

How do you transform today to remain relevant tomorrow?

Economic Outlook Forum 2024 -
Adaptation and resilience

17 January 2024



The better the question. The better the answer.
The better the world works.



Building a better
working world

Today's agenda

01

Economic overview

02

Survey overview

03

Survey profile

04

Survey results and global comparatives

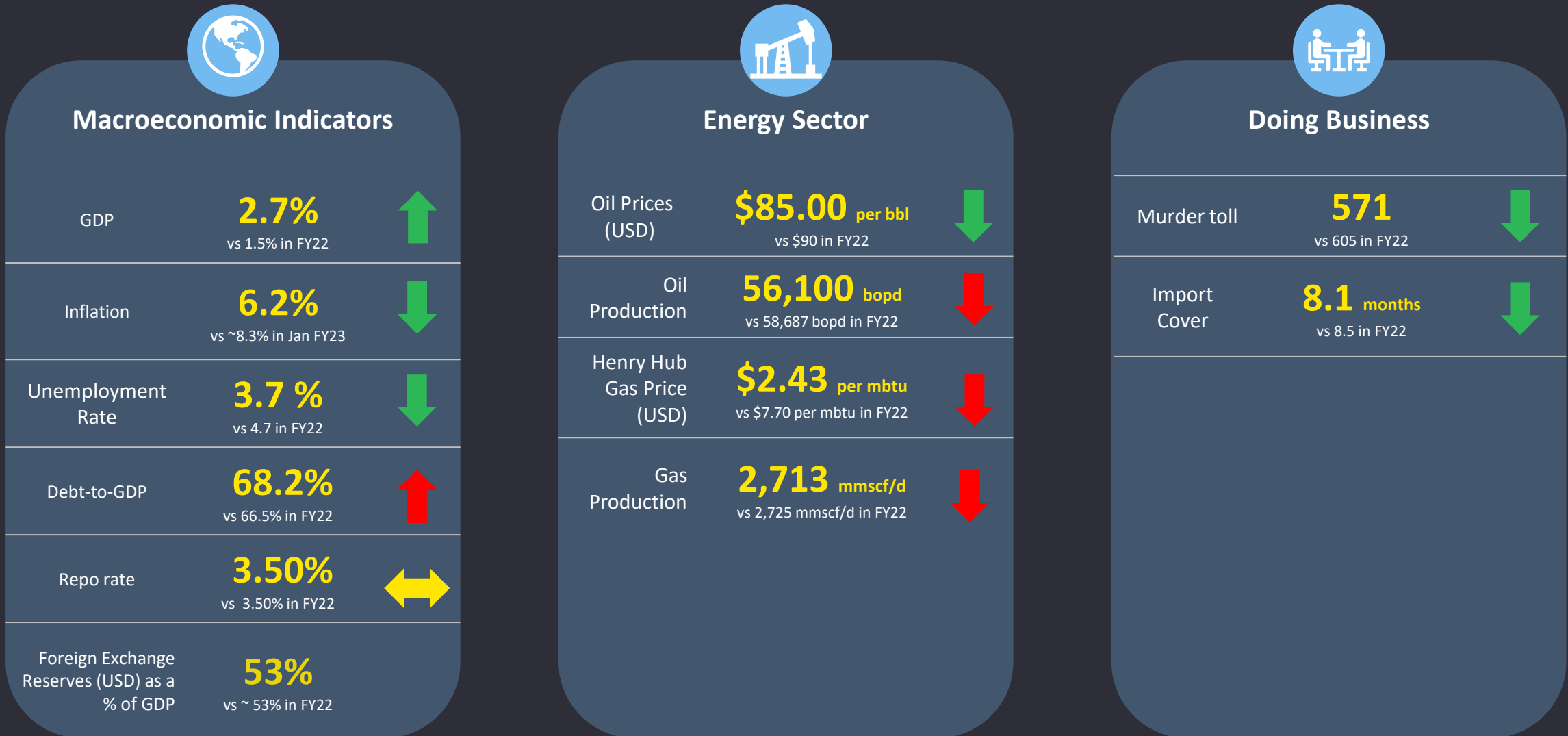
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Adaptation and resilience



Economic overview

Despite many signs of economic growth during the last fiscal, high inflation and lower oil prices present significant risks to continuing that growth trajectory



Source: Government of Trinidad and Tobago Budget Statement 2024 & EY Focus on Trinidad & Tobago Budget 2024



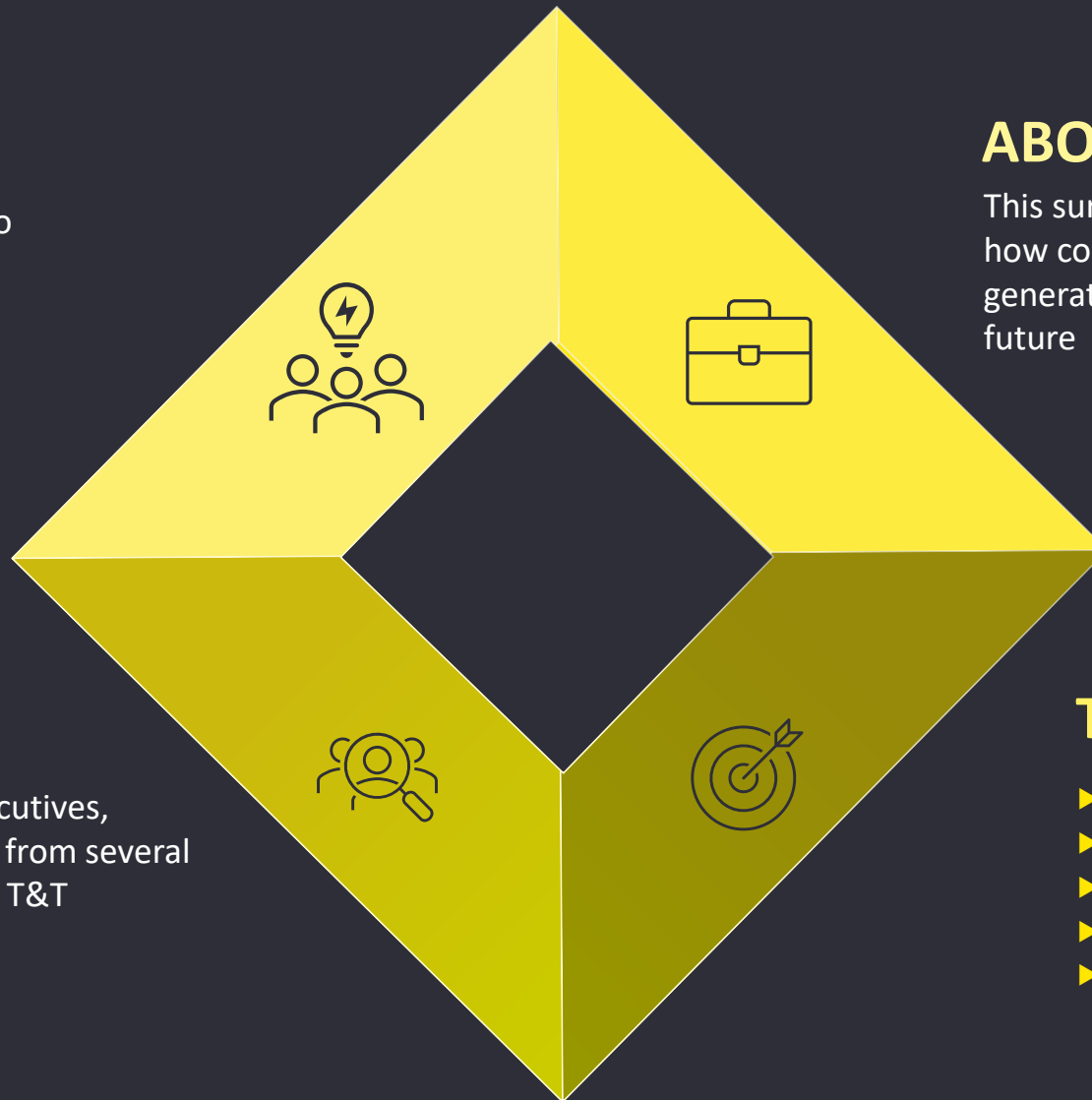
Survey overview

PURPOSE

We collaborated with AMCHAM to conduct a survey, collate and present the results today. EY will be leading this aspect of the conference

RESPONDENTS

Respondents included c-suite executives, business unit heads and directors from several businesses across 11 industries in T&T



ABOUT

This survey was conducted to gather perspectives into how companies are driving their strategy and generating economic growth as they prepare for the future

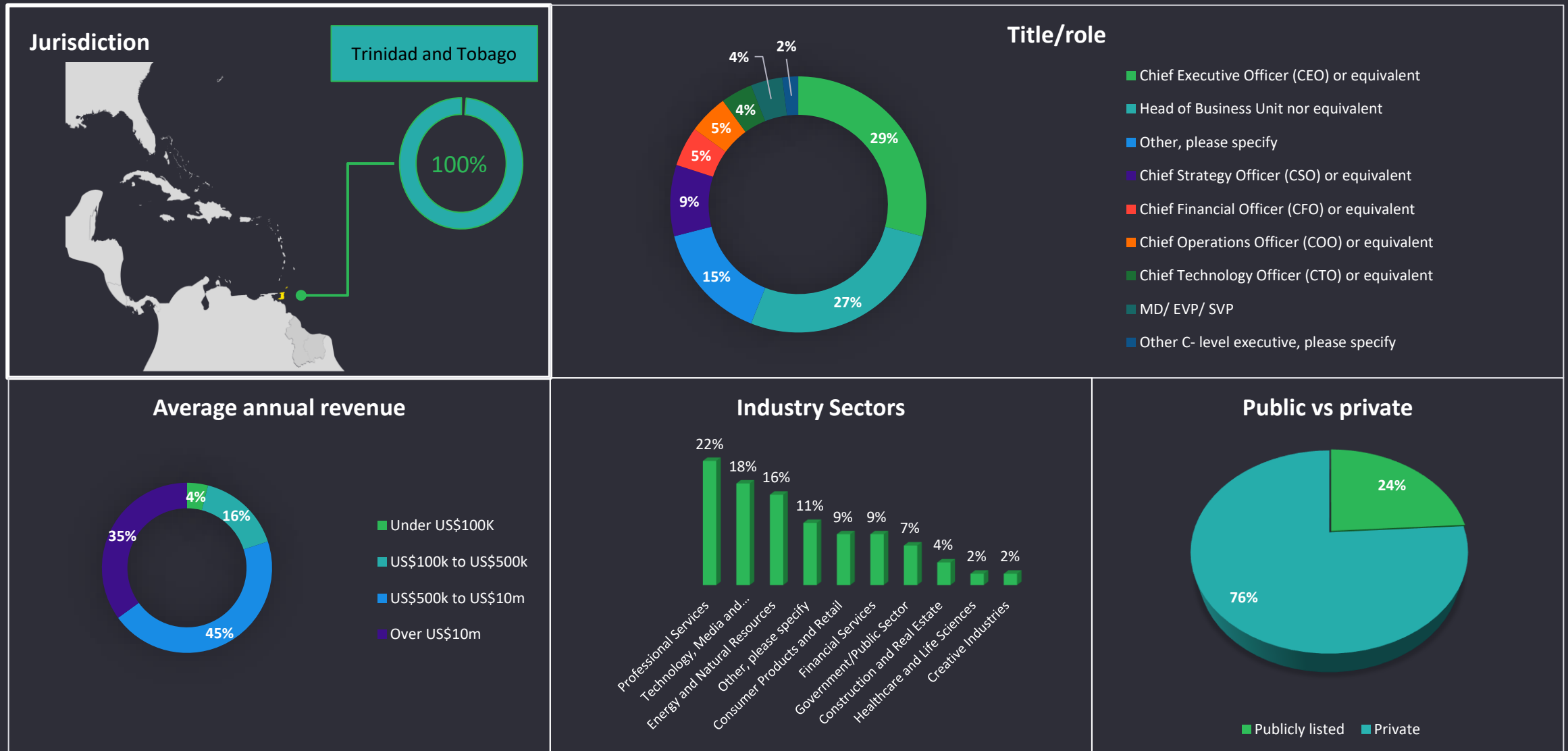
THEMES

- ▶ Confidence for economic growth
- ▶ Talent strategy
- ▶ Corporate strategy
- ▶ Digital strategies in a changing world
- ▶ Other business considerations (ESG, foreign exchange, crime)



Survey profile

The respondents represent senior executives from local companies with a wide range of revenue amounts across a large cross-section of industries





Survey results and global comparatives

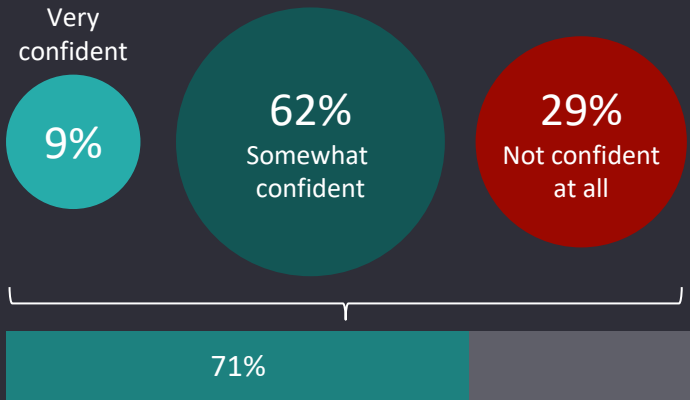
Theme 1 – Confidence in economic growth



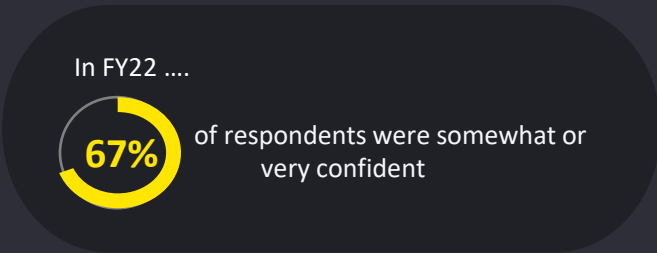
Confidence in the local economy

While there is a consensus that the economy will grow in 2024, there is a trend of tighter margins and increased inflation that continue to pose a threat

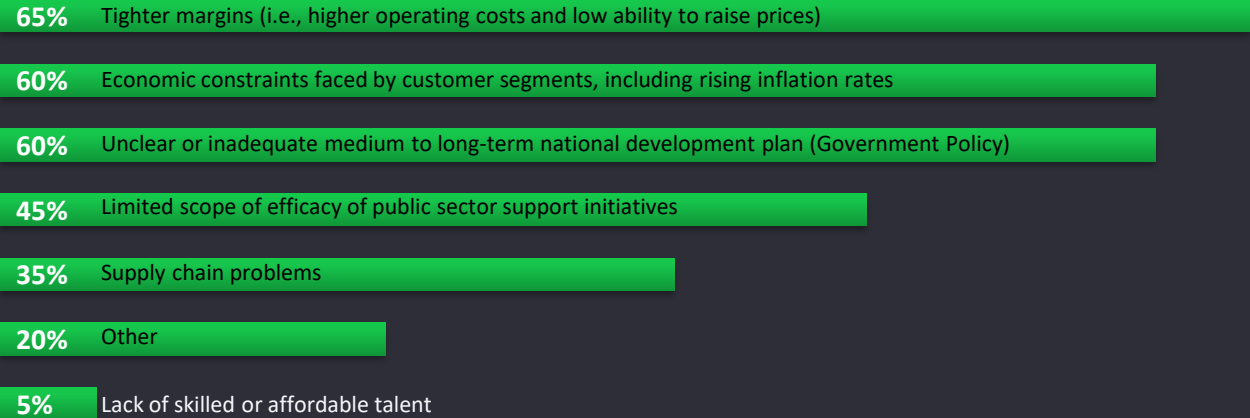
How confident are you that the local economy will experience growth in 2024?



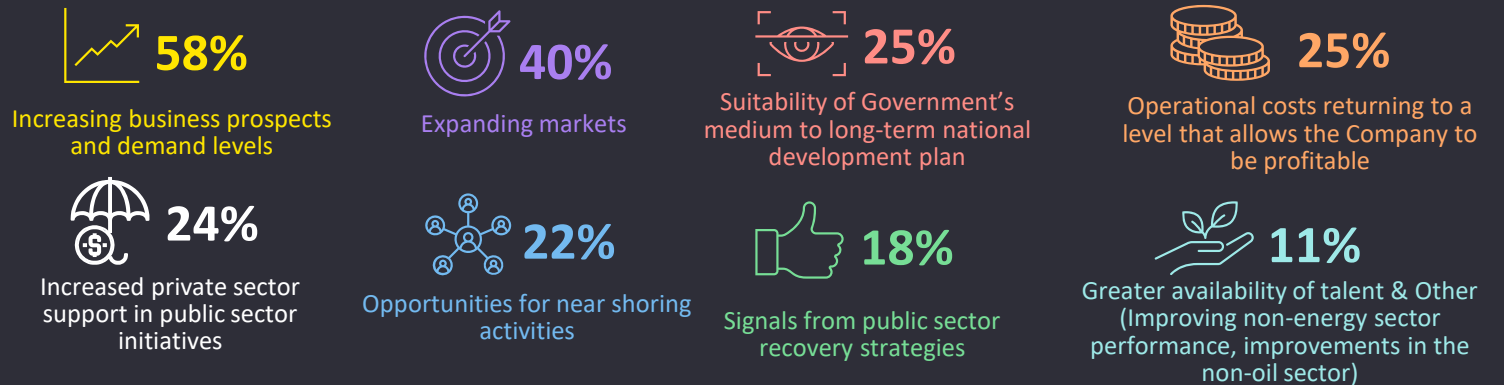
↑
YOY 4% increase



If somewhat confident or not confident at all, what are the primary reasons driving you to this conclusion?



If somewhat confident or very confident, what are some reasons driving you to this conclusion?

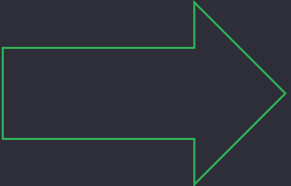
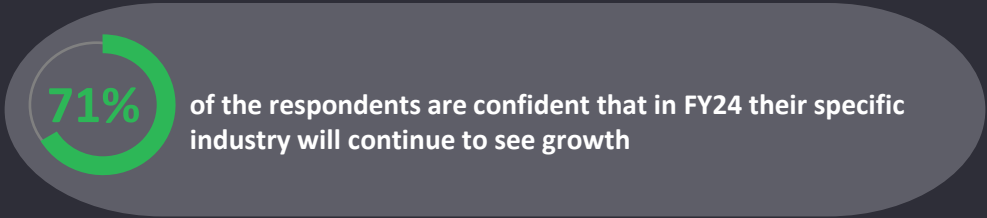


Confidence in the local economy (cont'd)

To build resilience and continue the growth trajectory you have identified critical inputs from both the private and public sectors

Are you confident that in FY24 your specific industry will continue to see growth?

Does your organization have any plans to invest or expand in 2024?



Where should the government focus in order to achieve real economic growth in 2024 and beyond?

How can the private sector contribute to real economic growth in 2024?

- Digital transformation
- Digitalizing government services to improve the "Ease of Doing Business"
- Tech as an industry
- Boosting the manufacturing & exportation potential
- Encourage foreign direct investments by creating a friendly business environment

- Private equity/ angel investing
- Public - private partnerships
- Investment in talent to develop skills required for the Future of Work (e.g., software development)
- Share manpower and expertise with public sector agencies on important projects
- Invest in Public Sector Initiatives

Theme 2 – Talent strategy

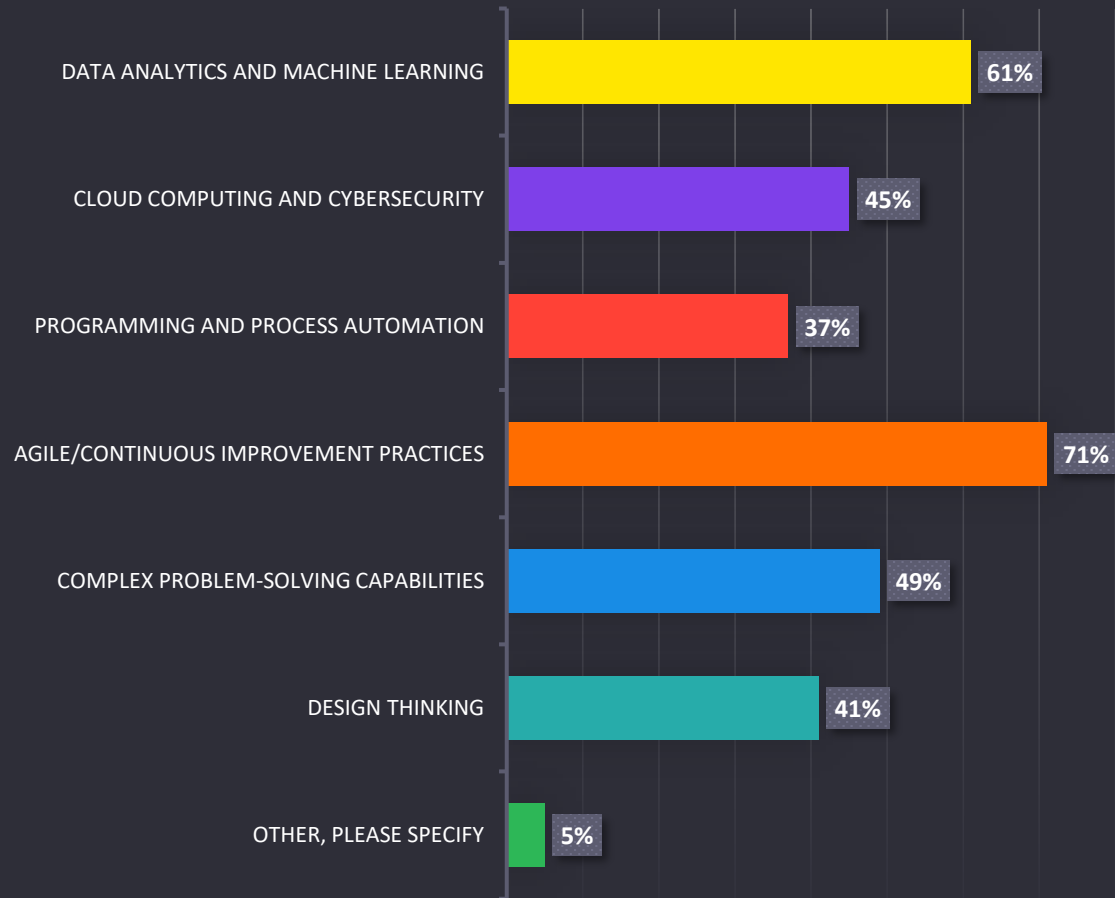


Talent strategy

While there is a continued focus on digital skills, there is a renewed focus on investing in existing resources to address business needs

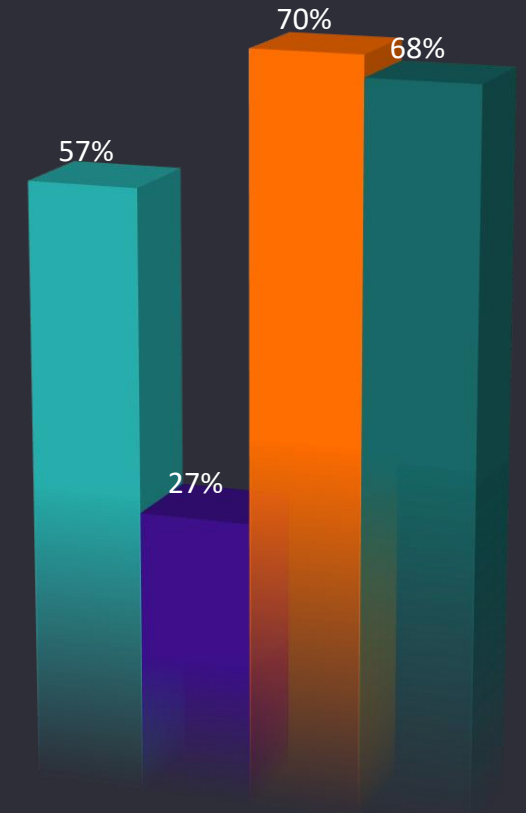
What future skills and capabilities does your company require to effectively compete in the market? Please select all that apply.

In what areas is your organization interested in investing internally?



Digital Skills

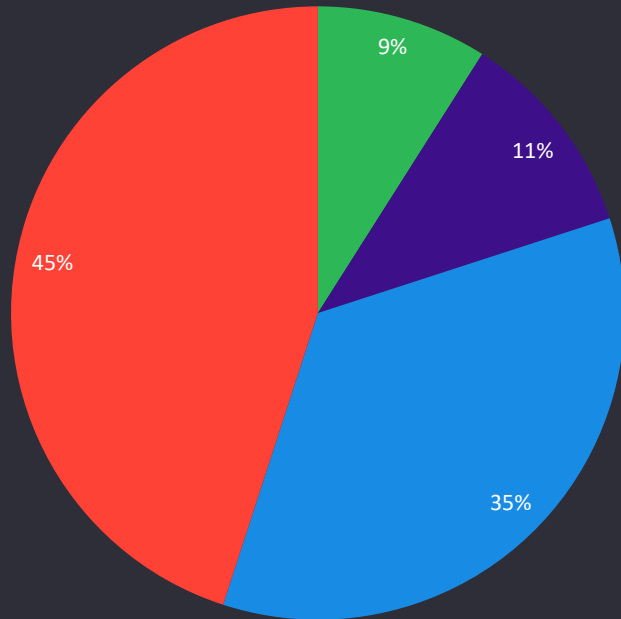
- Training/Upskilling Human Resources
- Upgrading Equipment
- Improving business efficiency
- Expanding operations- new products/ markets



Talent strategy

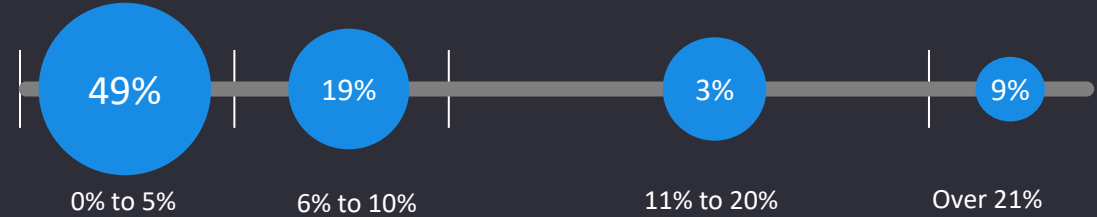
Our workforce has recovered from the pandemic however there seems to be an increase in the number of persons migrating

How many days per week do your employees report to the office?



- None - workforce is fully remote
- 1 - 2 days
- 3 - 4 days
- 5 days - workforce is fully present in the physical workplace

What proportion of your company's staff has migrated over the past 5 years, or plan to migrate in the near future?



32%

Estimated average year on year increase in staff migrations

Theme 3 – Corporate strategy



Corporate strategy

While companies continue to perceive sustained inflation as the primary external risk to their growth, the prevalence of cyber risks is on the rise

Which of the following do you consider to be the top two greatest external risks to the growth of your business?

1	50%	A sustained period of higher input prices and inflation	59%	1
2	36%	Increasing cybersecurity risks	14%	6
3	30%	Scarcity and cost of talent with the right skills to accelerate growth	22%	4
4	26%	Uncertain monetary policy direction and an increase in the cost of capital	24%	3
5	32%	A further increase in geopolitical tensions	50%	5
6	19%	More restrictive regulatory environment in key markets	11%	7
N/A	N/A	A continuation/ return of pandemic-related disruptions	30%	2

Global perspective

78%

of global respondents believe geopolitical conflicts or trade tensions will have at least a moderate impact on their business

80%

of global respondents believe Technology and digital disruption, including cyber risks will have at least a moderate impact on their business

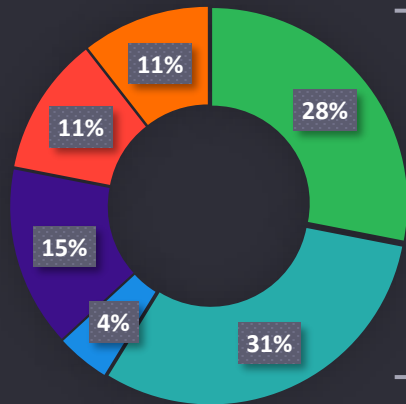
Theme 4 – Digital strategies



Digital strategies

While investing in digital solutions and transformation remain a high priority, the source of financing, strategies employees and results attained vary significantly

How are you financing or planning to finance your organization's digitalization projects?



69% of globally surveyed firms are financing using capital from other investment or technology budgets

- Primarily reallocating capital from other investment budgets
- Primarily reallocating capital from our technology budgets
- Primarily raising new capital
- An equal mix of reallocating and raising new capital
- We are struggling to finance these projects
- N/A we are not undertaking any investment in digitalization

*5% of respondents were unsure

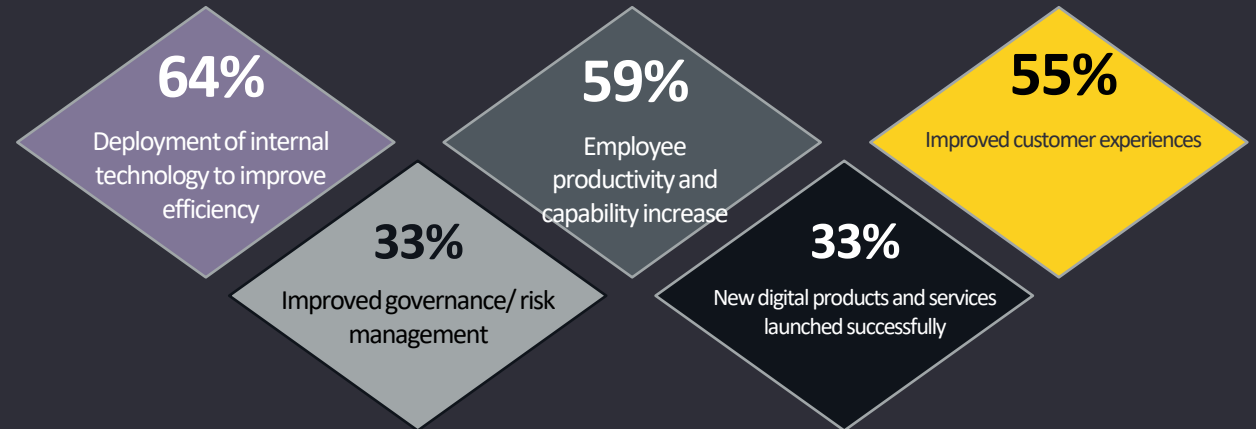
33%

say their investment into digitalization projects have met or exceeded expectations

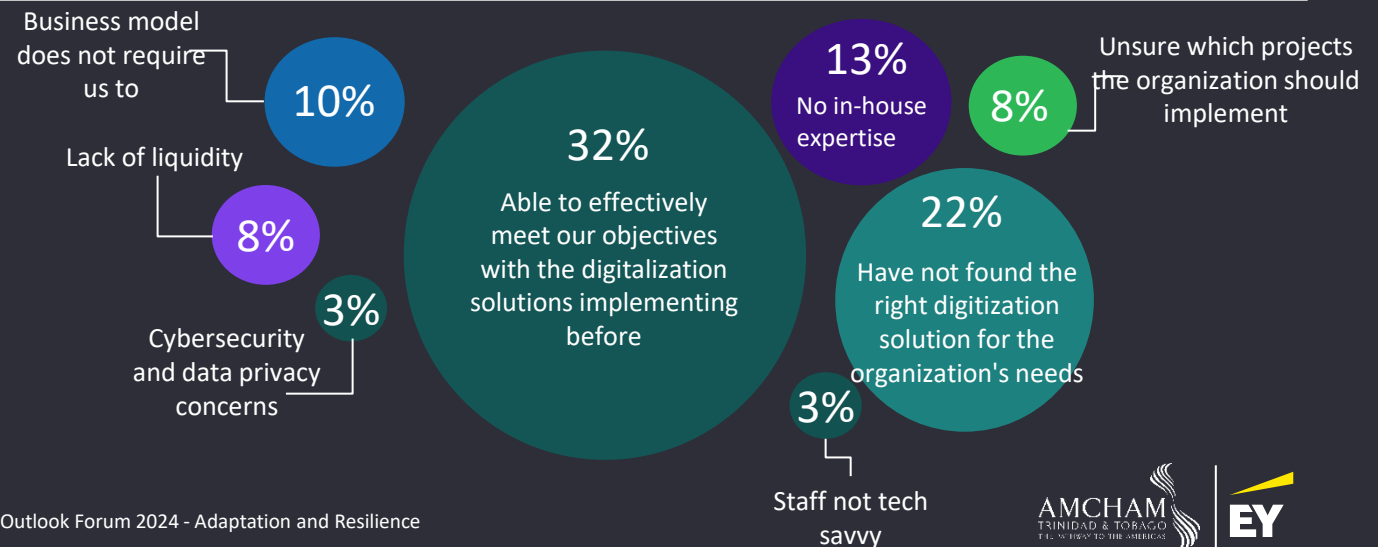
53%

of respondents say it is too soon to tell if the expected impact of their digital investments has been met

What digital strategies are making a positive impact for your organization?



What is preventing your organization from implementing more digitalization projects?



Digital strategies

Generative AI's impact is on the rise and will impact all aspects of business within a five-year horizon

When do you expect generative AI to have a significant impact on the following aspects of your organization?

Global perspective

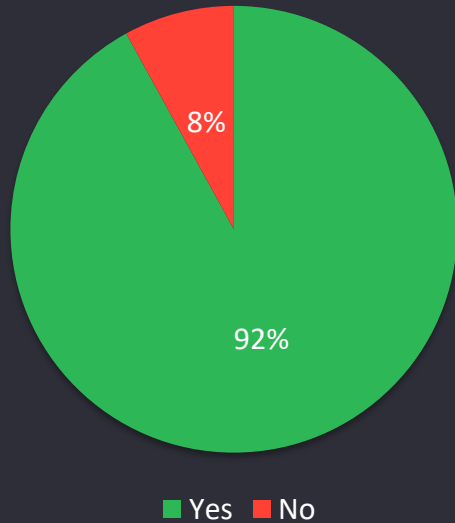


Source: Digital Investment Index Report 2023
EY study of 1,500 global C-level executives

Digital strategies

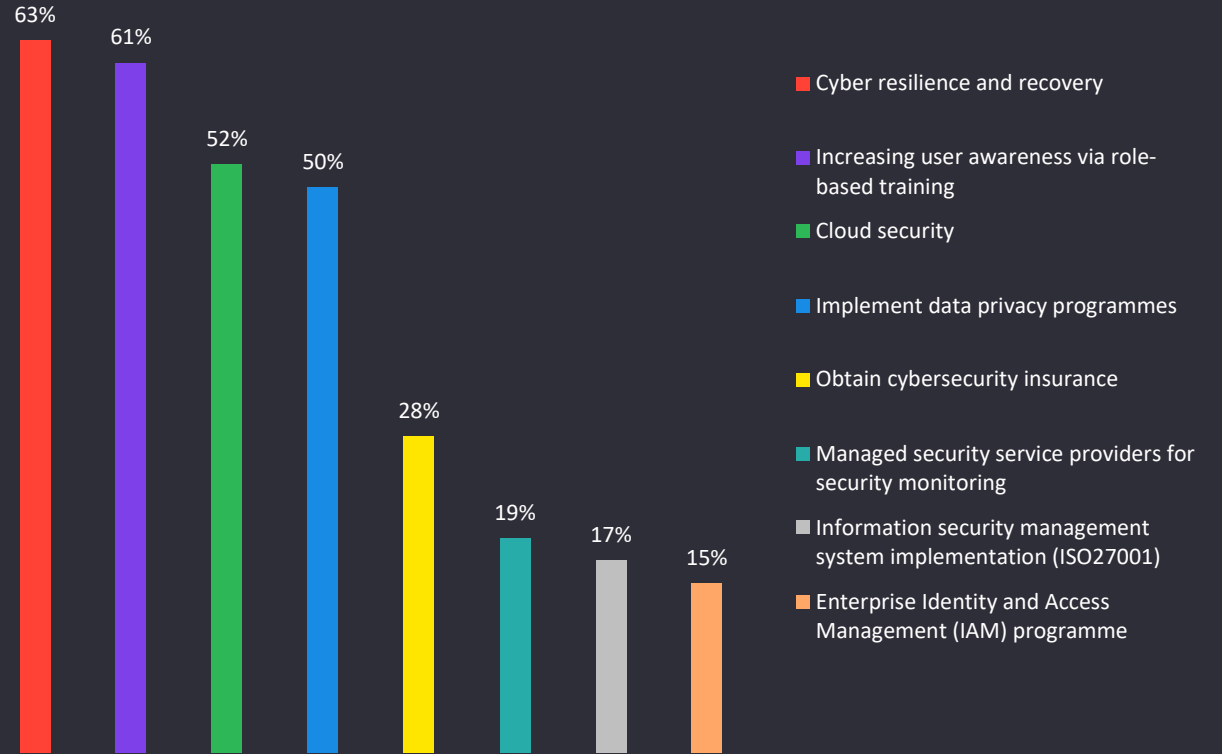
With increased digitization across our eco-systems, cyber-security has shot up to become one of biggest risks to most organizations

In the increasingly digital world, does your organization feel that cybersecurity is a major consideration and should be a major area of investment?



9% of respondents indicated they had no cybersecurity initiatives

If Yes, what strategies or initiatives does your company intend to pursue to strengthen its cybersecurity framework over the coming 12 months?



Theme 5 – Other Business Considerations (ESG, Foreign Exchange, Crime)



Foreign exchange considerations

Year on year, there has not been a significant change to the foreign currency situation, with companies heavily reliant on foreign exchange with varied levels of accessibility

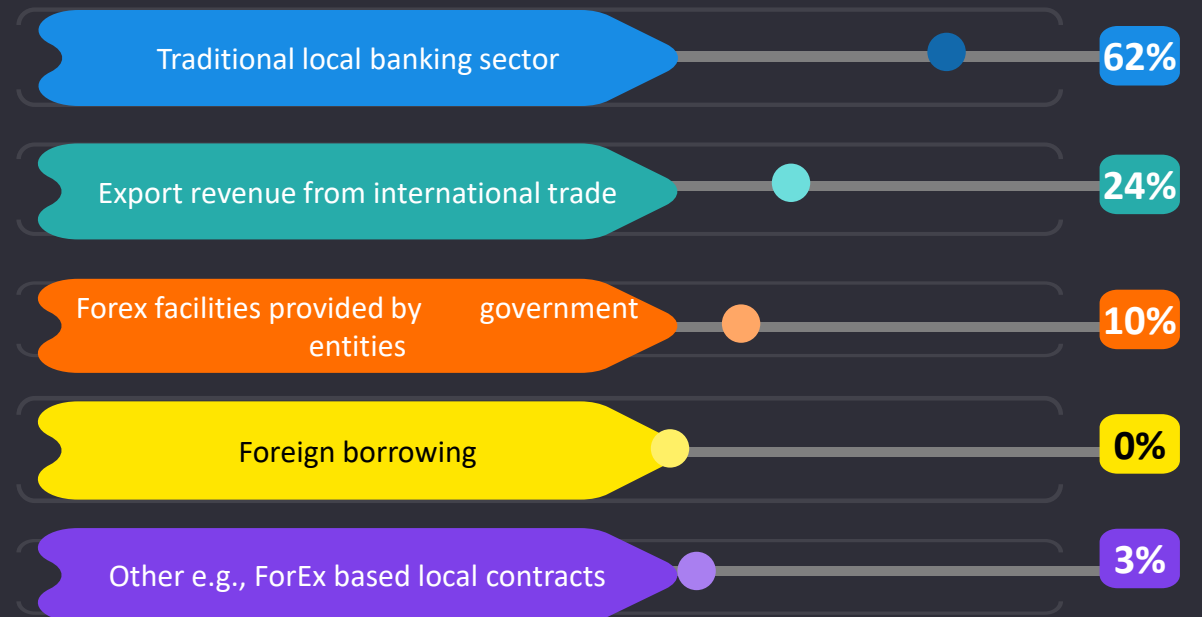
Does your business rely heavily on foreign exchange for its operations?



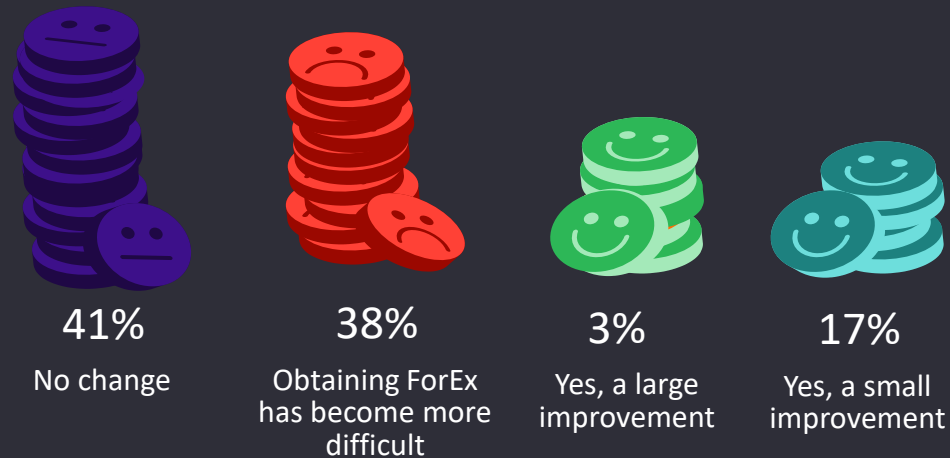
In FY22...

63% of businesses relied heavily on foreign exchange for their operations

If answer is yes, How do you source FOREX to meet your requirements?



If answer is yes, has your company experienced an improvement in the accessibility of foreign exchange over the past 12 months?



Social considerations

The crime situation has been a concern to the business community at large, however the direct impact businesses seem to be relatively low

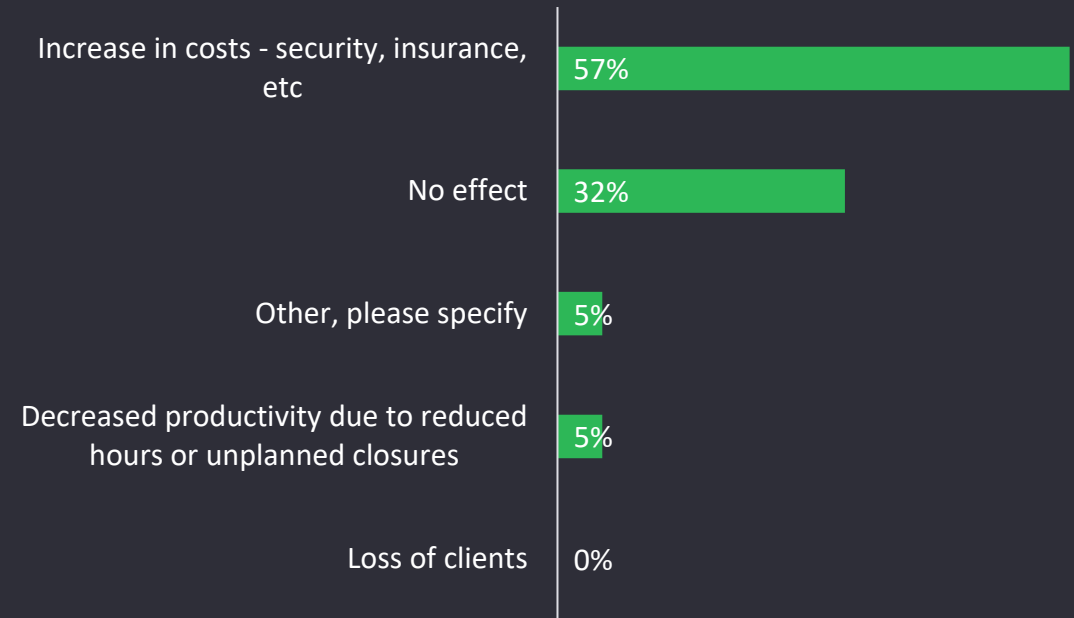
Have you or your organization been threatened or coerced to pay "protection money" (i.e., a fee to avoid harm or damage to your business through criminal activities) at any point over the last year?



Have you or any member of staff been asked to pay a bribe within the last year?



How has your business been affected by crime? Please select the top issue that has impacted or concerned your business the most over the last year.



Environmental, Social, and Governance (ESG) considerations

While the absolute numbers remain quite low both locally and internationally, there is an upward surge in the number of organizations whose financing is being adversely impacted by ESG initiatives

Has your company implemented any Environmental, Social and Governance (ESG) strategies or initiatives in the past 12 months or does it plan to do so in the coming 12 months?

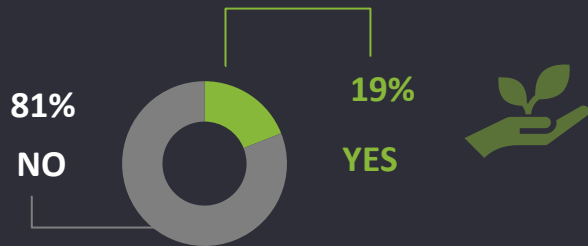


Global perspective

Nearly, 50% of companies fail to share information about how they plan to support the transition to a green economy

Nearly, 75% of companies have not quantified the financial impact of climate risk in their financial reporting

Has the growing focus of the corporate world on ESG initiatives impacted your organization's ability to access financing?



81% **No**, there has been no significant impact on my company's ability to access financing resulting from either pursuing or not pursuing ESG initiatives

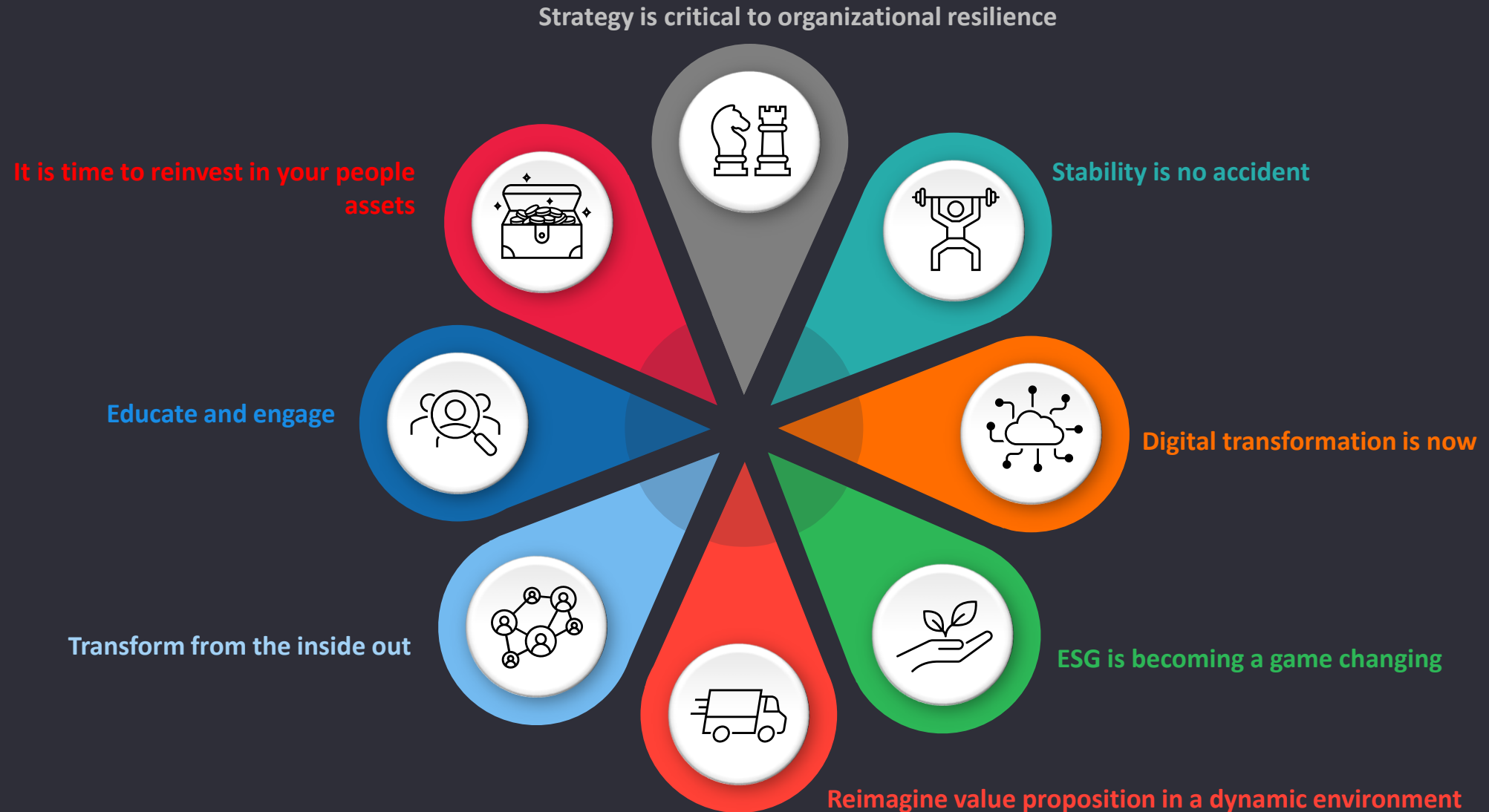
12% **Yes**, engaging in ESG initiatives has made it easier for my company to access financing

7% **Yes**, it has become more difficult for my organization to access financing due to a lack of ESG initiatives



Adaptation and resilience

Adaptation and resilience— Key takeaways



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