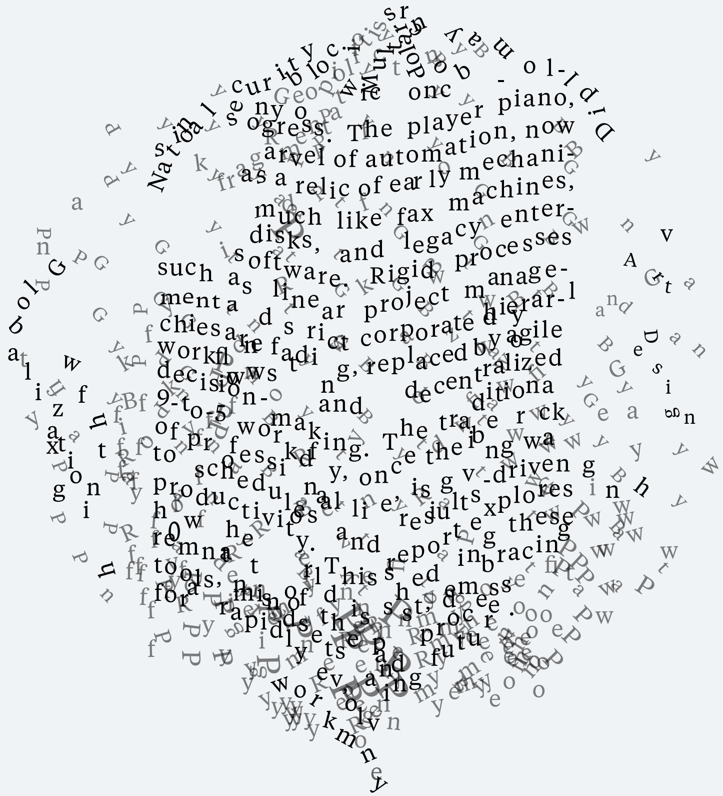


STATE
OF OUR
WORLD
2025

Nine infographics that distill decades of change into a road-map for tomorrow. Revenge Of Geopolitics • Rewiring Supply Chains • Recalibrating Regulation • Demographic Dilemma • Customers Come First • Unlocking AI • Workforce Transformation • Truth And Trust • CEO Reinvention

OliverWyman Forum

Foreword

As the second quarter of the 21st century begins, the global economy and international order are undergoing so much transformation that some have stamped this era the Great Upheaval. Geopolitical headwinds, from wars to tariffs, are at their strongest in half a century, and nations have moved from a multilateral to a multipolar world order looking for more opportunities to redraw the future. At the same time, the workforce is shrinking as birth rates plummet and the senior population explodes. And then there's artificial intelligence, the hope of many businesses and nations for breaking our productivity plateau and driving new business and economic growth.

The Oliver Wyman Forum created the State Of Our World 2025 report as a discussion starter to help guide leaders through these turbulent and exhilarating times. In a world of information overload, this collection of infographics and stories seeks to call out signal from the noise on some of the most important global trends impacting business today. Some topics, like geopolitics, regulation, and AI, are of critical concern for most leaders today. Others, like changing demographics and workers, are long-term issues that require planning and attention now. Still others, such as energy and climate, are too big for a single chapter and will get their own deep dive in the next publication.

Together, these multidecade trends are quickly creating opportunities for business leaders, policymakers, and regulators to redefine the world as we know it. In the business landscape there is a tremendous amount of optimism — reflected in the bullishness of American equity markets, but also globally with the possibilities of new winners taking the stage.

By understanding these dynamics and putting them in proper context, leaders can better anticipate challenges, seize opportunities, and position their organizations for success. We hope you enjoy our "lightest heavy read" combining infographics and short essays in the pages that follow.

John Romeo
CEO, Oliver Wyman Forum

Ana Kreacic
COO, Oliver Wyman Forum

Contents

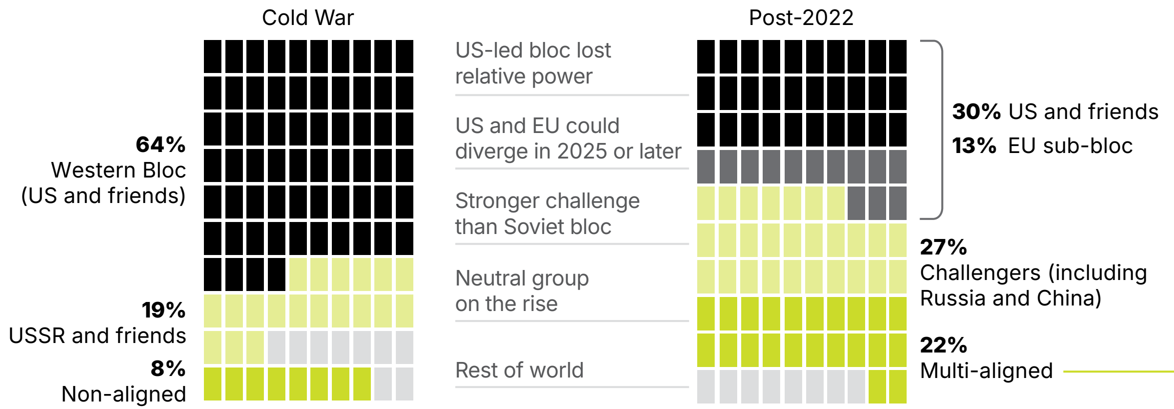
The Revenge Of Geopolitics

As we enter a world of less free trade and more government intervention in markets, geopolitics can no longer be an afterthought for CEOs.

John Romeo, Ana Kreacic, and Jose Lopez

The Revenge Of Geopolitics

New blocs dominate as the US bloc fractures
Blocs of nations as % of world's real GDP (in 2011 prices)

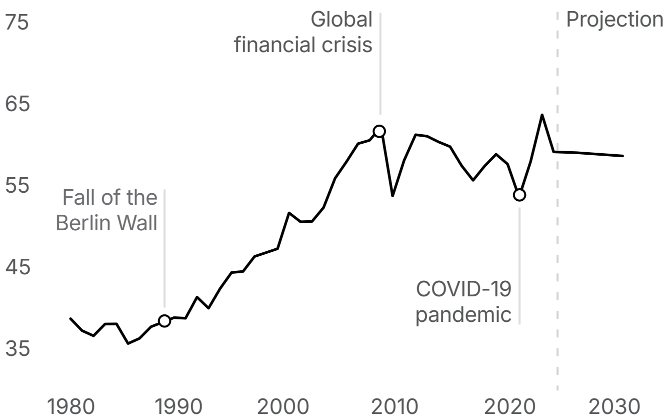


Meet the multi-aligned powers:

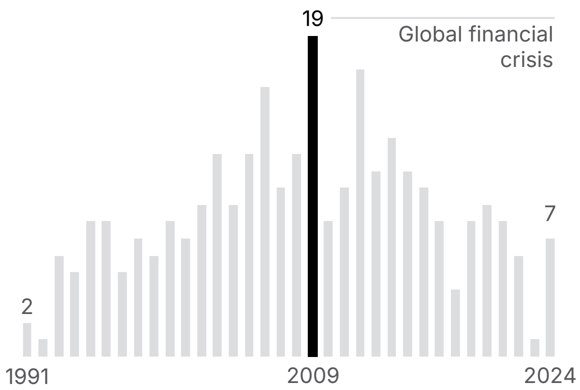
- Brazil
- **Egypt** — Second-largest army in the Middle East (after Iran)
- India
- **Turkey** — Second-largest NATO army (after US)
- Indonesia
- Nigeria
- **Mexico** — Largest trade partner of US in 2023
- South Africa
- Saudi Arabia
- **Singapore**
- Qatar
- Vietnam
- **UAE**

Among the top 10 busiest world ports (Singapore, UAE)

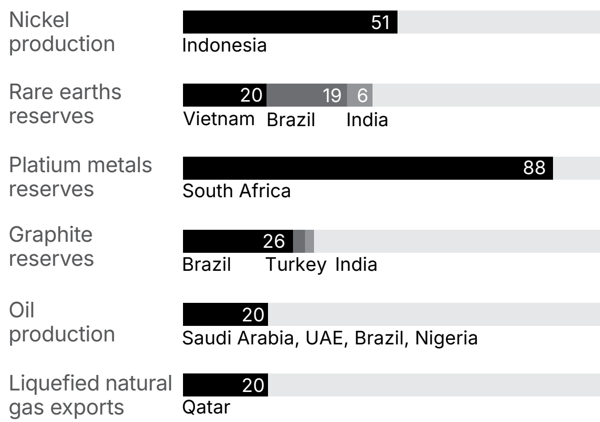
Globalization continues at all-time highs
Global trade as share of world GDP (key measure of globalization), %, 1980-2029 (projection by IMF)



Appetite for free trade decreased since 2009
Number of new free trade (trade-liberalizing) agreements entered into force each year, #, 1991-2024 (excl. UK's post-Brexit agreements)

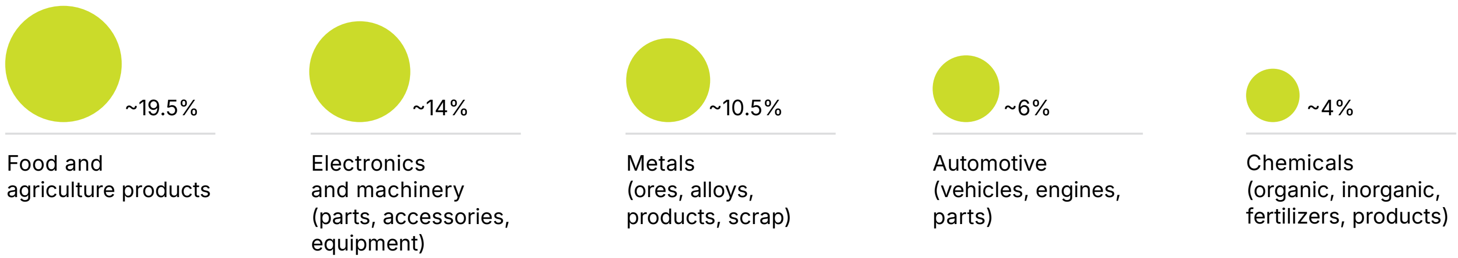


Multi-aligned powers own strategic resources
Strategic resource examples (multi-aligned nations spotlighted, all in 2023 figures), % of global output

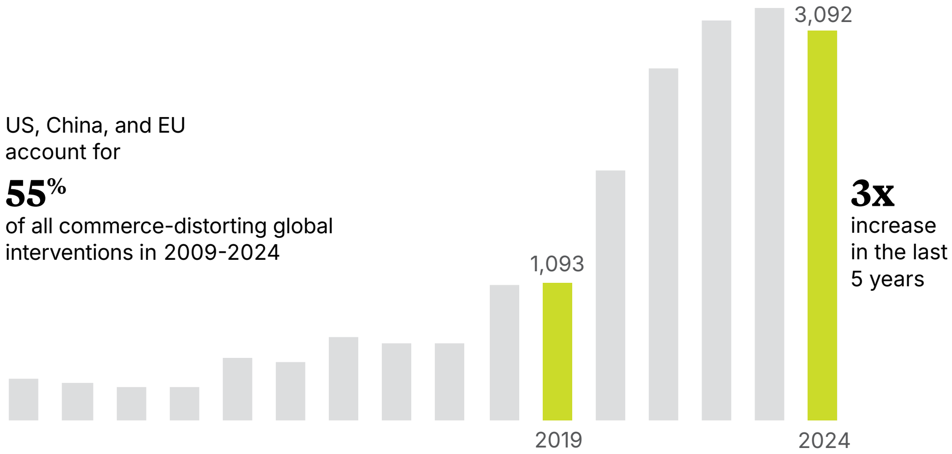


Politics now shapes markets — and is the No. 1 CEO concern

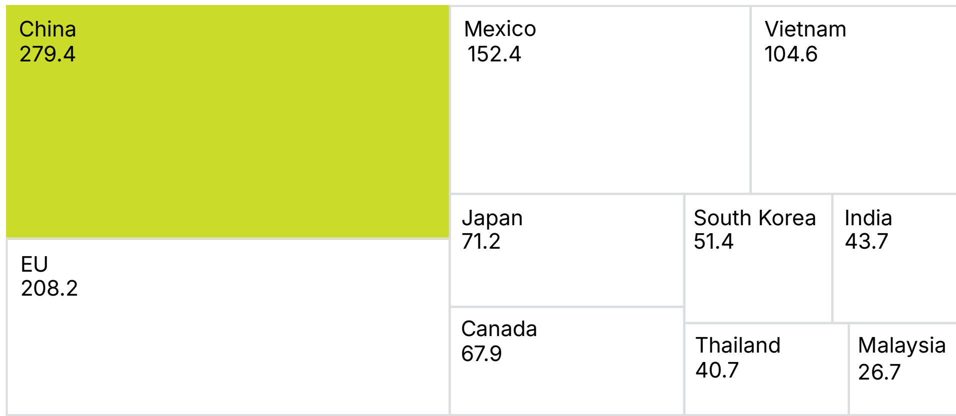
Government interventions have wide reach
Sectors most targeted globally in the last five years (by share of total number of industrial policy measures)



Tariffs, export controls, and industrial policies (subsidies) are rising
Number of new commerce-distorting trade interventions globally, 2009-2024



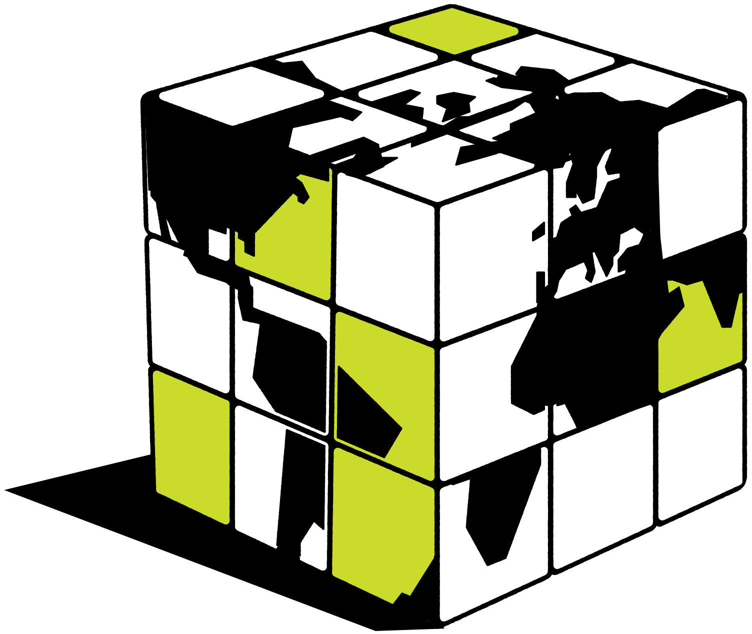
US deficits and future tariffs: Art of the (bad?) deal
Top markets contributing to the US trade deficit as of 2023 ($ billion)



The norms governing global markets are fundamentally changing — forcing CEOs in many industries to adopt a "geopolitics-first" mindset as the world rapidly realigns.

The bans on Huawei and TikTok, the corporate exodus from Russia since 2022, and the chip wars are only the tip of the iceberg; today even investments in the PGA Tour (golf) and 7-Eleven (retail) are designated as national security matters by the governments involved.

The post-World War II international order of multilateral trade agreements and globalization is disappearing. In its place: a new system of trade with evenly matched blocs of rising, middle-, and high-income nations. Growing competition between nations, combined with public backlash against globalization, is motivating far-reaching government interference in markets, ranging from tariffs to industrial policy.



A new global alignment

Some of these changes have been bubbling since the global financial crisis, but the Ukraine war was a catalyzing moment. Three distinct groups have emerged since early 2022: a US-led coalition enforcing anti-Russia sanctions, a set of challengers opposing them (including Russia and China), and a powerful group of nations maintaining strategic neutrality.

Unlike during the Cold War, today's blocs interact with one another, are more evenly matched, and are less internally unified. Two-thirds of all nations now have larger trade volumes with China than with the United States, based on UN Comtrade data. And while the US remains the largest source of foreign direct investment globally, according to FDI Intelligence, China is the largest lender, according to Stanford's Center on China's Economy and Institutions. Most of those loans go to the majority world, also known as the global south, which comprises 88% of the world's population, based on UN World Population Prospects. The upshot: Spheres of influence extend far.

Meanwhile, a group of middle- and high-income multi-aligned nations — Brazil, Egypt, India, Indonesia, Mexico, Nigeria, Qatar, Saudi Arabia, Singapore, South Africa, Turkey, the United Arab Emirates, and Vietnam — are reaping benefits from case-by-case international alignment. The group now represents more than one-fifth of global GDP, up from just 8% during the Cold War. Their neutrality over the Ukraine war and US-China tensions is rewiring supply chains and driving commodity trading in their favor. Their growing influence stems from their roles as investors, new manufacturing hubs, holders of vast resource reserves, champions of green tech and semiconductors, and prominent voices in diplomacy. For CEOs, multi-aligned countries provide expansion and diversification opportunities that may hedge against the impacts of global rivalries.

Tariffs and beyond

Seeking economic advantage and national security in this multipolar world, governments are increasingly interfering in markets through tariffs, export controls, bans, and sanctions. All told, such interventions have tripled, with the United States, China, and the European Union accounting for 55% of all such actions. US tariff revenues more than doubled to $100 billion in 2022, from $41 billion in 2018, according to the Congressional Budget Office — a trend poised to continue. For the incoming US administration, tariffs are not just for revenues or to protect industries but to change behaviors. The "small yard, high fence" approach of selective trade restrictions could expand into "large yard, higher fence" over time.

The situation resembles a prisoner's dilemma in which individual rational responses can produce worse collective outcomes. The potential global impact is large; the International Monetary Fund estimates that if the United States were to impose a blanket 10% tariff on all imports, with China and the euro area retaliating, global GDP would decline by about 0.8% by 2025 and 1.3% by 2026 compared with baseline scenarios.

> **CEOs need to make geopolitics a first consideration rather than an afterthought. Geopolitics is no longer an exogenous shock to be managed tactically; it is a structural shift that requires proactive strategic thinking.**

Government intervention today goes far beyond tariffs. To boost economic self-sufficiency, countries are launching industrial policies to grow strategic sectors such as advanced manufacturing, metal products, chemicals, energy and climate-related industries, semiconductors, and artificial intelligence. In the past two years, there was a twentyfold increase in the number of protectionist industrial policy measures introduced worldwide, with the United States, China, and the European Union accounting for 48% of them, according to Global Trade Alert. These also have a tit-for-tat escalation pattern, with 73.8% of product subsidies matched by other major economies within one year.

These developments, together with the biggest tech transformation since the Industrial Revolution, point to a more transactional set of foreign policies that will bring zero-sum geopolitical questions into business. For example, with most of the world's AI and defense capabilities concentrated in a small set of countries and companies, nations must decide who to rely on.

What comes next

The way forward for CEOs is to make geopolitics a first consideration rather than an afterthought. Geopolitics is no longer an exogenous shock to be managed tactically; it is a structural shift that requires proactive strategic thinking. Companies should also anticipate and shape government-to-business cooperation, which will rise across strategic sectors. Fully 86% of leaders of large and midsized companies are already planning short-term actions to address geopolitics and protectionism, according to a recent survey of CEOs of New York Stock Exchange-listed companies by the Oliver Wyman Forum and NYSE. In addition, 43% of CEOs of large companies are running scenario-planning, war-gaming, or tabletop exercises around geopolitical events.

There are still critical gaps. Most companies aren't yet bringing nuanced analysis of geopolitical drivers into long-term decisions on growth strategy, investment portfolios, supply chain footprint and partners, regional operations, talent sourcing, technology stacks, or data management. So far only 24% of large companies are hiring talent with geopolitical expertise, according to the CEO survey.

The "geopolitics-first" approach to business strategy is no longer optional; it's a prerequisite for business outperformance in a new world in which politics drives markets.

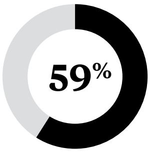
Rewiring Supply Chains In A Realigning World

Supply chains remain at the frontline of global disruption. Breakthrough technologies are helping leaders regain control.

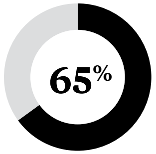
Jonathan Lee and John Romeo

Rewiring Supply Chains In A Realigning World

Supply chains have massive bottlenecks and dependencies



of NYSE-listed CEOs say they are **de-risking supply chains**

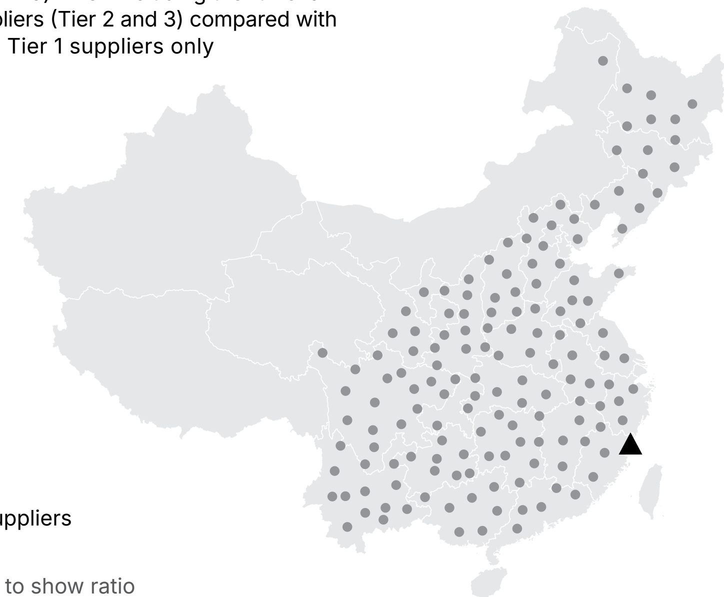


of companies still have **at least one critical bottleneck in their supply chains**

Up to

150x

Increase in China dependency (i.e., number of supplier sites in China) when including the full chain of suppliers' suppliers (Tier 2 and 3) compared with analyzing known Tier 1 suppliers only

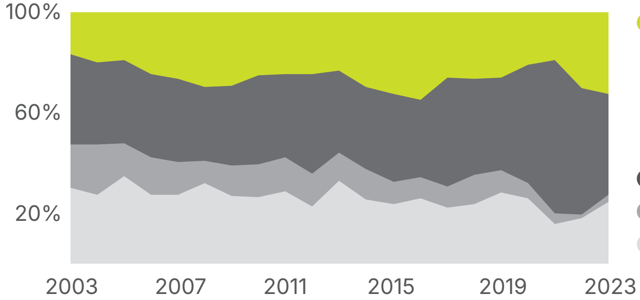


▲ Tier 1 supplier
● Tier 2 and 3 suppliers

Map is illustrative to show ratio

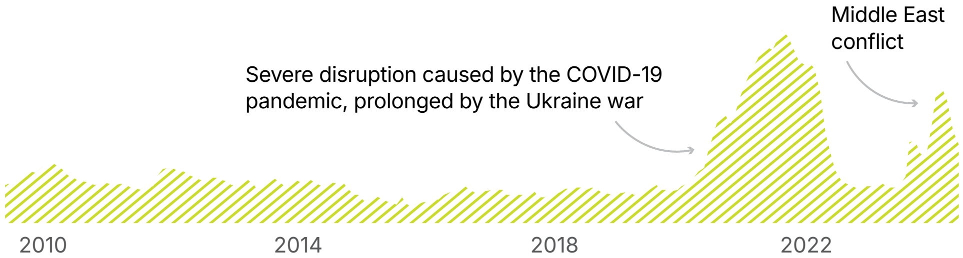
Geopolitics is a driving force for long-term supply chain rewiring

China alternatives win from supply chain rewiring
Inbound greenfield FDI CapEx (% share of total USD value), 2003-2023



- China alternatives: Brazil, Egypt, India, Indonesia, Malaysia, Mexico, Morocco, Saudi Arabia, Thailand, Turkey, United Arab Emirates, Vietnam
- Developed economies (IMF)
- China
- Rest of the world

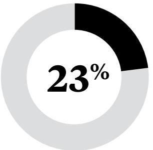
Conflict exposes sea supply chains to disruptions
Shanghai Containerized Freight Price Index, 2009-2024



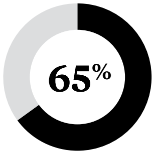
Key maritime chokepoints are vulnerable to disruptions
% of global maritime trade volume

● Strait of Malacca ● Strait of Hormuz ● Suez Canal ● Panama Canal ● Other

In addition, natural hazards are a rising supply chain resilience concern



of manufacturing sector supply chains are significantly exposed to natural hazard risks



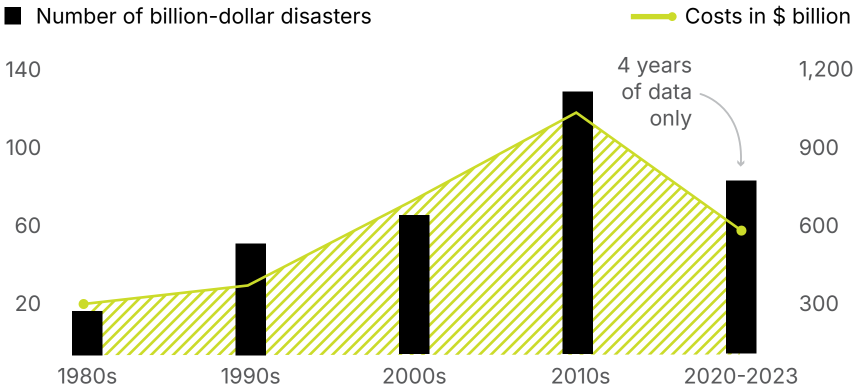
of economic losses from natural disasters in the last 10 years globally were uninsured

More frequent billion-dollar disasters drive up insurance costs
Cumulative costs adjusted to inflation (in 2023 prices)

Global

$2 trillion
Economic losses from natural disasters in the last 10 years

United States



3x
Increase in costs of natural disasters as share of cumulative GDP between the 1980s and 2020s

Decade-low margins amid inflation signal financial vulnerability in supply chains
Global manufacturing firms' average net income margin (%)

US, UK, EU:
Corporate insolvencies have risen for three consecutive years — the first such sustained increase since the global financial crisis — driven by persistent inflation and high interest rates

The financial impact of supply chain disruptions is likely to grow

$14.5 trillion
Estimated global economic impact over five years of a future major geopolitical conflict scenario with invaded territory

$25 trillion
Estimated net cumulative GDP losses from natural hazard disruptions to global supply chains by 2060

20%–30%
Potential losses to annual earnings from shocks like wars, pandemics, and natural hazards

Four years ago, the COVID-19 pandemic exposed the physical frailties of global supply chains.

Today they stand at the frontline of global disruption, with geopolitical developments forcing full-scale strategic realignments.

Wars, economic sanctions, a growing threat of tariffs, and muscular industrial policies around the world are putting more strain on supply chains today than they have felt in decades. Some 59% of CEOs of New York Stock Exchange-listed companies surveyed by the Oliver Wyman Forum in 2024 said they plan to de-risk their supply chains within two years. Many have already felt the impact of unforeseen disruptions from suppliers several steps upstream. Our analysis of Marsh McLennan clients shows that 65% of companies have a critical bottleneck somewhere in their supply chain network.

Companies in the years ahead will increasingly find that they are managing not just their own operations but also an expanding ecosystem of interdependencies. As disruptions intensify, regulatory and reputational pressures around sustainability, human rights, and other issues are also increasing.

But supply chains are no longer a Pandora's box. The advent of breakthrough technology is enabling deep insight and agile oversight. As a result, business leaders can cut in half the sales they lose to disruptions at supply chokepoints.

A new era

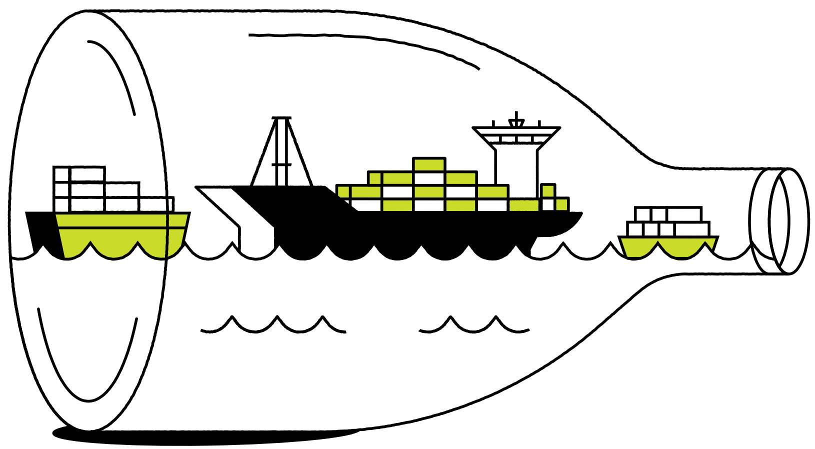
Decades of rapid globalization, lost manufacturing capacity in most high-income economies, and extensive outsourcing have created critical dependencies. Asia now accounts for 82% of global semiconductor fabrication capacity, according to multiple industry reports, as well as more than 60% of active pharmaceutical ingredients production, according to European Fine Chemicals Group.

China's dominance is particularly stark; it produces three-quarters of all lithium-ion batteries for electric vehicles and controls three-quarters of global lithium refining capacity, according to S&P Global.

Dependencies like these expose companies to disruption as the risk landscape changes, and companies are already taking steps to respond, resulting in major trade flow swings. For example, many multinationals are adopting "China plus one" strategies to mitigate geopolitical and economic risks. This shift is already gaining momentum: 2023 USAFacts data show that China lost its position as the United States' top trade partner to Mexico, while EU Eurostat data show that China's share of EU imports has declined since 2020 as India and Turkey have gained ground.

Alternative manufacturing hubs

Since reshoring has still been the exception — only 16% of CEOs of NYSE-listed companies planned to re-shore their supply chains domestically as of 2024 — a new group of manufacturing alternatives has emerged across Asia, Latin America, and the Middle East. These countries offer sufficiently developed infrastructure, attractive incentives, and strategic geographic locations with reduced exposure to trade conflicts.



Their share of global greenfield foreign direct investment, based on FDI Markets data, grew from 26% in 2019 to 32% in 2023, allowing them to expand their manufacturing base. Some of our clients have achieved improvements of three to five percentage points in earnings before interest, taxes, depreciation, and amortization (EBITDA) after thoughtful transition to lower-cost locations like Vietnam.

However, this diversification comes with complexities. Chinese firms are also de-risking — mainly, from tariffs — and ramping up investments in the same alternative locations, which could lengthen supply chains without diminishing Western reliance on China's manufacturing.

Corporate efforts to rewire supply chains often fall short due to limited upstream visibility. Most companies are oblivious to who their suppliers' suppliers are, which means the true dependencies and risks remain unknown. When we analyzed a sample of Marsh McLennan clients, we found that dependency on China grew up to 150 times when we extended the analysis to second- and third-tier suppliers.

Many categories of shocks

Resource scarcity and concentration present an emerging challenge, often exacerbated by geopolitics. In December 2024, Beijing banned exports of a set of critical minerals to the United States following Washington's new chip export controls, potentially reducing US GDP by $3.4 billion based on the US Geological Survey.

> It is time for leaders to regain control over the risks they never knew they always had.

The number of water-related conflicts has surged by 25% in the past five years compared to the previous decade, with one in five companies now facing water-related supply chain risks worth at least $77 billion, according to the Pacific Institute.

Beyond mitigating geographic concentration, companies could face an array of shocks from wars, targeted attacks, pandemics, and climate change that could wipe out large percentages of yearly earnings in many industries. The 2023 Houthi attacks on Red Sea shipping led to a fourfold increase in global shipping costs within six months. A 2021 drought in Taiwan forced TSMC to reduce water usage, triggering a semiconductor shortage that cost automakers $210 billion in revenue.

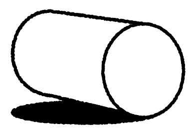
Making matters worse, supply chain insurance remains scarce due to limited transparency, making it difficult to assess and price risk effectively. Accurately modeling risk requires detailed asset data to understand specific sites' importance, replaceability, and downstream dependencies.

The path forward

Today's supply chains have unprecedented vulnerabilities, even for companies that only operate domestically. Faraway floods, earthquakes, and conflicts affecting seemingly innocuous subcomponents have dominoed into major product interruptions. Traditional supply chain mapping methods, which rely on costly manual processes and supplier disclosures, make crises look unmanageable.

However, this no longer has to be a game of whack-a-mole. Breakthroughs in harnessing technologies like geospacial intelligence and network mapping AI provide companies with more tools than ever before. Businesses can now trace connections beyond direct suppliers and understand how risks flow through their networks. Leading companies are scaling this technology to anticipate what is coming and then optimize how to absorb shocks when they happen — including building focused risk programs with innovative insurance approaches. This requires disciplined preparation coupled with a willingness and ability to make quick decisions.

Rewiring supply chains for the modern era requires this combination of technology, expertise, and organizational realignment, which allows companies to start regaining control of the risks they never knew they always had.



Recalibrating Regulation For Sustainable Growth

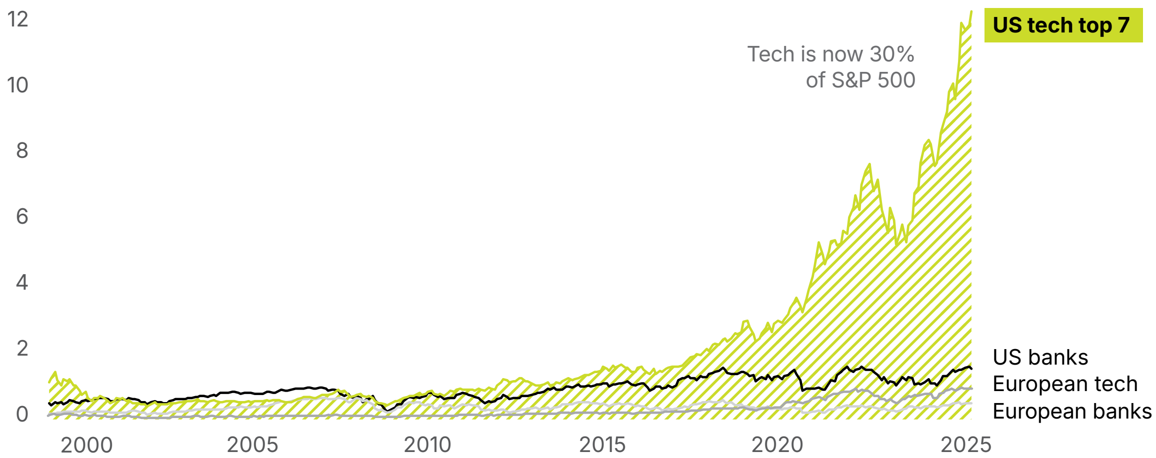
As officials rethink regulation, the experiences of two sectors suggest a new path forward.

Lisa Quest and Huw van Steenis

Recalibrating Regulation For Sustainable Growth

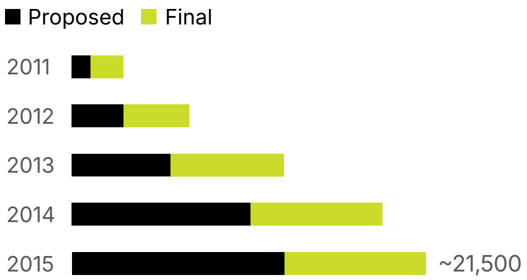
Contrasting the regulatory experiences of technology and financial services

Comparing US tech to banking and EU tech
Market capitalization, top 7 companies by sector, $ trillion



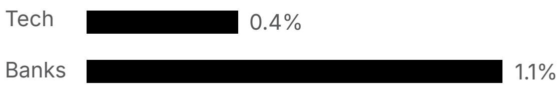
Banking is at the forefront of regulation

Total pages of rules published since the Dodd-Frank financial overhaul



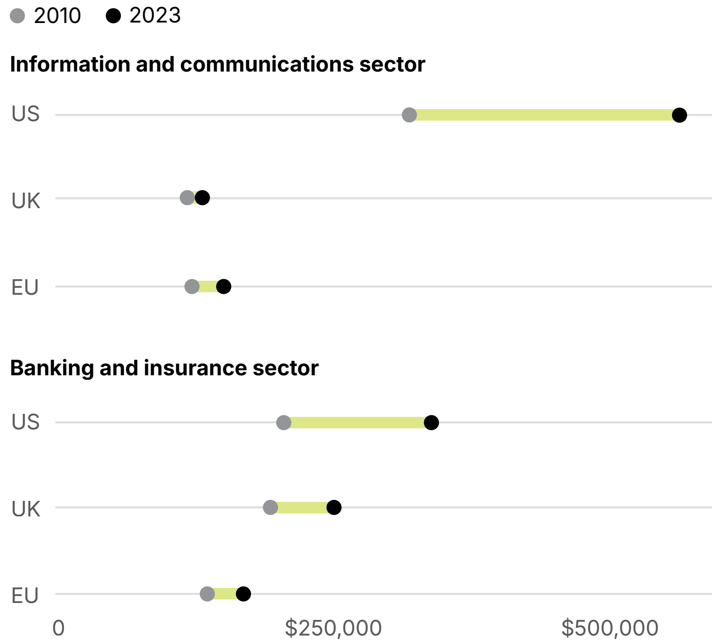
Compliance costs
as % of operating costs

Fines assessed
as % of revenue

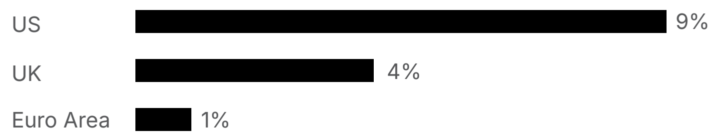


Recalibrate, don't deregulate

Regulation is among key inputs to productivity
Labor productivity, US dollars per worker, current prices

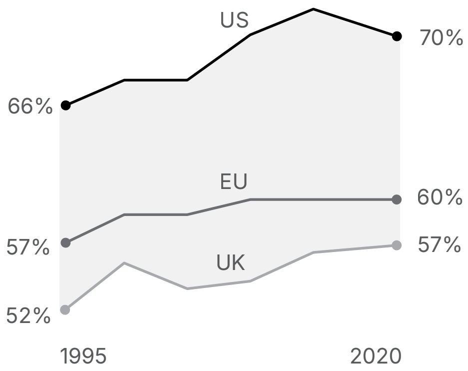


Country labor productivity
Cumulative increase since 2015

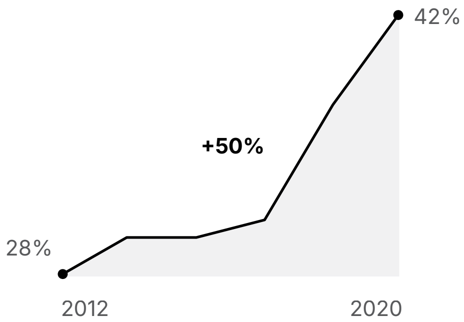


Impacts of too little regulation

Inequality
Share of total household wealth owned by top 10%

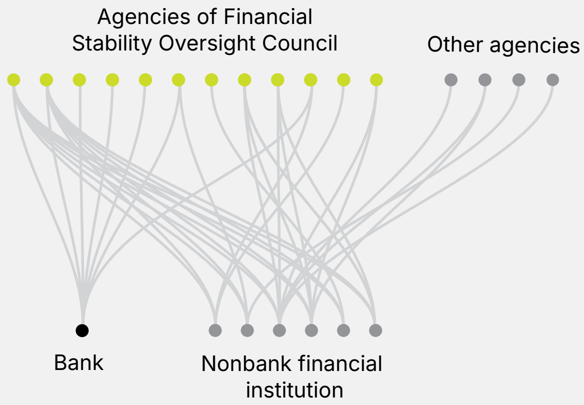


Mental harm
Teens feeling persistent sadness or hopelessness

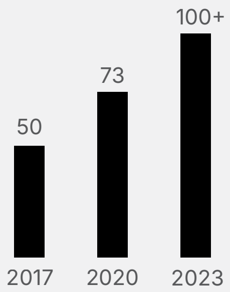


How to recalibrate

Streamline agency overlap
Regulatory relationships between US agencies and financial sector



Support innovation with safeguards
Total number of regulatory sandboxes globally



50%
increase in likelihood to raise capital for participating firms

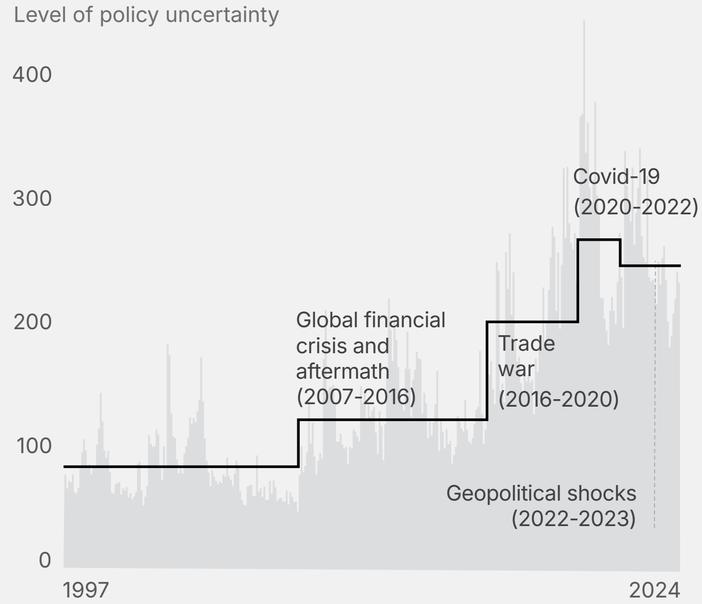
Increase effectiveness through technology
From Oliver Wyman survey of oversight bodies

10%
have invested in and leverage AI

35%
lack organizational readiness for AI

37%
believe AI will drive the most important changes to operations

Provide predictability amid uncertainty
Global Economic Policy Uncertainty Index, average within period



As officials in major economies rethink regulation, the experiences of two sectors show downsides of traditional approaches.

There is a third way that can help governments break the decades-long cycle of crisis and overcorrection.

In financial services, red tape and lack of coordination are stifling innovation and expansion of banking services. Regulators, in pursuing stability, have gone granular on everything from product design requirements to rules on pricing models and even board composition. Detailed requirements are sometimes necessary, but too often they turn into micromanagement that adds costs and makes it more difficult for banks to meet evolving customer needs. Oliver Wyman research shows that banks now allocate 10% to 15% of their cost base to regulatory compliance alone.

It might be tempting to conclude that deregulation is the solution. But the technology sector shows that while unfettered markets can deliver unprecedented innovation, it sometimes comes at the cost of exacerbating societal problems, from large-scale data breaches to negative impacts on mental health and democratic discourse.

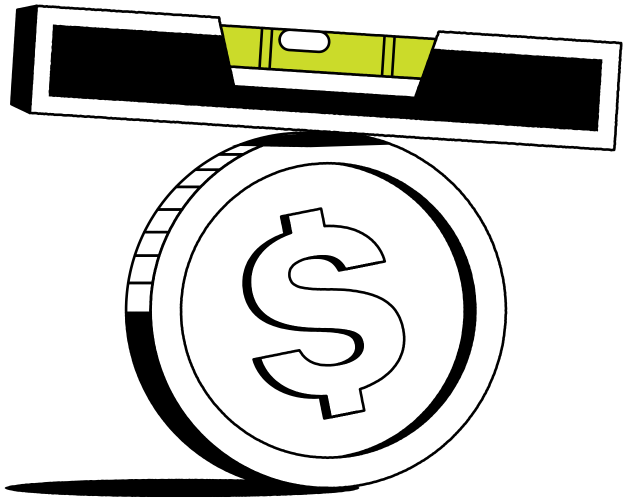
For both, recalibration is the answer — to promote innovation and competitiveness while ensuring broader societal resilience.

Finding the right balance

Business regulation stands at a crossroads in 2025, with many major economies reassessing their approaches to market oversight in the wake of national elections. The debate itself isn't new; global markets have repeatedly cycled through exuberance and crisis over the years, while regulatory response is uneven — sometimes overcorrecting while simultaneously underregulating across different industries.

Regional differences can magnify these imbalances. The United States' relatively lighter touch to regulation outside of banking has contributed to higher labor productivity — exceeding the Euro Area in cumulative growth from 2015 to 2023 by 8 percentage points, according to the Organization for Economic Cooperation and Development — but at the cost of widening social disparities. While European workers enjoy greater protections and more equitable income distribution, American workers face greater income volatility and workplace uncertainty.

As artificial intelligence is set to accelerate change across sectors, the next decade presents a unique opportunity to rebalance regulation and growth. With over 60% of firms in major economies citing regulatory barriers to investment, according to a report by the European Investment Bank Group, capital remains sidelined. Yet the next decade's technological transformation demands a new approach.



Proportionate regulation can create a positive flywheel: Appropriate oversight builds confidence, enables investments via industrial policy, and drives growth by scaling what's working. To succeed, regulators need both robust oversight tools and the flexibility to adapt as technologies mature.

High-stakes industries show how this balance can work. Aviation's careful, incremental adoption of autopilot technology, for example, demonstrates that even safety-critical sectors can embrace innovation without compromising standards. The key is matching oversight to risk — avoiding both the excessive prescriptiveness experienced in financial services and the delayed guardrails evident in technology.

How to recalibrate

Implementing a balanced regulatory approach requires streamlining complex webs of oversight bodies while preserving their essential functions. Beyond sector-specific regulators, many firms also must navigate horizontal oversight bodies, from competition authorities to environmental regulators, each with crucial public policy objectives but often with uncoordinated approaches to data collection and compliance. This fragmentation not only increases costs but can reduce policy effectiveness by creating blind spots between agencies and overwhelming firms with overlapping requirements.

The momentum toward increased growth and productivity through more efficient regulation creates an opening for a more balanced approach.

Innovation-enabling frameworks can help regulators stay ahead of market evolution while maintaining appropriate safeguards. Regulatory sandboxes, which allow companies to test products without full oversight, are one proven model. Since the UK Financial Conduct Authority launched the first one in 2016, more than 100 have been implemented globally. The results are compelling: Participating firms become 50% more likely to raise capital, according to a 2020 Bank for International Settlements working paper, while regulators gain vital insights to refine their approach.

Effective regulation provides predictable responsiveness to unpredictability. When unexpected challenges arise — from pandemics to technology — firms benefit from predictability in regulatory response and adaptation. One study found that policy uncertainty during the global financial crisis accounted for roughly one-third of declined capital investments. Crises are challenging because they unfold unpredictably, so it's impossible to provide complete certainty. But governments can standardize assessment timelines for different risk levels, create transparent decision frameworks that prevent overreaction to minor incidents, and coordinate surge capacity for genuine crises.

The effectiveness of regulatory frameworks ultimately depends on the sophistication and efficiency of their implementation. By investing in modern systems, governments can more efficiently collect, analyze, and leverage data. However, many public agencies still struggle with legacy systems and incompatible hardware. A recent Oliver Wyman survey revealed that while AI transformation tops five-year priority lists, fewer than 10% of oversight bodies have deployed AI solutions, and more than one-third acknowledge a lack of organizational readiness. The public sector should only use systems that are battle-tested at scale, as the Australian Stock Exchange's AU$250 million ($170 million) write-off on an unproven blockchain system shows.

The momentum toward increased growth and productivity through more efficient regulation — reflected in American political discourse and European initiatives like the Draghi report — creates an opening for a more balanced approach. Neither complete freedom nor comprehensive control serve economies well. Success lies in matching oversight to risk, aligning it with strategic priorities, and building systematic capabilities for emerging challenges. Striking this balance may well determine the next century of economic progress.

Solving The Demographic Dilemma

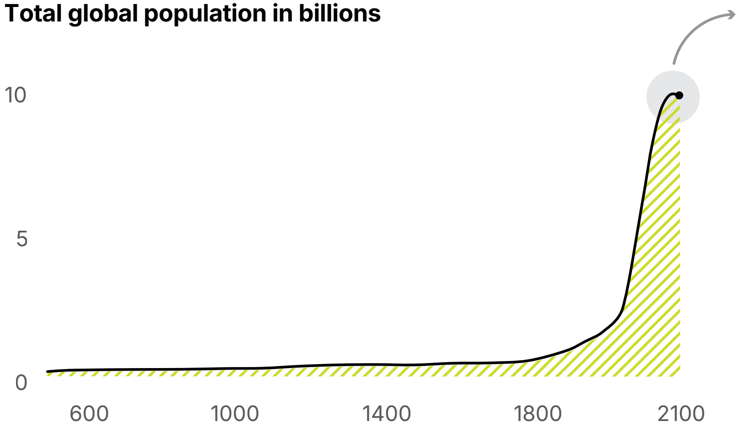
Aging populations and technological breakthroughs
are creating challenges and opportunities for global leaders.

Michael Poulos

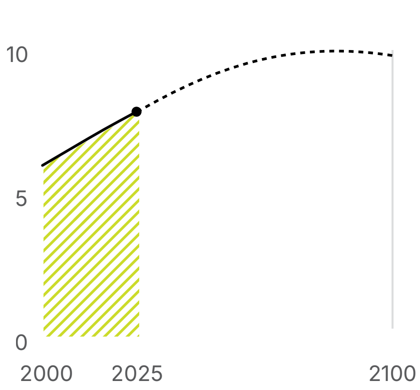
Solving The Demographic Dilemma

For the first time in history, population will decline voluntarily

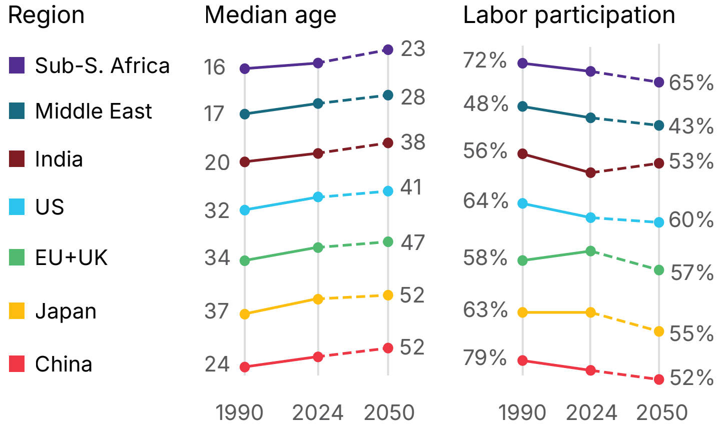
Total global population in billions



Projection for 2100



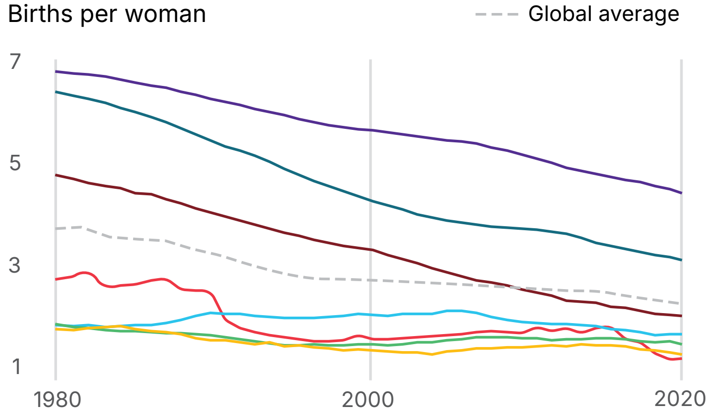
The world is getting older while labor force participation rates are generally decreasing



Fertility rates are converging globally to sub-replacement levels

Fertility rates

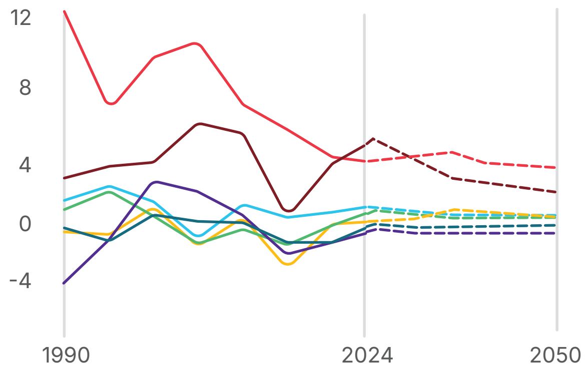
Births per woman



Slowing workforce and worker productivity growth pose a double threat

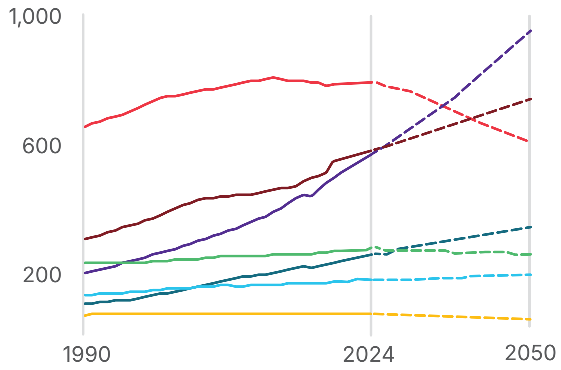
GDP per worker CAGR

Rolling 5 year rate, in %



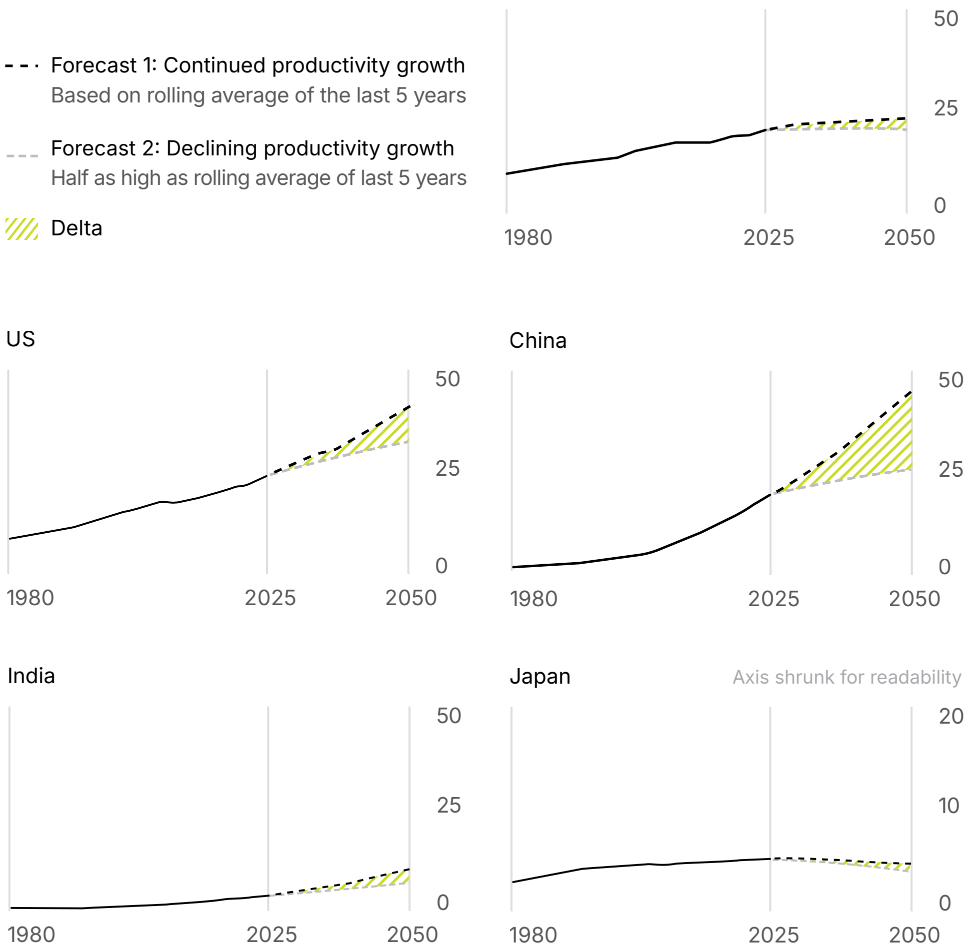
Labor force

Number of workers, in millions



Nations’ economic futures will be determined by their responses to demographic change

Total GDP forecasts
Real, constant prices, $ trillion



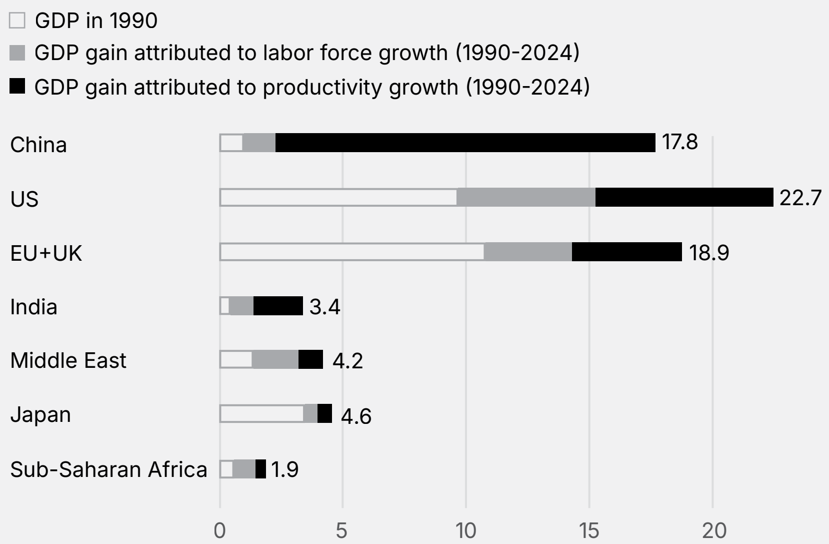
Solving the care crisis could unlock millions of potential workers globally

1 in 5
employees have left a previous job or are job-seeking due to family caretaking or illnesses

44%
of employees have individuals relying on them for care, with 30% of those employees specifically caring for parents

3x
as much unpaid care work is carried out by women than men

A focus on productivity gains can fill the workforce gap, as China's past growth has shown possible — though it is hard to sustain
Total 2024 GDP by country and region, 2015 dollars ($ trillion)



A basic axiom of economics is that the amount of goods and services a society can generate is a product of the number of workers multiplied by the productivity per worker.

Strong growth in both factors has driven an unprecedented surge in human prosperity since the Industrial Revolution began in England nearly three centuries ago. Now it is all about to change.

The demographic engine is slowing dramatically around the world. The worker boom powered by the 20th century's high birth rates, advances in public health, and increasing female labor force participation is decelerating and reversing over most of the planet.

The most profound change is the aging of societies driven by the historically sudden voluntary drop in global fertility. The average fertility rate in Organization for Economic Cooperation and Development countries fell from 3.3 children per woman in 1960 to 1.5 in 2022, according to OECD data. That's below the 2.1 needed to maintain a steady population (absent migration), known to demographers as the replacement level. China's fertility rate is even lower; its population, like Japan's, has already begun to fall and is rapidly aging. On current trends, total global population will be falling before the end of the century.

The implications for policymakers and executives are enormous. As population growth slows and reverses, companies and countries will need to better use their human capital and accelerate productivity if they hope to maintain healthy growth. Their relative ability to meet this challenge will be one of the strongest determinants of the balance of power in global economies.

Historical growth drivers

In most regions, economic expansion over the past 35 years has been driven nearly as much by labor force growth as by productivity increases. The major outlier has been China. Investing heavily in education and export-driven industrialization, China derived an astounding 92% of its growth from productivity gains, according to Oliver Wyman Forum analysis. While the country's labor force has expanded by only about 20% since 1990 (well below the global average), worker productivity increased by a factor of 14.5.

> **Where can countries and companies look for tomorrow's growth? Let's start with humans.**

For perspective, if India had been able to match China's productivity growth over this timeframe, its GDP would be three and a half times larger than it is today.

Can China continue at this pace? As manufacturing supply chains diversify and trade tensions increase, China will need to make the transition to a more balanced, domestic consumption-driven economy, even while facing fierce demographic headwinds. Projections that China will become the world's largest economy are predicated on continued per-worker productivity growing at two and a half to three times the US rate through 2050. Just how sustainable that outperformance will be remains an open question.

The productivity imperative

Looking out over the next 25 years, we know that the pool of potential workers will both age and grow more slowly overall. National pro-natalist policies have met with little if any success where they have been tried. And even if birth rates were to double tomorrow, they would not supply workers for two decades.

Aging will put downward pressure on labor force participation, but this can be mitigated by innovation and policy at both the company and national level. Productivity growth is by far the greatest variable, with massive implications for potential growth outcomes.

Following the demographics

Companies and policymakers need to account for aging and smaller populations to encourage broader participation and longer working lives. Governments will need to provide incentives for workers to stay active longer if they are to have any hope of maintaining pay-as-you-go pension systems. This is particularly crucial given that one in five employees globally have already left their previous jobs or are currently job-seeking due to family caretaking responsibilities or illnesses, according to Oliver Wyman Forum surveys.

Companies should focus on keeping the growing cohort of aging workers active via retraining and flexible working arrangements, on the model of efforts in recent decades to make the workplace more hospitable to working parents. Companies and governments will need to account for the care burden of the growing very old (age 80+) population, with recent Oliver Wyman Forum data showing that 44% of employees have individuals relying on them for care, including 30% caring for aging or disabled parents. This burden is disproportionately carried by women, who perform three times as much unpaid care work as men, significantly limiting their working potential.

Both countries and companies will increasingly compete for increasingly scarce workers. Countries that can attract immigrants and integrate them productively will be at a distinct advantage. Companies can build advantage both by facilitating new arrivals through visa support and other means, and by leveraging technology and global networks to access offshore talent.

Solve for productivity

The most powerful potential force to overcome the demographics shortfall will be increasing per-worker productivity. The priority for governments must be to minimize the barriers to innovation and capital formation via tax, regulation, and trade policy. Companies, which perennially have focused on worker productivity, will need to redouble efforts.

The AI revolution holds promise to augment workers' skills, including helping medical professionals diagnose conditions, automating routine tasks to free up staff for higher-value activities, and enabling new roles that combine human insight with technological capabilities, like AI trainers. Such efforts are in their infancy, but they are already underway in sectors facing labor shortages.

The greatest imperative will be to develop human capital. This is critical globally, but especially so in developing regions. In two of the largest and youngest parts of the world, India and sub-Saharan Africa, a quarter or more of the population is illiterate and a sizable percentage lack even basic academic skills, putting a low ceiling on productivity. Leveraging technology and connectivity into effective, massively scalable education would be a boon to billions.

Why Companies Must Focus On Customer Needs

As loyalty collapses and markets fragment, trillion-dollar opportunities await those who crack the code.

Rick Chavez, Christine Astorino, Amy Lasater-Wille, and Lucia Uribe

Why Companies Must Focus On Customer Needs

Customers globally are less loyal, harder to acquire, and feel like their needs are deeply unmet in this new landscape

More expensive to acquire

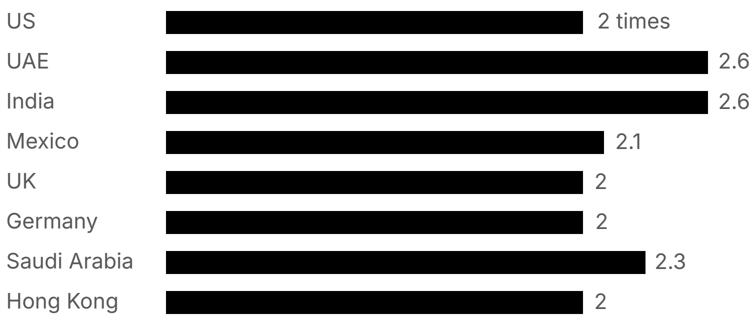
2014-2024 global ad spend

Feel neglected

% who feel overlooked in marketing and advertising

More disloyal

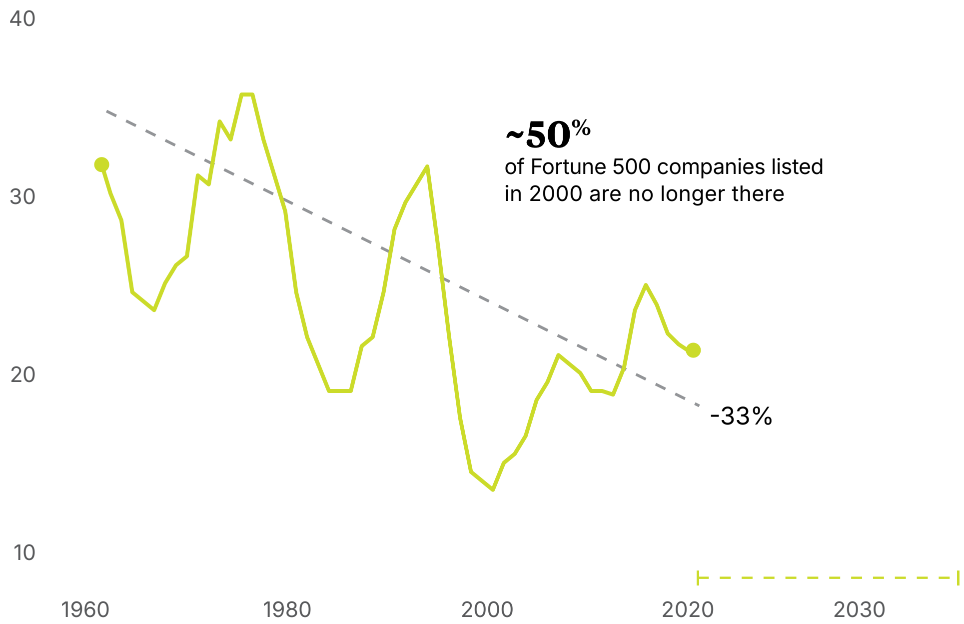
Average number of times customers switched from their “favorite” brands in any given category in a year



62% would switch brands after a single poor experience

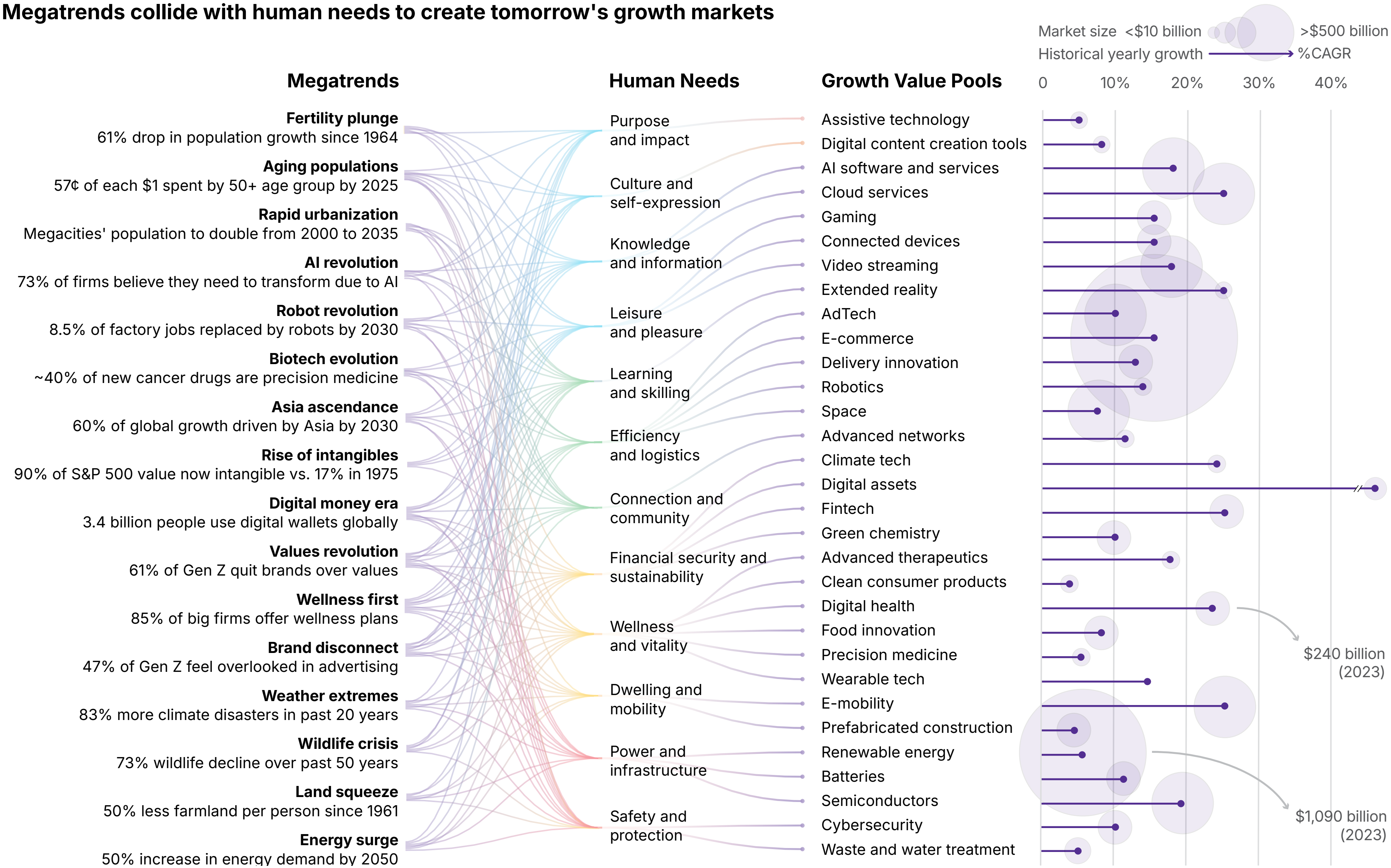
Today's market leaders face a short window for survival

Average S&P 500 tenure over time (years)

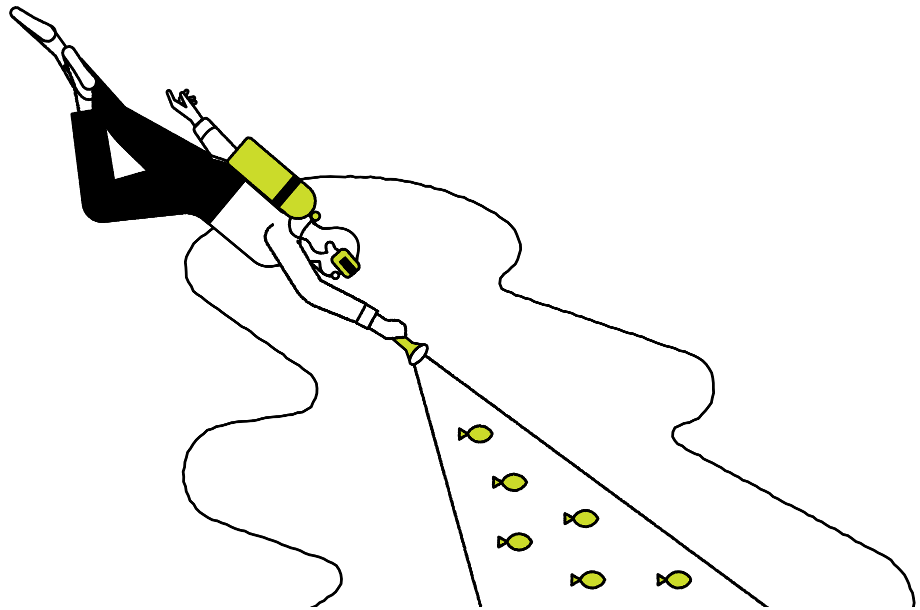


45% of current S&P 500 companies today are estimated to not be in the index 10 years from now

Megatrends collide with human needs to create tomorrow's growth markets



Today's customers are sending a wake-up call to businesses worldwide: You don't get me.



Nearly one in two customers across all generations feels overlooked by the companies seeking to serve them, according to Oliver Wyman Forum surveys. The erosion of loyalty is equally dramatic: 62% of customers will switch brands after a single poor experience, and customers in leading economies are switching their favorite brands two or more times a year.

Such rapid churn can be costly. The investment required to reach increasingly elusive customers has increased, with global advertising spend doubling from $500 billion to $1 trillion in just a decade, according to estimates from the World Advertising Research Center.

This challenging customer landscape coincides with — and may be contributing to — an era of accelerating corporate turnover. The average tenure of a company in the S&P 500 has declined by 33% since 1960, and nearly 50% of Fortune 500 companies in 2000 are no longer on that list today because they had weak revenue performance, were acquired, or went bankrupt. Even more sobering: 45% of current S&P 500 companies may face similar challenges within the next decade, according to an Oliver Wyman analysis.

The new demand drivers

Behind these shifts lies a powerful convergence of customer and technology megatrends that's changing the nature and drivers of market behavior. Population patterns are reshaping demand — by 2025, 57 cents of every dollar will be spent by those over 50. Population of megacities is set to nearly double from 2000 to 2035.

The revolution in artificial intelligence is driving wholesale change. Nearly three-quarters of companies believe they will need fundamental transformation in the next three to five years just to remain competitive.

This technological shift extends beyond AI. Consider how a leading industrial manufacturer achieved 32% productivity gains by implementing augmented reality solutions — reducing task completion time, minimizing operational errors, and enabling workers to access expert guidance on demand. The potential is set to grow even further as organizations begin exploring AI-enabled conversational interfaces with AR, allowing workers to receive intelligent, contextual guidance for complex tasks through natural dialogue.

Meanwhile, market dynamics have shifted substantially, with the value of physical assets like land, inventory, and equipment shrinking to just 10% of S&P 500 value while intangible assets such as patents, trademarks, and software now comprise the remaining 90% — up dramatically from 17% in 1975. Environmental pressures are mounting, with an 83% increase in climate-related disasters reshaping priorities and possibilities.

Time for a shift of mindset

In light of these forces, many organizations have to reconceptualize how they view themselves and their markets. Instead of defining themselves by what they make or sell, leaders should ask what needs they serve. And let's be clear about what we mean by "needs." We're talking about problems where there's real customer value at stake; where customers or groups have clearly signaled they're genuinely motivated to make progress.

These needs-based markets — enduring spaces centered on fundamental needs like health, security, productivity, and connection — span individuals, organizations, and nations. They remain relatively constant over time even as the ways to fulfill them continually evolve. This shift in perspective, from "what we make" to "what needs we serve," becomes critical as organizations seek to bridge the growing gap between customer expectations and current offerings.

These converging forces are challenging traditional product-oriented thinking in unexpected ways. Consider how AI and demographic shifts are transforming healthcare delivery. Aging populations and younger generations want personalized care delivered on their terms, while AI enables precision medicine and digital delivery — making traditional one-size-fits-all healthcare products increasingly outdated. Already some 40% of new oncology drugs now emerge as precision therapies.

This pattern repeats across markets. It suggests companies can create more value by starting with a deep understanding of how converging forces are reshaping customer needs, rather than focusing on pushing existing products to market. A needs-based perspective provides a more effective lens for navigating these intersecting forces and identifying emerging opportunities.

> **Shifting perspective from "what we make" to "what needs we serve" becomes critical as organizations seek to bridge the growing gap between customer expectations and current offerings.**

Shaping and capturing new opportunities

There is a silver lining to these disruptive shifts. While traditional markets struggle, visionary organizations are discovering valuable opportunities in growth value pools — emerging opportunities where strong customer demand meets evolving capabilities.

Two sets of industries show how major market opportunities emerge when transformative forces intersect with fundamental customer needs. In wellness and vitality, the collision of aging populations, biotech revolution, and AI advancement is creating high-growth opportunities in digital health ($240 billion in annual global revenue, 23% annual growth in the past three years) and precision medicine ($80 billion, 6.4% growth). Similarly, in power and infrastructure, the intersection of surging energy demand and climate destabilization is driving explosive growth in renewable energy ($1.1 trillion, 7.4% growth) and climate technology ($20 billion, 24% growth).

Success depends on thoughtful timing and approaches. Each opportunity evolves through distinct phases from early experimentation to acceleration and, eventually, maturity. There is no single, "correct" route. Some companies choose to shape markets early, building strong partnerships to capture first-mover advantages. Others find success as fast followers, focusing on specific segments or capabilities where they can create distinctive value as business models mature. This strategic approach should reflect how organizations choose to compete, whether by reshaping value chains, solving specific customer challenges, or building foundational capabilities for others. Each path requires different organizational capabilities and approaches to execution.

Whatever the approach, the opportunity is clear. Companies that embrace this mindset shift and work to understand and meet customer needs in new ways can create breakthrough solutions that reshape entire industries. The potential upside is dramatic: Trillions of dollars' worth of value creation await those who can effectively transform their approach to customers.

Unlocking
The Value Of AI

The winners will be those who understand their organizational strengths and relentlessly double down on investment.

Jad Haddad and Ana Kreacic

Unlocking The Value Of AI

The Magnificent AI Eight

From the United States' AI innovation to China's gallium export controls and the Middle East's burgeoning investments in AI, nations are doubling down on the AI race

Produces 98% of the world's gallium, a critical semiconductor mineral

Home to roughly 70% of advanced chip foundry capacity

Government developed advanced AI model Falcon 2, comparable to Meta's Llama 3

Produced more than double the number of large-scale models than any other country

Second-highest number of AI patents per capita in the world

Rank	The top AI powerhouses	Infrastructure and resources	Government promotion	Innovation ecosystem
	Strongest players in the global AI race (highest overall score)	Computational capacity, energy capacity and cost, and access to critical inputs (advanced chips, minerals)	Existence of an AI strategy and promotion of AI investment	Patents, private AI invest-ment, # of foundational AI models, publication quality, and # of startups
1st	US	China	China	US
2nd	China	US	Singapore	China
3rd	South Korea	Taiwan, China	UAE	UK
4th	UK	Japan	Saudi Arabia	South Korea
5th	Canada	Canada	Finland	Israel
6th	Germany	Australia	US	France
7th	Japan	Brazil	South Korea	Germany
8th	France	India	France	Canada

The Top 8 AI Up-And-Comers

(unranked, alphabetical)

Strategic initiatives, scientific productivity, and funding

- Finland
- Ireland
- Israel
- Japan
- Saudi Arabia
- Singapore
- Taiwan, China
- UAE

Samsung is investing $228 billion into the world's largest semiconductor research center

First country to adopt a national AI strategy

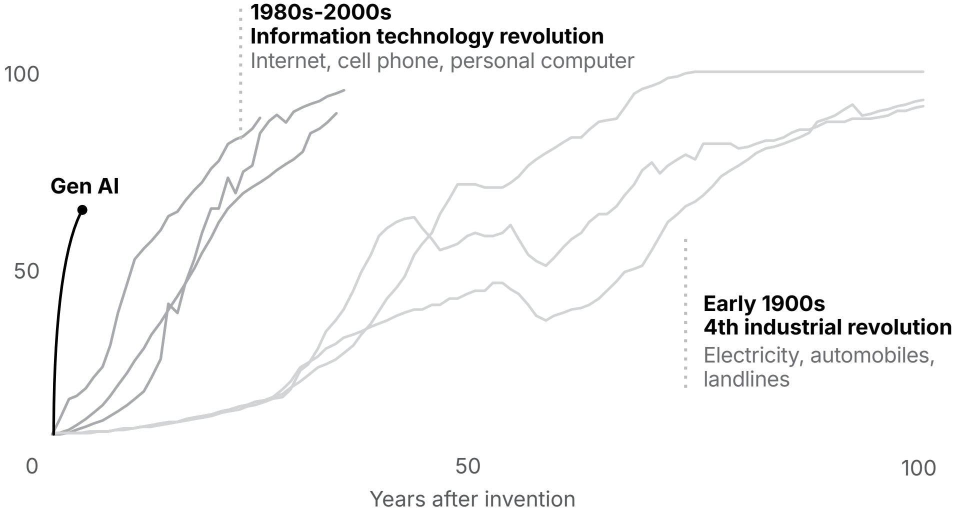
Energy costs are half those in the US, boosting operational edge

270 AI startups founded since 2022, second highest globally

Third-highest data center capacity in the world

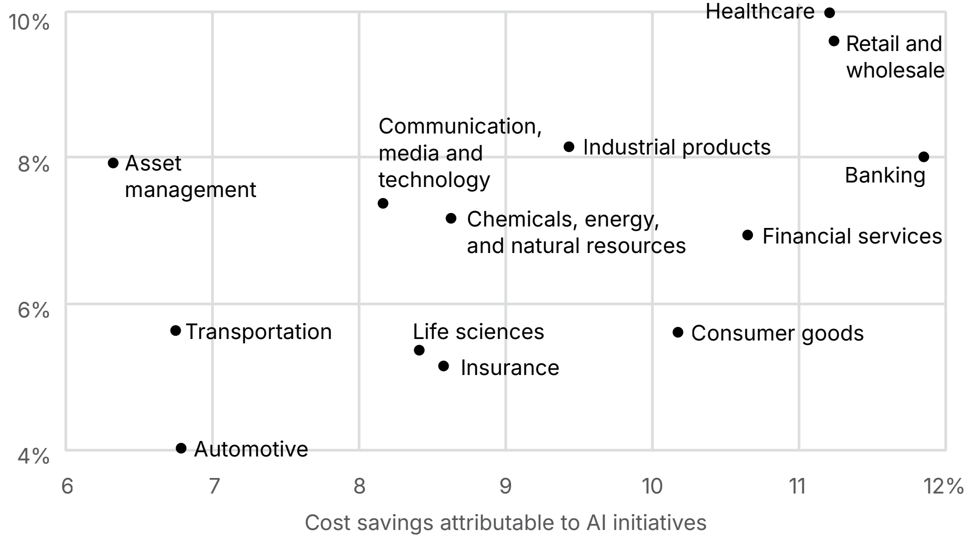
The pace of AI adoption outstrips previous technological revolutions, forcing faster adaptation

% adoption



Already, industries are splitting into AI cost champions and revenue pioneers, with some exceptional players capturing both

Revenue growth attributable to AI initiatives



Pick your AI transformation archetype: The only wrong answer is not moving forward

	Measured Builders	Focus and Scale Transformers	Systematic Transformers	All-In Innovators
	Risk-forward enterprises modernizing within stricter regulatory frameworks. Typically many traditional banks, healthcare providers, international insurers.	Agile specialists capturing high-value segments of established value chains. Typically industry-specific AI firms, fintech startups, specialized enterprise software providers.	Major players whose core business relies on extensive partner networks and dependencies. Typically global professional services firms, financial market infrastructure firms, retailers.	Tech-native companies with advanced AI capabilities and substantial resources. Typically global tech leaders and cloud firms, established AI infrastructure firms, major tech-forward banks, consumer electronics innovators.
Approximate % of organizations today	46%	31%	12%	11%
Transformation Speed	↓ Slower	↑ Faster	↓ Slower	↑ Faster
Transformation Scope	↓ Narrower	↓ Narrower	↑ Broader	↑ Broader

The artificial intelligence era is entering its second act: when hype meets reality.

Enthusiasm over the technology continues to build, both in the popular imagination and in financial markets, especially in the US. But a sense of unfulfilled promise is also beginning to set in. While 97% of organizations recognize the value of AI and have used it as a strategic lever for transformation, only 17% have found that their investments in AI have exceeded expectations, according to an Oliver Wyman survey of 300 global firms.

That is frustrating considering AI's massive potential to help companies simultaneously become more efficient and seize growth opportunities at a time of tremendous global change.

To tap AI's full potential to drive productivity and revenue, companies first need to understand how the landscape is evolving across three dimensions: the geopolitical, the industrial, and the organizational. Those that figure out their place across all three will be best positioned to reap the benefits of AI over the next few years. While there is no single, all-encompassing solution, there is a possible path for everyone.

Navigating the global dimension

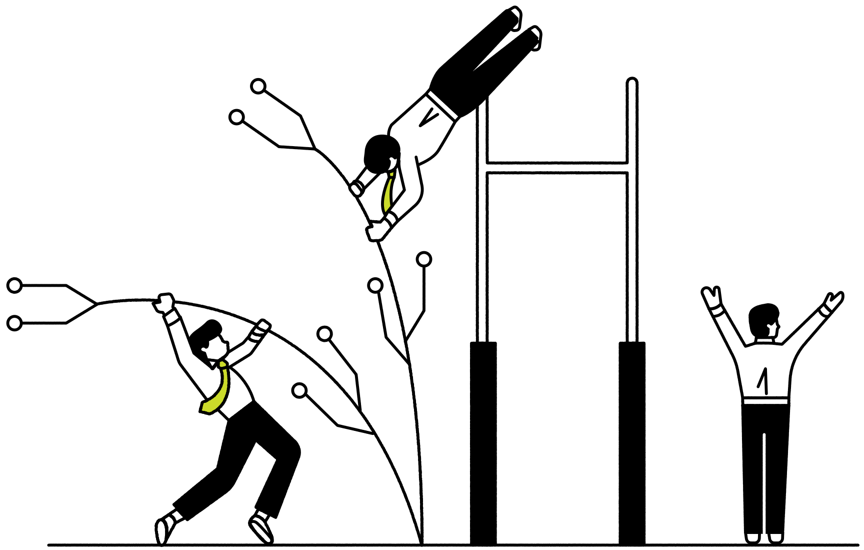
Understanding AI requires a global perspective and an understanding of who is leading and why. A clear set of winners is emerging, according to the Oliver Wyman Forum AI Index, which ranks countries by their readiness for an AI-driven future across over a dozen metrics. The United States is at the forefront, with enormous data center capacity and eight times the private funding and startup density of second-place China, which leads in infrastructure and scientific output, holding nearly half of all global AI patents.

Other nations in the Magnificent Eight excel through specialization: South Korea leverages semiconductor prowess, the United Kingdom shows strength in private funding and start-ups, while Canada's renewable energy capacity and research excellence and Germany's combined startup ecosystem and patent development secure their positions among the leaders. Emerging players like Saudi Arabia, benefitting from low-cost electricity and a Google partnership, and Singapore, leading in per capita AI publications and investment, are gaining ground.

As geopolitical competition intensifies, organizations must navigate emerging blocs of influence strategically — especially if they can't continue to remain neutral and play all sides. So far that has been a challenge, but companies that follow the right road will position themselves for success.

Spotting industry trends

Our research shows that different industries are emphasizing varied combinations of efficiency gains and



revenue growth, with leaders emerging through distinct approaches tailored to their specific contexts and capabilities.

The healthcare sector is one early standout, with more than 11% in average cost savings and 10% in revenue growth. This success reflects careful expansion of proven use cases, particularly in areas targeting operational efficiency — for example, AI-powered medical coding and documentation systems that improve revenue cycle productivity while reducing administrative burden.

Banks are another early success story, with nearly 12% in cost savings and 8% in revenue growth through AI initiatives in 2024, according to an Oliver Wyman global survey. Their data infrastructure and experience with machine learning for risk assessment and fraud detection is a key driver, reflecting long-term strategic AI investments, in some cases spanning over a decade.

The good news is that we are still in the early stages of AI value capture across all industries. Organizations in every sector that develop systematic approaches to identifying and scaling proven use cases can position themselves to generate significant value from this technology.

Setting organizational strategy

Beyond industry dynamics, companies of different scales face distinct advantages in their AI journey. Startups excel at breaking down enterprise-scale projects into lightweight "AI as a microservice" components, while small-cap companies focus on targeted, high-impact use cases with clear return-on-investment thresholds. Large enterprises can typically leverage their substantial computing resources, massive proprietary datasets, and ability to make significant sustained investments in AI infrastructure and talent. CEOs of large firms are much more likely to be investing heavily in AI with the aim of becoming a market leader than smaller companies, according to an Oliver Wyman Forum/New York Stock Exchange survey of CEOs of publicly listed companies.

Different organizations need different approaches to AI transformation, and success hinges on understanding which is right and why. Four corporate archetypes are emerging that show how extensively and how quickly AI is being implemented across business.

About 11% of companies are all in, according to Oliver Wyman surveys, pursuing rapid enterprise-wide AI transformations. Most are tech companies in the US and China, enabled by modern infrastructure and substantial investment capacity.

The largest group of organizations, at about 46%, are implementing AI selectively, particularly in regulated industries or those with legacy systems. This approach allows them to carefully validate AI's impact in controlled environments, minimize disruption to critical operations, and build internal capability before scaling.

Almost a third of companies are pursuing rapid but targeted transformation in select parts of their business where impact will be highest, typically chosen for quick wins and clear returns.

About 12% of organizations are undergoing broad but gradual transformation. These are often established market leaders with extensive business partnerships. They are systematically integrating AI across their entire business network, recognizing that lasting change requires bringing their whole ecosystem along.

There is no right or wrong answer. Companies that understand their organizational context — from their technology infrastructure to their regulatory environment to their competitive dynamics — can select and adapt their approach accordingly. The key is not the speed or scope of implementation but rather ensuring the chosen path reflects capabilities and constraints and can maintain momentum.

Fortune favors the tenacious

History suggests that transformative technologies build slowly before taking off, with productivity gains surging once adoption hits 60%. Given AI's widespread rollout already, we expect this productivity surge to materialize faster than previous technological revolutions.

It hasn't yet kicked in yet. But organizations that maintain momentum through this critical phase will be best positioned to capture the dramatic productivity gains that historically emerge when a breakthrough technology reaches mass adoption.

Workforce Transformation In The AI Era

As traditional models crumble, leaders must reinvent their talent architectures.

Ravin Jesuthasan, Rupal Kantaria, and Simon Luong

Workforce Transformation In The AI Era

The great career liberation: How work identity has transformed since 1950

	Boomers (Postwar loyalty)	Gen X (IT Revolution era)	Millennials (Tech boom)	Gen Z (Post-COVID and AI)
Expected average number of jobs during a career	6	9	16	20
% who have job-hopped in the past year	9	12	19	33
% who go to the office for a sense of teaming	50	41	32	22
% who prioritize quality of life over promotion speed	20	31	45	47
% with a side hustle	19	15	19	41
% who want their employer to have a stance on social issues	46	55	67	68
Rank of how important emotional intelligence is in leadership	5th	3rd	2nd	2nd

Generational labels represent the primary emerging workforce of each era

Select catalyzing forces driving the transformation of work

1. Technology and AI

85 million jobs may be displaced by AI and machine labor, with 97 million new roles projected by 2025

~15%–50% of all business tasks will be automated or augmented due to generative AI by 2030

1 in 3 executives are rethinking productivity metrics due to AI

2. COVID's lasting impact

74% of blue-collar workers upskilled and changed jobs between 2019 and 2022

35% of employees able to work remotely are permanently doing so, up from 7% pre-pandemic

3. Generational shifts

5 generations share the workplace, for the first time ever, due to aging populations and delayed retirements

83% of business leaders say age diversity is vital to long-term growth and success

Talent strategy is leading board agendas

Areas that would give the biggest boost to productivity in organizations, according to the C-suite

1st — **Employee reskilling**
Half of HR leaders see skill shortages as a top threat to their businesses next year

2nd — **Wellbeing initiatives**
50% of HR executives prioritize investment in employee health benefits

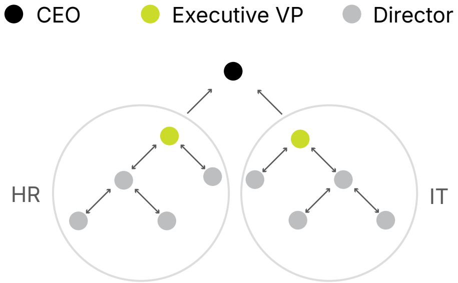
3rd — **Process and workflow optimization**
39% of businesses are designing talent processes around skills

4th — **Generative AI**
1 in 4 executives say AI will fundamentally change their business model

5th — **Simplified organizational structures**
only 27% of executives agree their workforces are agile enough

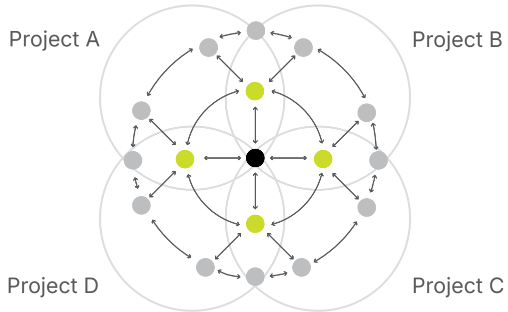
The buzzword “agile” is finally growing up

Industrial Revolution work structures emphasized standardization, featuring strict hierarchies and specialized roles for efficient mass production



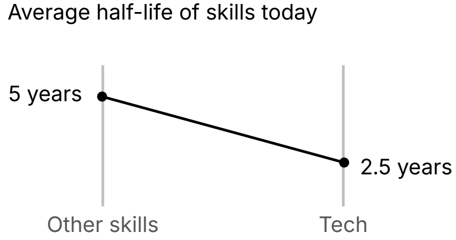
Traditional structures

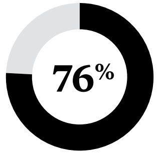
Today's work environment requires agility, with success coming from flexible roles, shared decision-making, and quick responses to market changes



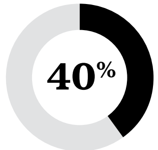
Agile structures

The need to rethink skills as currency: 80% of leaders bet on a skills-first future

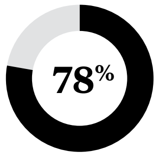




of employees report changes to their job description or required skills due to AI disruption



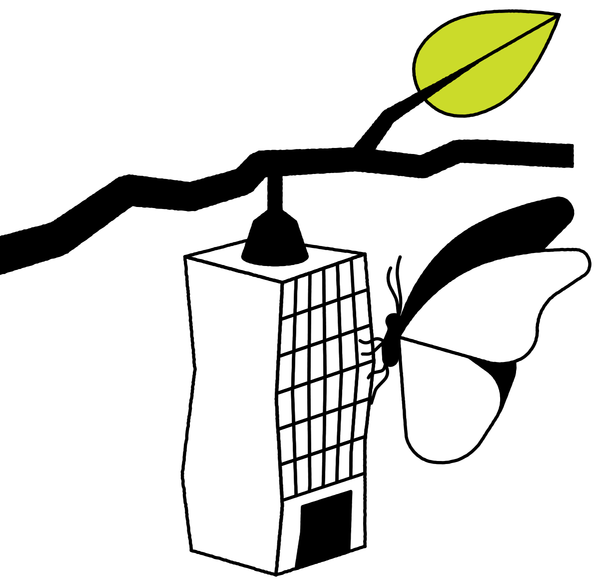
of organizations say a lack of workforce skills will impede transformation efforts



of managers think it's important to transition to a skills-based organization, and 60% of employees want to work for one

The operating system of work itself stood largely unchanged for more than a century. Now those rules, norms, practices, and behaviors are being completely rewritten in organizations around the world.

What started as pandemic-driven modifications has evolved into something far more fundamental: a complete reconstruction of how value is created in the modern organization.



While remote work and AI dominate headlines, they're just symptoms of a deeper transformation that is reshaping the nature of labor.

Several workforce megatrends are converging. Pandemic-accelerated behavior shifts have permanently altered workplace expectations (particularly with Generation Z). Workforce demographics are dramatically shifting, with five different generations converging for the first time. The AI revolution is rendering traditional skills obsolete within a few years. Companies are getting better results by shifting from linear, process-driven work to fluid, insight-driven collaboration. And job architectures are changing rapidly: Roles are becoming obsolete faster than organizations can adapt their talent strategies, and many of today's workers can expect to hold 20 or more jobs in their careers.

These changes have transformed successful CEOs into chief talent architects — and made workforce strategy as important to companies as financial strategy. Nearly half of CEOs now cite employee talent initiatives as their biggest productivity driver, above even AI, according to Mercer surveys. This is reshaping executive structures, especially for chief human resource officers, whose mandates at some companies have expanded to include transformation and operations.

At the same time, these seismic shifts are forcing organizations to rethink work and the human experience of work, bending the demand curve of work to increase agility and decouple future growth from resource intensity while bending the supply curve of work to increase its accessibility to exponentially more talent, beyond traditional sources.

This rethink will require a transformation across three critical dimensions. First, companies must redesign how work gets done through new operating models. Second, they need to completely reinvent how they think about the development and deployment of skills to work in an environment of accelerated volatility and velocity of change. Finally, these changes demand a profound evolution in how organizations are led.

Redesigning work for a truly agile operating model

The most progressive organizations are dismantling industrial-era vestiges such as hierarchical layers, fixed roles, and rigid processes. They are examining where AI augments human capabilities, where diverse thinking adds perspective, and where outdated structures and processes block innovation.

Forward-thinking companies are replacing these old structures with flexible systems in which talent can flow to where it's needed most. Imagine an organization that breathes and adapts with the rhythm of market demands, like how Spotify organizes around "squads," or temporary outcome-focused teams that transcend traditional role boundaries.

The impact? Leading companies report 60% faster market delivery and 59% faster innovation, according to the nonprofit Scrum Alliance. One global financial services firm redeployed 50% of its workforce capacity while keeping output levels intact.

Enthusiasm for these approaches is building. Some 60% of employees say they want to work for a skills-based organization, while 78% of upper managers believe this transition is important for the future, according to Oliver Wyman Forum surveys.

Skills as the currency

As organizations adopt more fluid operating models, traditional approaches to talent and skills are breaking down. Organizations are discovering that their most valuable employees aren't those with the most experience but those who can adapt the fastest.

In the 20th century, a skill like manual drafting in architecture could remain relevant for decades. Today, the half-life of skills averages under five years — and can drop to as little as 2.5 years for tech skills, according to Harvard Business Review. The World Economic Forum predicts that 23% of jobs will change within the next five years, with 44% of workers' core skills being disrupted. This isn't a future concern — it's happening now. More than half of employees report that AI has already changed their work and the skills required, making the need for skill development urgent, according to Oliver Wyman Forum surveys.

Yet despite the clear need for change, many organizations are falling short. Nearly two-thirds of employees report their company's learning and development programs don't adequately support their ability to be successful in this new environment. This fundamental mismatch between rapidly evolving skill needs and traditional talent approaches is forcing organizations to completely reimagine how talent can be connected to work.

> **Agile operating models provide the foundation, with skills as the dynamic currency. Adaptive leadership ultimately determines success by creating the vision and conditions for this new system to flourish.**

Adaptive leadership

Perhaps counterintuitively, as technology becomes more advanced, the need for authentically human leadership becomes even more critical. Yet while 71% of upper management believe they understand employee needs well, only 29% of non-managers agree. The transformation toward skills-powered organizations demands a "leadershift."

In the successful organizations of the near future, change readiness will be a core value, backed by role modeling and performance frameworks that align official and unwritten rules. Leadership today centers on cultivating collective intelligence — creating environments where human potential and technology flourish together through transparent dialogue about AI's role and each person's unique contribution. When employees understand the "why" and see consistent leadership behavior, they are 163% more likely to stay with their company, according to Oliver Wyman Forum research.

The organizations mastering this transformation understand that these three dimensions form an interdependent ecosystem that represents the core underpinnings of the next-generation enterprise. Agile operating models create the foundation for new ways of work, with skills providing the dynamic currency needed to power these models. But it is adaptive leadership that ultimately determines success — creating the vision, psychological safety, and conditions for this new operating system to flourish.

The winners of 2025 and beyond will be those organizations whose leaders prioritize talent and recognize that this transformation is about more than just updating old systems — it demands a fundamental reimagining of how work creates value in the modern organization.

Finding Truth To Win Trust

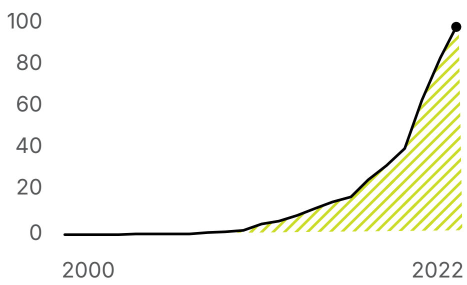
Amid the rapid transition to a fact-rich world, leaders must evolve organizational cultures and mindsets as quickly as technology.

Aaron Fine and Larissa de Lima

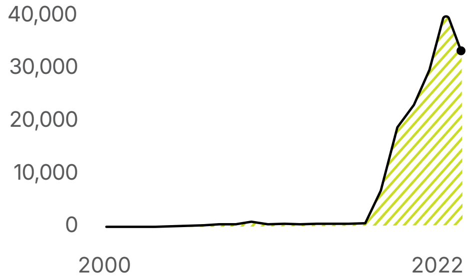
Finding Truth To Win Trust

Data creation has been on an exponential path, with sudden concerns around misinformation

Volume of data created globally
in zettabytes (1 zettabyte = 1 trillion gigabytes)

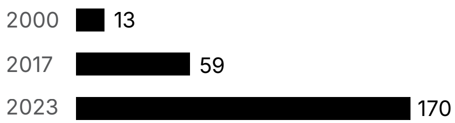


Mentions of key words such as "fake news," "truthiness," "post-truth," "alternative facts"; index, 2000=100



Both truth and lies are more available

Rise in whistleblowing
Number of countries with whistleblower protection laws



Rising use of alternative data in investment markets
Share of investment management firms using alternative data

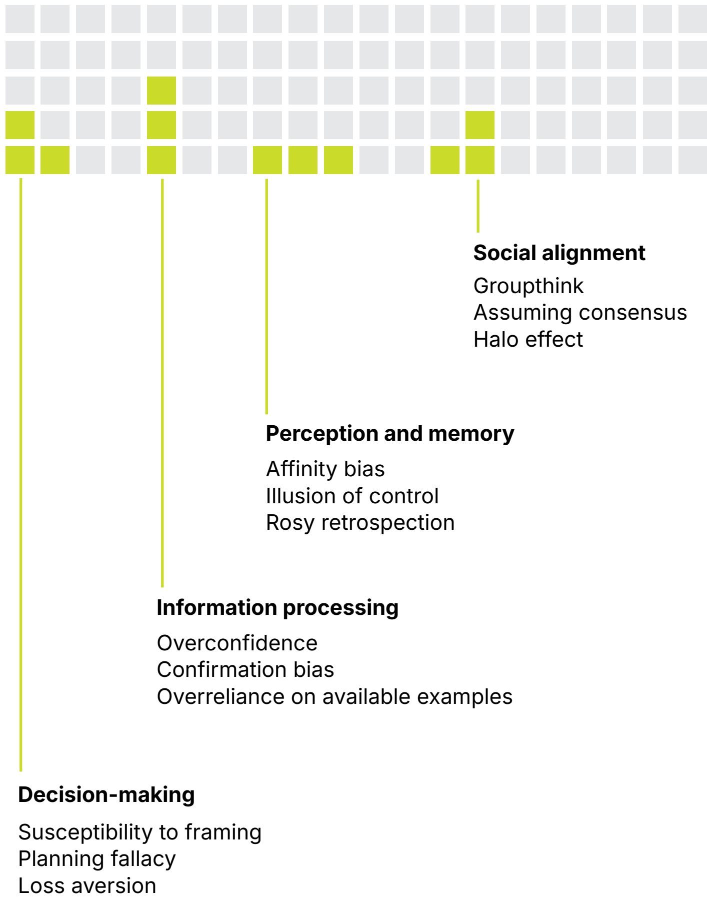
Violations and misconduct are widespread

$1 trillion
has been paid in the US for corporate misconduct since 2000

40%
of US companies commit accounting misrepresentations

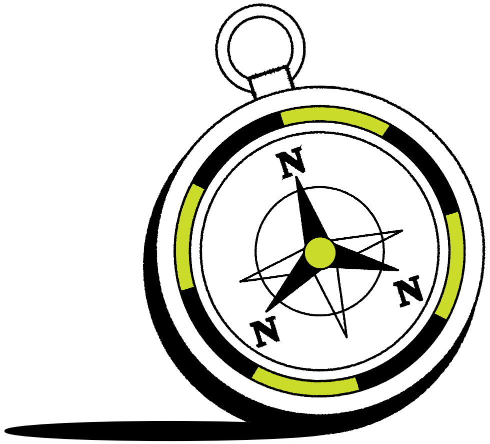
Truth finding requires overcoming pervasive biases

100+
Total proven cognitive biases



How truth-seeking is your organization?

Questions, with answers that will improve your truth-seeking



Truth Culture

When did you last publicly celebrate a leader admitting they were wrong? → What happened next?

Value Focus

Which competitor outperforms you in your core business? → How openly is this discussed internally?

Critical Truths

What's the strongest argument against your current strategy? → What is done with this information?

Misinformation

Which false narrative about your company keeps you up at night? → What makes it dangerously believable?

Stakeholder Trust

What emerging risk would surprise your board the most? → Why haven't you shared it yet?

We live in a time of paradox: Never has truth been more discoverable, yet we find ourselves debating whether we live in a "post-truth" era.

More information today sits in the palms of our hands than could have been gathered in a lifetime a few generations ago. The tools for uncovering facts — from data analytics to digital forensics — have improved exponentially, while the timeline for truth discovery has compressed from decades to hours.

And yet, rather than celebrating a journey toward enlightenment, we watch as AI becomes as famous for its deepfakes as for its ability to enhance the way we live and work.

This paradox makes little sense until we confront a simple possibility: Truth eludes us because we aren't looking for it.

It's not that we live in a post-fact world. Rather, it's that our minds, our systems, and our cultures are so used to living in a pre-fact world that we have not adapted. We don't yet recognize that while some truth is subjective, much of it no longer is. What we can now know with near certainty has grown exponentially. What once took investigative journalists years to uncover can now spread globally in minutes through digital networks and verification systems.

Pre-fact mindset, fact-rich world

Truth remains elusive because this transformation, on a human evolutionary time scale, has happened in an instant. With the expansion of the internet in the last 30 years, time for verification collapsed to minutes. However, our built-in instinct to rely on our gut, and on familiar voices and trusted individuals, persists despite the availability of verifiable data.

This isn't merely habit — it's an evolutionary adaptation that served us well for millennia, when verifiable facts were scarce. Our ancestors survived by trusting intuition and tribal wisdom over unknown sources, and these deeply ingrained patterns of trust and skepticism continue to shape how we process information today.

Back when access to facts was still limited, a few strategies would dominate. First, when seeking to convince others, we would appeal to their ingrained biases — whether confirmation bias, anchoring bias, or the bandwagon effect — where what feels tested and true emotionally trumps factual accuracy. Second, we would rely heavily

on familiar individuals and personal relationships for validation, regardless of their expertise, rather than seek out new and diverse forms of knowledge. Third, hiding inconvenient truths would be a viable strategy, as the odds of discovery would be small and the consequences manageable.

These pre-fact behaviors are even more amplified with social media helping propagate emotional content over facts within siloed bubbles — and further compounded with AI, which makes it easier than ever for false narratives to proliferate.

The risks of avoiding truth

Many people are so used to operating without facts that they have convinced themselves they don't exist. But for modern businesses, the implications of avoiding truth are increasingly dire.

Companies that do not evolve to making decisions based on deeply data-driven and fact-driven insights — used correctly — will make vastly worse decisions than companies that do. Companies are also at risk if they fail to recognize that in today's deeply networked and digitalized world, all of their stakeholders — clients, investors, employees, and regulators — are always just a moment away from either uncovering their worst secret or hearing the worst lie their enemies could spread about them.

In a world unable or unwilling to look facts in the face, truth itself has become a critical part of the value proposition companies can deliver to customers and clients.

A to-do list for truth-seekers

Here are five steps organizations should take on their truth-seeking journeys:

First, establish an organizational culture in which truth-seeking is not just encouraged but expected and psychologically safe. Meetings should surface uncomfortable truths, and recommendations should be reviewed and challenged across multiple functions to foster diversity of thought and healthy skepticism.

Second, stay focused on where truth really matters. Pursuing accuracy can still be complex and costly to the point of distraction. Rather than attempting to verify everything, home in on the information that most impacts critical business decisions — including information about where your competitors are delivering more value.

Third, invest in the right data, systems, and decision procedures to uncover the truths that matter most. This starts with clear standards for mission-critical data — from collection to analysis — and extends to building up insights teams and conducting regular auditing of key decision-making procedures. The most successful organizations actively seek out information that could prove their critical assumptions wrong.

> **The transition from a world where truth was out of reach to one where it is accessible demands a fundamental and long-overdue shift in how we think, operate, and lead.**

Fourth, actively identify vulnerabilities, whether buried facts or potential falsehoods, and be prepared to act if those come to light. This requires consistent investment and rigorous verification processes to map out vulnerabilities. It's equally critical to develop the ability to rapidly counter disinformation.

Finally, treat truth as an asset, recognizing that customers are also struggling to adjust to today's world. Although truth is more discoverable than ever, fiction can be manufactured even faster and with less investment — making truth an increasingly precious commodity. Companies that position themselves as authentic sources of insight will build lasting trust with their stakeholders.

The transition from a world where truth was out of reach to one where it is accessible requires more than just new tools. It demands a fundamental and long-overdue shift in how we think, operate, and lead. Organizations that embrace this shift will become trusted advisers, helping them not only survive but thrive. The choice facing leaders today isn't whether to embrace truth but how quickly to adapt their organizations to this new reality in which truth isn't just available — it's inevitable.

Reinventing The CEO For An Era Of Accelerated Disruption

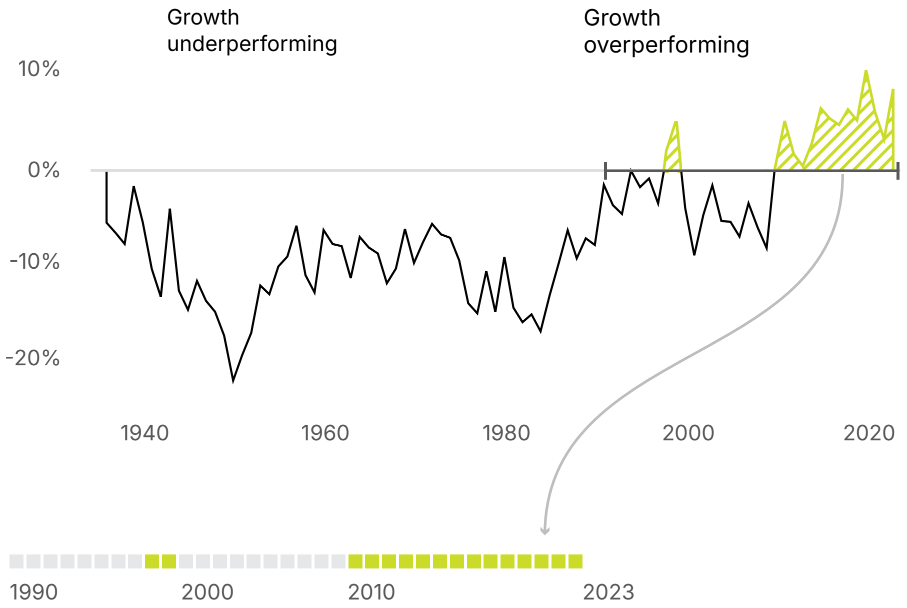
CEOs face a combination of challenges last seen more than a century ago.

James Warrick-Alexander, Michael Zeltkevic, and Ted Moynihan

Reinventing The CEO For An Era Of Accelerated Disruption

Long-term visionary (growth) firms have outperformed in the 21st century

Shareholder return: US growth minus value stocks (rolling 10-year periods)



But in the past two decades, identifying growth opportunities was challenging for CEOs

US net equity issuance, $ billion

From 2013 to 2023, US companies doubled the value of share buybacks and mergers and acquisitions compared to the value of equity issuance through IPOs and new shares issued

14

Consecutive years in which large cap growth has outperformed value in every rolling 10-year period (since 2010)

56%

of CEOs ranked growth as their top priority in 2024, a reversal from past years when it was lower priority compared to capital efficiency and cash flow management

2x

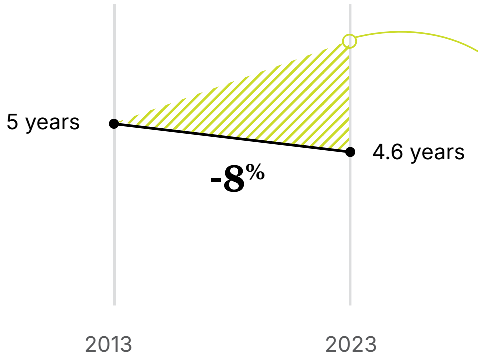
Value of share buybacks in 2023 compared to 2013 for S&P 500 companies

28

Consecutive years of negative net equity issuance (every year since 1997), signaling the difficulty of identifying profitable growth investments relative to the volume of internal capital generated

CEOs face shorter tenures, reducing their ability to follow through on transformations

Median CEO tenure



However, it takes on average

7+ years

to transition from value to growth

56%

of CEOs do not make it to five years in their roles*, and CEO departures in 2024's first three quarters reached an all-time high since tracking began in 2002

*Based on Oliver Wyman's database of large publicly traded global companies

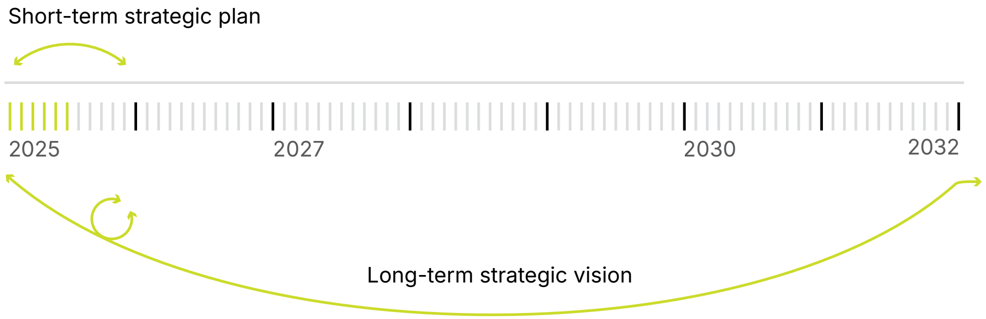
26%

more shareholder activism campaigns in 2024 than the average of the previous four years

Leaders should divide strategy into short-term and long-term horizons

6 months

Recommended rolling time horizon for short-term strategic plans, allowing for drastic course corrections if needed, based on tracking focused performance metrics and real-time market signals



7+ years

Time horizon for visionary strategy that anticipates market changes and makes proactive bets on them

The echoes of history are growing louder for today's CEOs.

Just as the turn of the 20th century brought era-defining innovations like the electric lightbulb, telephone, and automobile alongside increasingly sensitive geopolitics, today's leaders face a technology revolution and a more politically complex world.

The visionary founder-CEO archetype that defined that earlier era — exemplified by Rockefeller, Carnegie, and Ford — is once again prominent as new business empires emerge with the capital-efficient scale offered by today's technologies and global markets.

Yet today's CEOs face the unique pressure of driving efficiencies to deliver quarterly results (with growing dividends and buybacks) while investing in the kind of transformative plays that can drive future growth. These competing objectives require different management skills, different metrics of success, and in particular a more centralized approach to creating and redeploying financial capacity.

Making matters trickier, the median CEO tenure among large companies worldwide declined 8% from 2013 to 2023 to 4.6 years, shortening the time window CEOs have to deliver demonstrable impact.

The growth imperative

Recent decades have seen the rise of founders like Steve Jobs, Jeff Bezos, and Mark Zuckerberg, who grew companies around innovative ideas and long-term visions. This shift is reflected in market performance: While value stocks outperformed growth stocks in 96% of all 10-year periods from 1936 to 2009, growth stocks have beaten value stocks in every 10-year period from 2010 to 2023.

This trend holds even when excluding the largest tech stocks. The history-defying success of growth stocks is enabled by technology — particularly smartphones, hyperscale cloud computing, and machine learning — that has created unprecedented opportunities to scale and disrupt incumbents.

Leaders are internalizing this lesson. In a 2024 survey by the Oliver Wyman Forum and the New York Stock Exchange, 56% of CEOs ranked growth as their top priority, marking a significant shift from the pandemic years' focus on efficiency and cash flow.

However, growth is not easy to find. Net equity issuance trends reveal that CEOs over the past two decades have invested less in their businesses and returned more capital to shareholders. This suggests many leaders struggle to find profitable growth strategies for long-term capital deployment. This scarcity of high-quality growth plays makes them all the more valued by investors.

Mindful of short tenures and short-term growth pressures, many CEOs start boldly. From 2013 to 2023, CEOs averaged 3.6 and 3.8 merger and acquisition deals in their first and second years, respectively, dropping to 2.1 by their eighth year, if they made it that long.

Becoming a growth company does not require being a tech giant, even if it usually requires a degree of technological sophistication. Many companies from outside tech have successfully embraced innovation to become growth engines. Netflix began as a DVD rental company and transformed itself into one of the world's largest video streaming platforms. Mastercard and Visa have successfully adapted to technological shifts, solidifying their positions as leaders in the global payments ecosystem. Walmart's digitalization journey is paying off — today it is the second-largest e-commerce retailer in the United States.

A new leadership framework

To succeed in today's volatile environment, CEOs must split their strategy into two distinct horizons. Traditional three-year strategies — relics of a less tumultuous era — should be deprioritized in favor of rolling six-month plans tracked against real-time market signals, allowing for course corrections. The tight horizon helps ensure tangible results that fund the business. Long-term success requires visionary seven-year-plus plans that place strategic bets by anticipating structural market changes and competitor strategies.

While the playbook for long-term strategic visioning is well known, its importance cannot be overstated. The vision needs a point of view on trends across technology, regulation, demographics, competition, consumer preferences, and business model innovation. This vision then serves both as the north star for the company's equity story to shareholders and as internal direction for bold initiatives that prove the strategy.

CEOs must also maintain strategic optionality given the risk of betting on wrong scenarios. If there are true path dependencies — where committing to one long-term scenario leaves a company ill-prepared for another — then leaders need to flag this and apply extra rigor and debate before making choices.

Looking ahead

For CEOs today, it is both the best and worst of times. Opportunities and risks are both exploding. To capture the former and minimize the latter, leaders must build their strategies around geopolitical forces while working to shape regulatory frameworks that enable growth. Smart investments in supply chain visibility and restructuring will boost resilience and competitiveness.

Misinformation and data quality challenges will require enhanced capabilities for vetting insights and countering false narratives.

CEOs must also combine their strategic focus with quick decision-making and execution to shape and win new market segments. Achieving AI return on investment will require close alignment between AI strategy and organizational context. Empowering the workforce in a volatile world will require truly agile and collaborative organizations.

Above all, CEOs must master the balancing act between bifurcated time horizons: Run fast but also run far. Survive today but also redefine the future. A new era of business reinvention has arrived, and it requires dreamers who are also maniacally focused operators.

While the playbook for long-term strategic visioning is well known, its importance cannot be overstated. The vision needs a point of view on trends across technology, regulation, demographics, competition, consumer preferences, and business model innovation.

About The Report

We live in a world of accelerating change and disruption across so many dimensions: escalating conflict and geopolitical realignment, the power of artificial intelligence, climate change, increasing social polarization, fast-changing consumer preferences, and on and on. It would take volumes to capture the full landscape of issues that challenge today's political and business leaders, which probably explains why so many of our institutions are struggling to keep up on some fronts.

With that in mind, we took a much more focused approach with this State Of Our World report. We wanted to create the lightest heavy read possible for CEOs and senior executives, prioritizing issues where business leaders have direct agency to make strategic choices in the next 12 to 24 months. We focused in particular on interconnected risks and topics, such as the way that supply chain rewiring needs to take account of resource scarcity and climate adaptation, and how rapidly slowing demographic growth demands new economic growth models for companies and countries, and new approaches to migration pressures.

And because we really mean the lightest heavy read, we optimized for topics that could be meaningfully addressed in a broadsheet newspaper format, and emphasized insightful, fact-filled infographics as much as concise prose.

We hope this report provides valuable perspectives to you and your teams, and look forward to discussing these and other issues with you in the months ahead.

Authors

John Romeo, Ana Kreacic, and Jose Lopez
The Revenge Of Geopolitics

Jonathan Lee and John Romeo
Rewiring Supply Chains In A Realigning World

Lisa Quest and Huw van Steenis
Recalibrating Regulation For Sustainable Growth

Michael Poulos
Solving The Demographic Dilemma

Rick Chavez, Christine Astorino, Amy Lasater-Wille, and Lucia Uribe
Why Companies Must Focus On Customer Needs

Jad Haddad and Ana Kreacic
Unlocking The Value Of AI

Ravin Jesuthasan, Rupal Kantaria, and Simon Luong
Workforce Transformation In The AI Era

Aaron Fine and Larissa de Lima
Finding Truth To Win Trust

James Warrick-Alexander, Michael Zeltkevic, and Ted Moynihan
Reinventing The CEO For An Era Of Accelerated Disruption

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Cynthia Perez

In addition, we thank the panel of experts and thought leaders across companies and institutions who contributed their insights through interviews.

Sources

For hyperlinks to external sources, visit the State Of Our World landing page on the Oliver Wyman Forum website.

Chapter 1. The Revenge Of Geopolitics

Infographic

1. Geopolitical blocs: Oliver Wyman Forum analysis; GDP data from Maddison Project Database
2. Global trade as share of world GDP: Oliver Wyman Forum analysis; World Bank; IMF
3. Number of new free trade agreements entered into force each year: Oliver Wyman Forum analysis; WTO
4. Egypt has second-largest army in the Middle East: Statista; Arab News
5. Turkey has second-largest NATO army after US: Reuters
6. Mexico is largest trade partner of US in 2023: USA Facts
7. Singapore and UAE are among the top 10 busiest world ports: Lloyd's List, using the sum of UAE's Dubai and Abu Dhabi ports
8. Indonesia's share of global nickel production: US Geological Survey
9. Vietnam, Brazil, India respective shares of global rare earths reserves: US Geological Survey
10. South Africa's share of global platinum metals reserves: US Geological Survey
11. Brazil, India, Turkey respective shares of global graphite reserves: US GeologicalSurvey
12. Saudi Arabia, UAE, Brazil, Nigeria combined share of global oil production: US Energy Information Administration
13. Qatar's LNG exports: US Energy Information Administration
14. Sectors most targeted in the last five years: Oliver Wyman Forum analysis; Global Trade Alert
15. Number of new commerce-distorting trade interventions globally: Oliver Wyman Forum analysis; Global Trade Alert
16. Top markets by trade deficit with the US: Bureau of Economic Analysis

Text

1. Geopolitical blocs: Oliver Wyman Forum analysis; GDP data from Maddison Project Database
2. Trade volumes (goods): Oliver Wyman Forum analysis; data from UN Comtrade
3. US remains the largest source of FDI: Oliver Wyman Forum analysis; FDI Intelligence
4. China's international lending: Stanford's Center on China's Economy and Institutions
5. Majority world comprises 88% of the world's population: Oliver Wyman Forum analysis; UN World Population Prospects
6. Multi-aligned nations represent one-fifth of global GDP: Oliver Wyman Forum analysis; GDP data from Maddison Project Database
7. Commerce-distorting interventions: Oliver Wyman Forum analysis; data from Global Trade Alert
8. Note: In this report, industrial policy mainly refers to subsidies and other financial support to domestic companies in targeted sectors. This is separate from trade policy, which includes tariffs, export controls, and sanctions.
9. US government's tariff revenues: Congressional Budget Office
10. Potential global impact of tariffs: International Monetary Fund
11. Industrial policy measures: Oliver Wyman Forum analysis; data from Global Trade Alert
12. Tit-for-tat escalation pattern of industrial policies: International Monetary Fund
13. CEOs' actions to address geopolitics and protectionism: Oliver Wyman Forum x NYSE Survey 2024

Chapter 2. Rewiring Supply Chains In A Realigning World

Infographic

1. NYSE-listed CEOs planning to de-risk supply chains: Oliver Wyman Forum x NYSE Survey 2024
2. Percentage of companies facing bottlenecks: Sentrisk (Marsh McLennan's supply chain risk analytics platform)
3. Increase in China dependency by 150 times: Sentrisk (Marsh McLennan's supply chain risk analytics platform)
4. China alternatives' share of global greenfield FDI CapEx: Oliver Wyman Forum analysis; data from FDI Markets
5. Sea supply chain disruptions, freight price index: UNCTAD
6. Maritime chokepoints and their share of global of maritime container trade: IMF Portwatch
7. Manufacturing sector supply chains' exposure to natural hazards: Sentrisk (Marsh McLennan's supply chain risk analytics platform)

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8. Percentage of uninsured economic losses from natural disasters to total losses: Oliver Wyman Forum analysis; data from MunichRE

9. Estimated global economic losses from natural disasters in the last decade: MunichRE

10. Billion-dollar natural disasters in the US: Oliver Wyman Forum analysis; data from NOAA

11. Costs of natural disasters as share of GDP: Oliver Wyman Forum analysis; data from US Bureau of Labor Statistics, NOAA

12. Net income margin of global manufacturing firms: Oliver Wyman Forum analysis; data from S&P Capital IQ

13. Estimated impact of a major geopolitical conflict: Lloyd's

14. Estimated GDP losses from natural hazard disruptions by 2060: Nature

15. Estimated annual losses in earnings from shocks: Oliver Wyman

Text

1. NYSE-listed CEOs planning to de-risk supply chains: Oliver Wyman Forum x NYSE Survey 2024

2. Percentage of companies facing bottlenecks: Sentrisk (Marsh McLennan's supply chain risk analytics platform)

3. Asia semiconductor capacity: Center for Strategic and International Studies

4. Asia pharmaceutical ingredient production: European Fine Chemicals Group

5. China lithium-ion battery production: S&P Global

6. China lithium refining capacity: S&P Global

7. Mexico is America's top trading partner: USAFacts

8. China's share of EU imports: Eurostat

9. NYSE listed CEOs to reshore production: Oliver Wyman Forum x NYSE Survey 2024

10. Share of global greenfield FDI: Oliver Wyman Forum analysis; data from FDI Markets

11. EBITDA improvements: Oliver Wyman analysis

12. Chinese firms' diversification: Oliver Wyman Forum analysis; data from FDI Markets

13. Increase in China dependency by 150 times: Sentrisk (Marsh McLennan's supply chain risk analytics platform)

14. China's ban of critical minerals exports: Reuters

15. Potential loss in US GDP from China's critical minerals export ban: US Geological Survey

16. Water-related conflicts: Oliver Wyman Forum analysis; data from Pacific Institute

17. Losses from Houthi attacks: Oliver Wyman Forum analysis; data from UNCTAD

18. Losses from the Taiwan drought: Bloomberg News

Chapter 3. Recalibrating Regulation for Sustainable Growth

Infographic

1. Market capitalization: US tech, US banks, European tech, European banks: Oliver Wyman Forum analysis; data from S&P Capital IQ

2. Total pages of rules published since Dodd-Frank financial-overhaul: Davis Polk & Wardwell LLP

3. Compliance costs as percentage of operating costs for tech and banks: Oliver Wyman analysis

4. Fines assessed as percentage of revenue: Oliver Wyman Forum analysis; data from GoodJobsFirst

5. Sector productivity: Oliver Wyman Forum analysis; data from OECD, US Bureau of Labor Statistics, UK Office for National Statistics, European Central Bank Data Portal

6. Country labor productivity: Oliver Wyman Forum analysis; data from OECD

7. Inequality in US, EU, UK: World Inequality Database

8. Mental harm in teens: Centers for Disease Control and Prevention

9. Number of regulatory sandboxes launched: World Bank and OECD

10. Increased likelihood of raising capital for participating firms: Bank for International Settlements

11. Regulatory relationships between US agencies and financial sector: Oliver Wyman Forum analysis; data from United States Government Accountability Office

12. Financial sector regulatory bodies' use of AI: Oliver Wyman analysis, report forthcoming

13. Global Economic Policy Uncertainty Index: Oliver Wyman Forum analysis; Federal Reserve Bank of St. Louis

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1. Banks' regulatory compliance cost: Oliver Wyman survey

2. Labor productivity: Oliver Wyman Forum analysis; data from OECD
3. Firms reporting regulatory barriers to investment: European Investment Bank Group
4. UK Financial Conduct Authority launched first sandbox in 2016: Columbia Law
5. More than 100 sandboxes have been implemented globally: OECD
6. Increased likelihood of raising capital for firms participating in regulatory sandboxes: Bank for International Settlements
7. Policy uncertainty during the Global Financial Crisis accounted for roughly one third of declined capital investments: Review of Financial Studies
8. Fewer than 10% of oversight bodies have deployed AI solutions: Oliver Wyman analysis
9. Australian Stock Exchange's AU$250 million ($170 million) write-off on an unproven blockchain system: Reuters

Chapter 4. Solving The Demographic Dilemma

Infographic

1. Population development: Our World in Data
2. Fertility rate: World Bank
3. Median age: Our World in Data
4. Labor force participation rate: World Bank, Oliver Wyman Forum analysis
5. GDP per worker CAGR: United Nations, World Bank, Oliver Wyman Forum analysis
6. Labor force: World Bank, Oliver Wyman Forum analysis
7. Total GDP forecast: United Nations, World Bank, Oliver Wyman Forum analysis
8. Care crises statistics:
9. 1 in 5: Oliver Wyman Forum Survey
10. 44%: Oliver Wyman Forum Survey
11. 3x: International Labor Organization
12. Total 2024 GDP: United Nations, World Bank, Oliver Wyman Forum analysis

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2. China's fertility rate is even lower: World Bank
3. China's population has already begun to fall and is rapidly aging: World Bank, Our World in Data
4. Total global population will be falling before the end of the century: Our World in Data
5. China derived 92% of its growth from productivity gains: United Nations, World Bank, Oliver Wyman Forum analysis
6. Chinas labor force expanded by 20% since 1990, below the global average, and worker productivity increased by factor of 14.5: United Nations, World Bank, Oliver Wyman Forum analysis
7. Projections that China will become the world's largest economy are predicated on continued per-worker productivity growing at two and a half to three times the US rate through 2050: United Nations, World Bank, Oliver Wyman Forum analysis
8. 1 in 5 employees globally left job: Oliver Wyman Forum Survey
9. 44% of employees have individuals relying on them for care, including 30% caring for parents: Oliver Wyman Forum Survey
10. Women perform three times as much unpaid care work as men: International Labor Organization
11. A quarter or more of the population is illiterate in India and Sub-Saharan Africa: Our World in Data
12. A sizeable percentage lack even basic academic skills: Foreign Affairs

Chapter 5. Why Companies Must Focus On Customer Needs

Infographic

1. Global advertising spend increase from 2014-2024: WARC
2. Feeling overlooked in marketing and advertising: Oliver Wyman Forum surveys
3. Switch brands after single poor experience: Oliver Wyman Forum surveys
4. Average number of times customers switched from favorite brand: Oliver Wyman Forum surveys
5. Average S&P tenure over time: Oliver Wyman analysis; methodology from Innosight
6. 50% of Fortune 500 companies no longer there: Oliver Wyman analysis; data from Fortune
7. 45% of S&P companies likely to disappear: Oliver Wyman analysis
8. 61% drop in population growth since 1964: Our World in Data

9. 57 cents of every dollar spent by 50+ age group by 2025: Oliver Wyman analysis; data from AARP
10. Megacities' population set to nearly double from 2000 to 2035: Oliver Wyman analysis; data from Our World in Data
11. 73% of organizations believe they need to transform due to AI: Oliver Wyman Survey
12. 8.5% of factory jobs replaced by robots by 2030: Oxford Economics
13. ~40% of new cancer drugs are precision medicine: Oliver Wyman analysis; data from FDA
14. 60% of global growth driven by Asia by 2030: Asian Development Bank
15. 90% of S&P 500 value now intangible vs 17% in 1975: Oliver Wyman analysis; data from S&P Capital IQ
16. 3.4 billion people use digital wallets globally: Capital One
17. 61% of Gen Z quit brands over values: Oliver Wyman Forum Survey
18. 85% of big firms offer wellness plans: KFF
19. 47% of Gen Z feel overlooked in marketing and advertising: Oliver Wyman Forum Survey
20. 83% more climate disasters in past 20 years: Yale Environment 360
21. 73% wildlife decline over past 50 years: WWF
22. 50% less farmland per person since 1961: World Bank
23. 50% increase in energy demand by 2050: US Energy Information Administration
24. Digital health ($240 billion, 23% growth): Pitchbook
25. Renewable energy ($1.1 trillion, 7.4% growth): Pitchbook

Text

1. Nearly 1 in 2 customers feel overlooked: Oliver Wyman Forum surveys
2. 62% of customers will switch brands after a single poor experience: Oliver Wyman Forum surveys
3. Customers in leading economies switching brands two or more times: Oliver Wyman Forum surveys
4. Global advertising spend doubling from $500 billion to $1 trillion: WARC
5. Average S&P tenure decline by 33% since 1960: Oliver Wyman analysis; methodology from Innosight
6. 50% of Fortune 500 companies in 2000 no longer listed: Oliver Wyman analysis; data from Fortune
7. 45% of current S&P 500 companies may face similar challenges: Oliver Wyman analysis
8. By 2025, 57 cents of every dollar will be spent by those in 50+ age group: Oliver Wyman analysis; data from AARP
9. Population of megacities is set to nearly double from 2000 to 2035: Oliver Wyman analysis; data from Our World in Data
10. Nearly three quarters of companies believe they will need fundamental transformation: Oliver Wyman Survey
11. 32% productivity gains by implementing augmented reality solutions: HBR
12. Physical assets shrink to 10% while intangibles comprise 90%: Oliver Wyman analysis; data from S&P Capital IQ
13. 83% increase in climate-related disasters: Yale Environment 360
14. 40% of oncology drugs now precision therapies: Oliver Wyman analysis; data from FDA
15. Digital health ($240 billion, 23% growth): Pitchbook
16. Precision medicine ($80 billion, 6.4% growth): Pitchbook
17. Renewable energy ($1.1 trillion, 7.4% growth): Pitchbook
18. Climate technology ($20 billion, 24% growth): Pitchbook

Chapter 6. Unlocking The Value Of AI

Infographic

1. Oliver Wyman AI Index: Oliver Wyman Forum analysis
2. China produces 98% of world's Gallium: United States Geological Survey
3. Taiwan is home to roughly 70% of advanced chip foundry capacity: TrendForce
4. UAE developed advanced AI model Falcon 2: Technology Innovation Institute
5. US firms have produced more than double the number of large-scale AI models than any other country: Our World in Data
6. Israel has the second highest AI patents per capita in the world: National Science Foundation
7. Japan boasts the third most data center capacity in the world: Cushman & Wakefield

8. 270 AI startups have been founded in the UK since 2022: Preqin
9. Saudi Arabia's energy costs are half those in the US: World Bank
10. Canada was the first country to adopt a national AI strategy: Mila Institute
11. Samsung's $228 billion semiconductor research center: Business Korea
12. Waves of technological change: Our World in Data; Oliver Wyman Survey for AI adoption
13. Savings vs. revenue growth due to AI: Oliver Wyman survey
14. AI transformation archetypes: Oliver Wyman Forum analysis

Text

1. 97% of organizations recognize the value of AI: Oliver Wyman research
2. Only 17% of firms' investments in AI have exceeded expectations: Oliver Wyman survey
3. Oliver Wyman Forum AI Index: Oliver Wyman Forum analysis
4. Global data center capacity: Cushman & Wakefield; Oliver Wyman Forum analysis
5. Private funding and startup data: Preqin
6. Global AI patents: National Science Foundation
7. Semiconductor market share: TrendForce
8. Renewable energy capacity: U.S. Energy Information Administration
9. AI research publications: Emerging Technology Observatory
10. Cost of energy data: World Bank
11. Saudi Arabia and Google partnership: Public Investment Fund
12. Industry cost savings and revenue growth from AI: Oliver Wyman survey
13. Large firms invest more heavily in AI: Oliver Wyman Forum x NYSE Survey 2024
14. Four AI archetypes: Oliver Wyman Forum surveys and analysis
15. Productivity gains from technology surge at 60% adoption: Oliver Wyman Forum analysis

Chapter 7. Workforce Transformation In The AI Era

Infographic

1. Average number of jobs during career: Oliver Wyman Forum
2. Job hopping in the last year: Oliver Wyman Forum
3. Return to office for a sense of teaming: Oliver Wyman Forum
4. Prioritize quality of life over promotions: Oliver Wyman Forum
5. Percent with side hustles: Oliver Wyman Forum
6. Desire for employer to take a stance on social issues: Oliver Wyman Forum
7. Rank importance of emotional intelligence: Oliver Wyman Forum
8. Job displacement and new roles created: World Economic Forum
9. Augmentation and automation of tasks across business functions: Oliver Wyman Forum
10. Executives rethinking productivity measurement: Mercer
11. Blue-collar upskill and job change: Oliver Wyman Forum
12. Remote work pre- and post-COVID: Pew Research Center
13. Age diversity vital to long-term growth and long-term success: AARP
14. Employee reskilling: Mercer
15. Wellbeing initiatives: Mercer
16. Process and workflow optimization: Mercer
17. Generative AI: Mercer
18. Simplified organizational structure: Mercer
19. 80% of leaders but on a skills-first future: Oliver Wyman Forum
20. Changing half-life of skills: Harvard Business Review
21. Changes to job description due to AI: Oliver Wyman Forum
22. Lack of workforce skills will impede transformation efforts: Oliver Wyman research
23. Transition to a skills-based organization: Oliver Wyman Forum

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1. 20 jobs in a career: Oliver Wyman Forum
2. CEOs cite talent initiatives as biggest productivity driver: Mercer
3. Leading companies report faster market delivery and innovation: Forbes Insights and Scrum Alliance
4. Global financial services firm redeployed 50% of workforce capacity: Oliver Wyman research
5. Enthusiasm for skills-based organization from managers and employees: Oliver Wyman Forum

6. Half-life of skills averages under five years — and can drop to as little as two to three years for tech skills: Harvard Business Review
7. 23% of jobs will change within five years with 44% of workers core skills disrupted: World Economic Forum
8. Learning and development programs are inadequate: Oliver Wyman Forum
9. Employee-manager gap in understanding needs: Oliver Wyman Forum
10. Employees that understand the "why" are 136% more likely to stay: Oliver Wyman Forum

Chapter 8. Finding Truth To Win Trust

Infographic

1. Volume of data created globally: Statista
2. Mentions of key words such as "fake news," "truthiness," "post-truth," and "alternative facts": Oliver Wyman Forum analysis, Google Ngram
3. Number of countries with whistle-blower protection laws: OECD, Whistleblowers.org, Vance Center
4. Use of alternative data in investment markets: Lowenstein
5. Regulatory fines, criminal penalties, and class-action settlements paid by corporations in the US since 2000: GoodJobsFirst
6. 40% of companies commit accounting violations: Springer
7. Number of proven cognitive biases: Oliver Wyman Forum analysis, Frontiers in Psychology

Chapter 9. Reinventing The CEO For An Era Of Accelerated Disruption

Infographic

1. Growth stocks have outperformed in the 21st century: Oliver Wyman Forum analysis; data from Dartmouth (Ken French data library)
2. 14 consecutive years in which large-cap growth stocks outperformed large-cap value stocks in every rolling 10-year period: Oliver Wyman Forum analysis; data from Dartmouth (Ken French data library
3. 56% of CEOs rank growth as top priority in 2024: Oliver Wyman Forum survey
4. Net equity issuance: Oliver Wyman Forum analysis; Board of Governors of the Federal Reserve System
5. 2x value of share buybacks: Oliver Wyman Forum analysis; data from S&P Global 2013, S&P Global 2023
6. 28 consecutive years of negative net equity issuance: Oliver Wyman Forum analysis; Board of Governors of the Federal Reserve System
7. CEOs face shorter tenures: Oliver Wyman Forum analysis; revenue data from S&P Capital IQ; CEO tenure desk research
8. 7+ years to transition from value to growth: Oliver Wyman Forum analysis; valuation data from S&P Capital IQ
9. 56% of CEOs do not make it to 5 years in seat: Oliver Wyman Forum analysis; revenue data from S&P Capital IQ; CEO tenure from the Oliver Wyman Forum database
10. First three quarters of 2024 saw a record number of CEOs leaving their seat: Challenger, Gray & Christmas, Inc.
11. 26% more shareholder activism: Barclays

Text

1. Shortening CEO tenures among large companies: Oliver Wyman Forum analysis; revenue data from S&P Capital IQ; CEO tenure desk research
2. Outperformance of value stocks over growth stocks 1936-2009: Oliver Wyman Forum analysis data; from Dartmouth (Ken French data library)
3. Growth stocks have beaten value stocks in every 10-year period from 2010 to 2023: Oliver Wyman Forum analysis; data from Dartmouth (Ken French data library)
4. Growth as top priority for CEOs: Oliver Wyman Forum x NYSE Survey 2024
5. Net equity issuance: Oliver Wyman Forum analysis; Board of Governors of the Federal Reserve System
6. Average M&A activity between 2013 and 2023 of CEOs in their first and second year vs. the eighth year: Oliver Wyman Forum analysis; revenue and M&A data from S&P Capital IQ; CEO tenure desk research
7. Walmart is the second-largest e-commerce retailer in the United States: Statista

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