

2020 “Virtual” MMC Manufacturing & Automotive Summit

September 23 | 1 pm – 3 pm EDT

Agenda

September 23, 2020

Topic	Presenter	
Welcome and Overview	David Carlson, Marsh Manufacturing & Automotive Industry Leader	1:00 – 1:05 PM
Post COVID Megatrends & Opportunities	Joern Buss, Partner, Oliver Wyman	1:05 – 1:30 PM
Cyber & The Digitization of Manufacturing	Reid Sawyer, Marsh Cyber Risk Consulting Leader	1:30 – 1:50 PM
The Evolving World of Mobility	James Rose, SVP, Marsh Sharing & Mobility Practice and John Moore, Engagement Manager, Transportation & Services, Oliver Wyman	1:50 – 2:10 PM
BREAK		2:10 – 2:15 PM
A Peek At The Workforce of the Future	Andre Rooks, Senior Principal, Mercer	2:15 – 2:35 PM
Addressing Social Responsibility including Diversity & Inclusion	John Legg, Career Office Business Leader, Mercer	2:35 – 2:50 PM
Q&A and Closing Remarks	David Carlson, Marsh Manufacturing & Automotive Industry Leader	2:50 – 3:00 PM

Today's Speakers



David Carlson

Managing Director, US Manufacturing and
Automotive Industry Practice, Marsh

David.T.Carlson@marsh.com



Joern Buss

Partner, Global Automotive
Practice, Oliver Wyman

Joern.Buss@oliverwyman.com



Reid Sawyer

Leader, US Cyber Risk Consulting
Practice, Marsh

Reid.Sawyer@marsh.com



James Rose

Senior Vice President,

Sharing & Mobility Practice, Marsh

James.Rose@marsh.com



John Moore

Engagement Manager, Transportation
& Services Oliver Wyman

john.moore@oliverwyman.com



Andre Rooks

Senior Principal with Mercer's
Rewards practice

Andre.Rooks@mercer.com



John Legg

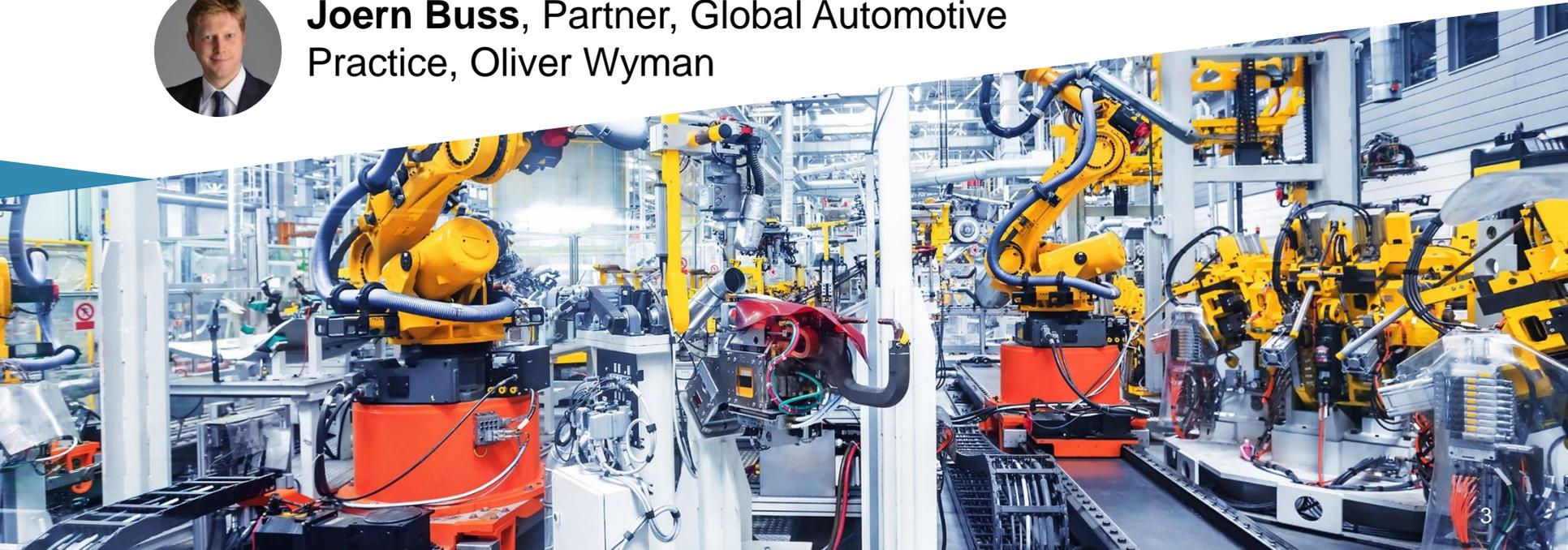
Career Office Business
Leader, Mercer

John.Legg@mercer.com

Post COVID Megatrends & Opportunities



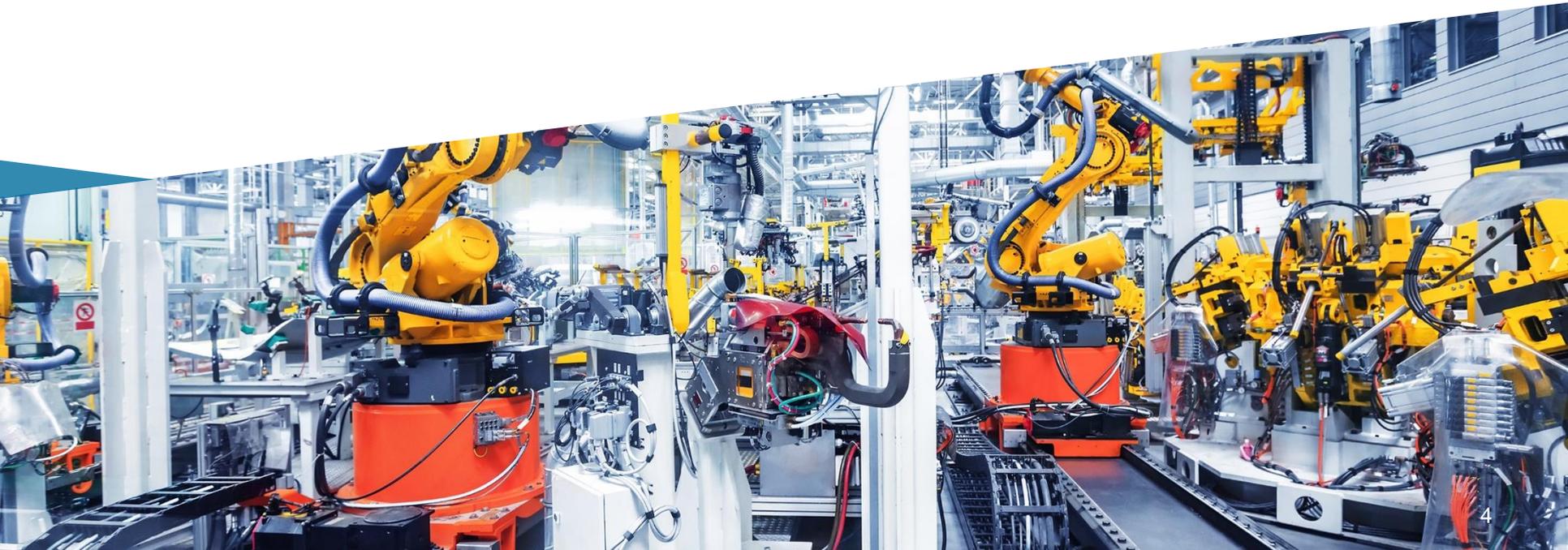
Joern Buss, Partner, Global Automotive Practice, Oliver Wyman

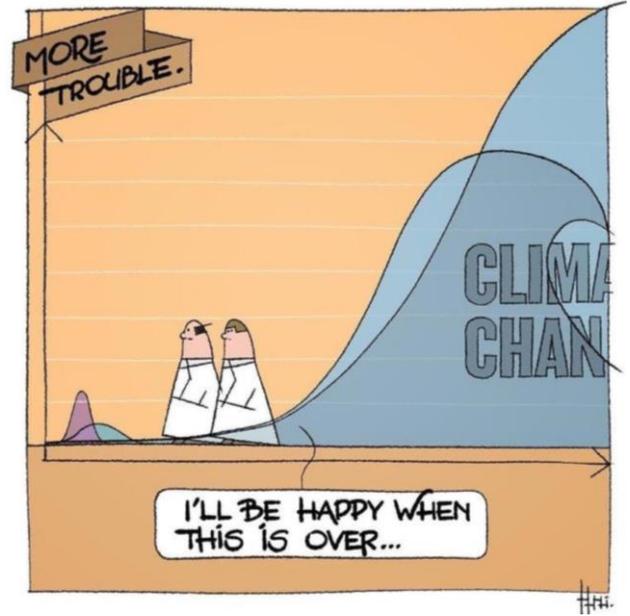


Interactive Polling

*“In 10 years my companies business model will be”:
(please, select one)*

- A. Same/similar as today
- B. Diversified/Rebalanced
- C. Fundamentally different





1 Megatrends impacting the future post COVID-19

Post-COVID strategic questions

Beyond short to mid term, this document focuses on long-term consequences for the global economy

Should we expect a **change in the balance of power** between nations?

Will the crisis **accelerate the ecological transition**?

Will we move **from multilateralism to regionalism**?

Are we moving towards a **deglobalization of trade**?

Which **technologies** will see their deployment **accelerated by the crisis**?

Will **consumer behaviors** be lastingly impacted by the crisis?

Associated questions for businesses:

- What are the **new growth opportunities**?
- What are the **new ways of working** (remote working, employment & upskilling, reshuffled ecosystems...)?

Megatrends and their uncertainties

Megatrends are global and sustained forces that will very certainly impact the economy and society (ex: digitalization, aging societies, etc.), Covid-19 is a very good example of wildcard that can impact Megatrends

Megatrends Characteristics

- 1 Megatrends are **connected and intertwined**: scenarios for the future can be built as the result of the combination of several megatrends effects
- 2 Megatrends offer real **business opportunities**, however usually seized by pure-players first
- 3 Megatrends have a **limited impact at the beginning**, before they widespread and break existing business models
- 4 Because of their long build-up, **large companies often underestimate** their power or assume they have already integrated them into their plans

Uncertainties impacting megatrends

Individual Behaviors

Human responses & adaptation to megatrends

Social Movements

Organized resistances or reactions to identified trends

Black Swans¹ & Wildcards²

Uncertain events with big impacts

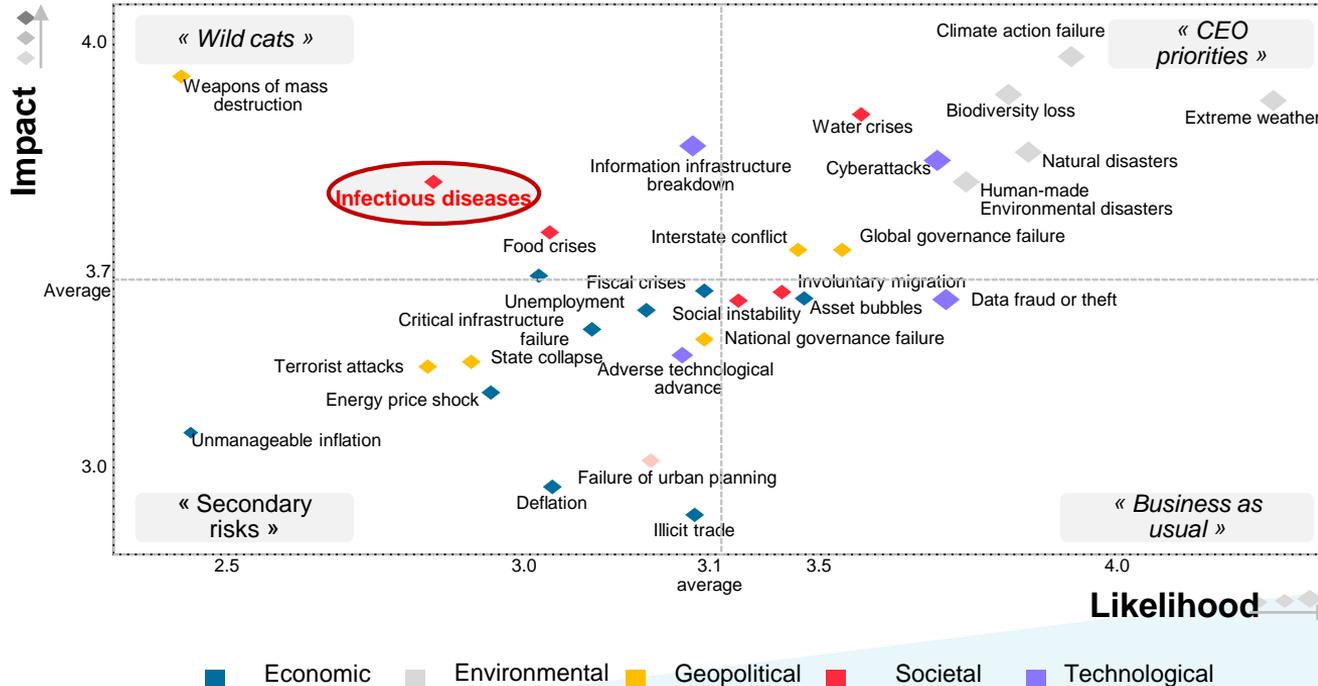
1. Black Swans = Unpredictable (despite post-rationalization efforts) & high impact events
2. Wildcards = Low probability (yet predictable) & high impact events

Megatrends: Predicting the unpredictable

Because it was considered a low probability, the current crisis has completed disrupted public & private plans

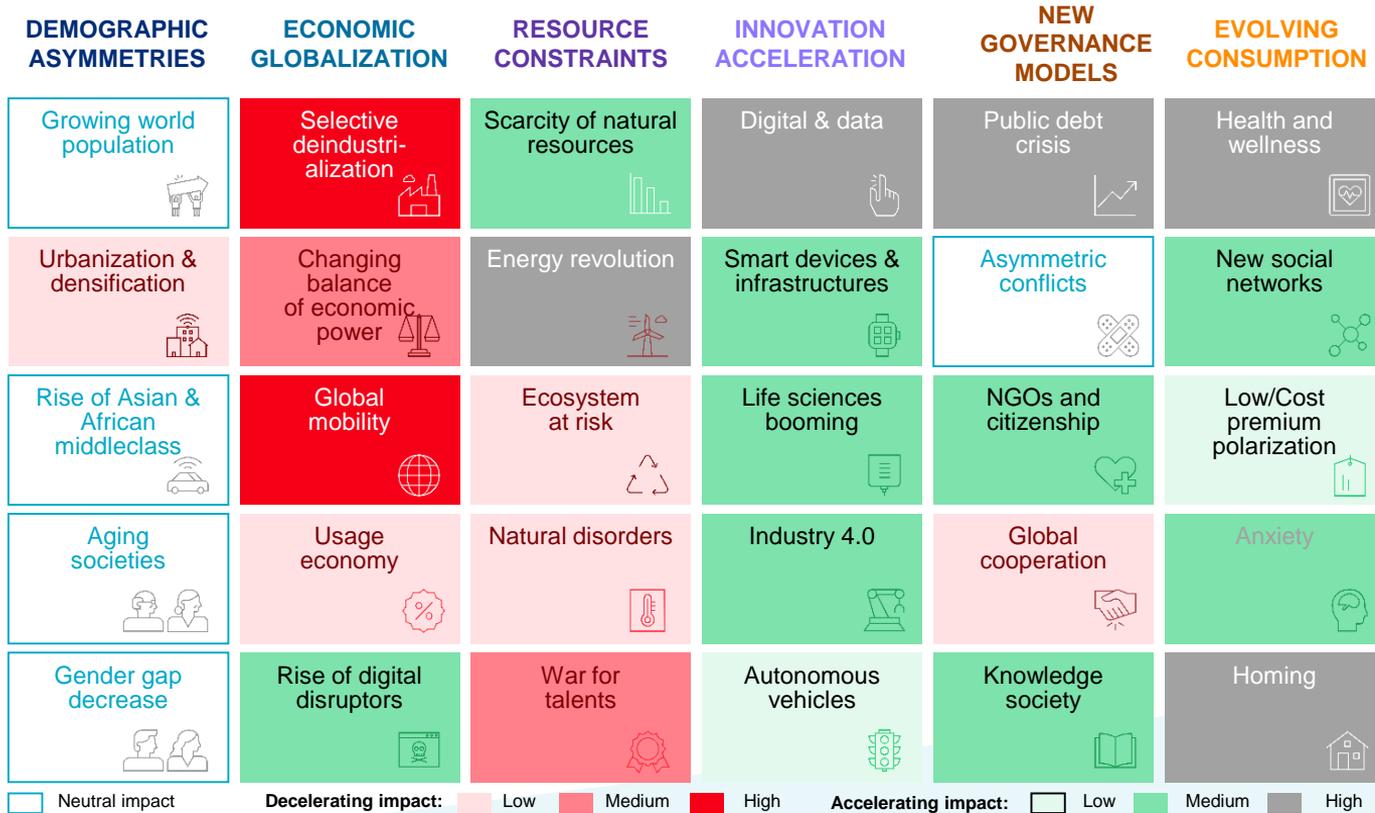
Global risk mapping (impact vs. likelihood)

The Global Risk Report 2020 – World Economic Forum and Marsh & McLennan Companies



Megatrends: COVID-19 Impact on Global Megatrends

The Covid-19 crisis will impact some “megatrends” – hence, shaping the world economy and trigger tipping points

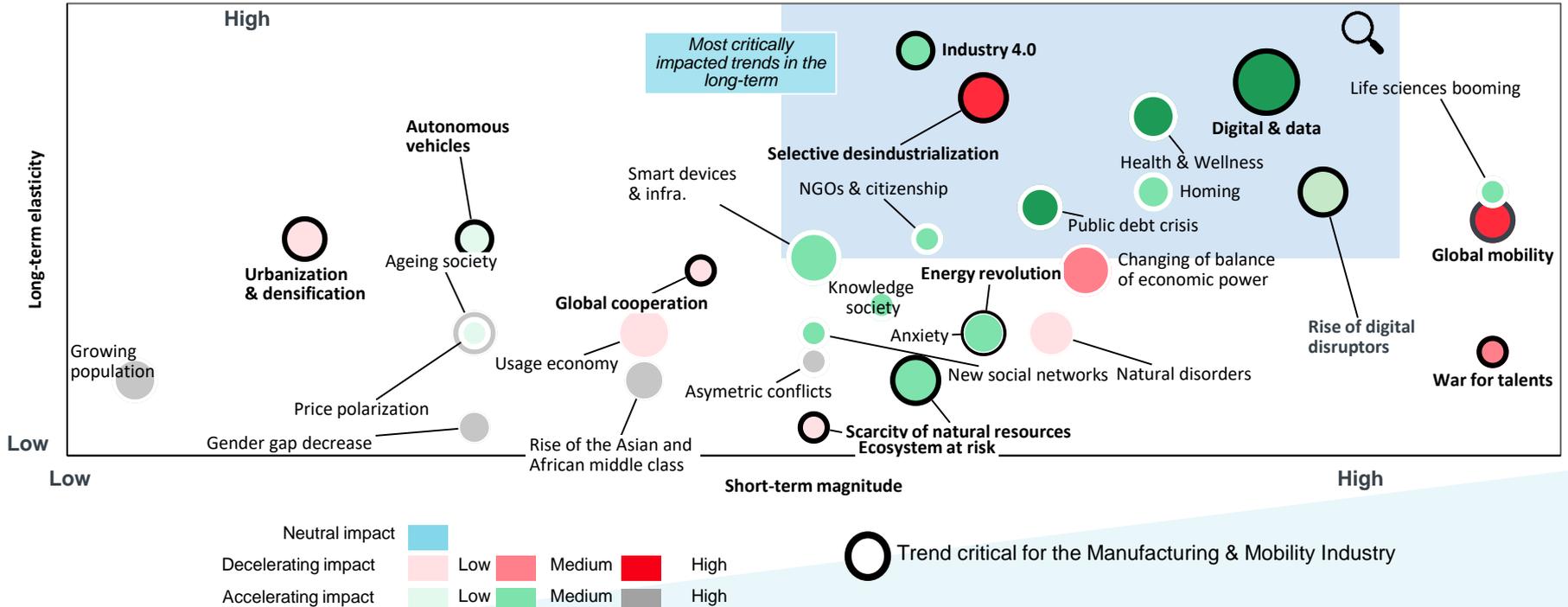


Megatrends: Most critically-impacted

10 out of 30 megatrends will be highly impacted by Covid-19 with expected lasting effects, with 5 out of 11 manufacturing & mobility topics being critical to track

Mapping of megatrends by impact's magnitude and elasticity

Size of the bubble represents the influential potential of the trend



Megatrends: COVID-19 impact on megatrends

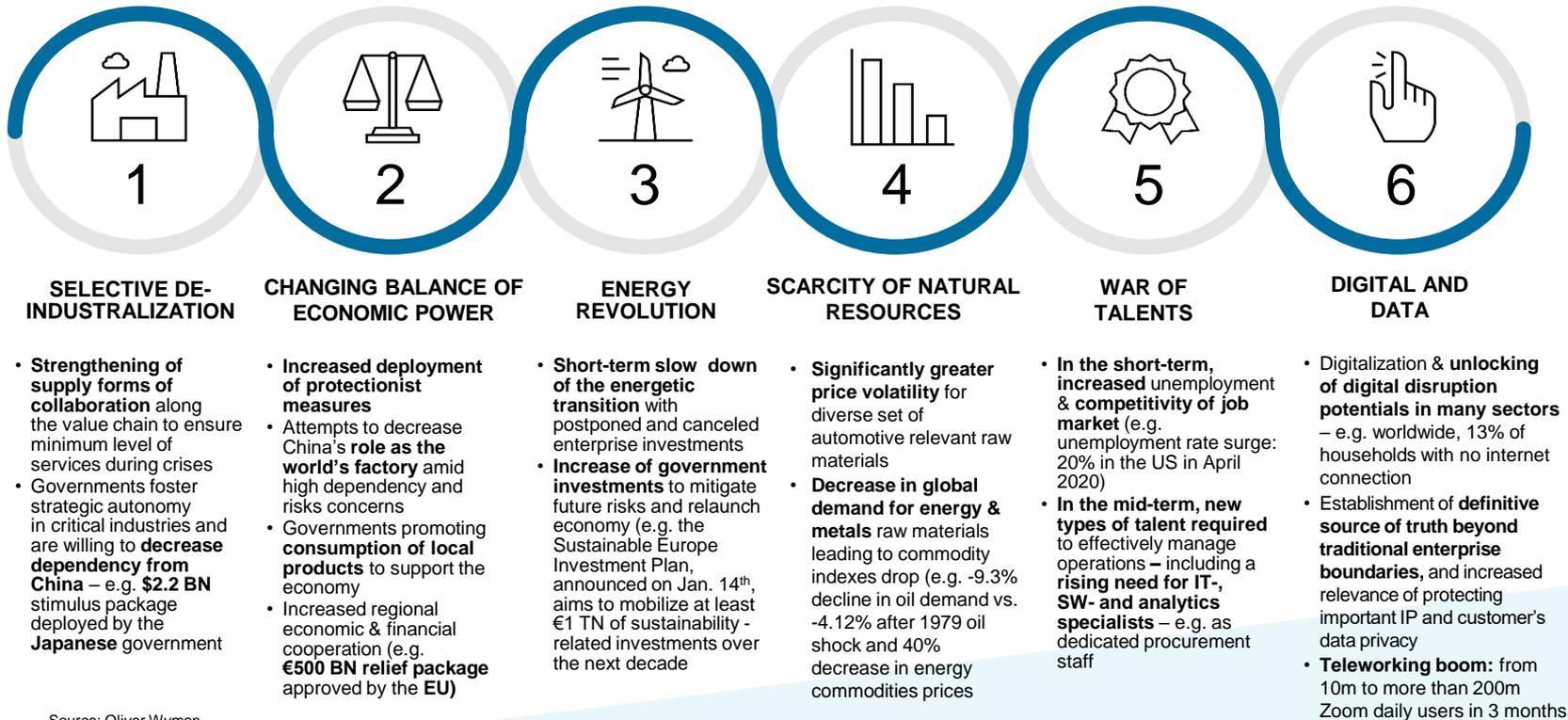
Executive summary of key impacts

DEMOGRAPHIC ASYMMETRIES	<ul style="list-style-type: none">Increased death rate of elderly people reinforcing need to re-think elderly care system and infrastructureHighlighted need to re-design urban planning and management (health & sanitation infrastructure, connectivity, surveillance..) and to de-densify city centers to limit future outbreak propagation
ECONOMIC GLOBALIZATION	<ul style="list-style-type: none">Global demand drop in international flights leading to industry consolidation or even nationalization; expected consumer retreat towards local mobility and domestic tourism in the short/ mid-termWake-up call to regain autonomy on key strategic industries (agri-food, pharma and healthcare..) and to strengthen supply chain resilience to ensure minimum level of service during future crisesDeployment of protectionist measures to balance China's power and to support local economy
RESOURCE CONSTRAINTS	<ul style="list-style-type: none">Decrease in global demand for energy and metals raw materials leading to commodity indexes dropPositive impact of lockdown measures on natural ecosystems raising global environmental awarenessExpected increase of sustainability-related public investments to mitigate future risks and relaunch the economy
INNOVATION ACCELERATION	<ul style="list-style-type: none">Unlocking of digital disruption potentials in many sectors: teleworking, telehealth, E-educationAcceleration of healthcare investments (e.g. fast-track vaccine & testing kit development)Increased need for smart devices & infrastructure in the healthcare and public sector (flows monitoring)Renewed interest for Industry 4.0 as a supply chain resilience catalyser and strategic industries relocation enabler
NEW GOVERNANCE MODELS	<ul style="list-style-type: none">Worldwide booming of public debt creating many uncertainties for sector dependent on public aidInternational /regional financial & sanitary solidarity and cooperation counterbalanced by a nationalist and protectionist outburst (border shutdown, local product consumption..)Escalation of US-China tensions and expected long-term acceleration of preexisting conflicts
EVOLVING CONSUMPTION	<ul style="list-style-type: none">Strengthened health risk-adversity leading to the rise of new health-related habits (masks, hand gels) and a booming of telemedicineAccelerated adoption of teleworking, e-learning and e-commerce expected to lastingly transform behaviorsIncrease of time spent on social media and broader adoption by new customer segments (children, elderly people)

Deep dive on selected megatrends – automotive & manufacturing

Several of these disruptive developments have strong and immediate impact on automotive & manufacturing supply chains, procurement organizations and other parts of the business

Selected consequences from disruptive megatrends



Source: Oliver Wyman

2 A new world of industries, opportunities value chains

What about long-term?

Assessing how critically-impacted megatrends will reshape sectors

Long-term transformative impact (negative/positive)

■ Low ■ Medium ■ High
■ Low ■ Medium ■ High

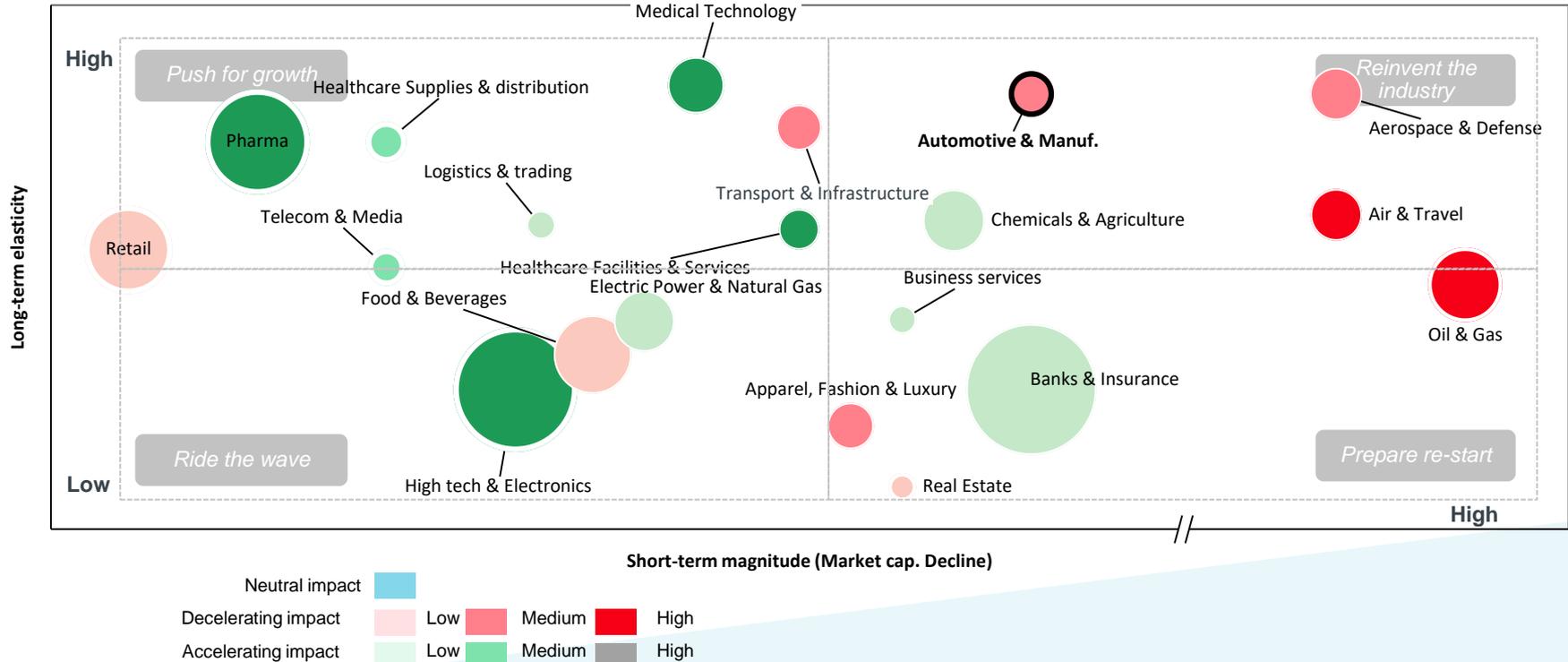
Main industries	Health & Wellness	Global mobility	Homing	Public debt crisis	Selective deindustrialization	Digital & Data	Smart devices & infra.	Life science booming	Industry 4.0	Natural disorders / Energy revolution	Rise of digital disruptors	Impact magnitude ¹	Long-term elasticity	Global Transformative impact
Oil & Gas		High	Low		High				High	High		-47%	19,8	High
Aerospace & Defense		High	High	Medium	Medium	Low			Low	Medium	Medium	-45%	33,9	Medium
Air & Travel	Medium	High	Low	Medium	Low					Medium		-45%	21,8	High
Banks & Insurance	Low	Medium	Medium	Medium	Low	Low				Low		-33%	25,4	Low
Automotive & Manuf.		High	Medium	Medium	Low	Low			Medium	Medium	Low	-33%	33,9	Medium
Chemicals & Agriculture	Low				Medium	Low	Low			Low		-31%	26,7	Low
Real Estate			High			Low					Low	-30%	11,4	Low
Business services	Low	Medium	Low			Low	Low		Medium			-30%	24,9	Low
Apparel, Fashion & Luxury		Medium	High			Low				Medium		-29%	14,9	Medium
Transport & Infrastructure	High	Medium	High	High		Low	Low			Medium		-28%	28,4	Medium
Healthcare Facilities & Services	Low			Low	High	Low	Low				Low	-28%	26,2	Low
Medical Technology	Low		Low	Low	High	Low	Low		Low		Low	-26%	34,4	Low
Electric Power & Natural Gas			Low	Low		Low				Low		-25%	20,9	Low
Food & Beverages	Medium		Medium		Medium	Low						-24%	26,9	Low
Logistics & trading		Medium	Low		Medium	Low			Low	Medium	Medium	-23%	26,4	Low
Telecom & Media	Low	Low	Low			Low	Low					-22%	26,4	Low
High tech & Electronics	Low		Low		Medium	Low	Low		Low		Low	-20%	31,4	Low
Healthcare Supplies & distribution	Low			Low	Medium	Low	Low		Low		Low	-20%	31,2	Low
Pharma	Low			Low	High	Low	Low		Low			-18%	31,2	Low
Retail (excl. clothing)	Low		Medium	Medium		Low						-15%	21,4	Low

Differentiated strategic agenda per sector

As a result, the automotive & manufacturing industry is clearly one of the industry that is pressured to transform and reinvent itself

Mapping of sectors by impact's magnitude and elasticity

Size of the bubble is market cap.¹, in \$ MM



+100 Strategic opportunities for the post crisis era

Critically affected Trends		Related business opportunities	
Economic Globalization	 Selective deindustrialization	<ul style="list-style-type: none"> Relocation of agri-food, pharma & health care supply chains Public incentives and stimulus packages Consolidation of weakened industries Regional integration Public-private partnerships Automation: Industry 4.0, 3D printing, robotization 	<ul style="list-style-type: none"> Artificial intelligence and IoT Remote industrial monitoring systems Digital distribution & CRM Sourcing, storage and inventory management systems Industrial data exchange platforms Cultural change
	 Global Mobility	<ul style="list-style-type: none"> Safety & sanitary equipment (masks, gel, thermal cameras...) Passenger health screening & tracking systems Contactless payment & biometric-enabled security technologies Gesture- and eye-movement-based systems enablers Connected fleet and traffic management systems Digitalization of transportation infrastructures Local transportation offers & services 	<ul style="list-style-type: none"> Last-mile delivery/ transportation solutions Electrification Transport automation Public health providers partnerships Sector consolidation amid financial pressure Asset sharing solutions amongst airlines, hospitality and leisure players
Resources constraints	 Rise of digital disruptors	<ul style="list-style-type: none"> Unlocking of disruption potentials in several industries (telehealth, e-learning...) Increased personal data availability & sharing acceptance 	<ul style="list-style-type: none"> Increased digital adoption & new usages (elderly people, children, homing, telecommunication)
	 Energy Revolution	<ul style="list-style-type: none"> Electrification Higher-efficiency manufacturing & processing solutions Dynamic energy grid management systems ("smart grids") Circular economy & asset sharing 	<ul style="list-style-type: none"> Alternative materials and manufacturing processes R&D Shortening of supply chains to mitigate physical shocks risks, increase resilience and reduce emissions Energy sector consolidation amid financial pressure
Innovation acceleration	 Digital & Data	<ul style="list-style-type: none"> E-commerce, social selling & home delivery IoT & homing devices (incl. specific devices for elderly people) User generated content Remote working infrastructure, devices & applications Remote working policies & ways of working design consultancy services Telemedicine systems & applications E-learning applications & services (for education & professional training) 	<ul style="list-style-type: none"> Robotic process automation, machine learning, IoT solutions (to ensure business continuity) Telemonitoring & access control Contactless & seamless urban infrastructure Flow monitoring (population, vehicles) applications E-government applications
	 Smart devices & infrastructure	<ul style="list-style-type: none"> Healthcare IoT devices Seamless & contactless technologies Flow (people, vehicles) monitoring systems 	<ul style="list-style-type: none"> 5G/ fiber infrastructures Teleworking devices Homing IoT devices
New Gov. Model	 Life science booming	<ul style="list-style-type: none"> New Medical & epidemic R&D opportunities due to increased public investment Agility & rapidity of R&D processes 	<ul style="list-style-type: none"> Scientific knowledge management tools & systems Open innovation systems
	 Industry 4.0	<ul style="list-style-type: none"> Automation 3D printing Artificial Intelligence & IoT (drones, smart sensors) 	<ul style="list-style-type: none"> Advanced Data analytics IT reliability & Cybersecurity Supply chain resilience & agility
Evolving consumption	 Public debt crisis	<ul style="list-style-type: none"> Public-private partnership 	<ul style="list-style-type: none"> Access to strategic and historical public sectors (health, infrastructure, energy, public transportation, airlines, etc.)
	 Health & Wellness	<ul style="list-style-type: none"> Public health surveillance, tracking and monitoring systems Medical and epidemic R&D Healthcare systems rethinking & integration (relocation of strategic pharmaceutical supply chains, etc.) Elderly care infrastructure & equipment Silver economy/ Autonomy market 	<ul style="list-style-type: none"> Telemedicine services and related AI devices and applications Software management, cybersecurity and compliance services Integrated health platforms Self care, home care & health shopping Health IoT devices Contactless and gesture-free infrastructure
	 Homing	<ul style="list-style-type: none"> Teleworking setup, equipment & applications Ed-Tech and E-learning applications, services and products Gaming E-entertainment & digital services platforms (sports, movies...) Immersion, interaction and new interfaces Data protection and cybersecurity 	<ul style="list-style-type: none"> User content generation Multiplatform services offering Home delivery offers (food, flowers, medicines...) Last mile and specialized delivery solutions (drones, automation) B2B2C products & services to support smart homes

XX Industry/ demand shifts leading to opportunities
XX New products/ services/ business opportunities

Strategic challenges

At the crossroads of the Megatrends which will impact the World economy, 10 major strategic challenges emerge

GROWTH PLATFORMS

Rethink globalization through regionalization

Develop regional approaches in order to de-risk globalization

Find paths for sustainable growth

Design a purpose-driven growth agenda

Imagine the Contactless Economy

Enhance customer experience through contactless solutions

Reposition Human Health & Safety at the core

Reprioritize staff, client & partner safety

Ensure strategic autonomy

Ensure autonomy of some strategic industries/ supply chains (pharma, healthcare..)

ENABLERS

Financing the 0-risk economy

Integrate risk in the cost structure, reducing negative externalities

Deploy resilient & agile business processes

Launch new ways of working et ensure minimum level of services during crises

Deploy the networked value chain

Increase collaboration & asset sharing within ecosystems

Design a new digital social contract

Rethink the role of data & digital in the social structure

Accelerate on automation, connectivity & electrification

Megatrends: Opportunities & strategic challenges

We recommend our clients to engage in strategic discussions that should challenge the current business model in light of the identified opportunities and strategic challenges requiring a reinvention of the industry

+100 STRATEGIC OPPORTUNITIES FOR THE POST-CRISIS ERA

Industry/Platform Focus	Key Strategic Opportunities
Business Transformation	<ul style="list-style-type: none"> Re-architect digital front end and back end support functions Re-architect customer relationship management Re-engineering supply chain Re-engineering internal processes Re-engineering organizational structure Re-engineering talent management Re-engineering risk management Re-engineering compliance and regulatory reporting Re-engineering financial reporting and analytics Re-engineering data management and analytics Re-engineering security and risk management Re-engineering sustainability and ESG reporting Re-engineering corporate governance and reporting Re-engineering human resources and talent management Re-engineering legal and compliance Re-engineering IT and infrastructure Re-engineering procurement and supply management Re-engineering real estate and facilities management Re-engineering HR and payroll Re-engineering tax and financial reporting Re-engineering M&A and corporate development Re-engineering mergers and acquisitions Re-engineering divestitures and spin-offs Re-engineering restructuring and turnaround Re-engineering bankruptcy and insolvency Re-engineering litigation and dispute resolution Re-engineering crisis and disaster recovery Re-engineering business continuity and resilience Re-engineering cybersecurity and data protection Re-engineering privacy and data governance Re-engineering intellectual property and innovation Re-engineering R&D and product development Re-engineering sales and marketing Re-engineering distribution and logistics Re-engineering customer experience and loyalty Re-engineering brand and reputation management Re-engineering public relations and stakeholder engagement Re-engineering ESG and sustainability reporting Re-engineering social and community impact Re-engineering philanthropy and corporate social responsibility Re-engineering governance and ethics Re-engineering compliance and regulatory reporting Re-engineering legal and dispute resolution Re-engineering crisis and disaster recovery Re-engineering business continuity and resilience Re-engineering cybersecurity and data protection Re-engineering privacy and data governance Re-engineering intellectual property and innovation Re-engineering R&D and product development Re-engineering sales and marketing Re-engineering distribution and logistics Re-engineering customer experience and loyalty Re-engineering brand and reputation management Re-engineering public relations and stakeholder engagement Re-engineering ESG and sustainability reporting Re-engineering social and community impact Re-engineering philanthropy and corporate social responsibility Re-engineering governance and ethics
Energy Transition	<ul style="list-style-type: none"> Develop new energy storage technologies Develop new energy distribution models Develop new energy trading platforms Develop new energy financing models Develop new energy regulatory frameworks Develop new energy policy frameworks Develop new energy security frameworks Develop new energy resilience frameworks Develop new energy sustainability frameworks Develop new energy governance frameworks Develop new energy legal frameworks Develop new energy dispute resolution frameworks Develop new energy crisis and disaster recovery frameworks Develop new energy business continuity frameworks Develop new energy cybersecurity frameworks Develop new energy privacy frameworks Develop new energy intellectual property frameworks Develop new energy R&D frameworks Develop new energy sales and marketing frameworks Develop new energy distribution frameworks Develop new energy customer experience frameworks Develop new energy brand frameworks Develop new energy public relations frameworks Develop new energy ESG frameworks Develop new energy social frameworks Develop new energy philanthropy frameworks Develop new energy governance frameworks Develop new energy compliance frameworks Develop new energy legal frameworks Develop new energy dispute resolution frameworks Develop new energy crisis and disaster recovery frameworks Develop new energy business continuity frameworks Develop new energy cybersecurity frameworks Develop new energy privacy frameworks Develop new energy intellectual property frameworks Develop new energy R&D frameworks Develop new energy sales and marketing frameworks Develop new energy distribution frameworks Develop new energy customer experience frameworks Develop new energy brand frameworks Develop new energy public relations frameworks Develop new energy ESG frameworks Develop new energy social frameworks Develop new energy philanthropy frameworks
Digital Innovation	<ul style="list-style-type: none"> Develop new digital business models Develop new digital products and services Develop new digital marketing strategies Develop new digital sales channels Develop new digital distribution channels Develop new digital customer experience strategies Develop new digital brand strategies Develop new digital public relations strategies Develop new digital ESG strategies Develop new digital social strategies Develop new digital philanthropy strategies Develop new digital governance strategies Develop new digital compliance strategies Develop new digital legal strategies Develop new digital dispute resolution strategies Develop new digital crisis and disaster recovery strategies Develop new digital business continuity strategies Develop new digital cybersecurity strategies Develop new digital privacy strategies Develop new digital intellectual property strategies Develop new digital R&D strategies Develop new digital sales and marketing strategies Develop new digital distribution strategies Develop new digital customer experience strategies Develop new digital brand strategies Develop new digital public relations strategies Develop new digital ESG strategies Develop new digital social strategies Develop new digital philanthropy strategies
Health & Safety	<ul style="list-style-type: none"> Develop new health and safety products and services Develop new health and safety marketing strategies Develop new health and safety sales channels Develop new health and safety distribution channels Develop new health and safety customer experience strategies Develop new health and safety brand strategies Develop new health and safety public relations strategies Develop new health and safety ESG strategies Develop new health and safety social strategies Develop new health and safety philanthropy strategies Develop new health and safety governance strategies Develop new health and safety compliance strategies Develop new health and safety legal strategies Develop new health and safety dispute resolution strategies Develop new health and safety crisis and disaster recovery strategies Develop new health and safety business continuity strategies Develop new health and safety cybersecurity strategies Develop new health and safety privacy strategies Develop new health and safety intellectual property strategies Develop new health and safety R&D strategies Develop new health and safety sales and marketing strategies Develop new health and safety distribution strategies Develop new health and safety customer experience strategies Develop new health and safety brand strategies Develop new health and safety public relations strategies Develop new health and safety ESG strategies Develop new health and safety social strategies Develop new health and safety philanthropy strategies
Urban Planning	<ul style="list-style-type: none"> Develop new urban planning products and services Develop new urban planning marketing strategies Develop new urban planning sales channels Develop new urban planning distribution channels Develop new urban planning customer experience strategies Develop new urban planning brand strategies Develop new urban planning public relations strategies Develop new urban planning ESG strategies Develop new urban planning social strategies Develop new urban planning philanthropy strategies Develop new urban planning governance strategies Develop new urban planning compliance strategies Develop new urban planning legal strategies Develop new urban planning dispute resolution strategies Develop new urban planning crisis and disaster recovery strategies Develop new urban planning business continuity strategies Develop new urban planning cybersecurity strategies Develop new urban planning privacy strategies Develop new urban planning intellectual property strategies Develop new urban planning R&D strategies Develop new urban planning sales and marketing strategies Develop new urban planning distribution strategies Develop new urban planning customer experience strategies Develop new urban planning brand strategies Develop new urban planning public relations strategies Develop new urban planning ESG strategies Develop new urban planning social strategies Develop new urban planning philanthropy strategies
Public Sector	<ul style="list-style-type: none"> Develop new public sector products and services Develop new public sector marketing strategies Develop new public sector sales channels Develop new public sector distribution channels Develop new public sector customer experience strategies Develop new public sector brand strategies Develop new public sector public relations strategies Develop new public sector ESG strategies Develop new public sector social strategies Develop new public sector philanthropy strategies Develop new public sector governance strategies Develop new public sector compliance strategies Develop new public sector legal strategies Develop new public sector dispute resolution strategies Develop new public sector crisis and disaster recovery strategies Develop new public sector business continuity strategies Develop new public sector cybersecurity strategies Develop new public sector privacy strategies Develop new public sector intellectual property strategies Develop new public sector R&D strategies Develop new public sector sales and marketing strategies Develop new public sector distribution strategies Develop new public sector customer experience strategies Develop new public sector brand strategies Develop new public sector public relations strategies Develop new public sector ESG strategies Develop new public sector social strategies Develop new public sector philanthropy strategies
Health & Wellness	<ul style="list-style-type: none"> Develop new health and wellness products and services Develop new health and wellness marketing strategies Develop new health and wellness sales channels Develop new health and wellness distribution channels Develop new health and wellness customer experience strategies Develop new health and wellness brand strategies Develop new health and wellness public relations strategies Develop new health and wellness ESG strategies Develop new health and wellness social strategies Develop new health and wellness philanthropy strategies Develop new health and wellness governance strategies Develop new health and wellness compliance strategies Develop new health and wellness legal strategies Develop new health and wellness dispute resolution strategies Develop new health and wellness crisis and disaster recovery strategies Develop new health and wellness business continuity strategies Develop new health and wellness cybersecurity strategies Develop new health and wellness privacy strategies Develop new health and wellness intellectual property strategies Develop new health and wellness R&D strategies Develop new health and wellness sales and marketing strategies Develop new health and wellness distribution strategies Develop new health and wellness customer experience strategies Develop new health and wellness brand strategies Develop new health and wellness public relations strategies Develop new health and wellness ESG strategies Develop new health and wellness social strategies Develop new health and wellness philanthropy strategies
Travel	<ul style="list-style-type: none"> Develop new travel products and services Develop new travel marketing strategies Develop new travel sales channels Develop new travel distribution channels Develop new travel customer experience strategies Develop new travel brand strategies Develop new travel public relations strategies Develop new travel ESG strategies Develop new travel social strategies Develop new travel philanthropy strategies Develop new travel governance strategies Develop new travel compliance strategies Develop new travel legal strategies Develop new travel dispute resolution strategies Develop new travel crisis and disaster recovery strategies Develop new travel business continuity strategies Develop new travel cybersecurity strategies Develop new travel privacy strategies Develop new travel intellectual property strategies Develop new travel R&D strategies Develop new travel sales and marketing strategies Develop new travel distribution strategies Develop new travel customer experience strategies Develop new travel brand strategies Develop new travel public relations strategies Develop new travel ESG strategies Develop new travel social strategies Develop new travel philanthropy strategies

How do you lead in reinventing the industry?

Which opportunities should you pursue?

➤ **Who and what will your firm be in 5, 10, 25 years** in light of new opportunities and strategic challenges Megatrends bring into this world

Strategic Challenges

Growth Platforms

- Rethink globalization through regionalization
- Find paths for sustainable growth
- Imagine the Contactless Economy
- Reposition Human Health & Safety at the core
- Ensure strategic autonomy

Enabler

- Financing the 0-risk economy
- Deploy resilient & agile business processes
- Deploy the networked value chain
- Design a new digital social contract
- Accelerate on automation, connectivity & electrification

How are you prepared to handle the strategic challenges?

QUALIFICATIONS, ASSUMPTIONS, AND LIMITING CONDITIONS

This report is for the exclusive use of the Oliver Wyman client named herein. This report is not intended for general circulation or publication, nor is it to be reproduced, quoted, or distributed for any purpose without the prior written permission of Oliver Wyman. There are no third-party beneficiaries with respect to this report, and Oliver Wyman does not accept any liability to any third party.

Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been independently verified, unless otherwise expressly indicated. Public information and industry and statistical data are from sources we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information. The findings contained in this report may contain predictions based on current data and historical trends. Any such predictions are subject to inherent risks and uncertainties. Oliver Wyman accepts no responsibility for actual results or future events.

The opinions expressed in this report are valid only for the purpose stated herein and as of the date of this report. No obligation is assumed to revise this report to reflect changes, events, or conditions, which occur subsequent to the date hereof.

All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the client. This report does not represent investment advice nor does it provide an opinion regarding the fairness of any transaction to any and all parties. In addition, this report does not represent legal, medical, accounting, safety, or other specialized advice. For any such advice, Oliver Wyman recommends seeking and obtaining advice from a qualified professional.

Cyber & The Digitization of Manufacturing



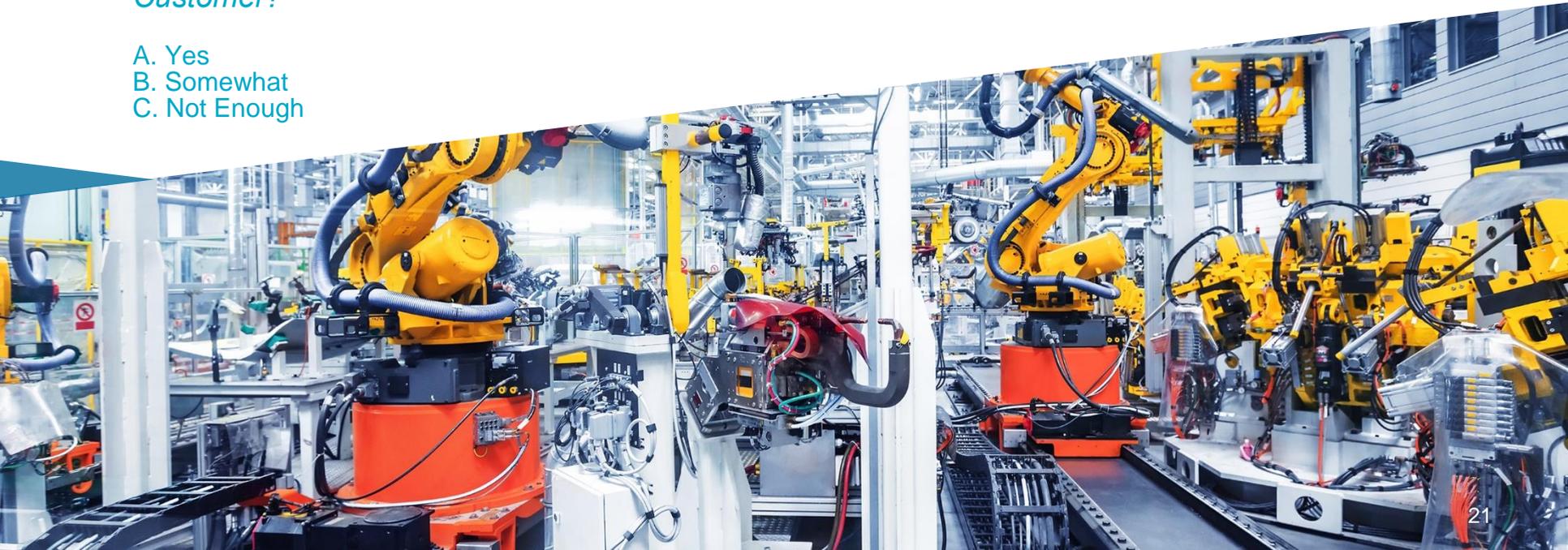
Reid Sawyer, Leader, US Cyber Risk Consulting Practice, Marsh



Interactive Polling

“Does your organization measure its technology / cyber risk in financial terms across the entirety of the value chain – Operations, Supply Chain (contingent business interruption), Distribution, and Customer?”

- A. Yes
- B. Somewhat
- C. Not Enough



71% of organizations said cyberattacks are still a
“bit of a black box.”

“We struggle to understand how an attack would
impact our organization beyond the obvious.”

Measuring cyber risks

Resiliency today requires that organizations:

- Evaluate volatility to operations and impacts across both insurable and non-insurable risks
- Determine the efficacy of risk financing strategies and risk capital



Quality of risk is changing creating the need for an evolution in 'risk understanding'



Deployment of risk capital should be viewed through lens of ROI and financial KPIs

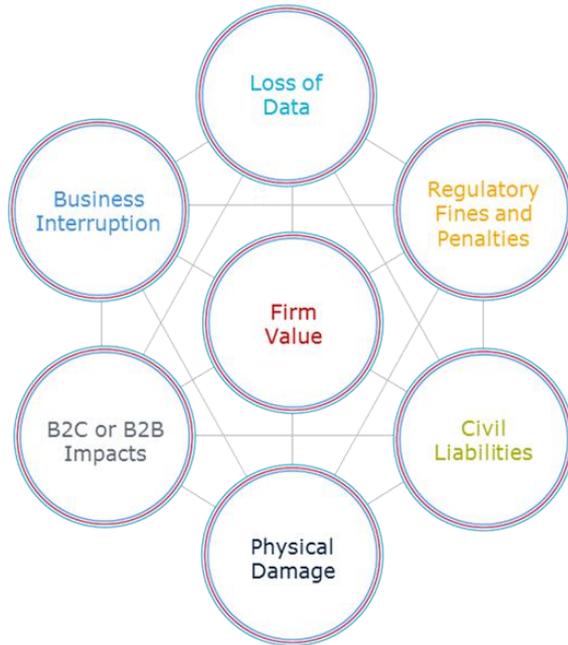
IMPERATIVES IN PRICING EMERGING RISKS

- Risks are not 'discrete' in nature
- Traditional measurement approaches limit visibility
- An integrative view to risk is required
- Must evaluate risk in terms of current year P&L and the future strategy impact

Challenges

- 1 How do we price cyber risk?
- 2 Threats are outpacing responses
- 3 Need for change in 'risk understanding'

Understanding volatility



Value Chain Analysis

MEASURING VALUE AT RISK

First Party Risks

Third Party Impacts

Supply Chain and Contingent
Business Interruption

Intangible Asset Risks

Regulatory and Civil Liabilities

B2B / B2C Impacts

We are facing an arms race...can we afford our future?

679%

Increase in cloud attacks on manufacturing*

\$26b

Email compromise losses (2016 – 2020**)

58%

Increase in IOT malware***

96%

Malware is only seen once before it changes



Indexing risks... at what point does an event
create cascading impacts?

87% Boards and C-Suites lack confidence in cyber security measures

67% Would not adjust cybersecurity spending after a major supplier was breached

Connecting risk and strategy



Extended supply chain threats



TECHNOLOGY
PLATFORMS



PRODUCTION



DISTRIBUTION



CUSTOMERS

We must map risks beyond the enterprise to the full ecosystem.

Defining metrics that matter



CREATE RISK FORECASTS

**OPTIMIZE RISK TRANSFER
SOLUTIONS:**

- Insurance Markets
- Captive Solutions
- Alternative Risk Transfer



Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

This document and any recommendations, analysis, or advice provided by Marsh (collectively, the "Marsh Analysis") are not intended to be taken as advice regarding any individual situation and should not be relied upon as such. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Marsh shall have no obligation to update the Marsh Analysis and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, tax, accounting, or legal advice, for which you should consult your own professional advisors. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. Marsh makes no representation or warranty concerning the application of policy wording or the financial condition or solvency of insurers or reinsurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage. Although Marsh may provide advice and recommendations, all decisions regarding the amount, type or terms of coverage are the ultimate responsibility of the insurance purchaser, who must decide on the specific coverage that is appropriate to its particular circumstances and financial position.

Copyright © 2019 Marsh LLC. All rights reserved.

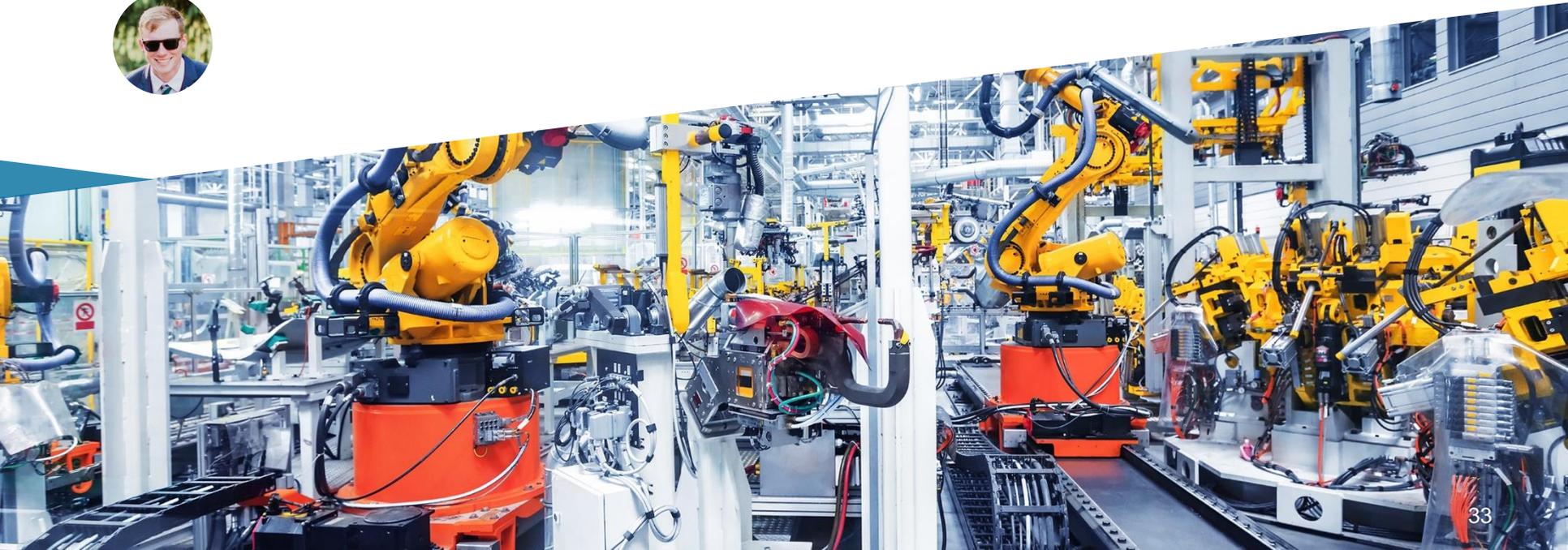
The Evolving World of Mobility



James Rose, Senior Vice President, Sharing & Mobility, Marsh



John Moore, Engagement Manager, Transportation & Services, Oliver Wyman



Interactive Polling

“How do you think usage of mobility substitutes (e.g., work teleconferencing, online grocery, telehealth) that have grown rapidly during the pandemic will change after lockdowns end?”

- A. Large decrease in use of mobility substitutes / technologies, mostly back to the way things were before.
- B. Modest decrease, many people will fall back into old habits.
- C. No change, maintaining elevated usage but no further growth.
- D. Low growth, usage will continue to increase from today's level.
- E. High growth, continuing on the high trajectory since March/April.

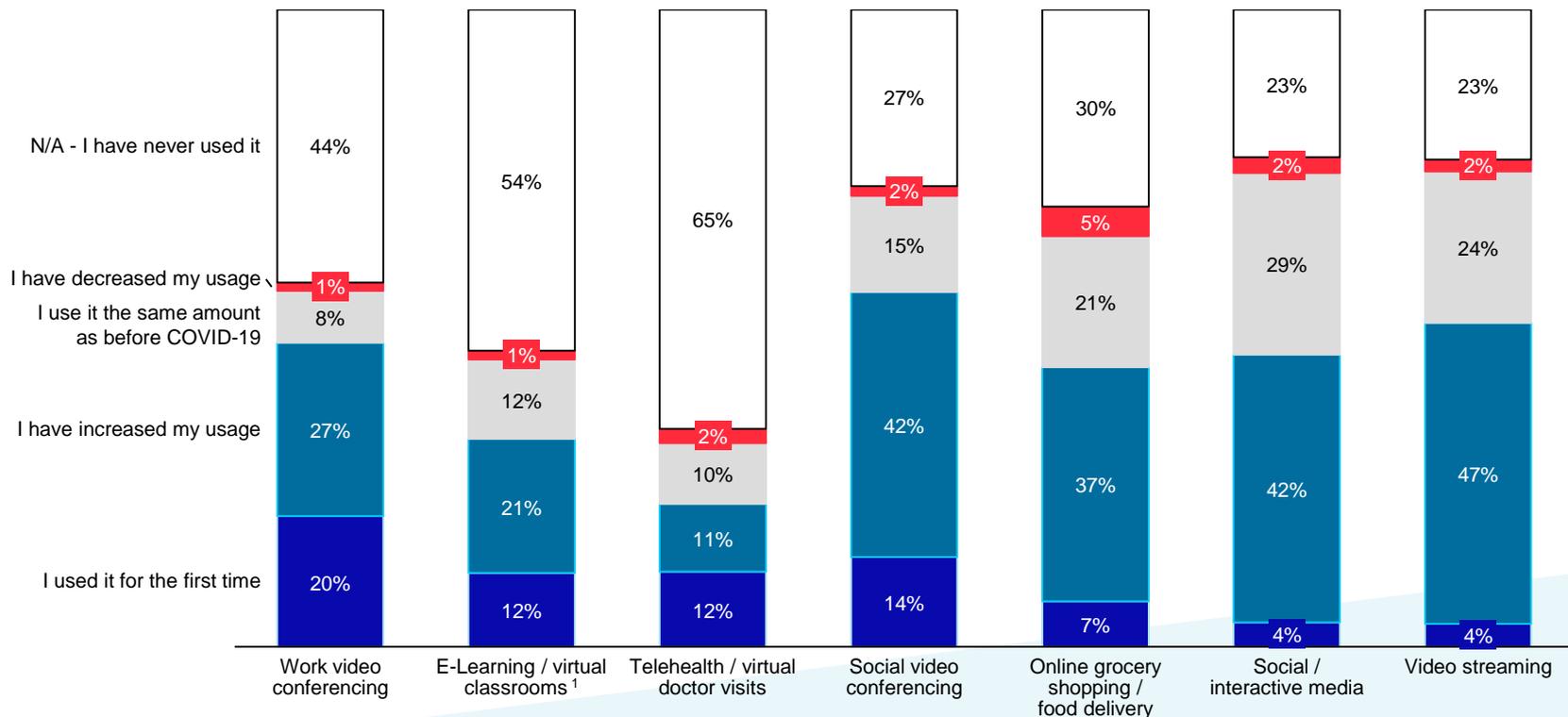


Growth of mobility substitutes during COVID-19

A large share of respondents are using work video conferencing, e-learning, and for the first time; established substitutes (e.g., social media/video conferencing, online shopping, video streaming) have seen drastic increases in usage

How has the COVID-19 pandemic impacted how much you use the following technologies

% of total respondents (n=6866)

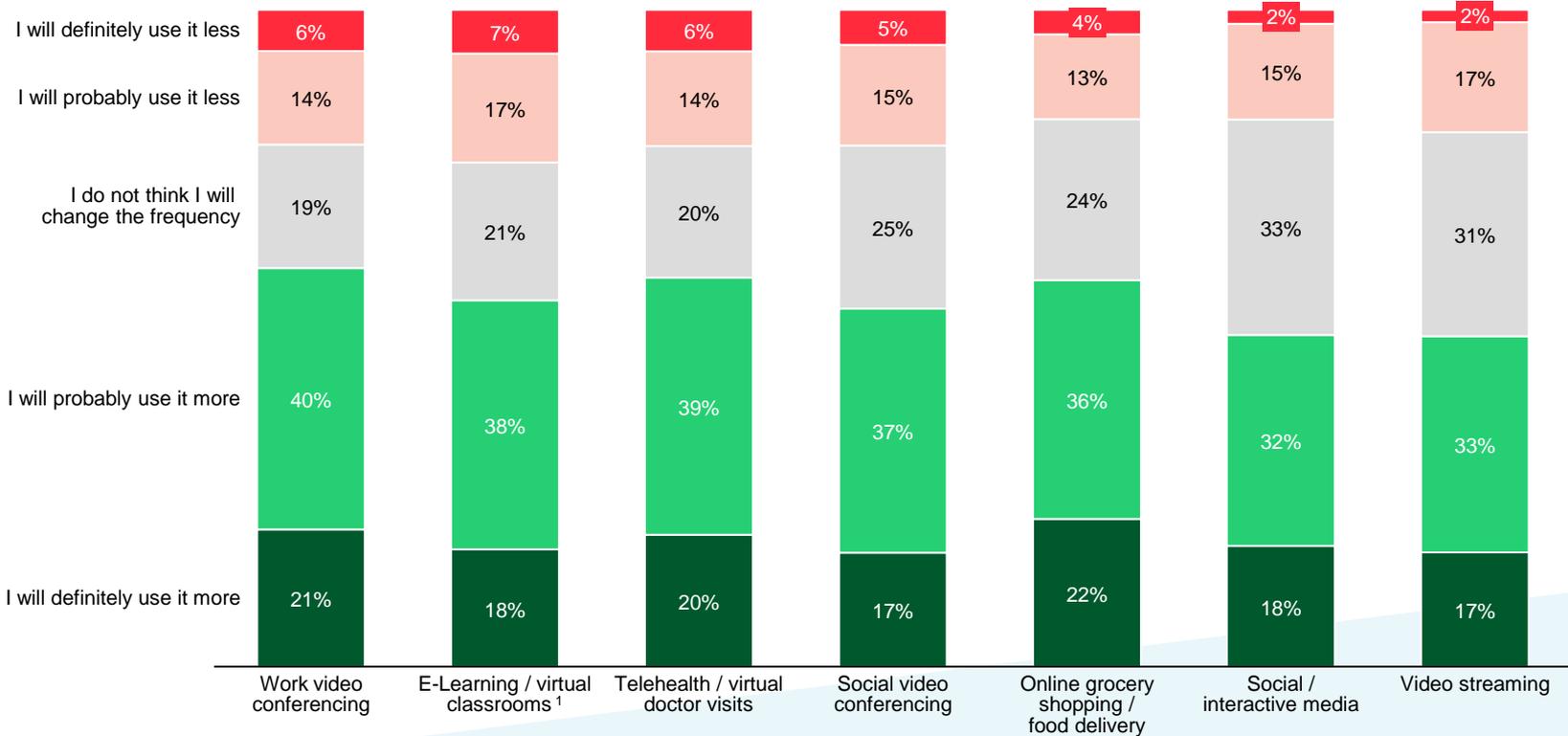


Usage of mobility substitutes after COVID-19

Across all mobility substitutes, the majority of users will continue to use at higher levels once stay-at-home orders end, suggesting staying power

How frequently will you use the following technologies once stay-at-home orders end?

% of users



Why solving the delivery problem is important now

Prime opportunity for a delivery solution!

COVID-19 Accelerates Need for Last-Mile Delivery

- E-commerce spending in the U.S. is up more than 30% this year compared to 2019 and projections show this trend will be here to stay

Forbes 2020

Friction with Delivery Network Companies

- Delivery Network Companies (DNC) charge retailers up to 30% in commission
- Data on delivery operations and end-consumers lie within the hands of the DNC's

QSR Magazine 2018

Consumers' Willingness to Pay

- 30% consumers are willing to pay more for same-day delivery
- 83% consumers are willing to pay as much as \$5 in delivery fees

McKinsey 2016/ Tillster & SSI Research Survey 2019

Rise in 1099 Workforce

- Unemployment rate has soared to 14.7% this year as millions lose their jobs amidst COVID-19

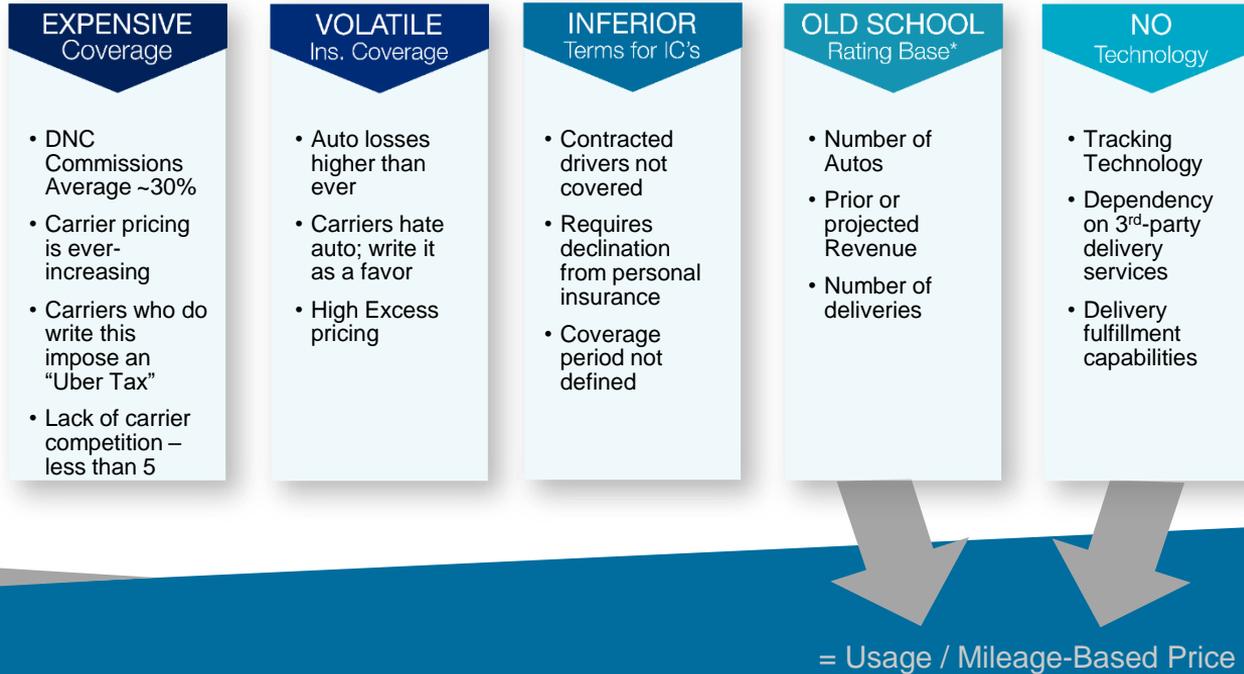
Bureau of Labor Statistics 2020

- More than half of the increase in 1099 workforce occurred between 2013 to 2016 and are attributable to the dramatic growth among gigs via online labor platforms

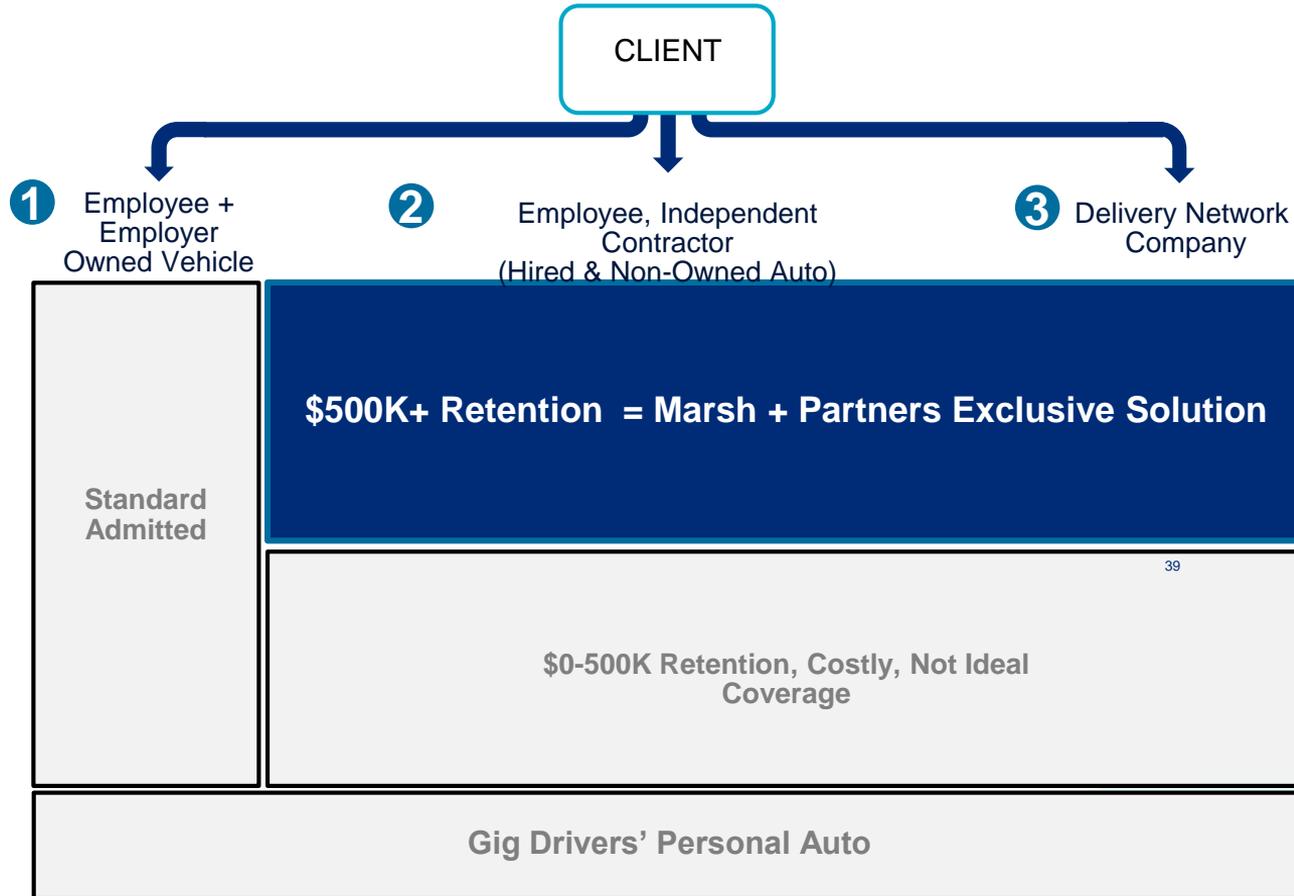
IRS Gig Work Study 2019



What's broken for clients today



How Risk Transfer + Tech + Service Meets A Critical Market Need



What is DeliveryPro?





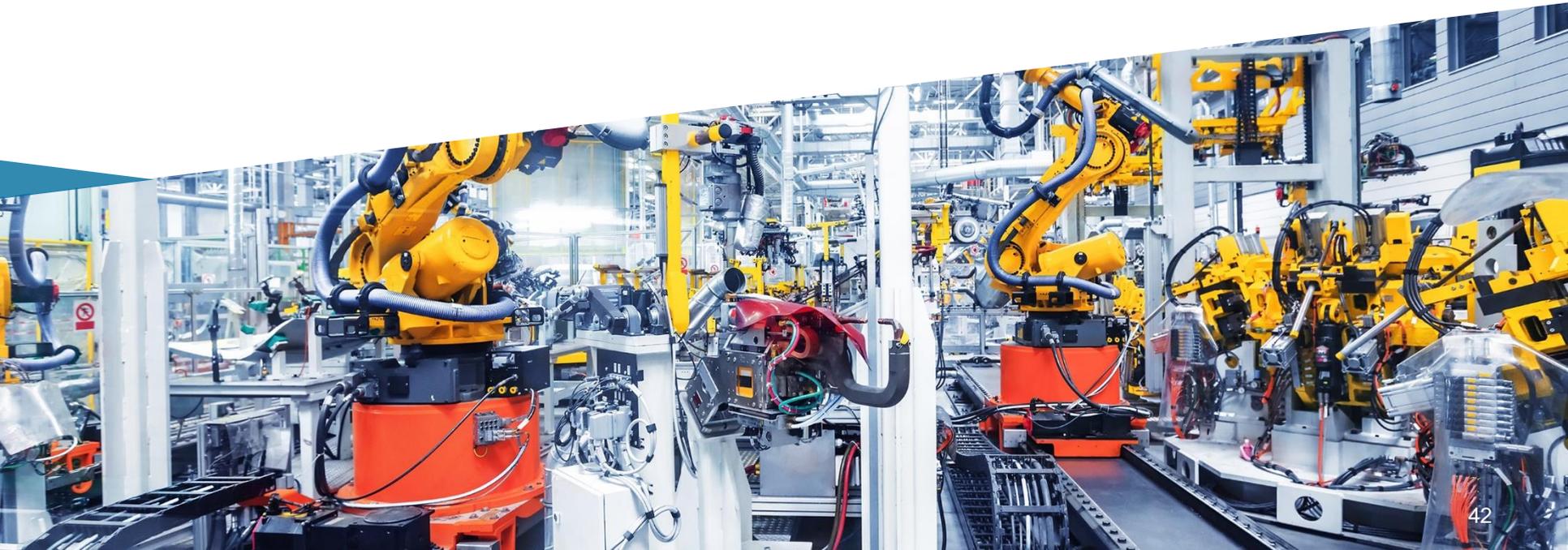
Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

This document and any recommendations, analysis, or advice provided by Marsh (collectively, the "Marsh Analysis") are not intended to be taken as advice regarding any individual situation and should not be relied upon as such. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Marsh shall have no obligation to update the Marsh Analysis and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, tax, accounting, or legal advice, for which you should consult your own professional advisors. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. Marsh makes no representation or warranty concerning the application of policy wording or the financial condition or solvency of insurers or reinsurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage. Although Marsh may provide advice and recommendations, all decisions regarding the amount, type or terms of coverage are the ultimate responsibility of the insurance purchaser, who must decide on the specific coverage that is appropriate to its particular circumstances and financial position.

Copyright © 2019 Marsh LLC. All rights reserved.

BREAK...

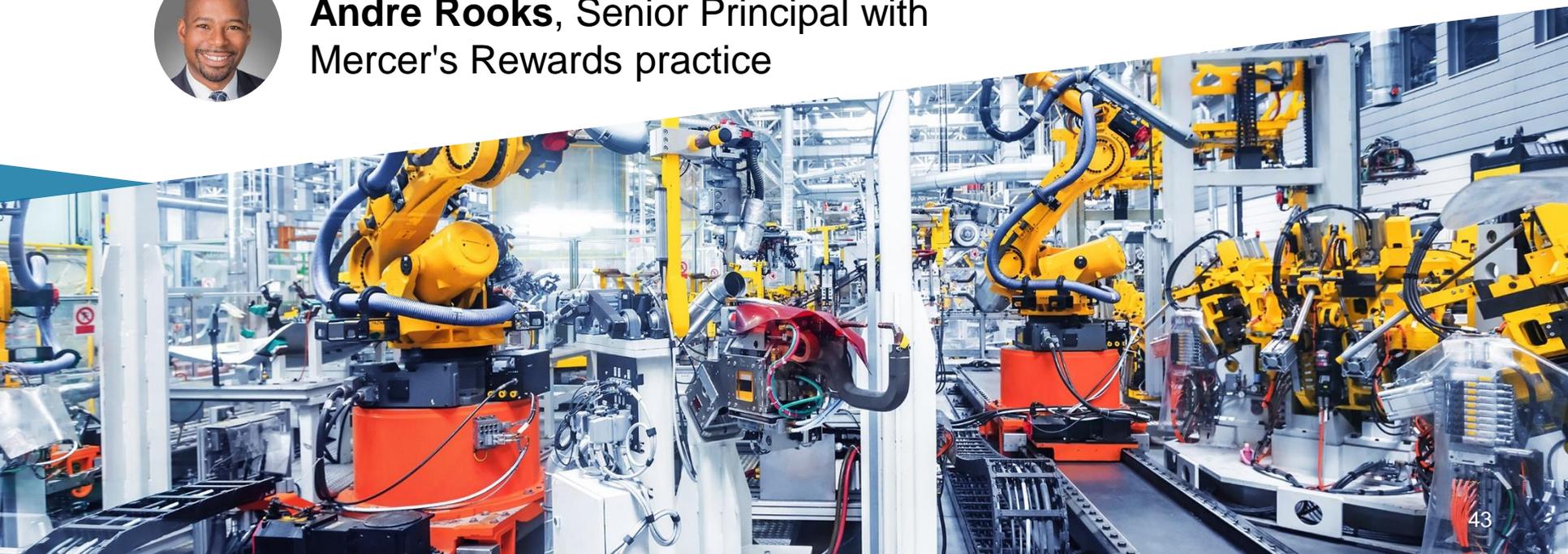
Please return in 5 minutes- no need to log off.



A Peek Into the Workforce of the Future



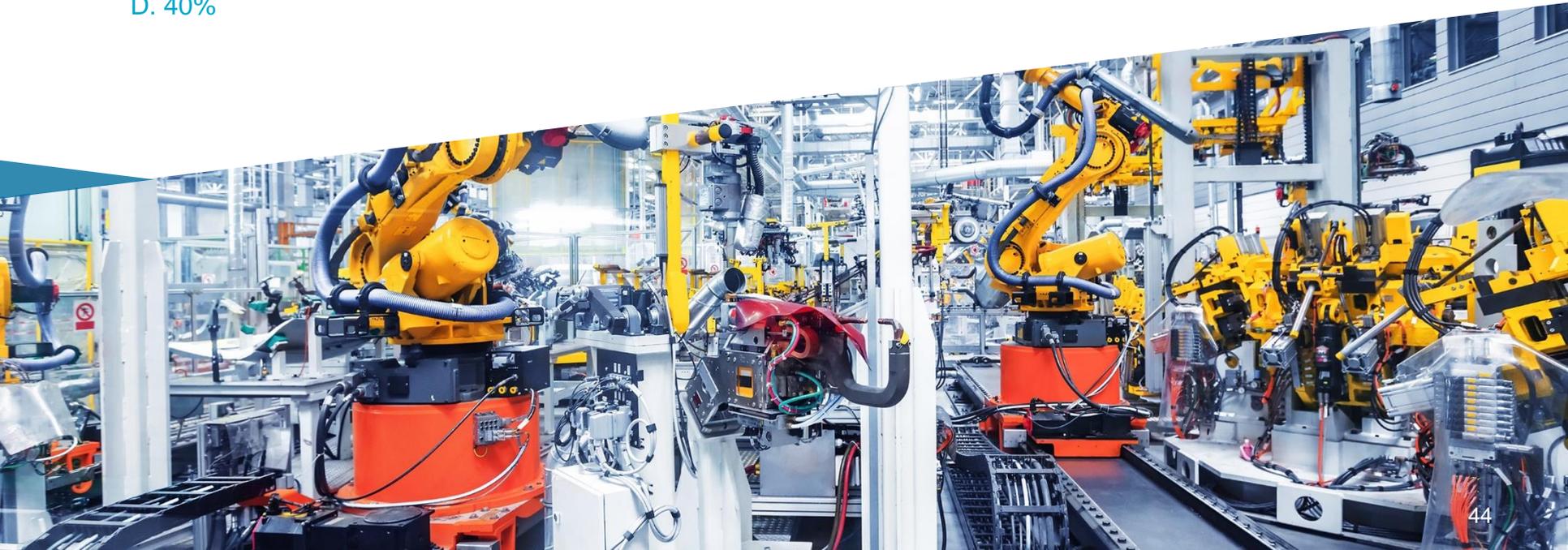
Andre Rooks, Senior Principal with
Mercer's Rewards practice



Interactive Polling

“What percentage of the workforce do executives believe can adapt to the new world of work?”

- A. 75%
- B. 84%
- C. 55%
- D. 40%



Highlights from Mercer's 2020 Report on Global Talent Trends (US Results)

Focus on **futures**

Work together to ensure people thrive now and in the future

Race to **reskill**

Transform the workforce by reskilling for a new world economy

Sense with **science**

See ahead by augmenting AI with human intuition

Energize the **experience**

Inspire and invigorate people by redesigning their work experience





focus on
futures

Work together to ensure people
thrive now and in the future

welcome to brighter

• Copyright 2020 Mercer LLC. All rights reserved.



What delivers employees' respect in the US?

Employees prefer to work for an organization that is known for

59%

Responsible rewards

56%

Physical, psychological and financial wellbeing

39%

Sense of purpose

39%

Care of people after they retire or are let go

It's clear we need to think more broadly on how we can deliver responsible rewards. However only...



Provide financial education for employees



Offer discounted rates on external activities



Have analytics to identify the underlying causes of pay inequity



race to reskill

Transform the workforce by reskilling
for a new world economy

welcome to brighter

• Copyright 2020 Mercer LLC. All rights reserved.



A new world and social order demands a new set of skills

78%

of organizations are facing disruption

99%

of organizations are planning transformation this year

Top transformation challenges

#1

Lack of workforce capabilities and skills

#2

Organizations ability to fund the change

#3

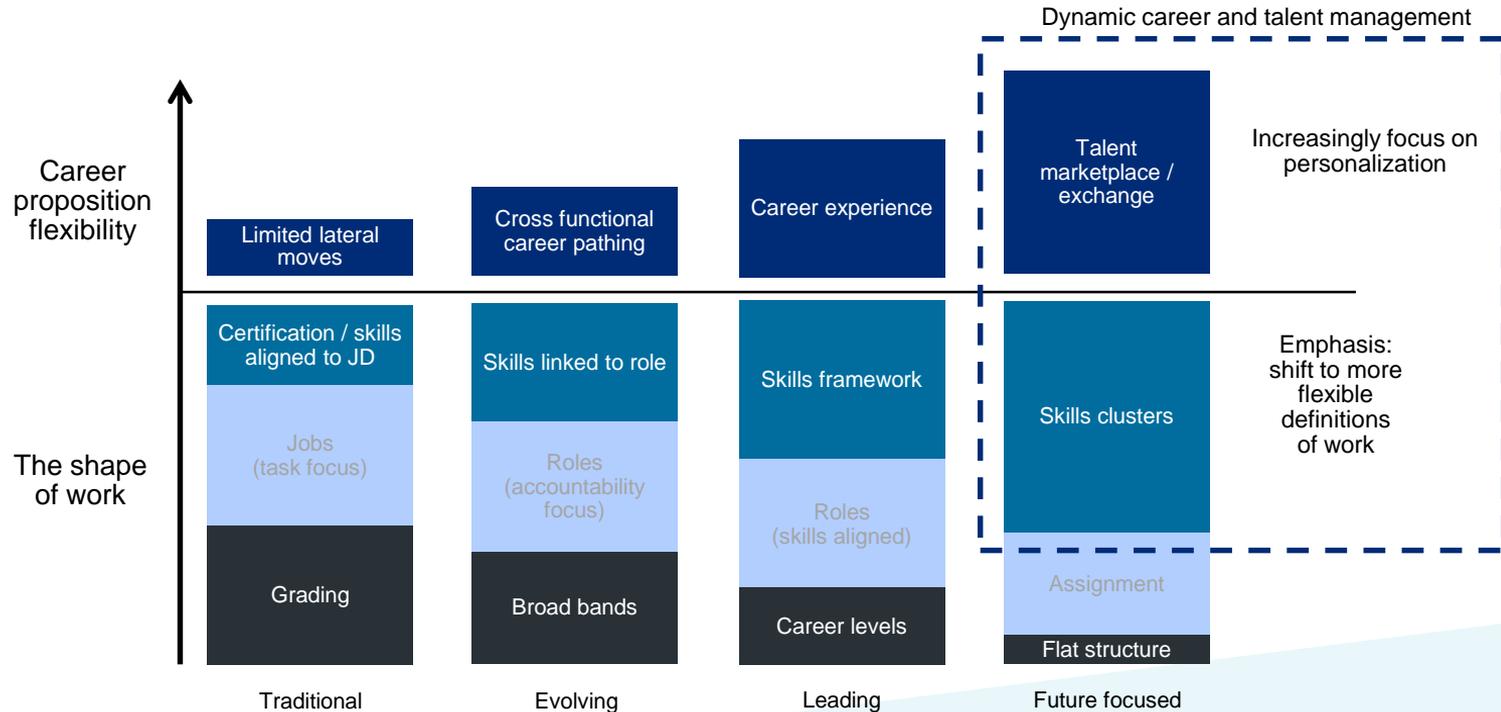
Lack of understanding of the need for transformation

#4

Apathy and change resistance



Career & talent experience is becoming more dynamic





Sense with science

See ahead by augmenting
AI with human intuition

welcome to brighter

Copyright 2020 Mercer LLC. All rights reserved.



Use of operational oriented analytics are increasing

Top Analyses Requested	Provided today	% YOY
1 To what extent are there pay inequities by gender and race/ethnicity?	70%	+532%
2 What are the key drivers of engagement in our organization?	62%	+93%
3 Who is likely to leave in the next 6-12 months?	61%	+97%
4 Why is one team high performing and another struggling?	60%	+131%
5 How are our total rewards programs being utilized by our employees?	54%	+101%





energize the
experience

Inspire and invigorate people by
redesigning their work experience



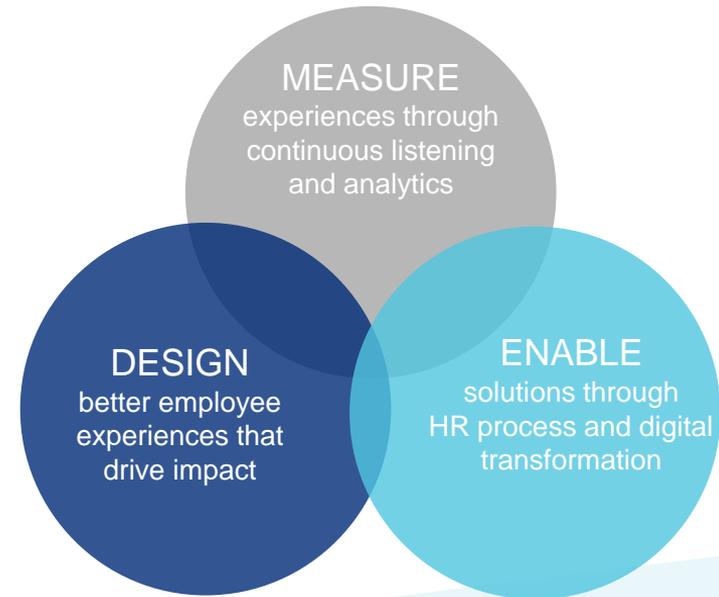
welcome to brighter

• Copyright 2020 Mercer LLC. All rights reserved.

What makes a great employee experience – Tech-enablement

What EX technology are you investing in in?

Intelligent 'nudging' technology to help employees make better choices	49%
Chatbots for IT, HR, or other service delivery	47%
Colleague recognition tool	45%
Collaboration / remote team technology	44%
Innovation/ideation technology	44%
Outplacement digital offering	43%
Organizational network analysis (ONA)	43%
Personalized self-service employee portal	42%
Reward management system	42%
Mentorship tool/app	42%
Remote healthcare / telemedicine	42%
Personal financial management tool (wealth calculators)	41%



Future of Work After COVID-19

Inspire and invigorate people by
redesigning their work experience

Future of work after COVID-19

What to expect

- Work will relocate for people instead of people relocating for work
- Physical offices will not disappear but their purpose will change
- The 9 to 5 working week will continue to evaporate
- Welfare and sustainability will be attraction drivers
- Transparency and democracy in talent management will continue to increase
- AI will impact jobs and ML will transform how they are conceived, paid for and evolved
- “Gig Work“ and internal talent marketplaces will become commonplace



Diversity, Equity, and Inclusion: Time for change



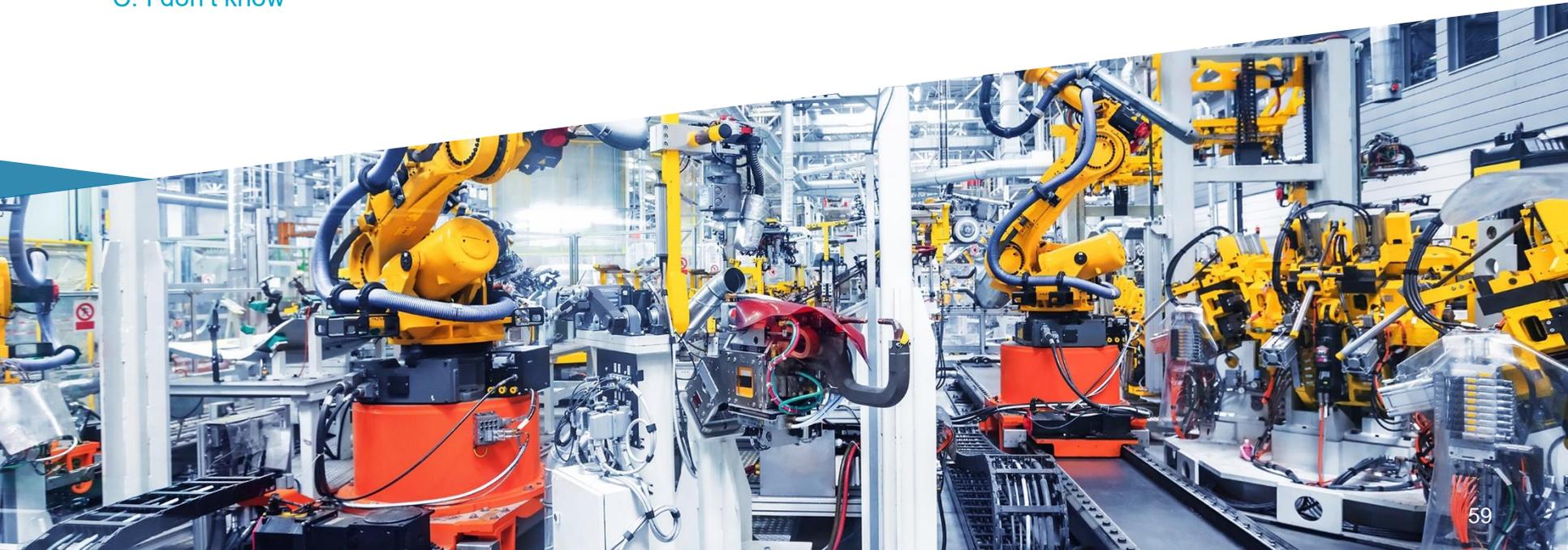
John Legg, Career Office Business Leader, Mercer



Interactive Polling

“Do you know if your company has a multiyear D&I strategy?”

- A. Yes
- B. No
- C. I don't know





1,157

Organizations
(115 in the manufacturing industry)

Representing

7.0M

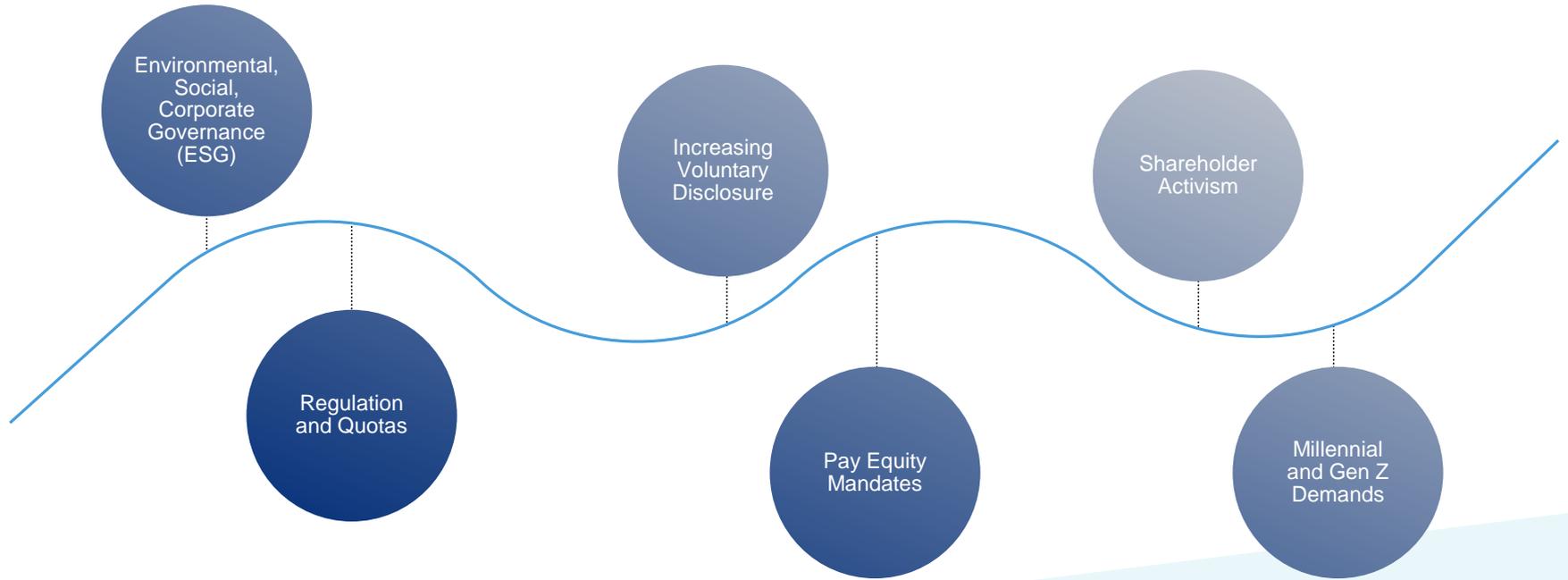
employees globally
(665,000 in the manufacturing industry)

Across

54

countries in Asia, Australia and New Zealand, Europe, Latin America, Middle East and Africa, and North America

Pressure cooker



Diversity = Representation

Inclusion = Experience

Gender

Age

Ethnicity

Disability

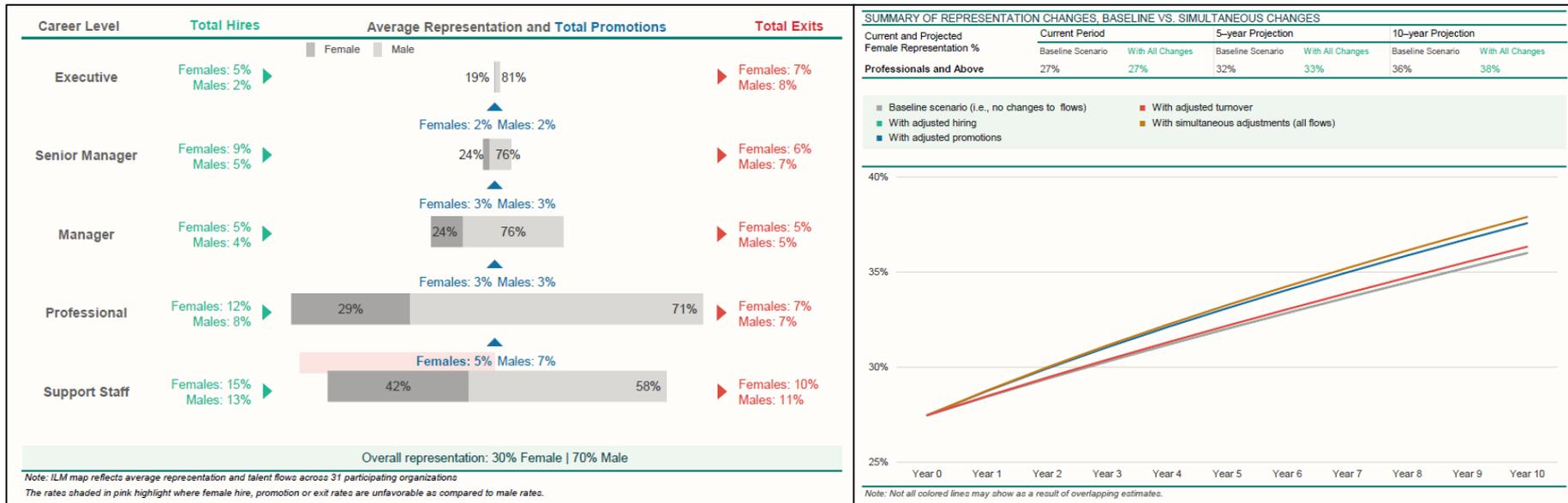
LGBTQ+

Socio-
economic
status

While there have been improvements in female talent flows and representation, projections show that gender equity is improbable in the next 10 years.



There is a long road to parity for manufacturing organizations...

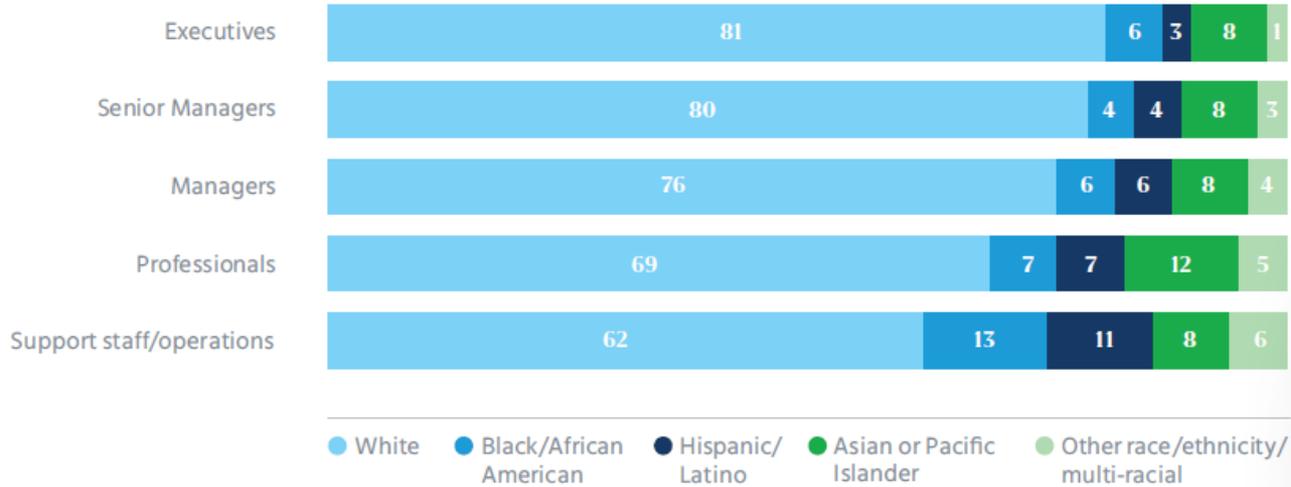


...and the math is intractable.

The progress made over the past few decades in the U.S. has predominately been made by white women.

2

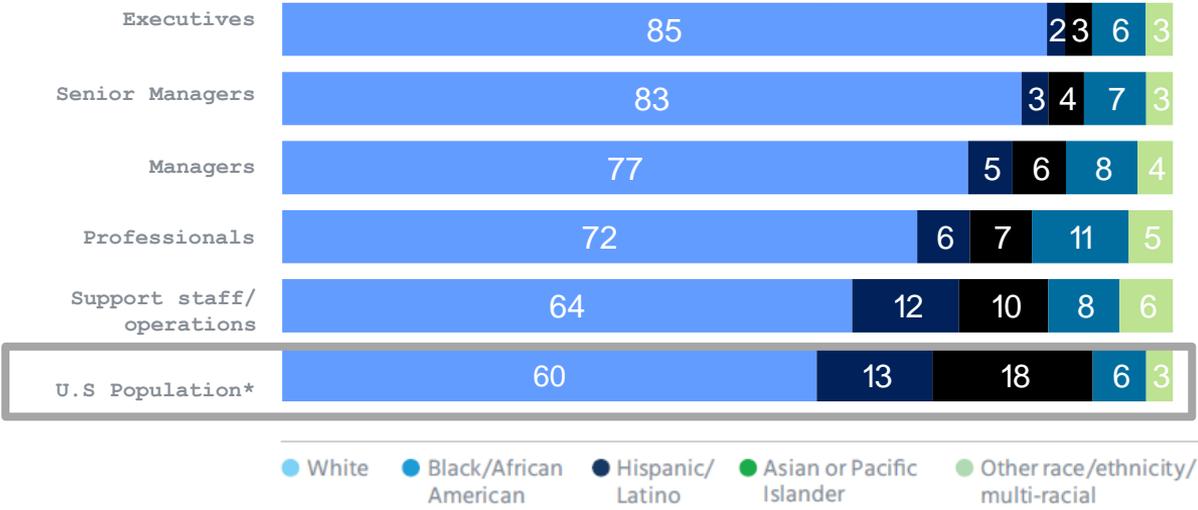
When we look beyond gender, a different story emerges



People of color are under-represented in the US workforce, and at leadership levels, the disparity is even more stark



Data is from Mercer's 2020 "Let's get real about equality" research; it includes data points from 100 US



Source: Mercer's "Let's get real about equality" 2020 global results. Data points are US specific and includes data points from 100 companies

*Source: U.S. Census Bureau Data, 2018

There is room to grow and close the representation gaps

say:

42%

of U.S. organizations have publicly documented commitments to racial or ethnic equality

do:



Offer programs targeted at women of color



Review performance ratings by race or ethnicity to ensure against any adverse impact



Review engagement responses by race and ethnicity

Organizations are committed to D&I, but need a strategy and accountability to drive progress.

say:

77%

of manufacturing organizations are focused on improving D&I

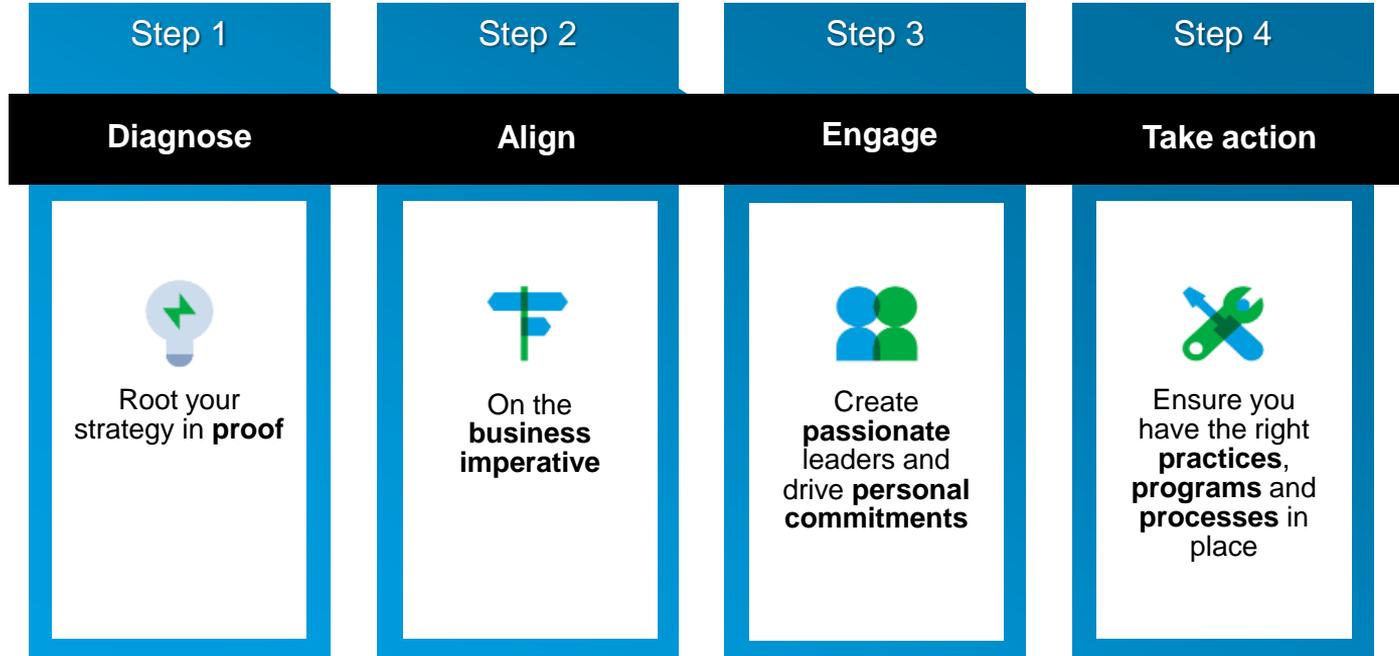
do:

43%

of manufacturing organizations have a multiyear D&I strategy

3

Taking an evidenced-based approach to solving D&I challenges



Senior executives and the Board members are engaged in D&I efforts, but manager involvement is lacking and critical for creating an inclusive culture.

50%

of manufacturing organizations report **middle managers** are actively involved in D&I

36%

of manufacturing organizations report that **front line managers** are actively involved in D&I

38%

of manufacturing organizations report that **men** are actively involved in D&I

4

**Organizations are adopting
more disciplined methods
of analyzing pay equity,
but remediation is lacking.**

5

say:

74%

of manufacturing organizations report pay equity is included as part of their compensation strategy

do:

Methodology

56% conduct pay equity analysis using a robust statistical approach (the gold standard)

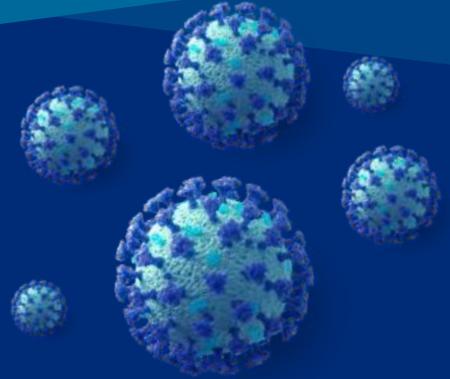
Remediation

Only **48%** of manufacturing organizations have a formalized process for remediating pay inequities

Oversight

HR and the C-suite are actively engaged in pay equity efforts, but only **33%** of manufacturing organizations engage the board in fair pay discussions

COVID-19 presents special risks to women and people of color in terms of workforce security



**Job
security**

**Financial
safety**

**Caregiving
burden**

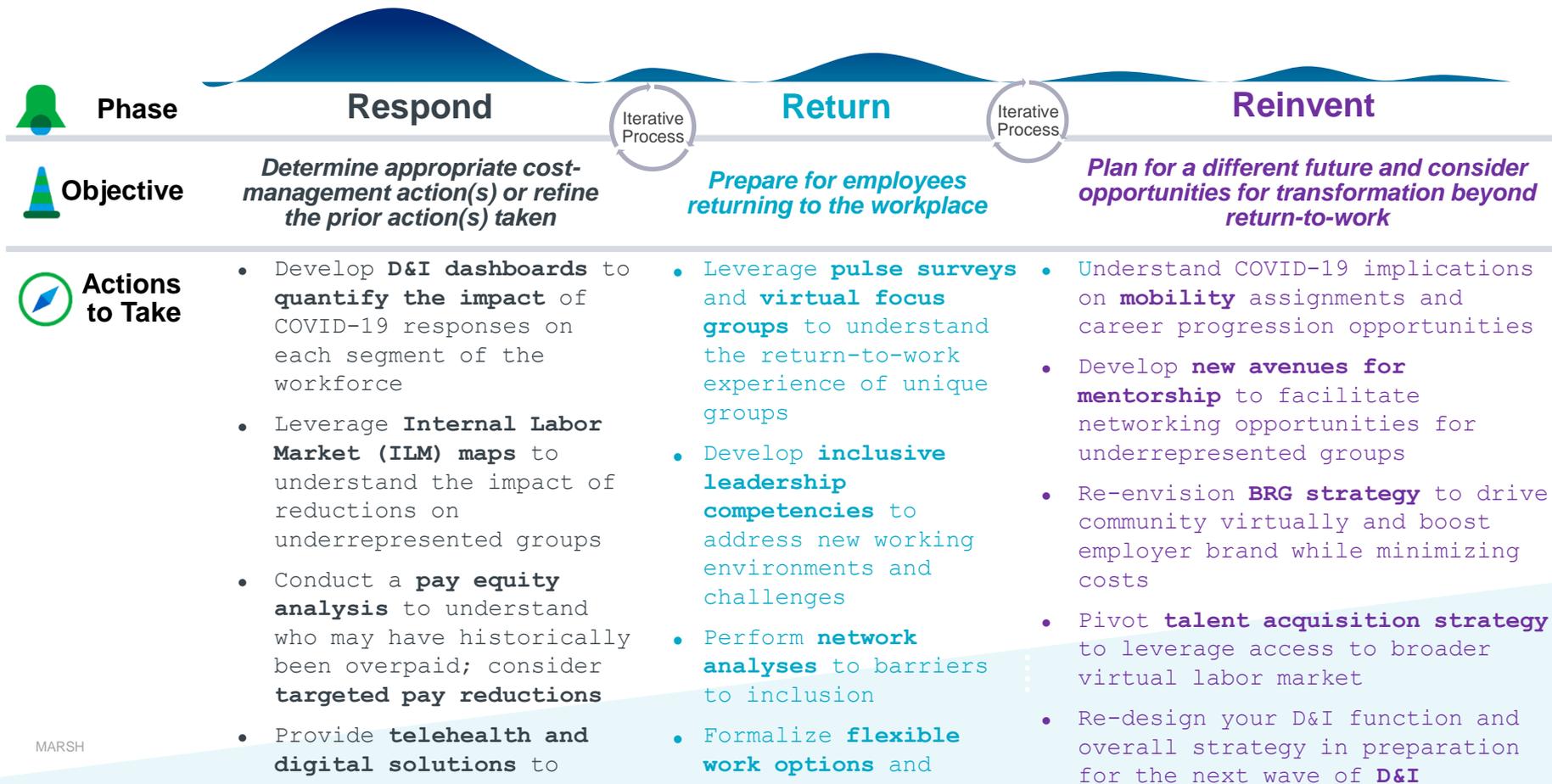
It also presents opportunities to rethink/reinvent

**Workforce
composition**

Pay equity

Flexible work

Organizations have a unique opportunity to improve Diversity & Inclusion through their COVID-19 response efforts





Download our global report

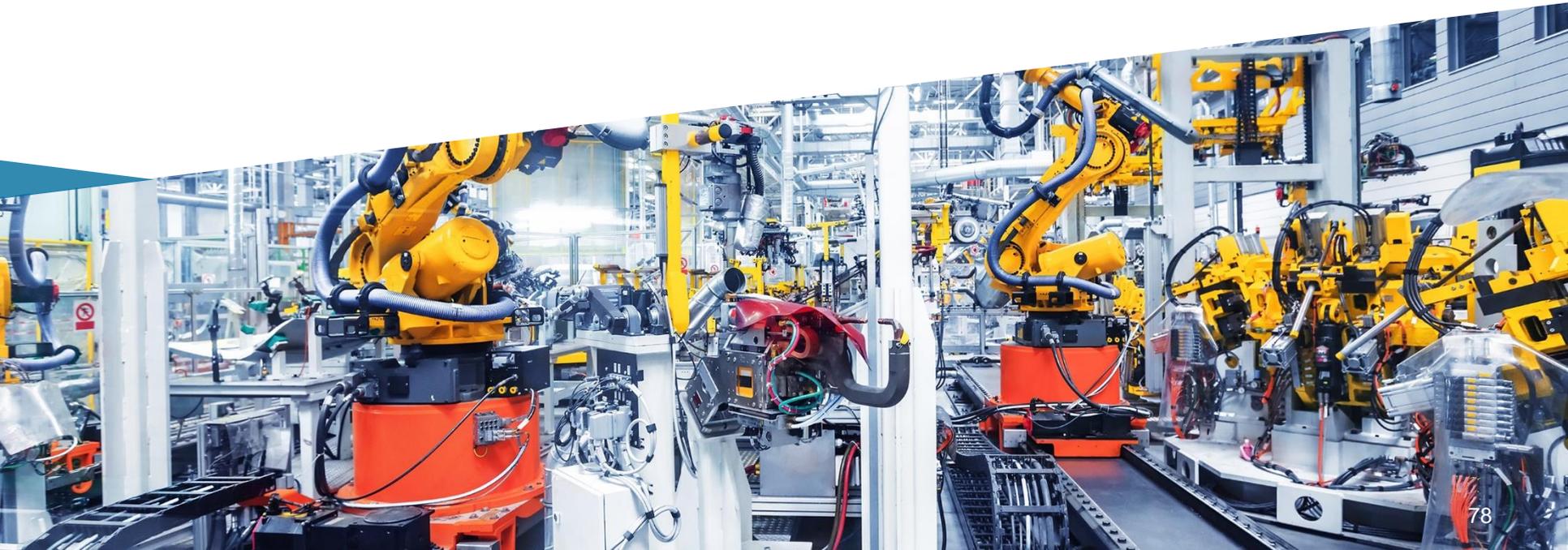
www.mercer.com/our-thinking/next-generation-global-research-when-women-thrive-2020.html

welcome to brighter





Q&A & Closing Remarks





Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

This document and any recommendations, analysis, or advice provided by Marsh (collectively, the "Marsh Analysis") are not intended to be taken as advice regarding any individual situation and should not be relied upon as such. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Marsh shall have no obligation to update the Marsh Analysis and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, tax, accounting, or legal advice, for which you should consult your own professional advisors. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. Marsh makes no representation or warranty concerning the application of policy wording or the financial condition or solvency of insurers or reinsurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage. Although Marsh may provide advice and recommendations, all decisions regarding the amount, type or terms of coverage are the ultimate responsibility of the insurance purchaser, who must decide on the specific coverage that is appropriate to its particular circumstances and financial position.

Copyright © 2019 Marsh LLC. All rights reserved.