



# Report on Business the gandalf group

## C-Suite Survey - Executive Summary

October 20<sup>th</sup>, 2014 – This 36<sup>th</sup> edition of the C-Suite Quarterly survey, conducted on behalf of KPMG; published and broadcast by the *Globe and Mail's Report on Business* and *BNN*, was conducted by telephone with 124 C-level executives from ROB 1000 companies between September 18<sup>th</sup> and October 9<sup>th</sup>, 2014. This quarter's survey dealt with: cyber-security and trade/investment opportunities with offshore markets, notably China & Asia.

### Cyber-Security

- ❑ Most companies have recently increased their budget for data security – 60%.
  - This is a slight increase from 12 months ago when just under half interviewed in the C-Suite survey said they had increased cyber-security budgets.
- ❑ Anxiety about cyber-attacks tends to be more prevalent among services sector companies and large corporations. Most others – i.e. outside of the services sector and in resources in particular – are far less concerned about risks to cyber-attacks.
- ❑ 28% of executives said their businesses have already been victims of cyber-attacks.
- ❑ 49% said high profile cyber-attacks aimed at consumer data have made them more concerned data security.
- ❑ Yet most think it's unlikely their businesses will be the target of cyber-attacks.
  - This could be because so many have made what they think are adequate investments to protect themselves. Others may not be concerned because they believe the nature of their business makes it less likely they would be targeted or incur significant costs owing to a disruption.
- ❑ The top concern of the C-Suite when it comes to cyber-security is first and foremost preventing a breach or access to customers' data or their own proprietary information.
- ❑ Others mentioned random attacks, viruses or sabotage that cause indiscriminate damage or threaten business continuity.
- ❑ Companies are not just concerned about online attacks or their own networks or servers. Some are increasingly are concerned about mobile devices and laptops and theft or breaches that may occur if those are misplaced or hacked when employees seek remote access.

## Trade with China

- ❑ Executives are cautious about trade agreements with China – but at the same time most believe Canada stands to benefit from more open trade and investment between the two countries.
  - Most believe China would be less likely than the US or EU to honour terms of an agreement.
  - And most want to see agreements between the two countries to curb corporate espionage.
  - Yet the vast majority said the foreign investment agreement with China that Ottawa ratified last month will be at least somewhat positive for Canada.
  - 74% believe more open trade and investment between Canada and China will have a positive impact on their sector. Very few foresee it having a negative impact on their sector. These tend to be manufacturers.
- ❑ As Canadian leaders pursue trade talks in emerging markets including China, the list of objectives the C-Suite wants leaders to pursue are, in order of priority:
  - Fair and reciprocal access to markets – 30% mentioning this
  - Free flow of funds – 23%
  - Adherence to international law – 18%
  - Patent/IP protection – 12%
  - Securing business opportunities – 10%
  - Employment standards – 9%
  - Environmental law – 8%
  - Transparency – 7%
  - Control cyber-attacks – 6%
  - Removal of specific tariffs – 4%
- ❑ In terms of what is holding companies back from doing more business or investment deals with or in Asia, the C-Suite mentioned excessive and complex regulations, followed by currency and market concerns, as primary reasons.

## Free Trade – Who stands to benefit most? And priority markets.

- ❑ The C-Suite is not just supportive of free trade - many are bullish about it. A surprising number of executives believes Canada is better positioned than their trading counterparts to benefit from freer trade and investment.
- ❑ Executives were more likely to say Canada – and not China – would benefit more from a trade and investment agreement between the two countries.
  - Only 19% said any such agreement is more likely to help China than Canada; 45% think Canada is more likely to benefit; one in three thinks both countries will benefit equally.

- ❑ Likewise, most disagree that the proposed Canada-European Trade Agreement is likely to be more beneficial to the EU than Canada. And many think that Canada has done better under NAFTA than the US.
- ❑ In addition to China, there is substantial interest in seeing Canada pursue more open trade relations and an agreement with Europe.
  - Two-thirds said Canada should place a top priority on opening up trade and investment with China;
  - Just over half rated freer trade with Europe as a top priority for Canada –a somewhat higher priority now than a year ago.

## **The Economy**

- ❑ Expectations for the US economy are notably more positive than the outlook for Canada – about seven in ten expect moderate growth for the US over the next 12 months and nearly a quarter expects strong growth for the US economy. In contrast almost none expect strong growth for the Canadian economy.
- ❑ Expectations for businesses in the C-Suite remain stable over the last two years, with only a modest increase in the number expecting strong growth. The outlook for Canada’s top companies still outpaces the outlook they have for the economy as a whole.

*More detailed information and a presentation of this quarter’s findings is available in PowerPoint from [Gandalfgroup.ca](http://Gandalfgroup.ca) .*