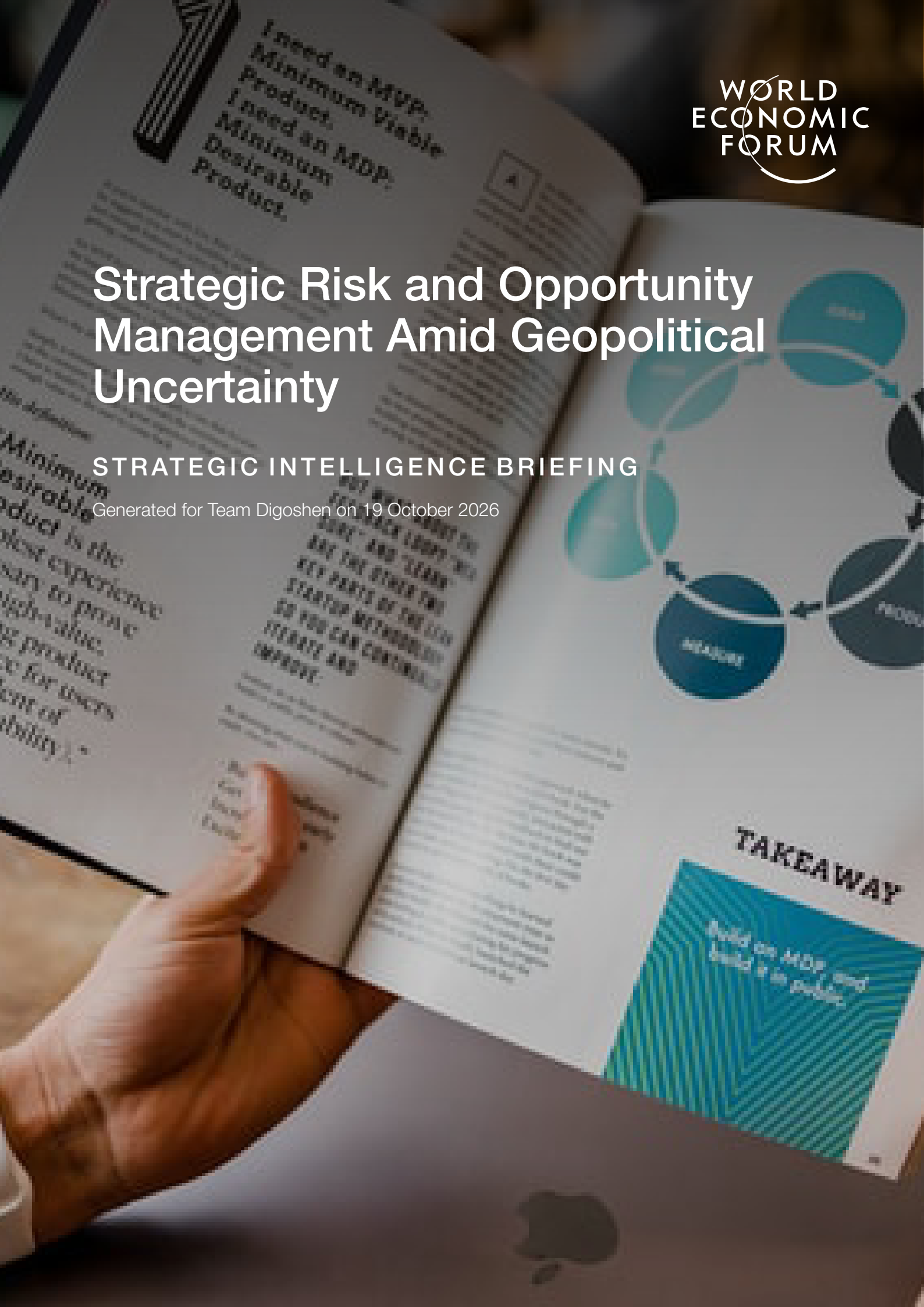


Strategic Risk and Opportunity Management Amid Geopolitical Uncertainty

STRATEGIC INTELLIGENCE BRIEFING

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Executive summary



Explore the interactive version
online

Strategic Risk and Opportunity Management Amid Geopolitical Uncertainty Intelligence Map - insights and perspectives curated by Digoshen via World Economic Forum Strategic insights and contextual intelligence.

The key issues shaping and influencing Strategic Risk and Opportunity Management Amid Geopolitical Uncertainty are as follows:

New Digital Business Models

Technology-enabled models can help companies provide value and build resilience

Civilization Divide and Geopolitics

Geopolitical divides can worsen regional conflicts

Economic Opportunities in New Mobility

Shared, electric, connected and autonomous mobility in cities offers an opportunity for economic growth.

Clear Strategic Choice

There are a few fundamental strategic options for foreign businesses to pursue in China

Resilience and Adaptability

Supply chain resilience requires enhanced visibility, agility, cybersecurity, collaboration, and commitment to sustainability

Purpose-Driven Strategy and Capital Allocation

A focus on 'stakeholder capitalism' necessitates shifting away from seeing sustainability primarily as a marketing challenge

Enterprise and Emerging Risks

Effective risk management is central to both legacy and emerging corporate governance models

Deeper Intelligence

More ambitious, timely, and granular monitoring of policymaking and opportunities is essential in the Chinese market

Technological Competition

A global scramble for technological leadership is driving geostrategic competition

Strained Institutions and Alliances

In a multi-conceptual world vulnerable to pandemics and conflict, traditional global governance is under pressure

Enterprise Risk Management

Our current era is characterized by multifaceted crises

Shifting Geopolitics and Geo-economics

CCOs play integral roles in helping companies navigate an increasingly complex and uncertain global landscape

Third-Party Risk Management

External business relationships can test an organization's ability to safeguard values

Populism and Nationalism

Domestic politics can both fuel and feed off unresolved global issues

Economic Shifts

There has been a resurgence in the use of economic and financial sanctions

Open Innovation

Many talk about corporate venturing, relatively few know how to successfully implement it

Digital and Sustainable Transformation of Industries

The pandemic has accelerated both digital immersion and a digital transformation gap

Building Future-Ready Business Models

Business model choices and strategies will shape long-term growth and success-being

Shifting Mobility Demand Patterns

Shifting consumer preferences and higher costs have triggered speculation about 'peak auto'

Business Model Innovation

Developing new business models can rewrite the rules of an industry

Below is an excerpt from the transformation map for Strategic Risk and Opportunity Management Amid Geopolitical Uncertainty, with key issues shown at the centre and related topics around the perimeter. You can find the full map later in this briefing.

1 Insights and trends

A synthesis of the most recent expert analysis.

1.1 Current perspectives

 **LSE Business Review**
Ending modern slavery will take more than corporate reporting
16 October 2026

Modern slavery arises where global commercial pressures intersect with vulnerable local labor markets. Although UK companies have increased oversight and reporting on modern slavery, limitations remain in addressing abuses occurring deeper in complex supply chains, such as through intermediaries and subcontractors. The UK government's proposed mandatory reporting reforms improve transparency and extend duties to public authorities, signaling a shared responsibility. However, effective prevention requires stronger collaboration and information sharing between corporate supply-chain governance and local public bodies, which currently operate mostly in parallel. Coordinated efforts are essential to identify and address labor exploitation at both corporate and community levels.

 **German Institute for International and Security Affairs**
Sea Lanes at Risk, Maritime Order under Threat
15 October 2026

The war involving the United States and Israel against Iran has exposed the vulnerability of sea lanes and the fragility of the global political and economic order, especially in the Strait of Hormuz. Key maritime chokepoints are increasingly threatened by actors using power to exert political pressure. Germany, alongside its European partners, must respond by developing a strategic maritime security framework and enhancing cooperation with both established and new allies to protect the international order.

 **Nature**
China's AI research is booming. Where is it headed?
14 October 2026

China's AI research is rapidly advancing, with a growing number of researchers opting to stay in or return to China rather than pursue careers in the United States. China now trains more AI talent than any other country, boasting 51,000 active AI researchers compared to 14,000 in the U.S. Chinese researchers dominate global AI publications, and firms are producing advanced AI models at lower costs. However, challenges include lower access to computing resources and a less distinct separation between academia and industry. U.S. visa restrictions and geopolitical tensions have reduced its appeal as a destination for Chinese AI talent, contributing to China's increasing self-reliance and leadership in the field.

 **Wharton School of the University of Pennsylvania - Knowledge@Wharton**
2026 AI Adoption Report
13 October 2026

The 2026 AI Adoption Report reveals that widespread AI adoption is now embedded in enterprise workflows, shifting focus from usage to value realization through workflow redesign, organizational alignment, and clear governance. Companies with strong AI returns emphasize growth-oriented metrics rather than just efficiency, standardize platforms, appoint Chief AI Officers, and adapt management structures. Leadership and employee perspectives often differ on AI strategy alignment, impacting performance. Departments integrating AI deeply and redesigning workflows around AI report significantly higher ROI, confirming that success depends on comprehensive, measured transformation beyond mere adoption.



London School of Economics and
Political Science

Europe can still win the race to build the cars of the future

13 October 2026

Europe's automotive industry faces a pivotal transformation as electric, software-defined vehicles (ESDVs) replace internal combustion engine vehicles, with potentially profound implications for the continent's economy. Despite Europe's strong automotive sector, production has declined while global output, especially in China, has surged. Key technologies like batteries, semiconductors, AI, and robotics are central to this shift, where Europe currently lags behind Chinese and Korean competitors. However, the move from domain to zonal vehicle architectures offers opportunities for innovation in high-performance computing and software updates. Europe's success depends on coordinated yet decentralized public policies that support domestic demand and leverage regional experimentation, enabling the scaling of effective technologies and preserving Europe's industrial competitiveness.



GovLab - Living Library

Professionalizing deliberation: a Social Network Analysis of UK climate mini-publics

14 October 2026

Deliberative mini-publics have become key in UK climate governance, leading to a professional field comprising facilitators, recruitment agencies, advisory bodies, experts, and networks. Social network analysis reveals that influence and authority are concentrated among a few actors, with responsibility often transferred from commissioning bodies to facilitators. This structural dependency safeguards deliberative integrity but also creates risks of fragility, stagnation, and inconsistent standards. Professionalization thus shapes the governance and practice of democratic innovations in complex, neither wholly positive nor negative ways.



Asian Development Bank

Economic Transformation for Sustainable and Inclusive Growth in Tajikistan: A Country Diagnostic Study

13 October 2026

Tajikistan can achieve sustainable and inclusive growth by shifting from its current reliance on public investment, low-productivity industries, and limited commodity exports to a diversified, private sector-led economy. With a growing youth population, the country should invest in modern skills development, improve the business environment, encourage private investment, and reform the pension system. These measures will drive productivity, broaden exports, and foster

innovation, supporting an inclusive future and stronger economic transformation.



The Conversation (French)

Protestations lycéennes, gilets jaunes, ces mouvements qui défient l'ordre politique

15 October 2026

Les mouvements lycéens et des gilets jaunes se distinguent par une organisation horizontale et des actions directes comme les blocages et occupations de ronds-points. Qualifiés de « féroces », ces mouvements échappent à la domestication classique, reflétant une contestation non encadrée ni prévisible. Ils expriment une protestation face à la gestion restrictive des ressources éducatives et sociales, ainsi qu'à la marginalisation budgétaire de la jeunesse. Leur conflictualité allie modes d'action traditionnels et actions directes, sans pour autant être caractérisés par la violence systématique. Les autorités perçoivent ces mobilisations comme une menace à contenir, mêlant répression et tentatives de canalisation via des plateformes participatives.

[Try translating with Google](#)



World Economic Forum

Japan is combining tech and human connection to help people live well until 100

15 October 2026

Japan has surpassed 100,000 centenarians, but a significant gap remains between life expectancy and healthy life expectancy, with older adults facing health challenges for about a decade. To address this, Japan integrates technology and social initiatives to promote healthy longevity and delay care needs. Efforts include AI-based cognitive assessments, digital co-living tools to maintain family connections, and mobile supermarkets that enhance social participation for seniors. National programs like the Moonshot Research and Development and Health Care 2035 vision focus on sustaining health and innovation amid demographic and workforce shifts. Extended work opportunities also support active aging.



Geneva Centre for Security Sector
Governance (DCAF)

Commitments into action: Women, Peace, and Security in defence budgeting

16 October 2026

Global military spending has nearly doubled over the last decade, while official development assistance is expected to drop by 31% from 2024 to 2029. Despite many countries adopting Women, Peace and Security (WPS) policies, only 29 of 113 with WPS National Action Plans included budgets at adoption. Integrating WPS commitments into defence budgets involves embedding gender analysis throughout all budgeting phases rather than creating separate budget lines. Practical

measures include involving gender advisers, conducting gender impact assessments, using gender-disaggregated data, and gender-responsive audits. Risks include isolating WPS funding or overly securitizing the agenda. Recommendations urge linking WPS to budget processes, enhancing gender expertise, and combined scrutiny of military and social spending to ensure defence growth does not undermine development funding.



Stockholm Environment Institute EU sustainability reporting rules and municipal governance

13 October 2026

Recent changes to EU corporate sustainability reporting rules indirectly impact municipal governments by influencing the sustainability data obtained from municipal companies, banks, suppliers, and climate investment programs. Although municipalities are not directly required to report under EU law, these rules affect their reporting practices and decision-making processes. Municipalities can take practical steps to enhance the quality of sustainability information for better governance and planning.



NextBillion Impact Entrepreneurship During the Polycrisis: An Interview with Laurie Lane-Zucker

15 October 2026

Impact entrepreneurship demonstrates that business can generate lasting social and environmental benefits by embedding mission into ownership, governance, and capital structures to sustain impact beyond founders or market changes. Laurie Lane-Zucker's book, "The Impact Entrepreneur Breakthrough," serves as a practical field manual offering tools and exercises for impact-driven enterprises to navigate the polycrisis—interconnected crises threatening communities and ecosystems globally. Key advice includes designing systems that share power rather than entrench it and addressing root causes strategically, ensuring ventures remain regenerative and resilient across changing conditions.



GovLab - Living Library Why Open Government Matters for Getting Tech Sovereignty Right

12 October 2026

Tech sovereignty refers to a government's ability to control technology within its borders and maintain autonomy from foreign technologies. Governments adopt various policies to achieve this, categorized as cost (investing in domestic capacity), exit (ensuring the ability to disengage from unfavorable technology partnerships), and leverage (holding

strategic assets sought by others). Open government principles—transparency, public oversight, and participation—are crucial in these areas to ensure policies deliver autonomy, value, security, and jobs effectively.



The Conversation (French)

Violence numérique : le coût caché de l'engagement politique des femmes et des jeunes en Afrique australe

14 October 2026

En Afrique australe, la violence numérique, comprenant menaces, harcèlement coordonné, divulgation de données personnelles et deepfakes sexualisés, cible particulièrement les femmes et les jeunes engagés en politique. Cette violence accroît le coût personnel de l'expression publique, conduisant à l'autocensure, à la désengagement ou au retrait des espaces numériques. Selon une étude de l'Union interparlementaire, 46 % des femmes parlementaires africaines ont subi des attaques sexistes en ligne, les jeunes femmes étant davantage exposées. Ce phénomène renforce les inégalités de représentation politique et menace la participation démocratique effective des groupes vulnérables, amplifié par les plateformes numériques qui facilitent la diffusion rapide de contenus dénigrants.

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The Conversation (Spanish)

A más competencia, más barreras: ¿cómo cambian los términos de la relación comercial entre China y Europa?

14 October 2026

China ha pasado de ser proveedor de productos baratos a competir globalmente en sectores industriales avanzados como automoción, maquinaria y electrónica, superando en exportación a potencias como Alemania. Esta transformación, conocida como "China shock 2.0", ha incrementado la competencia en Europa y otros mercados, afectando las exportaciones europeas a China y ampliando el déficit comercial de la UE, que alcanzó casi 372.000 millones de euros en 2025. En respuesta, Europa ha implementado aranceles adicionales, limitaciones a importaciones chinas, y busca mecanismos para restringir accesos que generen distorsiones, además de promover una mayor reciprocidad y reducir su dependencia en materias primas y tecnologías estratégicas.

[Try translating with Google](#)



NextBillion

Digital Public Infrastructure Is Supposed To Be Interoperable: Why Does the Standardization End When Something Goes Wrong?

12 October 2026

Digital public infrastructure (DPI) enables population-scale digital identity, payments, and data exchange across governments and countries, requiring interoperability. However, interoperability largely ends when errors occur, as grievance redress mechanisms lack standardization. Research on 15 DPI systems in Brazil, India, South Africa, Benin, and Ethiopia reveals that while international principles for redress such as accessibility and fairness are agreed upon, there is significant divergence in governance and a lack of common vocabularies and metrics for complaints. This fragmentation complicates resolving issues that span multiple institutions, leaving citizens navigating disconnected systems despite experiencing DPI as integrated services.



World Economic Forum

Why some board meetings inspire and others fizzle, according to those in the room

15 October 2026

Productive board meetings engage members early, keeping groups small and fostering open discussions rather than one-way presentations. Boards that contribute to strategy development while assumptions are still testable, rather than merely approving final decisions, create more value. Effective boards feature members with strong judgment and relevant leadership experience, maintain agility with around nine to ten members, and enforce tenure limits to avoid stagnation. They focus on actionable scenarios within company control, balancing short-term responsiveness with long-term goals. Open, well-framed questions from both boards and CEOs encourage mutual learning and respectful dialogue, while clear agendas and concise presentations maximize discussion time.



The Conversation

How electric vehicles could help pollinators find flowers again

13 October 2026

Air pollution, specifically ground-level ozone and nitrogen oxides (NOx) from fossil fuels, disrupts floral scents that pollinators rely on, significantly impairing their ability to locate flowers. Studies show elevated ozone and NOx reduce pollinator performance by up to 68%, mainly by hindering flower location rather than directly harming insects. Diesel vehicles are major NOx sources, and shifting to electric vehicles (EVs), which emit no tailpipe NOx, could eventually lower ozone levels and help pollinators recover. However, ozone levels may peak around 2050 before declining, emphasizing the urgency of rapid diesel phase-out and clean energy transitions to protect pollinators and crop yields.



Asian Development Bank

Closing the Mobile Connectivity Gap in Developing Asia and the Pacific

13 October 2026

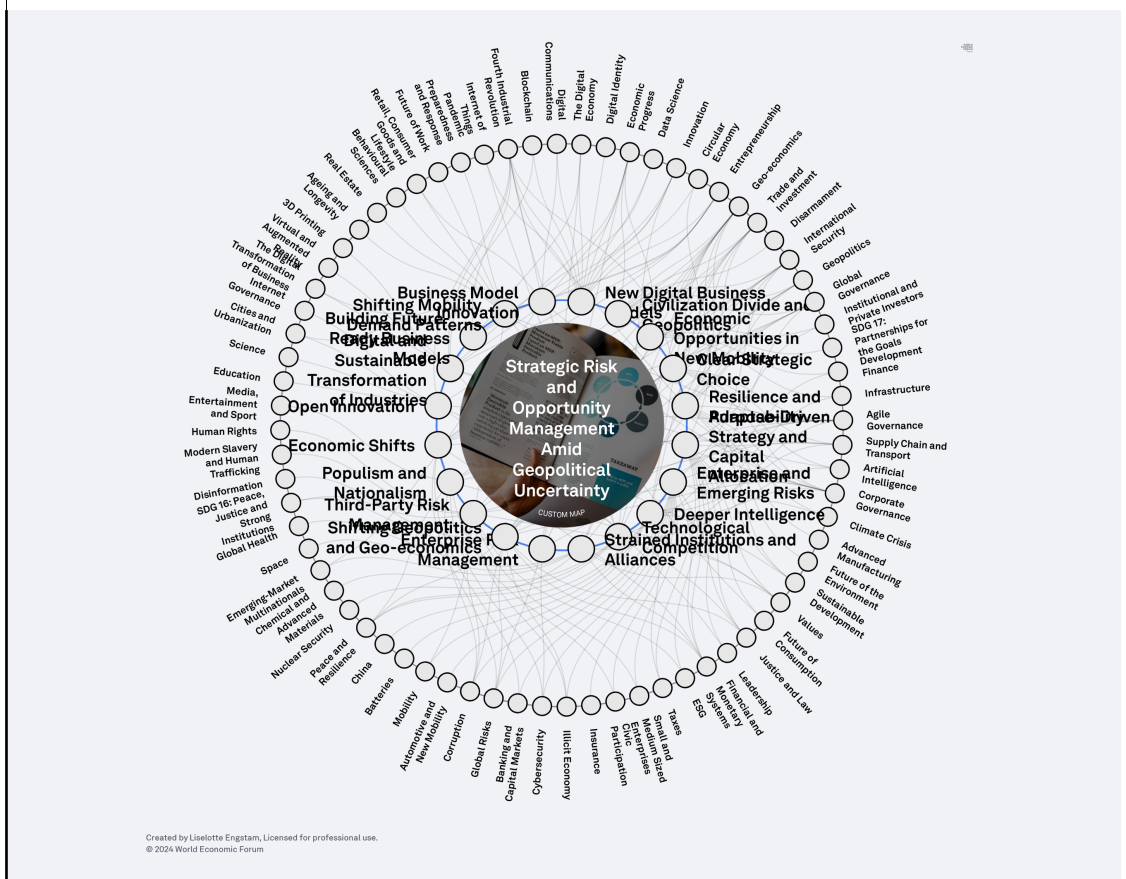
Asia and the Pacific require an additional \$184 billion investment to close the mobile connectivity gap, aiming for universal coverage by 2030 at a total cost of \$316 billion. Despite 98% 4G access, 1.2 billion people remain offline, with significant gender and rural disparities. Improving device affordability and digital literacy could generate a \$230 billion economic uplift. Enhanced connectivity is projected to improve education, reduce emissions, and alleviate poverty across the region.

Strategic context

The key issues shaping Strategic Risk and Opportunity Management Amid Geopolitical Uncertainty .

The following key issues represent the most strategic trends shaping the topic of Strategic Risk and Opportunity Management Amid Geopolitical Uncertainty . These key issues are also influenced by the other topics depicted on the outer ring of the transformation map.

FIGURE 1 Transformation map for Strategic Risk and Opportunity Management Amid Geopolitical Uncertainty



2.1 New Digital Business Models

Technology-enabled models can help companies provide value and build resilience

Most executives see innovation as critical for their business. And, according to the McKinsey Global Innovation Survey, 80% think their current business models are at risk of disruption. COVID-19 has only accelerated the shift to online and touchless experiences, and spurred innovative uses of technology and data that will increasingly underpin business models. Digital subscription models, like Dollar Shave Club or Netflix, have already risen to prominence, as have on demand models like Uber or TaskRabbit - while technology has made it increasingly easy to adopt platform models upon which users and even other companies can build their own presence (examples include Facebook or YouTube). The World Economic Forum estimates that 70% of the value created over the coming decade will be based on digitally-enabled platform business models, due to the rapid digitalization of economies around the world. Collaboration can also unlock value - research shows that digital "ecosystems" are expected to account for more than 30% of global corporate revenue by 2025. One example is Project Connected Home, a joint effort led by Amazon, Apple, Google and the Zigbee Alliance to set standards for smart home technology.

"As-a-service" business models are an increasingly prevalent and effective way for companies to turn what might otherwise be one-off purchases into more predictable, longer-term, and typically larger revenue streams. Microsoft, for example, now offers its Office 365 product through software-as-a-service subscriptions, as an alternative to purchasing an entirely new version of Office version every few years. Meanwhile Amazon offers its AWS product in a way that provides infrastructure as a service (IaaS) on a subscription basis. Thanks to increased digital connectivity and internet use, there has been a surge of data that can potentially provide value not just to companies but to society in general. Many companies are exploring innovative ways to unlock the value of this data in a responsible way by embedding trust, privacy, and security into their models. A company called Points Technology has for example used a confidential computing framework based on TEE (trusted execution environment) and other encryption technology to make data usable but not visible - in order to ensure privacy, security, and compliance when it comes to banking, government-led data-sharing initiatives, and marketing campaigns.

Related topics: [Internet of Things](#), [Circular Economy](#), [Digital Identity](#), [Digital Communications](#), [Economic Growth](#), [Innovation](#), [Entrepreneurship](#), [Blockchain](#), [The Digital Economy](#)

2.2 Civilization Divide and Geopolitics

Geopolitical divides can worsen regional conflicts

Global political power is shifting, creating tensions between major powers in the West and East, and new opportunities for emerging economies. The projected GDP total of the "E7" countries (the highest economically performing emerging economies) for 2050 was \$138 trillion, which would surpass the G7. This is occurring as conflict based on religion, history, and politics is rife in many regions. Geopolitical tensions can hinder international cooperation on critical issues such as climate change, public health, and the circular economy - making global stability more precarious. Without peace, mutual understanding, and the elimination of bias and barriers, no progress can be made in any of these crucial issues. Geopolitical divides can worsen regional conflicts and economic instability, and lead to a breakdown of international norms and agreements.

Related topics: [Geopolitics](#), [Economic Growth](#), [Drivers of War](#), [Geo-economics](#), [Global Governance](#), [Trade and Investment](#), [Disarmament](#)

2.3 Economic Opportunities in New Mobility

Shared, electric, connected and autonomous mobility in cities offers an opportunity for economic growth.

Along with tackling social and environmental issues such as air pollution and carbon emissions, moving towards shared, electric, connected and autonomous (SEAM) mobility in cities offers an opportunity for economic growth for both the public and private sectors. New services and business models in SEAM mobility create economic opportunities for cities and businesses through new jobs and new markets. Cities are excellent test beds for new solutions and innovations in mobility, offering opportunities for public-private collaboration to test new solutions which benefit cities and their inhabitants.

To maximise the economic opportunities of SEAM mobility in cities, a multi-stakeholder approach is required. Only by working across the public and the private sectors can we maximise the opportunities of the transition to more sustainable mobility solutions. The financing of and investment in the transition to a shared, electric, connected, autonomous mobility system is crucial within this. Creating the conditions in cities to encourage

investment and buy-in from the private sector in sustainable mobility and infrastructure is vital to speed up this transition.

Related topics: [SDG 17: Partnerships for the Goals](#), [Economic Growth](#), [Development Finance](#), [Infrastructure](#)

2.4 Clear Strategic Choice

There are a few fundamental strategic options for foreign businesses to pursue in China

A core element of strategy-making is to make fundamental choices. These create clarity to guide resource allocation and execution. Aside from exiting the Chinese market all-together, a foreign business's fundamental strategic options include: engaging in and with China opportunistically, including for those business models that are competing for survival in sectors faced with newly enforced policies (such as anti-monopoly measures) or novel market governance instruments (like volume-based procurement); doubling down on an "in China for China" strategy; or additionally leveraging the Chinese market for value creation beyond China-based operations. The first option makes sense for latecomers, firms with weaker innovation capacity, or those lacking differentiation and with a utility not (yet) recognized in China's policy system. China's financial system, for example, is seen to "serve the real economy," and is not an economic sector per se, and China's healthcare system has only recently moved from being seen as a core governmental function to a private-sector service where market liberalization to foreign players is as yet limited to free trade zones such as in Shanghai or Hainan. The second fundamental strategy, "in China for China," essentially creates self-sufficient China operations serving China-based customers, fit for the Chinese jurisdiction. It can be necessitated by market, domestic policy, or corporate risk management factors - these include a need for more locally tailored products and innovation, higher customer proximity, more local decision-making and faster speed, plus generally more effective local engagement. One key policy factor is China's need for more "self-reliance" (2022) in designated sectors - which means rules or incentives driving import substitution or requiring local content. Corporate de-risking under this second strategy is about ring-fencing operations and localizing supply chains, plus identifying "no regret" moves that make China operations less vulnerable to geopolitical escalation and supply chain risk. To identify such no-regret moves it is useful to work with distinct, fundamental scenarios (such as geoeconomic fragmentation). From an HQ perspective, diversifying into a third market (such as ASEAN) is also an option. It should be noted that this second strategy does not need to be limited to the Chinese domestic market - it can include the pursuit of opportunities through China's (policy-backed) corporate "going out." The third fundamental strategy is to be ambitious domestically, while unlocking value-add from China operations globally or regionally. Value-add levers include (inter-company) supply, exports, R&D, products and innovation, talent, corporate services, and governance functions. These are all premised on the absence of policy-driven "decoupling" that could affect entire sectors.

Related topics: [Geo-economics](#), [Logistics](#), [Trade and Investment](#), [Artificial Intelligence](#), [Corporate Governance](#), [Agile Governance](#), [Geopolitics](#)

2.5 Resilience and Adaptability

Supply chain resilience requires enhanced visibility, agility, cybersecurity, collaboration, and commitment to sustainability

Supply chain resilience has become paramount, as demonstrated by the challenges induced by COVID-19 and more recent geopolitical tension. Supply chains must have the capacity to foresee, prepare for, respond to, and recover from disruption - and maintain operations at an acceptable cost and performance level. Resilience is crucial not only for immediate challenges but also long-term change and uncertainty related to climate change, nationalism, protectionism, conflict, and mounting geopolitical competition. The cornerstone of supply chain resilience is visibility and agility. Enhanced visibility can be achieved through technologies like the Internet of Things (IoT) and artificial intelligence, to make risk management more proactive by providing real-time data. Methods including simulation and scenario planning can enable strategic foresight, while agility, in a supply chain context, means the ability to rapidly adjust to changes in the commercial, operational, regulatory, or political environment. This frequently requires measures such as diversifying suppliers to avoid dependency on a single source, and investment in foreign technology and capacity to avoid excessive concentrations of capability and production infrastructure - as illustrated by, for example, the semiconductor industry. Creating agility also means adopting flexible manufacturing processes, and investing in adaptable logistics capabilities.

As supply chains digitalize, cybersecurity has emerged as a major risk - necessitating substantial investment in resilience to protect against data breaches and cyberattacks. In this regard and others, collaboration and partnership play vital roles, by fostering resource and information sharing, joint risk assessment, and shared recovery strategies. Companies must balance the costs of extra inventory with the risks of stockouts during disruptions; they are re-evaluating trade-offs between short-term economic benefits and long-term geopolitical, regulatory, and systemic risk. Sustainability is increasingly intertwined with supply chain resilience. Sustainable sourcing mitigates disruptions from regulatory change or shifts in consumer preferences, and places a climate resilience and adaptability lens on sourcing decisions. The mounting risk of global and regional conflict over access to energy, natural resources, raw materials, water, and food only further increases the need for more sustainable practices. Ultimately, designing a resilient supply chain requires a comprehensive approach that encompasses enhanced visibility and predictive analytics, agile operations, robust collaboration, strategic inventory management, and a dedication to sustainability. As the global business landscape becomes more complex and interconnected, a capacity to develop and maintain resilient supply chains will be crucial for any company's success and longevity.

Related topics: [Future of the Environment](#), [Agile Governance](#), [Geopolitics](#), [Drivers of War](#), [Sustainable Development](#), [Climate Crisis](#), [Future of Manufacturing](#), [Trade and Investment](#), [Geo-economics](#), [Corporate Governance](#)

2.6 Purpose-Driven Strategy and Capital Allocation

A focus on 'stakeholder capitalism' necessitates shifting away from seeing sustainability primarily as a marketing challenge

The legacy approach to strategy and capital allocation has narrowly focused on demonstrable links to shareholder value - while tending to treat societal dynamics and stakeholder demands separately (as narrower, public relations-related matters of reputational risk management). The challenge for leadership teams currently is to both articulate a long-term strategy, and deliver short-term returns that ensure support and continued investment. A fundamental shift in corporate purpose to the "stakeholder capitalism" model puts the impacts on stakeholders (the environment, customers, local communities) at the centre of corporate strategy, in the understanding that these should shape risk management and long-term value creation. This necessitates shifting away from treating sustainability and stakeholder pressures primarily as marketing or messaging challenges. Truly having a purpose-driven strategy means maintaining a clearer focus on how a business creates value for society. Issues like climate change can present a mix of pressures and imperatives that make a rigorous differentiation between related risks, opportunities, and impacts important. When corporate purpose and strategy are in alignment, this needs to be reflected in management structures, capital allocation decisions, and incentives for senior leaders.

This points to a need for a particularly close relationship between a company's chief financial officer and its chief sustainability officer (or whichever senior leader is responsible for ESG issues); the former must oversee current corporate performance while the latter is tasked with shaping a long-term strategic vision grounded in creating societal value. Both the CFO and CSO should be closely involved in conversations with investors, to articulate a shared, long-term vision for the future of the business. They should also be involved in devising incentives and performance metrics for the senior leadership team that drive clarity and accountability. Integrated governance also necessitates a close relationship and increased awareness of (and familiarity with) the different functions that manage sustainability efforts, including governance, risk, and compliance teams - not least because regulatory risk itself is transforming. To be effective, integrated governance needs an integrated assurance system within a corporation; that means having a comprehensive and consistent taxonomy and accountability across policies and internal controls, risk management, compliance, and audit, all based on an appropriate organizational set-up that avoids becoming siloed and dysfunctional.

Related topics: [Financial and Monetary Systems](#), [Sustainability Reporting](#), [Justice and Law](#), [Circular Economy](#), [Taxes](#), [Future of Leadership](#), [Logistics](#), [Future of Consumption](#), [Sustainable Development](#)

2.7 Enterprise and Emerging Risks

Effective risk management is central to both legacy and emerging corporate governance models

Historically, risk identification and mitigation at companies has tended to focus on addressing direct threats to a company's market value. These include preventable, internal issues (such as those related to the health

and safety of employees, or to their potential involvement in bribery or fraud), where the goal is typically to get as close as possible to eliminating them entirely. However, companies must also consider strategic, external risks - such as shifting competitive and social dynamics, which can both pose threats and create new opportunities. Companies tend to struggle with managing contemporary, complex, emerging risks. This is due not least to the fact that current dynamics like climate disruption, geopolitical fragmentation, social unrest, rising inequality, polarization, and political dysfunction can accelerate and reinforce one other (some have defined this as an era of "polycrisis"). Building resilience requires greater rigour when it comes to risk identification, monitoring, and remediation. Many companies now recognize that the societal and environmental impact of a business are at the root of that business's risk - and that the ways in which these risks emerge is unpredictable, non-linear, and intertwined.

The need to mitigate risk presents organizations with a range of cross-functional and inter-temporal challenges. Risks often first manifest within particular teams or regions that do not have any internal responsibility for managing the risk in question, and this has several implications. The first is that businesses need to exercise a more practical curiosity about the impacts that they are having on particular stakeholders and on the wider public, and they need to make good-faith efforts to reduce negative externalities while increasing positive ones. The second is that risk identification and mitigation efforts need to encompass and align with organizational efforts to identify material environmental, social, and governance (ESG) issues through a "double materiality" lens of ESG and financial matters - while clearly differentiating the risks and opportunities each present. The identification of material ESG issues should then become a constant, dynamic exercise of considering the inside-out and outside-in risk and opportunity dimensions of corporate performance. The third is that a clearer understanding of risks can inform strategic capital allocation, and the establishment of ethical guardrails and principles.

Related topics: [Civic Participation](#), [Cybersecurity](#), [Corruption](#), [Climate Crisis](#), [Financial and Monetary Systems](#), [Development Finance](#), [Illicit Economy](#), [Global Risks](#), [Small and Medium-Sized Enterprises](#), [Justice and Law](#), [Drivers of War](#)

2.8 Deeper Intelligence

More ambitious, timely, and granular monitoring of policymaking and opportunities is essential in the Chinese market

Foreign businesses may clearly understand their value chains, though they primarily see them as strictly made up of direct customers, suppliers, distributors, or important industry events like trade fairs. However, deeper intelligence is needed to detect the strategic shifts in China's broader business environment that can create opportunities, challenges, or risks. Even gaining conventional market and competitive intelligence in China can be demanding, due to its relatively fast market dynamics, the unusually large number of players spread across a large (yet integrated) geography, as well as extraordinary local entrepreneurial energy and risk-taking. However, deeper intelligence can be gained through a more ambitious, timely, and granular monitoring - especially of policy and international affairs factors - and through scenario thinking. Some factors that can make a difference for foreign businesses include a more conscious observation of top-level policymaking, network formations in value chains, strategic growth drivers, digital economy opportunities, or simply shifts in the business model practices of peers. For example, clearly understanding impacts on specific business sectors in China due to government "de-risking" of trade in Europe and elsewhere usually won't be possible unless top-level policymaking and articulation are monitored and analysed. With the Chinese government taking a more proactive role since the 14th Five-Year-Plan in 2021, it has become even more critical to understand how supplier relationships can be forged in ways that exclude foreign business. As China's growth model evolves to "high-quality" development at the expense of GDP growth, deeper intelligence is required to grasp strategic demand drivers; the country's digital economy is shifting business models, players, and content preferences, in ways that challenge the go-to-market habits of foreign businesses, while digital marketing through social media has reached ever-larger degrees of concentration. To gain competitive related intelligence, legally and fairly, it is crucial to go beyond hearsay and anecdotal evidence from ex-employees of competitors, or certain media reporting, and track changes systematically along a detailed framework of business model practices. Scenario thinking (for domestic policy development, for example, or geopolitics and supplier strategies) is a form of forward-looking intelligence exercise where a precisely argued, fact-checked baseline is used to generate rational extrapolation that can yield critical insights.

Related topics: [Trade and Investment](#), [Logistics](#), [Geo-economics](#), [Taxes](#), [Corporate Governance](#), [Batteries](#), [Mobility Solutions](#), [Infrastructure](#)

2.9 Technological Competition

A global scramble for technological leadership is driving geostrategic competition

The transformative potential of emerging technologies underpinning the Fourth Industrial Revolution - and the economic and military power they can confer - are making technological innovation central to geopolitical competition. This is impacting the ways in which the international system works, as traditional centres of power shift and political ideologies and once-shared values fracture. In the same way that the first industrial revolution created a decades-long progress gap between Britain and even its closest rivals, and the second industrial revolution and third helped spawn a period in which the US was globally pre-eminent, the Fourth Industrial Revolution and its convergence of digital technologies will have a marked influence on geopolitical relationships. There will likely be three primary channels for this. The first is through the economic gains for countries that emerge as technology leaders, particularly as a winner-takes-all dynamic characterizes key sectors. The second is the application of new technologies to new types of weapons, and new types of conflict. And the third is the way access to critical technologies, and the supply chains that produce them, create conditions for interdependence to be weaponized.

This raises questions about how we should think about and prepare for war. Cyberattacks on critical infrastructure, drone swarms, or new methods of disrupting an adversary's domestic political system could alter the global balance of power in unexpected ways. There are already abundant examples of government-backed cyber armies carrying out attacks in pursuit of national interests. According to the McKinsey Global Institute, the scramble to secure the technological high ground has largely become a two-horse race - as the 20 largest technology companies in the world are now either American or Chinese. US efforts to restrict high-end semiconductor exports created short term challenges for China, but also forced Chinese companies to innovate under constraints and develop their own algorithms. As a result, China dramatically narrowed the AI development gap with the United States, as firms such as DeepSeek worked out how to use chips and apply algorithms more efficiently.

Related topics: [Innovation](#), [Internet of Things](#), [Artificial Intelligence](#), [Geo-economics](#), [Global Governance](#), [Drivers of War](#), [Drivers of Peace](#), [Nuclear Insecurity](#)

2.10 Strained Institutions and Alliances

In a multi-conceptual world vulnerable to pandemics and conflict, traditional global governance is under pressure

One consequence of the new, multipolar and multi-conceptual geopolitical era we find ourselves in is weakened support for core institutions like the United Nations, the World Trade Organization, and the World Health Organization. Proponents of multilateralism tend to lament this erosion of faith in a framework designed to help the world collectively take on global challenges, and peacefully settle differences. Still, some critics argue that the world's legacy institutions have been far too closely aligned with a small number of powerful states - or have descended into unhealthy gridlock and are therefore no longer able to accommodate diverging interests and values. Another criticism (made notably during the Trump administration in the US) suggests that multilateralism runs counter to the interests of people even in those relatively privileged states that have long been at the heart of the global system. One result of this fraying support for multilateralism is the emergence of a more ad-hoc approach to international cooperation. This has entailed a shift from rules to deals, and from global to regional and bilateral agreements.

Institutional competition has also increased, as countries attempt to create alternative centres of gravity like the China-led Asian Infrastructure Investment Bank, or the Russia-centred Eurasian Economic Union. There are arguments to be made in support of more distributed global governance. Greater responsiveness to discrete local conditions could potentially better foster resilience, for example. But as institutional fragmentation occurs alongside deepening geopolitical fissures, a narrowed space for global problem-solving is likely to be a source of fragility. This has been echoed in the security realm, amid a loss of faith in traditional collective security mechanisms and arms control treaties. At the same time, increasing geopolitical friction is reinforcing some alliances - this is evident in the rejuvenation of NATO following Russia's invasion in Ukraine, and in the deepening cooperation between Russia and China in challenging aspects of the US-led world order. As the world's geopolitical tectonic plates have shifted, it has caused many states to reconsider security strategies, to hedge against possible future abandonment by their traditional allies, and to explore the acquisition of new weapons capabilities.

Related topics: [Geo-economics](#), [Financial and Monetary Systems](#), [Global Health](#), [Trade and Investment](#),

2.11 Enterprise Risk Management

Our current era is characterized by multifaceted crises

Mounting crises related to climate, health, and cybersecurity are increasingly interconnected, creating a global domino effect - and spurring a more complex regulatory environment. In this context, the significance of enterprise risk management cannot be overstated, and effective Chief Legal Officers are essential. Given their generally broad view within an organization, they must understand the nature and scope of the risks posed to that organization. This can be achieved in tandem with a formal enterprise risk management team, or through relationships with senior leaders that oversee functions where key risks reside. Their experience and training should equip CLOs to make thoughtful, risk-informed decisions that drive business strategy - instead of defaulting to the most risk-averse option. Identifying risk is, however, only one part of effective enterprise risk management. CLOs are at their best when they go beyond identifying a risk and propose ways to navigate through it. Related strategies should be proactive and prioritized, requiring CLOs to stay abreast of the regulatory landscape. Monitoring tools are key, and in the near future artificial intelligence will likely play a significant role. Ultimately, an understanding of an organization's inherent risk tolerance, goals, market position, and strategy should guide prioritization - and the CLO should be a key contributor to setting the tone from the top, by earning a reputation for ethical conduct and transparency, and by being able to make the case for why that is good for business.

Related topics: [Geo-economics](#), [Global Risks](#), [Agile Governance](#), [Economic Growth](#), [Cybersecurity](#), [The Digital Economy](#)

2.12 Shifting Geopolitics and Geo-economics

CCOs play integral roles in helping companies navigate an increasingly complex and uncertain global landscape

Significant geopolitical and geo-economic shifts have Chief Compliance Officers leading companies through turbulent times. This requires a multifaceted approach combining external strategies with internal cohesion - a balance that can help ensure that strategic decisions are grounded in both commercial viability and integrity, which is a necessity for any corporation aiming to thrive in the current global marketplace. The evolving regulatory landscape, characterized by changing trade policies and extensive sanctions, poses a particularly dynamic challenge. It calls for agile compliance strategies that enable quick adaptation. CCOs are tasked with not only anticipating sudden shifts, but also integrating related strategies into their organization's compliance framework in ways that ensure operational resilience and adherence to global standards. Corporations are now under increased scrutiny not just from regulatory bodies, but also investors and the public - making transparency, ethical conduct, and a strong compliance culture essential for building trust and maintaining reputation.

Geopolitical tensions and economic uncertainty have also complicated global supply chains, with implications for both trade and regulation. This necessitates proactive risk management, and a clear understanding of ways to mitigate supply chain vulnerabilities to ensure compliance and continuity. Political instability and economic fluctuation have affected everything from labour laws to financial reporting; for global companies, managing these risks means navigating sanctions, trade restrictions, and other political factors that can directly impact operations and client relationships. Fostering an inclusive internal environment is meanwhile essential; being sensitive to the diverse backgrounds of employees can help maintain harmony, while managing external complexities. A CCO's success hinges on an ability to integrate a comprehensive understanding of the geopolitical and economic landscape with strategic agility and internal cohesion. By recognizing external pressures and risks while remaining steadfast in fostering an agile and inclusive corporate culture, companies can better manage global complexities - and ensure that they remain competitive, compliant, and coherent in terms of both operations and ethos.

Related topics: [Global Risks](#), [Illicit Economy](#), [Financial and Monetary Systems](#), [Corruption](#), [Disinformation](#), [Global Governance](#), [Trade and Investment](#), [Geopolitics](#), [Drivers of Peace](#), [Corporate Governance](#), [Geo-economics](#), [Justice and Law](#), [Drivers of War](#), [Agile Governance](#), [SDG 16: Peace, Justice and Strong Institutions](#)

2.13 Third-Party Risk Management

External business relationships can test an organization's ability to safeguard values

Third-party risk management underscores an essential recognition: external entities like partners, vendors, and suppliers can have a serious impact on an organization's internal interests and values. Managing the risks associated with third-party partnerships and client relationships can be challenging; it necessitates vigilant oversight and a steadfast commitment to ethical standards and compliance. Complexity only increases, the higher the risk level of a particular partnership - and the potential for non-compliance or ethical breaches may require organizations to maintain continuous monitoring of some external partners. Ensuring that systems are in place for such oversight can aid the timely identification (and resolution) of deviations from set standards, and safeguard against compliance failures and reputational damage.

Within this context, establishing a comprehensive risk management and internal controls framework is crucial. It should be designed to incorporate the organization's risk appetite, and ensure that all known and anticipated risks (including those from third-party interactions) are identified, assessed, and managed in alignment with strategic goals. It should also outline the processes for risk response, and the roles responsible for risk monitoring. Ensuring that third-party risk management incorporates anti-bribery and corruption (ABC) considerations is crucial. The focus may also now include other risks such as reputational, environmental, human rights-related, geopolitical, and sanctions-related - requiring a holistic approach across internal stakeholders. Robust due diligence is critical before entering into any third-party relationship, to confirm alignment on values and compliance expectations. In addition, an ever-evolving business environment and nature of risk make it imperative to regularly re-evaluate these third-party relationships - and make certain they align with an organization's ethical principles and compliance standards, without compromising its broader objectives. A company's reputation can only be securely maintained by associating strictly with those entities that share its values.

Related topics: [Geo-economics](#), [Corporate Governance](#), [Geopolitics](#), [Human Rights](#), [Corruption](#), [SDG 16: Peace, Justice and Strong Institutions](#), [Sustainability Reporting](#), [Illicit Economy](#), [Modern Slavery and Human Trafficking](#), [Small and Medium-Sized Enterprises](#), [Logistics](#)

2.14 Populism and Nationalism

Domestic politics can both fuel and feed off unresolved global issues

In many countries, the politics of national identity are creating potentially destabilizing feedback loops. Many politicians have secured power (or are seeking it) by promising to redress imbalances they attribute to globalization, and to prioritize local demands - particularly in relation to jobs and migration. In a growing number of places, populist platforms have been blended with the identity politics, aggravating grievances and exacerbating fears. Examples can be found in recent years in a number of states, including the world's biggest economies. These efforts have been intensified by social media, which has become an important driver of political mobilization, and COVID-19 enabled some leaders to further scapegoat foreigners or claim new emergency powers. Domestic identity politics is both cause and effect when it comes to tumultuous geopolitics; a growing number of political leaders who owe their domestic positions to nationalist or protectionist stances are now shaping interaction among states. This has eroded global institutions and alliances. For example, populist leaders undercut the response to COVID-19 both in their own countries and globally, and the rise of vaccine nationalism undermined the cooperation needed to effectively control the pandemic.

There is increasing evidence that intensifying geopolitical competition has made domestic politics more divisive. This is partly because competition encourages leaders to double down on nationalist narratives - and shift blame for domestic problems to "outsiders." It also reflects the fact that there can be geopolitical incentives to exploit political, social, and ethno-religious divisions in other countries. Foreign intervention of this kind can take many forms, such as active support for a preferred political candidate, or efforts to destabilize entire political systems in rival states. Increasingly prevalent technologies and tools including social media platforms and big data analysis are an important part of this story - particularly with respect to cyberattacks and the spread of disinformation. For example, experts tracked a rise in disinformation dispersed via social media as COVID-19 spread, including from state-backed sources that have sought to cast doubt on other countries' vaccines and sow division. The ability to affect the domestic politics of other, fragile states is especially problematic, as it tends to sustain and harden existing divisions. This can provoke political or even violent conflict, diminish the odds for reconciliation, and sometimes reverse a country's

transition to democracy.

Related topics: [Drivers of War](#), [Corruption](#), [Civic Participation](#), [Drivers of Peace](#), [Global Governance](#), [Agile Governance](#), [Cybersecurity](#)

2.15 Economic Shifts

There has been a resurgence in the use of economic and financial sanctions

The tightened integration of the global economy has rebalanced power and created complex new financial interconnections. In the two decades leading up to 2017, the share of global economic output accounted for by developing countries jumped to 59.3% from 42.8%; much of that increase is attributable to China, which progressed from contributing 6.6% of total global output on its own to 18.7% over the two-decade period (China's dramatic integration into the global economy has been one of the most significant international developments since World War II). Increasingly, governments reach for economic and financial policy levers to advance national ambitions (or hinder others'), in both the economic and political realms. The dividing line between economics and national security has therefore blurred, sometimes as a matter of policy—as illustrated by the "America First Investment Policy" issued by the Trump Administration in February 2025, which states that "economic security is national security." Meanwhile the increasingly domestic lens through which states assess their international economic policies and priorities has weakened support for the global economic governance framework that has been in place more than half a century.

Economic ties are now seen as a tool for advancing geopolitical goals through "weaponized interdependence." COVID-19 further underlined the fragility of supply chains, and global economic governance itself has long shown signs of systemic fragility; the US's blocking of appointments to the World Trade Organization's Appellate Body is one such sign (the body was crippled in late 2019 when it fell below the minimum number of members required to hear appeals). Some countries take relatively mercantilist approaches to trade, and see bilateral relations as a geopolitical zero-sum game - the tariffs levied by the US and China on one another during 2018 and 2019 provide an example. Trade is not the only means used to advance national ambitions; there has been a resurgence in the use of economic and financial sanctions (most prominently targeting Russia after its invasion of Ukraine), and foreign direct investment has also been affected. China's massive Belt and Road infrastructure-building initiative is a controversial example of outward investment with geopolitical ramifications, while on the flipside a growing number of countries are creating barriers to inward investment perceived as threatening.

Related topics: [Drivers of War](#), [Global Governance](#), [Trade and Investment](#), [Financial and Monetary Systems](#), [Geo-economics](#), [Logistics](#), [Global Risks](#)

2.16 Open Innovation

Many talk about corporate venturing, relatively few know how to successfully implement it

Established companies innovating together with startups, often called "corporate venturing" or "CV," is a fast-growing phenomenon that takes many forms. These include corporate venture capital, corporate accelerators, venture clients, venture builders, and joint proofs of concept, to name a few. Since 2016, corporate venture capital investment has increased four-fold globally; this is a part of open innovation, a growing paradigm that assumes firms can and should use external ideas and paths to market as they look to advance their technology. These external inputs may come from startups, governments, universities, venture capital investors, or accelerator programs. The South Korean multinational Samsung, for example, gained a foothold in next-generation quantum computers by directly investing in the startup IonQ, which later went public, and German athletic apparel company Adidas partnered with the California-based startup Carbon to develop a 3D-printed shoe. On average, nearly 69% of corporate-startup innovations fail, however, according to a report published in MIT Sloan Management Review. So, what is the remaining roughly 31% doing differently? What is the right structure, degree of autonomy, and sources of deal-flow for the teams running corporate venturing and startups, for example?

Some popular myths include the notion that corporate venturing is only for large corporations (many small- and medium-sized enterprises are pursuing it), and that it is just corporate venture capital (it encompasses other mechanisms such as the "venture client," where the corporation is the first client of the startup). Some also mistakenly think CV is just about intuition; abundant data are available to drive it forward strategically. Looking ahead, there are two predominant trends. The first is a growing number of corporations innovating

with deep-tech startups, or those with emerging technologies based on scientific discoveries and offering a substantial advance over established technologies (illustrated by the expansion of the American chipmaker Intel's deep-tech startup accelerator Ignite). The second is a growing number of corporations forming small groups to innovate with startups - so called "CV squads" - to share costs, anticipate opportunities, and strengthen value propositions. The carmaker Volvo, for example, did this by teaming up with telecommunications firm Ericsson and others. To capture the true value of corporate venturing, in terms of fielding innovative new products and services, chief innovation officers should make a point of reviewing their existing CV strategies.

Related topics: [Agile Governance](#), [Entrepreneurship](#), [Education and Skills](#), [Sustainable Development](#), [Justice and Law](#), [Science](#), [Cities and Urbanization](#)

2.17 Digital and Sustainable Transformation of Industries

The pandemic has accelerated both digital immersion and a digital transformation gap

COVID-19 catapulted organizations everywhere into the digital-first world. Greater access to connectivity and digital services had already been reshaping industries, business models, and supply chains; the pandemic accelerated these trends, requiring organizations of all types to rely more heavily on digital operations and business models to create new value and experiences. But while some organizations are making progress on their digital transformation goals, others have not. The pandemic widened this digital transformation gap; as some speed ahead, others struggle to survive, let alone thrive. Without a comprehensive government approach to digitally equipping an economy, including sustainable investment in connectivity infrastructure and services, inequalities widen. A complete and responsible digital transformation of industries requires careful consideration of digital infrastructure investments and related policies, to enable a transition across an entire economy - in ways that benefit society as a whole, and not just now but for years to come.

Governments have an opportunity to make step changes in terms of technological advancement across industries and in their own operations, through sound policy and investments in digital skills and infrastructure. Research shows that digital transformation could help reduce emissions in hard-to-abate sectors by as much as 20% by 2050. In addition, the World Bank estimates that the digital economy is equivalent to 15.5% of global GDP, having grown two-and-a-half times faster than global GDP over the past 15 years. Low productivity and scaled back growth, coupled with an inability to fully (and responsibly) benefit from technologies such as cloud computing, 5G, artificial intelligence, and high-performance computing will lead to a deteriorating quality of essential services - and block the transition to a more advanced economy. Interoperability will be vital for ensuring information exchange, and enabling collaboration.

Priorities for collaboration:

- Encourage a cross-sector, public-private dialogue on value creation to design new frameworks around sustainable investments in connectivity infrastructure and services.

- Stimulate growth through digitally enabled collaboration models that enable transformation of industries.

Related topics: [Entrepreneurship](#), [Corporate Governance](#), [Innovation](#), [Artificial Intelligence](#), [Virtual and Augmented Reality](#), [Future of Leadership](#), [Economic Growth](#), [The Digital Transformation of Business](#), [Blockchain](#)

2.18 Building Future-Ready Business Models

Business model choices and strategies will shape long-term growth and success

Successful companies look beyond linear value chains and industry boundaries, to create dynamic value "maps." They use technology to encourage collaboration, and create shared value in broader digital ecosystems. Instead of well-defined value pools and homogenous competitors, these companies thrive in networked, overlapping value pools with heterogeneous competitors. They invest in creating value that delivers for both the business and all of its stakeholders.

A Forum report published in 2020 highlighted the accelerating shift to "digital-at-the-core" business models -

adaptive, data-led, asset-light, and based on services rather than products. Instead of extending traditional models and channels (such as brick-and-mortar stores) while enabling digital channels, companies are orchestrating entirely digitally-enabled platforms and marketplaces.

KEY INSIGHTS FROM THE DISCUSSIONS

For many firms, there has been more change over the past 12 months than over the previous decade. What has occurred is an acceleration of trends that were already underway, rather than entirely new concepts. Organizations that were already planning for the future were well positioned to quickly adapt.

Platform or ecosystem approaches to value creation require a mindset shift for most firms, which were not built to collaborate and share. At the same time, the speed of digital transformation during the pandemic has highlighted the importance of organizational cultures that foster innovation, and education on new tech and business models across organizations - especially at senior levels.

Future-ready organizations are enabling greater flexibility and upskilling across workforces. For example, Publicis launched an internal "gig marketplace" that has enabled greater mobility for the organization and cross-skilling for employees.

In order to avoid disruption, one approach is to view compliance as an opportunity for innovation. NatWest, for example, has seen complying with open banking data-sharing requirements as a strategic opportunity to rethink how products are designed and delivered.

Increasingly, countries will need to bridge the digital divide to build inclusive economies (through initiatives like the EDISON Alliance). They will also need policy and regulatory frameworks that can quickly adapt to new technologies and business realities.

Across industries there is a desire to retain cultural habits that have emerged over the past year, such as greater collaboration and moving at speed. ESG and purpose have also come to the forefront and the hope is for them to remain there. Additionally, there is a strong sentiment that this is the time to double down on investments, not the time to withdraw, in order to properly invest in the future.

When asked about business model opportunities, more than 63% of participants selected "alignment with environmental sustainability goals," 56% selected both "increased value from digital platforms and marketplaces" and "value from data-sharing and collaboration," 53% selected "expanding digital ecosystem and partnerships," and 34% chose "data/AI-driven customer insights and personalization."

Related topics: [The Digital Transformation of Business](#), [Innovation](#), [The Digital Economy](#)

2.19 Shifting Mobility Demand Patterns

Shifting consumer preferences and higher costs have triggered speculation about 'peak auto'

COVID-19 disrupted long-established mobility patterns in two important ways: it changed how we commute to work, and where we are able to live. In many places around the world, a hybrid model - working from home, working from the office, or even working from another location like a coffee shop or friend's house - has been more firmly established. For example, in the US, the portion of paid full days of work done from home has stabilized at about 30%, according to data published by WFH Research. Meanwhile the pandemic has also changed where we tend to live. In the US, large urban counties have generally not recovered from their significant population outflows during 2020 and 2021. City leaders are therefore increasingly pushing concepts like the 15-minute city, and have a renewed interest in urban morphology and structure. The connections between the built environment, zoning and land use regulations and practices, the design of city streets, and urban mobility is increasingly emphasized. A movement of citizen urbanists is pushing for more mobility options beyond the car - like bike lanes, micromobility, and more investment in public transportation.

Consumer sentiment is also shifting when it comes to mobility. Research published by MIT suggests that people in more developed economies have lower levels of "car pride" than in less developed economies, which does not bode well for the long-term future of the car as a status symbol (the US is a notable exception). In many places, younger people are now less likely to own a car or have a driver's license than their parents, though some studies attribute this more to an increasing total cost of ownership rather than shifting preferences. The idea of "peak auto," or that global automotive sales have peaked and will now slowly decline, has been debated in automotive circles at least since 2018. Some argue that we are transitioning away from the historically dominant model of the personally-owned automobile (for those wealthy enough to buy one, anyway). Evidence supporting the peak auto theory includes increased

urbanization leading to global gridlock, an ageing population in combination with studies indicating that older people tend to drive less, and emerging alternatives to ownership such as carsharing, ridehailing, and shorter-term leasing options like e-bikes and micromobility.

Related topics: [Behavioural Sciences](#), [Future of Consumption](#), [Agile Governance](#), [Entrepreneurship](#), [Cities and Urbanization](#), [Pandemic Preparedness and Response](#), [Future of Work](#), [Longevity Economy](#), [Corporate Governance](#)

2.20 Business Model Innovation

Developing new business models can rewrite the rules of an industry

The internet spawned Airbnb, Amazon, Netflix, Uber and many other companies that have used business model innovation to rewrite the rules of their industry. That means they managed to change accepted ways of doing business, challenged the status quo, and served new customer needs while meeting existing needs in new ways. In doing so, they created enormous wealth for shareholders while providing useful services for customers. They have also been sources of inspiration for more established firms like Bosch, IKEA, or Philips as they assess and update their own business models. To better understand business model innovation, it helps to define what a business model is. As noted in the 2021 book *Business Model Innovation Strategy*, these core elements characterize a business model: what, how, who and why. More specifically, what activities does a business model encompass; how are these activities linked (for example, in terms of sequencing or exchange mechanisms), who performs the activities (which are performed by the focal firm versus those performed by partners, suppliers, or customers), and lastly why does the business model create value and enhance value appropriation for the focal firm?

Firms can innovate the "what" by adding or eliminating activities (for example, when Apple began selling and distributing content for electronic devices in addition to designing and manufacturing those devices). They can innovate the "how" by linking activities in new ways (Netflix first competed against video-rental stores through postal distribution, then via online streaming). Firms can also innovate the "who" by changing who performs certain activities (Tesla performs the sales function in-house instead of outsourcing it to dealers). Lastly, firms can innovate the "why" by adopting new revenue models and value logic (for example, Dropbox makes basic file storage free but charges for additional capacity). Much business model innovation has been driven by advanced information and communication technologies that enable new ways of doing business, though it is distinct from technology and product innovation. Business model innovation often flows from a unique take on customer needs and the best ways to satisfy them. The idea of software-as-a-service, for example, represented by firms like Salesforce, was driven by a realization that customers do not necessarily care about owning software outright. Such business model innovation can be a powerful source of competitive advantage, though it requires astute implementation and simultaneous change in multiple parts of the organization.

Related topics: [Entrepreneurship](#), [Corporate Governance](#), [Economic Growth](#), [Digital Communications](#), [Emerging-Market Multinationals](#)

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About Strategic Intelligence

Our approach

In today's world, it can be difficult to keep up with the latest trends or to make sense of the countless transformations taking place. How can you decipher the potential impact of rapidly unfolding changes when you're flooded with information - some of it misleading or unreliable? How do you continuously adapt your vision and strategy within a fast-evolving global context? We need new tools to help us make better strategic decisions in an increasingly complex and uncertain environment.

This live briefing on Strategic Risk and Opportunity Management Amid Geopolitical Uncertainty , harnesses the World Economic Forum's [Strategic Intelligence](#) platform to bring you the very latest knowledge, data and context from our 300+ high quality knowledge sources. Its aim is to help you understand the global forces at play in relation to Strategic Risk and Opportunity Management Amid Geopolitical Uncertainty and make more informed decisions in the future.

Each day, our Strategic Intelligence platform aggregates, distills and synthesizes thousands of articles from around the world. We blend the best of human curation with the power of machine learning to surface high-quality content on over [two hundred global issues](#) to our one million users globally. Our hand-picked network of [content partners](#) from around the world means that we automatically exclude much of the noisy clickbait, fake news, and poor quality content that plague the Internet at large. We work with hundreds of think tanks, universities, research institutions and independent publishers in all major regions of the world to provide a truly global perspective and we are confident that our data are well positioned when it comes to the intrinsic biases inherent to open text analysis on uncuration content from the Internet. For further context on our approach, you may be interested to read [Strategic trend forecasting: anticipating the future with artificial intelligence](#) and [These Are The 3 Ways Knowledge Can Provide Strategic Advantage](#).

Overview of methodology

Our [Transformation Maps](#) are dynamic knowledge visualisations. They help users to explore and make sense of the complex and interlinked forces that are transforming economies, industries and global issues. The maps present insights written by experts along with machine-curated content. Together, this allows users to visualise and understand more than 250 topics and the connections and inter-dependencies between them, helping in turn to support more informed decision-making by leaders.

The maps harness the Forum network's collective intelligence as well as the knowledge and insights generated through our activities, communities and events. And because the Transformation Maps are interlinked, they provide a single place for users to understand each topic from multiple perspectives. Each of the maps has a feed with the latest research and analysis drawn from leading research institutions and media outlets around the world.

At the centre of each map is the topic itself. This is surrounded by its "key issues", the forces which are driving transformation in relation to the topic. Surrounding the key issues are the related topics which are also affected by them. By surfacing these connections, the map facilitates exploration of the topic and the landscape within which it sits.

The framework extends beyond mapping current trends by incorporating forecasts and scenarios to project potential future states of the system. Forecasts are based on observable patterns, while scenarios explore broader possibilities, including low-probability but high-impact events. These elements contextualize key issues and related topics within potential future trajectories, enhancing strategic thinking and decision-making.

Harnessing collective intelligence from the Forum network and leading research institutions, the maps synthesize diverse insights into a cohesive view. By integrating these insights with the latest research and analysis, the framework provides a comprehensive understanding of how transformations unfold and interrelate, empowering users to navigate the evolving landscape effectively.

Scenarios

In-line with [best practice](#) on the use of artificial intelligence in products and systems, in this section we provide full transparency on how artificial intelligence is used in our scenario generation automation.

In complex and fast-moving environments, it is difficult to maintain a clear view of what may change next, and which uncertainties deserve attention. Scenario planning helps by offering a structured way to explore alternative futures, test assumptions and clarify decisions under uncertainty.

We generate scenario packs using artificial intelligence within a defined methodology and on which we have been guided by our [Global Strategic Foresight Community](#). The process follows the same broad logic used in scenario workshops: move from issue framing, to key uncertainties, to a 2x2 matrix, and then to four distinct scenario narratives. In an automated setting, each step includes validation to avoid weak axes and indistinct scenarios.

Each scenario pack included in our briefings includes a 2x2 scenario matrix defined by two critical uncertainties (axes), four scenario narratives and a *throughline* that connects each scenario back to the matrix.

Our process is as follows:

- 1. Topic framing and inputs.** First, we ground our scenario design in our high-quality, expert curated content. Our topic summaries, key issues and related knowledge are used to anchor scenarios in the topic space.
- 2. Abstraction of underlying forces.** Topic issues are often technical and uneven in granularity. Our AI agents abstract them into a small set of cross-cutting forces and tensions that can support scenario work across domains. This creates a conceptual frame that is usable for uncertainty and axis generation.
- 3. Identification of drivers and uncertainties.** From that conceptual frame, an AI agent identifies drivers that could shape outcomes and that carry genuine uncertainty. Drivers are defined with directional poles so that they can support different regime logics rather than incremental variation.
- 4. Axis generation and validation.** An AI agent then proposes multiple candidate axes of uncertainty and

another agent then evaluates them against criteria commonly used in facilitated scenario work: strength of the tension between poles, relevance to the topic and its drivers, and decision utility, meaning whether different positions would change strategic choices. Candidate axes are then combined into matrix pairs and tested for distinctiveness. This step is designed to avoid quadrant "collapse", where scenarios converge in practice despite different labels. Candidate pairs that do not yield clearly differentiated quadrants are rejected and alternatives are tried.

5. Quadrant blueprints using STEEPLE. Once an axis pair is selected, our AI develops a structured blueprint for each quadrant. Blueprints define the internal logic of that world and describe how the system behaves across STEEPLE domains (Social, Technological, Economic, Environmental, Political, Legal and Ethical), with attention focused on the domains that are most consequential for that quadrant. This stage is designed to establish coherence and contrast before narrative writing begins.

6. Grounding and counter-grounds. Our AI then builds an evidence set from the Strategic Intelligence knowledge base, drawing on our curated network of trusted content partners. Evidence is used to strengthen and challenge the emerging interpretation of each quadrant. In practice, our AI compiles supporting evidence for key mechanisms implied by the blueprint, as well as counter-evidence and constraints that suggest limits, failure modes or alternative dynamics. This step functions as a stress test. It identifies claims that are too thin, overly linear, or inconsistent with available knowledge, and it provides material used to refine the narrative direction before writing begins.

7. Narrative development within a constrained world. Once a narrative direction has been selected for a quadrant, our AI produces the scenario narrative within a constrained "world", mirroring workshop practice where participants explore a defined quadrant logic and then build out a coherent future state. At this stage, our models are instructed to remain consistent with the quadrant blueprint, incorporate supporting evidence where it adds credibility and specificity, reflect counter-evidence as tensions, constraints, trade-offs or contested dynamics, and describe a plausible future state rather than a transition story, prediction or recommendation. The result is a scenario that remains anchored to a defined structure while allowing creative exploration of how that structure could plausibly play out. Our AI also generates a short throughline for each scenario explaining how it expresses its position on the axes, as well as a matrix summary describing the uncertainty space and what differentiates the four futures.

8. Quality checks and transparency. Finally, an AI agent performs quality checks intended to prevent common failure modes in automated scenario generation: axes that lack meaningful tension or strategic relevance, quadrant "collapse" where scenarios become minor variations of the same future, internally inconsistent causal logic across STEEPLE domains, and narratives that drift away from the quadrant blueprint. Intermediate artefacts (candidate axes, evaluations, quadrant blueprints, and grounding materials) are retained so results can be reviewed, compared over time, and improved.

We welcome feedback on our approach as we continue to refine and evolve our use of artificial intelligence in strategic foresight.

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