started recovering in pockets. More business leaders plan to increase rather than decrease trade and/or investment in most regions — including the European Union (EU), UK, Asia and within North America — regardless of the outcome in November, with one notable exception — in China, if President Trump is reelected. Fifteen percent of respondents say their company is likely to increase investment in China under a second Trump administration while 42% say they’re likely to decrease. To compare, 28% of respondents say they’re likely to increase investment in China with a Biden win while 20% expect to pull back.

Financial services (FS) respondents were more upbeat about prospects for US-China business relations. While 32% of all respondents cited potential risks from US-China issues under a second Trump administration, only 24% of FS leaders had similar concerns. A recent look at how US-China relations are affecting FS firms noted that despite growing tensions, China has been opening its FS markets, driven by its own interests.

### Trade diversification

**Q:** Under a Trump/Biden administration, how will your trade and/or investment strategy change in the following arrangements?

**Source:** PwC US Pulse Survey

October 6, 2020: base of 537

<table>
<thead>
<tr>
<th>Region</th>
<th>Under Trump</th>
<th>Under Biden</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>EU</td>
<td>30%</td>
<td>31%</td>
</tr>
<tr>
<td>USMCA</td>
<td>28%</td>
<td>27%</td>
</tr>
<tr>
<td>TPP</td>
<td>26%</td>
<td>27%</td>
</tr>
<tr>
<td>Other</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>China</td>
<td>15%</td>
<td>28%</td>
</tr>
</tbody>
</table>
The next US president will likely continue to prioritize trade and competition with China, especially in critical areas such as artificial intelligence and 5G wireless networks. But business leaders expect the ways that Trump and Biden approach trade relations will make a tangible difference. Trump will likely continue to use unilateral tools to address trade concerns with China, such as tariffs or national security-related reviews. Biden has signaled he favors a more consensus-oriented approach and would involve allies like the EU in managing concerns around China’s trade practices, leaving the door open for adjustments in the relationship with China.

Executives are not factoring on a retreat from globalization. They are balancing a need for cost-efficient networks and being closer to end-customers with trade and tax conditions in their supply chain strategies. Operations leaders PwC surveyed expect manufacturing footprints to diversify by location over the next 3-5 years. At the same time, some companies are anticipating expanding headcount. Regardless of the US election results, nearly 60% of CHROs expect a net increase in US headcount.

What to watch for

**Geographic diversification:** The US will broaden the scope of activities covered under trade deals and aim to negotiate more favorable terms for itself in future agreements. Business leaders should take note that the USMCA enjoys bipartisan support, and can be seen as a template for US priorities for future trade deals on issues like stronger data protections and higher labor standards.

**Tax incentives for onshoring and job creation:** The presidential debate confirmed that “Buy American” provisions are here to stay. Trump plans to provide a new tax credit for US companies that bring manufacturing back from China to the US. Biden is proposing a new “Made in America” tax credit and an offshoring tax penalty on profits of companies that produce goods or services overseas for sales back to the US.

---

**Decoupling from China under Trump**

<table>
<thead>
<tr>
<th>Decrease in trade/investment in China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Trump 42%</td>
</tr>
<tr>
<td>Under Biden 20%</td>
</tr>
</tbody>
</table>

Q: Under a Trump/Biden administration, how will your trade and/or investment strategy change in the following arrangements? Source: PwC US Pulse Survey October 6, 2020: base of 637
More than 40% of executives are increasing digital investments to leverage data analytics and automation technologies across their operations for efficiency gains. Technology investments in manufacturing, distribution and maintenance can drive down long-term costs — and put companies in a strong position to take advantage of new incentives to boost domestic production being proposed by both presidential candidates.
Executives are preparing for greater M&A scrutiny, especially under Biden, as they pursue deals for growth and transformation in 2021

The next administration’s trade and tax policy actions will have a big hand in shaping M&A strategies. But policy shifts won’t dampen appetites for dealmaking. A sizable majority of business leaders — 64% and 62% under a Trump or a Biden administration, respectively — say they are likely to pursue an acquisition over the next 12 months. Almost half are also considering divestitures at a time when companies are raising capital and streamlining portfolios.

A temporary pause on deals activity earlier in 2020, forced upon businesses by the pandemic, allowed companies the time to reevaluate their investment strategies. Their M&A goals in a rebounding market include inorganic growth as well as broader transformation objectives like automation, standardization, portfolio adjustment and taking costs out.

The M&A bets could get bolder — but buyers will also need to up their due diligence and integration strategies. Executives are more likely to say regulatory scrutiny will intensify, rather than ease up, over the next 12 months. More deals — coupled with expectations for more scrutiny — could impact the deals timeline from due diligence, terms and closing to integration. Leaders see the risk of higher scrutiny under a Democratic administration: 61% say deals scrutiny will expand if Biden wins, compared to 41% who share this expectation if Trump is reelected.

Business sentiment is likely influenced by policymakers’ heightened focus on Big Tech’s market power and regulatory reviews of cross-border M&A from a national security lens.

Regulatory scrutiny more likely if Biden wins the White House

![Chart showing](chart.png)

Q: Please indicate the degree to which you agree with the following statements, under a Trump/Biden administration. (responding ‘agree’ and ‘strongly agree’)

Source: PwC US Pulse Survey
October 6, 2020: base of 537
Actions for dealmakers:

**Incorporate environmental, social and governance (ESG) factors into M&A strategy:** Stakeholders will be watching companies’ actions even more closely during post-pandemic recovery. Regulatory oversight could expand to cover not only market consolidation but also areas like diversity and inclusion, consumer protections and product safety.

**Assess talent in new ways:** Technology was already changing the workplace and ways of working. Looking ahead, M&A strategies, especially integration, will need to take into consideration an increasingly distributed workforce or the different combinations of remote and on site groups of workers.

**Consider strategic alliances and small deals to optimize global footprints:** Evaluate alternative pathways to growth and transformation while reconfiguring supply chains affected by the pandemic and shifts in trade policy. New partnerships, joint ventures and smaller deals that close in a short time can help to achieve strategic objectives while avoiding regulatory grey zones. In the long term, vertical integration could give way to a stronger focus on a company’s core functions and increased outsourcing of other functions.
**Financial industry looks ahead: more tax risk, fewer China concerns and a focus on customer experience**

Financial services (FS) firms can be a leading indicator for the broader economy because they serve various sectors and demographics. In our most recent PwC Pulse Survey, nearly a quarter of executives we surveyed — 127 — work in FS. These industry executives generally don’t see many new risks ahead, but they also recognize the fragility of the macro environment. Specifically, 69% of FS respondents voiced concerns about new risks posed by corporate taxes under a Biden administration — more than the 62% among all respondents, and far more than other threats presented within the survey. This also applies to a potential second Trump administration, where FS execs expressed more concern about new taxes than their peers in other industries (44% vs. 39%). But FS leaders were more upbeat about prospects for US-China business relations. While 32% of all respondents cited potential risks from US-China issues under a second Trump administration, only 24% of FS leaders had similar concerns. In a recent look at how US-China relations are affecting FS firms, Elsie Pan, PwC’s Asian Financial Services Consulting Leader, noted that despite growing tensions, China has been opening its FS markets, driven by its own interests.

The survey responses also indicate that financial firms are investing in digital transformation initiatives to accelerate revenue growth, generally similar to other industries. But, there’s one exception. While 31% of all survey respondents say they’ll reimagine the customer experience, 42% of those in FS plan such initiatives — more than any other sector. Digital technology has lowered switching costs for users, and many new market entrants emphasize ease of use. From contact centers and other customer service projects to efforts to grow wallet share, many FS firms seem to be recognizing that their customer relationships are vulnerable to competitive offers, making customer experience more important than ever.

---

**For FS leaders, focus on customer experience could be the key to growth**

Q: Which of the following digital transformation initiatives is your firm investing in to accelerate revenue growth over the next 12 months? (Select up to three.)

Source: PwC US Pulse Survey

October 6, 2020: base of 537, FS base of 127

- Reimaging the customer experience: 31% (All leaders), 42% (FS leaders)
- Optimizing our approach to data analytics across the business: 42% (All leaders), 40% (FS leaders)
- Leveraging automation technologies across the business: 41% (All leaders), 33% (FS leaders)
- Transforming product/service development and delivery: 32% (All leaders), 32% (FS leaders)
- Reinventing business functions, such as finance, HR: 26% (All leaders), 31% (FS leaders)
- Increasing our use of managed service and other third-party providers: 26% (All leaders), 28% (FS leaders)
- Moving our applications and/or data to the cloud: 34% (All leaders), 27% (FS leaders)
- Rolling out digital upskilling to our workforce: 21% (All leaders), 24% (FS leaders)
- Scaling artificial Intelligence: 19% (All leaders), 17% (FS leaders)

---

PwC US Pulse Survey: Road to Election 2020 October 13, 2020 | 9

Elsie Pan, PwC’s Asian Financial Services Consulting Leader, noted that despite growing tensions, China has been opening its FS markets, driven by its own interests. The survey responses also indicate that financial firms are investing in digital transformation initiatives to accelerate revenue growth, generally similar to other industries. But, there’s one exception. While 31% of all survey respondents say they’ll reimagine the customer experience, 42% of those in FS plan such initiatives — more than any other sector. Digital technology has lowered switching costs for users, and many new market entrants emphasize ease of use. From contact centers and other customer service projects to efforts to grow wallet share, many FS firms seem to be recognizing that their customer relationships are vulnerable to competitive offers, making customer experience more important than ever.
Industrial products leaders are more upbeat on growth, yet keep US-China relations in focus

Green shoots of a manufacturing recovery are appearing in the US. And, despite the pandemic, more industrial products (IP) financial leaders either expect revenues to rise (38% anticipate top-line growth over the next 12 months, up from 34% in our September survey) or think that COVID-19 will have no or little impact on revenue (13%, up from 7%).

At the same time, responses from IP operations leaders indicate a continued focus on measures to contain costs in the supply chain and preserve cash for the organization. Almost all IP chief operating officers (94%) say it’s important to make additional changes to supply chains over the next 12 to 24 months in order to improve profitability, with 41% saying this is “very important” to the company. With less than a month before the US election, they are also focused on future US-China relations and how that might impact their operations. A third (34%) of IP respondents say a Trump administration would potentially introduce new risks for their companies while 23% say the same for a Biden administration. Moreover, if former Vice President Biden prevails, 25% of all IP respondents say their company is likely to decrease investment and trade with China. To compare, with a second Trump administration, 52% of respondents say their company is likely to do the same.

Top policy concerns for IP leaders

Under a Trump administration
- US corporate tax policy: 39%
- US-China business relations: 34%
- COVID-19 pandemic response: 32%

Under a Biden administration
- US corporate tax policy: 55%
- COVID-19 pandemic response: 39%
- Healthcare reform: 30%

Q: Under a Biden/Trump administration, changes to which of the following policy areas would potentially introduce new risks for your company?
*Highest-ranked choices of IP from a list of 10 options.

Source: PwC US Pulse Survey
October 6, 2020, IP base of 148
Sector implications

TMT companies brace for data regulation, regardless of election outcome

As consumer and government scrutiny continues to swirl around questions of data and privacy, tech, media and telecommunications (TMT) companies are more concerned than all other sectors about increased data and tech regulation, regardless of which candidate wins the November election: 39% TMT vs. 27% all sectors if Biden wins and 33% TMT vs. 26% all sectors if Trump prevails. And this was before a House Judiciary Subcommittee on Antitrust report laid out House Democrats’ vision of an updated antitrust policy for large technology companies.

TMT leaders also anticipate higher corporate taxes under a Biden administration than all other sectors (75% vs. 62%); far less so with Trump (33% TMT vs. 39% all sectors). Their concerns about foreign policy outweigh all sectors, no matter the outcome of the election.

While more than a third of leaders in all sectors underscored the risks inherent in our national pandemic response, less than a fifth of TMT leaders expressed such concern, no doubt because digital lifestyles — powered in large part by TMT companies — have eased sheltering in place. They do expect an increase in corporate tax rates to pay for COVID-19 relief, similar to all business leaders, regardless of which party controls Congress.

Trade with China looks very different for TMT companies, depending on the outcome of the election: 51% of TMT leaders plan to decrease trade with China during a second Trump term vs. 16% under Biden. Conversely, 27% plan to increase trade with China under Biden compared to a scant 6% in a second Trump term.

TMT leaders expect to pursue roughly the same level of dealmaking as business leaders overall. To accelerate revenue growth over the next year, TMT companies will focus on automating business processes, having already implemented a variety of digital transformation initiatives over the past several years.

TMT leaders: Vastly different tax, regulatory, foreign policy scenarios in play

Q: Under a Biden/Trump administration, changes to which of the following policy areas would potentially introduce new risk for your company? (Select up to three.)

Source: PwC US Pulse Survey
October 6, 2020: TMT base of 67

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>Under Trump</th>
<th>Under Biden</th>
</tr>
</thead>
<tbody>
<tr>
<td>US corporate tax policy</td>
<td>33%</td>
<td>75%</td>
</tr>
<tr>
<td>Technology and data regulations</td>
<td>33%</td>
<td>39%</td>
</tr>
<tr>
<td>Healthcare reform</td>
<td>12%</td>
<td>31%</td>
</tr>
<tr>
<td>Non-US tax rules</td>
<td>19%</td>
<td>24%</td>
</tr>
<tr>
<td>US foreign policy</td>
<td>34%</td>
<td>22%</td>
</tr>
<tr>
<td>New trade agreements</td>
<td>25%</td>
<td>21%</td>
</tr>
<tr>
<td>US-China business relations</td>
<td>34%</td>
<td>19%</td>
</tr>
<tr>
<td>COVID-19 pandemic response</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>Sustainability and energy transformation</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>US immigration policy</td>
<td>27%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Q: Under a Biden/Trump administration, changes to which of the following policy areas would potentially introduce new risk for your company? (Select up to three.)

Source: PwC US Pulse Survey
October 6, 2020: TMT base of 67
Consumer-facing companies double down on digital investment

To better understand changes in consumer behavior in a pandemic-altered world, leaders at consumer-facing companies are increasingly turning to digital solutions. Ahead of all sectors, consumer markets (CM) companies plan to invest in digital transformation initiatives to accelerate revenue growth in the year ahead.

From data analytics (50% CM leaders vs. 42% leaders across sectors) to automation (49% vs. 41%) to reimagining the customer experience (39% vs. 31%), digital initiatives will infuse strategy and operations at CM companies.

Regardless of which party controls Congress, CM leaders anticipate an increase in business tax rates to pay for COVID-19 relief ahead of other business leaders (83% vs. 76%). They are in agreement with leaders in all sectors in anticipating higher corporate taxes and health care costs under a Biden administration.

A Trump victory, meanwhile, raises more concern than in other sectors about US-China relations (39% vs. 32%). Understandably, CM leaders say a Trump victory would likely lead to a 38% decrease in trade and investment in China while a Biden victory would mean a 33% increase.

More CM leaders expect regulatory scrutiny of deals under a Biden administration (62% vs. 45% under a second Trump term). Regardless, they are planning similar levels of acquisition activity. They are more likely to plan for divestitures in a Biden administration (57% vs. 51% under a second Trump term), given antitrust issues raised by the candidate.

Despite a raft of unknowable factors, CM companies are embracing new opportunities to understand and connect with consumers.

CM leaders look to power revenue growth the digital way

Q: Which of the following digital transformation initiatives is your firm investing in to accelerate growth over the next 12 months? (Select up to three.)

Source: PwC US Pulse Survey

October 6, 2020, base of 537, CM base of 109
Where HI leaders will prioritize their digital transformation investments

<table>
<thead>
<tr>
<th>Initiative</th>
<th>All leaders</th>
<th>HI leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leveraging automation technologies across the business</td>
<td>41%</td>
<td>51%</td>
</tr>
<tr>
<td>Optimizing our approach to data analytics across the business</td>
<td>42%</td>
<td>44%</td>
</tr>
<tr>
<td>Transforming product/service development and delivery</td>
<td>32%</td>
<td>42%</td>
</tr>
<tr>
<td>Reimagining the customer experience</td>
<td>31%</td>
<td>33%</td>
</tr>
<tr>
<td>Reinventing business functions, such as finance, HR</td>
<td>26%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Q: Which of the following digital transformation initiatives is your firm investing in to accelerate revenue growth over the next 12 months? (Select up to three.)

Source: PwC US Pulse Survey
October 6, 2020: base of 537, HI base of 43

Health industry leaders view the business risks of the election and make plans to go big on acquisitions and digital transformation

How do health leaders view their business risks through a political lens? Under a Biden administration, health leaders say their top risks would be tax policy changes (72%, compared with 62% for all industries) and healthcare reform (67%, compared with 33% for all industries). Under a second Trump term, the top business risks would be healthcare reform (60%, compared with 20% for all industries) and pandemic response (44%, compared with 35% for all industries).

One surprising gap between the two candidates: Health leaders’ views toward foreign policy and relations with China. Five percent and 14% of health leaders were concerned about these risks (foreign policy and US-China relations, respectively) under a Biden administration. But these percentages increased to 19% and 21%, respectively, under a second term for the Trump administration. Why the interest from the health industry in foreign policy? The US health ecosystem relies on a long global supply chain for drugs, medical supplies and devices along with a steady stream of doctors, nurses and researchers from overseas.

Big investments in digital initiatives are planned for the next 12 months, according to the health leaders polled by PwC. In many cases, these investments will outpace other parts of the larger economy. Health leaders say their top priorities for digital transformation will be using automation technologies across the business (51%), optimizing data analytics (44%), and transforming product and service development and delivery (42%).
Energy and power companies brace for further risks but are upping their digital game

With recessionary pressure, it’s clear that digitization, automation and alternative back office arrangements are going to be the name of the game for the near future for energy and power companies. Nearly one-third (32%) of respondents say plans are in place to digitally upskill their workforce, compared to 21% of respondents across industries. Nearly half (45%) plan to optimize their approach to data analytics across the business, and 42% plan to increase their use of managed service or other third-party providers. Meanwhile, 66% of energy and power companies expect regulator scrutiny surrounding deals to persist, regardless of the November presidential outcome.

Sector implications

Energy and utilities executives investing in digital technologies to help generate revenue

Q: Which of the following digital transformation initiatives is your firm investing in to accelerate revenue growth over the next 12 months? (Select up to three.)

Source: PwC US Pulse Survey

October 6, 2020: base of 537, EUM base of 38

<table>
<thead>
<tr>
<th>Initiative</th>
<th>All leaders</th>
<th>EUM leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimizing our approach to data analytics across the business</td>
<td>42%</td>
<td>45%</td>
</tr>
<tr>
<td>Increasing our use of managed service and other third-party providers</td>
<td>26%</td>
<td>42%</td>
</tr>
<tr>
<td>Moving our applications and/or data to the cloud</td>
<td>34%</td>
<td>39%</td>
</tr>
<tr>
<td>Leveraging automation technologies across the business</td>
<td>26%</td>
<td>41%</td>
</tr>
<tr>
<td>Reinventing business functions, such as finance, HR</td>
<td>26%</td>
<td>32%</td>
</tr>
<tr>
<td>Rolling out digital upskilling to our workforce</td>
<td>21%</td>
<td>32%</td>
</tr>
<tr>
<td>Transforming product/service development and delivery</td>
<td>32%</td>
<td>24%</td>
</tr>
<tr>
<td>Reimagining the customer experience</td>
<td>31%</td>
<td>16%</td>
</tr>
<tr>
<td>Scaling artificial intelligence</td>
<td>19%</td>
<td>16%</td>
</tr>
</tbody>
</table>
What’s top of mind in the C-suite?

CFOs and finance leaders

Chief financial officers are cautiously optimistic about revenue growth in the next year, thanks to steps many have taken to rebuild revenue. They are also paying attention to the election and anticipating business risks that could develop under both a second term for President Trump and a new administration — in particular, US-China relations, changes to the US corporate tax code and the federal COVID-19 response. We also hear what CFOs are banking on when it comes to digital transformation efforts and what they are focusing efforts to improve transparency.

Read our CFO insights

CFO revenue outlook continues trending upward

Q: What impact do you expect on your company’s revenue and/or profits in 2020 as a result of COVID-19?
Totals may not add up to 100% due to rounding.
Source: PwC US Pulse Survey
October 6, 2020: CFO base of 176; September 3, 2020: CFO base of 272

Q: What impact do you expect on your company’s revenue and/or profits this year as a result of COVID-19?
Totals may not add up to 100% due to rounding.
Source: PwC US CFO Pulse Survey
June 11, 2020: CFO base of 330
What's top of mind in the C-suite?

Tax leaders

Rising corporate tax rates and tax policy uncertainty in both the US and overseas are high on business leaders’ minds ahead of the US election. Still, international tax policy may pose more risk than what might happen in the US, according to tax leaders. Meanwhile, tax leaders are responding to calls for greater transparency around tax, recognizing the potential for reputational risk and overall tax controversy that could come along with it. And they have the support of CFOs as to the value the tax function brings to the business.

Read our tax leader insights

Tax leaders: International policy uncertainty poses greater risk

Q: Indicate the degree to which you agree or disagree: Growing international tax policy uncertainty in multiple jurisdictions is a greater risk to my business than potential US tax policy changes.

Totals may not add up to 100% due to rounding.

Source: PwC US Pulse Survey
October 6, 2020. Tax leaders base of 139
What's top of mind in the C-suite?

COOs and operations leaders

Manufacturing strategies are likely going to change as chief operating officers (COOs) consider what they’ve learned from COVID-19 and changes to trade policy. COOs believe changes to supply chains will be important to make in the next year or two to help improve their company’s profitability. But when it comes to what’s driving their current supply chain strategy, COOs point to the trade and tax policy environment as the top factor.

How COOs see manufacturing strategies evolving

<table>
<thead>
<tr>
<th>Current</th>
<th>Expected in 3-5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Made-in-country&quot;-driven</td>
<td>18%</td>
</tr>
<tr>
<td>Global</td>
<td>17%</td>
</tr>
<tr>
<td>Regional</td>
<td>24%</td>
</tr>
<tr>
<td>Local-for-local</td>
<td>18%</td>
</tr>
<tr>
<td>Tariff-driven</td>
<td>14%</td>
</tr>
</tbody>
</table>

Q: Which of the following statements best describes your current manufacturing strategy? (Select all that apply.)

Q: Which of the following best reflects what you expect your manufacturing strategy will be in three to five years? (Select one.)

"Made-in-country"-driven (2+ locations serve all our markets with late-stage assembly elsewhere due to favorable trade preferences)
Regional (locations serve markets within a region)
Local-for-local (locations in country to serve that market)
Tariff-driven (2+ locations serve all our markets with late-stage assembly elsewhere due to favorable trade preferences)

Source: PwC US Pulse Survey
October 6, 2020, COO base of 60

Read our COO insights
What’s top of mind in the C-suite?

CHROs and human capital leaders

Chief human resource officers (CHROs) and employees alike are optimistic about jobs and the state of the workforce. Workers are optimistic about job security and prospects, despite concerns about the economy and an upcoming election, though female employees aren’t as enthusiastic. To keep the positive momentum going, CHROs are focusing on how to keep employees productive and engaged — because the majority anticipate an increase in headcount no matter who wins the White House in November.

Read our CHRO insights

US workers are optimistic about their job security and job prospects

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree</th>
<th>Disagree</th>
<th>Not sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>My current job is secure for at least the next 6 months</td>
<td>74%</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>If I needed to, I would be able to find a new job within 3 months in my desired field</td>
<td>58%</td>
<td>18%</td>
<td>24%</td>
</tr>
<tr>
<td>If I wanted to, I would be able to find a new job immediately (within 30 days) in my desired field</td>
<td>45%</td>
<td>25%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Q: Do you agree or disagree with each of the following statements?

Source: PwC Workforce Pulse Survey
October 5, 2020; base of 1,013
What's top of mind in the C-suite?

Risk management leaders

Resilience was the name of the game for chief risk officers (CROs) and other risk leaders throughout the pandemic. So it's little surprise that risk leaders plan to focus on enhancing both customer and stakeholder confidence in their resilience efforts over the next 12 months. Risk leaders are looking to reimagine their resilience program, not just tinker at the margins. To better address growing risks and resiliency goals, companies should consider making tech upgrades and designating a person accountable for resilience strategy and implementation.

Resilience needed to offset risk

Increasing risks and uncertainty

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>Trump</th>
<th>Biden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology and data regulations</td>
<td>39%</td>
<td>32%</td>
</tr>
<tr>
<td>COVID-19 pandemic responses</td>
<td>37%</td>
<td>42%</td>
</tr>
<tr>
<td>US corporate tax policy</td>
<td>34%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Q: Under a Biden/Trump administration, changes to which of the following policy areas would potentially introduce new risks for your company? (Select up to three.)

*Highest-ranked choices for Risk management leaders from a list of 10 options.

Source: PwC US Pulse Survey

October 6, 2020. Risk management leaders base of 93.

Read our CRO insights
About the survey
Between September 30 and October 6, 2020, PwC surveyed 537 US executives including: CFOs and finance leaders (33%); tax leaders (26%); risk management leaders, including CROs, CAEs and CISOs (17%); CHROs and human capital leaders (13%); and COOs and operations leaders (11%). Respondents were from public and private companies in these six sectors: industrial products (28%), financial services (24%), consumer markets (20%), technology, media and telecommunications (12%), health industries (8%), and energy, utilities and mining (7%). Sixty-seven percent of respondents were from Fortune 1000 companies. The PwC US Pulse Survey is conducted on a periodic basis to track the changing sentiment and priorities of business executives.

For more information:
Ryan Cangialosi
+1 347 443-2157
ryan.a.cangialosi@pwc.com

© 2020 PwC. All rights reserved. PwC refers to the US member firm or one of its subsidiaries or affiliates and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. This content is for general information purposes only and should not be used as a substitute for consultation with professional advisors. 715145-2020LL.