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6th Annual CxO Priorities Study

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Fundamentals: The New Strategic Advantage – Navigating Trade Conflicts and Tech Disruptions

Preface / Acknowledgments

This study would not have been possible without the valuable contributions of many individuals and partners.

We sincerely thank all participating CxOs for taking time and sharing insights during the interviews. Your input provided valuable perspectives that enriched the findings and built the core of our study.

We also owe a huge thank you to our Horváth colleagues for conducting the interviews with great professionalism and commitment, and to our Horváth Senior Advisor Dr. Dietmar Voggenreiter for his valuable industry insights.

Special thanks go to the Horváth CxO Priorities Study project team – Maximilian Schürbüscher, Jannes Rauß, Lukas Struck, Maximilian Rösgen, Eva Kisker, and Jonas Mayer – as well as to our research and marketing teams.

Finally, we greatly appreciate the support of our Cordence Worldwide partners, whose collaboration enabled access to a global range of CxO perspectives and enriched the international scope of this study.

Thank you

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Content

Why is the 6th Annual CxO Priorities Study a must-read for CxOs?

Discover the **top priorities** on executive agendas across industries and regions

Benchmark **performance and growth ambitions** with industry peers

Find out **where to shift workforce** and **where to invest** in an increasingly fragmented global economy

Gain **insights into AI maturity and investment levels**, as well as **sustainability efforts**

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6th Annual Horváth CxO Priorities Study | Fundamentals: The New Strategic Advantage

Trade conflicts

Evolving trade tensions such as export restrictions or **tariffs**, and **cost pressure** are forcing companies to **rethink their global footprint**. Many are relocating to **regionalize supply chains, optimize costs,** and **reduce dependencies on global powers**. Yet, **investments in the big global markets** remain strong, signaling their continued strategic value

Tech disruptions

AI is advancing rapidly, but many firms are still immature in their adoption efforts. As investments rise, the focus shifts to measurable productivity gains in IT, digitalization, and operations. Clear, **business-relevant use cases** are now essential for realizing impact

Fundamentals

As the world economy becomes increasingly fragmented, **CxOs must navigate trade conflicts and tech disruptions**. They are shifting their focus to the true drivers of performance: competing in established markets with proven products & services while managing costs to protect margins. **Fundamentals** are critical to success:

- **Operational excellence:** Improve efficiency & cost competitiveness
- **Sharpened product & service portfolio:** Prioritize growth & high-value offerings
- **Balanced global value chain:** Build a resilient & competitive footprint
- **Future-ready core:** Innovate through technology & AI

The **6th Annual CxO Priorities Study** unveils a clear perspective:

Fundamentals are the New Strategic Advantage

6th Annual Horváth CxO Priorities Study | Management summary for manufacturing and service industries

Manufacturing industries

- Manufacturers are **facing headwinds in achieving their growth ambitions and targeted margins**. In addition, **the global distribution of value creation requires a strategic realignment**
- **Cost discipline is shifting from short-term cuts to strategic efficiency**, with a strong emphasis on optimizing materials and SG&A expenses to safeguard competitiveness in a fragmented world
- **Investment decisions** are being **reshaped** by **geopolitical realities.** Companies are **doubling down on regionalization**, aiming to reduce exposure to volatile trade relations and **build more resilient supply chains**
- **AI adoption** remains emerging and **is seen as essential for scaling operational performance**

Service industries

- Service companies show **stable performance with moderate growth, cautious hiring, and tight margin discipline**. The shift from scale to profitability is accelerating, driven by premiumization and data-based services
- Structural cost focus is back, with **personnel expenses under review**. **Direct service delivery costs** are considered a **lower priority**, as companies hesitate to compromise on service quality. Having set **long-term strategies**, attention now shifts to **execution**
- **Digital transformation continues to be high on the agenda**, shifting from exploration to execution. **AI**, the driving force behind the priority, **moves beyond IT into operations and sales**. Efficiency and customer focus drive broad-based adoption

6th Annual Horváth CxO Priorities Study | More than 1,000 CxOs reveal what really matters

>1,000 global CxOs
engage in personal dialogue

8 weeks of interviews
between March and May 2025

~40% CEOs
out of all participants

~29% CFOs
out of all participants

33 HQ countries
reflect the global perspective

5 focus topics

- Strategic priorities
- Sales, margin & employee development
- Growth ambitions & profit optimization
- Resource relocation & geopolitical challenges
- Further strategic initiatives: Digital & Green

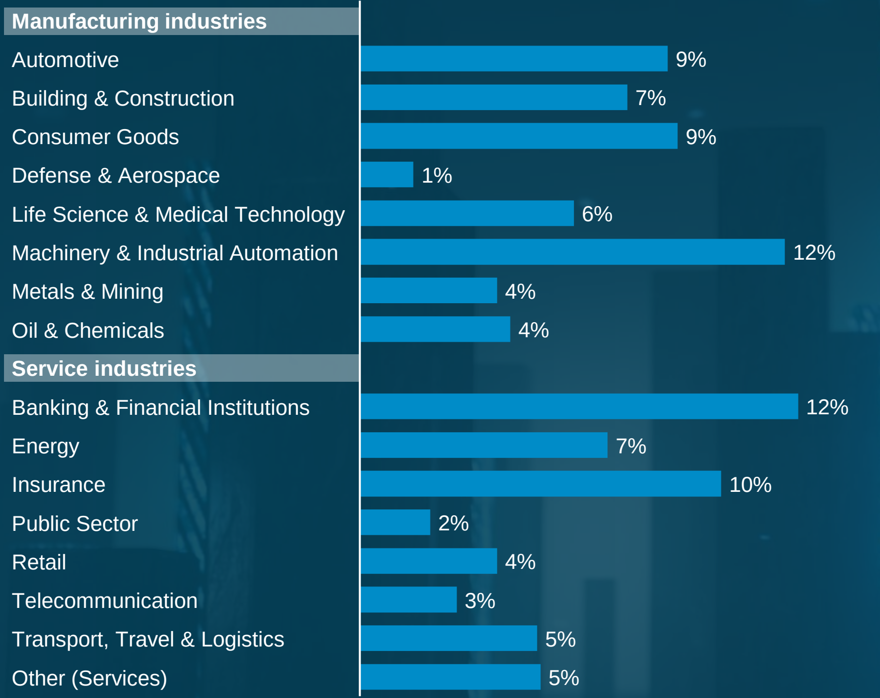
~50% multinationals
with revenue of more than EUR 1b

~34% family-owned
businesses share their priorities

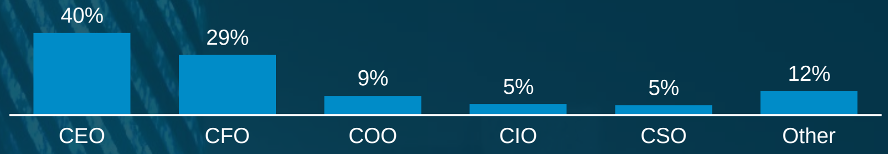
15 industries
report on industry-specific trends

6th Annual Horváth CxO Priorities Study | A 360° view: Insights across industries and company scales

Distribution of industries

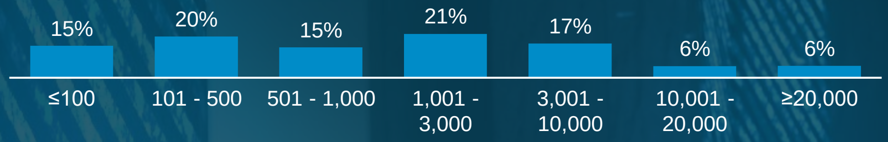


Distribution of participants’ positions



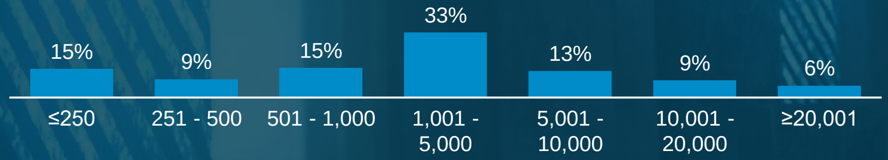
C-level roles

Distribution of revenue / income



Revenue EUR m (last business year)

Distribution of workforce size



Headcount (last business year)

N = 1,071

Content

CxOs are committed to drive profit discipline, supported by the strategic use of technology

Strategic priorities | All industries

Strategic priority	Rank (2025)	Rank (2024)		Score[1] (2025)	Score (2024)
Improvement of cost & profit structures	1	2	⬆	3.50	3.42
Digital transformation	2	1	⬇	3.46	3.48
Cyber security	3	3	➡	3.26	3.41
People-driven topics	4	4	➡	3.13	3.32
Reorganization of structures & processes	5	7	⬆	3.07	3.04
Improvement of liquidity range	6	5	⬇	2.96	3.09
Improvement of financial performance & risk management	7	8	⬆	2.95	2.91
Innovation and R&D	7	-	NEW	2.95	-
Realignment of group strategy & business model	9	11	⬆	2.89	2.77
Optimization of supply chain & production footprint	10	9	⬇	2.87	2.83
Realignment of pricing & revenue models	11	10	⬇	2.71	2.78
Ecological sustainability	12	6	⬇	2.65	3.07
M&A or divestments of business areas	13	12	⬇	2.50	2.52

⬆ Rank increased ⬇ Rank decreased ➡ Rank remains constant

Key findings

- With **growing margin strains**, companies are focusing on **operational excellence** through **improving efficiency** and **cost competitiveness**
- **Digital transformation** holds its ground, but the narrative **has matured**. The age of experimentation is over as **decision-makers** are under **pressure** to prove **value creation for AI investments**
- As companies seek agility and resilience in a fragmented world, the **reorganization of structures & processes is climbing the agenda**
- A **reduced focus on sustainability** reflects the companies' cautiousness. With external uncertainties and internal cost pressure, many executives are temporarily shifting attention to **initiatives with immediate returns**

N = 1,071
[1] Importance of priorities on a scale of 1-4:
4-very important, 3-important, 2-slightly important, 1-not important
Rounding differences may occur

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Cost and profit structure enhancements are the top priority in manufacturing industries

Strategic priorities | Manufacturing industries

Strategic priority	Rank (2025)	Rank (2024)		Score[1] (2025)	Score (2024)
Improvement of cost & profit structures	1	1	➡	3.61	3.58
Digital transformation	2	3	⬆	3.36	3.38
Innovation and R&D	3	-	NEW	3.28	-
Cyber security	4	2	⬇	3.26	3.40
Optimization of supply chain & production footprint	5	8	⬆	3.19	3.13
People-driven topics	6	4	⬇	3.13	3.32
Reorganization of structures & processes	7	7	➡	3.09	3.14
Improvement of liquidity range	7	5	⬇	3.09	3.24
Improvement of financial performance & risk management	9	9	➡	2.97	2.92
Realignment of group strategy & business model	10	10	➡	2.94	2.86
Ecological sustainability	11	6	⬇	2.76	3.18
Realignment of pricing & revenue models	12	11	⬇	2.73	2.81
M&A or divestments of business areas	13	12	⬇	2.56	2.69

⬆ Rank increased ⬇ Rank decreased ➡ Rank remains constant

Key findings

- **Managing costs through efficiency gains** is a shared priority for firms to handle **ongoing challenges from market volatility** and **slow growth**
- **Digital transformation** remains highly important, but **more** as an **enabler than a revolution**. In many companies, **targets are shifting from front-end innovation to back-end integration**
- **Innovation** secures a **top three** spot right after being named as a strategic priority in the study for the first time**. Manufactures rely on R&D** within their core product portfolio to stay **competitive**
- In response to geopolitical and logistical risks**, companies boost resilience** as supply chain and **production footprint optimization** moves up the agenda

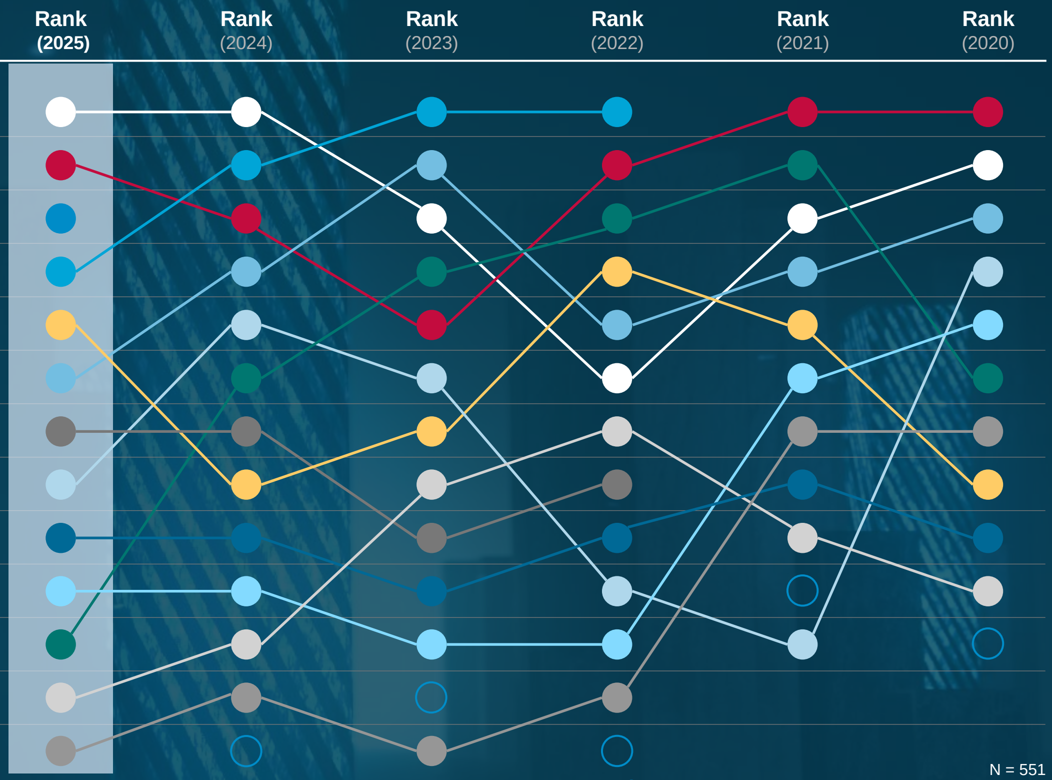
N = 551

[1] Importance of priorities on a scale of 1-4:
4-very important, 3-important, 2-slightly important, 1-not important
Rounding differences may occur

Focus turns to profitability and efficiency as people topics and sustainability efforts lose momentum in manufacturing industries

Strategic priorities – Timeline | Manufacturing industries

Priority	Rank (2025)
Improvement of cost & profit structures	1
Digital transformation	2
Innovation and R&D	3
Cyber security	4
Optimization of supply chain & production footprint	5
People-driven topics	6
Reorganization of structures & processes	7
Improvement of liquidity range	8
Improvement of financial performance & risk management	9
Realignment of group strategy & business model	10
Ecological sustainability	11
Realignment of pricing & revenue models	12
M&A or divestments of business areas	13



N = 551

Outdated priorities that were not part of this year's study

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Service industries continue to prioritize digital transformation while being under cost pressure

Strategic priorities | Service industries

	Rank (2025)	Rank (2024)		Score[1] (2025)	Score (2024)
Digital transformation	1	1	➡	3.57	3.62
Improvement of cost & profit structures	2	4	⬆	3.37	3.18
Cyber security	3	2	⬇	3.25	3.42
People-driven topics	4	3	⬇	3.14	3.32
Reorganization of structures & processes	5	6	⬆	3.04	2.91
Improvement of financial performance & risk management	6	7	⬆	2.94	2.89
Realignment of group strategy & business model	7	10	⬆	2.84	2.65
Improvement of liquidity range	8	8	➡	2.79	2.84
Realignment of pricing & revenue models	9	9	➡	2.68	2.74
Innovation and R&D	10	-	NEW	2.57	-
Ecological sustainability	11	5	⬇	2.54	2.93
M&A or divestments of business areas	12	12	➡	2.43	2.28
Optimization of supply chain & production footprint	13	13	➡	2.35	2.24

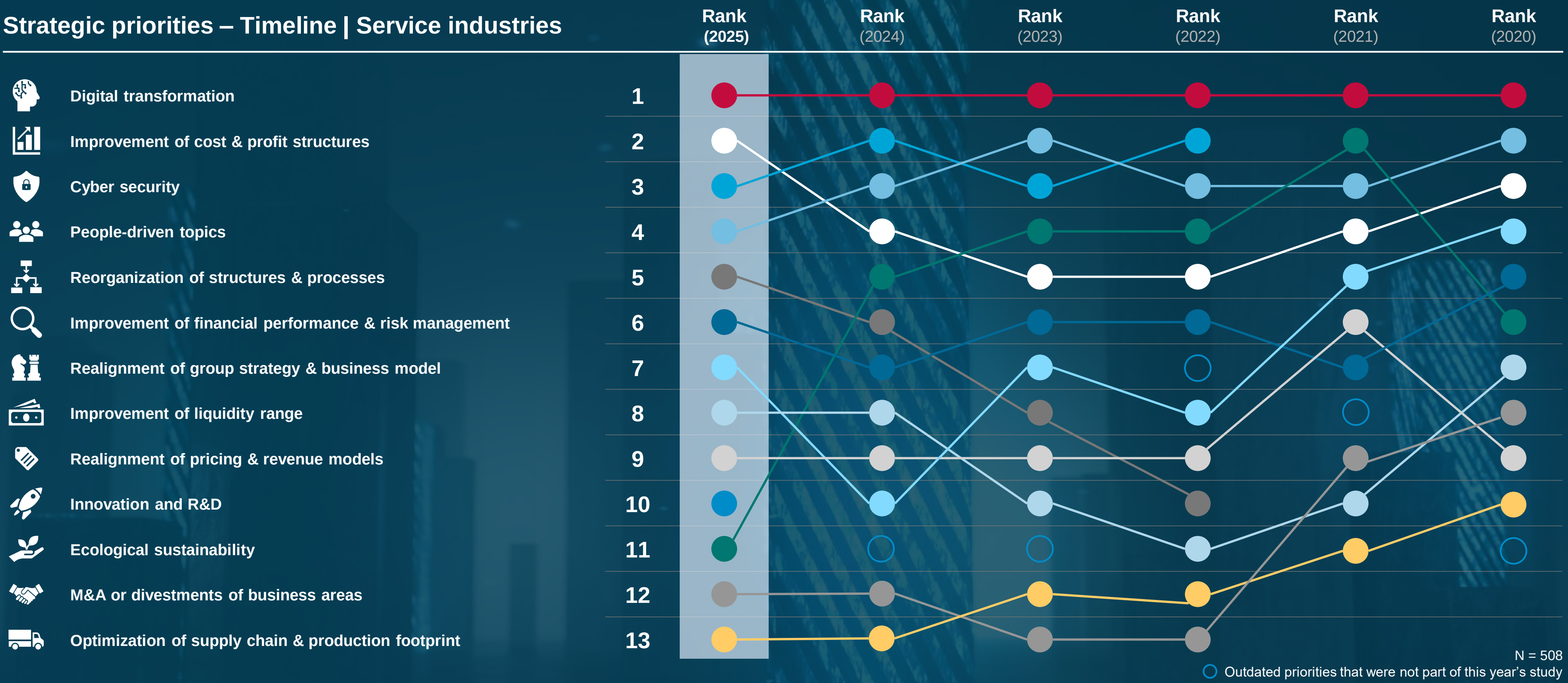
⬆ Rank increased ⬇ Rank decreased ➡ Rank remains constant

Key findings

- **Digital transformation persists to be the top priority**, particularly to drive efficiency and realize cost savings. However, it is increasingly under assessment, as boards are questioning **ROI** and **actual impact of digital initiatives**
- The **increased importance of cost & profit structure improvements** shows that service industries are responding to increased pressure on margins from slower demand, rising labor costs, and tightening regulations
- Service providers are placing **greater focus on strategic realignment** and structural adjustments to stay relevant in a shifting market landscape
- **Focus on sustainability is fading**, with long-term visions giving way to the demands of a volatile present

N = 508
[1] Importance of priorities on a scale of 1-4:
4-very important, 3-important, 2-slightly important, 1-not important
Rounding differences may occur

Driven by AI efforts, digital transformation has been leading the strategic agenda for the past six years



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Revenue increase is expected across industries, while workforce growth advances conservatively

Development of revenue / income & workforce size[1]

	Revenue / income development 2025 compared to 2024	N	Workforce development 2025 compared to 2024	N
Manufacturing industries Automotive Building & Construction Consumer Goods Defense & Aerospace Life Science & Medical Technology Machinery & Industrial Automation Metals & Mining Oil & Chemicals	7%	472	2%	526
Service industries Banking & Financial Institutions Energy Insurance Public Sector Retail Telecommunication Transport, Travel & Logistics Other (Services)	8%	458	4%	475

Key findings

- **Across industries, revenue forecasts are optimistic**, with expectations for moderate year-on-year growth **for 2025**
- The **decoupling of top-line and workforce growth** suggests a **strategic focus on margin discipline**. Especially in manufacturing industries, **companies are counting on technology and efficiency gains** to deliver output without expanding their payroll
- The **relative workforce increase** in the service industries is **slightly higher**, as their operations and ability to grow rely strongly on human interaction, customization, and customer-facing tasks

N = 1,001
[1] Estimated average of all companies within a specific industry cluster
Statistical outliers excluded, rounding differences may occur

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Profitability outlook improves slightly in services and remains steady in manufacturing

Development of EBIT margin[1]

	EBIT margin 2024	N	EBIT margin 2025	N
Manufacturing industries Automotive Building & Construction Consumer Goods Defense & Aerospace Life Science & Medical Technology Machinery & Industrial Automation Metals & Mining Oil & Chemicals	10%	378	10%	369
Service industries Banking & Financial Institutions Energy Insurance Public Sector Retail Telecommunication Transport, Travel & Logistics ... Other (Services)	12%	244	13%	235

Key findings

- **EBIT margin expectations stay stable across most companies**, suggesting that revenue growth is not reflected on the bottom-line
- Facing persistent input cost pressure, wage inflation, and hesitant customer demand, **firms secure margin levels through cost discipline**
- **Service industries report stronger margin expectations** than manufacturing, highlighting the relative resilience of service-based business models and their ability to pass on cost increases
- Manufacturers **continue to be confronted with high raw material costs**, which put pressure on margins

N = 622
[1] Estimated average of all companies within a specific industry cluster
Statistical outliers excluded, rounding differences may occur

Revenue growth is increasingly volume-driven for both manufacturing and service industries

Share of volume- vs. price-driven revenue / income growth[1]

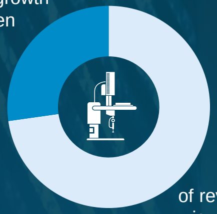
Volume- vs. price-driven growth 2025 compared to 2024

Industry	Volume	Price	N
Manufacturing industries			
Automotive	81%	19%	33
Building & Construction	63%	37%	39
Consumer Goods	68%	32%	53
Defense & Aerospace	96%	4%	12
Life Science & Medical Technology	53%	47%	22
Machinery & Industrial Automation	80%	20%	70
Metals & Mining	78%	22%	13
Oil & Chemicals	65%	35%	16
Service industries			
Banking & Financial Institutions	80%	20%	61
Energy	59%	41%	33
Insurance	41%	59%	89
Public Sector	61%	39%	11
Retail	67%	33%	31
Telecommunication	65%	35%	23
Transport, Travel & Logistics	60%	40%	35
Other (Services)	69%	31%	38

50%

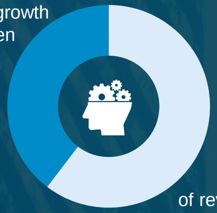
Comparison manufacturing vs. service industry

27% of revenue growth is price-driven



73% of revenue growth is volume-driven

40% of revenue growth is price-driven



60% of revenue growth is volume-driven

Volume Price

Key findings

- The **pronounced price sensitivity** in global supply chains, overcapacities, and intensified competition demonstrates the **limited possibility to pass on price increases**
- The **adherence on volume-driven growth** may also represent **efforts to secure customer relationships** and **maintain demand** before further market tightening
- As exception, **volume-driven growth** in the **Defense & Aerospace industry** is based on the **extensive increase in demand**, rather than restricted pricing capabilities
- **Service industries** show a **slightly higher share of price-driven growth**, yet volume still dominates, indicating that **pricing power is selective**

N = 579
[1] Does only include companies with increasing revenue from 2024 to 2025
Statistical outliers excluded, rounding differences may occur

Time for top-line and bottom-line discussions in board meetings is nearly balanced

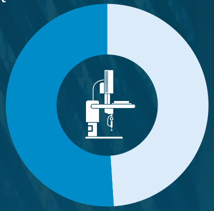
Share of time spent in board meetings on bottom-line cost optimization vs. top-line growth

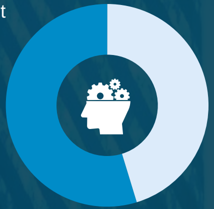
Bottom-line cost optimization vs. top-line growth

Industry	Bottom-line	Top-line	N
Manufacturing industries			
Automotive	55%	45%	84
Building & Construction	48%	52%	74
Consumer Goods	47%	53%	90
Defense & Aerospace	39%	61%	15
Life Science & Medical Technology	41%	59%	33
Machinery & Industrial Automation	48%	52%	126
Metals & Mining	52%	48%	40
Oil & Chemicals	51%	49%	27
Service industries			
Banking & Financial Institutions	42%	58%	127
Energy	49%	51%	64
Insurance	49%	51%	102
Public Sector	42%	58%	15
Retail	44%	56%	40
Telecommunication	42%	59%	29
Transport, Travel & Logistics	52%	48%	50
Other (Services)	39%	61%	52

50%

Comparison manufacturing vs. service industry





Bottom-line   Top-line

Key findings

- **On average manufacturing companies show balanced focus on top- and bottom-line as board meetings split time almost evenly**, indicating the need to manage cost efficiency while driving expansion
- **Capital intensive industries** like the Automotive industry focus more on **bottom-line topics** due to a higher need for cost savings
- **High R&D investments** and long **regulatory approval processes** cause Defense and Life Science & MedTech industries to **prioritize revenue growth over immediate profitability**
- **More board time** is devoted to **top-line growth in service industries**, where value creation and competitiveness is depended on customer experience and retention

N = 968
Statistical outliers excluded, rounding differences may occur

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Companies rely on penetrating core markets as a key top-line growth strategy

Distribution of top-line growth strategies[1] | All industries

Key findings

- **Service and manufacturing companies exhibit similar growth strategy patterns**, representing a common focus on risk containment
- A **strong preference for market penetration** signals a **focus on core portfolio.** Firms aim to secure and extend shares with high-value offerings. **Familiar markets are targeted** rather than daring a stretch into unfamiliar territory
- **Diversification attracts minimal interest**, reflecting a cautious approach to investment as most companies see the risk of entering unknown markets with unproven products or services as unjustified in the current climate

N = 882

[1] Estimated cumulative revenue growth over the next five years attributed to growth strategies

Statistical outliers excluded, rounding differences may occur

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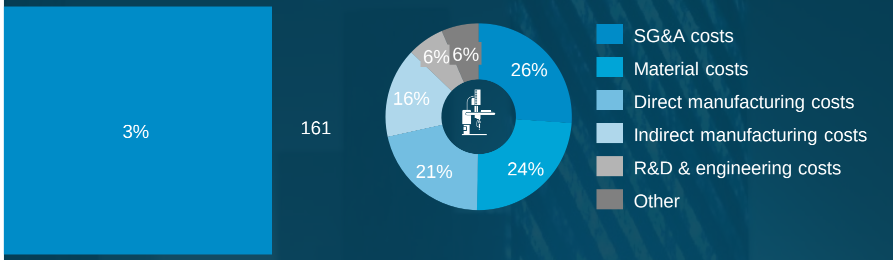
Cost savings are high on the CxO agenda with a clear focus on structural efficiency

Cost-saving ambitions[1] & breakdown

Cost savings - revenue ratio 2025 | N | Cost-saving breakdown 2025

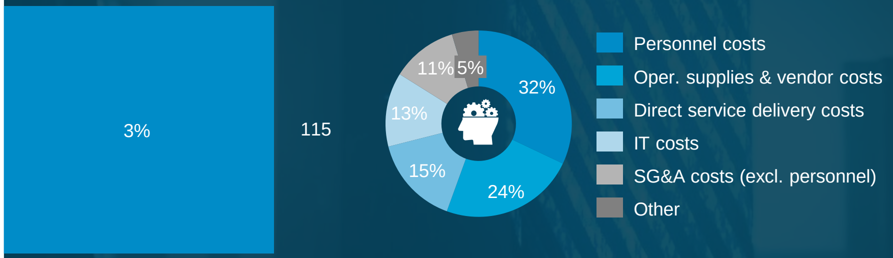
Manufacturing industries

- Automotive
- Building & Construction
- Consumer Goods
- Defense & Aerospace
- Life Science & Medical Technology
- Machinery & Industrial Automation
- Metals & Mining
- Oil & Chemicals



Service industries

- Banking & Financial Institutions
- Energy
- Insurance
- Public Sector
- Retail
- Telecommunication
- Transport, Travel & Logistics
- Other (Services)



Key findings

- Both **manufacturing** and **service industries** are **targeting 3% cost reduction relative to revenue**, showing a shared commitment to streamlining expenditures and improving financial discipline
- **Manufacturing companies prioritize material and SG&A costs**, while **service companies concentrate on reducing personnel expenses**, each aligning with their operational leverage and short-term flexibility
- **Cost-saving efforts are broadly distributed**, pointing to a coordinated, multi-lever approach rather than isolated cuts
- **R&D budgets remain largely untouched**, indicating a strategic choice to safeguard innovation and sustain long-term competitiveness

N = 276
[1] Estimated average of all companies within a specific industry cluster; weighted by revenue
Statistical outliers excluded, rounding differences may occur

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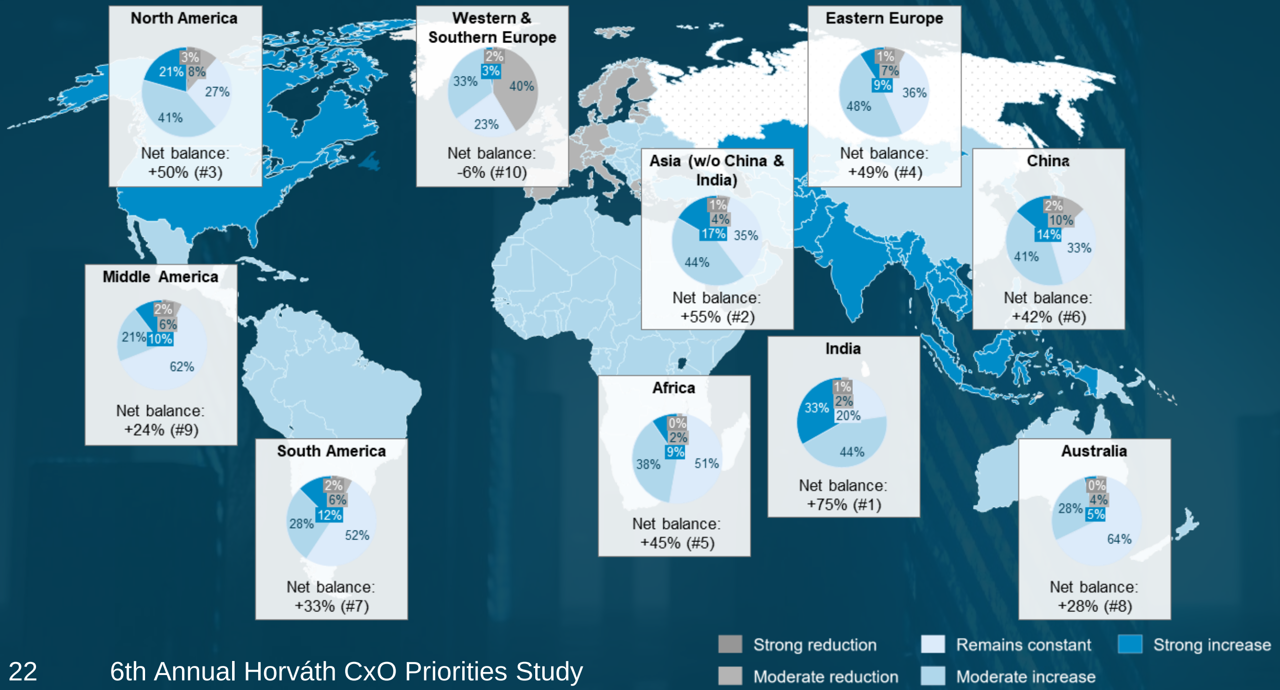
India leads workforce shifts, as companies build competitive footprints

Relocation of global workforce over the next five years[1, 2] | All industries



Key findings

- **The strong appeal of India continues to drive workforce relocation** as companies seek both talent and cost efficiency
- **Growing interest in Asian markets** beyond China and India, reflect a broader move toward regional diversification, while **North America remains a key strategic destination** despite higher cost levels
- **Competitive alternatives are emerging in Eastern Europe and Africa**, supported by expanding talent pools and attractive cost structures
- Despite most **Western European countries** experiencing inflows, the **net balance turns negative due to significant outflows from Germany**

N = 498

[1] Does not include Banking & Financial Institutions, Energy, Insurance, Public Sector, and Telecommunication industries

[2] Net balance: share of responses indicating planned expansions minus share of responses for planned reductions

Rounding differences may occur

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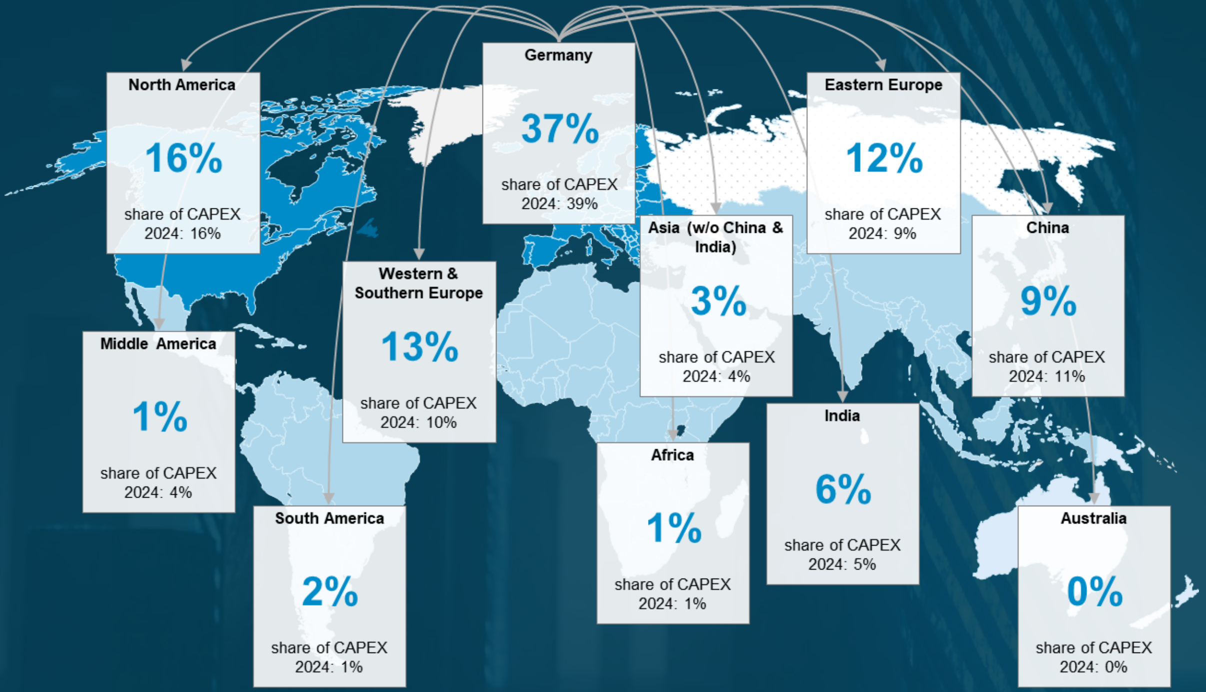
German companies boost CAPEX in Europe and maintain investments in North America and China

Distribution of CAPEX budget over the next five years[1, 2] | Companies with HQ in Germany



Key findings

- **Germany remains the top destination for CAPEX**, although investment levels have declined compared to last year
- **Around two-thirds of the total investment are spent in European countries**, with a 7% increase year-over-year
- **Investments in manufacturing & admin facilities in Eastern & Western Europe** are rising due to cost attractiveness. German firms build resilient, regionalized value chains
- **North America attracts capital due to its market scale and innovation strength**, leading among non-European regions
- **Investments in China continue** to enhance cost competitiveness rather than to withdraw

N = 161
[1] Does not include Banking & Financial Institutions, Energy, Insurance, Public Sector, and Telecommunication industries
[2] Weighted by revenue
Rounding differences may occur

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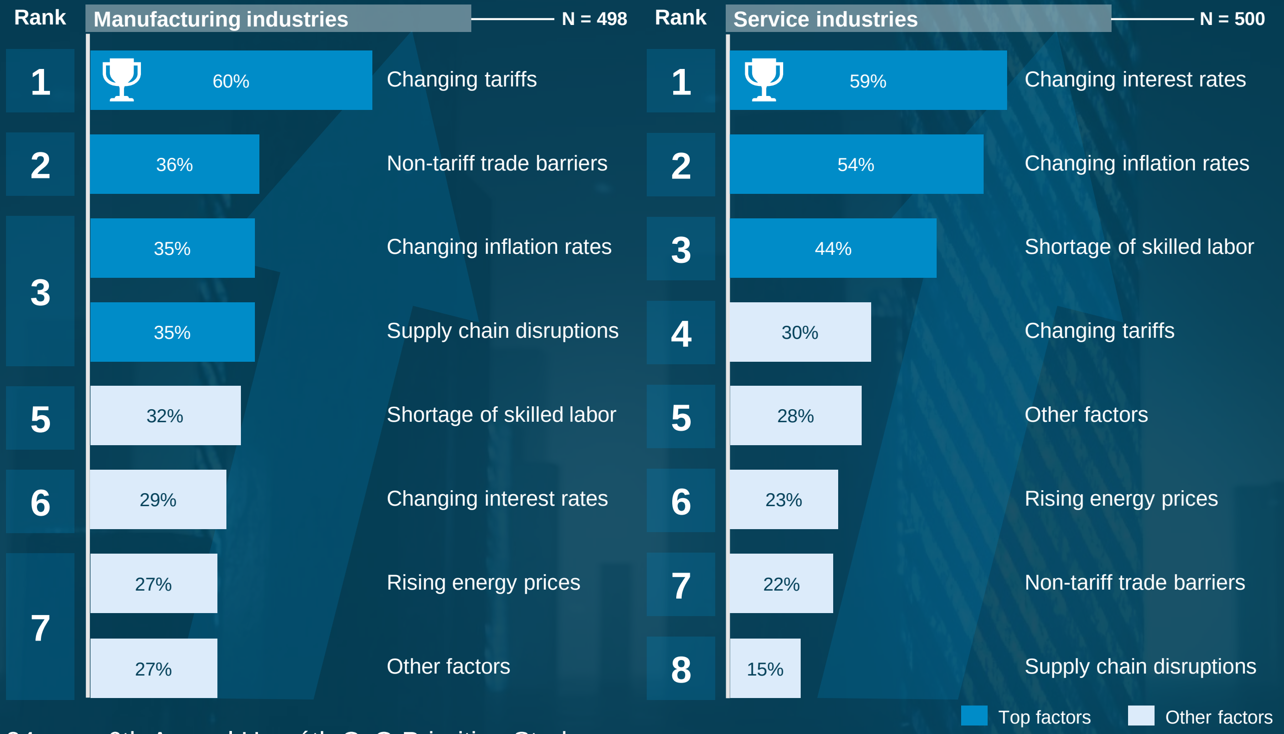
Tariffs, interest rates, and inflation emerge as top macroeconomic risks across industries in 2025

Top macroeconomic factors impacting companies' performance in 2025



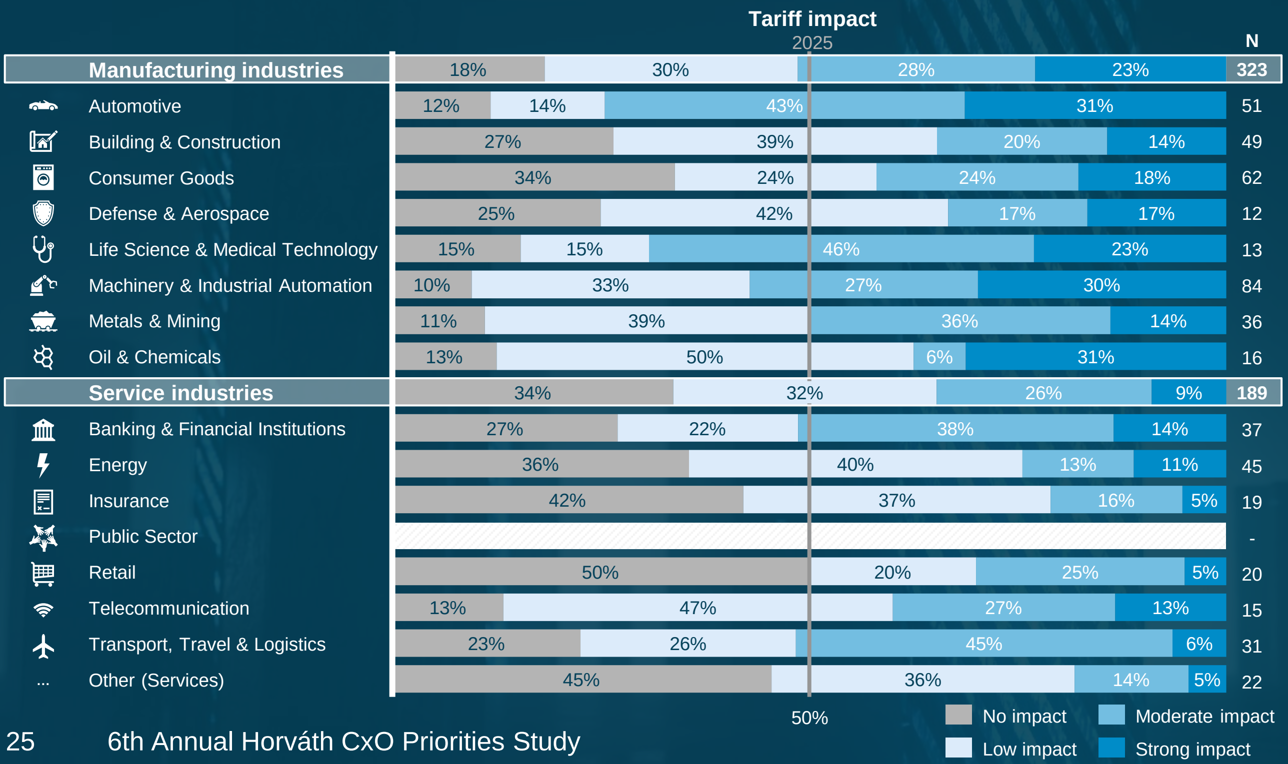
Key findings

- **Tariffs are the leading concern for manufacturing companies**, with 60% seeing a high impact on performance, emphasizing the industry's exposure to international trade uncertainties
- Reflecting the **critical role of physical goods movement in operations**, non-tariff trade barriers, such as regulations, and supply chain disruptions are further challenges for manufacturers
- **Service companies are most sensitive to interest and inflation rates**, indicating high dependencies to financial market fluctuations and domestic economic conditions
- **Skill shortages remain a shared structural challenge**, ranking among the top 5 for both industries due to ongoing global labor market tightness

N = 998
Rounding differences may occur

US tariffs challenge European companies' revenue stability in America

Impact on US business revenue from US tariffs on EU goods[1, 2]



Key findings

- **Most EU companies expect tariff-related revenue impacts on their US business** which highlights the ongoing relevance of US trade policy for European exporters
- Nevertheless, **many firms remain cautiously optimistic** as almost every second manufacturing and two thirds of service leaders report low or even no revenue impact
- The **varying degree of impact** suggests **industry-specific exposure. Some companies** only **experience isolated effects,** while others, particularly those with high trade volumes or integrated supply chains, **face broader revenue risks** in the US

N = 512
[1] Does only include companies headquartered in Europe
[2] Does not include Public Sector
Rounding differences may occur

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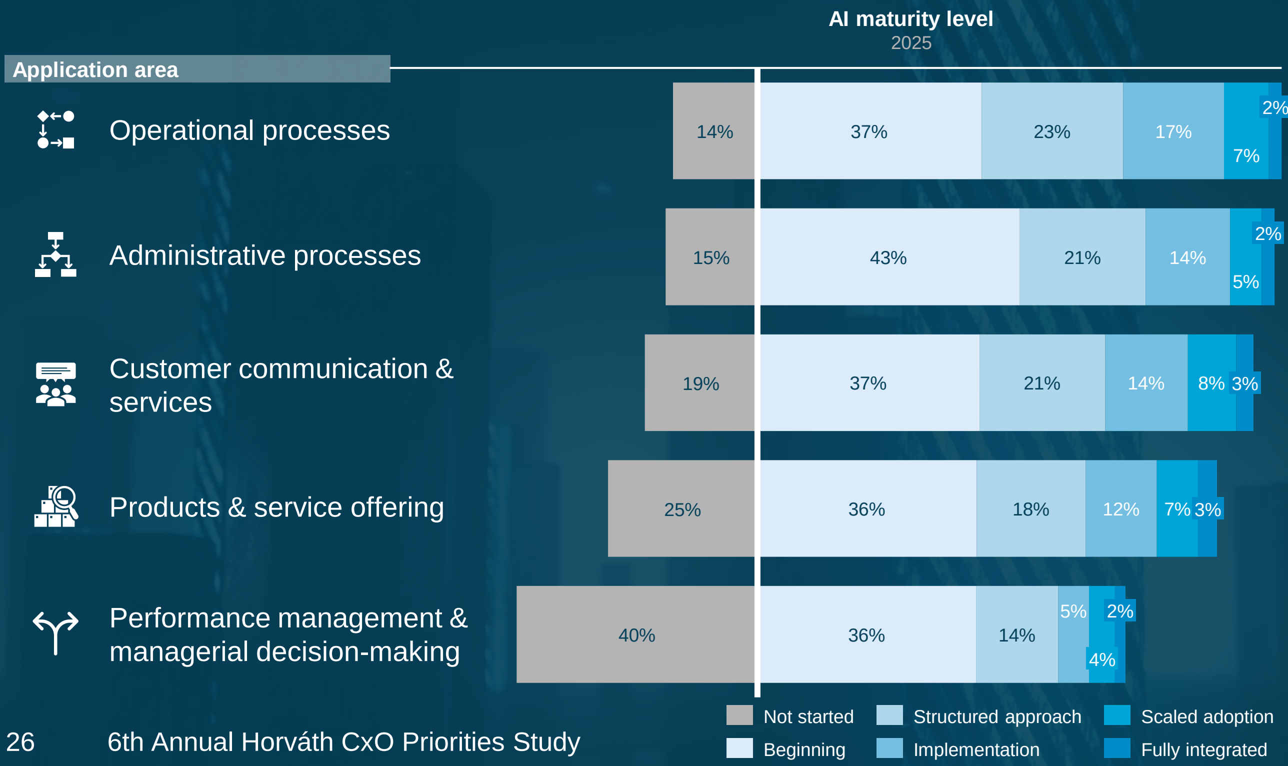
Operational processes lead in AI maturity, while decision-making and innovation lag behind

AI maturity levels within companies | All industries



Key findings

- **Companies demonstrate the highest AI maturity in operational processes**, highlighting a strong focus on efficiency and automation in core business activities
- **AI in administrative processes** is increasingly **leveraged to streamline internal workflows and reduce overhead**
- **Use of AI in customer communication & services is still limited**, with challenges remaining around personalization complexity and data governance
- **Product & service offerings, along with performance management & managerial decision-making, show lower maturity**, as many companies are only starting to explore AI in strategic and innovation-driven areas

N = 969
Rounding differences may occur

Digital transformation fuels AI spending as manufacturing catch up with service industries

Development of AI investment volume[1]

	AI investments - revenue ratio 2024	N	AI investments - revenue ratio 2025	N	Change 2024 to 2025
Manufacturing industries	**0.3%**	**255**	**0.4%**	**225**	**+21%**
Automotive	0.2%	32	0.3%	22	+48%
Building & Construction	0.4%	44	0.5%	42	+24%
Consumer Goods	0.3%	52	0.2%	44	-37%
Defense & Aerospace	0.4%	5	0.6%	6	+46%
Life Science & Medical Technology	0.6%	19	0.7%	19	+36%
Machinery & Industrial Automation	0.2%	72	0.3%	67	+36%
Metals & Mining	0.2%	19	0.2%	15	+14%
Oil & Chemicals	0.1%	12	0.1%	10	+47%
Service industries	**0.5%**	**227**	**0.6%**	**212**	**+9%**
Banking & Financial Institutions	0.2%	44	0.3%	38	+39%
Energy	0.8%	38	1.0%	33	+23%
Insurance	0.3%	31	0.3%	30	-21%
Public Sector	0.3%	7	0.2%	7	-15%
Retail	0.4%	29	0.4%	26	-10%
Telecommunication	1.3%	19	1.3%	20	-1%
Transport, Travel & Logistics	0.4%	29	0.3%	27	-13%
Other (Services)	0.6%	30	0.7%	31	+21%

Key findings

- **Manufacturing industries demonstrate strong momentum**, e.g., in the Automotive industry, where **AI use cases are becoming more integral** while demanding greater capital resources
- With Telecommunication consistently allocating over 1% of revenue, **service industries continue to lead in AI investment**. Reflecting **ongoing digital transformation of customer interfaces and data-intensive environments**
- **Declining AI investments** in industries such as Consumer Goods or Transport, Travel & Logistics **indicate shifting budget priorities or delays in scaling AI initiatives** beyond initial pilot phases

N = 482
[1] Estimated average of all companies within a specific industry; weighted by revenue
Statistical outliers excluded, rounding differences may occur

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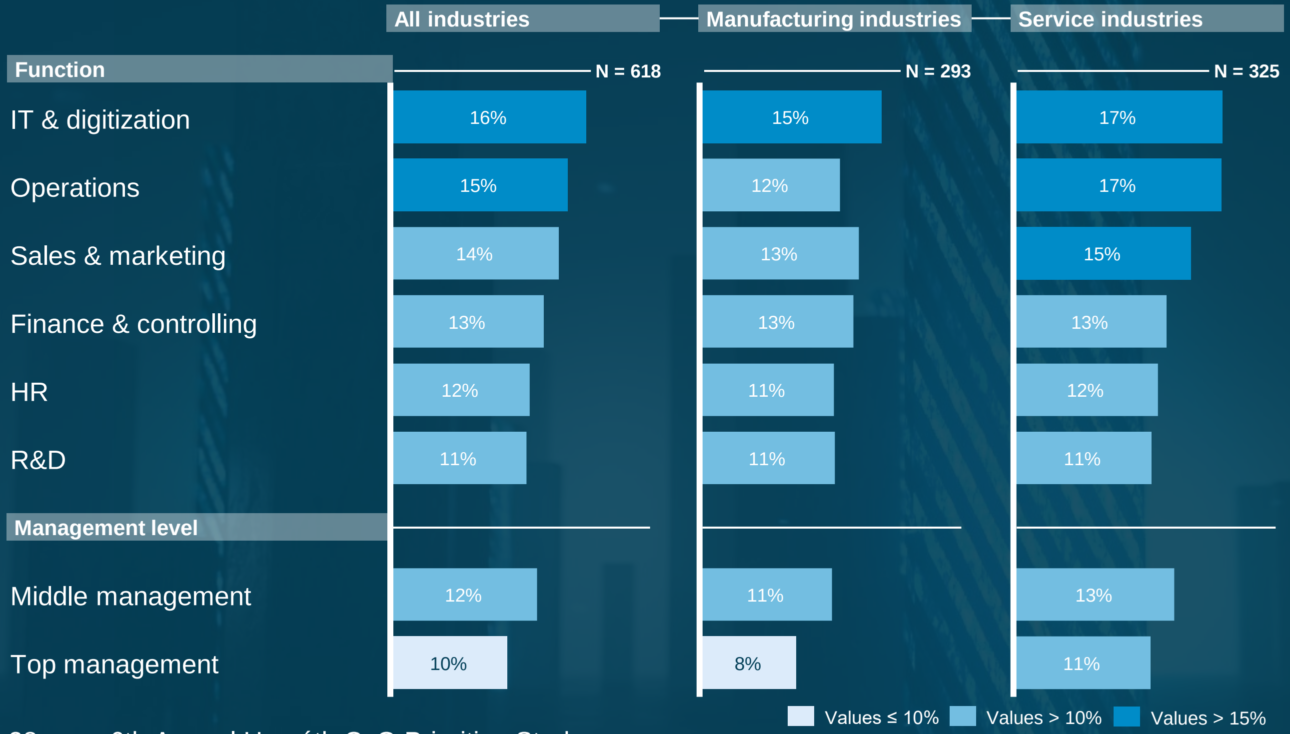
Labor productivity gains through AI are expected mainly in IT and operational workflows

Increase in labor productivity resulting from AI solutions over the next three years



Key findings

- **Labor productivity improvements are anticipated across all functions, with IT & digitization leading**, underlining the potential of productivity and workflow enhancements through technology
- **Service industries express stronger optimism than manufacturing,** especially in IT, operations, and sales, highlighting their ambitious digital agenda
- Consistent productivity expectations across support functions such as Finance and HR **demonstrate widespread confidence in AI's role as a growth enabler**
- **Middle management is a lever for productivity gains**, while top management sees more modest gains due to the nature of their strategic and oversight responsibilities

Statistical outliers excluded, rounding differences may occur

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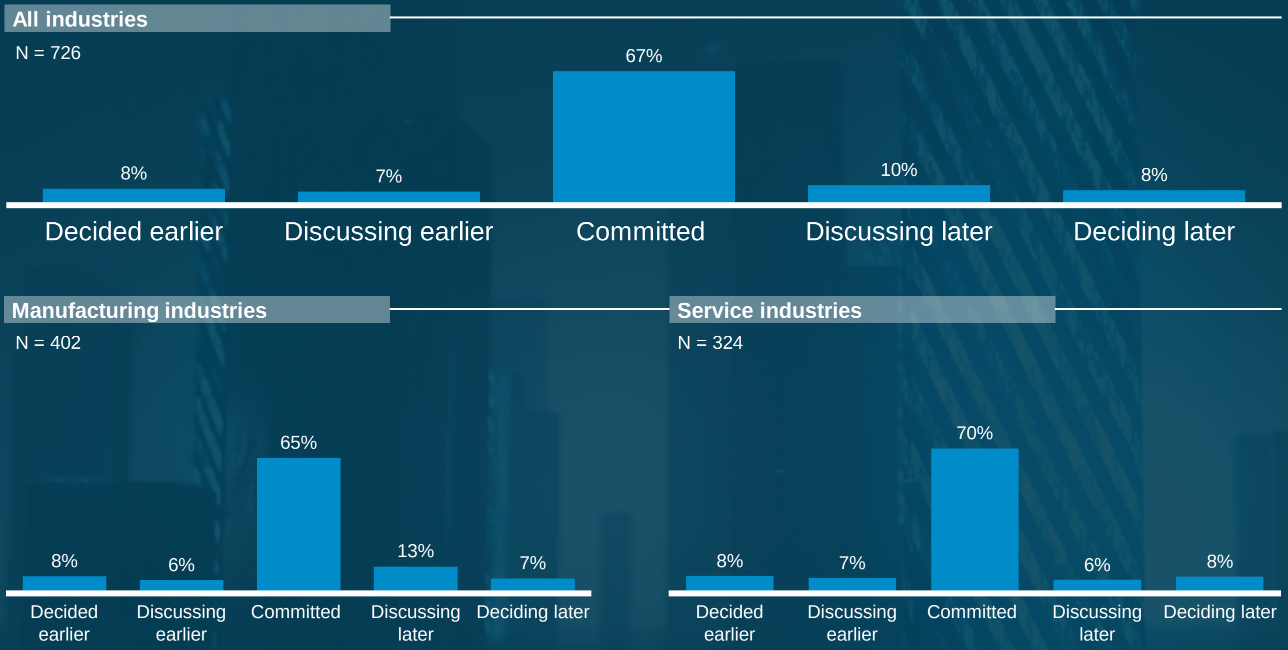
While most companies stay on track for net-zero, one in five is taking steps to delay their transition

Commitment to net-zero target



Key findings

- The **majority of companies are committed to their net-zero targets**, signaling that sustainability remains a part of strategic planning across industries despite rising cost pressures
- A **few firms plan to accelerate their net-zero efforts**, positioning sustainability as a competitive advantage
- Around **one in five companies is considering delays**, reflecting uncertainty and competing business priorities
- **Commitment is slightly stronger in service industries than in manufacturing**, due to differences in emissions intensity and transition complexity

Rounding differences may occur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We asked CxOs which strategic initiatives need to be prioritized to ensure steady mid- and long-term growth

Explanations of the different strategic priorities

Cyber security
E.g., building competencies, policies, industry's role, efforts to improve cyber security, server location

Digital transformation
E.g., utilization of Gen AI technology, business models, products/services, customer interaction, value chain, agile organization, data & algorithms, use of technology, ecosystem partners

Ecological sustainability
E.g., climate neutrality/net-zero, decarbonization, circular economy, sustainability strategy/measures/business models, anchoring in performance measurement, fulfilling sustainability regulations

Improvement of cost & profit structures
E.g., adjustment of overhead structures, SG&A, portfolio optimization, purchasing, break-even optimization

Improvement of financial performance & risk management
E.g., steering concept, operative performance management, data integration, scenario modelling, early warning systems, real-time reporting

Innovation and R&D
E.g., investment in R&D, breakthrough technologies, product and service innovation, emerging tech adoption, rapid prototyping, technology scouting

M&A or divestments of business areas
E.g., horizontal or vertical M&A transactions, strategic alliances, joint ventures, divest of business areas, and subsidiaries

Optimization of supply chain & production footprint
E.g., dual/multi-sourcing, regional sourcing, increased storage capacities, production footprint, production network

People-driven topics
E.g., shortage of skilled labor, corporate diversity & inclusion, new collaboration models, necessary/new competencies, leadership, employee motivation, employee health, employer branding, flexible work

Realignment of group strategy & business model
E.g., revenue and profitability targets, product/service portfolio, target customers, target markets, internationalization strategy, ecosystems, digital business models

Realignment of pricing & revenue models
E.g., positioning, pricing, subscription models, product/service bundling

Reorganization of structures & processes
E.g., centralization vs. decentralization, role of HQ, regions, functions and business units, shared services, span of control

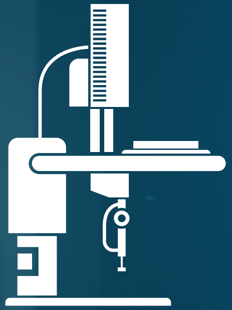
Improvement of liquidity range
E.g., working capital, financing structure, operating cash flow

We differentiated between manufacturing and service industries

Sub-industries of the manufacturing and service industry clusters

Manufacturing industries

- Automotive
- Building & Construction
- Consumer Goods
- Defense & Aerospace
- Life Science & Medical Technology
- Machinery & Industrial Automation
- Metals & Mining
- Oil & Chemicals



N = 560

Service industries

- Banking & Financial Institutions
- Energy
- Insurance
- Telecommunication
- Travel, Transport & Logistics
- Retail
- Public Sector

N = 511