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Global Crisis and Resilience Survey 2023

Australia | September 2023

A man with a beard and glasses is looking at a tablet in a modern office setting. The background is blurred, showing office equipment and lights. There are several colored squares (yellow, pink, white, grey) overlaid on the image.

Resilience at the forefront

PwC's Global Crisis and Resilience Survey 2023 delves into how organisations are directing their resources, efforts, and investments toward building resilience to. The data from global respondents demonstrates confidence and positivity and business leaders have recognised true resilience as a core competitive advantage.

Between September and November 2022, **1,812 decision-makers** from **42** countries and various industries and business areas took part in the survey. In **Australia**, the data is based on a survey of **87 participants**. This is PwC's third study to analyse data on corporate crises and resilience.

In today's rapidly changing environment marked by intensifying disruptions and uncertainty, having built in resilience is crucial to both survival and having a strategic advantage. The challenges, whether arising from the persisting COVID-19 pandemic, geopolitical unpredictabilities, climatic disruption, supply chain interference or cyber threats, are becoming more complex, recurrent and varied.

The current global business climate is characterised by a continuous cycle of change and disruptions, and there are no indications of this trend decelerating. Similar to other countries, Australian organisations have encountered their share of challenges. In our survey, 100% of organisations have reported experiencing some type of disruption within the last two years. Organisations are grappling with the ongoing environment of permacrisis, marked by unceasing disruptions, as they endeavour to initiate comprehensive business transformations in order to adapt and address each of these challenges.

Given the increasing interconnections between risks and the ecosystems it impacts, it is essential for organisations to consider enterprise resilience not only to manage disruptions but also to maintain stakeholder trust. Irrespective of the nature of disruption, more resilient organisations have the capability to adapt to changes swiftly, generate worth and unlock new opportunities. With a structured approach and framework that comprehensively considers facts impacting the organisation, a balance between resilience and agility can be achieved.



44%

of Australian respondents have challenges in maintaining and maturing their resilience program.



54%

of Australian respondents consider resilience to be one of the most important corporate and strategic organisational priorities.

But is it enough?

Rise in disruptions suggests otherwise

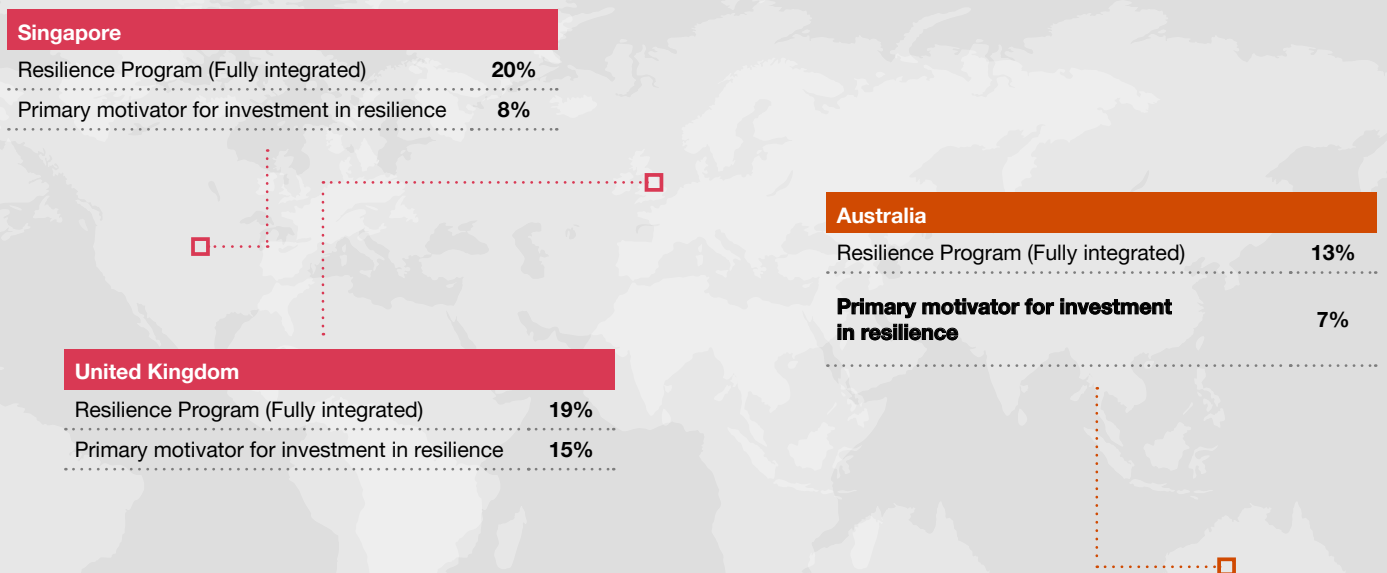
All Australian based organisations have indicated that they have experienced disruptions over the last two years and 97% of the respondents are concerned about facing disruptions for at least the next two years.

In today's dynamic and uncertain business landscape, true resilience is indeed crucial. It enables organisations to adapt to challenges, bounce back from setbacks,

and maintain a competitive edge. Organisations that embed resilience in their business strategies are better equipped to navigate disruptions proactively rather than reactively. Additionally, PwC has listed out the five global megatrends reshaping the world we live in, cementing further the importance of resilience which are technological disruption, demographic shifts, climate change, the fracturing world and social instability.

Correlation observed between regulation and the level of resilience in organisations

Australian organisations are lagging behind the United Kingdom and Singapore in terms of having a fully integrated resilience program. In Australia, there are updated regulatory requirements such as the Australian Prudential Regulation Authority (APRA) CPS 230 Operational Risk Management standard and the Australian Securities and Investments Commission (ASIC) Market Integrity Rules which incorporate requirements for operational and technology resilience. The Security of Critical Infrastructure (SOI) Act and Security Legislation Amendment (Critical Infrastructure) (SLACI) also seeks to make resilience, business as usual for organisations with critical infrastructure across all industries.



United Kingdom and Singapore

In PwC's Global Crisis and Resilience Survey 2023, countries with operational resilience regulatory requirements, for example the United Kingdom and Singapore responded that government regulation and expectation is one of the motivating factor for **investment in resilience**. When compared to Australia, these countries have a higher percentage of participant organisations that have moved towards an integrated resilience program. This is evident as the United Kingdom's Prudential Regulation Authority (PRA) and the Monetary Authority of Singapore (MAS) have operational resilience requirements that associated organisations need to adhere to. This helps organisations to be better prepared to deal with unexpected events, be less reactive and continue to provide services to their customers.

Australia

In Australia, resilience is often understood in different ways and siloed. there is still often a disconnect between business and Information Technology (IT) which results in gaps and inconsistencies in the overall resilience of the organisation. Another factor contributing to the disconnect is the complexity of modern IT environments. As organisations adopt and move towards cloud-based infrastructure, the line between business continuity and disaster recovery can become blurred as it is difficult to determine which systems and processes are critical for business continuity and which are necessary for disaster recovery.

What were organisations in Australia concerned about for the past two years?

1 Employee retention and recruitment

Employee retention was ranked as the top most serious disruption with 39% of the Australian respondents reporting that they faced it in the past two years. Globally, only 30% of the respondents reported this as the most serious disruption.

Factors contributing to this include:

- pandemic-related disruptions, including remote work, changing job preference and potential skill gap
- changing skill requirements with emphasis on skills with high demand
- generational shifts i.e. younger generation entering workforce prioritises different aspects of job, such as work-life balance, professional development and company culture

2 Supply Chain

32% of the Australian respondents reported supply chain as one of the top three most serious disruptions. (global: 28%)

Factors contributing to this include:

- global disruptions caused by the pandemic highlighted vulnerabilities in Australia's reliance on international suppliers
- geopolitical tensions and trade disputes which can disrupt the flow of goods and increase costs
- growing demand for sustainable and environmentally friendly practices throughout the supply chain
- rapid advancement of technology, such as automation, artificial intelligence and data analytics

3 Technology disruption and cyber attack

Technology disruption and cyber attack was ranked as one of the most serious disruptions with 26% (technology disruption) and 20% (cyber attack) of the Australian respondents reporting that they faced it in the past 2 years. Globally, nearly 23% of the respondents reported this as the most serious disruption.

Factors contributing to this include:

- expansion in attacks due to increased digital reliance and remote work
- evolving attack methods and the ripple effect due to global interconnectedness
- increased digitalisation of critical infrastructure services including healthcare, energy and transportation
- more strained legal and regulatory requirements for data protection and privacy



Four key takeaways for Australian organisations



1

Executive Sponsorship

Leading organisations have a visible senior leader responsible and accountable to evaluate overall resilience program performance, help identify gaps where the program doesn't align to their organisational objectives and defined critical operations.



2

Operational Resilience

Leading organisations are adopting an operational resilience approach and leveraging technology to enable a panoramic view of their operational risk and resilience landscape.



3

Supply Chain

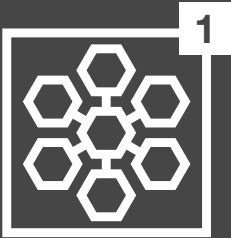
An organisation's enterprise resilience approach should consider third party providers and service providers in an organisation's supply chain.



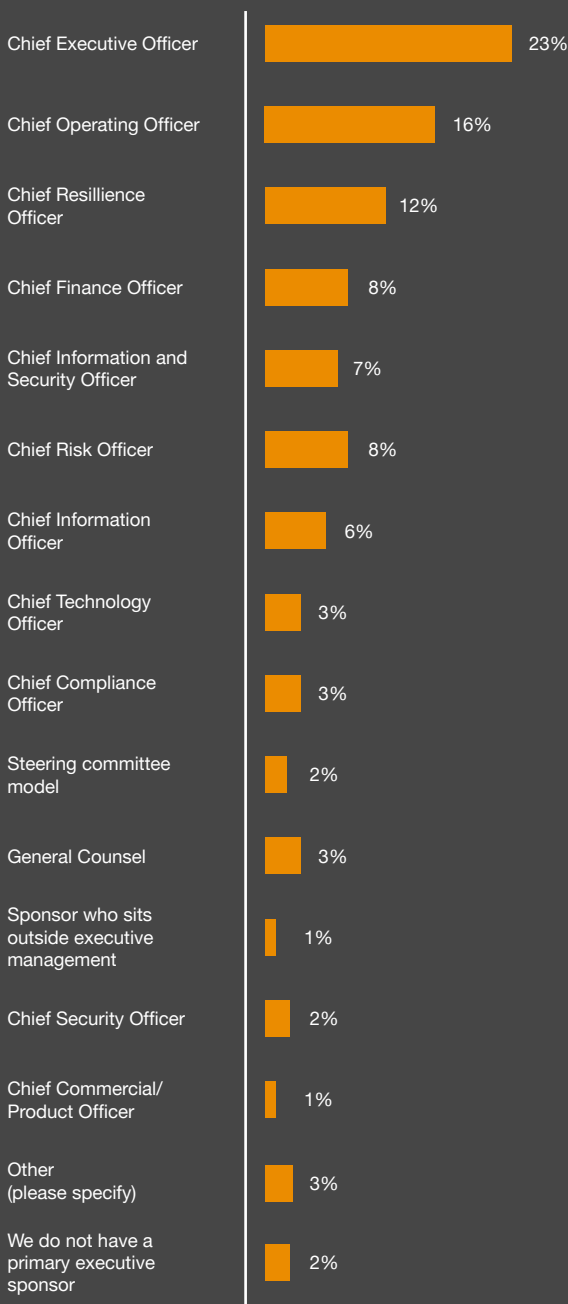
4

Integration

An integrated resilience program is essential – and if you are not developing a strategy to move in that direction, you are falling behind.



Almost all organisations have a sponsor, and for a quarter of them this is the Chief Executive Officer

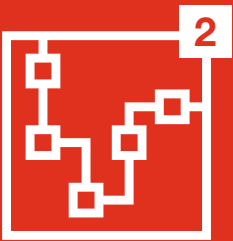


We are seeing real progress on executive sponsorship of resilience. In 2021, 61% of our Global Crisis Survey respondents said their head of crisis or resilience was accountable (at that time, data was related to the pandemic).

Today, 91% of the Australian organisations with a resilience program in place have established a C-level sponsor. In fact, 23% of respondents have named their CEO as the executive sponsor for resilience, demonstrating the role's criticality to the success of embedding the organisation's resilience into operations and culture.

On the other hand, we are not seeing organisations coalesce around a single role that is responsible for managing the implementation of an enterprise resilience program – a Chief Resilience Officer, for instance, was named by only 12% of our survey respondents. Appointing a Chief Resilience Officer might not be the answer for every industry, but without a dedicated enterprise-wide role with responsibility for the program, organisations are unlikely to fully integrate resilience into operations and culture.





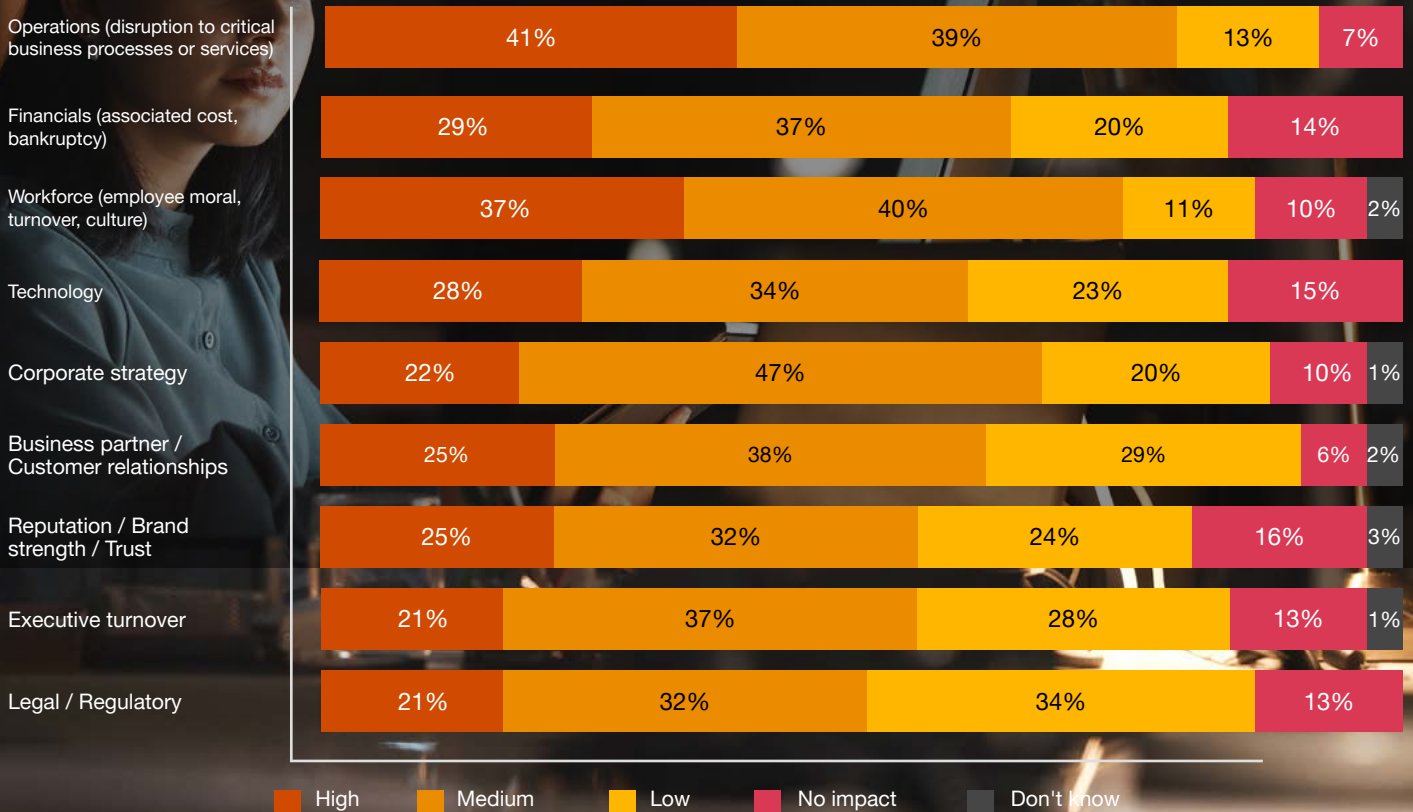
Australian organisations had the greatest overall impact on the operational aspects of their business when faced with serious disruption

Operational resilience is defined as the capacity and capability to predict, prevent, manage and respond to disruption to critical operations. Operational resilience focuses on building and consistently maintaining key elements of non-financial aspects of resilience, informed by a strategic view of what is most important to the organisation and its stakeholders.



41%

of the Australian respondents said that their most serious disruption had a high impact on operations (disrupting critical business processes or services).





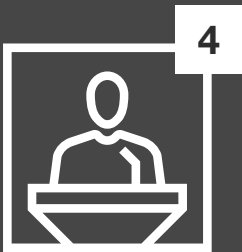
For Australian organisations, supply chain is the second most serious disruption after employee retention and recruitment in terms of the impact on the organisation

The ever-evolving landscape of supply chains consistently creates new risks and complexities for organisations. In order to address today's complex and integrated risks, it is crucial for organisations to identify and manage supply chain risks to prevent the domino effect that it can have across an entire ecosystem of participants.



32%

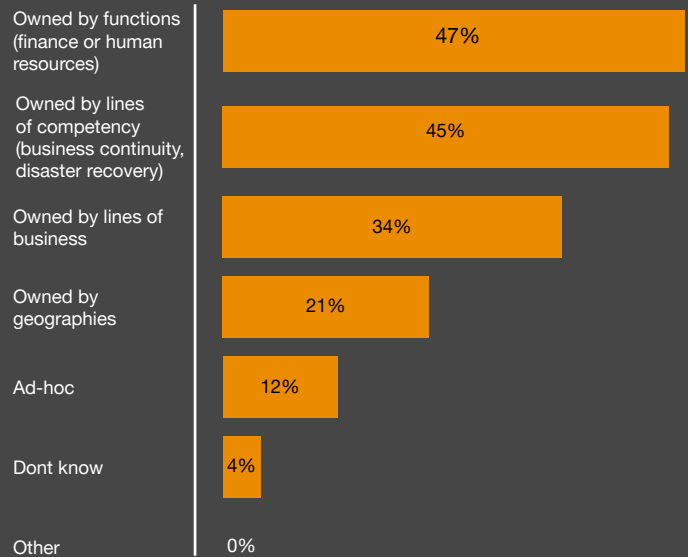
of the Australian respondents said that supply chain is one of the top three disruptions and it is close to the global statistics of 28%.

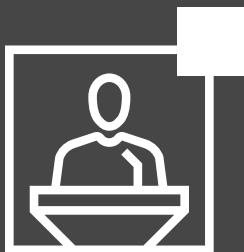


Lack of integration persists in most organisations

It is observed that resilience programs are often siloed, with little coordination across functions. Based on the survey results, only 13% Australian respondents said that their organisation's approach to resilience was fully integrated. In order to address today's complex and integrated risks, organisations are moving towards an integrated approach to resilience. An integrated resilience approach aligns multiple resilience competencies (i.e. crisis management, emergency management, cyber recovery, business continuity management, etc) around what matters most to the business and embed the resilience program into operations and organisational culture. Globally, 21% of the respondents said that their organisation's approach to resilience was fully integrated.

Division of resilience





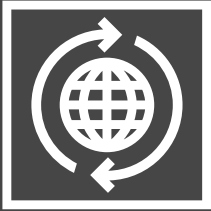
A wide range of competencies integrated together can sustain the resiliency of an organisation

Compared to global data, Australian organisations have higher percentages of resilience competencies included as a part of their resilience approach. This indicates that organisations consider multiple facets of the business when curating their resilience program, which not only allows for better identification and management of risks, but also allows organisations to identify opportunities during disruptions.

Australian organisations are lagging behind their global counterparts in resilience competencies such as business continuity management, threat monitoring and financial liquidity. This suggests that Australian organisations are more reactive than proactive in their resiliency approach. This is mainly due to the rise in technological disruptions within the past few years.

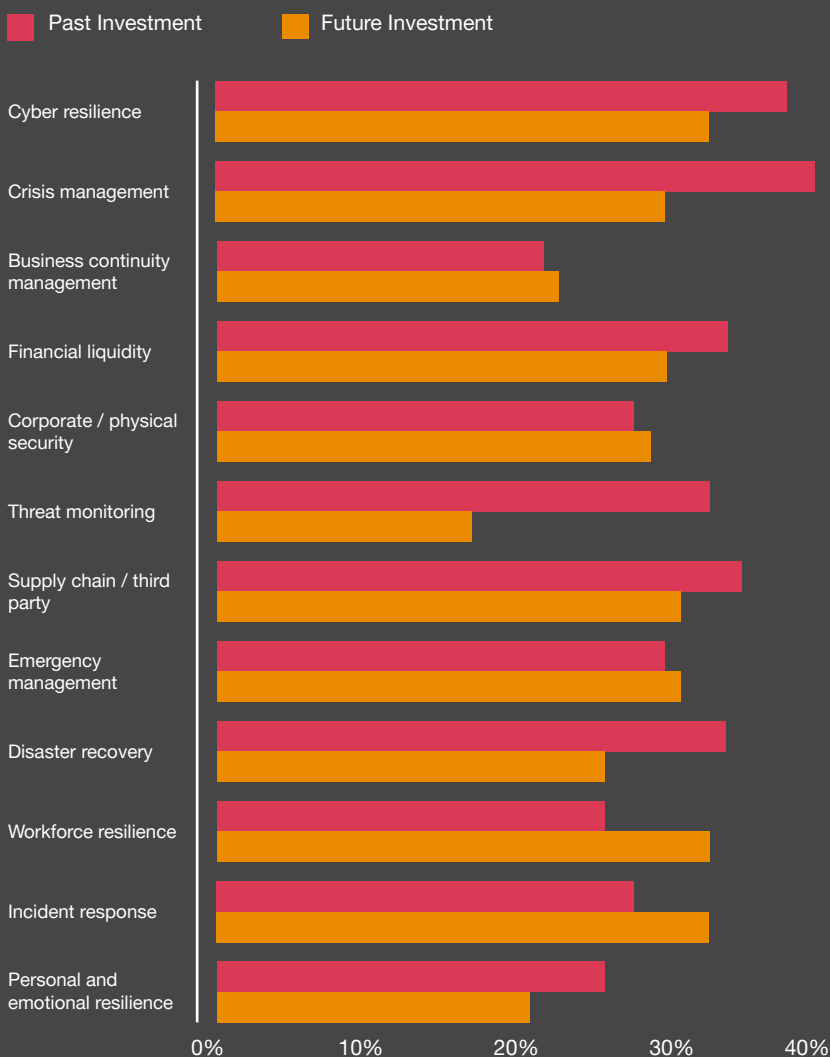
Australia and Global

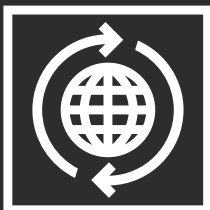




Investment trends also shows an organisation's approach towards various resiliency competencies

Whilst cyber resilience and crisis management remained as areas with significant past and future investment, the survey results infer that in Australia, business continuity management area has lower past and future investments. The data also reveals that Australian organisations ranked business continuity as one of the lower ranked competencies to be included in their enterprise resilience approach when compared against emergency management and disaster recovery. This could be due to the fact that many recent high profile incidents has amplified the focus on organisations to ramp up their cyber resilience and crisis management capability. Having a more proactive approach is necessary to integrate all resilience competencies.





Integrating technology into resilience

Technology can provide organisations with a holistic view that extends beyond the conventional approach to managing risk and compliance. Instead of solely relying on historical data, trends and information, technology helps to better forecast future challenges and disruptions. One can respond quickly, adjust to changes and turn disruptions into advantageous opportunities by understanding the extent and gravity of potential disruptions and the impact on enterprise resilience.

Globally, resilient organisations are enhancing their risk analytics capabilities with the aim to extract valuable insights from data throughout the business. They strive to transform business concerns and requirements into suitable risk analytics solutions. Combined with enterprise-wide resilience technology, the right insights and various data points bring organisations a holistic understanding of their risks, threats, critical operations and response capabilities in real time.

Fortunately, in Australia, this trend has gained traction as many businesses consider technology enablement to be a primary factor for an effective business resilience program.



11%

of Australian organisations cite that their applications and systems' criticality tiering is optimised, integrated or industry-leading.

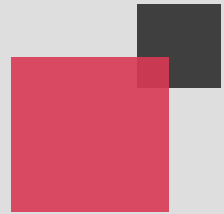


29%

of organisations indicated technology enablement is a key focus for creating a resilient future (vs 21% globally).

What could organisations do differently?

The key to true resilience lies in putting the customer at the centre of your operations and it should not be an after thought. Properly thought out resilience models enable businesses to get back on their feet quickly by recognising that everything we do starts with the customer and what they need. This approach requires looking at operations from a different perspective and recognising that business as usual goes beyond just physical resilience. Our survey results point to several actions that leadership could consider doing differently. 3 key priorities stand out:



1 People and Culture

Risk and resilience culture and accountability to drive adoption and sustainability

Implementing new tools and process can often be the “easy part” - changing culture is much harder. Organisations that have successfully embedded this overseas are the ones where risk and resilience has been led from the top, building ‘resilience-by-design’ and there are clear accountabilities with ownership - matched with enablement to drive adoption.



2 Investment

Sufficient and appropriate investment into resilience

Capital required to resolve legacy resilience issues is significant, but organisations needing investment to improve capability often cannot articulate needs and options. It is critical that organisations understand the capital required to enhance their resilience maturity.

Process

End to end critical operations and supporting need to be understood



Whilst the origination of operational resilience started with a number of high profile IT outages in the UK, it became clear that end to end critical end to end critical operations and the word resources (e.g. people, technology, third parties, facilities, data etc) to deliver customer outcomes needs to be understood and documented. A process must be implemented to maintain this information to support sustainability.

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