



WAR IN UKRAINE: ADDRESSING THE CRISIS AND PREPARING FOR ITS IMPACT

VIDEO TRANSCRIPT

Hello. I'm Michael Brueckner, Accenture's European Growth and Strategy Lead. We are a global community. We stand with the people of Ukraine. We have taken action to support the Ukrainian people, and we have also taken action to support our clients. We have a dedicated team of researchers, economists, strategists, data scientists and many more who are monitoring and recommending how we can help our clients.

We just launched a new piece of thought leadership and insights on [Accenture.com](https://www.accenture.com) - the War in Ukraine: Addressing the crisis and preparing for its impact. This point of view reviews some of the consequences of the Ukraine war to date. It frames critical uncertainties, and it outlines a set of actions clients might want to consider to strengthen their outlook, regardless of the scenario that ultimately unfolds.

What is the impact to date? First of all, and most importantly, the war on Ukraine is a humanitarian disaster. Thousands of people have been displaced or have lost their lives. More than 3.8 million refugees have fled Ukraine, and at least 6.5 million people have been displaced within the country as of mid-March.

Secondly, the economic implications are unpredictable. The war and global sanctions have impacted global supply chains, meaning the sourcing and flow of goods and services. Also, cyber security is one of the key topics.

Thirdly, the war leads to significant business and organizational challenges. More than 450 organizations have announced plans to suspend, scaled back or closed their operations in Russia. You already can witness supply chain disruption for organizations that have Tier 1, 2, and 3 suppliers in Ukraine and Russia. This is particularly true for the energy sector, automotive, consumer goods, and industrial.

What are the economic and business impacts moving forward? Questions remain as to the longer term economic and business impact beyond the conflict zone. The current view among leading forecasters and also our analyses show that the war will lead to mature deceleration in growth.

The extent of the economic and business impact will depend on the evolution of a set of at least four uncertainties that create risk that could lead to very different scenarios unfolding. Number one: supply chain shocks. Number two: inflation. Number three: globalization. Number four: energy transition.

And in particular, Europe's stronger trade linkages to Russia and heavier reliance on Russian energy and Russian gas in particular make it more vulnerable to a growth slowdown. Depending on the scenario that plays out, we may see growth in the euro zone decline by 0.9 to 1.7 percentage points in 2022 relative to pre-war forecasts.



The U.S. would primarily be affected by higher oil prices and the knock-on effect on households, wealth, and consumer spending.

Emerging markets will be particularly impacted by the strain on food supplies. Keep in mind that 30 percent, roughly 30 percent of wheat are coming from from Ukraine and Russia. And we already can see the effects in our daily lives in Europe.

Well, however, as of today, expert opinions - it's indicated that the global recession is not expected at this time for 2022. We are still growing, coming out of Covid we are growing a little bit slower, but we are still growing. So we are not talking about a global recession at this point.

Not every company may be affected in the same way. Some will see acute implication on their business and people also going beyond activities in Russia and Ukraine.

Some are focused on complying with sanctions and responding to supply chain disruption. Business continuity is a core, is a core activity in that space.

In the long term, the crisis further accelerates the need for achieving adaptability, resiliency and agility.

In sum, we recommend a series of simultaneous actions, five actions, to strengthen resiliency for today and tomorrow.

Number one: strategy. Create flexible strategies to be clear on destination and map for getting there. Use new data sets from inside and outside the organization, coupled with air to learn from the future. Number two: system. Take high-priority mitigation actions, monitor for suspicious activity, implement security training for employees and ecosystem partners, and

maintain standard cybersecurity hygiene practices.

Very importantly, embed security into business priorities and align security leaders as partners with business leaders.

Number three: supply chains. Use stress test and digital twins to understand risk exposure and run disruption simulations. Look to move away from centralized linear models of supply to more flexible decentralized networks.

Number four: very importantly: people. Implement new ways of working and create omni connected experiences, harness empowered multidisciplinary teams, agile teams that push decision-making to the edges of the organization.

And lastly, five: ecosystems. Use the power of networks to strengthen collective resilience and assess and manage risk more effectively together. Without any doubt, this is a fluid situation and it will continue to evolve over time. For leaders and their organizations, there is no return to the relative comfort and safety of the not-so-distant past. The war in Ukraine has made clear that many of the old, comfortable certainties on which business relied are no longer with us. Going forward success might ultimately depend on how well leaders adapt to the demands of this new environment.

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