

What's driving the future?

*A look at the five
'megatrends' that will
impact our future.*

Five global megatrends

We asked each member of the PwC Network Leadership team to select a ‘megatrend’ that they believe will impact our future and the future of our clients over the next decade.

1 Demographic shifts

By Norbert Winkeljohann, PwC Germany senior partner

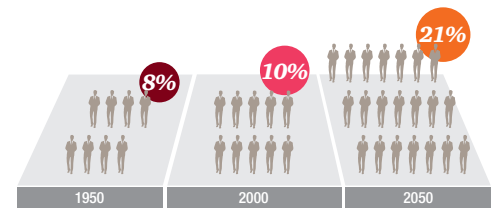


In combination with the migration of global spending power to emerging economies, the coming decade will also see explosive population growth in some countries and declines in others. These diverging trends will have far-reaching impacts, ranging from growing pressure on the supply of critical resources to sweeping changes in people's goals and aspirations at a personal and social level.

At the heart of these effects is the ageing of the global population. Across the world, rising life expectancy is set to drive an ongoing increase in the proportion of over-60s. However, within this overall trend, some societies are ageing rapidly – meaning their supply of working-age people will decline as a proportion of the total population. In contrast, other countries have populations that are young and growing, promising ever-larger labour forces and consumer markets.

The social and economic implications of such differences are profound. With 360 million older workers set to leave the global workforce by 2050, the burden of supporting the ever-expanding ranks

Proportion of the world population aged 60 years or more



Source: UN report World Population Ageing 1950-2050.

of retirees will put the working population under increasing strain in some countries. In others, growing populations will need to be fed, housed, educated and employed to sustain growth and cohesion. In either case, demographic shifts will be a – if not the – major force for social and economic change.

2 Shift in global economic power

By Silas Yang, PwC China senior partner

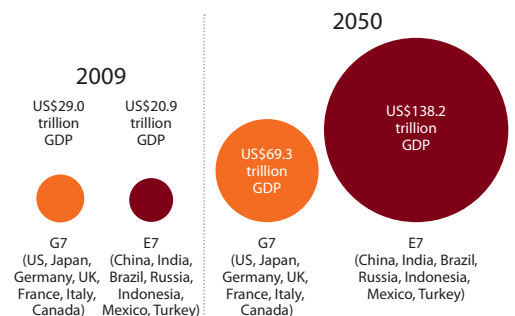


In the past few years, the global balance of economic power has been shifting from developed to developing countries. As this trend continues, it will have an increasing impact on where growth opportunities arise for companies – and on where they invest to capitalise on those opportunities.

The next decade will see this long-term economic rebalancing reach a tipping point, as emerging markets expand their global reach and influence still further. In 2009, the total gross domestic product (GDP) of the E7 – the world's seven leading emerging nations – was about two-thirds that of the G7, their developed counterparts. By 2050 these positions will be reversed, with the E7's aggregate GDP rising to almost double that of the G7.

This reshaping of the world economic order is unprecedented in its speed and scale. And it will trigger an equally dramatic realignment of global business activity and spending power, affecting not just GDP but also other measures such as population, water supplies and trade.

GDP of G7 and E7 countries at US\$ PPP



Source: PwC analysis.

This realignment will see the world's growth economies make the transition from centres of labour and production to consumption-oriented societies. And as they become exporters of capital, talent and innovation, they'll also shift the prevailing direction of global trade and investment – with the long-standing north-south axis swinging to south-south.

3

Accelerating urbanisation

By Ian Powell, PwC UK senior partner



Today, almost half of the world's population lives in cities. But look back just 60 years to the largely rural world of the 1950s, and only 30% of people were urban dwellers. However, the rapid urbanisation seen in recent decades is just the start of a steepening growth curve. By 2030, the proportion of people living in cities will have surged to 60%.

Within this overall growth, the pace of urbanisation will vary widely across the world. Between now and 2030, demographers expect the urban population to grow fastest in those regions where overall population growth is highest and the proportion of city dwellers is currently relatively low. This means sub-Saharan Africa and Asia – two regions at differing stages of the journey to economic development.

Over the coming decade, I believe we'll see many knock-on effects from advancing urbanisation.

World urban population



The world urban population is expected to increase by 72% by 2050

Source: World Urbanization Prospects: 2011 Revision, Produced by the UN Department of Economic and Social Affairs.

Expanding city populations – especially in emerging economies – will demand rising investment in urban infrastructure, putting further strains on vital resources. Urban centres' growing size and economic power will see a resurgence of the 'city state'. And in some cases, there may need to be a re-think about the provision of public funding to deal with issues arising out of rapid urbanisation.

4

Resource scarcity and climate change

By Dennis Nally, Chairman of PricewaterhouseCoopers International Limited

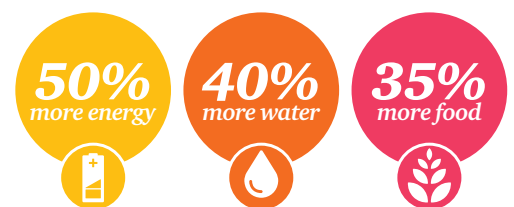


Current estimates suggest that world carbon emissions from burning fossil fuels – coal, oil and gas – will rise by 16% between now and 2030. Over the same period, the average global temperature will increase by between 0.5°C and 1.5°C – that's on top of a 0.5°C rise already seen over the past 20 years.

The global population will also continue to expand, reaching an estimated 8.3 billion by 2030, boosting global demand for energy, water and food. This 'pincer movement' of rising temperatures and rapid population growth puts mankind at a defining moment in its history.

Why? Because, in many parts of the world, the impacts of climate change will include increases in extreme weather, rising sea levels and intensifying water shortages. And these effects will make it more difficult to grow crops, raise animals, and catch fish in the same ways and same places as in the past – at a time when there are ever more mouths to feed.

With a population of 8.3 billion people by 2030, we'll need:



Source: National Intelligence Council: Global Trends 2030: Alternative Worlds.

Reconciling these conflicting pressures will demand tough decisions. For example, as fossil fuels become depleted, biofuels offer a way to produce more energy with less carbon impact. But there is only so much land and water available – and these are also urgently needed for food production. Such dilemmas have no easy answers.

5

Technological breakthroughs

By Bob Moritz, PwC US senior partner

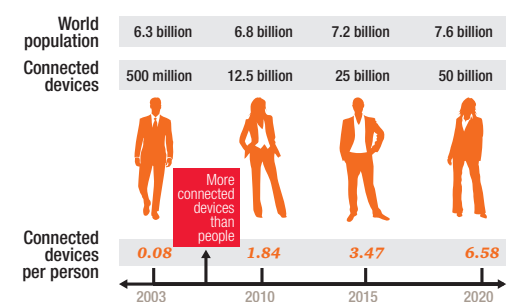


Every hour of every day, breakthroughs in frontiers of research and development ranging from nanotechnology to robotics are opening up new opportunities for businesses and individuals. Across these areas and more, a perpetual flow of ideas and innovation is creating ever more powerful enabling technologies, whose potential uses are limited only by the human imagination.

This constant cycle of innovation is enabling entire new industries to rise almost overnight, bringing major implications for the size and shape of the world's manufacturing and high-tech sectors and companies. And capital is moving to follow the innovation, as private equity providers seek out new funding opportunities across the globe.

In many cases, developments in different technologies will be mutually reinforcing. For example, advances in nanotechnology will help to deliver the massive computing power needed for breakthroughs in artificial intelligence. And ever more widespread mobile communications will allow the benefits of innovations in every sphere to be delivered remotely on-demand to people worldwide.

The rise of the 'Internet of Things'



Source: Cisco Internet Business Solutions Group, April 2011.

As technologies progress from research concepts to prototypes to applications in affordable consumer goods and industrial processes, they will generate step-change improvements in efficiency and productivity. In my view, these advances will in turn trigger a strong acceleration in economic growth towards the end of the coming decade.

Our global network

PwC has a presence in almost every corner of the world.

157
countries

776
locations



This year our global workforce reached its largest ever total of:

184,235

Our revenues

Global
4% **US\$32.1 bn**

Assurance
1% **US\$14.8 bn**

Advisory
8% **US\$9.2 bn**

Tax
5% **US\$8.2 bn**

Our clients

PwC firms provided services to:



Fortune Global 500
companies



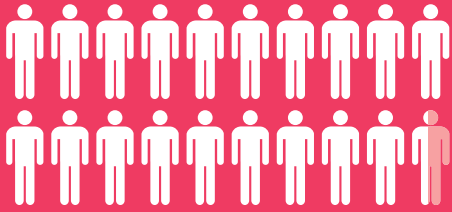
FT Global 500
companies

Note: All figures relate to the year ending 30 June 2013.

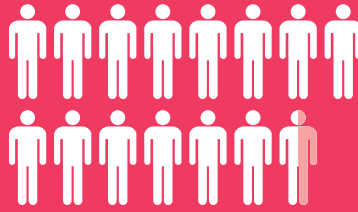
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37,452 People joined PwC firms around the world



19,622
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14,640
Experienced professionals



3,190
Support staff

Corporate responsibility



47,000
PwC people involved
in community activities



566,000
hours of professional
services and skilled
volunteering

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