

AlixPartners
Disruption
Index

5th Edition

**FINDING A
PROFITABLE PATH
TO GROWTH**

7th February 2024

AlixPartners Disruption Index

11 countries:

U.S., Canada, U.K., France, Germany, Italy, Switzerland, China, Japan, Saudi Arabia, United Arab Emirates

Across 10 industries:

Aerospace & Defense, Automotive, Consumer Products, Energy, Financial Services, Healthcare & Life Sciences, Media & Entertainment, Retail, Technology, Telecom & Cable

For the purposes of this report, most fieldwork was conducted using multi-modal online and telephone interviews from August 1 – September 28, 2023.

Global Business Executives

3,100

total

310

per industry

100-600+

per country

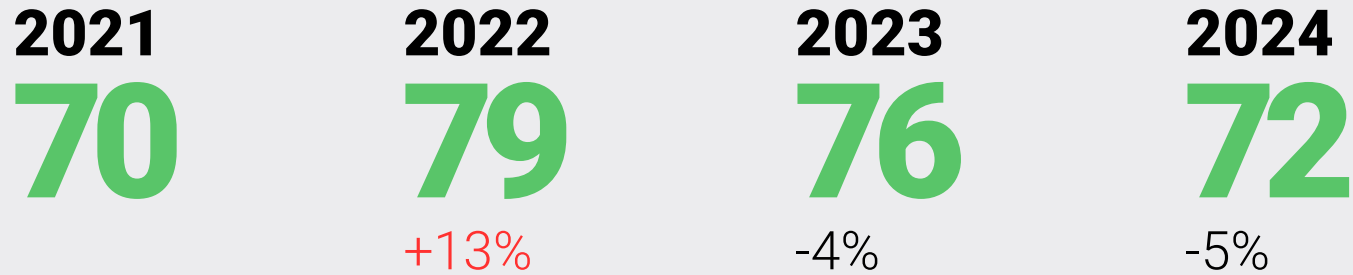
Business Executives defined as...

- Ages 25-65
- Employed in relevant country
- Director level or above
- Company revenue of \$100 million+
- Have insight into disruption trends facing their industry

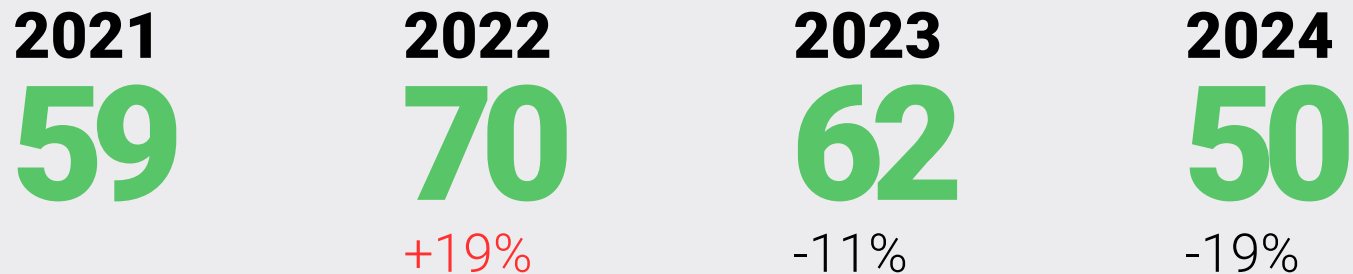
In 2023, 50% of executives surveyed are C-level and 50% of executives are working for \$1B+ companies.

A supplementary survey of Saudi Arabia and UAE executives was conducted from June 15 – 22, 2023. 100 executives were surveyed (50 from KSA and 50 from UAE), representing 10 in each industry.

Disruption Index down for second year



Executives report being highly disrupted at lowest level since pandemic



Three industries report higher levels of disruption



Near-term volatility and uncertainty down

Almost

2/3

expect economic growth in their region over the next 12 months

Workforce and supply chain pressures easing
Critical skills shortages down

50% (YoY)

Expect same or less supply chain issues:

69%

Less likely to pursue layoffs than last year

13%

-5 points

Businesses are getting better at managing disruption after 4 years of pandemic, supply chain instability, worker shortages, inflation, and geopolitical conflict.

Fewer global business leaders are finding it difficult to know which disruptive forces to prioritize

60% [75% Italy]
-11 points

Global business leaders are less worried about their company not adapting fast enough

36% [41% Italy]
-19 points

They are less likely to say their executive team lacks the agility to combat disruption

38% [44% Italy]
-13 points

Companies have the resources needed to invest in new technology and digital solutions

84% [92% Italy]

Expect their business model to change significantly over the next year due to disruptive forces*

37% [30% Italy]

But a new age of disruptions poised to rise in 2024, as factors outside of their control set the agenda

GEOPOLITICAL TENSIONS

66% of CEOs worry about the impact of 2024 U.S. presidential election on their business

68% of CEOs report US-China tensions causing them to adjust their strategy

TECH INNOVATION

Generative AI cited by **63%** of CEOs as biggest opportunity but the same number (**63%**) say they can't keep up with rate of technological change

CLIMATE CHANGE

3 out of 4 CEOs feel pressure to take a stand on environmental issues from government, investors, customers, and employees

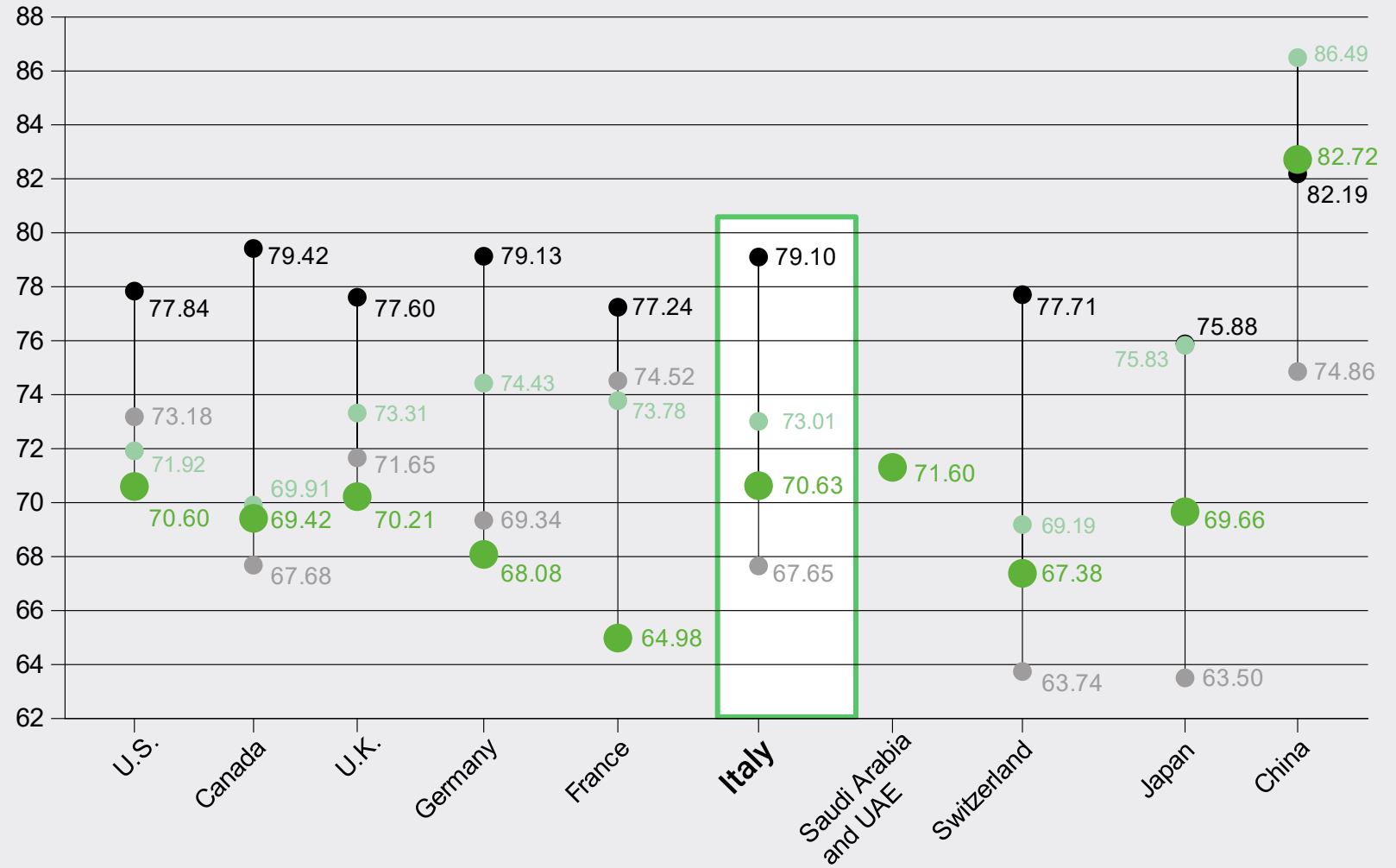
MACRO ENVIRONMENT

41% of execs report inflation and interest rates a threat

AlixPartners Disruption Index

By country

● 2021 ● 2022 ● 2023 ● 2024



Italy



75%

say it's increasingly **difficult to know what to prioritize** (+15 pts global average)

34%

concerned about tariffs, protectionism and deglobalization (+7% vs global), and

40%

sees interest rates and the inflationary environment as the main threat (41% global)

ARTIFICIAL INTELLIGENCE

86%

report being optimistic about the impact GenAI will have on their company (highest globally)

60%

report to be setting the pace or to be among the leaders in the industry of reference when it comes to the use of GenAI (vs. 49% global)

74%

report their company to be currently investing in artificial intelligence platforms and applications (vs. 59% global)

42%

report GenAI is fully embedded into current workflows / processes across their organization (vs. 28% global)

Threats

1. Interest rates & inflation 40%
2. Protectionism/ deglobalization 34%
3. Aging populations 31%

Opportunities

1. Technological advances in materials & processes 70%
2. AI/automation 69%
3. Pervasive connective infrastructure 64%

Italy vs. Europe/Global

	GLOBAL	EUROPE	FRANCE	GERMANY	ITALY	SWITZERLAND	UK
AlixPartners Disruption Index Score	72	68	65	68	71	67	70
Business model will change significantly within 12 months	37%	32%	26%	34%	30%	26%	43%
Supply chain disruptions will ease over next 12 months	42%	44%	32%	49%	31%	57%	52%
Hiring qualified workers will be easier over next 12 months	54%	49%	41%	47%	49%	51%	57%
Expect national economy to continue in or enter recession in next 6 months	33%	36%	41%	35%	32%	19%	54%
U.S.-China tensions forcing company to adjust business strategy	54%	52%	45%	53%	52%	56%	53%
Worried about impact of upcoming U.S. elections on their business	52%	52%	64%	48%	57%	45%	48%
Worry about losing job due to disruption	31%	31%	19%	32%	34%	38%	31%

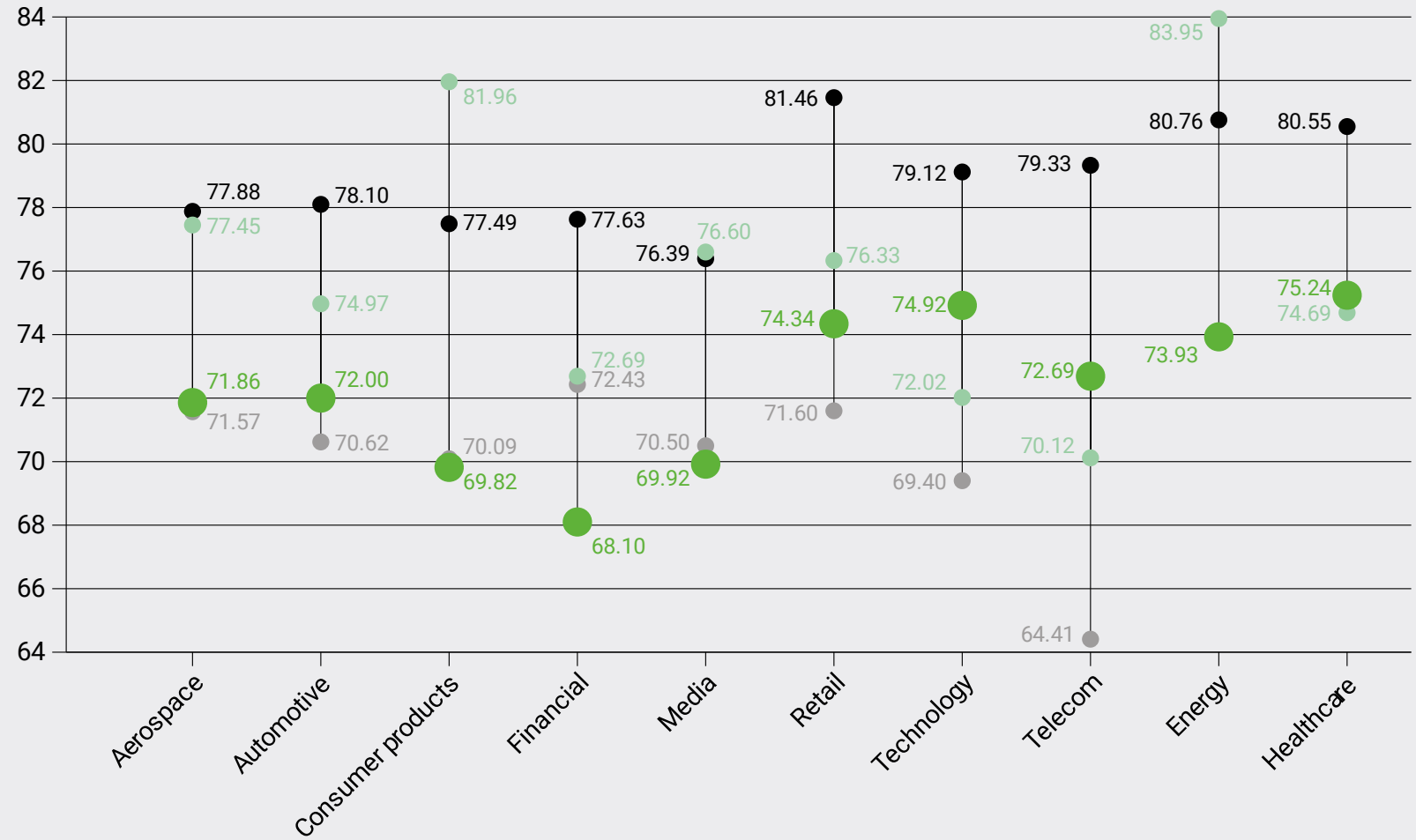
Italy vs. Europe/Global

	GLOBAL	EUROPE	FRANCE	GERMANY	ITALY	SWITZERLAND	UK
Investors/boards have the composition and knowledge needed to combat disruptive forces	87%	89%	90%	88%	93%	87%	85%
Company have programs in place to identify and develop future leaders	89%	90%	89%	89%	92%	89%	89%
Organizational culture is at the forefront of strategic decision making when it comes to talent management	82%	87%	92%	87%	88%	80%	88%
It is important for companies to expand its talent and leadership through diversity	85%	87%	90%	86%	90%	85%	84%
Companies' organizational culture is a competitive advantage in the face of disruption	79%	83%	83%	90%	89%	73%	82%
Companies setting the pace or among the leaders in their industry of reference when it comes to the utilization of digital tools and technologies	62%	61%	42%	70%	69%	59%	65%
Investing more resources than prior year in digital tools and technologies	52%	53%	55%	52%	62%	43%	55%

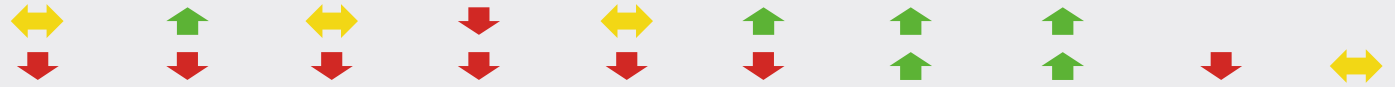
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By industry

● 2021 ● 2022 ● 2023 ● 2024

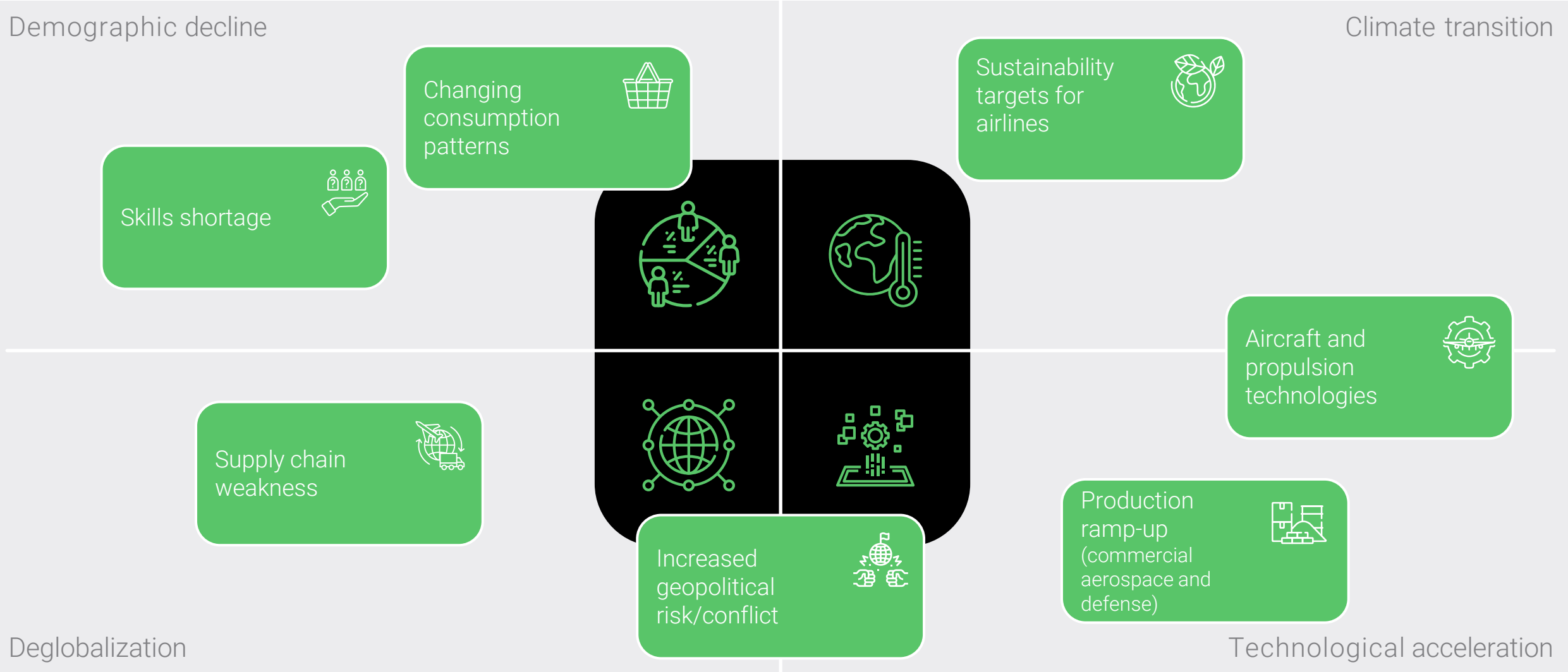


2024 vs 2021
2024 vs 2023



How industries are affected by the four key transformative forces

AEROSPACE & DEFENSE




How industries are affected by the four key transformative forces

CONSUMER GOODS & RETAIL


Demographic decline

Climate transition

Out of Home/
Home delivery
boost





Changing
consumption
patterns




Sustainability
demands




Second-hand
apparel
markets



ESG
regulation




Plant-based
food staple




More local
and integrated
Supply Chain




Impact of
geopolitical
tensions on
suppliers



DTC (Direct to
Consumer)
acceleration



Omni-channel
shopping



Deglobalization

Technological acceleration

How industries are affected by the four key transformative forces

TECHNOLOGY, MEDIA & TELECOM (TMT)

Demographic decline

Climate transition

Changing consumption patterns



ESG & Regulatory



MEDIA:
Death of local media



TELECOM & TECH:
Supply Chain reconfiguration



- Re-shoring
- Vertical integration

AI/Machine Learning



MEDIA:
Advertising vs subscription models – Creator economy



Impact of geopolitical tensions on content creation, revenues, risks and regulations



Skills and supply chain shortage



- Low-code/ no-code
- Operations robotization
- Datacenter local capacity increase
- Localization
- Academy and training
- Skills reconversion
- Re-shoring

TELECOM:
Build out of fixed and wireless networks



Deglobalization


Technology innovation


How industries are affected by the four key transformative forces


AUTOMOTIVE & INDUSTRIAL

Demographic decline

Climate transition


Volumes 

Changing consumption patterns 


ESG regulation 

New competition and business models 

Electrification (including infrastructure) 

Supply Chain Shortages 

Raw materials & energy 

Autonomous vehicles 

Deglobalization

Technological acceleration

Challenges for the Italian economic system

Outside of the normal credit cycle, certain macro themes will influence the need for restructuring and transformation of the Italian system


- **Energy:** without substituting Russian gas at a competitive cost, it will be hard to sustain a competitive manufacturing base (and it will be hard for Italy to have any role in foreign policy)
- **Demographic decline:** with low productivity growth, the manufacturing base will be challenged by workforce shrinkage. More in general, growing an economy without the demographic growth driver is hard
- **Digitalization and AI:** obsolete IT systems and small average company size will make it challenging for the Italian SMEs system to benefit from AI and digitalization
- **Innovation:** venture capital and large corporations are key providers of the investment that drive innovation and Italy lacks both. The attractiveness to foreign investments depends not only on expected returns but also on being able to manage failure and cut losses (especially for large corporations)

A focus on Corporate Crisis Code and Negotiated Settlement

New Italian Corporate Crisis Code, in force as of July 2023

- Main consequences:
 - Adequate organisational structure
 - Negotiated settlement (“*Composizione Negoziata*”)
 - Easier judicial compositions with business continuity (“*Concordato preventivo in continuità*”)

Negotiated Settlement

- First year: critical debut
- Second year: increase of success rate
- Alternative to judicial composition (“*Concordato in bianco*”)  default event

SACE/MCC bank guarantees

- End of moratoria is approaching
- Illegitimate disbursement and nullity issues
- Difficulties in bank credits restructuring

