



Techtonic States

HOW TECHNOLOGY WILL MAKE
OR BREAK BUSINESS SUCCESS

BDO DIGITAL

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Tectonic States: mapping the many worlds of business in 2026

FOREWORD

The headwinds buffeting businesses are harder to predict – and manage – than ever before. Against a backdrop of major tremors, including economic downturn and ongoing geopolitical challenges, the question is not whether change will happen but rather how leaders prepare for it.

Tectonic States is a ground-breaking thought leadership study by BDO Digital that envisions four distinct worlds in 2026 and the implications they have for organisations today. Focussing on the mid-market, the study is based on a combination of scenario planning and opinion research among business leaders.

In every one of these four scenarios, advanced technology emerges as the driving force, enabling organisations to not only mitigate risks but also enhance their resilience. BDO Digital firmly believes in the transformative power of technology to address complex business challenges and capitalise on emerging opportunities. Regardless of what lies ahead, innovation will remain the catalyst for sustainable business growth.

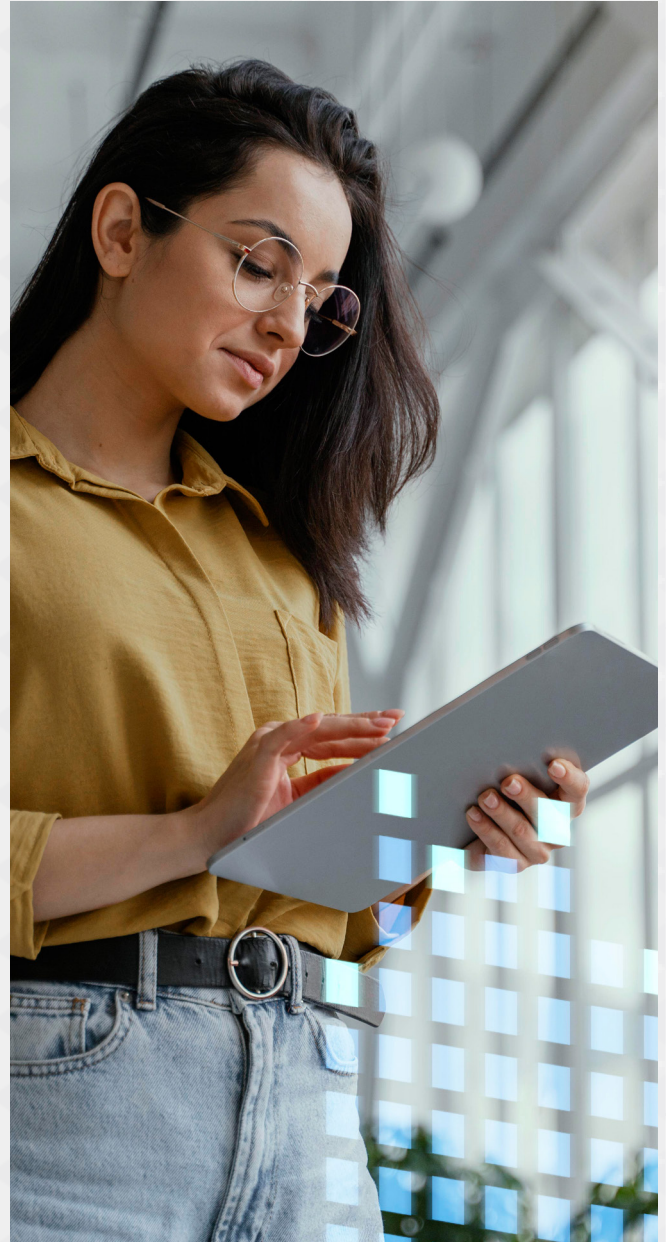
The next three years promise rewards for those who navigate these challenges adeptly. And advanced digital solutions hold the key to not only surviving but thriving in this dynamic landscape. This is recognised by leaders: **84% of business leaders say their organisation will only survive if it significantly accelerates its technological innovation.**

The purpose of this report is not to predict the future with certainty. Rather, we aim to empower business leaders to be proactive architects of their destinies. In a world where the pace of change is relentless, we believe that the ability to plan for multiple plausible futures is a strategic imperative, and that by embracing technology we can future-proof our organisations and avoid major fault lines.

We believe this report will help business and public sector leaders to embrace the spirit of preparedness, adaptability, and innovation. By doing so, we can face the challenges of tomorrow stronger and more resilient than ever before. The stakes are high, and the path ahead is uncertain. The future belongs to the bold.



Ric Opal
Global Digital Leader, BDO



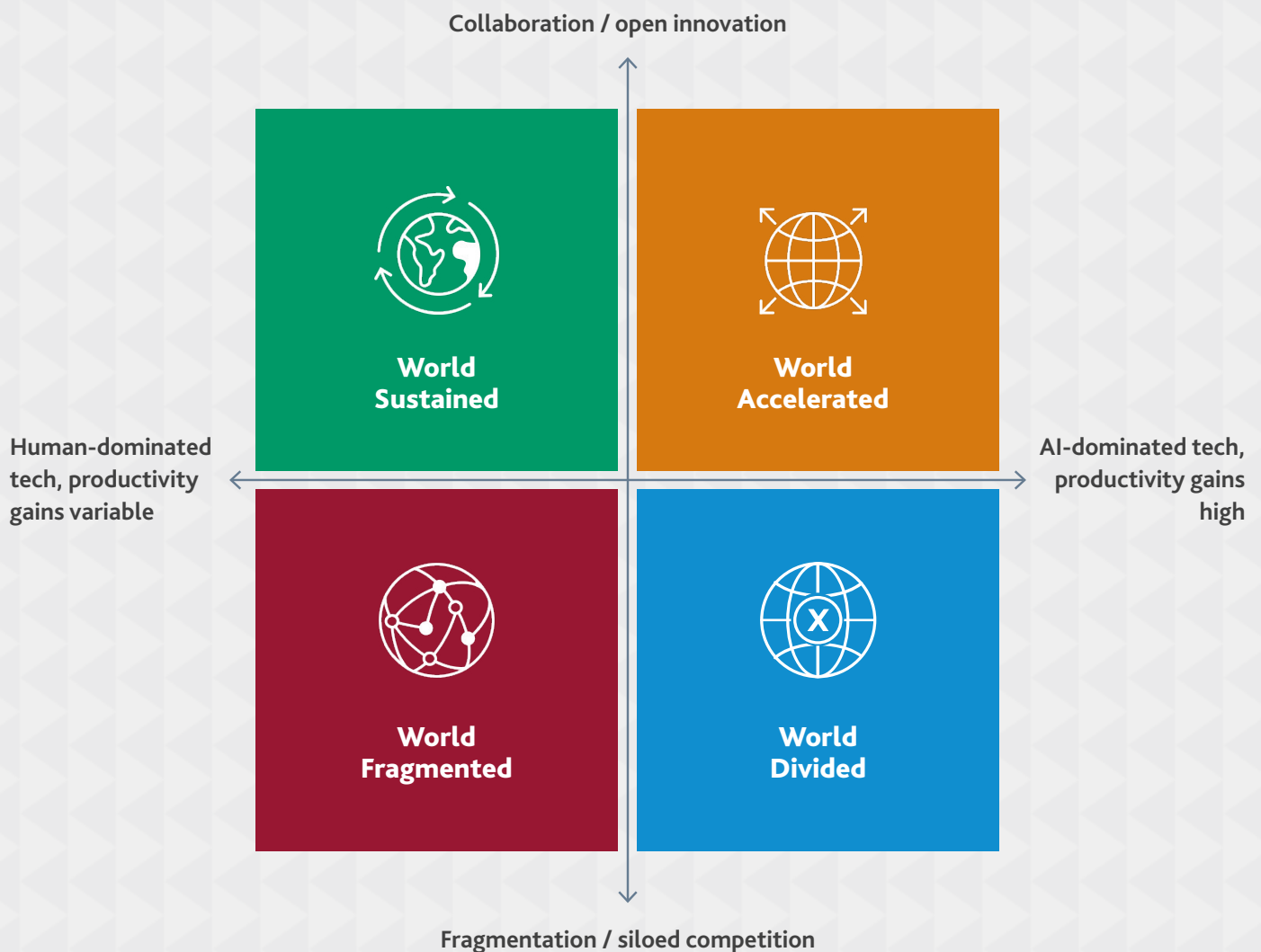
About the study

This report is the result of a two-part research study that combines scenario planning with global opinion research among 500 business and public sector leaders in mid-market and large organisations. See page 23 for the full research methodology. Unless otherwise stated, references to 'business leaders' in the report cover both business and public sector leaders.

Executive Summary: Where technology means business

Leaders forecast that a range of macro forces will impact their businesses over the next three years. Three-quarters say that to succeed in a highly uncertain and volatile operating environment, **organisations need to prepare for a range of potential futures.**

Our scenario planning work helps business leaders to do this, using a robust research methodology to envision four possible futures in 2026 to help business leaders plan for tomorrow. Our scenarios are built from two critical axes, developed through expert interviews and workshops: **technological progress** and **markets and business models**. On one end of the "technology" axis, progress is hampered, and tech does not result in breakthrough productivity gains; on the other, AI and other advanced tech supercharge productivity. On one end of the "markets" axis, geopolitical instability fractures markets; on the other, markets and business networks are defined by collaboration.



Executive Summary: Where technology means business

KEY FINDINGS

Supercharging Growth

81% of business leaders say that technology is now **the number one critical enabler of organisational strategy** and 84% say their organisation **will only survive if it significantly accelerates its technological innovation**.

Every \$1 of additional tech investment could boost revenue by over \$18, according to business leaders.

The Four Future Worlds of Business

The narrative for each of our four future worlds of business – World Accelerated, World Sustained, World Fragmented and World Divided – focuses on the intersection of technological innovation, corporate megatrends, societal shifts, and the geopolitical landscape. Our global opinion research enabled us to test various aspects of these worlds against the visions and expectations of business leaders and public sector leaders.

The opinion research study shows that overall, business leaders' future vision aligns most closely with a **'World Accelerated'** of aligned business networks and pervasive AI uptake. There are elements of each world that business leaders believe will emerge over the next three years, however.



World Accelerated

A world defined by accelerated tech and aligned business networks.

AI-dominated tech; market cooperation

The scenario

- The global economy is robust, with manageable real capital costs
- Tech adoption is fast, leading to productivity gains and industry transformation
- Technology plays a crucial role in solving global challenges and boosting innovation ecosystems
- AI, data analytics, and data-based services enable personalised products and rapid responses to demand
- International standards are being developed to advance technology and build trust
- Greater domestic and international cooperation leads to aligned tech application.

What do leaders think today?

68% of business leaders believe that technology will have a transformational impact on productivity.



World Sustained

A world of gradual, continued evolution.

Human-dominated tech; market cooperation

The scenario

- Technological progress is rapid, but adoption varies across markets and sectors
- Global trade remains relatively open despite uncertainties, but global growth is slow, and corporate volatility is high
- Businesses are gradually shifting toward more local sourcing for critical products and services; multinationals focus on minimising supply chain risks
- AI and digital solutions are adopted but don't lead to major productivity breakthroughs
- Multilateral cooperation continues, but at a slower pace.

What do leaders think today?

Economic downturn, skills shortages and high energy costs are the top three risks that business leaders believe will impact their business over the next three years.

Executive Summary: Where technology means business

KEY FINDINGS (CONTINUED)



World Fragmented

A world defined by deeply fragmented markets and supply chains.

Human-dominated tech; market fragmentation

The scenario

- The corporate environment is chaotic with changing alliances and open conflicts
- There is growing protectionism and market fragmentation
- This leads to unpredictability for business operations and planning
- It also creates a complex and volatile landscape for mid-market companies, especially those with international exposure
- Regulation, trade, and investment policies are hard to follow and tech adoption falters due to regulatory interference, and lack of critical materials and skills.

What do leaders think today?

71% of leaders believe that regulation is likely to increase in the next three years.



World Divided

A world defined by East-West bifurcation.

AI-dominated tech; market fragmentation

The scenario

- The business world is divided into two economic models with divergent rules, technologies, and regulatory standards
- Competition between the two blocs affects technology, critical materials, skills, and data ownership. Supply chain restructuring and reshuffling of leading players occur
- But intense East-West competition also accelerates the development and adoption of tech and skills, driving transformational technology
- Western mid-market companies have opportunities in sectors previously dominated by China-aligned firms.

What do leaders think today?

Leaders expect 'tech ethics and data ownership' to be top of their corporate social responsibility agenda by 2026.

Navigating What Comes Next

This report is designed to help business leaders consider multiple possible outcomes and how they might be realised, enabling you to anticipate and navigate future risks and set strategy accordingly.

In a highly uncertain and volatile operating environment, working through these scenarios – and then regularly monitoring them – is a powerful way for businesses to minimise risk, maximise resilience and capitalise on growth opportunities.

In every possible future, leaders need to implement advanced technology that will unleash transformational insights, supercharge productivity, and protect against complex and ever-growing security threats.

There are barriers to overcome, however: 86% of leaders say that **failure to leverage the benefits of tech (including AI) and data** is a risk that will impact their organisation over the next three years. And 75% believe that **lack of tech expertise is the greatest risk to their organisation's growth.**

For technology to reach its potential, organisational culture is key. Organisations must align their corporate goals to the technology and employ the right people to produce meaningful results. This involves an open, agile culture that is receptive to external support and insights. Strategic partnerships can extend an organisation's expertise and skillset and propel them to the next stage of growth.

Introduction

ALL-WORLD IMPLICATIONS

Our study identified some key themes that span across all of the possible worlds in 2026: the existential threat to businesses that do not successfully leverage advanced technology – and the rewards for those that do – the importance of keeping cyber security at the top of the tech agenda, and how organisational culture is key to leveraging the benefits of technology.

The tech-sistential crisis

Every \$1 of additional tech investment could boost revenue by over \$18, according to business leaders.

And they know that incremental gains will no longer suffice: 84% of business leaders believe their organisation will only survive if it significantly accelerates its technological innovation, and 74% think that organisations that fail to embrace data-driven change are increasingly unviable.

Adoption of AI and other advanced digital solutions is the number one strategy that organisations are pursuing to gain a competitive advantage over the next 12 months.

Top 10 strategies that organisations are pursuing to gain a competitive advantage (or, in the case of public sector organisations, increase efficiencies) over the next 12 months

- 1 Adoption of AI and other advanced digital solutions
- 2 Data-based innovation of services, products and processes
- 3 Shifting focus to higher-value products and services
- 4 Increasing automation of tasks to improve productivity
- 5 Supply chain restructuring and pivoting into new lines of business
- 6 Reshaping our business model around AI, digitalisation and big data
- 7 Strengthening our ESG and sustainability credentials
- 8 Deploying smart manufacturing
- 9 Improved data management, and an increase in real-time data and responsiveness
- 10 Highly personalised / persona-based marketing and workforce management



Introduction

ALL-WORLD IMPLICATIONS (CONTINUED)

The business tremors of cyber risk

In every future scenario, the risk of cyber-attack is high, and our opinion research study reveals business leaders are feeling the pressure. Cyber risk – including cyber fraud, espionage, and ransomware attacks – is seen as the third most impactful risk to businesses over the next three years, after the cost of capital and economic downturn.

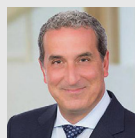
But are leaders translating this concern into action? Our research shows that **high-performing businesses in particular may be neglecting cyber-security**. Under four in 10 leaders of high-growth businesses (39%) say that they are prioritising cyber-security and data risk as part of their tech strategy, compared to over half (54%) of low-growth organisations¹. Successful organisations cannot afford to be complacent: the tech strategies of all companies will need to include investment in protection as well as innovation.

AI will drive greater and more sophisticated cyber-attacks, but advanced technology can also provide significant cyber protection advantages if leveraged correctly, enabling mid-market organisations to achieve enterprise-grade security.

¹ Respondents were split based on their growth forecast for the next 12 months. Low-growth: 0-5% growth; Medium-growth: 6-9% growth; High-growth: 10% growth and over.



“ *The ethical and security implications of emerging technology like AI need to be top of the agenda. Without the right environment – including the right corporate culture and modernised cybersecurity practices – businesses leave themselves open to risk. Sensitive data can end up in the wrong hands, and system biases can lead to inaccurate data and poor decision-making. Importantly, ethical and security measures need to be considered at the beginning of the process, not at the end. Finding the right partners who specialise in this, and do it every day can help to mitigate these risks.* ”



Rocco Galletto

Global Head of Security, Compliance & Identity, BDO

Introduction

ALL-WORLD IMPLICATIONS (CONTINUED)

Culture is the key

The transformational impacts of productivity will only be realised if an organisation has a receptive culture and aligned corporate goals. If technology is not embedded into an organisation where employees understand it, have the right skills to use it and an appropriate culture to embrace it, it will have limited impact. In fact, businesses may face obsolescence.

Our study shows that leaders are concerned they may fail to grasp this opportunity. Almost nine out of ten business leaders (86%) – rising to 91% of mid-market leaders – say that **failure to leverage the benefits of tech (including AI) and data** is a risk that will impact their organisation over the next three years. The lack of an implementation strategy is the most common reason for this concern.

The top 10 reasons that business leaders believe their organisation will fail to leverage the benefits of tech and data

- 1 Lack of implementation strategy
- 2 Lack of tech skills throughout the organisation
- 3 Concern about high costs
- 4 Lack of appropriate technical infrastructure / legacy systems (including on-premises data rather than cloud)
- 5 Lack of leadership buy-in
- 6 Lack of tech skills amongst the leadership team
- 7 Lack of organisational investment
- 8 Concerns about contravening regulation / legislation
- 9 Concern of increased cyber attacks
- 10 Concerns about ethical implications

What's more, only 8% of leaders say that their organisation is currently prioritising **change management and user adoption** as part of their tech strategy, making this the least prioritised area. A willingness to embrace change and an organisational culture of agility, curiosity and experimentation will all be key to survival. Importantly, this includes the openness to include external advisers and hear outside opinions. Leaders recognise the critical nature of strategic partnerships: 77% of private sector leaders say that it is more important than ever for mid-market companies to **choose their innovation partners carefully for competitive advantage**.

“ If you cannot lead cultural change in your organisation, it doesn't matter how innovative your technology is. Organisations need to be willing to experiment and embrace change and to have the curiosity to push boundaries and see what's possible. Building partnerships with external consultancies that specialise in change management and strategy as well as technology enables an integrated approach that is more likely to produce meaningful results. ”



Ric Opal

Global Digital Leader, BDO

The four worlds of business in 2026

WORLD ACCELERATED



Tech and productivity

AI-dominated tech with high productivity gains

Market conditions and business models

Collaboration and open innovation

What does a World Accelerated look like?

This is a supercharged 2026, defined by accelerated tech and aligned business networks. Global challenges drive greater collaboration and alignment across corporates, governments, finance, and academia. More extensive and efficient use of AI, data-based services, and analytics underpin new business models and customised solutions – resulting in productivity gains and rapid industry transformation. Companies can offer a combination of precision, reliability, and fast, high-volume responses to demand. However, companies that do not deploy leading-edge technologies are likely to lose business, or even disappear completely.

Tech is adopted swiftly and efficiently, resulting in productivity leaps for organisations that have the right structures, cultures, and support in place. Speed, customisation, personalisation, and a focus on traceability accelerate industry transformation. Technology acts as a key tool to solve global challenges, including climate change, sustainable development, healthcare, and demographic shifts. There is an urgent focus on developing international standards to advance technological development and build trust.

This is a higher-growth world with elevated inflation and interest rates, but the cost of capital remains manageable. Global supply chains are rapidly and successfully restructured to localise sourcing for some innovative, high-value products, but relatively open cross-border innovation and collaborative business networks mean that international trade and investment begin to recover from the obstacles imposed in the early 2020s.

Do business leaders expect a World Accelerated?

Our study reveals that business leaders are broadly optimistic about the business world in 2026, with their predictions largely aligning with a World Accelerated. Seven in 10 business leaders believe that **supply chains in 2026 will be characterised by greater integration rather than fragmentation**, and 64% believe that corporate relationships will be defined by cooperation rather than competition. Business and public sector leaders are also more likely to say that overall progress against sustainability goals will be strong.



Pervasive AI? Most leaders also believe that AI will reach every corner of companies, and that technology will supercharge productivity: 68% predict that AI uptake will be pervasive across all aspects of business and the same proportion believe that technology will have a transformational impact on productivity. This does mean, however, that almost a third of leaders anticipate more limited use cases for AI and a less than transformational impact on productivity. Sector differences may partly explain why a significant minority of leaders are not predicting such sweeping impacts: while some sectors such as financial services and manufacturing have already witnessed how processes can be revolutionised, for other sectors the benefits may take longer to be fully realised. Our study finds that public sector leaders are the least likely to predict pervasive AI and a tech-powered productivity transformation.



Tech for the greater good: Furthermore, leaders do not believe that tech's game-changing impacts will be limited to the corporate sphere, instead envisioning a "World Accelerated" of widespread positive impact: **79% say that technology is the key strategy for solving global challenges**, including climate change, sustainable development, healthcare, and demographic shifts.

The four worlds of business in 2026

WORLD ACCELERATED (CONTINUED)

Tech to shift states

Already, 81% of business leaders say that **technology is the number one critical enabler of their growth strategy**, and almost three-quarters (72%) claim that sophisticated tech infrastructure and data-based decision-making are now the key determinants of organisational success.

The top 10 measures that organisations are taking to deal with the risks that they face

The top five measures are all related to tech and innovation









- 1 Increased research and development (R&D)
- 2 Investing in AI
- 3 Investing in innovation
- 4 Investing in technology and digital transformation
- 5 Increased cyber-protection
- 6 Increasing recruitment
- 7 Data management and transformation (leveraging organisational data and analytics to make business decisions and understanding customer needs)
- 8 Investing in improving reputation and brand
- 9 Building strategic partnerships
- 10 Taking advantage of government incentives

When it comes to risk mitigation measures, investing in AI is one of the most common approaches that businesses are taking to deal with the risks they face. But there are differences by market: our study shows that US businesses are the least likely to be taking this approach, while UK businesses are the most likely.



Proportion of businesses that are investing in AI as a measure to deal with the risks their business faces, by market

GLOBAL 38%

 UK	49%
 Ireland	48%
 Israel	45%
 The Netherlands	45%
 Canada	35%
 Germany	31%
 Australia	29%
 USA	23%

The four worlds of business in 2026

WORLD ACCELERATED (CONTINUED)

Implications for business: preparing for a World Accelerated

Increasingly, competitive advantage is built on network effects rather than individual corporate capabilities, as technology is moving too fast for individual companies to keep abreast of changes. Mid-market companies need to choose their innovation partners carefully to beat the competition. Improving business conditions – driven by increased investments in technology applications and resulting productivity improvements – lead to a positive medium-term outlook and improved financial conditions, reducing stress on the banking sector. Greater domestic and international cooperation helps clarify and align on how technologies are applied. There is progress toward increased interoperability of standards and regulations across jurisdictions.

What can business leaders do to embrace opportunities and reduce the risks?

- ▶ Leaders need to engage with the future of AI and harness the benefits, equipping themselves with the right skills and expertise to fully embed AI into business operations. Understanding both the opportunities and the risks to prepare for the next economy will be crucial to ensuring a workforce is ready to embrace change
- ▶ Defining the ethical and security measures surrounding advancements in tech and automation so that technologies are developed, deployed, and used in ways that benefit society, respect individual rights, and comply with regulation will help business avoid financial and reputational risk
- ▶ Take a closer look at not only their own ESG credentials, but those of their complete supply chain. Demand for heightened ESG insight will have a domino effect, trickling down the supply chain, but leaders that prepare now have a better chance of survival in the next five to 10 years, as investors pivot to more sustainable partnerships.



“ Business leaders need to be thinking about how they can welcome change and how to effectively manage it. In today’s rapidly evolving world, the ability to embrace change and implement robust change management practices is what will help organisations get ahead. Change is happening at an exponential rate, and the organisations that prosper will be those with a progressive attitude and the agility to stay ahead of the curve. ”



Bruno Suppa
CEO, BDO in Canada

The four worlds of business in 2026

WORLD ACCELERATED (CONTINUED)

What risks and opportunities do key sectors face in a World Accelerated?



Manufacturing: In this world, advanced digital technologies such as digital twins help companies visualise and test entire production processes, factory layouts and supply chain dependencies. Widespread application of AI enables improved production and supply chain processes. But investing in AI without considering where improvements are necessary, and what skills and data are required, may lead to losses. And businesses that are behind the curve and fail to recognise the implications for cultural change will lose business. New industries are created by the push to net zero, and companies with a low carbon footprint benefit from enhanced supply chain opportunities.



Technology: There is a significant increase in public and private sector funding for technology scale-up and adoption, and extensive multi-disciplinary and international collaboration to achieve aligned policy and business goals. In this world, we witness the rapid growth of tech companies and improved performance of their customers and see mid-market tech companies expand deeper into other sectors like healthcare and financial services. There is accelerated disruption of existing businesses and business models.



The four worlds of business in 2026

WORLD SUSTAINED



Tech and productivity

Human-dominated tech with variable productivity gains

Market conditions and business models

Collaboration and open innovation

What does a World Sustained look like?

This world is one of gradual, continued evolution. Trade and investment borders remain relatively open but, faced with uncertainties and disruptions, businesses shift towards local sourcing for critical products and services.

Global growth is slow and corporate volatility is high, with capital cost and availability for mid-market companies diverging across sectors. Technological progress continues, with the growing application of AI and digital solutions helping solve some challenges; but the varied pace of adoption across markets and sectors means major productivity breakthroughs are lacking. Cross-regional cooperation and sustainability commitments continue, but policy coordination is limited. Demographic pressures continue to play out, with talent shortages a recurring problem, particularly in growth sectors such as technology, green energy, and alternative finance.

Industry and governments focus on the development of international standards for managing new technologies. ESG commitments and emission reduction targets are maintained, but a slow economy, trade tensions, and weaker investment somewhat hamper progress in adopting tech solutions. Tracking and tracing carbon footprints, supply chain risks, and accounting for full product life cycles become more important.

In contrast to the multilateral progress made in aligning supportive regulation for technology advancement, there is a lack of concerted action at a global level on collaboration and alignment to respond to global challenges, including climate change.

Do business leaders expect a World Sustained?

The risks that a World Sustained entails are on leaders' radars: 58% of leaders believe that economic downturn will have a big impact on their organisation over the next three years, making this the highest-ranked risk. This is followed by skills shortages and high energy costs, which are also problems businesses are grappling with in a World Sustained.



The talent quake: In this world, demographic patterns compound talent shortages, which limits corporate and technological progress. **Three-quarters of business leaders say that lack of tech expertise is the greatest risk to their organisation's growth.**

“ Getting talent in-house can be difficult and expensive so companies need to have the curiosity and culture to bring in external experts who can take the time to engage and understand what's possible and what's needed to enhance every business cycle, from supply chain to operations to customer experience. All of these processes can be enhanced with digital, and the benefits are manifold: profitability goes up, the balance sheet gets stronger, and both employees and customers are more engaged. In this hyper-competitive environment: the strong keep up and the weak go by the wayside. ”



Jay Duke

Global Head of Advisory, BDO

The four worlds of business in 2026

WORLD SUSTAINED (CONTINUED)

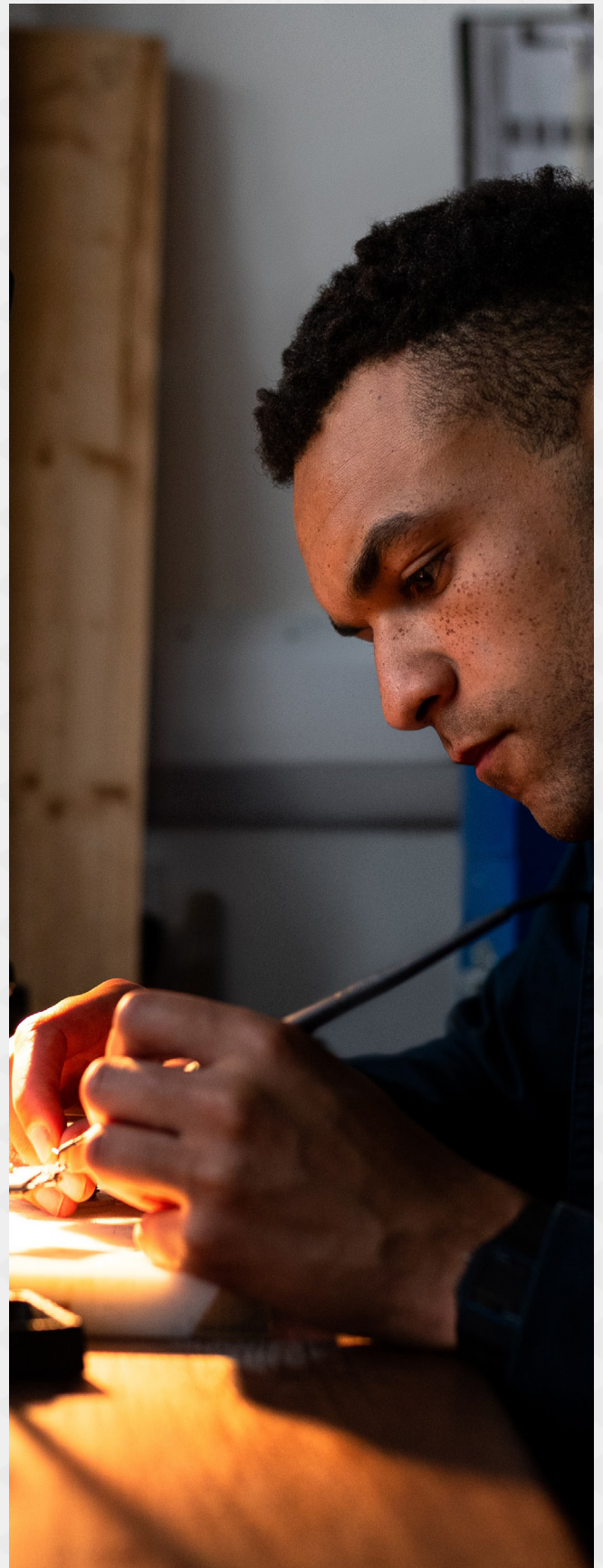
Implications for business: preparing for a World Sustained

In this world, greater business revenue streams are generated from data-based services and tech-rich platforms play a key role in optimising business operations. Alignment of technology adoption with business objectives is critical to business success.

Technological advances and systemic complexity result in further blurring of sectoral lines, leading companies to engage in innovative collaboration outside the immediate boundaries of their business.

What can business leaders do to embrace opportunities and reduce risk?

- ▶ Focus on higher-value products and services and explore new product lines, as well as enhancing customer experiences by using data insights to provide new sources of revenue growth and enhance the opportunity for market disruption and domination
- ▶ Focus on automation and AI tools to detect risks, including financial and cyber risks
- ▶ Invest in skills and expertise to ensure tech is properly embedded and utilised throughout your organisation
- ▶ Invest in new, more automated suppliers to keep costs low while meeting upgraded supply chain requirements.



The four worlds of business in 2026

WORLD SUSTAINED (CONTINUED)

What risks and opportunities do key sectors face in a World Sustained?



Technology: Shrinking capital availability hinders startups and scaling tech firms, while large corporations accelerate acquisitions, risking intellectual property loss. Challenges persist in adopting and scaling tech solutions, with mid-market tech companies struggling to keep pace with AI innovations by large US and Chinese counterparts. Divergent regulatory frameworks and increasing compliance costs, particularly in data privacy, obstruct tech development and commercialisation.



Consumer goods and retail: Supply chain risks and the need for cost containment constrain growth and revenues, and lower-cost competitors expand their market share. Suppliers that cannot monitor and report their performance – including their ESG performance – risk losing business. There are higher profit margins for more personalised products and services, and a focus on higher-value product margins could help sustain profit. Investments in new, more automated suppliers keep costs low, while meeting upgraded supply chain requirements.

“ The need to stay consistent and constant with tech advancements is vital for business success. The pandemic proved this when many companies were forced to quickly evaluate and update their technology in response to consumer behaviour. Every industry had its winners and losers, but one thing was clear; if they did not have a sustainable, omnichannel system that was fully connected, it was a struggle to survive.

With the widespread integration of AI, the holistic approach critical to success is now easily carried throughout the sales cycle from beginning to end. While the systems must speak to each other and fully interact, this will look different in each industry. Retail is focusing on data analytics, customer service and social interaction, while manufacturing is focusing on demand forecasting, supply chain transparency and quality control for example.

Tech used to be seen as a support system or business tool, but now it is front and centre of every business. And those that don't prioritise holistic tech integration – just like those companies that weren't ready for the pandemic – will likely fall behind.

”



Natalie Kotlyar

National Managing Partner, Industry Groups, BDO in the USA

The four worlds of business in 2026

WORLD FRAGMENTED



Tech and productivity

Human-dominated tech with variable productivity gains

Market conditions and business models

Fragmentation and siloed competition

What does a World Fragmented look like?

This is a complex, volatile world, defined by deeply fragmented markets and supply chains. In a tumultuous corporate landscape, shifting alliances and conflicts heighten unpredictability for businesses.

Mid-market companies with international exposure face supply chain volatility due to complex regulation and trade policies, and growing protectionism. Inflation spikes and recessions recur; finance is costly; and tech adoption falters due to regulatory interference, and lack of critical materials and skills. Climate progress stalls as green tech efforts lag, intensifying the destructive impact of climate change in some regions.

Companies struggle to implement a stable diversification of their supply chains. Disruptions happen quickly and only those companies that are the most agile win.

There is growing public dissatisfaction and a backlash against technology, leading to increased market interventions by governments, particularly in technology regulation. Many countries introduce widespread AI restrictions, arguing that more time is needed to conduct cost-benefit analysis. This is a barrier to organisations' strategic planning and puts key technology investment decisions on hold.

Do business leaders expect a World Fragmented?

A significant proportion of business leaders fear widespread supply chain disruption and increased protectionism over the next three years: **44% believe that supply chain disruption will have a big impact on their business between now and 2026**, and 39% cite anti-globalisation sentiment and increased protectionist policies in their organisation's HQ market as an impactful risk.



The twin pressures of AI anxiety and regulation: What's more, the majority of business leaders anticipate tightening regulation. **Over seven in 10 (71%) believe that regulation is likely to increase in the next three years**, and 57% of organisations are taking action because of the expected increase, delaying important technology investment decisions as part of a 'wait and see' approach. Leaders are also worried about the dark side of AI developments: 70% of business leaders are very concerned about the potential negative social impacts of AI. These twin concerns – increasing regulation and AI anxiety – could slow tech progress and hamper the productivity gains of advanced tools.



The four worlds of business in 2026

WORLD FRAGMENTED (CONTINUED)

Implications for business: preparing for a World Fragmented

Reshoring of existing production gathers pace. With weak economic conditions limiting the amount that many corporations can invest in new automation technologies, this reshoring results in higher labour and other input costs, and there is a series of inflation spikes. More companies focus on their own survival and on making use of competitive advantages they may have in domestic or regional markets and ecosystems.

Core concerns such as energy and physical security become paramount and corporate security budgets become a greater priority. The generalised lack of multilateral collaboration accelerates cross-border organised crime and stifles efforts to combat cybersecurity risks. Cyber fraud and ransomware attacks grow in frequency and sophistication.

What can business leaders do to embrace opportunities and reduce risk?

- ▶ Prioritise sophisticated, real-time data-driven risk management
- ▶ Develop cybersecurity defences
- ▶ Implement tools and techniques for undertaking due diligence and understanding financial risks throughout supply chains
- ▶ Work with partners that can connect business to government funding.

“ Integrating new technology involves taking risks. Success often hinges on our willingness to venture into uncharted territory and foster a culture that thrives on embracing the unknown. The challenge is de-risking the equation and leaders can do this by allocating resources to use cases that have a higher probability of return.

A partner like BDO Digital can help with this as we have seen many use cases and can assess ROI. We also understand how to connect organisations with the capital they need to fund these endeavours, which is often critical for businesses embarking on their digital transformation journey.

”



Bruno Suppa
CEO, BDO in Canada



The four worlds of business in 2026

WORLD FRAGMENTED (CONTINUED)

What risks and opportunities do key sectors face in a World Fragmented?



Technology: With growing public concern over AI and technology leading to more regulation and slow tech development and adoption, the industry leaders are those that can demonstrate ethical and productive AI use cases. There is a heightened focus on cybersecurity and supply chain traceability. With cyber threats multiplying, the entire tech sector is tarnished and an 'offline only' movement gathers pace among consumers. Businesses without strong cyber defence are at critical risk.



Public sector: Levels of popular dissatisfaction with governments rise while inflation and technology challenges create labour unrest. In this environment, non-governmental organisations and business associations play a more influential role in aligning supply chains as well as developing more coordinated approaches between public and industry to achieve common policy objectives.



The four worlds of business in 2026

WORLD DIVIDED



Tech and productivity
AI-dominated tech with high productivity gains
Market conditions and business models
Fragmentation and siloed competition

What does a World Divided look like?

In this 2026, technology and regulatory standards have diverged as an East-West bifurcation defines geopolitical relationships. A stark divide has emerged, with China and the United States leading separate spheres of influence. Businesses are confronted with a binary choice: align with China or the U.S., each offering its unique set of rules and challenges.

Supply chains are in flux, and the titans of industry are reshuffled. This intense East-West competition accelerates the development and adoption of certain technologies and skills, driving transformational technology that has the potential to supercharge corporate productivity. And significant opportunities open up for Western mid-market companies to fill vacuums left in some sectors where China-aligned companies had previously played a leading role.

Given the divided geopolitical environment and the increased threat of cyber-attacks and espionage, companies need to focus heavily on cyber-security. In this environment, data ownership is contested, and data security poses a particularly significant risk.

Meanwhile, as the world focuses on the clash of titans, climate change takes a backseat. Environmental concerns remain, but commitments falter due to a lack of global consensus. Short-term gains eclipse long-term sustainability.

In a World Divided, agility, resilience, and a relentless pursuit of innovation are critical.

Do business leaders expect a World Divided?

Our study reveals that few business leaders foresee a World Divided, with geopolitical volatility relatively low on the list of corporate concerns. Under half of business and public sector leaders (42%) believe that geopolitical volatility will have a notable impact on their organisation over the next three years, and just 5% of leaders cite this as the single most impactful risk to their organisation.



Tech ethics: The issue of tech ethics and data ownership – a fraught one in a World Divided – is high on leaders' agenda, however. Over eight in 10 business leaders (81%) say that this will be important to their organisation's corporate social responsibility (CSR) agenda in three years' time, catapulting it from fifth place on the list of important CSR factors now to the top of the list in 2026. It seems that **organisations will be prioritising ethical technology policies and processes**, perhaps partly to head off employee and wider stakeholder concerns around use of data and the possible impact of AI and other advanced technology on the workforce and organisational cultures.

Organisations' top five corporate social responsibility priorities, now and expected in 2026

NOW		2026
Ethical business practices	1	AI/tech ethics and data ownership = Employee wellbeing
Financial responsibility	2	Corporate governance
Net-zero goals	3	Financial responsibility
Workforce diversity, equity and inclusion (DEI)	4	Social responsibility
AI/tech ethics and data ownership	5	Stakeholder engagement

World Divided?

Business leaders do foresee a divide opening up in the corporate world; not an East-West divide, but a tech divide. Almost three-quarters of leaders (74%) believe that **organisations that are AI 'first-movers' will have a significant competitive advantage** over other organisations. Could AI create a two-tier business landscape?

The four worlds of business in 2026

WORLD DIVIDED (CONTINUED)

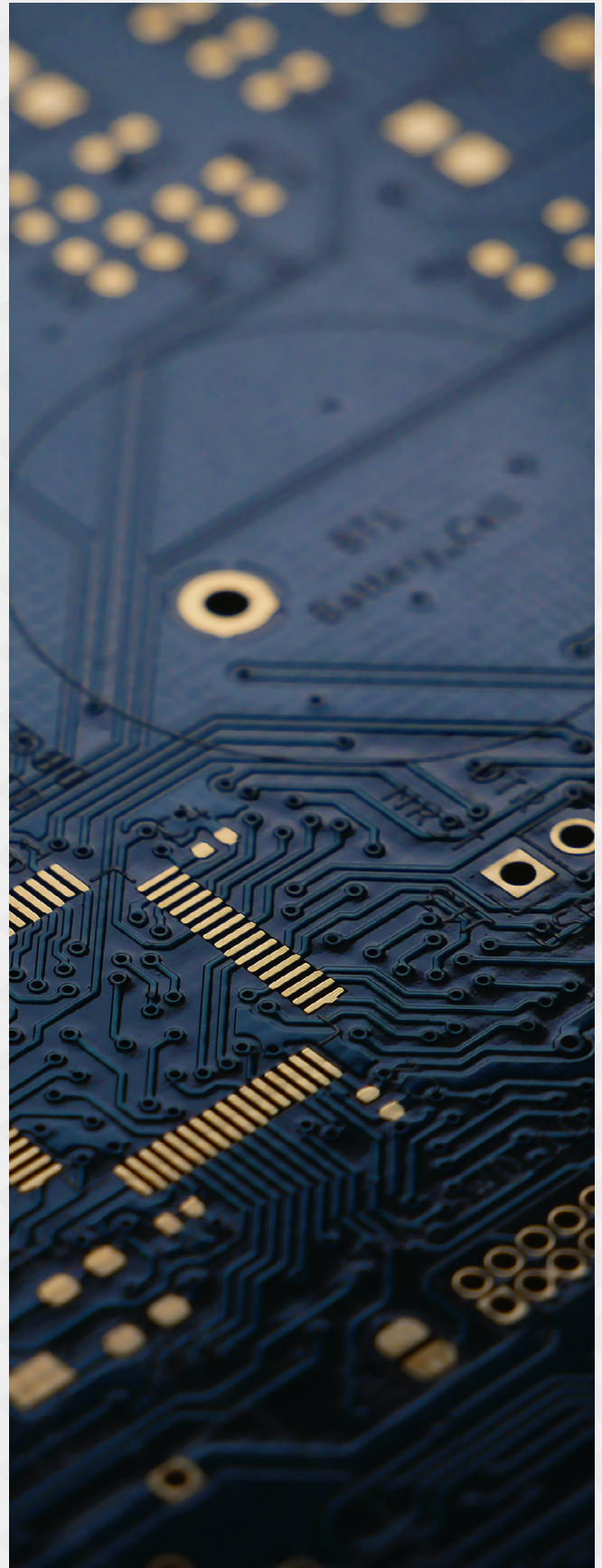
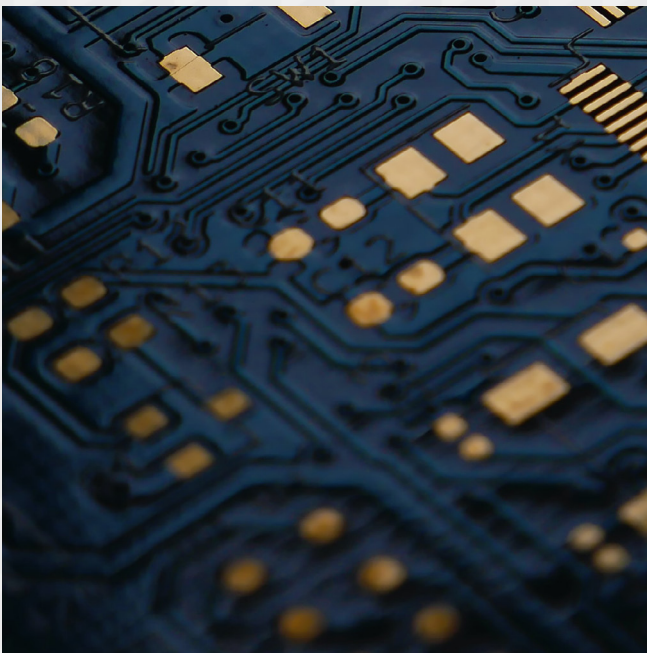
Business implications: preparing for a World Divided

While remaining in China would not be out of the question for some Western companies, the reputational pressures and compliance costs for them may make an exit more appealing. Some capital investments in China – or in countries closely aligned with China – may have to be written off.

For companies that continue working across both blocs, for example by continuing to manufacture consumer products in China, it may be necessary to focus more on exports to Southeast Asia and less on exports to the United States, Europe or other countries with worsening trade relations with China and deepening ESG concerns.

What can business leaders do to embrace opportunities and reduce risk?

- ▶ Use tech to optimise supply chains to ensure traceability and transparency, improve product quality and reduce cost
- ▶ Take part in local high-value innovation ecosystems, and consider the agility and flexibility of supply chains
- ▶ Increase investment in cybersecurity measures and increase cyber expertise or work more intensively with external partners on cyber security.



The four worlds of business in 2026

WORLD DIVIDED (CONTINUED)

What risks and opportunities do key sectors face in a World Divided?



Financial services: In a World Divided, financial markets are plagued by heightened uncertainty and risk, causing growing scrutiny of financial flows. There is increased demand for working capital to finance business and supply chain restructuring. However, as regulatory and compliance costs increase for financial institutions, this puts constraints on lending. But there are opportunities. Increased government support helps de-risk lending and investment decisions. And, with traceability and reporting requirements increasing, AI and digital tools that can help mitigate risk can differentiate high-performing institutions from peers.



Infrastructure and logistics: Transport and logistics lines restructure alongside growing market divides. There is a strong focus on identifying and mitigating supply chain risks and possible logistics disruptions. Risks develop faster than tech solutions, escalating costs and putting unprepared companies out of business. Pressure grows for streamlined global logistics systems despite increased bipolarity. Increased public investment in critical infrastructure, low carbon transportation and logistics technologies. More widespread development and adoption of technologies for tracking, tracing, prediction, and cyber security are applied in energy, infrastructure, transportation and logistics.



“ The competitive advantage and cultural fit of each market will increasingly drive its tech focus. For example, we can expect Scandinavian economies to focus on green tech, and China to double down on AI and data-driven robotics. Latin America stands to benefit from further decoupling of East and West; it is a likely location for “friend-shoring” if Western economies increasingly move their supply chains away from China. This will dictate the direction of its technology development too – if Latin America increasingly becomes a hub for US manufacturing, technology will develop around efficient infrastructure and AI and data-driven manufacturing.”



Carlos González
Managing Partner, BDO in Costa Rica

Taking a strategic digital approach to the future

In the next three years, the business landscape will experience seismic shifts. The opportunities, if seized, are immense. But the potential risks must be addressed now. To survive and thrive in every possible future, leaders need to implement advanced technology that will boost productivity and efficiency and protect against security threats.

But having the right technology isn't enough. For technology to really boost productivity and efficiency, business leaders and employees need to fully understand it and have the skills to use it. And the technology needs to be aligned with the organisational culture and strategy. Without this holistic approach, businesses will fall behind.

Our study shows that many leaders fear that they will fail to leverage the benefits of tech and data, and that a lack of implementation strategy and a lack of the necessary tech skills are key reasons for this concern.

Taking a strategic, business-led approach to digital transformation will be critical for business survival. Without the right strategy and skills, tech investment will bring little return. If all these dimensions are in place, however, the possibilities are endless.

Where Tech means Business: The role of BDO Digital

At BDO Digital, we pride ourselves on being your trusted technology partner. We combine the power of technology, human intelligence, and business expertise to work alongside you in transforming your business and unlocking its full potential.

Our goal is to help you strengthen your technological capabilities while safeguarding your business from potential risks, both in the digital and cyber realms. We leverage the insights derived from data through machine learning and AI to refine your business strategy. Additionally, we optimise applications to ensure exceptional experiences for your customers and employees, no matter where they are in the world.

BDO Digital is dedicated to facilitating business growth on a global scale. We always have an eye on the future, committed to helping businesses adapt and thrive in an ever-changing landscape. This report is a testament to our **Strategic Digital** approach, which focuses on building resilience and preparing businesses for the challenges and opportunities of tomorrow.



Read more [here](#) about our services or [contact us](#) to talk to one of our team



About the study

Tectonic States explores alternative visions of the business world in 2026, with a focus on the role of technology. This report is the result of a two-part research study that combines alternative futures scenario planning with global opinion research among business and public sector leaders in mid-market and large organisations.

The research was designed by BDO Digital and Man Bites Dog.

Scenario planning

For the first part of our study, we set out to envisage the future world of business in 2026. Scenario planning techniques enable development of long-term strategies by examining a range of factors (including predetermined factors, trends, macro issues and critical uncertainties) to develop a range of mutually exclusive plausible scenarios, based on their likelihood and impact.

Through expert interviews and scenario planning workshops, we identified five transformational drivers of change in the future business environment: technological progress; markets and business models; environment and sustainability; supply chain risks; and demographics. From these, we selected technological progress and markets and business models as the two critical axes, which formed the foundation for our 'alternative worlds of business' scenarios:



Technology: Is technology human or AI-dominated?

- ▶ Factors taken into consideration included the pace of technology adoption; tech-rich platforms and use of data; automation; productivity gains; skills and talent gaps; and regulation.



Market conditions and business models: Are markets and business models collaborative or fragmented?

- ▶ Factors taken into consideration included revenue streams; interest rates; and cost and access to finance.

Using these key axes, we built on the insights of our experts to develop four distinct global scenarios for the world of business in 2026.

Global opinion research

For the second part of the study, BDO Digital commissioned independent opinion research, interviewing business and public sector leaders about their vision of the future business landscape. In 2023, we interviewed 500 C-suite and C-suite minus one professionals working in both mid-market organisations (with an annual revenue of \$50 million - \$1 billion) and enterprises (\$1 billion - \$5 billion) with a presence or operations in multiple countries or regions. The size of public sector organisations was determined by their annual budget or funding allocation.

We used the data from this study to ascertain which of the four scenarios most closely aligned with the futures imagined by leaders, analysing responses to questions related to the two critical axes (human vs AI-dominated technology, and collaborative vs fragmented markets and business models).

Respondents were based in Australia, Canada, Germany, Ireland, Israel, the Netherlands, the US, and the UK. The study focused on the following sectors: financial services, private equity, manufacturing, technology, and public sector.



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Brussels Worldwide Services BV – November 2023

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