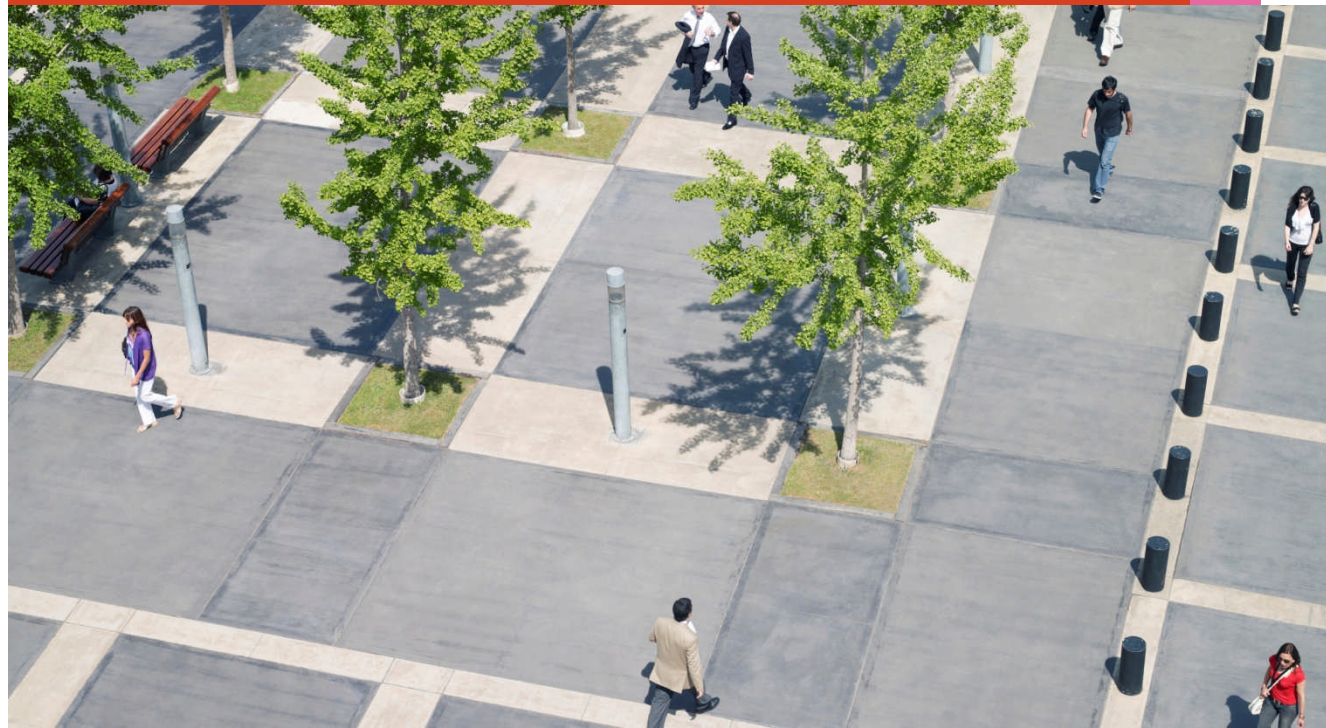


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Dealing with Disruption: 16th Annual Global CEO Survey

Key findings in the Technology industry

January 2013



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Welcome

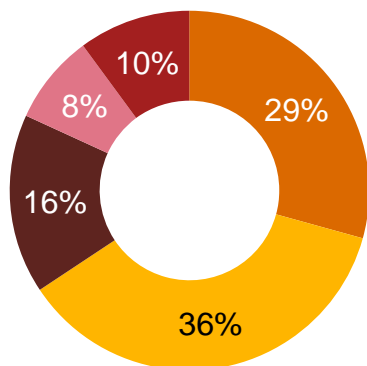
Far-reaching changes are taking place, and they're taking place faster than ever. In this new era of 'stable instability', risks that once seemed improbable and even remote have become the norm and for CEOs across the world, 'expect the unexpected' has become the mantra. The only solution is to build organizations that can thrive amidst disorder: organizations that are agile and adaptable, able to cope with disruption and emerge stronger than before.

We polled 1,330 CEOs in 68 countries, and talked face-to-face with another 33 CEOs, in our 16th Annual Global CEO Survey, to find out how they're creating resilient organizations that can flourish under stress. *Dealing with disruption* shows that CEOs are focusing on a few carefully selected initiatives to stimulate organic growth; exploring new ways to attract and keep customers; and balancing efficiency with agility. And to succeed in these three goals, CEOs are recognizing the role that trust plays, and that they'll have to work hard to repair the bridges between business and society.

This report is a summary of our key findings in the technology sector, based on interviews with 154 technology CEOs in 38 countries, as well as an in-depth interview with Stephen A. Elop, CEO of Nokia. To see the full results of the 16th Annual Global Survey, please visit www.pwc.com/ceosurvey.

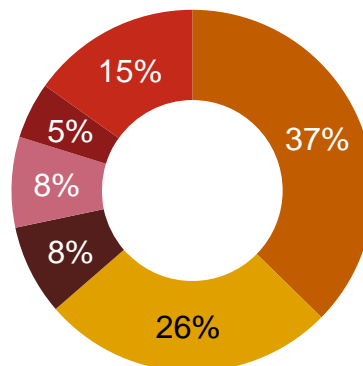
Technology sector sample demographics

Revenue



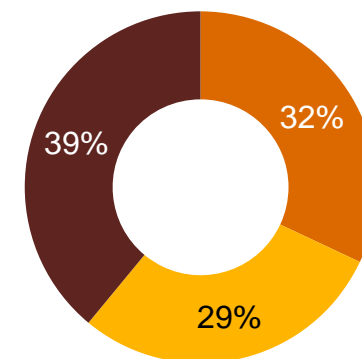
- \$0 to \$100M
- \$101 to \$999M
- \$1 to \$10B
- Over \$10B
- Not stated

Subsector



- Computers & Networking
- Software/Information Technology
- Semiconductor
- Electronics Manufacturing/Distributors
- Internet
- Other

Geography



- Americas
- Europe
- Africa, Asia, Middle East, Australia

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Introduction

Introduction

Technology CEOs are a lot like their peers across industries. They're slightly less confident this year about the economic outlook.

But there are some key differences too. Competition and industry disruption are more of a concern due to the fast speed of technological change. At the same time, 58% of technology CEOs (an increase of 6% from the prior year) are concerned about government over-regulation.

Technology CEOs are actively engaged in multiple actions to better prepare their organisations to deal with these challenges. They're focused on customer growth, innovation and new products and services.

Let's take a look at how.

The disruptive decade

84%

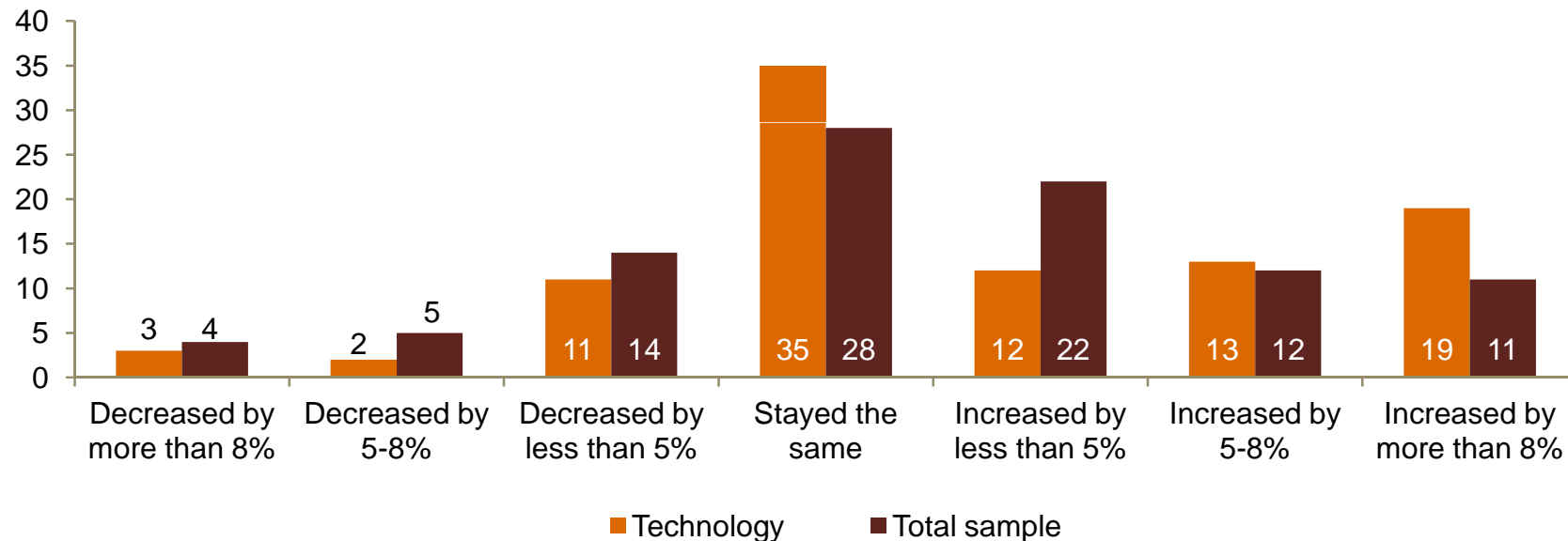
of technology CEOs are confident they can raise revenues over the coming year, compared to the total sample at 81%.

Even more technology CEOs (96%) are optimistic about increasing revenue over the next three years, compared to the total sample at 90%.

Employment growth

In line with their peers across industries, 44% of Technology CEOs expect to increase headcount, and just 16% expect to decrease headcount in contrast to 23% across all industries.

Q: What do you expect to happen to headcount in your company globally over the next 12 months?



Base: All respondents (Total sample, 1,330; Sector, 154)

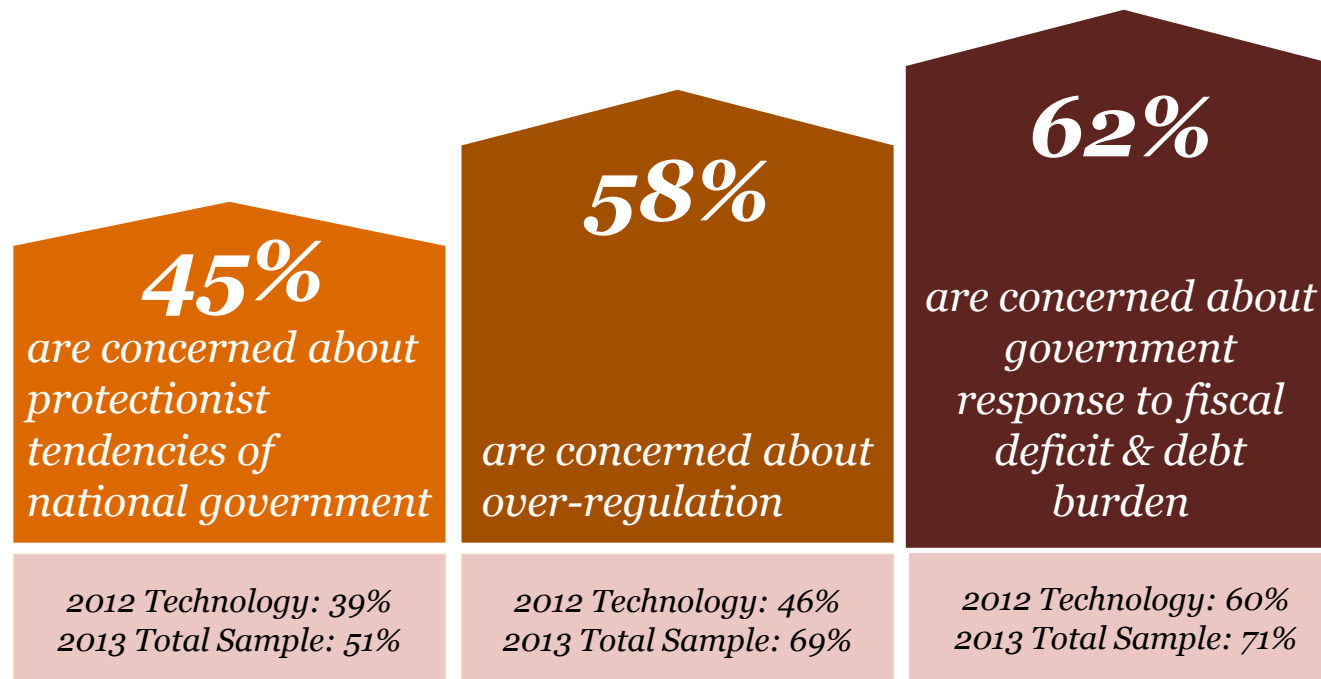
Source: PwC 16th Annual Global CEO Survey 2013

What worries CEOs the most?

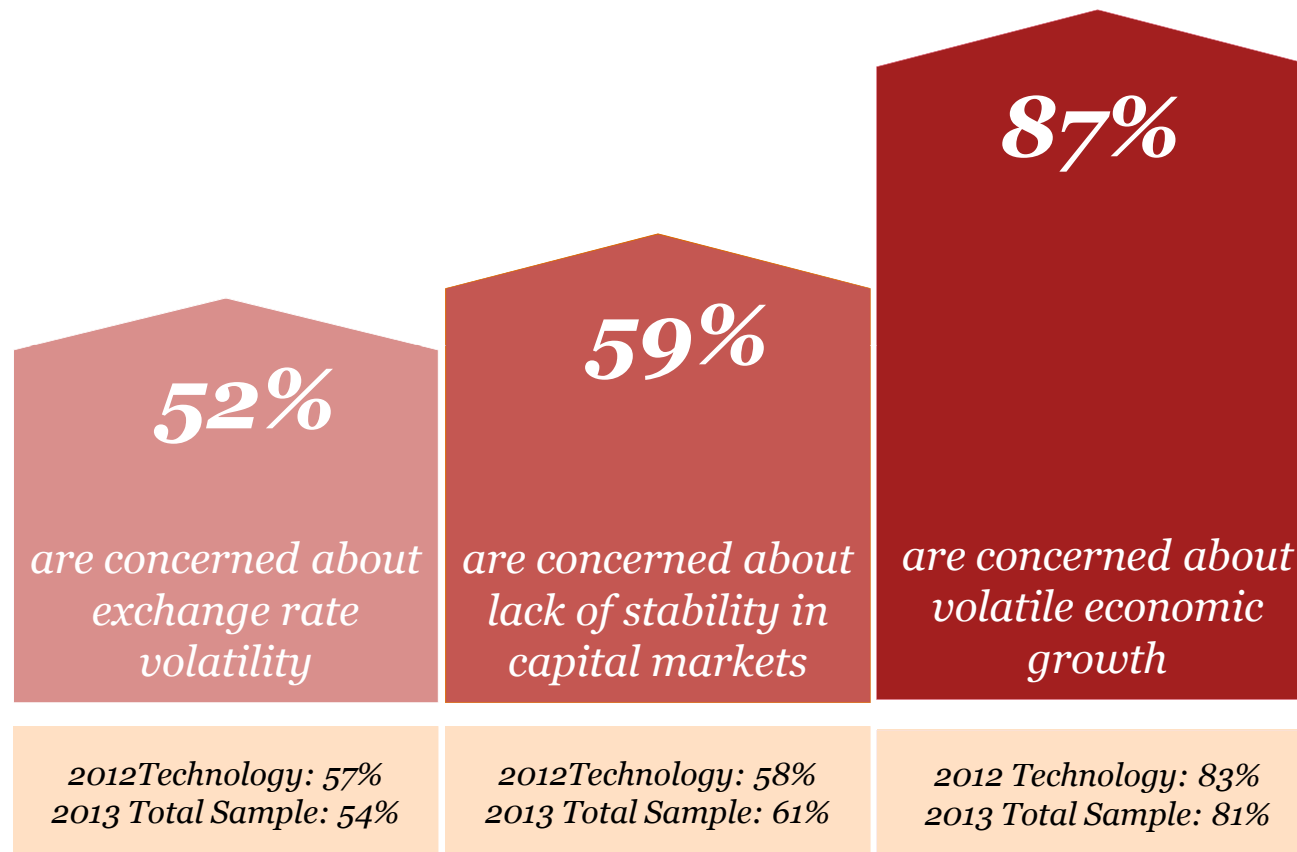
“The global economic outlook for 2013 and for the next three years seems very uncertain to me. Countries would seem to fall into two categories. The first category concerns mature markets. The US has an advantage over Europe in that the US economy seems more flexible and more able to regenerate and kick-start itself. Europe, however, has a more rigid structure. The second category concerns new economies, which have brighter prospects.”

*Jean-Pascal Tricoire, President and CEO
Schneider Electric SA, France*

Technology CEOs continue to battle with political threats against growth...



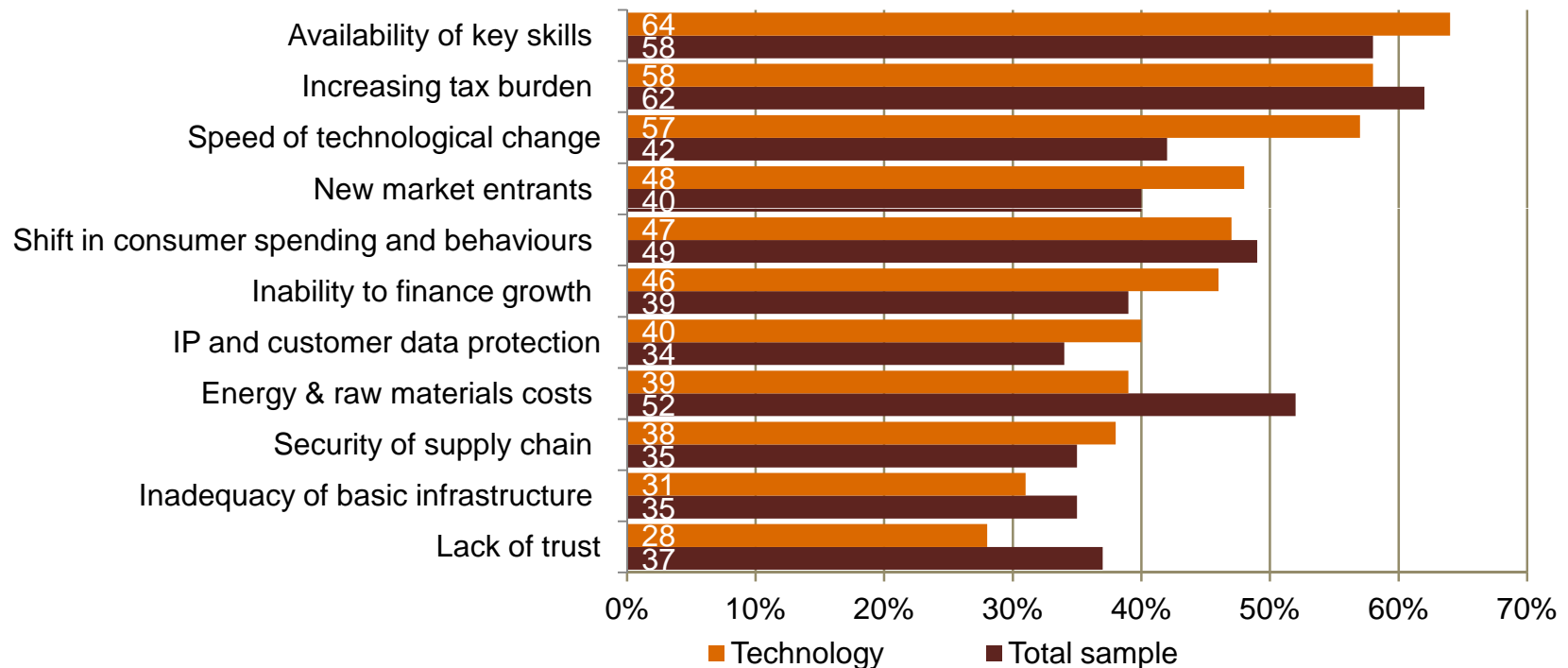
...and economic threats against growth



Business threats against growth

Disruptions caused by technological changes, new market entrants and shifting consumer spending and behaviour top the list of market threats to growth.

Q: How concerned, if at all, are you about:



Base: All respondents (Total sample, 1,330; Sector, 154)

Note: Respondents who stated 'extremely' or 'somewhat'

Source: PwC 16th Annual Global CEO Survey 2013

So what are technology CEOs doing?

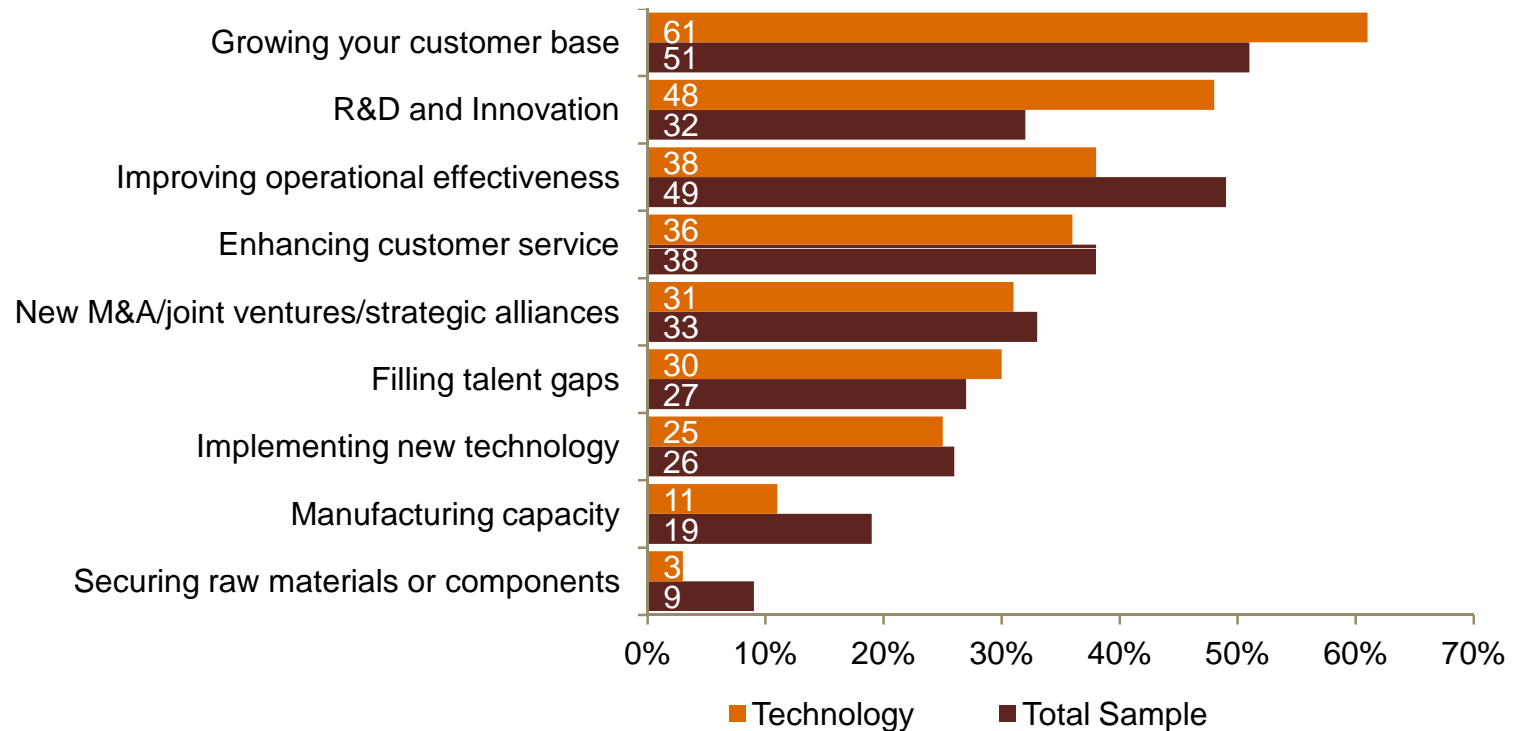
Change of strategy

74%

of technology CEOs expect to change company strategy over the coming year, compared to the total sample at 68%.

Customer growth and investing in R&D and innovation remain top priorities

Q: What are your top 3 investment priorities for 2013?



Base: All respondents (Total sample, 1,330; Sector, 154)

Source: PwC 16th Annual Global CEO Survey 2013

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Changes ahead for technology companies

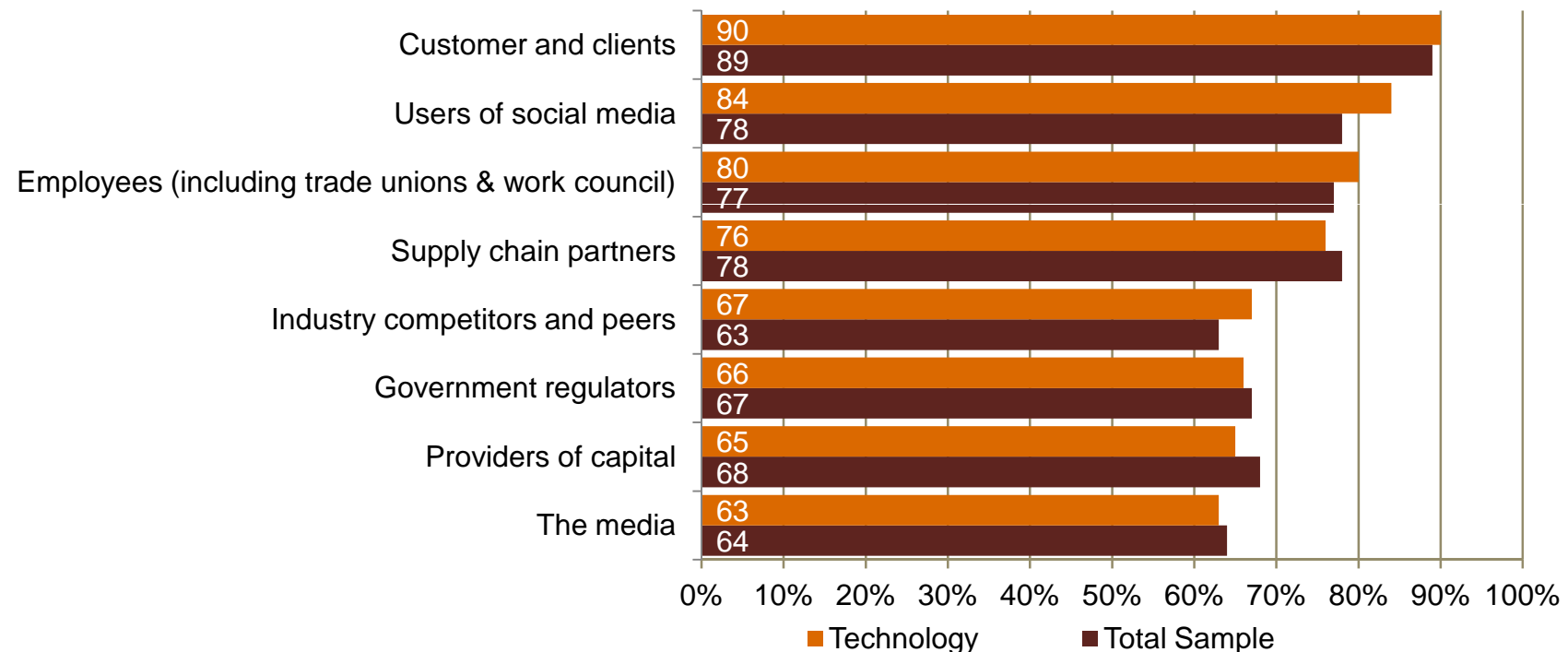
82%

of technology CEOs anticipate changes in their customer growth, retention, and loyalty strategies.

Increasing engagement and social media

In line with CEOs from other industries, 90% of technology CEOs are focused on strengthening relationships with customers and clients by increasing engagement. In pursuit of new customers, 84% of technology CEOs are enhancing their focus on social media.

Q: To what extent are you strengthening your engagement program with the following stakeholders?



Base: All respondents (Total sample, 1,330; Sector, 154)

Note: This question was asked only to those who stated the above stakeholders have influence their strategy. Respondents who stated 'some change' or 'major change' are shown above

Source: PwC 16th Annual Global CEO Survey 2013

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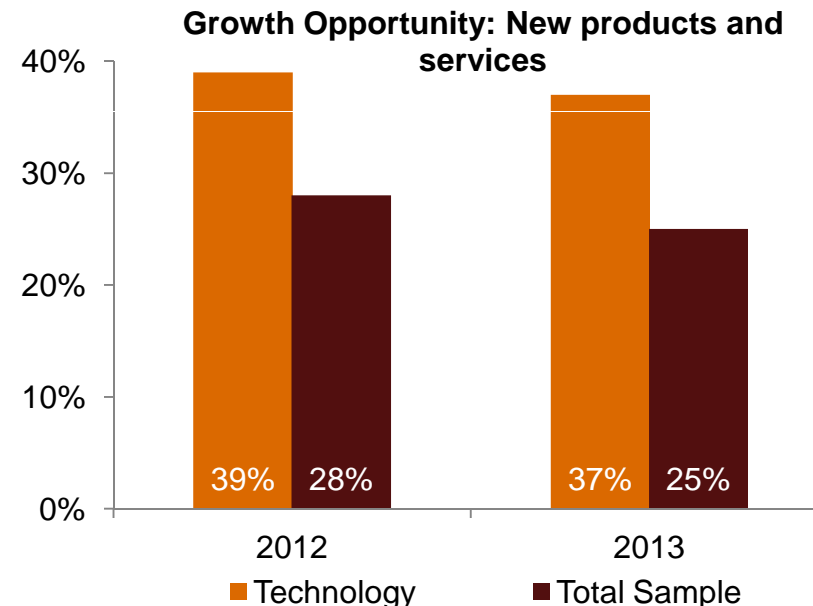
Focusing on developing new products or services

“On a micro level, the biggest threat for us is always the next disruption around the corner. Clearly we’re trying to disrupt our competitors, and they’re trying to disrupt us. So we are constantly assessing, preparing and trying to out innovate--but that’s the nature of our competitive and exciting industry.”

Stephen A. Elop of Nokia Corporation

New entrants are more of a concern for technology CEOs than the total sample. Thus, they are focused on constantly finding ways to differentiate their products by providing unique customer experiences.

New products or services are viewed as the main opportunity for growth by 37% of technology CEOs versus 25% of the broader sample of all CEOs.



Q: Which one of these potential opportunities for business growth do you see as the main opportunity to grow your business in the next 12 months?

Base: All respondents (Total sample, 1,330; Sector, 154)

Source: PwC 16th Annual Global CEO Survey 2013

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Targeting pockets of opportunity

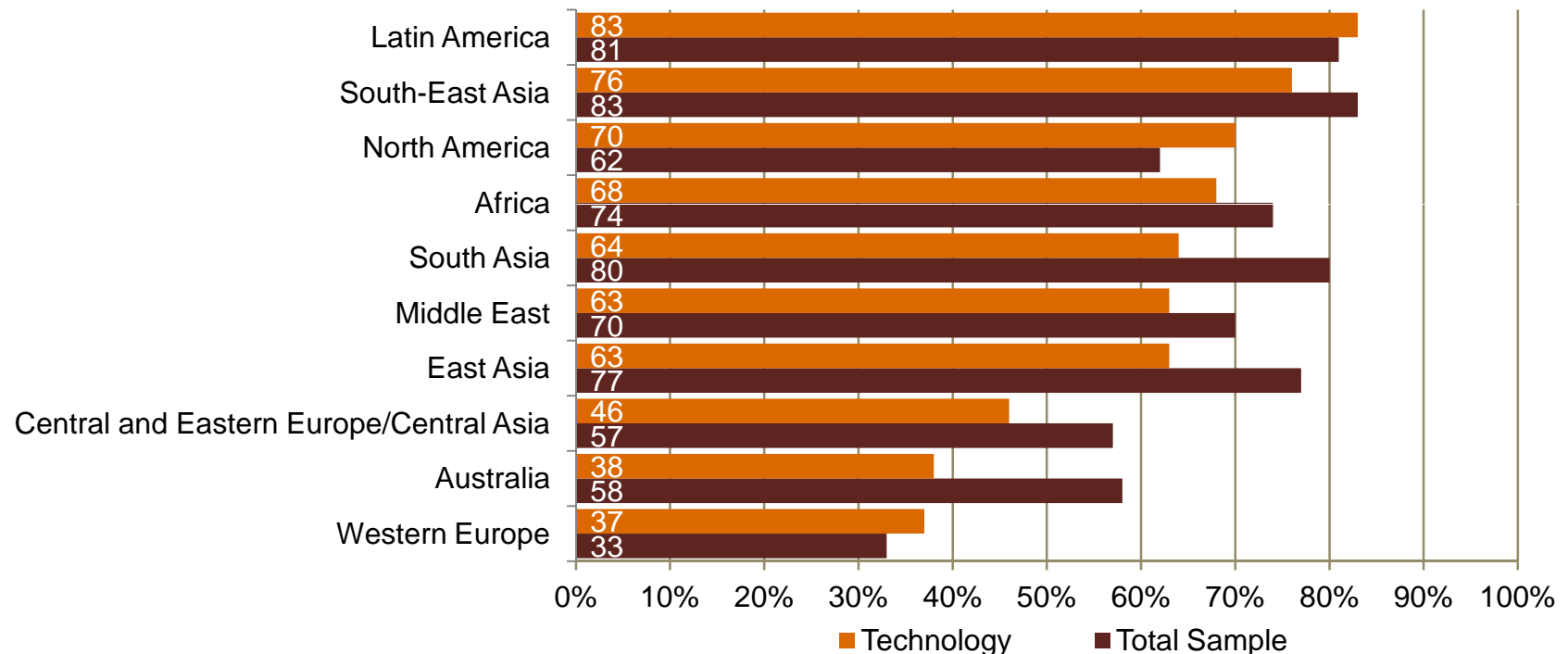
We have one of the most geographically balanced business bases in the sector. In uncertain times like these, this balanced geographical diversification enables us to keep the company's performance on an even keel and take advantage of growth avenues, wherever they may be.

*Jean-Pascal Tricoire, President and CEO
Schneider Electric SA, France*

Global operations expansion

Technology CEOs continue to view Latin America as the key region for expanding their operations, followed by South-East Asia and North America.

Q: In 2013 do you expect your key operations in these regions to decline, stay the same or grow?



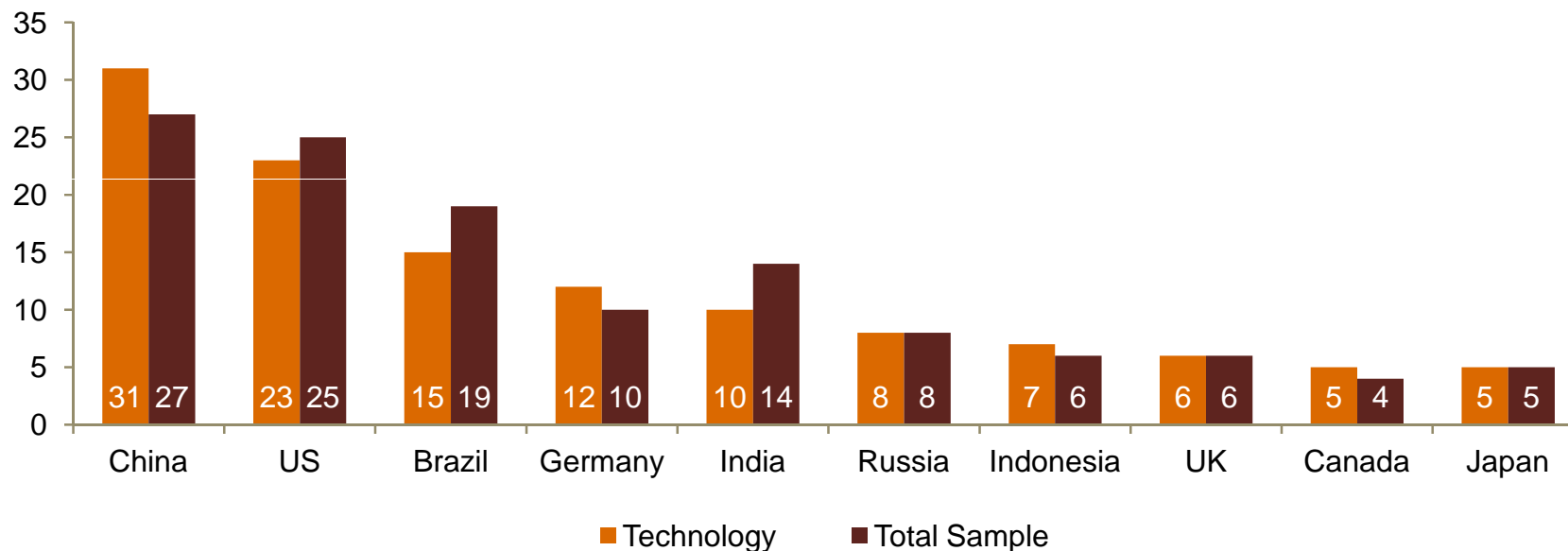
Base: All respondents (Total sample, 1,330; Sector, 154)

Note: Respondents who stated 'grow'

Source: PwC 16th Annual Global CEO Survey 2013

China still in the lead when it comes to new revenue opportunities

Q: Which countries, excluding the country in which you are based, do you consider most important for your overall growth prospects in 2013?



Base: All respondents (Total sample, 1,330; Sector, 154)
 Source: PwC 16th Annual Global CEO Survey 2013

What's next

Deciding which processes and capabilities need to be global, regional and local isn't just about taking advantage of growth opportunities; it's also about developing the flexibility to survive disruptions, wherever they may surface. That's not an easy balance to strike. We've distilled five key questions from the feedback CEOs have given us in this year's CEO Survey:

- Organizations are increasingly aware that opportunities in growth markets are highly nuanced. How do you evaluate the opportunities offered in these diverse and diverging markets, both newer and more established?
- How can you use digital channels to better communicate with your customers, co-create products, capture customer insights, increase loyalty and measure your impact in all of these areas?
- How can you innovate more effectively and efficiently – and focus more on the customer in your innovation strategy and processes?
- To take advantage of new opportunities before competitors do, how can you create the right degree of flexibility in your organizational structure and processes, which allows you to quickly deploy resources across your organization to where they're most needed?
- How can you create networks of formal and informal trusted relationships which go beyond contractual terms to target a shared vision, set of values and objectives?

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Download the main report, access the results and explore the CEO interviews from our 16th Annual Global CEO Survey online at www.pwc.com/ceosurvey.

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