



The new business landscape

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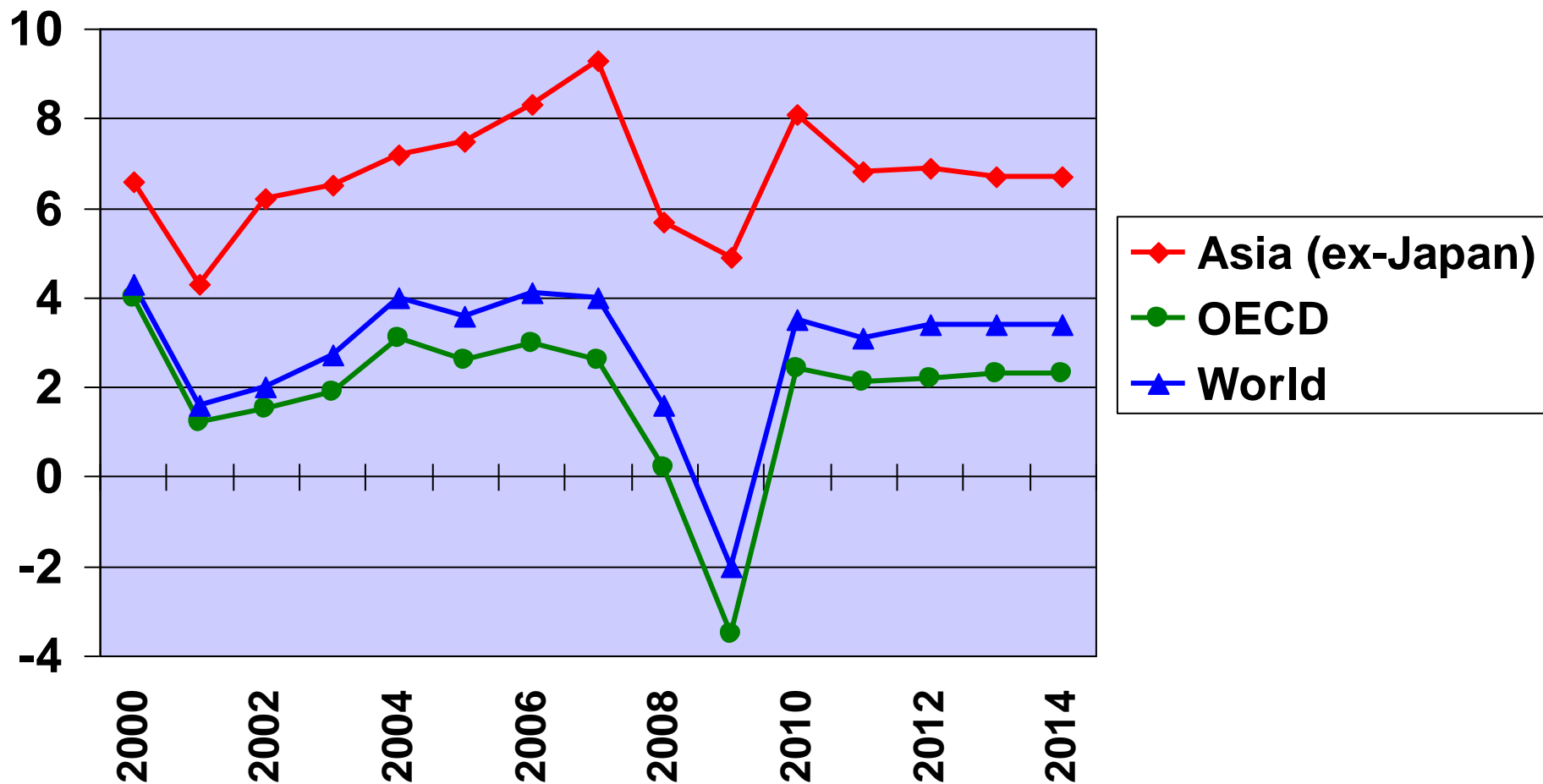


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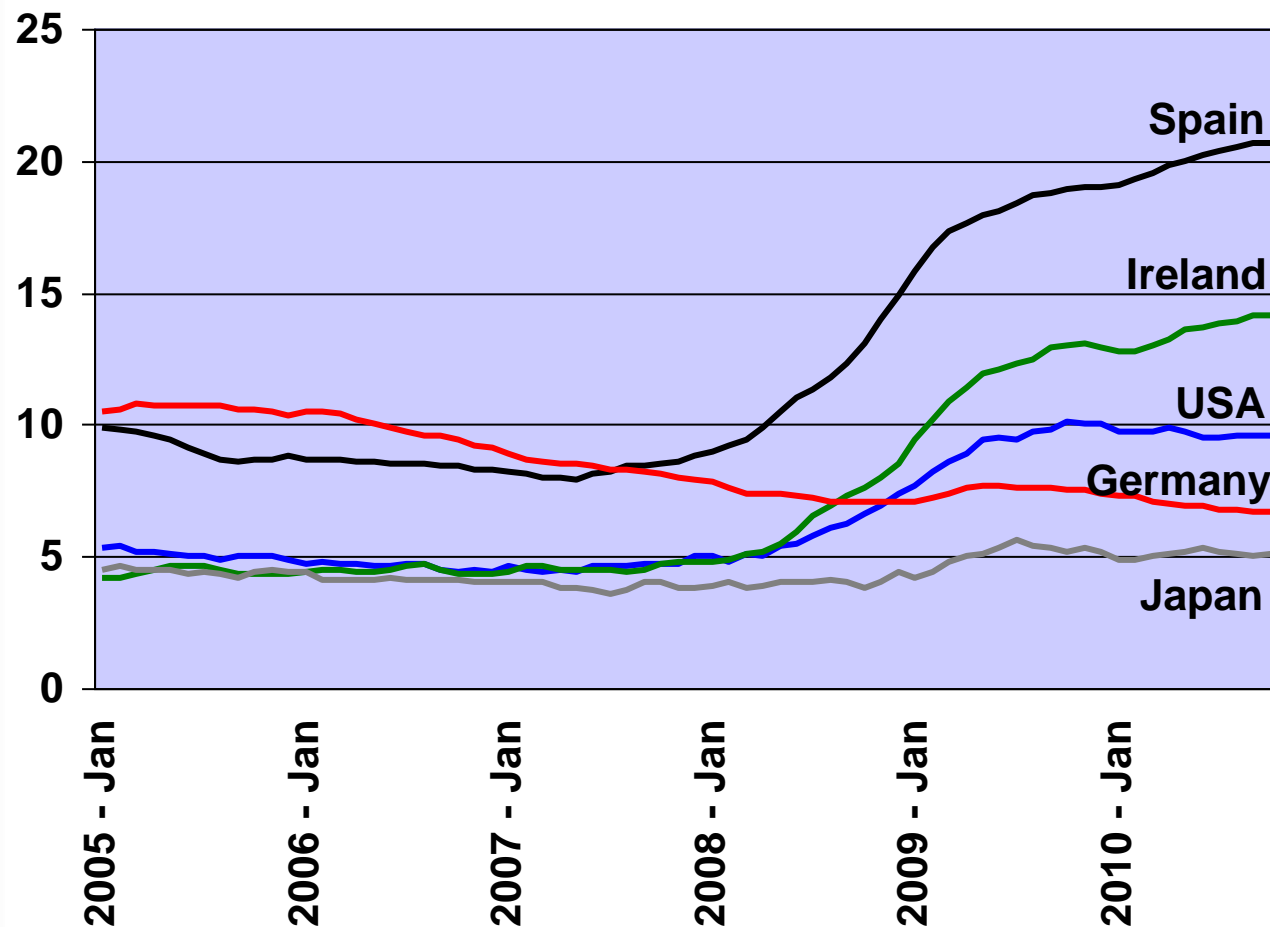
The economic outlook

Real GDP growth (y-on-y %)



Structurally slower developed world

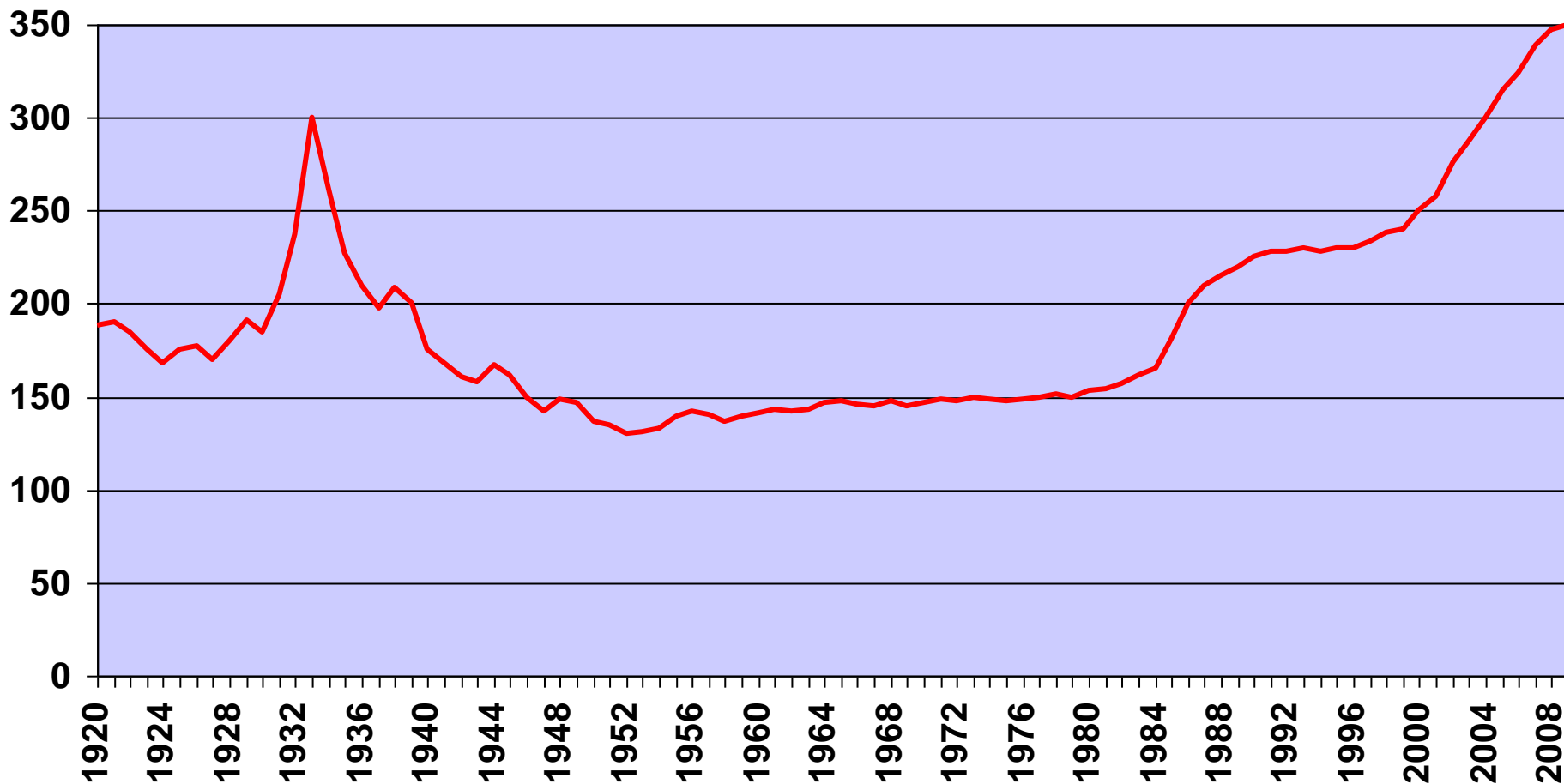
Seasonally adjusted unemployment rate (%)



- Unemployment
- Housing bust
- Austerity
- Deleveraging
- Demographics
- Germany!!

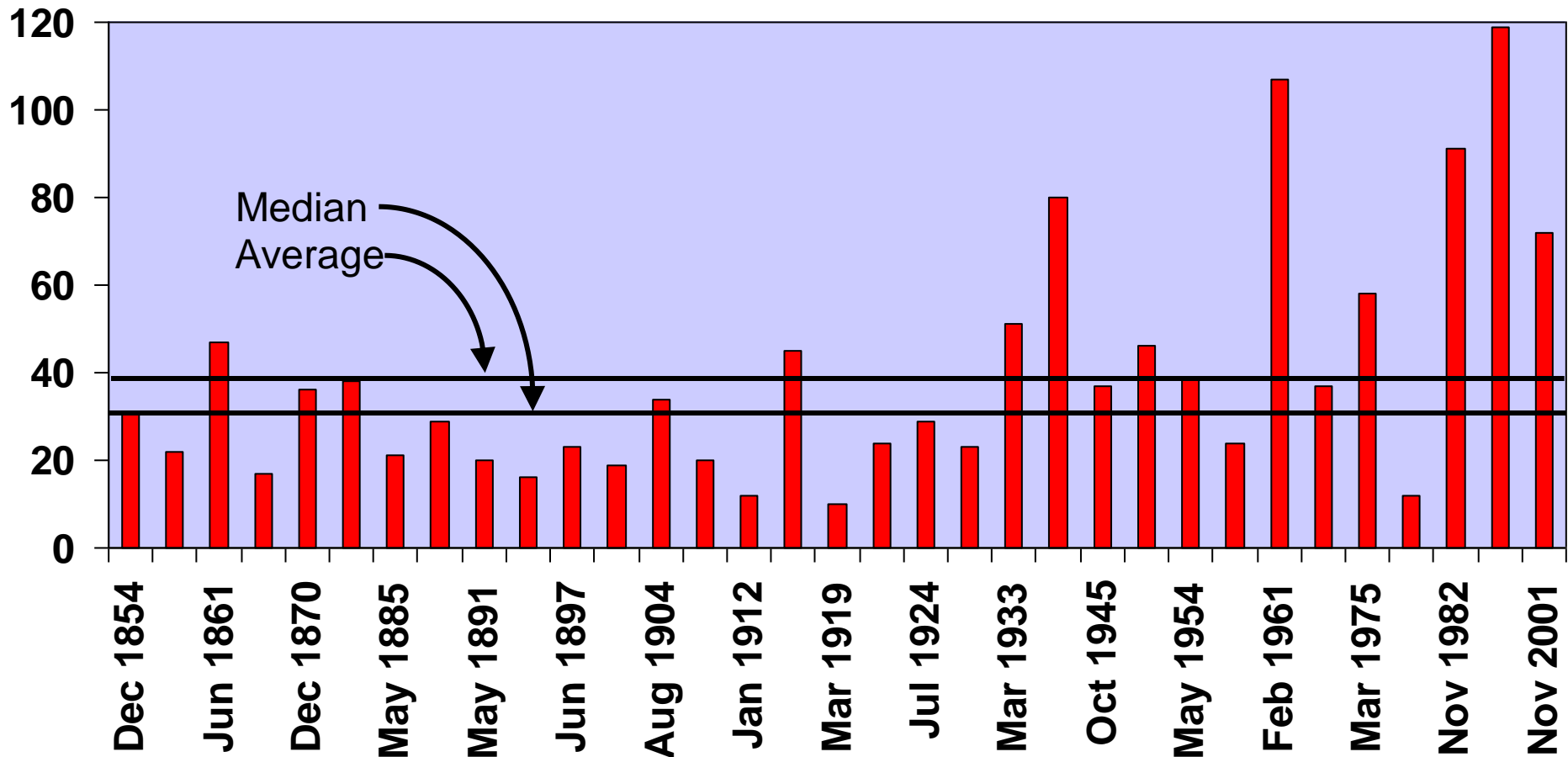
Structurally slower developed world

USA total debt (public and private) as % of GDP



A new age of volatility

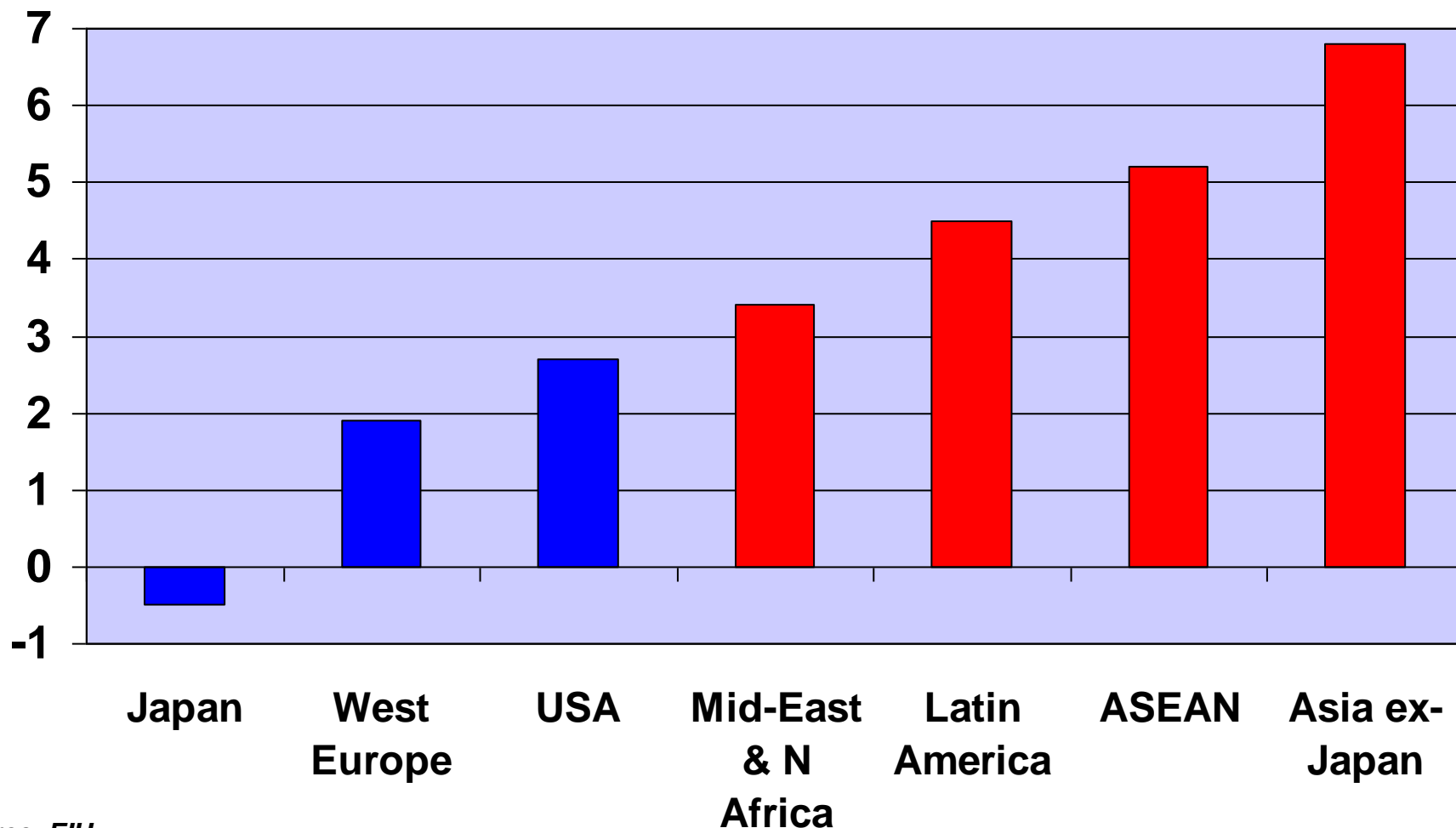
US economic expansion lengths (months) since 1854



Source: Deutsche Bank

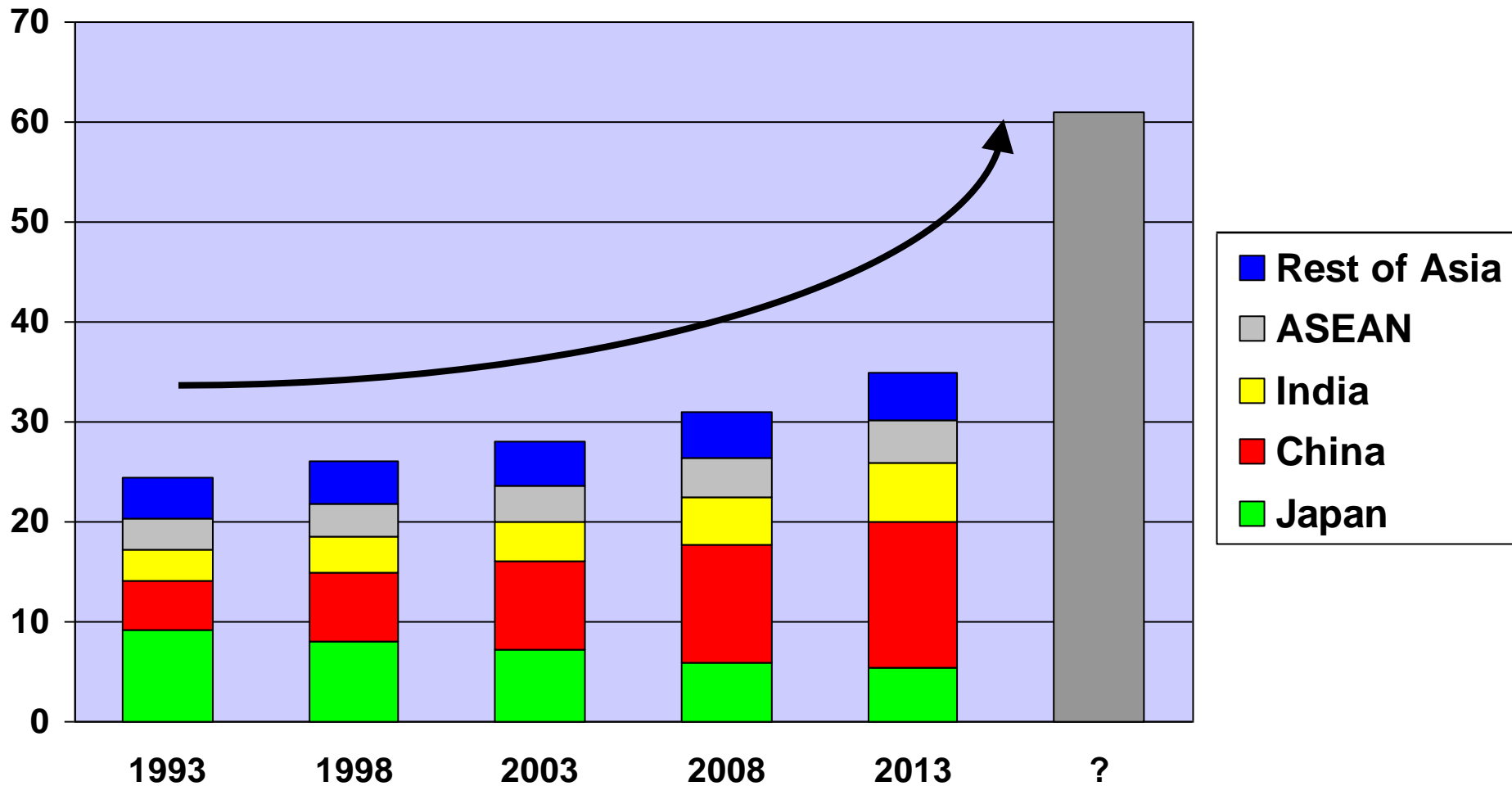
Emerging markets lead, with Asia in first place

Real GDP growth forecast in 2011 (%)



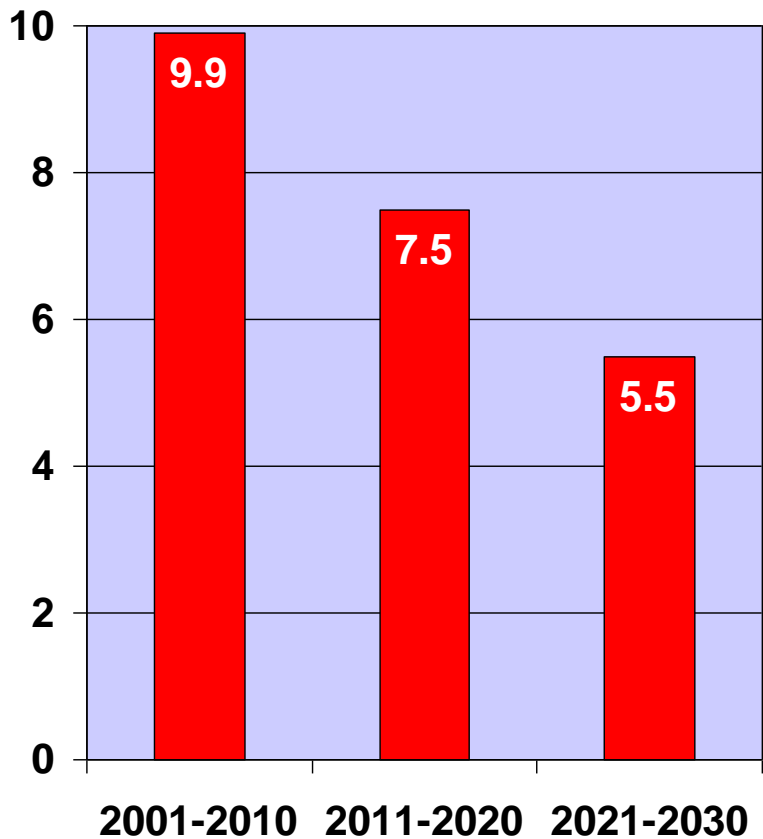
The rise of emerging markets

Asia's share of global GDP, using PPP (%)

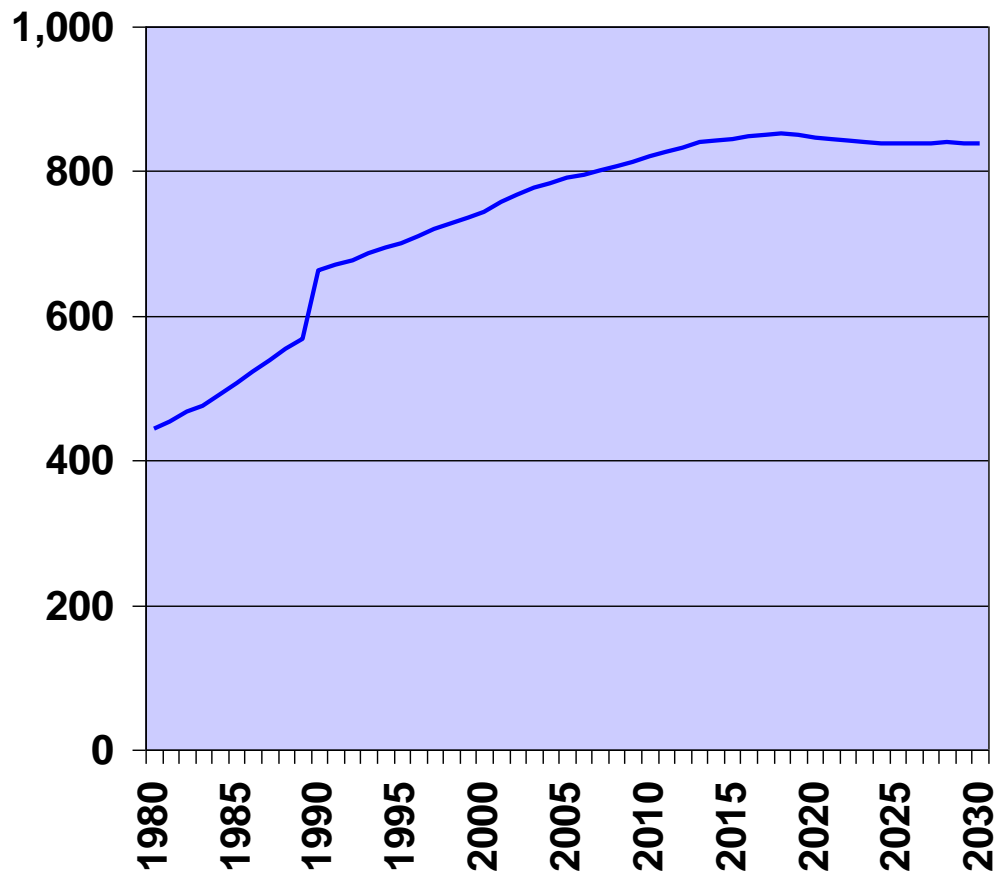


China as growth engine: slowing and rebalancing

Average annual GDP growth (%)

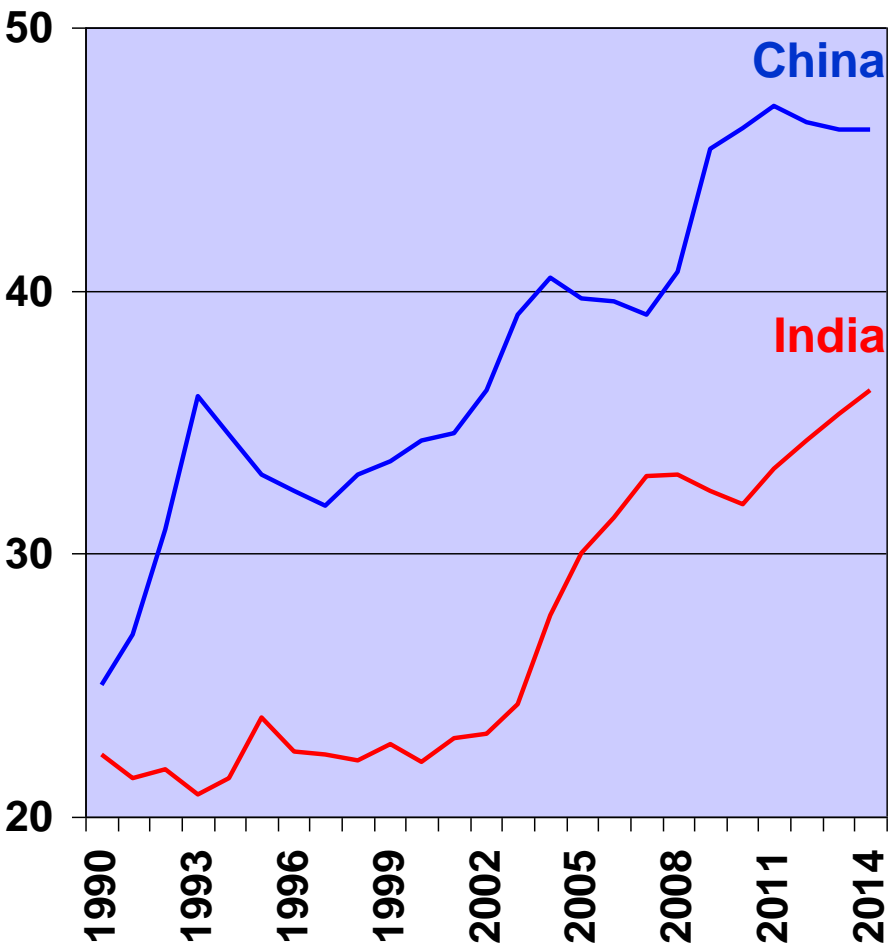


China's workforce (millions)

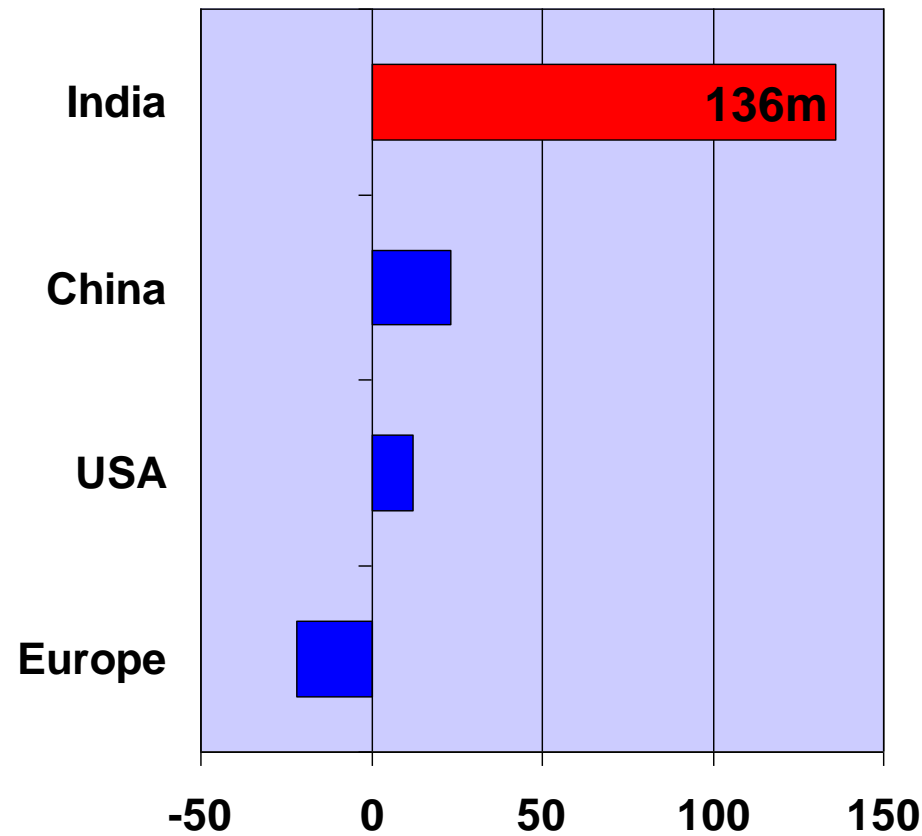


India rises

Gross fixed investment as % of GDP



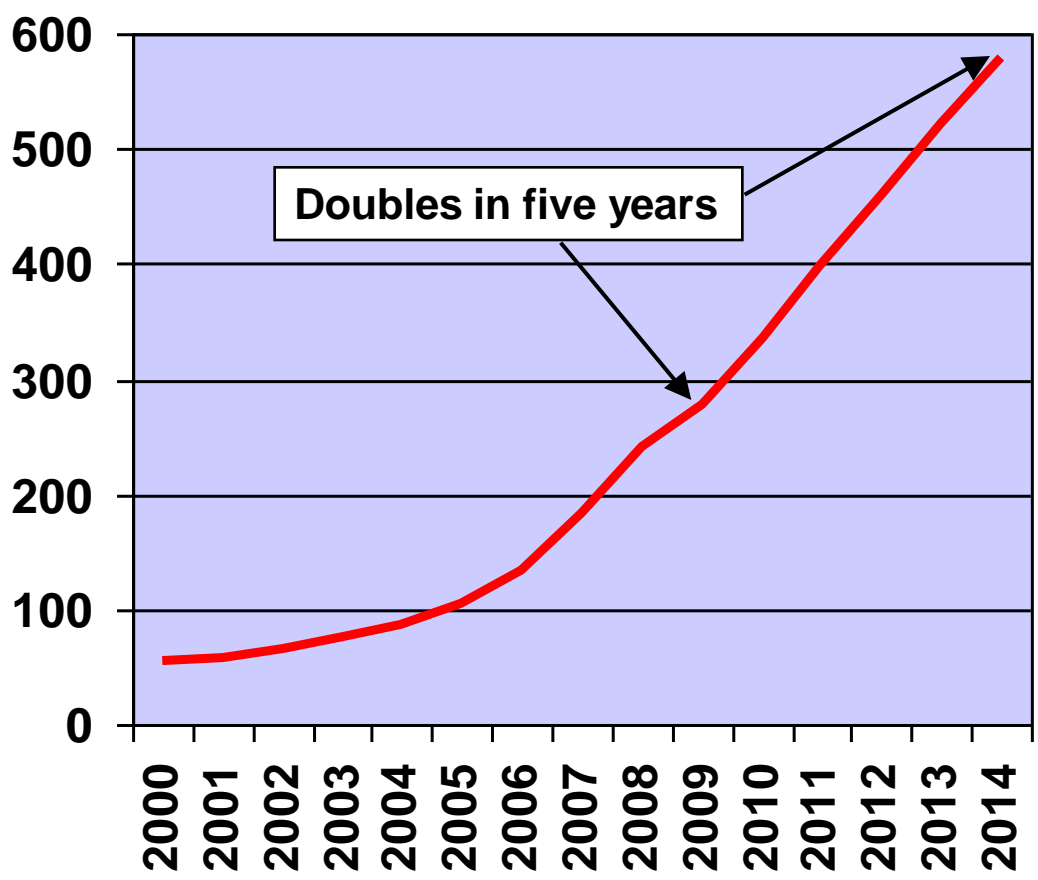
Increase in working-age population, 2010 to 2020 (millions)



Source: EIU

A new landscape of opportunity

Number of households earning US\$5,000 or more in Asia ex-Japan (millions)

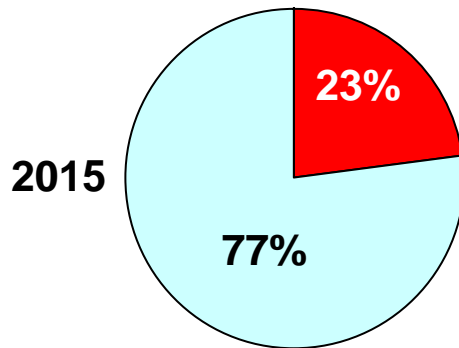
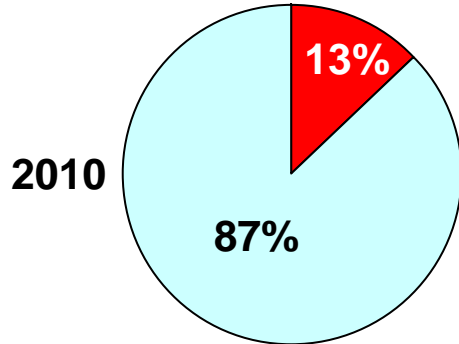


- Ballooning middle class:
 - Richer
 - More urban
 - More digitally connected
- The rise of consumerism
- Infrastructure:
 - US\$8trn over 10 yrs
- The young and the old

Source: EIU

Competition will be fiercer, driving faster change

For non-Asian companies,
what % of global sales
come from Asia? (%)



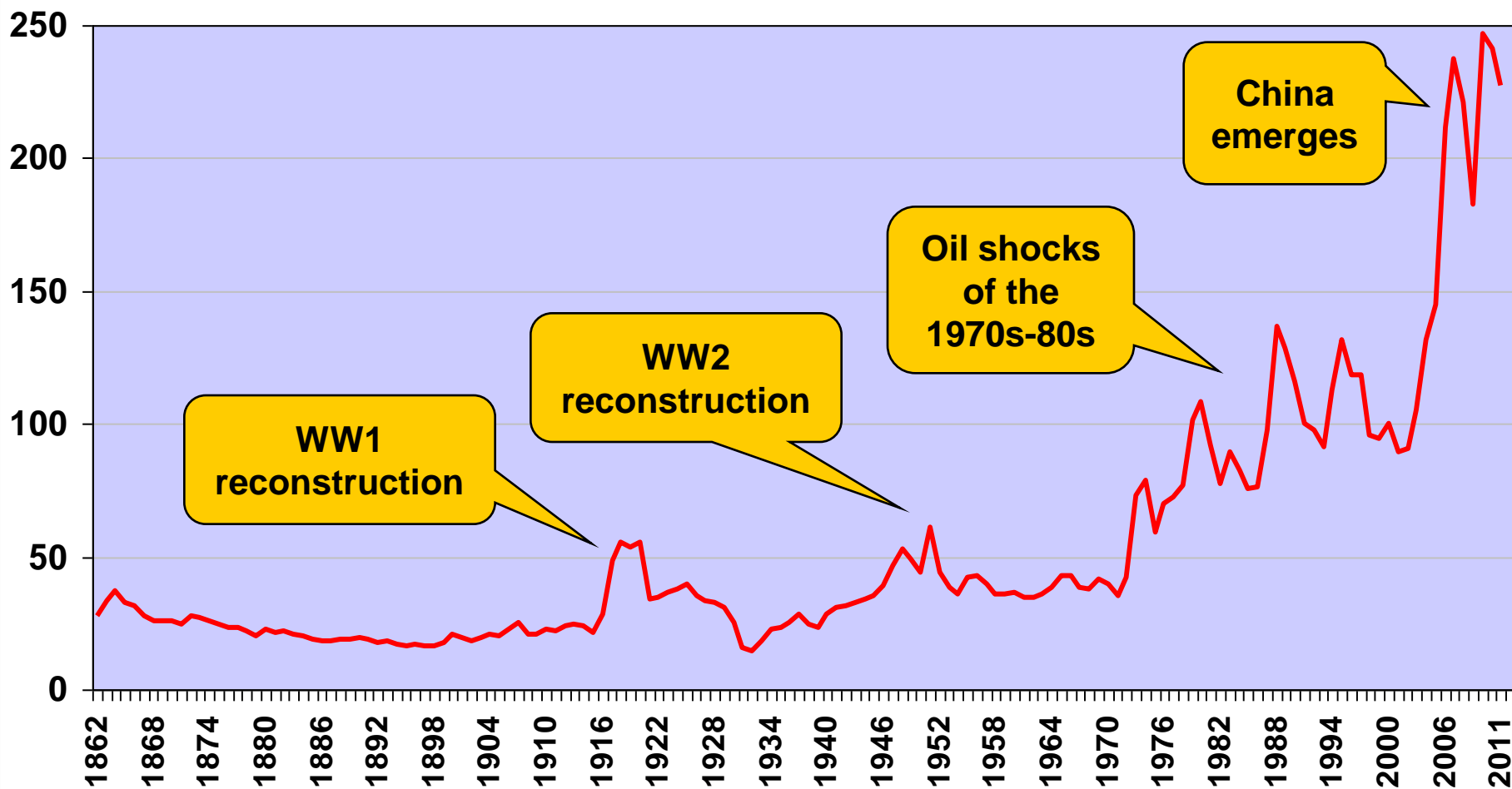
BYD
1995: 20 staff
2010: 200,000 staff

A value-conscious world for both rich and poor



A new normal for commodities

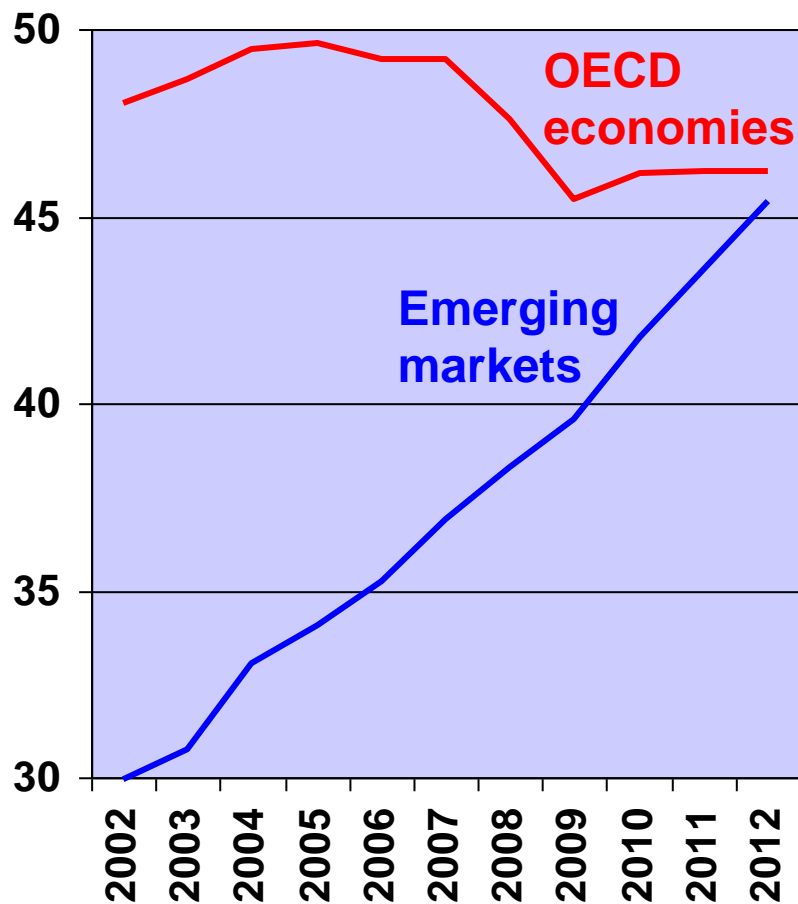
The Economist industrial raw materials price index (2000=100)



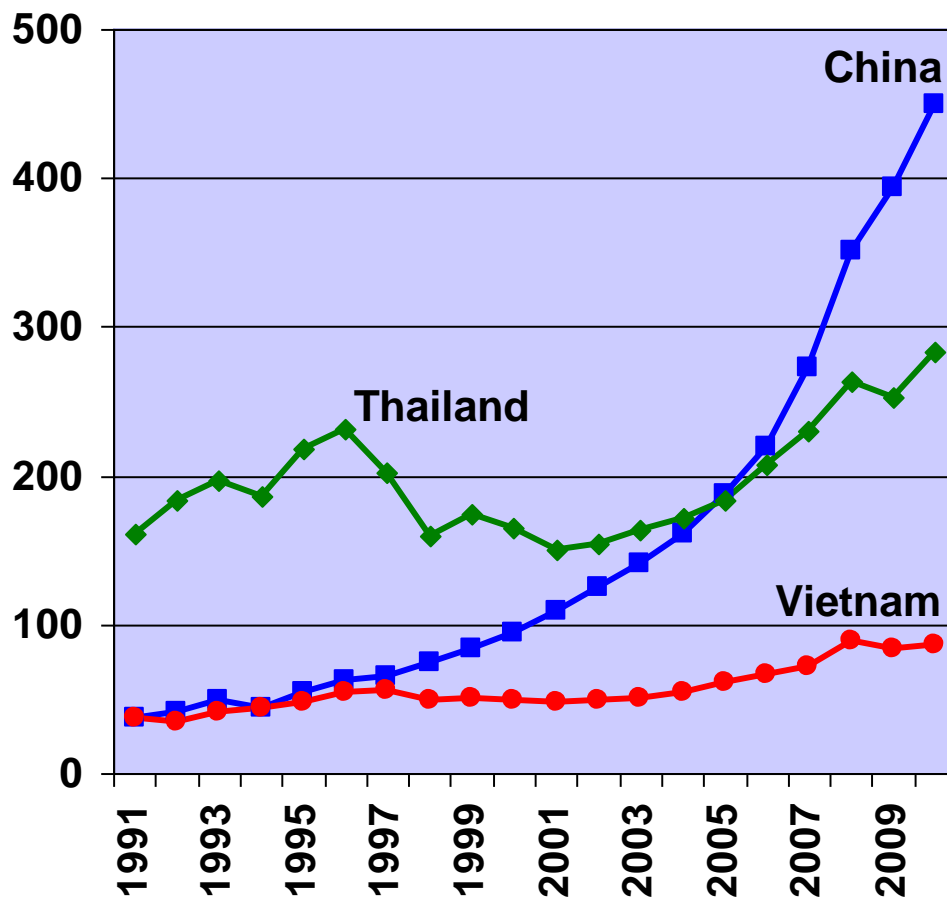
Source: The Economist

Rising inflationary pressures

Oil consumption (million barrels/day)

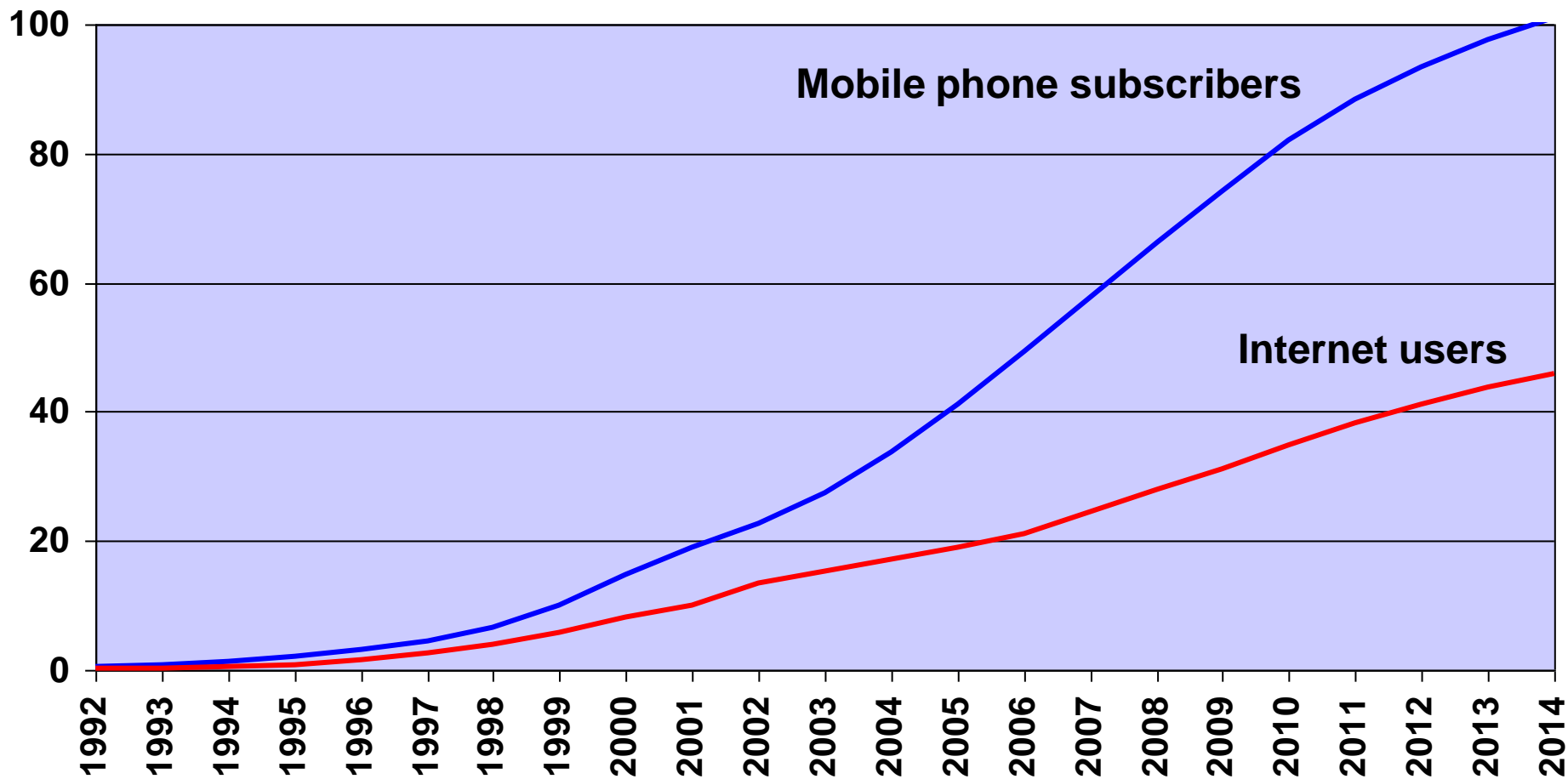


Average wages per month, excl social security (US\$)



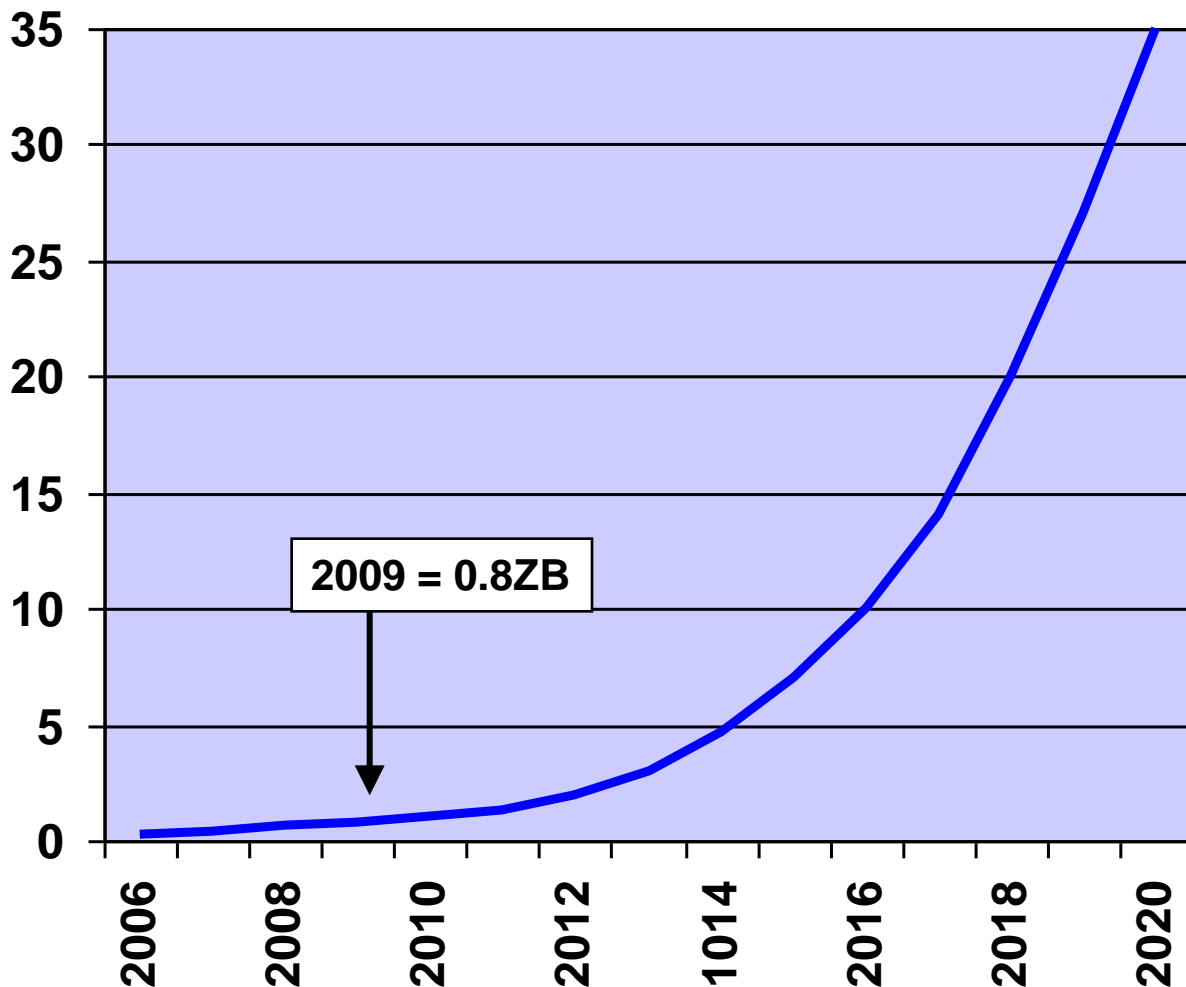
An ever more connected world

Mobile phone subscriptions and internet users per 100 people in the world



The data deluge

Worldwide digital data (Zettabytes)



- Data increasingly unstructured
- Key challenges:
 - How to use it?
 - How to store it?
 - How to share it?

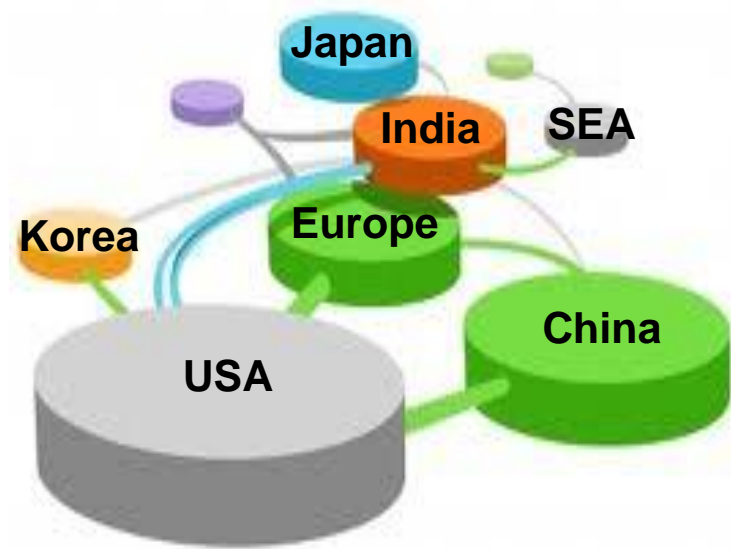
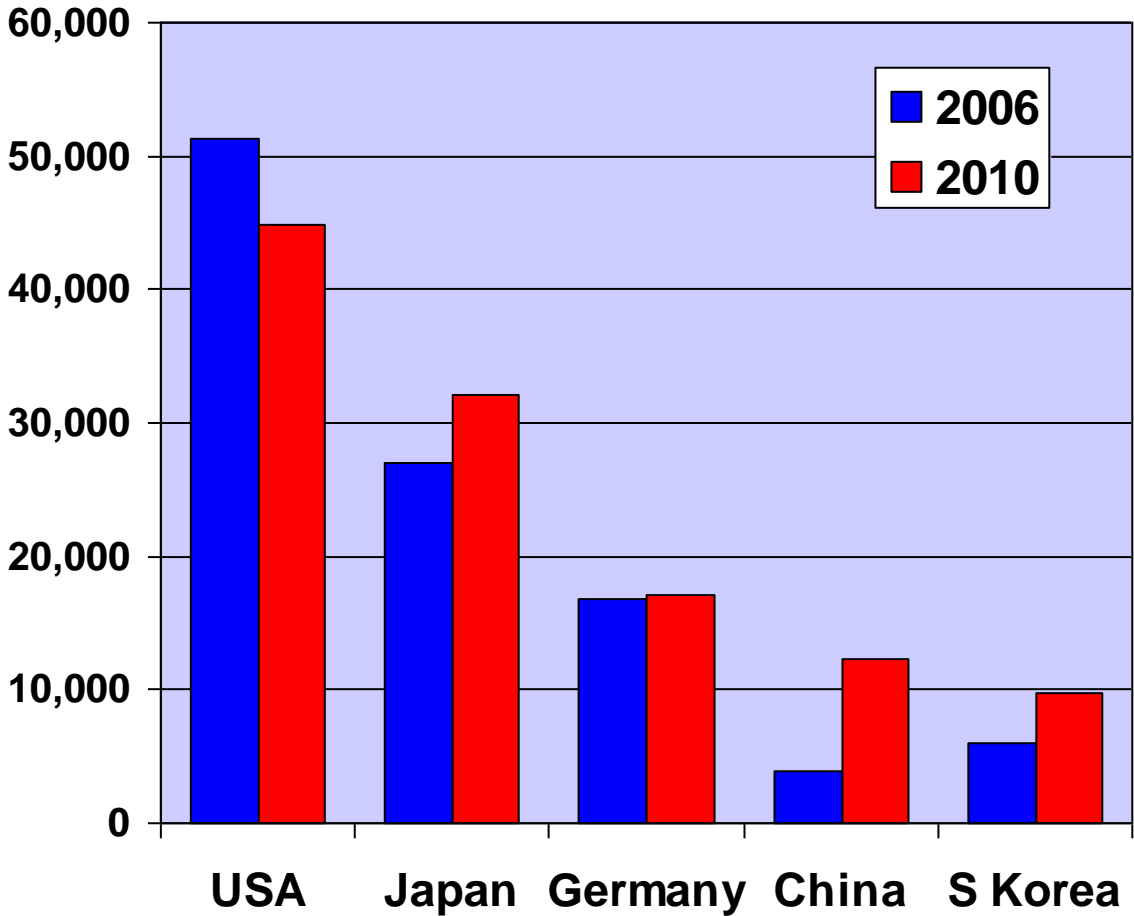
New IT architectures

- Social
- Open
- Mobile
- Collaborative
- Cloud-based



Innovation from new markets

International patents filed with the World International Patent Organisation (top 5 countries)



Source: WIPO

Implications for business

- New age of volatility
 - Shorter expansions, longer recessions
 - New approaches to risk management
- Higher inflation
 - Greater uncertainty, harder to plan
 - Pressure on costs
 - Political uncertainty?
- Higher commodity prices
 - Pressure on costs and efficiency
 - Shorter supply chains

Implications for business

- Higher/rising interest rates
 - Less debt and more cash
- Rise of emerging markets
 - Huge new opportunities
 - Rebalancing resources to opportunities
 - Continuing staff headaches
- Rising importance of China and India
 - Chinese housing: the world's most important sector?
 - Geopolitical uncertainty and risk

Implications for business

- New corporate structures
 - More matrix-like structures
 - Management and functions more distributed globally
 - Deepening tension between local and global
- Fiercer competition and accelerating change
 - Faster innovation
 - Importance of brands
 - Emergence of new brands
- Need to be closer to customers
 - Shorter supply chains

Implications for business

- The age of big data
 - Getting much closer to customers
 - Better segmentation
 - Better performance measurement and management
 - New IT architectures
- Underlying everything: Innovation
 - More multi-centred and driven by local markets
 - More collaborative
 - Focused on value-conscious world

Thank You