

Davos Executive Briefing

25th January 2018

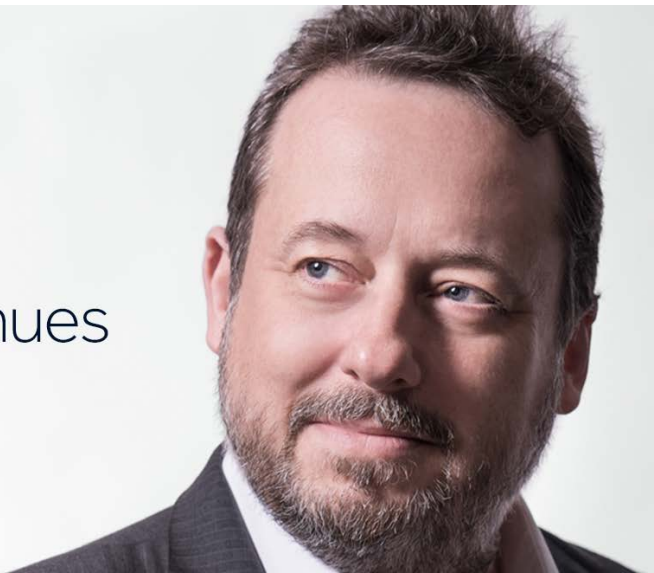
BRUNSWICK



TIM PAYNE

REPORTING FROM DAVOS

“
The power of the
China story continues
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Knocked sideways for the second time in 24 hours by the fast moving phalanx of Justin Trudeau's bodyguards, I am felled by the energy of a third Asian power play at Davos. Japan's lobbying is getting the credit for bringing Canada back to the table on TPP. A timing master stroke in Davos week.

For many here, this was meant to be India's coming out party; a week framed with Prime Minister Modi's opening plenary speech and drawing to a close with India night, Thursday night. Sure enough, their lounge food is delicious, their contingent of 130 CEOs in attendance leaves China's 100 in its wake.

Davos regulars observe that Indian businesses get Davos and many companies have been coming for several years, using it, not least, for engagement with significant trading relationships. Modi's speech was aligned to Davos agendas around the positive role of globalisation and the disruptive impact of climate change and technology. But its ambition was not as matched with rhetorical power and many delegates have been left wanting more.

In reality the power of the China story continues to dominate political debate. Conversations on cross-border investment become discussions on protectionist sentiment and how China businesses can address the reputational and legal deficit they face.

Chinese CEOs have traditionally arrived more within a group delegation, but their major

private companies in the tech and disruptive sectors of the economy are joining head on the debates on AI, cyber and the long-term impact on health and wealth.

And to follow President Xi's land-grab for the language of globalisation last year, Liu He, architect of much of China's economic agenda and a Davos veteran of some 25 years, is clearly committing China to active and ongoing reform.

Now however, everyone is waiting for Trump. He has become a looming presence and orients almost every conversation from investment flows to security measures to the likely impact on the traffic down the main drag through the village. The Diversity Lounge has been running sessions all week, in a detailed program that has often been inspiring, engaging.

Yesterday, Jamie Dimon was interviewed in the Lounge for an hour by two of his senior female colleagues at JP Morgan. Candid, insightful, Dimon had a far more substantive, critical but also optimistic take on America today, the reality of constant technological innovation in history, the critical need for infrastructure investment, tax reform. At one point he is asked if he will consider a run for office. There is an almost audible, hopeful, pause in the room. But he rules himself out and we go back to our wait.

Three Themes Emerge

Blockchain.

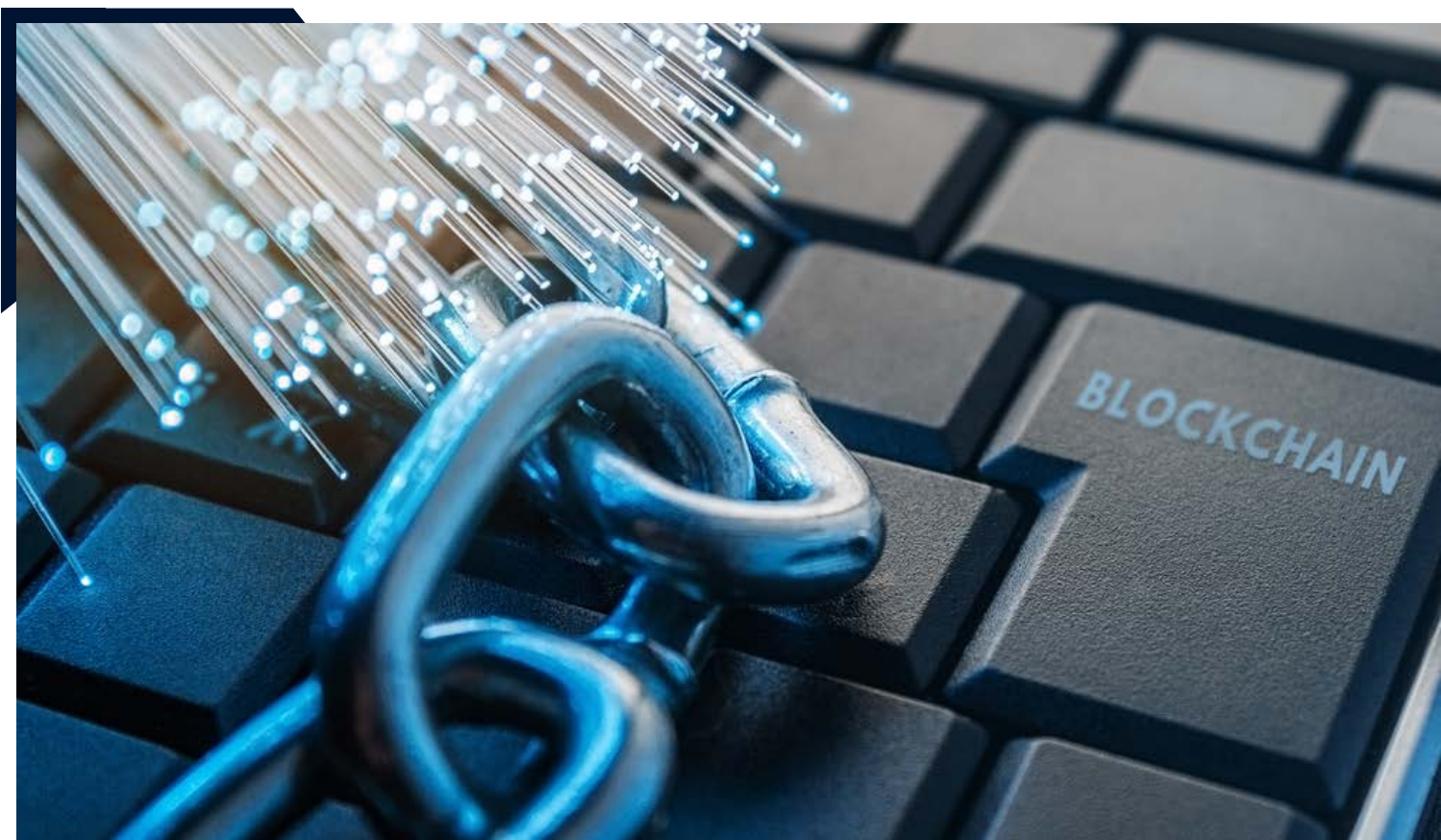
As Davos week progresses, discussion of Blockchain continues to feature almost everywhere. This is despite, as one panelist yesterday put it, “almost nobody” actually understanding what Blockchain is.

Technological Pace.

From claims that investors are too impatient to see the ROI on next gen technologies, to the need for tech and government to work closer together to realize the benefit of technological advances, the debate is all about when cutting edge technology will actually come to market.

Gender.

For the second day running the issue of gender equality was a constant topic of conversation across Davos village and shows every sign of continuing.





Blockchain Breaks Free From Bitcoin

As Davos week progresses discussion of Blockchain continues to feature almost everywhere, with firms across fintech, insurance and even travel talking about ways to use technology to power their businesses in the future.

Perhaps for the first time in these debates, the difference between Blockchain (the technology) and the crypto-currencies themselves (the assets) is starting to be better understood. Many still use the terms interchangeably but the sheer number of firms who are here advocating for Blockchain means they can't do so for long before someone corrects them.

As one panellist said yesterday, Blockchain is here to stay, but Bitcoin, who knows?

Cutting Edge Technology

It may surprise you to know that Davos is, increasingly, a place for showcasing new technology. Yesterday an established tech company put on a panel of start ups and academics to discuss the future of tech. The highlight was their presentation of an autonomous digital avatar called Rachel who was able to express human emotions and engage in a real time conversation. The audience was also captivated by a video presentation of an autonomous human carrying drone that has no centralised control and runs on blockchain technology making it far less susceptible to hacking and interference.

The key takeaway was that tech companies need to work closer with governments and regulators in order that they embrace these technological advances so that such innovations come to the market place sooner than currently planned, and with appropriate regulatory frameworks in place.

The Economic Rationale For Gender Parity

Less About #metoo, More About The Economics

Gender parity - of pay as well as opportunity - has inevitably continued to dominate debates. It sits squarely within the overarching Davos agenda of governance and equality and was one of the priorities discussed by Justin Trudeau and Angela Merkel when they met yesterday.

The starting point for many has been increased data demonstrating the economic rationale for gender equality. Citi's Chief Global Political Analyst Tina Fordham spoke compellingly of their research suggesting pursuing gender changes and policies could boost GDP by 6%, with "women as global growth drivers".

Investors, activist shareholders from millennial funds and some pensions are increasingly demanding greater visibility on how companies are

responding to the issue. That context has directed discussion towards the levers required to raise female labour force participation and remove structural or behavioral barriers (not least when evidence suggests women currently undertake three times more unpaid care work than men).

Three main levers emerge:

- 1) Policy changes, including government-led initiatives around subsidized child care and transport, with Sweden cited as the best example
- 2) Changes to corporate policies on training, leadership and mentoring, the latter now being considered less practical than sponsoring of colleagues. "This is a strategic issue not a diversity and inclusion issue" was the view, with IKEA an example of a company shaping the changes - adapting its policies on paternity leave - and Adecco shifting to shorter more productive days.

3) Education, and its failure to keep up with the shifting global economic and social agenda, was a thread throughout. "No job in five years won't involve an element of how tech works" was one view, with fundamental shifts in core skills for all genders now required.

Where does #metoo fit within this? One panel questioned whether it was actually hampering employment prospects for women, seen as high risk employees - a theme picked up in today's WSJ. However, overwhelmingly, the sense is that, despite continuing examples to the contrary, a tide really has shifted in terms of mindset - but that the practical changes will take a lot longer to come through.



#METOO

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The Authors



Tim Payne

Senior Partner, Head of Asia
tpayne@brunswickgroup.com



Laura Buchanan

Partner, Head of Brunswick's
Consumer Industries Group
lbuchanan@brunswickgroup.com



Susanna Kempe

Group Content and Marketing
Partner
skempe@brunswickgroup.com



Stuart Donnelly

Director, Financial and Corporate
Communications
sdonnelly@brunswickgroup.com



Austin Rathe

Associate, digital and social media
team
arathe@brunswickgroup.com