

Techtonic States

THE NEW BUSINESS
EDGE

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Over the past two years, geopolitical shocks and economic headwinds have dramatically reshaped the business landscape.

At the same time, the pace of innovation hasn't slowed – it's sped up, often at a dizzying rate. The tools available to businesses today are more powerful than ever, yet many organisations are struggling to translate this potential into meaningful outcomes.

As leaders ask how they can stay competitive in a world that won't stop changing, one answer is rising to the top: resilience.

61% of leaders in our latest *Tectonic States* study believe resilience is now the most important quality of a business. This isn't just about surviving disruption, but about being ready to thrive in the face of it.

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The risks confronting businesses today are undeniable, with a shifting competitor landscape, escalating cyber threats, rapidly aging tech infrastructure and higher cost of goods and capital keeping leaders awake at night. In this environment, leaders must ask themselves: "*Do I want to play offence or defence?*" Those choosing offence must harness advanced technology to build organisations that are resilient, agile and future-ready.

The '*New Business Edge*' belongs to those with the strategic foresight to anticipate trends and navigate uncertainty with confidence. The organisations that are prepared to capitalise on opportunities and create value. The organisations that leverage technology boldly and with purpose, recognising its critical role in driving innovation and achieving wider business goals.

This series will explore how businesses can build, secure and grow their edge to lead their organisation into the future.



RIC OPAL
Global BDO Digital Leader, BDO

Resilience for a Fragmented Future

In a world defined by relentless change, true resilience lies in the ability to plan for multiple potential futures. This is the essence of the New Business Edge: anticipating change, adapting with confidence and leading with clarity.

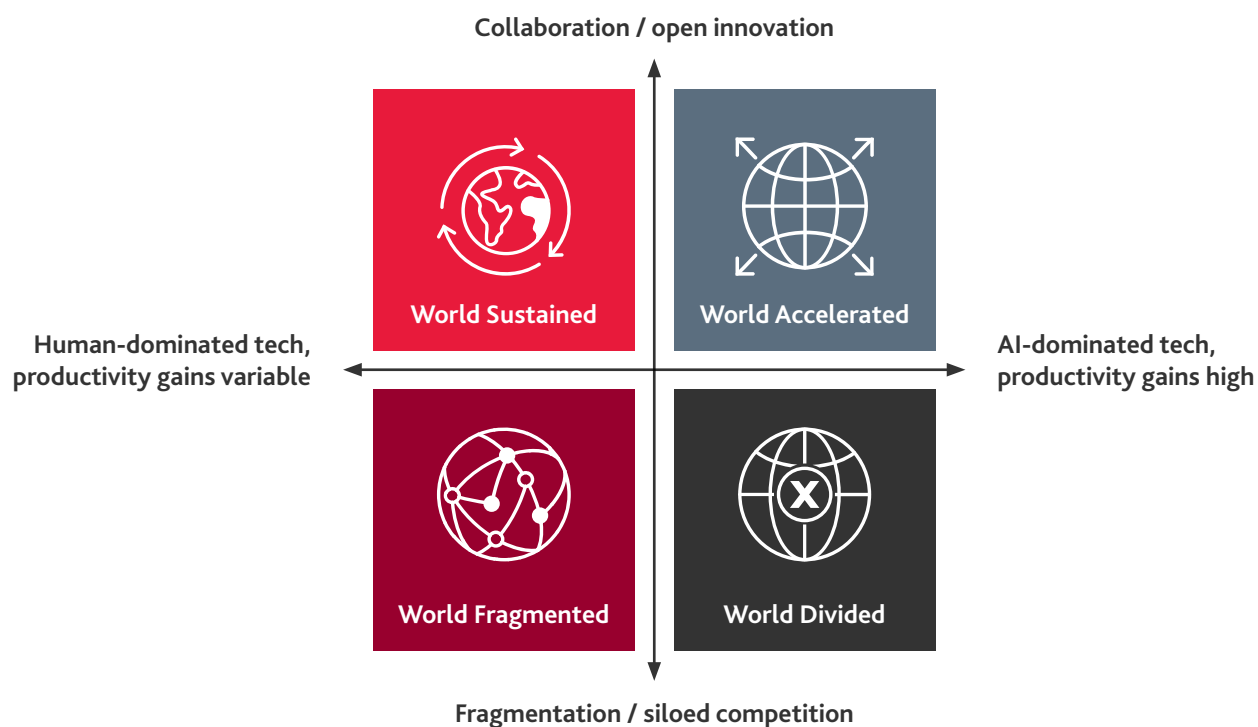
Our *Tectonic States* scenario planning helps leaders prepare for the future by envisioning four plausible business landscapes. These scenarios are built on two critical axes: **technological progress and the evolution of markets and business models**.¹

Looking ahead to 2028, 52% of leaders anticipate a world defined by deeply fragmented markets and supply chains – what we've labelled a **World Fragmented**. And a third of leaders foresee a **World Divided**, marked by a deepening geopolitical rift between East and West.

Notably, just **8% of leaders foresee a World Accelerated**, where rapid technological advancement and closely aligned business networks define how businesses operate. This represents a significant change in outlook from our [2023 research](#), which found a World Accelerated to be the dominant expectation among leaders.

Leaders understand that they can't afford to be complacent. Ultimately, **73% agree that to succeed in a highly uncertain and volatile operating environment, organisations must prepare for a range of potential futures**. With change the only constant, resilience is rising up the business agenda.

The Four Future Worlds of Business



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¹ See the 'About the Study' section on page 19 for more detail on the scenario planning.

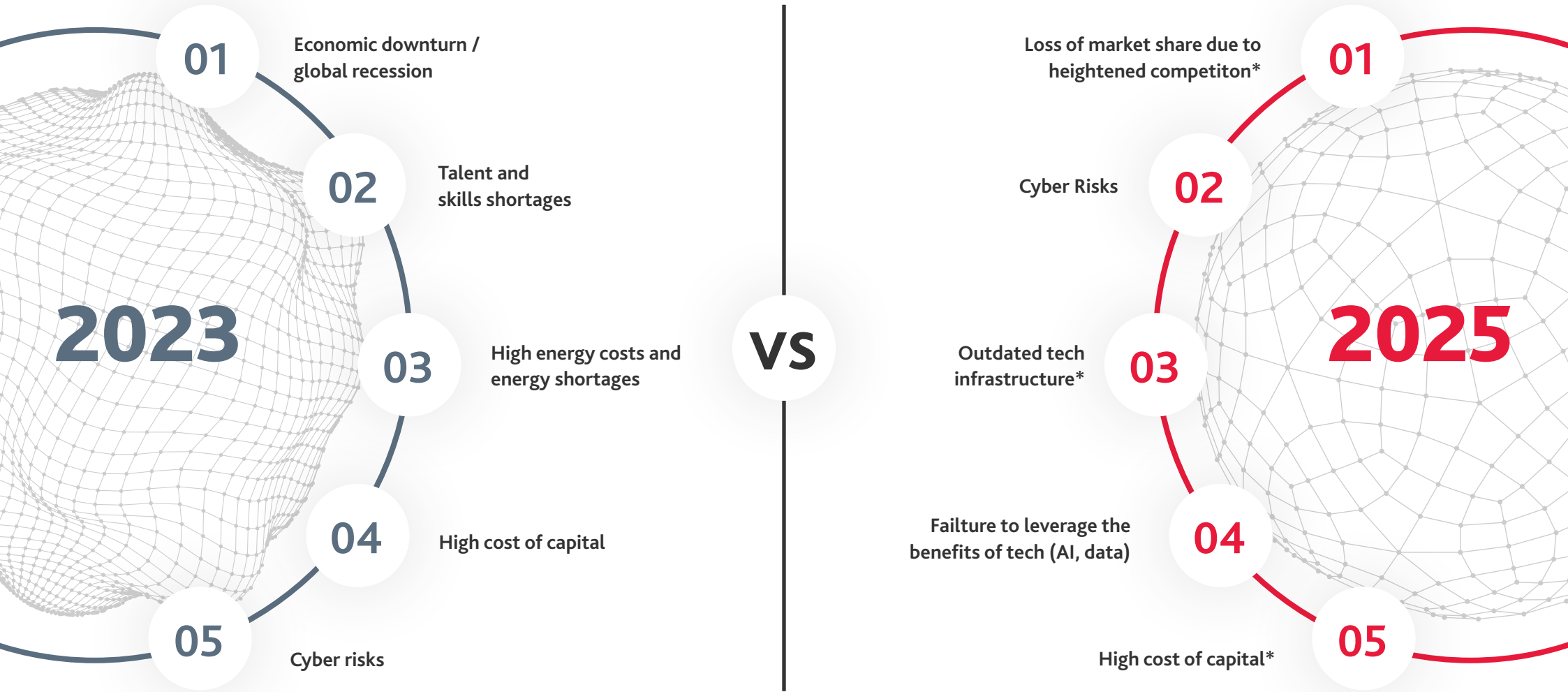
% of leaders who believe resilience is the most important quality of a business



BRACING FOR HEIGHTENED COMPETITION AND CYBER THREATS

In a turbulent macroeconomic environment, many leaders are turning their focus inwards to build resilience. When considering the top risks to their organisations over the next three years, our research reveals the need to strike a balance between innovation and protection.

Shifting Priorities: Leaders' Top Perceived Risks Over the Next Three Years



*New additions

With the potential loss of market share due to heightened competition a top leadership concern, technological advancement is vital for organisations to gain and maintain their edge. But progress could be stalled by growing cyber risks, outdated infrastructure and high cost of capital – factors that threaten to slow innovation just when it's needed most.

Cyber risk has risen up the agenda, with **76% of leaders expecting their organisation's cybersecurity risk to increase over the next 12 months**. As adversaries rapidly exploit emerging technologies, organisations are struggling to keep pace. **Over two-thirds (68%) of leaders say technological advances are intensifying cyber risks and generating new forms of cybercrime**. And this is having an impact on digital transformation: **45% of leaders report that data security concerns are preventing their organisation from investing more in AI technologies**.

Leaders identify siloed or 'messy' data as the top reason their organisation could fail to leverage the benefits of tech (including AI) and data/analytics. **Just 42% say their data infrastructure is set up to fully leverage AI technologies**. To stay competitive and resilient, businesses must make data a strategic asset – one that fuels innovation, sharpens decision-making and drives meaningful progress.

“

In recent years, the perception of cyber threats has shifted from 'it probably won't happen to us' to 'it's only a matter of time.' What used to be targeted strikes on big enterprises has become widespread, opportunistic attacks – with attackers motivated by financial gain using ransomware and data theft to achieve their objectives. No business is too small, and no sector is off-limits..



ROCCO GALLETT

Global Cybersecurity Leader, BDO

EMPLOYING A RISK-THINKING APPROACH

When it comes to the measures being taken to deal with risk, harnessing the power of data and deploying advanced technology come out on top.

Organisations' Top Risk-Management Measures

01

Data management
and transformation

02

Investing in
technology
and digital
transformation

03

Diversifying
supply chains

Leveraging data and cutting-edge technology is a powerful way for leaders to stay ahead of risk. From detecting cyber threats and improving financial forecasting, to providing real-time insights into changing customer needs, technology can drive intelligent action. Achieving this requires a unified data strategy – one that ensures quality and consistency by consolidating organisational information into a single source of truth.

And, with geopolitical uncertainty and fragmentation putting strain on supply chains, diversifying sources is emerging as a critical strategy. Firms need to consider 'flexisourcing': a hybrid approach that blends nearshoring with friendshoring, building the agility to switch procurement to countries with greater reliability or lower tariffs.

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Our [2025 Global Risk Landscape Report](#) found that 74% of executives say embedding risk thinking into their business culture is a priority. Businesses are increasingly aware of the need to build flexibility into their operating models, IT systems and supply chains to prepare for 'black swan' events. This proactive approach to risk builds the foundation for resilience.



KOEN CLAESSENS
Global Risk Advisory Leader, BDO

Unpacking the New Business Edge

By helping to mitigate risk and build long-term resilience, technology has become a catalyst for competitive advantage. The businesses that effectively harness next-generation tools can boost operational efficiency, respond more quickly to disruption, and unlock new avenues for innovation, helping them to thrive in constantly evolving environments.

01

**Adoption of AI and other
advanced solutions**

same position as 2023

02

**Data-based innovation
of services, products
and processes**

same position as 2023

03

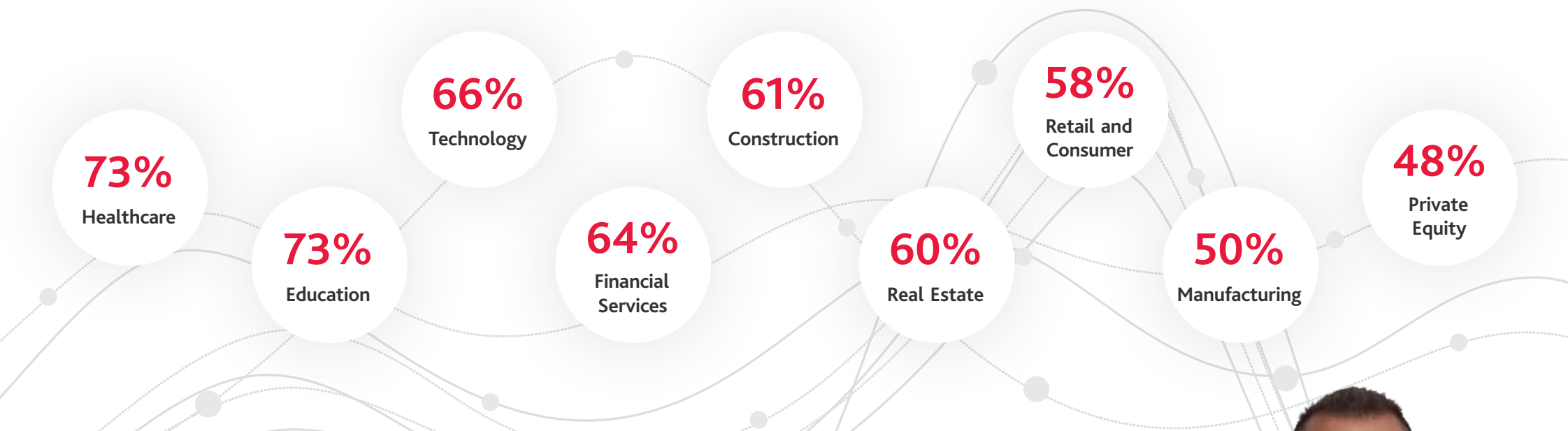
**Improving data
management**

up from 9th place in 2023

The New Business Edge is
defined by the strategic integration
of advanced technologies and data-led
decision-making to drive resilience, agility
and long-term growth.

SECTOR SPOTLIGHT

% of leaders who are pursuing AI adoption and other advanced solutions to gain a competitive advantage over the next 12 months



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The hype around AI, and the fear of being left behind, can overshadow the practical applications of this technology. Potential use cases vary widely by industry and function, and many organisations are stuck in a bit of a holding pattern, unsure on their next move. To build momentum, leaders need to ask the right questions: Where are our inefficiencies or quality gaps? Which AI solutions align with our business needs? And what outcomes are we actually aiming to achieve?



JONATHAN HUGHES

Global Management Consulting Leader, BDO

01

AGILITY IN UNCERTAINTY

Technology enables organisations to pivot quickly in response to market shifts, supply chain disruptions or changing customer needs. Real-time data supports faster, more informed decisions.

Is your organisation making the most of the data at its disposal?

02

EFFICIENCY THAT SCALES

Tech is a force multiplier for productivity. As businesses grow, efficiency scales with them.

Where can tech reduce complexity or eliminate bottlenecks in your business?

03

DIFFERENTIATION THROUGH INNOVATION

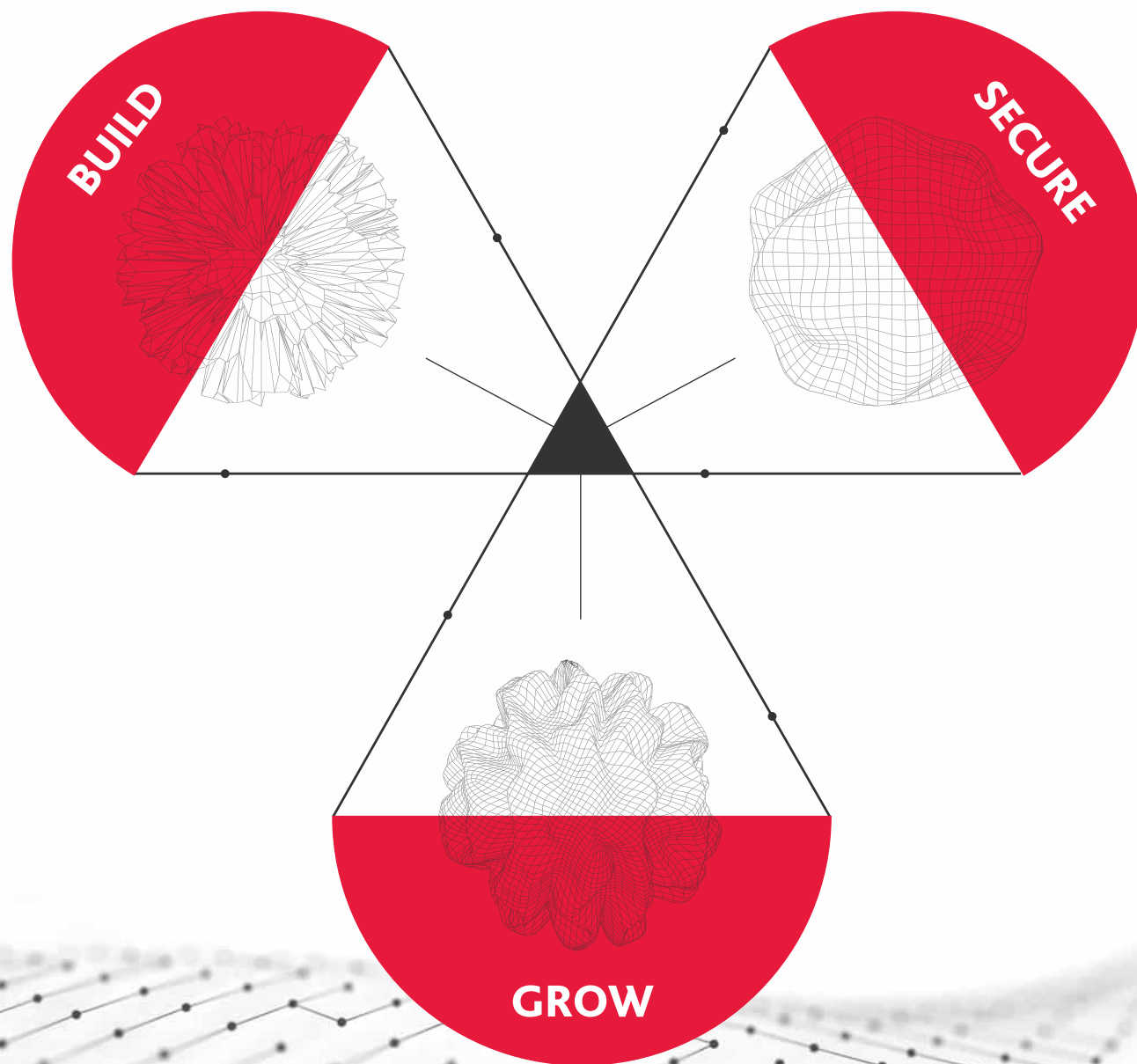
Technology fuels innovation by unlocking new possibilities, from personalised customer experiences to entirely new business models. The companies that harness tech to anticipate needs and deliver unique value will not only earn lasting customer loyalty but also shape the future.

Are you investing in technology to keep up, or to lead?

The Road to Business Resilience

This year's *Tectonic States* research makes one thing clear: **in today's volatile environment, playing defence won't cut it**. In this series, we will focus on the three dimensions of the New Business Edge – exploring how organisations can align tech investment with business strategy for lasting resilience, agility and growth.

The Three Dimensions of the New Business Edge



BUILD: 42% of leaders say their organisation lacks the necessary skills and infrastructure to effectively navigate market disruptions. To make tech investments count, businesses must first establish solid foundations: a clear and integrated strategy, well-structured data and an empowered workforce.

SECURE: Only 55% of leaders feel confident that their organisation's leadership has a clear understanding of the risks associated with AI. To build real resilience and protect their edge, businesses must embed robust governance, layered cybersecurity and strong corporate responsibility throughout every stage of technological development.

GROW: By 2028, 62% of leaders expect AI adoption to be widespread across all areas of business. Embracing a 'fail fast, learn faster' mindset and continuously refining innovations will help teams move from idea to implementation to full-scale infusion. This agile approach will be crucial to stay ahead of evolving customer and workforce needs in a dynamic business landscape.

Whatever future you're anticipating, these insights will help you stay ahead of the curve.

The Role of BDO: Digital That Means Business

BDO Digital helps clients navigate the realities of our changing world. As trusted business and strategic technology advisors, our 'Digital That Means Business' approach combines our global digital and business capabilities to reshape your business for the next economy. We use technology and human intelligence to **address business problems and seize business opportunities.**

Our Approach:

01

Build digital strategy: Create a strong digital strategy to guide your business towards digital excellence.

02

Modernise with tech: Upgrade your operations with cutting-edge tools and solutions to realise value.

03

Manage risk: Safeguard your organisation with comprehensive cybersecurity, compliance and risk management solutions.

04

Unlock insights from data: Transform your data into actionable insights and drive informed decision-making.

05

Collaborate for growth: Leverage tailored outsourcing solutions to boost efficiency, agility and technological capabilities.

06

Enhance business applications: Put the right CRM, ERP and HCM solutions in place to create exceptional customer and workforce experiences.

07

Lead organisational change: Empower your organisation to adapt to change, ensuring smooth project implementation and employee adoption.



Appendix: About the Study

BDO's 2025 *Tectonic States* report explores business leaders' visions of the future business landscape, with a focus on the role of technology.

TECHTONIC STATES 2025: OPINION RESEARCH

In March and April 2025, BDO conducted a global opinion research study among 1,050 business leaders (C-suite and C-suite minus one). The study captures insights into their current business challenges, opportunities and predictions for the future. Many of the questions asked were consistent with those in the 2023 research to enable meaningful year-on-year comparisons.

Respondents were from mid-market organisations (with an annual revenue of \$50 million - \$1 billion) and large enterprises (\$1 billion - \$5 billion). The study focused on 10 markets: Australia, Canada, Germany, India, LATAM (Argentina, Brazil, Chile, Colombia, and Mexico), the Netherlands, Singapore, Spain, USA, and UK. Respondents were from the following sectors: financial services, private equity, manufacturing, technology, retail & consumer, education, real estate, construction, and healthcare.

The research was designed by BDO Digital and Man Bites Dog.

SCENARIO PLANNING

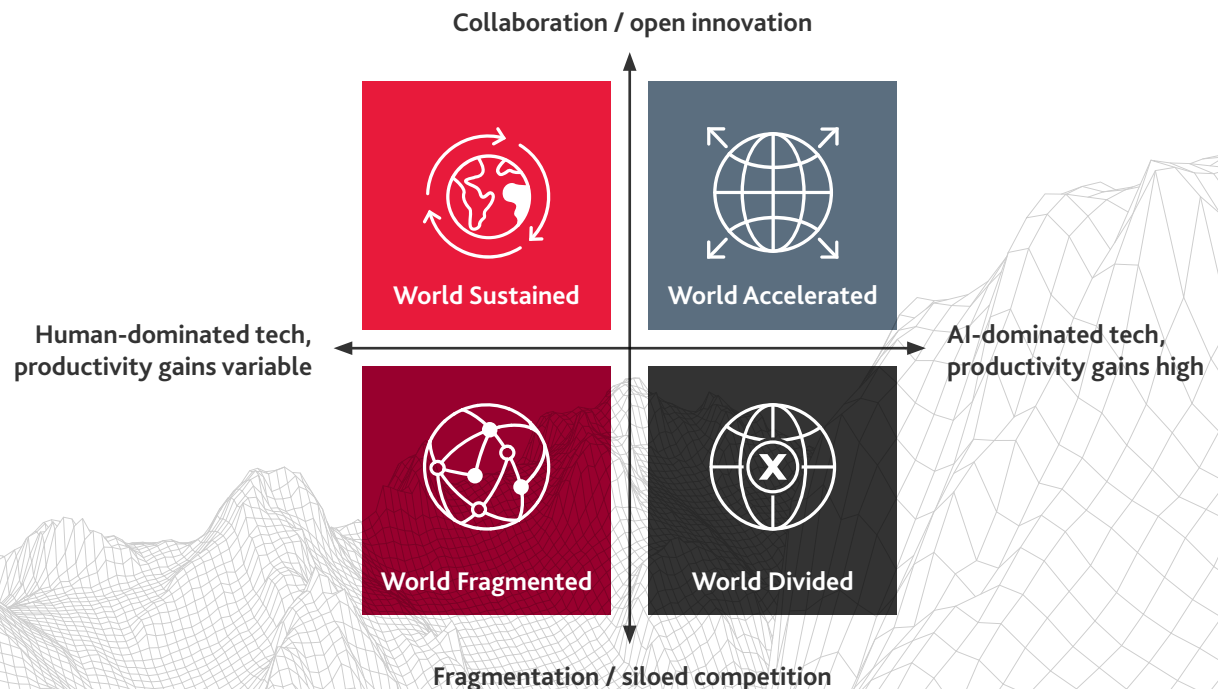
BDO's initial *Tectonic States* study in 2023 set out to envisage the future world of business using scenario planning techniques.

Through interviews and scenario planning workshops, we identified **five transformational drivers of change** in the future business environment: technological progress; markets and business models; environment and sustainability; supply chain risks; and demographics. From these, we selected technological progress and markets and business models as the two critical axes, which formed the foundation for our 'alternative worlds of business' scenarios:

- **Technology:** Is technology human or AI-dominated? Factors taken into consideration included the pace of technology adoption; tech-rich platforms and use of data; automation; productivity gains; skills and talent gaps; and regulation.
- **Market conditions and business models:** Are markets and business models collaborative or fragmented? Factors taken into consideration included revenue streams; interest rates; and cost and access to finance.

Using these key axes, we built on the insights of our leaders to develop four distinct global scenarios for the future world of business.

The Four Future Worlds of Business



WORLD SUSTAINED: A WORLD OF GRADUAL, CONTINUED EVOLUTION.

Human-dominated tech; market cooperation

The Scenario:

- ▶ Technological progress is rapid, but adoption varies across markets and sectors.
- ▶ Global trade remains relatively open despite uncertainties, but global growth is slow, and business volatility is high.
- ▶ Businesses are gradually shifting toward more local sourcing for critical products and services; multinationals focus on mitigating supply chain risks.
- ▶ AI and digital solutions are adopted but don't lead to major productivity breakthroughs.
- ▶ Multilateral cooperation continues, but at a slower pace.

WORLD ACCELERATED: A WORLD DEFINED BY ACCELERATED TECH AND ALIGNED BUSINESS NETWORKS.

AI-dominated tech; market cooperation

The Scenario:

- ▶ The global economy is robust, with manageable real capital costs.
- ▶ Tech adoption is fast, leading to productivity gains and industry transformation.
- ▶ Technology plays a crucial role in solving global challenges and boosting innovation ecosystems.
- ▶ AI, data analytics, and data-based services enable personalised products and rapid responses to demand.
- ▶ International standards are being developed to advance technology and build trust.
- ▶ Greater domestic and international cooperation leads to aligned tech application.

WORLD FRAGMENTED: A WORLD DEFINED BY DEEPLY FRAGMENTED MARKETS AND SUPPLY CHAINS.

Human-dominated tech; market fragmentation

The Scenario:

- ▶ The business environment is chaotic with changing alliances and open conflicts.
- ▶ There is growing protectionism and market fragmentation.
- ▶ This leads to unpredictability for business operations and planning.
- ▶ It also creates a complex and volatile landscape for mid-market companies, especially those with international exposure.
- ▶ Regulation, trade, and investment policies are hard to follow and tech adoption falters due to regulatory interference, and lack of critical materials and skills.

WORLD DIVIDED: A WORLD DEFINED BY EAST-WEST BIFURCATION.

AI-dominated tech; market fragmentation

The Scenario:

- ▶ The business world is divided into two economic models with divergent rules, technologies, and regulatory standards.
- ▶ Competition between the two blocs affects technology, critical materials, skills, and data ownership. Supply chain restructuring and reshuffling of leading players occur.
- ▶ But intense East-West competition also accelerates the development and adoption of tech and skills, driving transformational technology.
- ▶ Western mid-market companies have opportunities in sectors previously dominated by China-aligned firms.



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