


# Challenges of Tomorrow, Solutions of Today: Preparing for a Transformative Era

In the face of disruptive technologies such as generative AI, climate change, skills shortages, and shifting geopolitical landscapes, businesses and organizations are operating in a rapidly evolving global environment. At PwC, our response is to combine human expertise and leadership with the use of technology to address issues and opportunities. This strategy, referred to as 'The New Equation,' is distinguished by the guiding principle: 'human-led, tech-powered', and involves open innovation by working closely with our global tech alliance partners, who are leaders in their fields.

Our recent Alliances Summit brought together industry leaders and alliance partners, providing the ideal platform to discuss use cases, industry-specific challenges, and future development. Our close collaboration aims at solving our clients most complex problems, delivering sustainable solutions.

## Focus topics of our clients

- Trust in what matters
- Climate
- Business model transformation



**“To take action on their sustainability goals, our clients continue to invest in digitalization despite the currently challenging economic situation.”**  
(Rainer Wilken, Alliances Leader Germany, PwC)



## Retail

### • The Situation

The German and European markets in general are not growing. Growth in these consumer markets can only be achieved either at the expense of other industries or by changing demand patterns. For example, if demand for vegan products goes up, demand for meat declines at approximately the same rate. The retail sector's main challenges are related to regulations, evolving demand, and climate change. The industry now has to find ways to predict and to react to these changes.

### • Learnings

The alliances provide the technological tools to harvest and analyze clients' data, enabling the generation of quick and reliable predictions regarding potential future buying behavior. These predictions help them make informed decisions, optimize marketing strategies, and enhance customer experiences. Specific digital tools, such as for inventory management or food waste prevention, help retailers comply with ESG regulations.



## Energy

### • The Situation

The energy market's objectives have evolved from primarily focusing on meeting energy demand and maximizing profitability to increasingly emphasizing sustainability, carbon reduction, and environmental responsibility. Over the last 10 years, the industry has therefore witnessed a notable shift towards greater reliance on renewable energy sources. At the same time, geopolitical changes, threats to critical infrastructure, and supply chain disruptions have made their impact felt.

### • Learnings

Energy companies must simultaneously devise short-term solutions to meet immediate demand while developing long-term strategies to navigate significant changes, with digitalization playing a crucial role in this endeavor by enabling efficient data-driven decision-making and enhancing operational flexibility.





## Healthcare

### • The Situation

The healthcare sector consists of three subsectors: pharma, healthcare providers, and insurers. While all these subsectors face the common challenges of cost efficiency, a highly regulated environment, and labor shortages, each also has its own distinct set of obstacles. In the pharma industry, the primary concerns revolve around the digitalization of the R&D sector, including the deployment of digital twins, and the implementation of precision medicine. Both initiatives demand substantial budgets and extensive data resources. The healthcare sector, on the other hand, is particularly affected by rising energy costs. Insurance companies need to invest more in prevention because it is evidently more cost-effective than treatment.

### • Learnings

Digitalization in the healthcare sector addresses labor shortages by automating tasks, improves data management through centralized and secure systems, and enhances cost efficiency by optimizing processes and enabling better communication between healthcare providers. These benefits collectively contribute to more accessible, efficient, and cost-effective healthcare services.



## The Clients' Perspective

So, how can we help our clients not only keep up with these changing conditions and regulations but also stay innovative or generate new business models? The best answers come from our clients themselves, as their challenges drive our alliances to develop and expand digital technologies that are best suited for specific use cases. That's why it was crucial for us to actively involve various clients from different industries and let them share insights directly from their respective sectors. Whether they are mid-sized service providers, chemical conglomerates, or development banks, some major common themes have emerged across the various industries involved.

One key focus is on complying with current ESG guidelines, particularly in terms of reliable data-based reporting. In the banking sector, this includes the Sustainable Finance Strategy of the federal government, while clients in the chemical industry are currently working on solutions to translate SDG regulation KPIs into measurable performance, making them visible and analyzable. Compliance with the German Act on Corporate Due Diligence Obligations in Supply Chains is also of paramount importance, as it applies to companies with 1,000 or more employees from 2024 onwards. With this in mind, striking the right balance between financial and SDG KPIs is crucial. Additionally, closely related to these guidelines, supply chain risk management plays a significant role. The ongoing global crisis has sensitized companies to the importance of building resilient supply chains, enabling them

to better respond to external shocks. Similar to ESG reporting, risk management projects heavily rely on data analysis for evaluating the impact of various activities. Therefore, clients are seeking solutions to identify and analyze relevant data effectively.

Following the motto "Go digital or go home," our clients recognize that digitalization is the key to addressing these requirements effectively. Our alliance partners offer a range of advanced digital solutions that can significantly benefit our clients in various aspects of their business operations by bringing forth a diverse set of technologies. Our alliances, for instance, offer a suite of enterprise solutions that encompass cloud services, productivity tools, and data analytics capabilities. PwC can leverage these solutions to aid clients in modernizing their IT infrastructure, accelerating their cloud transformation and harnessing data for more informed decision-making, thereby reducing infrastructure costs, increasing operational agility, and improving scalability. With their wide array of cutting-edge solutions, our alliances empower us to offer tailored and innovative approaches to address our clients' unique business challenges. We recognize the immense value in bringing clients and customers together – and this collaborative approach fosters stronger relationships and creates a dynamic ecosystem where businesses can interact, share insights, and explore new opportunities, ultimately driving collective success.



## Insights: ESG & CSRD

ESG reporting is crucial for PwC's clients because it aligns with investor and stakeholder expectations, helps manage risks, enhances competitiveness, creates long-term value, and contributes to sustainability and resilience. By integrating ESG principles, clients can meet evolving demands, build trust with investors, and drive innovation while preparing for a more sustainable and responsible future. While implementing tools and measures to achieve ESG goals, it's crucial to ensure regulatory compliance, e.g., with the CSRD guidelines. And although laws and regulations are already in place, the legislative landscape remains highly complex, impacting every business unit within a company. At the moment, many

companies focus mainly on the reporting dimension and not so much on steering and strategy with regard to tackling sustainability goals. Viable and well-informed decisions can only be made when both the ESG dimension and the economic dimension are adequately integrated into the business cases. To achieve this and to provide customers with a scalable solution for their ESG needs, a wide range of digital tools and technologies are needed. Solving the issue is not solely a consulting task; it requires a collaborative effort from clients, consultants, and alliances who provide the technological basis.



Currently, ESG requirements are driven more by regulations than by business initiatives. This challenge makes it difficult to effectively translate the vision and purpose of ESG legislation into day-to-day operations.

Dr. Jan Herrmann, Partner PwC Germany

ESG is at this stage an investment. But it's a necessary one, because now that there are regulations in place, there will be a ROI.

Rainer Kroker, Sustainability Leader  
Germany, PwC






## Insights: Industry Cloud and GenAI

How can our clients differentiate themselves in a highly competitive industry landscape? How can they collaborate within their industry ecosystem to drive innovation and change? And how can they leverage cloud technologies to drive their digital transformation initiatives effectively? These are some of the most pressing questions that our clients often encounter. They need industry-specific cloud solutions, designed to leverage cloud technologies and deliver specialized benefits for businesses. PwC's industry cloud concept addresses these challenges and opportunities, providing clients with tailored solutions that optimize outcomes. PwC's extensive industry knowledge, in combination with our alliances' technical expertise, empowers clients to drive growth, efficiency, and productivity. The Industry Cloud is an asset-led toolbox based on the alliance ecosystem, designed to drive vertical, digital innovation at speed and at scale while also enabling Generative AI. In the context of the industry cloud, GenAI plays a transformative role and makes AI accessible to non-tech professionals for task automation. However, its true power lies in its ability to drive broader transformations by securely tapping into a company's unique data and intellectual property, connecting with its core business functions and ecosystems. In both fields, our alliances provide the necessary technological assets – from platform connectivity to foundational AI models.

**The overarching objective of both the Industry Cloud and GenAI is to collaboratively craft solutions with our alliance partners, ultimately delivering value to our clients.**

**Dr. Stefan Pühl, Partner, Digital Leader,  
PwC**



## Insights: Managed Services and Acceleration and Delivery Centers

It's not a hidden fact that recent years have witnessed significant transformations in the way businesses operate. One of the notable changes is the demographic shift that has led to a shortage of skilled labor, a situation expected to become even more demanding as a significant portion of the workforce approaches retirement. With IT experts growing scarcer, an increasing number of companies opt to avoid managing their own IT infrastructures and instead rely on managed services. For PwC, this is more than a mere outsourcing strategy, because we create a symbiosis between the actual managed services and consulting. One pillar of PwC's Managed Services is the Business Process Services. It combines a comprehensive business understanding and industry expertise with the alliances' deep data and technology proficiency. The result is consulting services with end-to-end operations and heavy tech involvement. Additionally, our innovative approach is strengthened by our Acceleration and Delivery Centers

(ACDCs), which serve as global talent hubs with a steadfast commitment to delivering substantial value to our clients. This is achieved through the advancement of digital transformation, skill augmentation, fostering collaborative initiatives, process automation, and the assurance of quality.

Our Application Evolution Service empowers us to leverage our ability to implement, operate and evolve IT services end-to-end across digital technology platforms. In addition, we provide our clients with custom-developed solutions delivered through a managed service model. Leveraging our extensive technological solutions through alliances, we are exploring potential additional services to offer.



## Work together, thrive together.

In today's rapidly changing business environment, companies are confronted with increasing economic and geopolitical challenges. To remain competitive, they must undergo transformation, foster innovation, and welcome the influence of technology. Achieving this transformation requires close collaboration with technology experts and professional services firms like PwC Germany.

Businesses need to reconsider their existing models and practices, with a focus on enhancing customer experiences, skill development, and gaining a competitive edge. This transformation goes beyond simply outsourcing tasks; it involves a partnership that merges industry insights, expertise, human creativity, and cutting-edge technology to address complex challenges while achieving both commercial success and a positive societal impact.

In our interconnected world today, collaboration and integration are of utmost importance. Organizations must collaborate closely with partners and suppliers to drive innovation and flourish. Embracing a human-led, tech-enabled approach is crucial for navigating economic uncertainties and seizing growth opportunities. The exchange should delve even further. In the end, alliance partners must also openly share their insights and advancements

with one another, recognizing that individual solutions are no longer adequate to address the intricate challenges facing our world.

Embracing change, shifting mindsets, and partnering with experts is the pathway to success in this dynamic business landscape. Our Summit vividly demonstrated just how much we can learn and benefit from each other.

