

**19th Annual Global CEO Survey: Communications industry key findings**

*Growing in complicated times / Addressing greater expectations / Transforming: technology, innovation and talent / Measuring and communicating success*

# *Redefining business success in a changing world*

## Communications industry key findings



**54**

*communications executives interviewed in 36 countries*



## ***About the 19th Annual Global CEO Survey***

In this year's survey, global business leaders voice fresh concerns about economic and business growth. At the same time, they see a more divergent and multi-polar world where technology is transforming the expectations of customers and other stakeholders. In *Redefining business success in a changing world*, we explore how CEOs are addressing these challenges. We surveyed 1,409 CEOs in 83 countries and a range of industries in the last quarter of 2015, and conducted face-to-face interviews with 33 CEOs.

Today's business leaders have a tough job finding growth and delivering results year in, year out. But they know an even tougher task lies ahead: to prepare their organisations for a more complex future where customers and other stakeholders increasingly expect them to do more to tackle society's important problems.

To equip themselves for this challenge – and to build trust and ensure long-term success – CEOs are focusing on three core capabilities. Firstly, they're focusing even more strongly on customer needs as well as drawing on their organisational purpose – what their companies stand for – to define a more comprehensive view of how their business operates within society. Secondly, they're harnessing technology, innovation and talent to execute strategies that meet greater expectations. And finally they're developing better ways to measure and communicate business success.

---

## ***About the Communications industry key findings***

In the midst of transforming their businesses with new technologies, communications CEOs see a wealth of growth opportunities in the years ahead. To become disruptors, they recognise that their companies will have to navigate barriers to growth and global expansion – including the availability of key skills, overregulation, and new market entrants, among others.

How will they do this? Communications CEOs, who are particularly aware of the importance of industry competitors and peers as a key stakeholder, have their eye on strategic alliances, joint ventures, and domestic M&A in the year ahead. In addition, this sector will be investing in the use of new technologies like data analytics, while transforming the way they measure and communicate their innovation and social impact.



### Growing in complicated times

**Communications CEOs are some of the most confident from across industries surveyed about future revenue growth.**

Similar to the global average, 81% of communications CEOs are somewhat or very confident that they will see revenue growth in the next twelve months. Notably, however, the subset of communications CEOs that are very confident (44%) is one of the highest of all industries surveyed – and 9% higher than the global average. Looking at long-term potential, a staggering 93% are confident in their company’s prospects for revenue growth in the next 3 years. These numbers reflect the strong levels of communications CEO confidence that we’ve seen over the past five years of this survey. And while 56% say they see more threats now than three years ago, 74% also see more opportunities.

While communications CEOs are very concerned about threats like unemployment, the availability of skilled labor, regulation, and digital infrastructure, their high level of confidence is reflective of the expansion of global connectivity, and the transformation of many communications companies into true “digital telcos” and innovators.

---

*Today, there are 7.6 billion smartphones in the world, which is slightly more than the number of people on this planet. By 2020, there will be more than 200 billion connected devices, including mobile phones, wearables, and other mobile technology. Therefore, demand for the services Brightstar provides, such as fulfilment, forward and reverse logistics, and insurance, will grow substantially.*

Jaymin B. Patel  
President and CEO,  
Brightstar Corporation, US

---

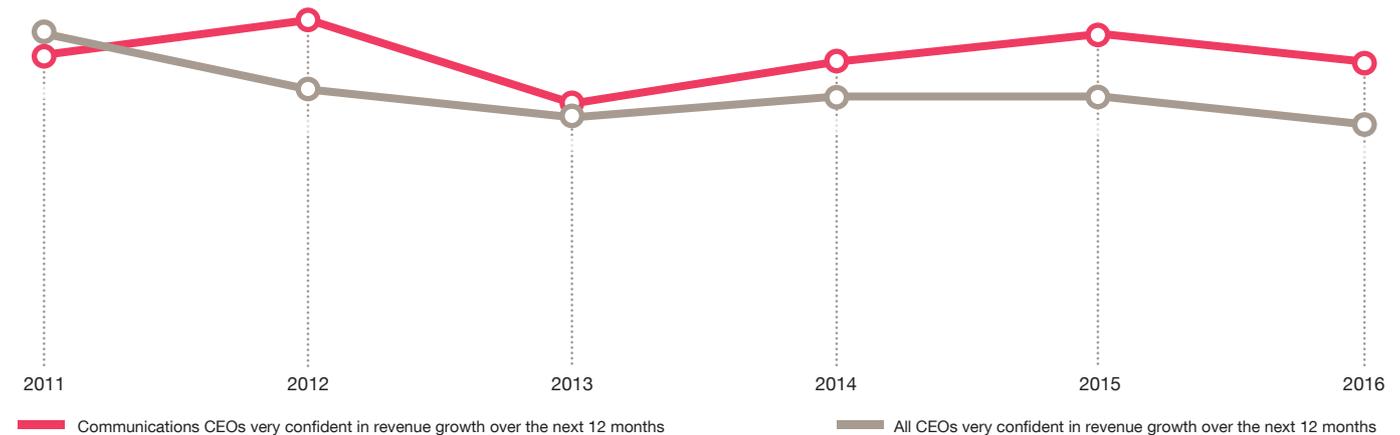
## Threats to growth reflect how communications companies are transforming.

As communications companies attempt to radically change their business model and identity to an innovative digital telco, a new kind of workforce will be required, with new technological skills that haven't historically been nurtured in communications talent pipelines. Reflective of this, 81% of communications CEOs are concerned about availability of key skills, more than the global average of 72%.

Communications CEOs are also particularly concerned about overregulation (81%, compared with 79% of the total sample and 67% of CEOs in the Technology sector), new market entrants (70%, compared with 57% of the total sample), inadequate basic infrastructure (63%, compared with 56% of the total sample), and unemployment (59%, compared with 46% of the total sample). Concern about these external threats can be seen as directly connected to their growth and transformation agenda. As communications companies expand into new markets and services, they will need to contend with regulations that could stifle growth, and compete with new types of competitors in the digital realm.

**Figure 1: 44% of communications CEOs are “very confident” in prospects for revenue growth in the next 12 months – 9% higher than the total global average**

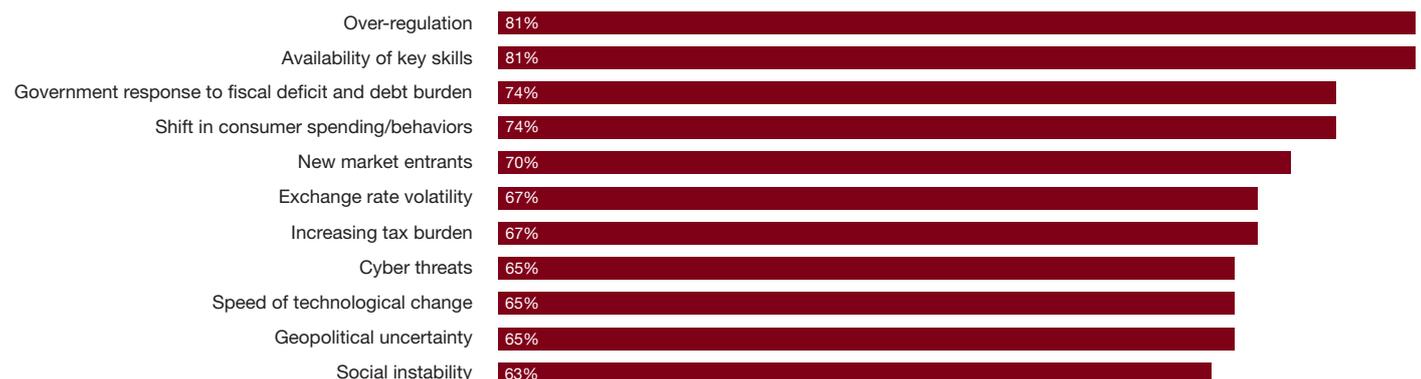
Q: How confident are you about your company's prospects for revenue growth over the next 12 months?



Base: 2016: Total - 1409, Communications - 54; 2015: Total - 1306, Communications - 51; 2014: Total - 1344, Communications - 39; 2013: Total - 1330, Communications - 34; 2012: 1258, Communications - 42.  
Source: PwC, Annual Global CEO Survey data

**Figure 2: A wide range of threats reflect the ways communications companies aim to grow**

Q: How concerned are you about the following potential economic, policy, social, environmental and business threats to your organisation's growth prospects?



Base: All respondents (Communications, 54)  
Source: PwC, 19th Annual Global CEO Survey

## Addressing greater expectations

### CEOs are pursuing growth opportunities with a clear focus on their most important stakeholders – especially industry competitors and peers.

As communications companies grow, their evolving strategy will be highly impacted by customers and clients, industry competitors and peers, and government and regulators. In addition, communications CEOs uniquely value the general public as a stakeholder (41% of communications CEOs, compared with only 30% of the total sample), and local communities (33%, compared with 27% of the total sample). The higher emphasis that communications CEOs place on industry competitors and peers as a stakeholder (76%, compared with only 67% of the total sample) speaks to their growth ambitions and the way they plan to partner, collaborate, and compete in the coming year.

57% of communications CEOs (compared with 49% of the total sample) say they plan to enter into a new strategic alliance or joint venture in the coming year. This follows a trend that we see in neighboring verticals like Technology and Entertainment and Media, as these sectors also look to gain the relationships and tools that will help them stay competitive.

In addition, 41% of communications CEOs (compared to only 27% of the total sample) say that their growth in the coming year will be fueled by domestic M&A – far more than CEOs from any other industry surveyed for this report. A common theme for communications companies, M&A will continue to transform the business landscape and create more growth and opportunity for the industry, as we have seen with the major merger of China's Hutchison Whampoa and the UK's O2.

In addition to growth in terms of scale, M&A will be crucial to facilitating the integration of new capabilities and technologies that are in high demand for digital communications companies. Communications CEOs clearly have their eyes on opportunities to leap ahead of the pack with a strong focus on inorganic growth.

As we have seen across the board from CEOs of other sectors this year, communications CEOs are prioritising cost-reduction initiatives in the next 12 months (67% of communications CEOs, compared with 68% of the total sample).

### Stakeholder expectations to shift with new markets and new technologies.

91% of communications CEOs say that technological advances will transform stakeholder expectations of their business. The fact that this percentage is so much higher than the global average for CEOs – higher even than the percentage of CEOs in the Technology industry – speaks to the importance of technological and digital innovation for communications companies. As communications companies continue to struggle with their identity and fight being regarded as a utility, they will need to rely more and more on advanced technology in order to differentiate their services and be viewed as an innovator.

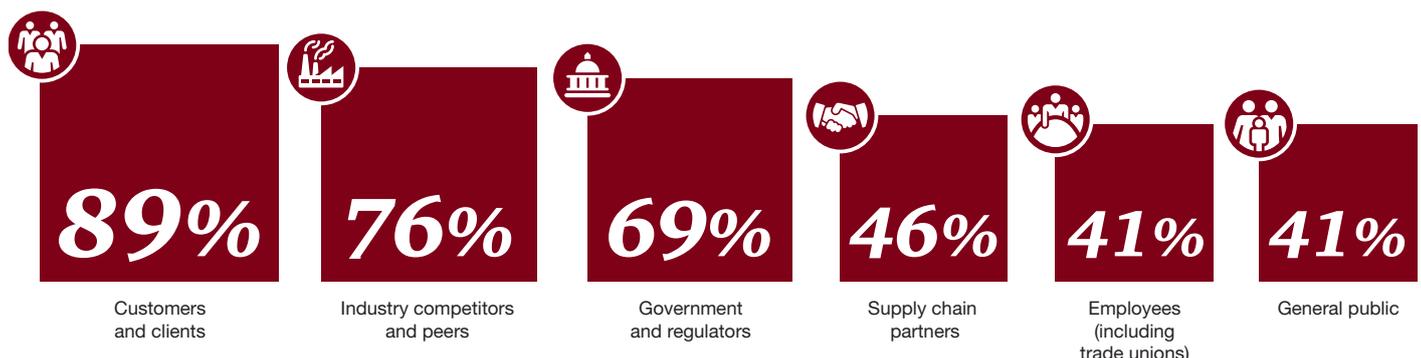
Along with this, 72% of communications CEOs say that demographic shifts will also transform stakeholder expectations. This is something that we have seen and expect to continue to see more of in the coming years, as more and more people around the world achieve social empowerment via connectivity and mobile devices.

# 57%

of communications CEOs plan to enter into a new strategic alliance or joint venture this year

**Figure 3: Customers and clients are top priority for communications CEOs, followed by industry competitors and peers**

Q: What impact do the following wider stakeholder groups have on your organisation's strategy?



Note: Respondents who indicated high or very high impact  
 Base: All respondents (Communications, 54)  
 Source: PwC, 19th Annual Global CEO Survey

# Transforming: technology, innovation and talent

## What will be the challenges to meeting new and evolving stakeholder expectations?

Approximately half of communications CEOs say that top impediments will include the rising costs of doing business (50%), unclear or inconsistent standards or regulations (46%), and attaining the right capabilities (43%). Most notably, communications CEOs are particularly concerned (9% more than the global average) about the capabilities gap, echoing their concern with the availability of key skills as a major threat to business growth.

## A skilled, educated workforce is paramount for communications companies.

While CEOs from all industries value a skilled, educated, and adaptable workforce, 93% of communications CEOs ranked this as important to society today – higher than any other sector and well above the global average of 76%.

Yet, when asked about their priorities for talent transformation, only a third of communications CEOs said they are focused on addressing the skills and adaptability of their current workforce. A greater percentage (44%) of CEOs are focusing on transforming their leadership pipeline, as well as their internal culture and behaviours. This reveals the high value that communications CEOs are placing on first creating an internal employee environment that encourages change, evolution, and innovation.

Communications CEOs are looking to governments to help facilitate innovation. 57% see the acquisition of a skilled, educated, and adaptable workforce as a priority for governments, along with adequate physical and digital infrastructure (57%) and high levels of employment (41%).

Overcoming some of these barriers will be a challenge for both businesses and governments, since, like their peers from other industries, communications CEOs currently see governments as ineffective or greatly ineffective in achieving high levels of employment (43%) and a skilled workforce (43%).

## Communications CEOs look to innovative tools to meet evolving demands.

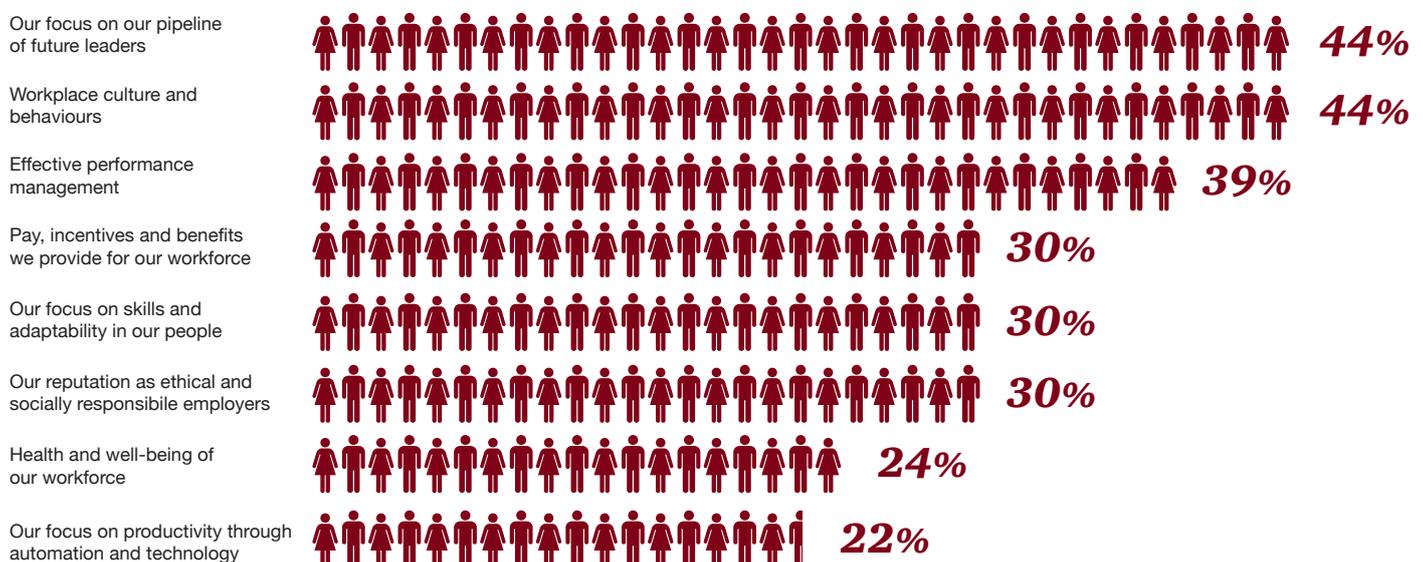
CEOs from across industries agree that the technologies that will generate the greatest return in terms of stakeholder engagement include data and analytics, customer relationship management systems, social media communications and engagement, and R&D and innovation. Yet communications CEOs are more likely than the average to also emphasise the importance of online reporting technologies (44% compared to the global average of 33%), social listening tools (37% compared to the global average of 23%), and personal data security (37% compared to the global average of 30%).

*Our strategic plan to become more of an online provider of mobile products and services for consumers... requires people with a services skill set versus a distribution skill set. It requires technology and integration. So as we think about the future of the company, we're trying to pivot from our legacy skill set, which will require different people and technologies.*

Jaymin Patel  
President and CEO,  
Brightstar Corporation, US

**Figure 4: CEOs are transforming their talent strategy with a focus on the leadership pipeline and workplace culture and behaviors**

Q: What aspects of your talent strategy are you changing to make the greatest impact on attracting, retaining and engaging the people you need to remain relevant and competitive?



Base: All respondents (Communications, 54)  
Source: PwC, 19th Annual Global CEO Survey

## Measuring and communicating success

### Communications CEOs believe more communication as well as measurement is necessary in the area of innovation.

46% of communications CEOs believe that their companies should be doing more to measure their impact and value in innovation – more than any other area of measurement. In addition, 52% of communications CEOs believe they should be doing more to communicate the impact and value of innovation to wider stakeholders (compared to 48% of the total sample and 44% of Technology CEOs). Clearly, this will be a top priority as communications companies begin to create or acquire new technologies that compete with or collaborate with peers in adjacent industries such as Technology, Entertainment and Media, Financial Services, and Healthcare, among others.

### Along with innovation, 52% of communications CEOs also say they need to do more to communicate the value of their company's impact on the broader community.

This is more than the global average of 44% and significantly more than the average for companies in neighboring verticals such as Technology (31%) and Entertainment and Media (37%).

These statistics reflect the increasing role of communications companies as leaders in driving connectivity in under-served and impoverished regions around the world. It's clear that the impact of this enhanced connectivity needs to be communicated in ways that go beyond near-term financial results.

### Despite the barriers, communications CEOs remain optimistic about revenue growth and the many opportunities for innovation.

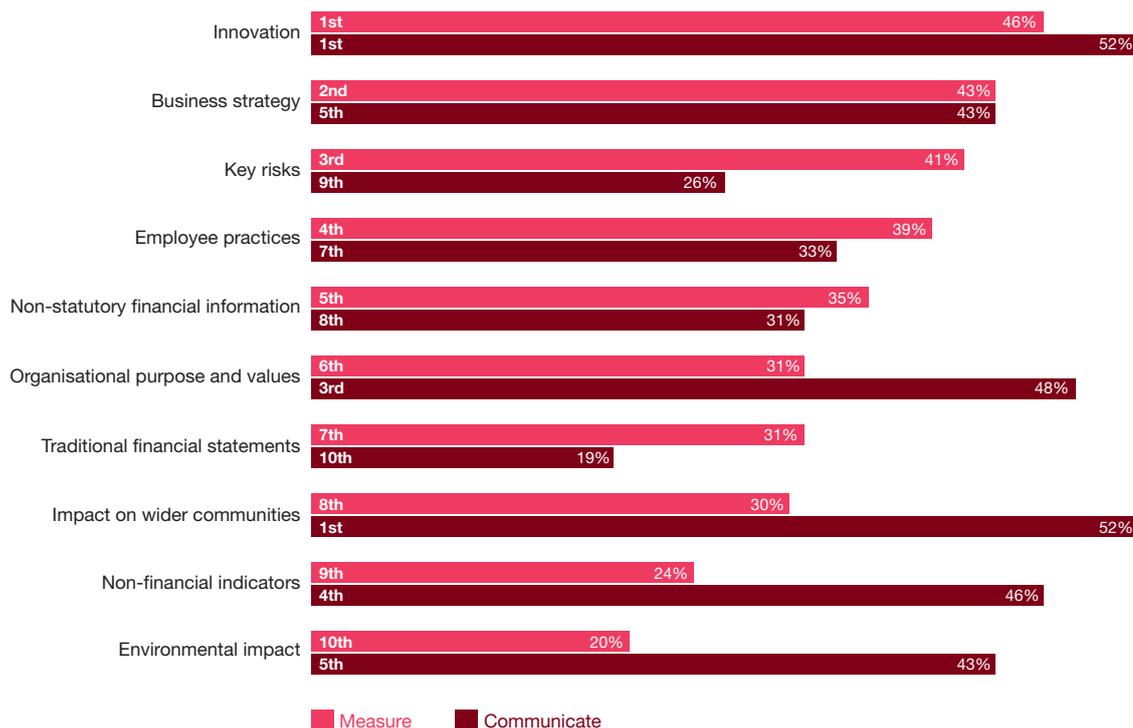
As communications companies work to establish themselves as central to the Internet of Things, and fuel global connectivity, they will be focused on making their full value apparent to a broad range of stakeholders. M&A is only the tip of the iceberg for communications companies that will be also looking to expand and transform from within – developing the talent, capabilities, and culture that will enable them to compete and win in new arenas and verticals.

*I wish we could measure pride for making impact and changing lives. That would be a great measure. It's hard to measure, but it's very much felt. When you interact with people who are proud of making a difference and an impact in society, then you know what I'm talking about and, of course, it's very hard to measure. But if there's one measure I'd like to develop, that would probably be it.*

Johan Dannelind  
CEO, TeliaSonera AB, Sweden

**Figure 5: Measuring and communicating drivers of success**

Q: In which of the following areas do you think business should be doing more to measure/communicate impact and value for wider stakeholders?



Base: All respondents (Communications, 54)  
Source: PwC, 19th Annual Global CEO Survey

