

Adding Value

PwC QUARTERLY COMMENTARY SUMMER 2016

PwC's Game of Threats™ wins iSANZ Award

Dr Mark Sagar discusses the 'essential eight' technologies

Will data make you smarter and faster?

Reframing data for assurance innovation



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Contents

Where is your most valuable data? Global State of Information Security Survey	3
Game of Threats™ wins iSANZ award A showcase of excellence in information security	5
Robots and blockchain and drones – oh my! Dr Mark Sagar and Andy Symons discuss the ‘essential eight’ technologies	7
New kid on the block Thinking about blockchain in new ways	9
Reframing data for assurance innovation The PwC Assurance Experience Centre is in full swing	11
Will data make you smarter and faster? Insights from PwC’s Global Data and Analytics Survey	13
The changing face of business Introducing our leadership team	15
Talking conscious business PwC Herald Talks	19
Helping to shape the future of ACC PwC has been selected as Transformation Partner	21

I’ve been asked a lot recently how businesses can become more agile.

So how can you actually respond more quickly, given our changing business environment? In short, data analytics can provide some of the answers.

Big data has become the makings of competitive advantage in many cases. Our *2016 Global Data and Analytics Survey* shows that investment in cleansing, analysing and visualising data can dramatically improve the speed of decision-making.

PwC’s Assurance Experience Centre has been helping to bring data to life through best-in-breed tools which extract more value from the audit process. Our clients have been making the most of what’s on offer in the Centre, to visualise their data and find new perspectives on existing business problems.

As adopters of new data tools, cloud technology, and social media, New Zealand businesses have a larger digital footprint than ever before. The down side to all this is digital-enabled businesses are exposed to a growing number of cyber threats, so they need to be even smarter about protecting themselves.

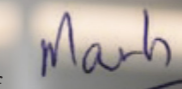
It’s not surprising that cyber security investments are growing and companies are adopting increasingly more sophisticated systems to deter, detect and mitigate the chances of a cyber incident. But it’s not just a case of spending more. Our *Global State of Information Security Survey* showed it’s about identifying where your most valuable data lies and investing in protecting this, with more of a targeted focus.

We’re helping businesses to better prepare for an attack, through Game of Threats™ – an interactive game that simulates the real-world challenges of a cyber security breach. As recognition that changing the conversation around digital risk is needed, I was thrilled to see Game of Threats™ win the Best Security Awareness Campaign Award from iSANZ.

Cyber security is just one of the challenges facing New Zealand businesses today. With megatrends impacting our day-to-day but also threatening the very existence of business tomorrow, it’s important to realign yourself to be fit for the future.

I hope you enjoy this edition of AddingValue, covering some of the future-focused ways businesses are evolving.

Have a great Summer break and I’ll be in touch again in the New Year.



**Mark Averill, CEO
& Senior Partner**





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Where is your most valuable data?

Insights from PwC's Global State of Information Security Survey

Digital business models have fundamentally shifted the way organisations should think about cyber security.

With greater mobility and access to the cloud, gone are the days of ring fencing an organisation's entire digital presence – now it's about understanding what your most valuable data and technology functions are, as well as who has access to them. Only then can you focus your efforts on protecting your organisation and on effectively responding when those protections fail. Recognising this as a serious business risk has to be a priority for business leaders, it can't just an issue to hand over to the technology team.

This isn't easy and it's something that many businesses are struggling to do. In this year's *Global State of Information Security Survey*, we asked New Zealand organisations whether they were aligning their security spend with revenue – in other words, whether their security spending was matching the areas that are the most valuable to their business. Only 20.5 per cent reported they are, compared to 73 per cent in Australia.

While this is a worrying number on its own, it's part of a bigger trend. Our survey found that New Zealand organisations across the board were less likely to have developed an integrated, well-funded and holistic cyber security strategy compared to their overseas counterparts. The good news is that local companies are focusing more on this area, with 56 per cent looking to invest more in collaboration efforts across IT, digital and the rest of their organisation.

This is a great trend to see emerging, but in order to be successful, it has to be accompanied by strategic thinking to be effective. That starts with an understanding of what your most valuable data and related functions are.

Protecting what matters

For most organisations, the really critical systems and information aren't just operational, they also play a key role in client's trust and the company's wider reputation. This is why understanding your risk as a combination of impact and likelihood is a critical first step. That means knowing what is important as well as the wider context of who has access to it (for example, is it only accessible to staff or it shared with suppliers and business partners?) and what the consequences would be of a cyber attack.

Once you know what your critical information and systems are and the risks you should be concerned about you can take meaningful action as how it can be dynamically protected.

The access question is especially relevant. In our survey this year, the percentage of respondents stating that they have experienced an attack from a supplier or business partner more than doubled, from 10 per cent to 21 per cent. Threat actors are increasingly seeing business partners and service providers as a way to bypass an organisation's cyber security infrastructure. While that's still only half the rate we saw from other areas like current employees (47 per cent), the dramatic growth certainly showcases how supply chain risks are exposing businesses to greater risks.

Part of this has been driven by the uptake of cloud-based services, with the vast majority of our New Zealand respondents now hosting some part of their organisation's IT infrastructure in the cloud. This technology is not inherently risky in itself, however it means that an organisation is now reliant on the cyber security strategies of their supply partners. When it comes to cyber security, the supply chain is only as strong as the weakest link.

Are you investing in the right areas?

While our survey findings confirm that New Zealand spends proportionally less on cyber security when compared to the rest of the world, more worrying is how poorly we are spending what little we have. Effectively we are focusing much of our spend on technology and things that are still just about protecting this now mythical perimeter. An example being the prevalence of very basic penetration testing, which doesn't take into account the relevant value of the systems and data involved, isn't holistic and continues to perpetuate the myth that cyber security is a technical issue, rather than a business risk.

So success starts with knowing the value of your data, not just to you, but recognising its value as a tradable commodity. This means getting a more contextual understanding of your digital risk as a foundation of your cyber security strategy. Business leaders must ensure that this business risk is appropriately owned and supported across your organisation, so that it's not just seen as a technology issue, but one that impacts your entire organisation. Your strategy needs to be holistic; not simply focused on technology, but taking into account that staff and suppliers are often the most significant threat. Finally, businesses need to recognise that in this dynamic and ever changing environment – where your capability has to evolve and adapt accordingly – prevention alone will not be enough. You also need a tested ability to detect issues early, respond effectively and recover quickly.





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Game of Threats™ wins iSANZ award

Over 200 people from New Zealand's information security community gathered in Wellington on 15 November 2016 for the second annual iSANZ Awards. The awards are a showcase of excellence in New Zealand information security

PwC was thrilled to win the Best Security Awareness Campaign Award from iSANZ for Game of Threats™, our interactive simulation of a cyber security incident.

"This is a great recognition of the hard work and dedication of the team involved. We've had such a great reception and participation since we started running these simulations and it's an excellent result to win this award," said Adrian van Hest, PwC Partner and Cyber Practice Leader.

Game of Threats™ simulates the real world challenges of a cyber security breach from the perspectives of both an attacker and the leadership of an organisation.

"The digital experience is a head-to-head strategy that challenges you to make quick, high-impact decisions to either launch attacks to reach your objective or counter those attacks with preparation, response and remediation," said Steve McCabe, PwC Partner, Cyber Practice.

The iSANZ judges made special mention of Game of Threats™, saying: "... the stand-out was this year's winner, PwC, whose Game of Threats™ initiative has enabled not just one company but many, to experience the real threat of a security breach. The creation of a reusable software experience has had a multiplier effect on the cost effectiveness and reach of this campaign."

iSANZ Board Chair, Kendra Ross said this year the calibre of entries reflected the highly-skilled and dedicated professionals and organisations from across the public and private sectors.

"Information security is a complex and multifaceted area, and much goes on behind the scenes to protect and secure networks from cyber attack. It's clear that New Zealand has leaders and innovators in InfoSec the equal of anywhere in the world, and we're pleased through the Awards to be able to honour their contributions," said Kendra Ross.

The full list of 2016 iSANZ Awards winners:

- Best Security Awareness Campaign - PwC, for its Game of Threats simulation game
- Best Security Project / Initiative - Air New Zealand, for its organisation-wide security transformation programme.
- Best Security Company - RedShield.
- Best International Superstar - Kate Pearce of Cisco, for her contributions in raising awareness and educating people about cyber security, including among many global communities of interest.
- Hall of Fame Award - NetSafe, for its many and varied efforts over the years in helping keep New Zealanders safe online and providing cyber security advice and assistance.

"We would also like to congratulate the winners of the other categories, as well as everyone who entered the awards. It's great to see this level of awareness and commitment to addressing the very real cyber security threats," said Adrian van Hest.

PwC appointment to CERT Board

With the growing threat of cyber attacks facing New Zealand businesses, the Government is investing \$20 million over the next four years in CERT (Computer Emergency Response Team) to help combat cyber crime.

The national CERT will sit at the centre of New Zealand's cyber security response, and will be the first point of call for all cyber security incidents.

Nine technology executives have been appointed to the CERT Establishment Advisory Board. PwC Partner and Cyber Practice Leader Adrian van Hest was appointed alongside the eight other board members in August 2016. Adrian brings extensive experience in cyber security and has a specific focus on IT security, risk, project governance, strategy and innovation.

The CERT Board will provide advice to the Minister for Communications and the Ministry of Business, Innovation and Employment (MBIE) on the establishment of the national CERT which will be in operation in 2017.



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Robots and blockchain and drones – oh my!

Dr Mark Sagar and PwC Innovation Partner Andy Symons encourage experimentation with the ‘essential eight’ technologies.

On any given day, how often do you use artificial intelligence (AI), augmented reality, virtual reality or robotics? What about blockchain, drones, the Internet of Things and 3D printing? These are the ‘essential eight’ technologies earmarked to completely change the way we live and do business.

PwC has analysed more than 150 technologies, and these are the ones that proved to be the most commercially viable and are the most likely to be adopted over the next five years.

While alone, they have a staggering amount of potential, it’s the way these technologies collide that could bring truly outstanding results.

Experimentation is also key for businesses – they may see the Internet of Things as a way to connect machines, but what about using robotics to then act on those senses to remove the need for human intervention?

Sure, experimentation can mean significant investment, but organisations are beginning to weigh up the cost of not making a move

against the enormous advantages of becoming a market disruptor. These were some of the main takeaways from PwC’s *Unlocking Emerging Technologies* in December – the last of PwC’s Platinum Series events for the year.

Level 22 of PwC Tower in Auckland was filled with eager business minds looking to see, play with and ponder over the ‘eight essential’ technologies. Following the mind-bending displays, guests were given a glimpse into the future potential of the technologies by keynote speakers Dr Mark Sagar, CEO of Soul Machines Ltd and Director of the Laboratory for Animate Technologies, and Andy Symons, PwC Innovation Partner.

Here’s what they had to say:

Robotics

“In the history of the world, the most powerful force has been human cooperation. Now we’re on the absolute cusp of combining human creativity and cooperation with machines” – Dr Mark Sagar.

Artificial intelligence

“Essentially, one of the goals of AI is around improving customer service. We’re looking at using AI interfaces that offer 24/7 service and personalisation to the point that the interface remembers who you are and where in a conversation you were up to. You can radically improve the nature of the service industry because of that” – Dr Mark Sagar.

Augmented reality

“We tend to think of this type of technology as being emerging, but we know it’s being used today in fisheries, forestry, insurance assessment and all kinds of applications here in New Zealand” – Andy Symons.

Virtual reality

“There’s so much money being invested into virtual reality at the moment that it’s almost inevitably going to be everywhere. It changes everything” – Dr Mark Sagar.

Blockchain

“When we think about the number of industries that rely on ownership of data, blockchain could be really quite disruptive for business as we know it” – Andy Symons.

Drones

“Drone capability that was once worth \$10,000 is now available with the same power and capabilities online for around \$49.95. The story of drones is a story about technology’s dramatic price reductions, size reductions and power increases” – Andy Symons.

The Internet of Things

“The Internet of Things is creating an entire new infrastructure; one that brings our other infrastructures together into a massive interconnected and interactive map” – Dr Mark Sagar.

3D printing

“I’m fully expecting us to have smart machines that will know they’re breaking down and 3D print a new part for themselves, which will be installed by a robot. “You could argue that we’ll look back one day and say humans were getting in the way” – Andy Symons.



ARTIFICIAL INTELLIGENCE:
DR MARK SAGAR’S BABY X



AddingValue



Summer 2016



New kid on the block: Thinking about blockchain in new ways

The emergence of blockchain technology is revolutionary – though it's not just about Bitcoin

It's been an enlightening process, analysing more than 150 emerging technologies as part of PwC's *Tech Breakthrough Megatrend report*. After assessing their business impact and commercial viability, we came out with a list of eight incredibly influential innovations.

While artificial intelligence and drones may hog the limelight (and rightly so, you could say, considering their innovative potential) some of these emerging technologies are a little more unassuming, though no less impactful.

Blockchain certainly falls into this category. The largest and most successful use of the technology so far is with Bitcoin, ensuring trading and transfer of the digital currency is smooth, efficient, inexpensive and secure.

However, it's important that we don't limit our view of blockchain as being only about money. Relative to some of the other technologies, it is early days in experimentation with a range of applications and uses for the blockchain's principles and capabilities. In reality, a secure distributed ledger could accelerate business models and thinking across a broad range of applications, from music files to health records and land deeds. The potential is even there to revolutionise the delivery of physical goods.

So, while the benefits for the financial sector are clearly huge, all business owners should think about how they might use it in the not-too-distant future.

Chip off the old block

Blockchain works by forming a single ledger across a shared network. One way of thinking about it might be, if you were shopping for groceries online in a blockchain environment, it would be like each member of your family (using a secure key) ordering what they want and everything being tracked on one conclusive receipt, both credits and debits.

Once all members confirm that the ledger is accurate, it becomes a permanent 'block' in a chain of other transactions between you and the supermarket – perhaps you had a refund; that too would be put into the blockchain.

What that means is that every transaction is verified and trustworthy. Hackers cannot change the record, because no one can, while the computing power backing all this up is staggeringly huge and community driven.

Behind the scenes with Bitcoin, a global network of computers compete to make sure all the unimaginably complex numbers line up correctly and securely, and the one that does so first earns Bitcoin.

This is the foundation of the currency, and organisations (particularly in financial services) are looking at how this simple yet paradigm-shifting model can be expanded to create even more value.

Chain reaction

The best way to approach blockchain is with an open mind. Any business can, and should, consider how a secure distributed ledger able to be accessed by multiple parties would change their inner working.

Take it a step further and we're likely to see blockchain technology become easier to develop, more user friendly, automated and controlled.

To continue the allegory of the 'forward-thinking supermarket', the business could set up automatic payments to their suppliers when deliveries are scanned in store. As the ledger is open to the private network of users, it would also hold third parties accountable, so worker hours can go into the chain to ensure labour laws aren't being breached, and so on.

Then imagine a delivery goes missing. The supermarket or customer could look down the chain to see where the records stopped and where the products should be. When we consider that some expensive and very important items are shipped, from luxury car imports to life-saving vaccines, this line of clarity and accountability makes the chain much stronger.

This could work using a 'private blockchain' – a series of records that each user keeps but are accessible by others in a closed network. Banks are experimenting with these concepts currently, driven by the effectiveness of Bitcoin and blockchain providing efficient, fast 'value transfers'. In place of the global monitoring from computers, it's likely to involve smart transactions and administrators who decide what's correct and who has access.

Banks are also looking at how they can use the basic blockchain principles and modify them to suit their needs. For instance, some financial institutions are considering using ledgers that can be altered in case of human error – much to the disagreement of blockchain purists.

It's highly likely that financial services will be at the forefront of blockchain's wider rollout. However, in a decade or so, many more businesses are expected to use it in various ways.

For the curious company, it could be time to play with the potential of blockchain and the other 'essential eight' technologies. Many companies are under significant pressure to cut costs and change business models. This is the very reason that it is more important than ever to understand and experiment with all emerging technologies to appreciate how they might inform or impact your enterprise strategy, customer engagement model, operations model, people and talent approach, and compliance approach. Ask yourself: is the risk of doing so greater than the risk of doing nothing? For many, it's not.



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Centre of attention: Reframing data for assurance innovation

With new capabilities and some surprising outcomes, the PwC Assurance Experience Centre is in full swing, says Andrew Holmes.

Have you found a way to take all the information you collect, understand it, and act on it instantly?

Organisations around the world are grappling with the same thing. According to PwC research, there could be 20 times more usable data in the world by 2020 than there is today. As long as organisations still see data as reams of intangible figures, we're at risk of being overwhelmed by information, rather than using it for its full potential.

That's why we opened the Assurance Experience Centre earlier this year. We want to reframe data to make it timely, digestible and actionable, and we've done that by investing in the development and application of incredible technologies that present data as an experience.

Data in action

In our Assurance Experience Centre, organisations can go in and see their data in action, and understand what is happening. The idea is to encourage better insights and decision-making as a reaction to fact, not instinct.

We're nearing the end of the year and it's great to report that the Centre is delivering beyond all expectations.

One of our clients was initially hesitant to experience the Centre. However, after a brief scheduled visit, they spent hours longer than planned. So impressed by the way they could visually see the way their payments were processed and where exactly their transactions went, our client found it almost mesmerising as well as useful.

Another success story came in October, when our data-auditing tool Halo, designed for use in the Assurance Experience Centre, won the award for Audit Innovation of the Year from the International Accounting Bulletin.

So after some fantastic feedback, and results, it makes sense for us to expand our capabilities and continue to invest in the Centre.

Centre of attention

One way we're doing this is through our people. Jeroen Hoexum – our new Director of Data Assurance – is one recent addition to the PwC team in Auckland. He joined us with 20 years' experience working at PwC in the Netherlands and prior to this, as the Chief Data Officer of Haarlem City Council.

The idea of presenting data in a legible and actionable way has been a speciality of Jeroen's for some time, making him a perfect fit for our assurance team and our Assurance Experience Centre.

Mix this, with our continuing investments into hardware to make things yet more timely, automated and continuous and we have the ability to take more clients through the Centre in 2017 and to bring their data to life.





Will data make your decision-making smarter and faster?

Insights from PwC's Global Data and Analytics Survey



It's a tantalising promise: to be able to make better decisions, but also do so faster than ever before. When you're making decisions from the gut, it's either one or the other – you either make a snap decision, or you mull it over and come to a considered opinion.

However, the increasing use of digital tools is changing this.

Where good hypotheses come from the gut, good decisions come from efficiently testing those hypotheses using analytics. What's more, data tools can quickly analyse huge amounts of business and industry information, to show you what areas will have the greatest impact on specific business goals.

So now, CEOs and business owners can make decisions that are both faster and more sophisticated than in the past. The catch is, it takes a major investment in analytical capabilities in order to reach this point.

So is this investment warranted? And how can it create long-term value for the company?

Measuring what matters

The easiest way to think of speed and sophistication is as a simple grid in which a decision can be either fast or slow, sophisticated or simple.

At the moment, most businesses are slow and simple; they are doing some basic analytics but it's time consuming and isn't delivering much value. This is true for almost every industry and country, a finding that came through clearly in our 2016 Global Data and Analytics Survey.

Making for a good start, many businesses already have large amounts of data at their disposal. The key is declaring a meaningful measure that links to a business objective, doing the analysis, taking action on the results and measuring the effect it has. Measuring the actions you take as a result of analysis is a step that many miss altogether.

Every time, refine your analytics – what could be improved, included or taken out of the process? It took Thomas Edison more than 1,000 attempts to create the light bulb, after all, so you should always look for ways to develop, too.

Overcoming risk aversion

For any organisation looking to become smarter and faster in its decision-making, perhaps the biggest hurdle is an operational and cultural aversion to risk.

Data is key to building a competitive advantage. However, being excessively risk-averse is having the opposite effect – by trying to minimise risk, companies become more vulnerable to disruption from start-ups and competitors that have successfully integrated new analytics tools into their decision-making.

Businesses can be smart with risk. At the beginning of any project when the idea is new and you're in the test phase, start small. Minimise the size and you can minimise the impact, while still learning lessons along the way.

Analytical tools and ways of working are now advanced and effective enough that making faster decisions based on the right data is no riskier than a slow decision made from the gut.

Does every company need to be fast?

Just because a company can be both faster and smarter in its decision-making doesn't mean that it wouldn't be more efficient to focus on just one or the other.

Let's say you're an electricity generator considering an investment in a new wind farm – the infrastructure is going to take years to construct and has a lifespan of decades. There's also a huge amount of data that could be used in this decision, such as real-time customer information from smart electricity meters.

The room for error on an investment of this scale is low, which instantly puts more emphasis on being smarter, but not necessarily faster. On the other hand, companies in a rapidly changing sector like media and entertainment might focus on quick decisions so they can keep up with changing reader demands.

However, even within a slow-moving sector like utilities, certain decisions can be faster than others. Investing in electrical generation is a slow, steady and deliberate affair, but when it comes to marketing and customer retention, speed suddenly becomes more important. Understanding these granular differences in where and how data can improve decision-making will be central for every business to make the most of its data and analytics investment.

The Holy Grail of a smart, fast decision

We clearly need to move away from slow decisions made from the gut, towards those that are faster, smarter and have data at their core.

The road to this point will look different for different companies; for some it will mean focusing on speed, while others will start using data to develop a deeper understanding of their products, customers and financial performance. A select few will go a step further, putting the resources and time into being both faster and smarter – and will yield the benefits that come from getting this balance right. It's certainly a tantalising promise, and one that more and more companies will be able to realise in the coming years.





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The changing face of business

Introducing our leadership team

We live and work in an environment that constantly demands innovation and change.

Disruptive technology, volatile markets, and shifting values are just some of the challenges businesses are facing today. All of this is happening at an unprecedented pace.

That's why future-focused leadership is critical. Organisations need experienced people at the helm who can see the waves of disruption ahead, perceive the risks and opportunities, then avoid or use them to their advantage – PwC is no different.

So let us introduce you to our leadership team:

Mark Averill, PwC CEO & Senior Partner, was appointed on 1 October 2016. His focus is on continuing to evolve our firm to ensure we're always best placed to help our clients with their changing needs.

What's more, our business, like all others, needs to be ready for the more complex marketplace of the future.

So Mark's eye is firmly on new ways we can help our clients to maximise opportunities (and manage risks) associated with the challenges we see on the horizon.

For example, in PwC's 2016 CEO Survey, 85 per cent of New Zealand CEOs said the availability of key skills is a top threat to the growth of their business.

Looking ahead to 2017, we'll continue to build our diverse talent base, providing the grounds for delivering innovative and rounded solutions to solve important problems for our clients, and our communities.

After all, nurturing our people and embracing all aspects of diversity is an everyday business matter.

Adding to Mark's announcement as CEO, **Michele Embling** was appointed Chair of PwC New Zealand on 1 October 2016. Her focus is on long-term sustainable corporate governance.

What's concerning is that New Zealand CEOs are more likely than their global peers to prioritise short-term over long-term profits.

Now more than ever, it's important that New Zealand businesses meet all of their commitments, beyond the bottom line.

Michele helps businesses with decision making around long-term sustainable growth, by taking a holistic view that considers all influencers:



Consumers are becoming more aware of corporate activity and they're making choices based on what they value – and it's not just a question of cost.



Stakeholders today want sustainable growth – they're looking at the longevity and the impact on society of business practices.



People also want to work for a company that has a clear purpose linked to a greater good. At PwC for example, we're very explicit about our purpose to build trust in society and solve important problems.

Michele's vision and experience will help us to continue to work towards achieving this purpose in everything we do as a company.



Our Executive Leadership team



Mark Averill
Chief Executive Officer and Senior Partner



Craig Rice
Strategy & Investments



Jonathan Freeman
Assurance



Paul Nickels
Consulting



Geof Nightingale
Financial Advisory Services



Murray Schnuriger
Deals



John Fisk
Wellington Market



Maurice Noone
Regions Market



Lara Hillier
Clients and Markets



Mark Russell
Technology & Transformation



Russell Windsor
People & Culture

Learn more about our Executive Leadership team, Board and Managing Partners at pwc.co.nz/who-we-are/our-partners

PwC's purpose is front of mind for our **Executive Leadership Team, Board and Managing Partners**. New members were also announced earlier this year.

Bringing a diverse set of strategic leadership skills and experience, the teams will continue to shape our business and make sure we're even fitter for the future.

Building on this, we announced a record number of new **PwC Partners** this year. We celebrated their areas of expertise in new services like digital, customer experience, cyber security, innovation, technology and real estate.

As a firm, we continue to invest in new skill-sets and strategic partnerships and alliances, including the establishment of Experience Centres, an Innovation and Ventures Hub, PwC real estate and PwC digital.

While at the same time, many of our new partners also reflected the evolution of our existing services where we've traditionally earned our reputation and built our brand.

As the world continues to innovate, we're excited by the recent changes at the top level of our business – the influx of skills and the potential our people have to help our clients and the wider community. Our firm is certainly transforming and we look forward to sharing more on this throughout 2017.



New PwC partners announced this year:

From left to right (Standing) **Tiniya du Plessis** Assurance - Primary Sector, **Nathan Jones** Private Business, **Anand Reddy** Emerging Business, **Anthony Steele** Risk - IT and Processes, **Amy Ellis** Corporate Finance, **Andy Symons** Innovation and Financial Services Sector Leader, **Erin Venter** Transfer Pricing, **Robert Cameron** Real Estate Advisory. (Seated) **Kate Dekker** Restructuring, **Gareth Parry** Digital and Customer Experience, **Nic Kennedy** Chief Innovation and Ventures Officer, **Richard Chung** Real Estate Advisory, **Leigh Tomei** Corporate Tax. (Floor) **James Rees-Thomas** Risk - Health and Education, **Helen Ward** Technology Consulting, **Alex Guilleux** Business Performance, **Stephen Drain** Forensics.



Talking conscious business

An expert panel gathered to discuss 'good business', why it works and why authenticity counts at the final PwC's Herald Talks of 2016.

The end of the calendar year is a reflective time for many, so it was fitting that the last PwC Herald Talks of 2016 looked at the important topic of conscious business.

Customers, employees, suppliers and many other stakeholders now know how a business behaves – for good or for bad. They are empowered through technology to find out all they want to know about a business they work for or with.

Whether this is a catalyst to inspire more conscious business or whether that change is happening regardless, many organisations are finding the need to improve their karma.

TOMs Managing Director, Australia and New Zealand, John Elliott, delivered a keynote speech on how the once-humbly-sized company began only 10 years ago and how it's driven ahead with its social conscience as a differentiator.

John explained how the company has used one-for-one donation of their footwear to give away 70 million pairs of shoes through NGOs – a partnership that helped them deliver on their promises. TOMs has also diversified to provide 440,000 pairs of glasses and cataract surgery through its eyewear range, and is now moving into coffee, with the aim of providing drinking water to disadvantaged areas.

John said how good business is good for businesses and he reminded the PwC Herald Talks audience that customers don't have to wait for four years to decide which businesses they throw their support behind, "they vote with their dollars every day".

Old ideas, new thinking

Conscious business might be a new term, but sustainability in business certainly isn't. For the second part of the conference, John was joined by PwC Chair Michele Embling, CEO in Residence at Massey University Business School Mark Powell, Founder of eco-conscious beauty-product brand Ethique Brianne West, and Managing Director of DB Breweries Andy Routley.

The group sat down to discuss how each saw the prospect of conscious business developing, and if it's enough for organisations to just do what they've done in the past.

As Michele Embling pointed out: "When it comes to big business, I think we've seen a trend change from a few years ago. In the past, businesses would give money to organisations, whereas the trend now is around instead of just giving money, how about we partner with organisations, and take our skills that are in-house to help?"

Michele mentioned PwC's programme to provide education on financial literacy in low-decile schools – and it's just one way that businesses are taking more responsibility.

DB Breweries' Andy Routley said the company spends somewhere between 10-15 per cent of its marketing money talking about people drinking less, while Brianne West said her spark of inspiration to make shampoo packaging more eco-friendly came when she spilled a bottle of the stuff in the shower.

While all panel members agreed that considering sustainability is good – the panellists approached sustainable business strategy from very different angles. For some, it was about helping the environment or our communities and for others, a notable benefit was attracting talent.

Giving the people what they want

John Elliott continued by telling audience members that 88 per cent of young people want to work for a company that's socially responsible and ethical.

However, it's not just millennials who are driving the change towards conscious business. PwC's New Zealand CEO Survey 2016 AIESEC Findings found that 83 per cent of current CEOs in New Zealand say the purpose of business is about creating value for wider stakeholders, not just on turning a profit for shareholders.

Massey University's CEO and former CEO at The Warehouse Group, Mark Powell added to this. "People want to feel good about where they work and you don't just want compliance as a chief executive, you want commitment," he said. "Is ethical business good business? I think it is – it's good for customers, it's good for your team and your people, it's good for profit and for society."

Perhaps the most important element of conscious business to remember is that it's not just a statement; real, sustainable success comes from living the four values of 'good growth' – being real, inclusive, responsible and lasting – as PwC's Michele Embling outlined.

In Michele's own words: "If you're not living and breathing your purpose you will be found out very quickly."

Stay tuned to hear about 2017's exciting PwC Herald Talks schedule.



JON ELLIOT,
TOMs MANAGING DIRECTOR



MICHELE EMBLING,
PwC CHAIR





Helping to shape the future of ACC

PwC has been selected as Accident Compensation Corporation's (ACC) Transformation Partner for the Shaping our Future programme.

We're privileged to be working alongside ACC on this important initiative, which is an excellent demonstration of our firm's purpose to build trust in society and solve important problems.

The scale of the programme is significant. ACC is world-leading and unique in respect of what they provide (no fault accident cover to all New Zealanders and visitors to New Zealand irrespective of where or how the accident occurred).

The programme is set to make ACC's customer experience equally world-leading. ACC is focused on becoming more responsive, transparent and fit-for-purpose. This enhanced customer focus is intended to lift trust and confidence, and better support customers with their return to wellness and with the best quality of life possible.

As Transformation Partner we've been delivering outstanding results through our values-driven approach which puts people at the very centre of the situation. We have hands-on involvement across almost all aspects of the programme from programme leadership, business and technical architecture design, change management, the programme management office, data analytics as well as some exciting innovative aspects like Robotic Process Automation.

We stand shoulder-to-shoulder with the ACC programme team, executive, business specialists and a range of vendors to deliver the objectives of the programme.

However, this is only the start of the journey, and we look forward to working closely with ACC throughout this important initiative over the next two years.

A snapshot of our 2016 thought leadership



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