

Fit for the future: Capitalising on global trends



70

CEOs in Cyprus

32%

of CEOs in Cyprus are very or somewhat confident about their revenue growth prospects over the next 12 months

75%

of CEOs in Cyprus are very or somewhat confident about their revenue growth prospects over the next 3 years

February 2014



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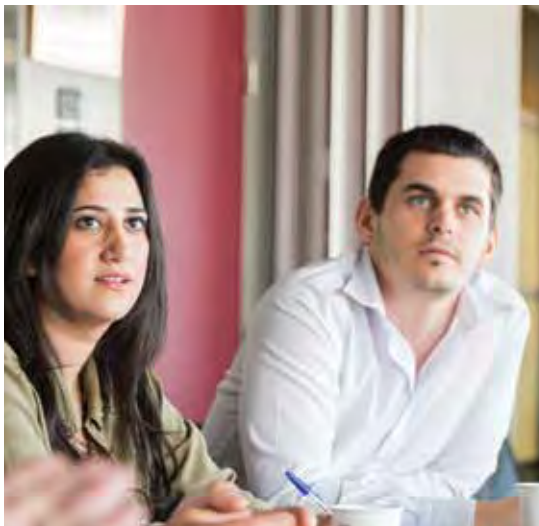
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Notes:

Not all figures add up to 100% due to rounding of percentages and to the exclusion of 'neither/nor' and don't know' responses.
The Eurozone group includes Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Italy, Netherlands, Portugal and Spain.

Foreword

The Global economic recovery continues to be fragile; however, immediate threats to companies are now beginning to ease. On a global scale, CEOs feel more confident about the future of their businesses. The battle for survival is now transforming into a growth challenge.

According to the 17th Annual Global CEO Survey, led by PwC, CEOs adopt a long-term outlook, focusing on transformation and preparing for the future, rather than adapting to current conditions. At a local level, Cyprus is facing its greatest challenges since 1974 and taking important steps to overcome the crisis. The economic developments evolve around the implementation of the MoU, fiscal adjustment, and the necessary reforms which will form the basis for a competitive economy with growth prospects.

Our goal is to regain trust. The Troika's recent positive evaluation and the Standard and Poor's rating upgrade, confirm that steps are being taken in the right direction. We are convinced that Cyprus business leaders will proceed with responsibility and determination to implement the necessary changes. This effort will be led by a proactive orientation that will lay the foundations for the recovery of our economy.

The aim of our survey is to record the views of CEOs on the fundamental external forces of change that will have the greatest impact on reshaping their enterprises and what they are doing to respond to these changes.

In addition, the survey aims to record the concerns of CEOs and encourage a discussion centring on the challenges companies face today and how they respond to them.

More than 1,300 CEOs in 68 countries participated in the 17th Annual Global CEO Survey that was released on 21 January 2014 at the opening of the World Economic Forum's Annual Meeting in Davos, Switzerland. It is worth noting that, this year, 70 CEOs from Cyprus participated in the survey. This number, which is double compared to last year, reflects the importance of the survey and its role in shaping business developments.

The interviews were conducted during a period of great economic uncertainty. The findings reflect the complex and fast-changing business environment, the confidence levels of CEOs and their views regarding new growth opportunities.



Evgenios C Evgeniou
CEO, PwC Cyprus

Personally I would like to thank the 70 CEOs who shared their views with us, thereby contributing to our wider effort to record the challenges they face together with the actions taken to address them. I would especially like to thank the CEOs who devoted time for a personal interview, providing an in-depth analysis of their views.

According to the survey, companies in Cyprus have adopted a responsible and dynamic attitude towards creating the right prospects for the recovery of our economy. At the same time, the Government needs to lay the basis for creating a more friendly environment for businesses.

Evgenios C Evgeniou
CEO, PwC Cyprus

17th Annual Global CEO Survey: Entering growth mode

PwC's 17th Annual Global CEO survey provides a note of optimism during particularly difficult times, as the majority of 1,300 CEOs globally have started to regain confidence.

This rise in confidence is driven by their ability to raise revenues as well as by the growth prospects of the global economy. At the same time, CEOs acknowledge that generating sustained growth in the post-crisis economy remains a big challenge.

Our 3rd local CEO survey: CEOs are pessimistic about growth prospects

2014 is a landmark year for this particular survey project of PwC Cyprus. After 3 consecutive years of carrying out a local survey, we have achieved record participation levels. The contribution of 70 company leaders in Cyprus, twice as many compared to the previous study, provides a new dimension to the analysis of the local business environment and enhances the future prospects of such initiatives. For this reason, we wish to express our gratitude to the 70 CEOs for their valuable input.

Growth prospects

Revenue growth concerns

Even though CEOs in Cyprus are less confident compared to the participants in the global survey, it is worth noting that they have adopted a more positive outlook as regards the prospects of the local economy, especially after the Troika's positive evaluation of Cyprus' adherence to the bailout programme.

The findings of the survey were influenced by the climate of uncertainty that characterised the period between September and December 2013, when the interviews were conducted.

CEOs in Cyprus appear less confident about their revenue growth prospects over the next 12 months compared to the past. Only 32% of CEOs in Cyprus say they are confident that their revenues will grow during 2014 when the respective percentage was 40% in 2012 and 38% in 2011. This percentage climbs to 71% in the Eurozone and to 85% globally, confirming a positive attitude with regard to their business expectations.

However, CEOs in Cyprus feel more optimistic about their medium-term growth prospects with 75% of them expressing confidence about their prospects for increased revenues over the next 3 years. Percentages are equally high both globally and in the Eurozone.

CEOs in Cyprus are less confident about their company's revenue growth prospects.

32%

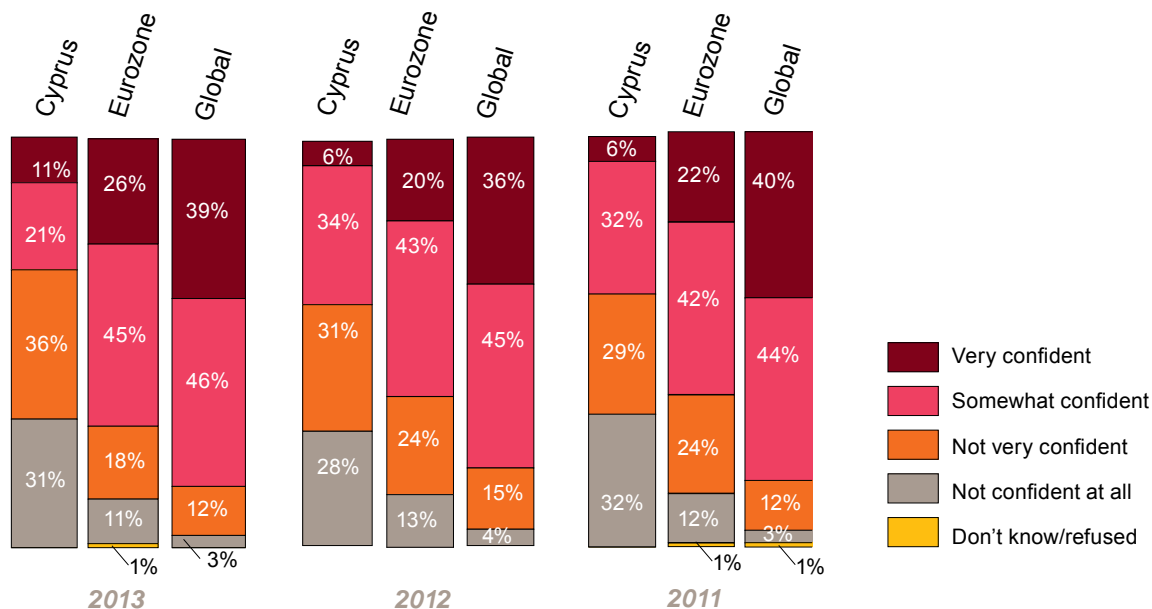
of CEOs in Cyprus are very or somewhat confident about their revenue growth prospects over the next 12 months.

75%

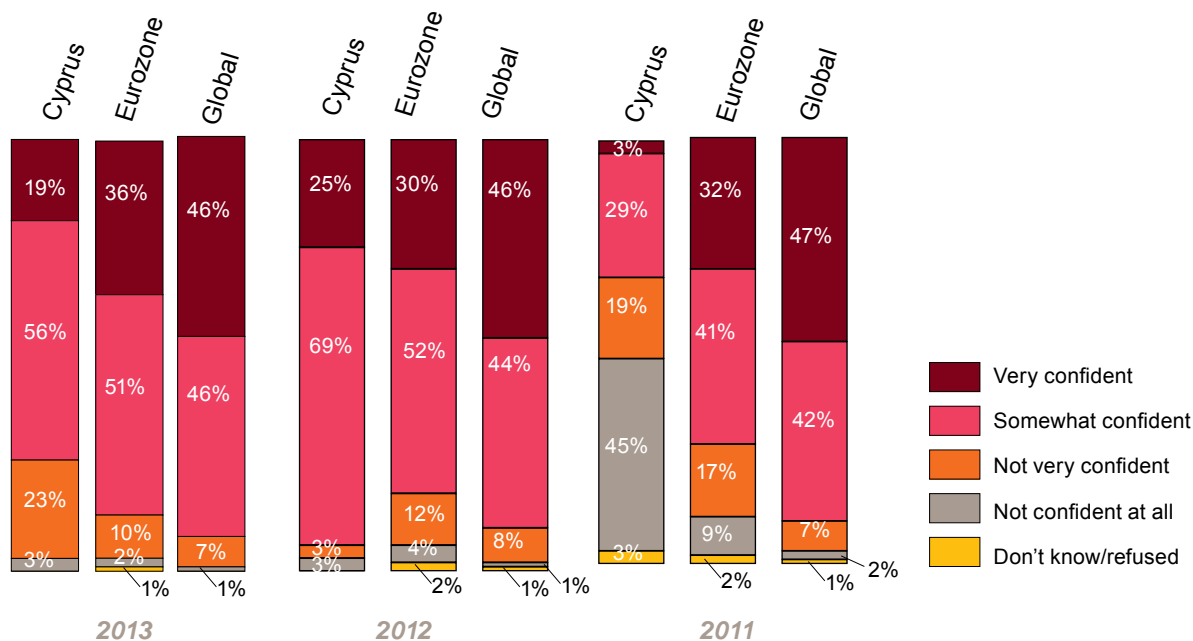
of CEOs in Cyprus are very or somewhat confident about their revenue growth prospects over the next 3 years.

Figure 1: Company prospects for revenue growth over the next 12 months

Q: How confident are you about your company's prospects for revenue growth over the next 12 months?

**Figure 2: Company prospects for revenue growth over the next 3 years**

Q: How confident are you about your company's prospects for revenue growth over the next 3 years?

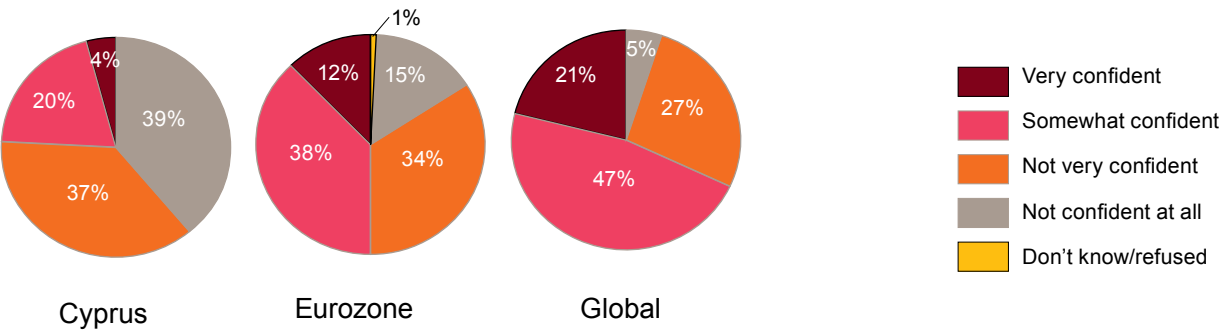


An interesting finding of the survey relates to the views of CEOs as regards the growth prospects of the industry they operate in. According to the survey, only 24% of CEOs in

Cyprus are confident about the growth prospects of their industry, while, as we have seen in the previous figure, confidence levels for their own organisation reached 32%.

Figure 3: Industry growth prospects over the next 12 months

Q: How confident are you about your industry's prospects for revenue growth over the next 12 months?



The global economy

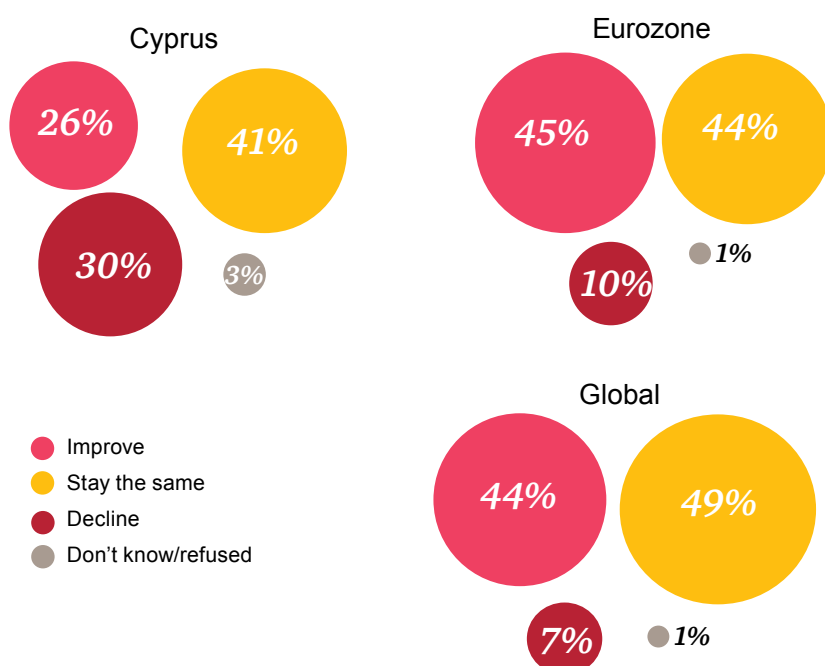
The course of the local economy appears to worry CEOs as this will affect the growth of their own organisation. The majority of CEOs globally (49%) including CEOs in Cyprus (41%), believe that the global economy will remain the same during the next 12 months.

At the same time, the percentage of CEOs in Cyprus who believe that the global economy will improve in the near future (26%) is twice as high in comparison to the previous survey.

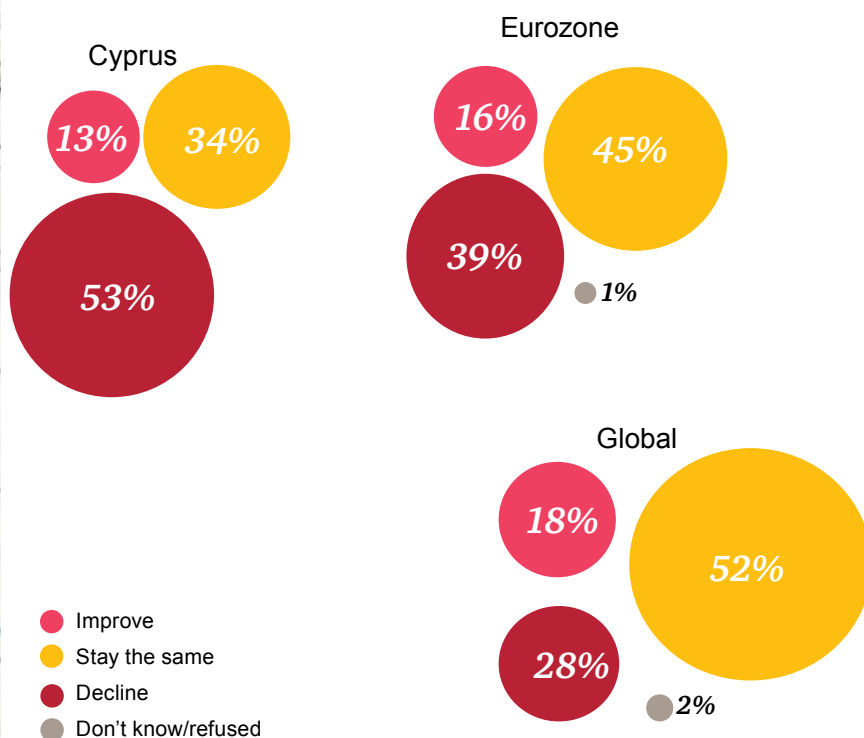
Figure 4: Global economy growth prospects

Q: Do you believe the global economy will improve, stay the same, or decline over the next 12 months?

2013



2012



Key CEO concerns

CEOs in Cyprus are mostly concerned about “Government response to fiscal deficit and debt burden” and “increasing tax burden”.

83%

of CEOs in Cyprus stated their concern about “Government response to fiscal deficit and debt burden”.

77%

of CEOs in Cyprus stated their concern about “increasing tax burden”.

As governments need to take the right decisions for encouraging entrepreneurship, innovation and productivity, CEOs around the world appear troubled by the same issues. The percentage of CEOs expressing concerns about government response to fiscal deficit and debt burden reaches 83% in Cyprus, 75% in the Eurozone and 71% globally.

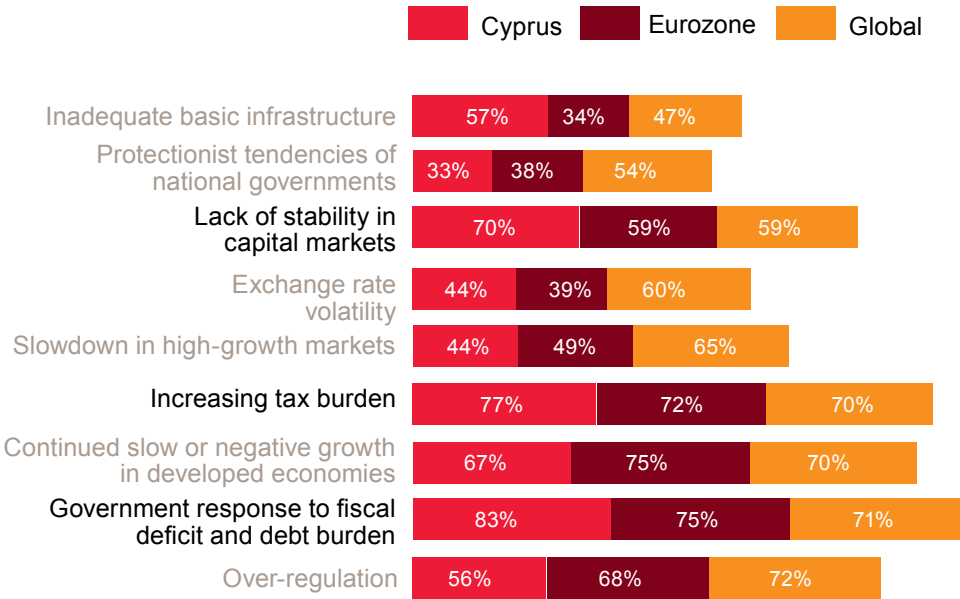
Increasing Tax burden is high on the list of concerns for participants in Cyprus, resulting from the increase in taxes imposed under the MoU agreement with the Troika.

In addition, CEOs are worried about the lack of stability in capital markets, with a percentage of 70%. The need of businesses for economic stability which can lead to attracting new capital and investments justifies the high percentage of CEOs who are concerned about the lack of stability in capital markets.

Figure 5: Potential economic and policy threats

Q: How concerned are you about the following potential economic and policy threats to your organisation's growth prospects?

Respondents who stated 'extremely' or 'somewhat concerned'





Philip Van Dalsen
CEO
MTN Cyprus

I think that the biggest threat for companies in Cyprus is that if the political stability is not there. That is number one. These are difficult times which require political stability to get us out of the crisis. Also, making sure that the stabilisation programme is taking place as planned.

CEOs' concerns about the future of their businesses

What worries CEOs regarding the future of their business? Which threats do they believe will affect the smooth operation of their organisation?

Availability of key skills worries CEOs globally (63%) to a large extent. The corresponding percentage almost doubled in Cyprus, from 16% in 2012 to 32% in 2013 confirming the need for businesses to invest in enhancing the knowledge and skills of their people.

For the second consecutive year, the survey identified bribery and corruption as one of the most important concerns of CEOs in Cyprus, followed by high or volatile energy costs (63%) and shifts in consumer spending and behaviour (63%).

It is worth noting that CEOs are worried about high energy costs, especially after the electricity price increase which had a negative effect on production and operating costs.

Shifts in consumer behaviour, which were the biggest threat faced by CEOs in Cyprus last year, are no longer perceived as a great threat. According to the survey, the level of concern regarding the CEOs' ability to protect intellectual property has increased from 13% in 2012 to 30% in 2013.

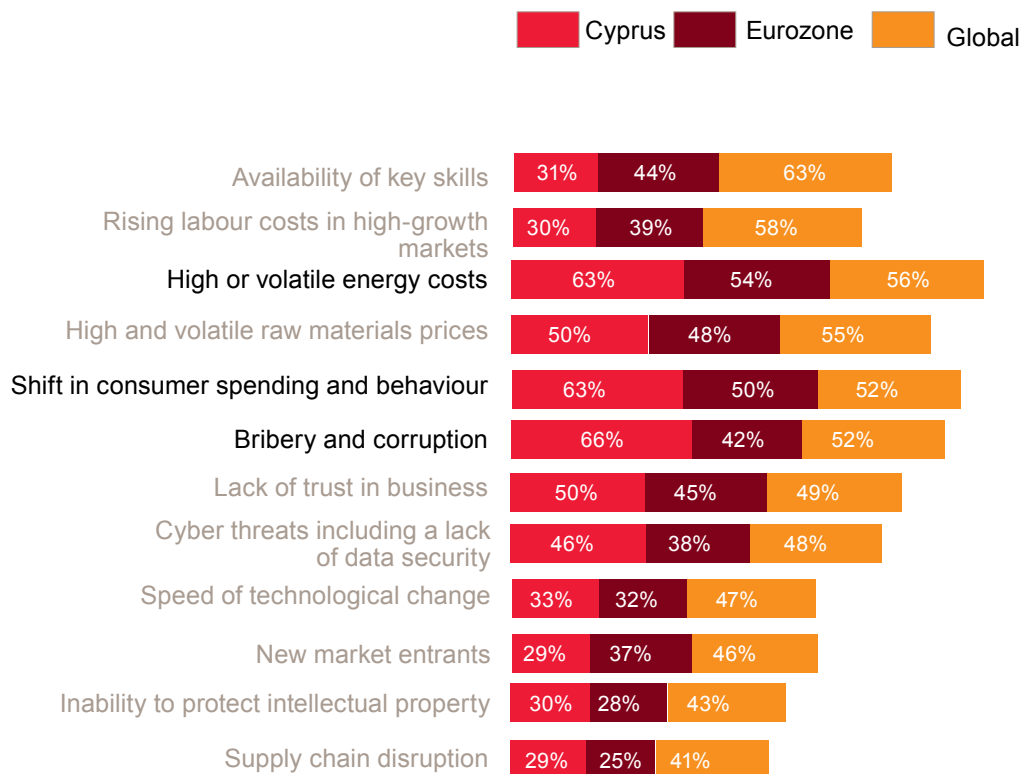
Finally, it is worth emphasising the high percentage of CEOs (46%) who are concerned about cyber threats, including a lack of data security. Companies are now operating in a complex environment and must be well prepared to manage risks. In order for a company to ensure its smooth operation and continue being competitive, data security should be part of its overall strategic plan. The increase in cybercrime incidents confirms the need for professional support in order for a business to effectively manage these threats.



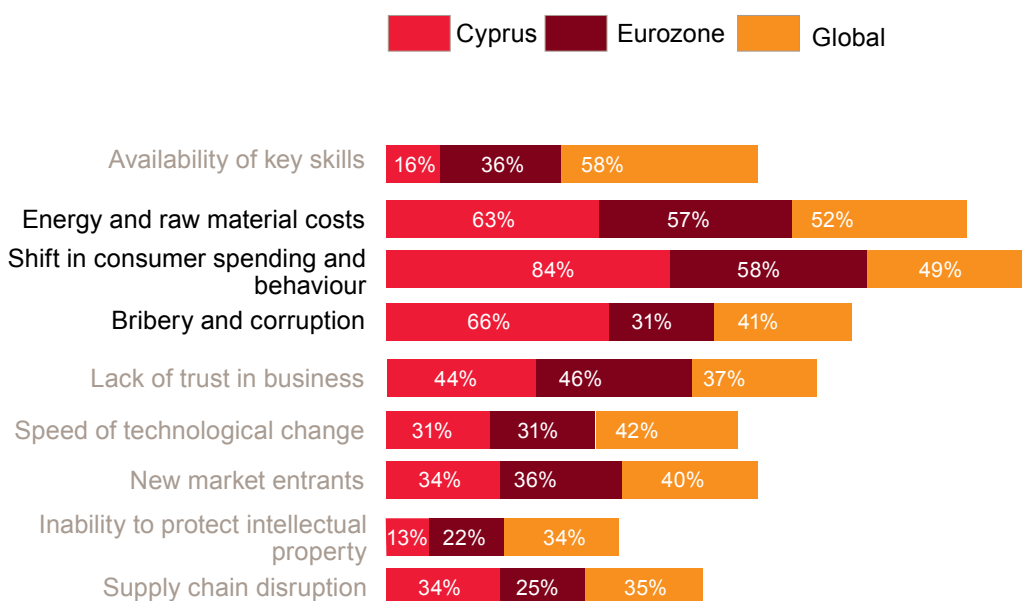
Figure 6: Potential business threats

Q: How concerned are you about the following potential business threats to your organisation's growth prospects?

2013



2012



Looking to the future

CEOs globally see product and service innovation as the main opportunity for revenue growth.

29%

of CEOs in Cyprus view innovation as the main opportunity for revenue growth.

In order for a company to maintain its strong position in the market, it needs a solid plan for addressing threats and identifying new growth opportunities.

According to the local survey, new product or service development leads the list of opportunities cited by CEOs in Cyprus with a percentage of 29% followed by new markets (23%) and an increasing share in existing markets (23%).

It should be noted that the percentage of CEOs who see new geographical markets as an opportunity for business growth is higher in Cyprus compared to the Eurozone as well as at a global level. This indicates the proactive orientation that businesses in Cyprus have adopted in response to the challenging economic environment.

In a global environment which is constantly and rapidly changing, the ability of companies to be the first to introduce new and innovative

products in the market is perhaps the biggest competitive advantage for increasing their market share and their profitability. Innovation is also a priority for CEOs in the Eurozone (31%) as well as for CEOs around the world (35%). Even though CEOs in Cyprus consider innovation as the main opportunity for growth, the percentage is relatively low (29%). Cyprus is ranked 28th among 141 countries in the Global Innovation Index for 2012, which validates the low percentage of 29%.

In order to return to growth we should focus on innovation by investing in the area of Research & Development. To achieve growth led by innovation, companies should focus on enhancing strategic planning, coordination and collaboration among interested parties.

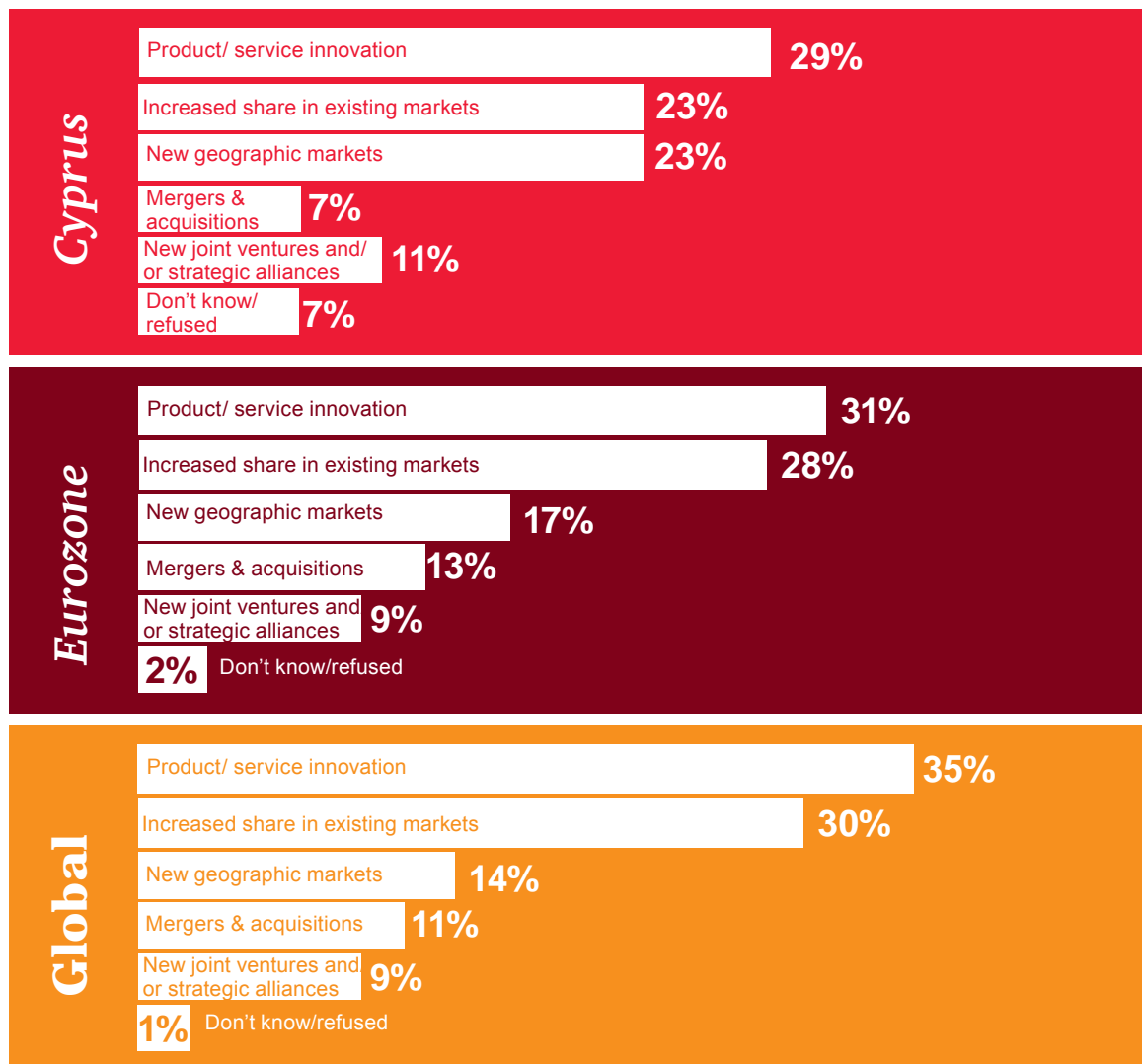
When there is uncertainty in the market, budget constraints and market challenges which makes companies reluctant to invest and expand, technology is the only vehicle to help companies innovate, continue be competitive and relevant and survive at the end.



George Petrakides,
Country Manager,
Microsoft Cyprus

Figure 7: Main opportunities for business growth

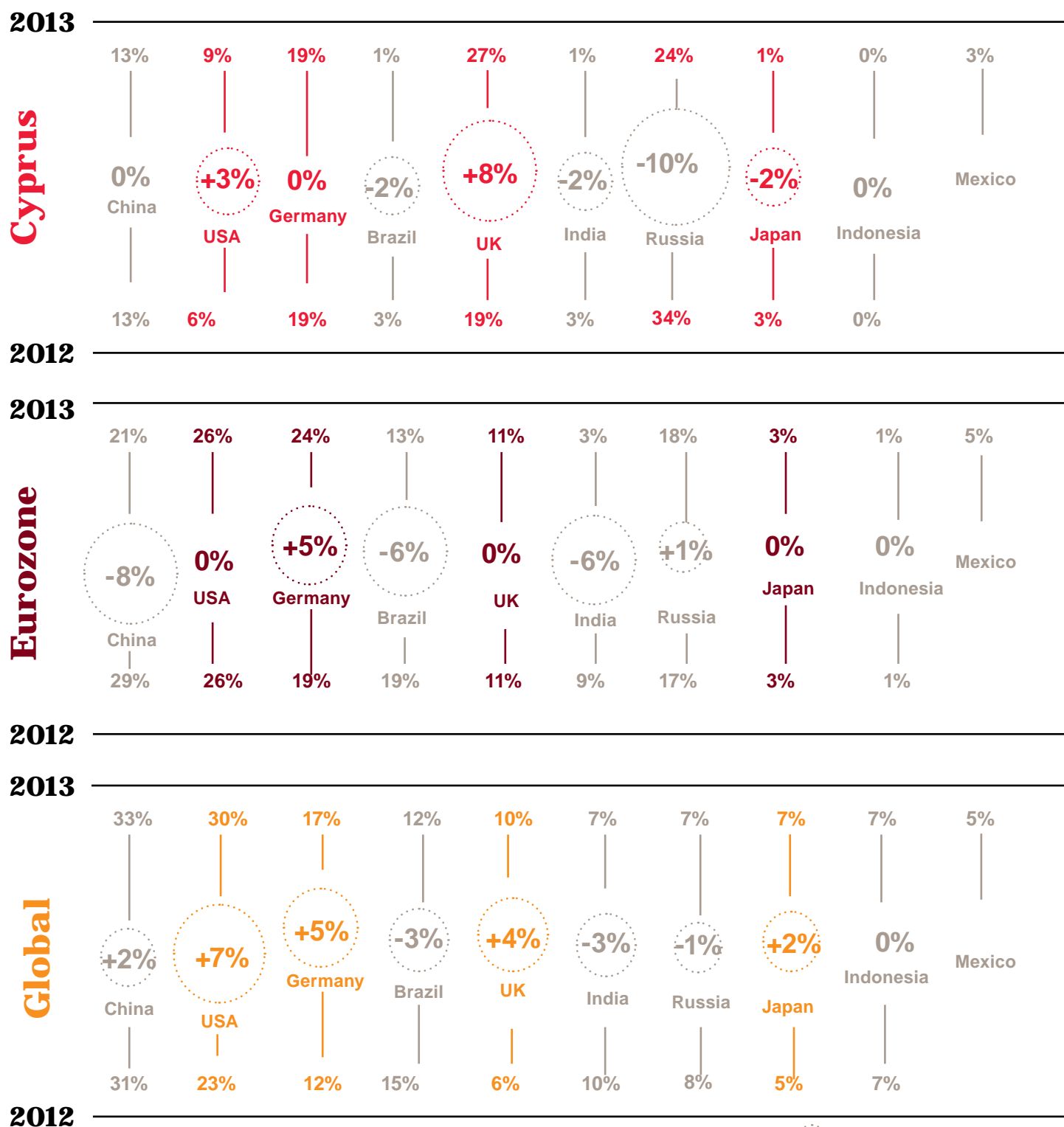
Q: Which one of these potential opportunities for business growth do you see as the main opportunity to grow your business in the next 12 months?



An additional finding of the local survey relates to the markets that CEOs in Cyprus consider important for their overall growth prospects over the next 12 months. The percentage of business leaders who perceive Russia as one of the most important countries for their overall growth prospects has dropped from 34% in 2012 to 24% while the UK has increased from 19% to 27% and the USA from 6% to 9%.

Figure 8: Important countries for overall growth prospects

Q: Which countries, excluding the one in which you are based, do you consider most important for your overall growth prospects over the next 12 months?



Restructuring: Is it a need or a choice?

CEOs globally are focusing on cost-reduction initiatives.

93%

of CEOs in Cyprus stated that they will implement a cost-reduction initiative during the next 12 months.

According to the 17th Annual Global CEO survey, companies were forced to initiate a number of restructuring activities in order to survive the economic crisis.

During the past year, 91% of local respondents implemented a cost-reduction initiative when the corresponding percentage in 2012 was 97%. Findings indicate that some of the measures taken last year were proven to be effective. Cost-reduction was also the most widely

initiated activity, both in the Eurozone and globally with the relevant percentages reaching 88% and 76% respectively.

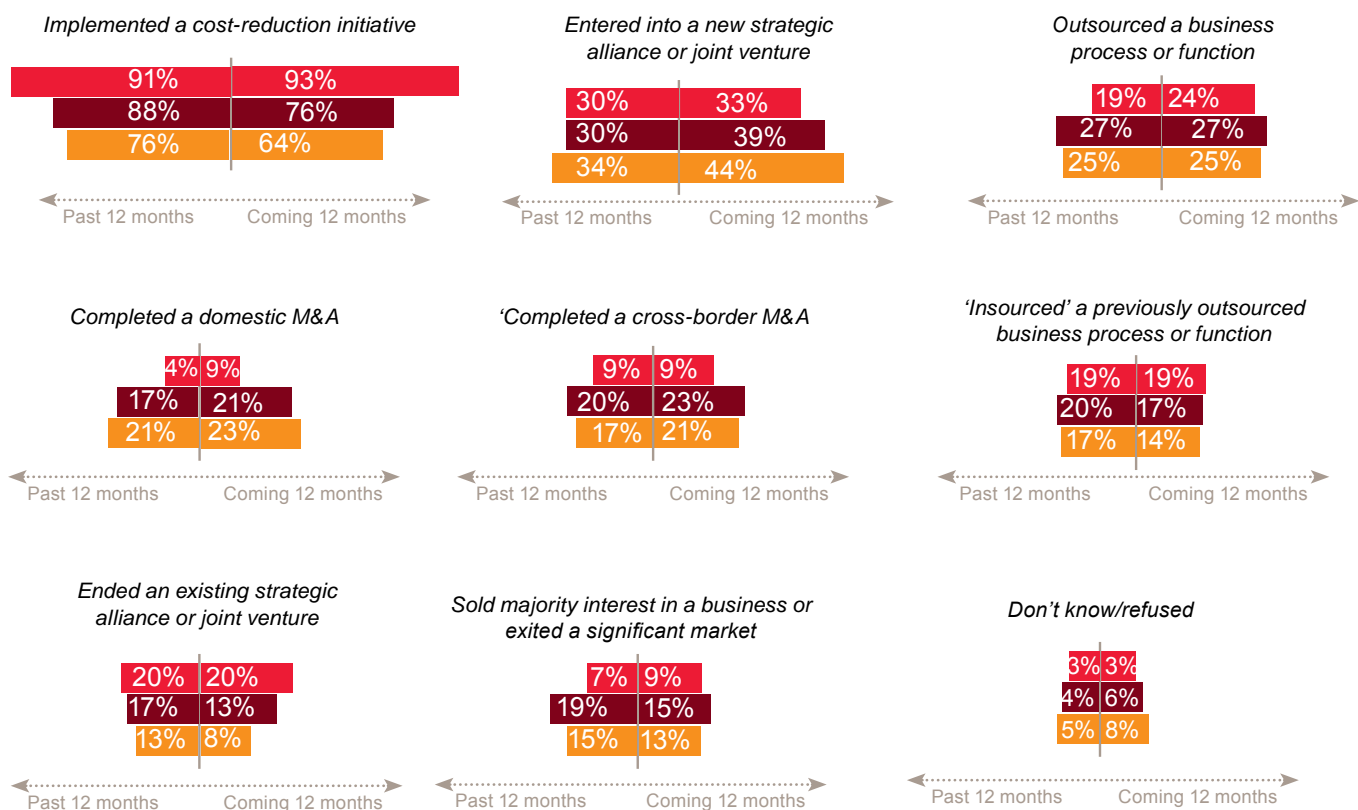
When asked about their restructuring plans over the next year, 93% of CEOs in Cyprus cited cost reductions followed by entering into a new strategic alliance or joint venture with a percentage of just 33%.

Figure 9: Restructuring activities

Q: Which of the following restructuring activities have you initiated in the past 12 months?

Q: Which of the following restructuring activities do you plan to initiate in the coming 12 months?

Cyprus Eurozone Global



One of the biggest issues CEOs face is human capital management as changes to the headcount concern not just CEOs but employees as well. According to the survey,

60% of CEOs in Cyprus state that their headcount will remain the same during the next 12 months when the respective percentage last year was 31%.

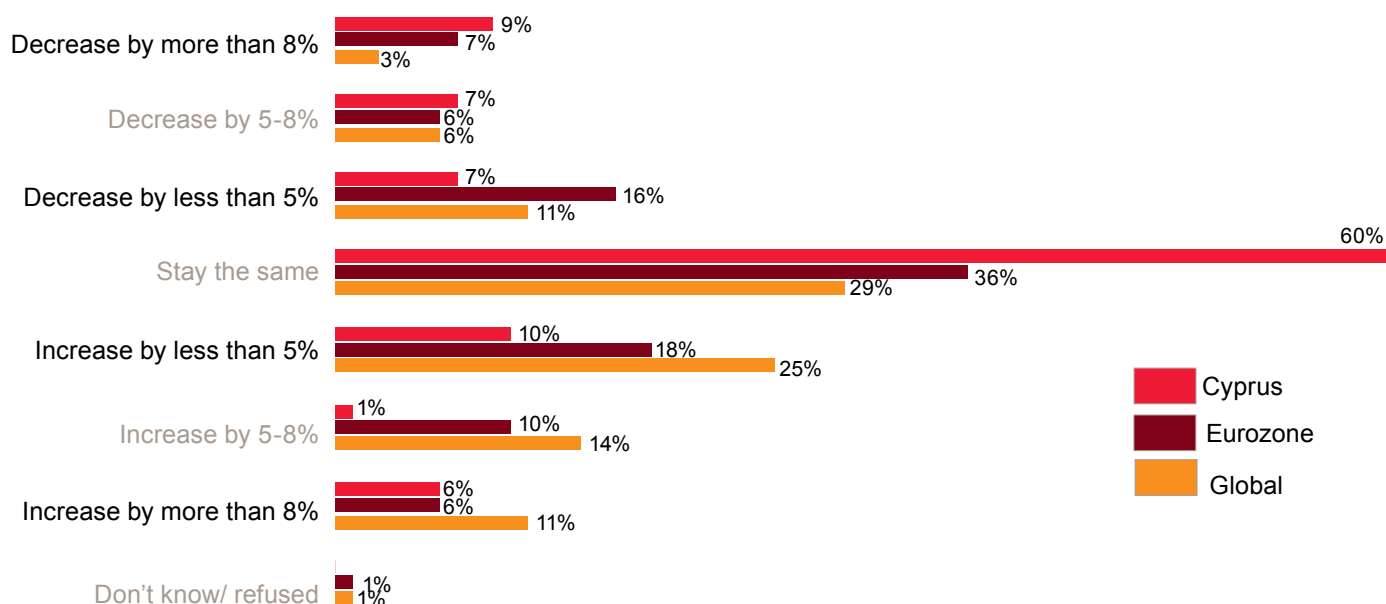
The percentage of CEOs who say that their headcount will decrease during the next 12 months has dropped to 23% from 50% in 2012, offering a note of optimism to the economy and society in general.

Similarly, the majority of CEOs in the Eurozone also believe that their headcount will remain the same over the next 12 months while 50% of CEOs globally intend to increase their headcount.

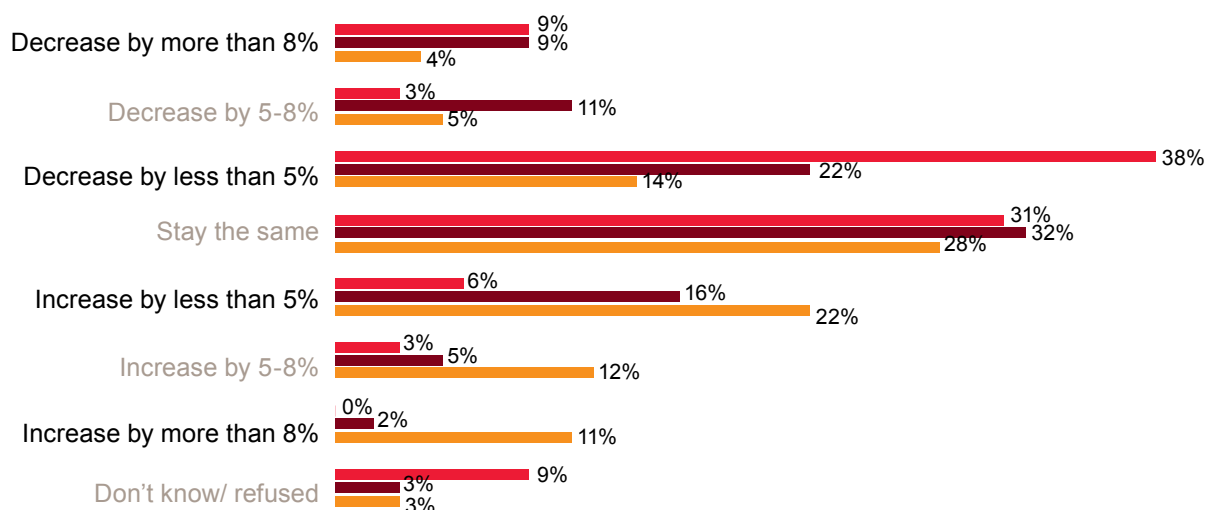
Figure 10: Changes to headcount

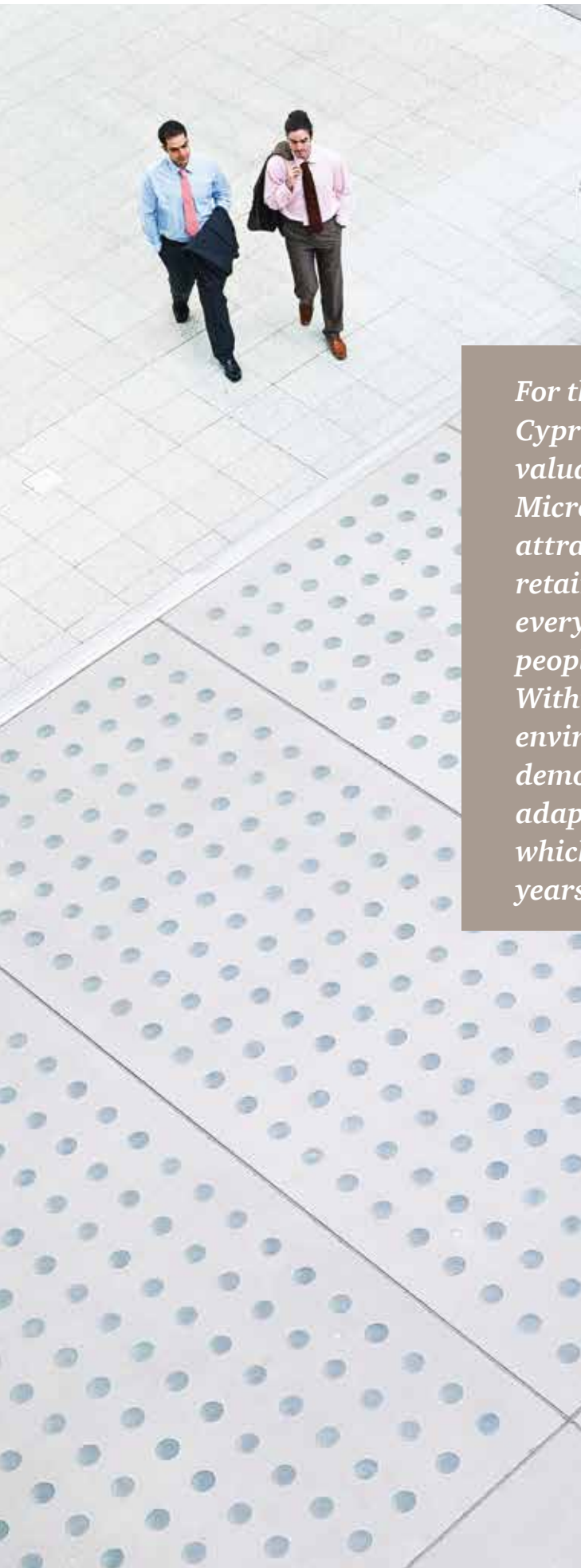
Q: What do you expect to happen to the headcount in your company globally over the next 12 months?

2013



2012





For the years to come, Microsoft Cyprus will rely on their most valuable asset, which is our people. Microsoft has a proven history on attracting, heavily developing and retaining best talent in each and every country we operate. Our people is our biggest strength. Within the current economic environment, they already demonstrated high levels of adaptability, tenacity and passion which make me confident for the years to come.



*George Petrakides,
Country Manager,
Microsoft Cyprus*

A changing business landscape

The way businesses interact with their stakeholders requires special attention in order to build long-term relationships based on trust. CEOs in Cyprus have seen a positive change in their relationship with clients (40%) and employees (33%) during the last 5 years.

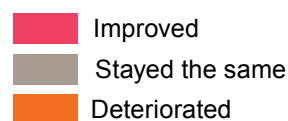
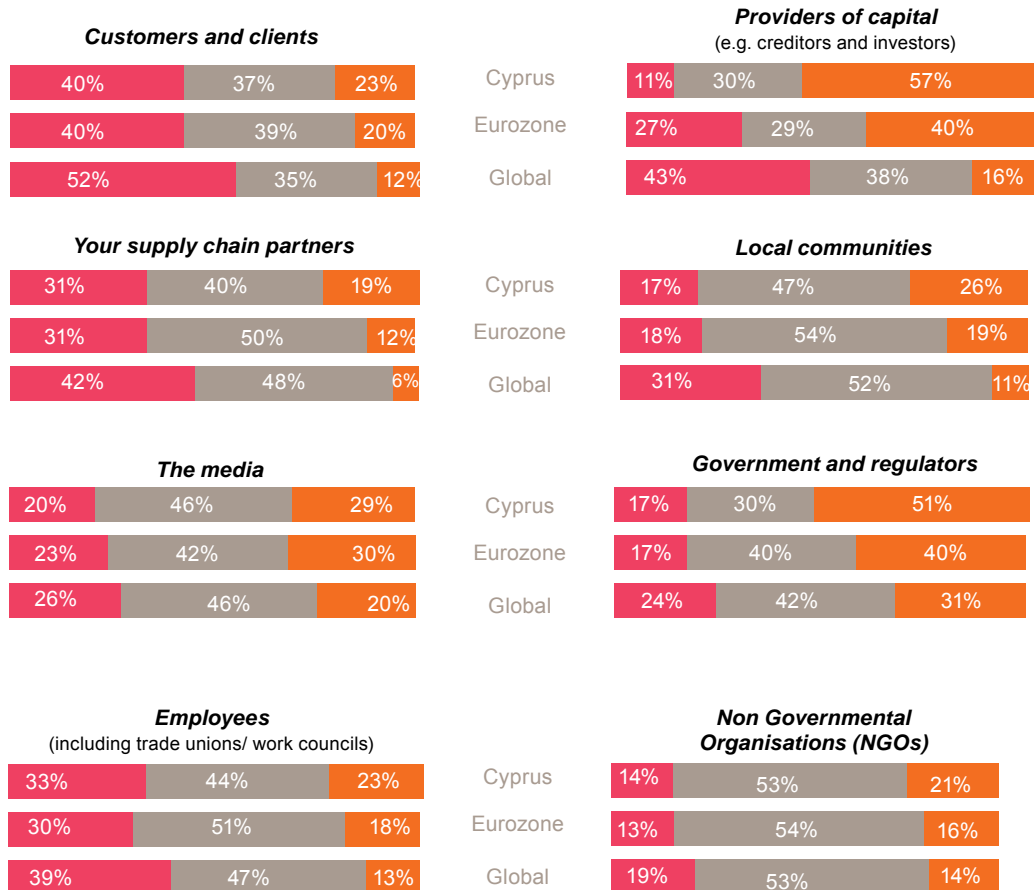
On the other hand, CEOs in Cyprus feel that the level of trust that providers of capital (57%) as well as the Government and regulators (51%) have in their industry has deteriorated.

The majority of CEOs believe that the level of trust between the providers of capital (creditors and investors) and the Government have in their industry has deteriorated.



Figure 11: Shifts in the level of trust

Q: To what extent has the level of trust shown by the following stakeholders in your industry changed over the past five years?

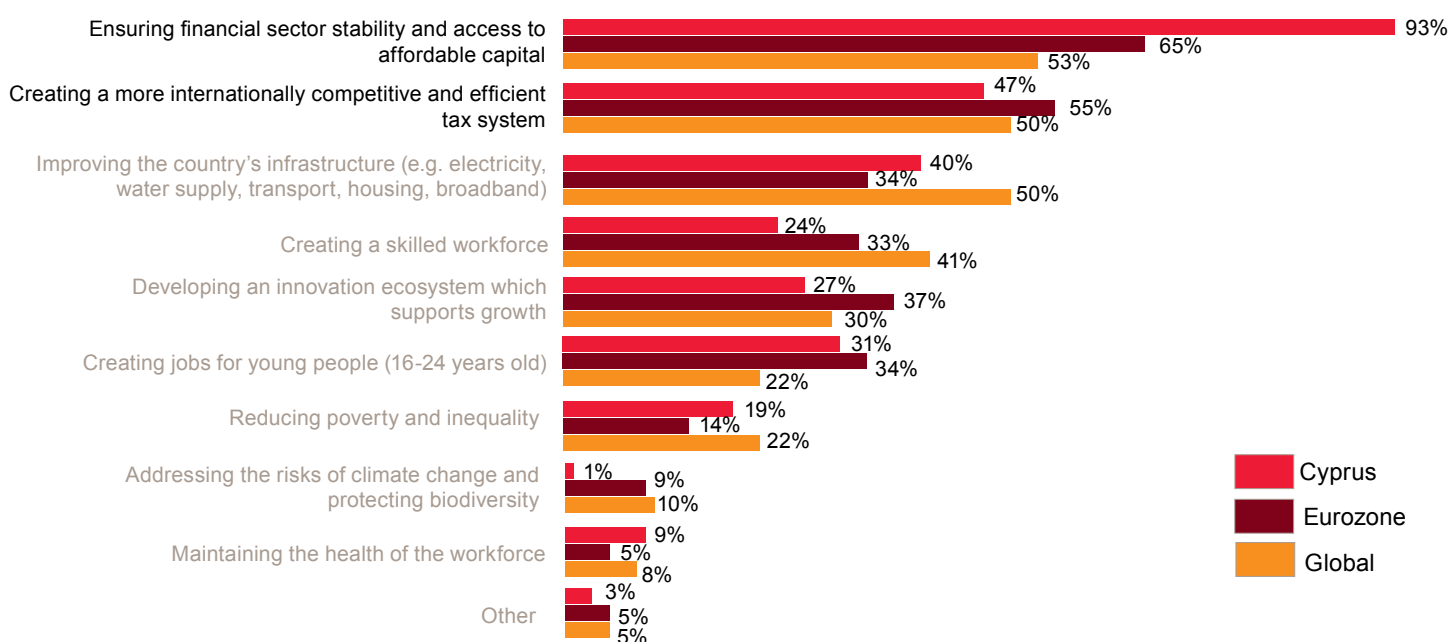


Apart from the growth of private businesses, the economic crisis has also affected the smooth operation of national governments which are currently faced with a number of challenges.

93% of CEOs in Cyprus believe that ensuring financial sector stability and access to affordable capital should be the Government's top priority especially after recent economic developments, followed by creating a more internationally competitive and efficient tax system (47%) in order to attract investments and new capital. These views are also shared by CEOs in the Eurozone and globally.

Figure 12: Government priorities

Q: Which three areas should be Government priorities in the country in which you are based?

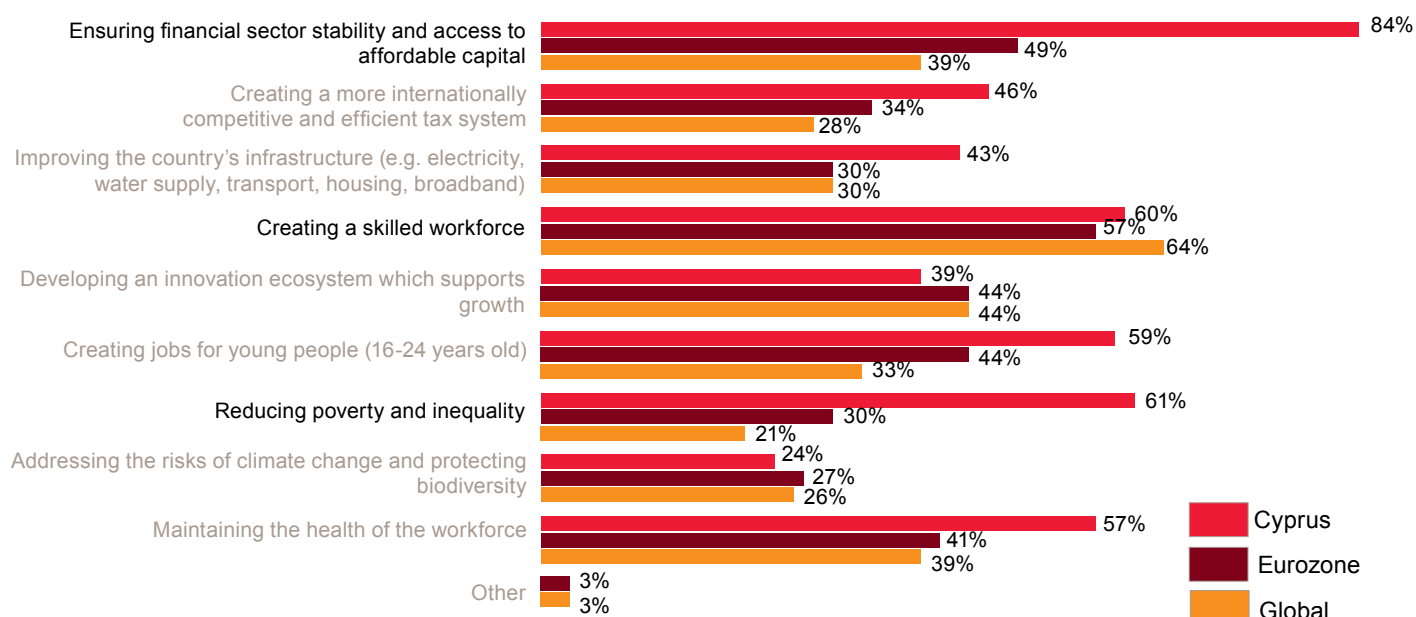


CEOs in Cyprus plan to focus on economic stability, reducing poverty and inequality as well as on creating a skilled workforce. These national outcomes also take priority for CEOs around the world.



Figure 13: Organisations' priorities

Q: Which, if any, of these national outcomes is your organisation focusing on as a priority over the next three years?

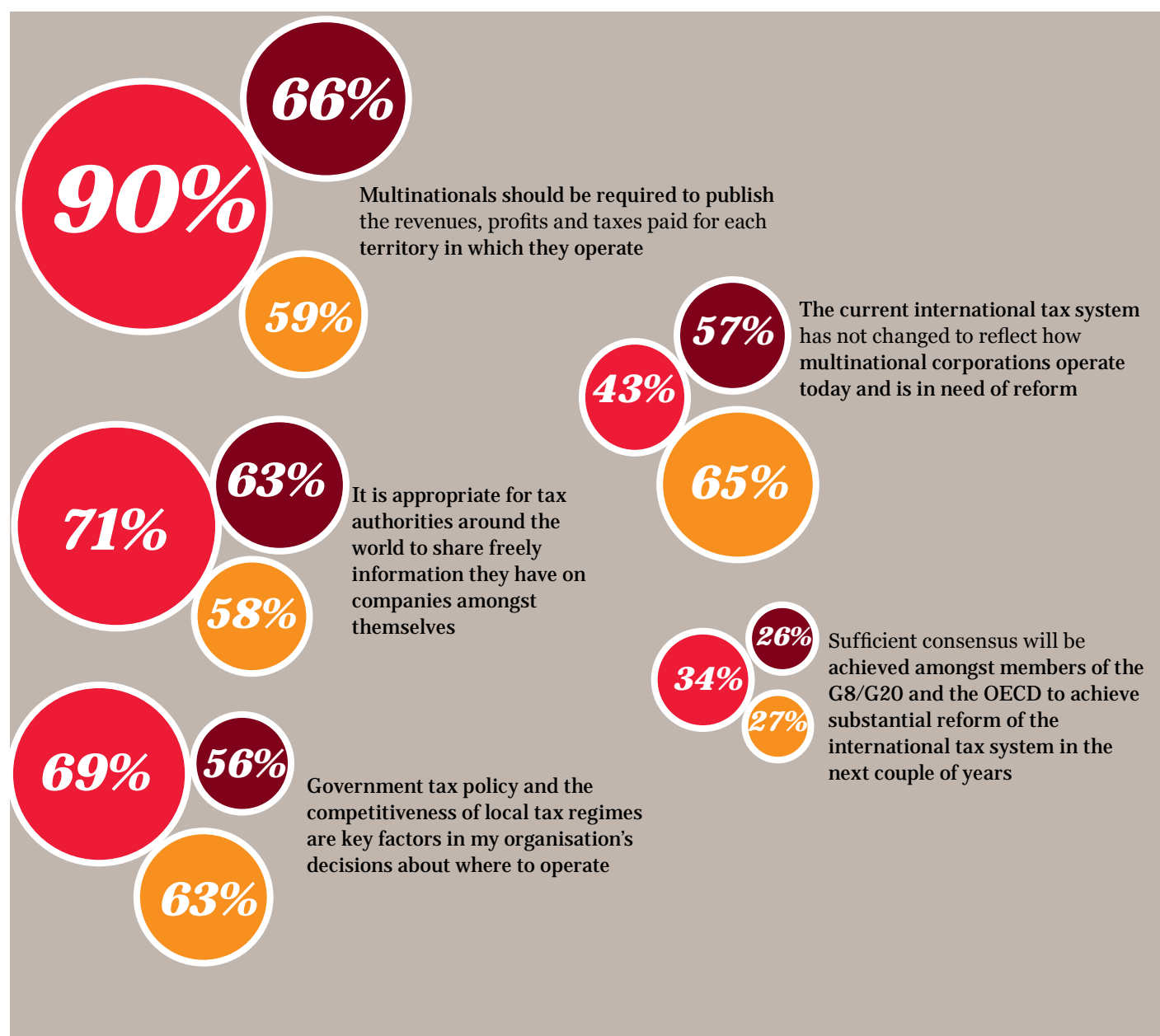


The survey findings indicate that transparency is an issue which concerns the business community. 90% of CEOs in Cyprus and 66% of Eurozone CEOs believe that multinationals should be required to publish the revenues, profits and taxes paid for each territory in which they operate. It should not be surprising after

the latest developments with India that 71% of CEOs in Cyprus say that it is appropriate for tax authorities around the world to freely share amongst themselves information they have on companies.

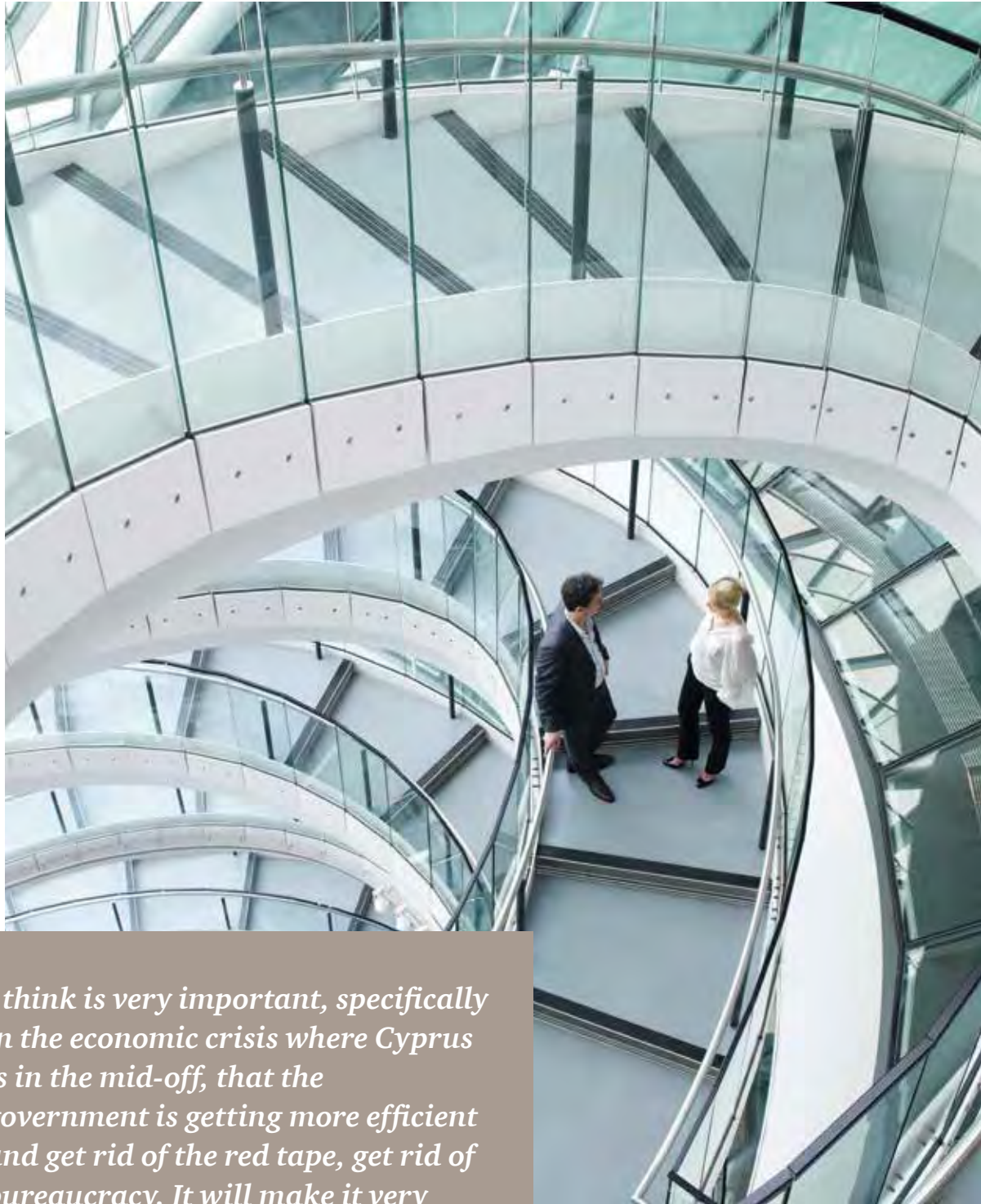
Figure 14: Tax policy and administration

Q: Looking specifically at tax policy and administration, to what extent do you agree or disagree with the following statements?



Respondents who stated "agree" or "agree strongly"

● Cyprus ● Eurozone ● Global



Philip Van Dalsen
CEO
MTN Cyprus

I think is very important, specifically in the economic crisis where Cyprus is in the mid-off, that the government is getting more efficient and get rid of the red tape, get rid of bureaucracy. It will make it very easy for companies to invest and to implement new technologies.

Global trends

According to the 17th Annual Global CEO Survey, CEOs in Cyprus believe that the shift in global economic power (84%) and technological advancements (74%) will affect their business operations over the next 5 years. 97% of CEOs say that their HC and customer service departments are adequately prepared to make the necessary changes in order to capitalise on these transformative

global trends. CEOs in general express high levels of confidence regarding the ability of a wide range of internal processes and functions to implement required changes.

84%
of CEOs in Cyprus believe that the shift in global economic power will affect their business.

Figure 15: Global trends that will transform business

Q: Which global trends do you believe will transform your business the most over the next five years?

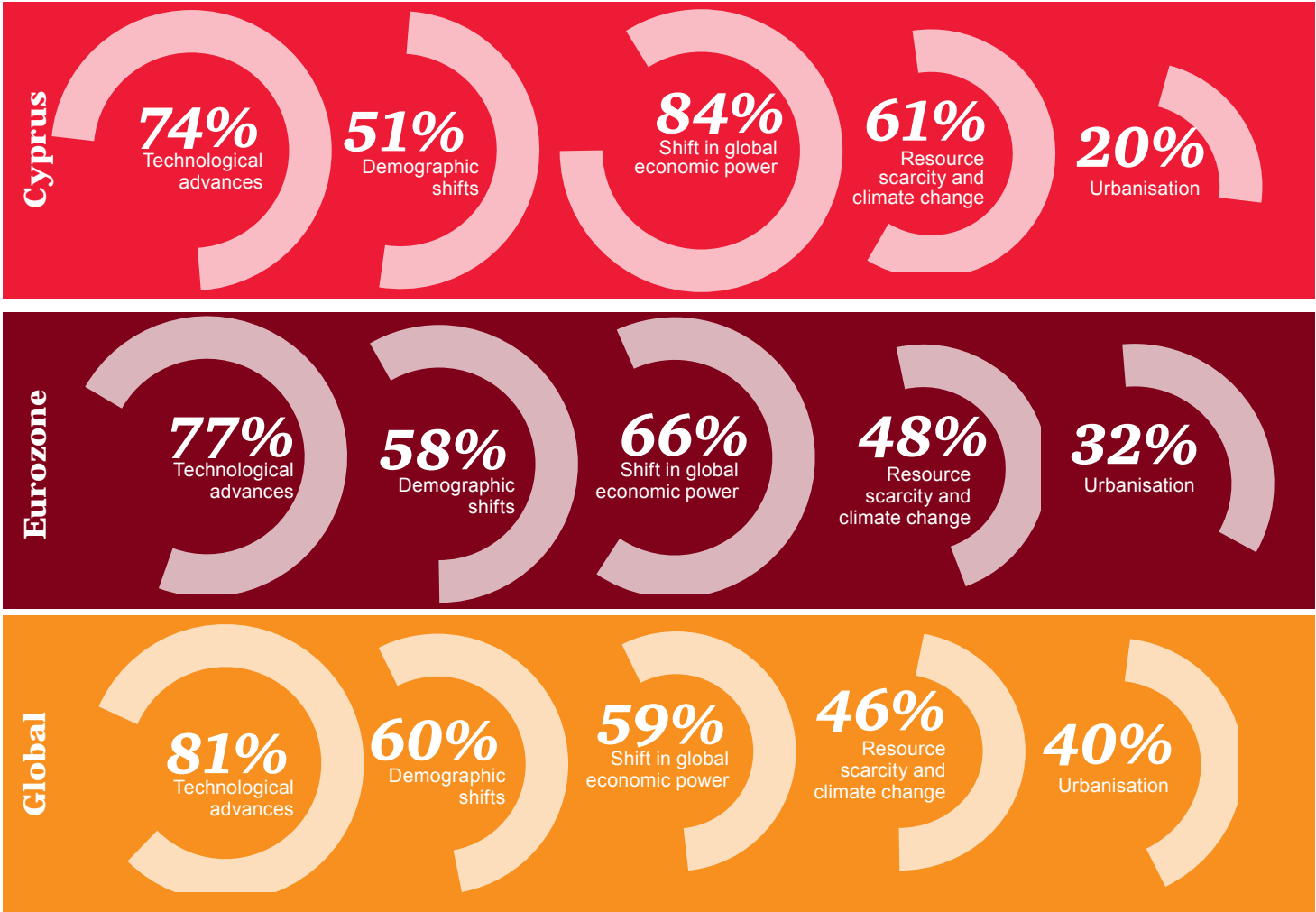
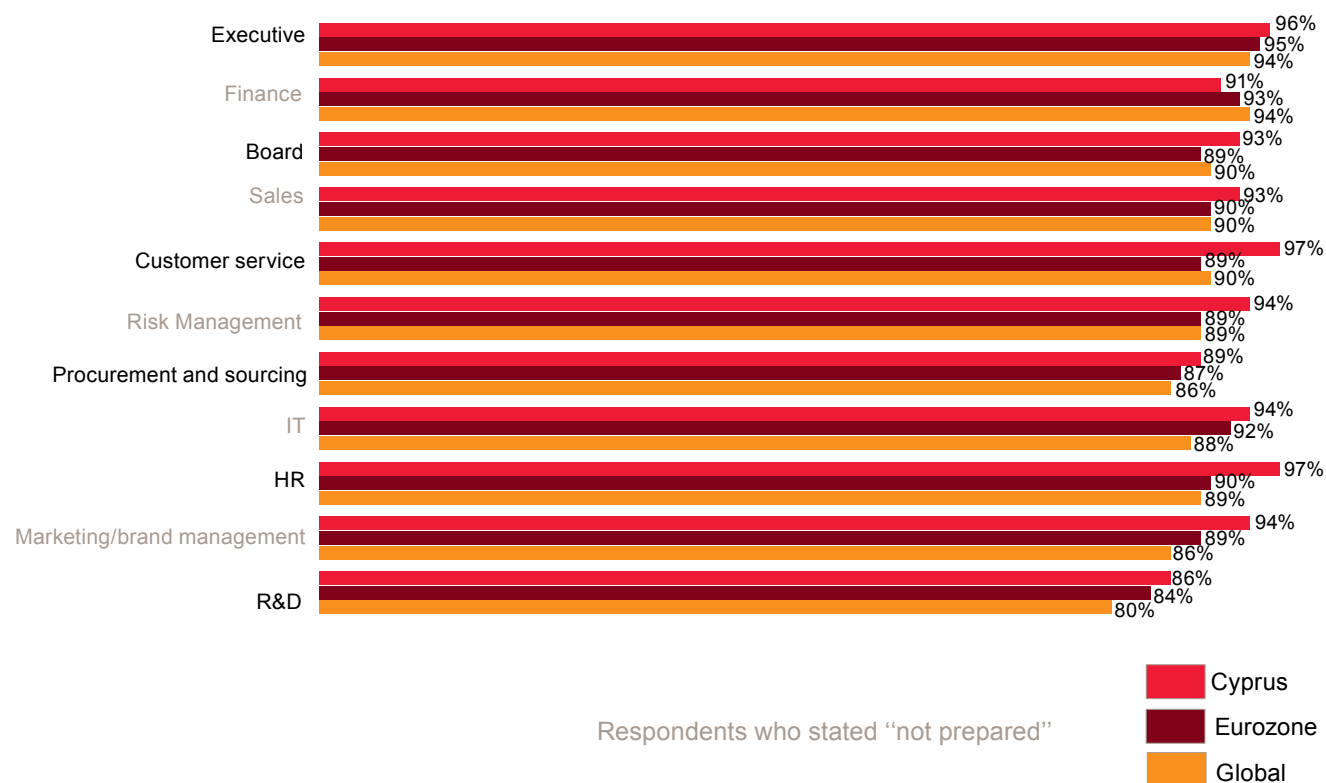


Figure 16: Level of preparation for capitalising on global trends

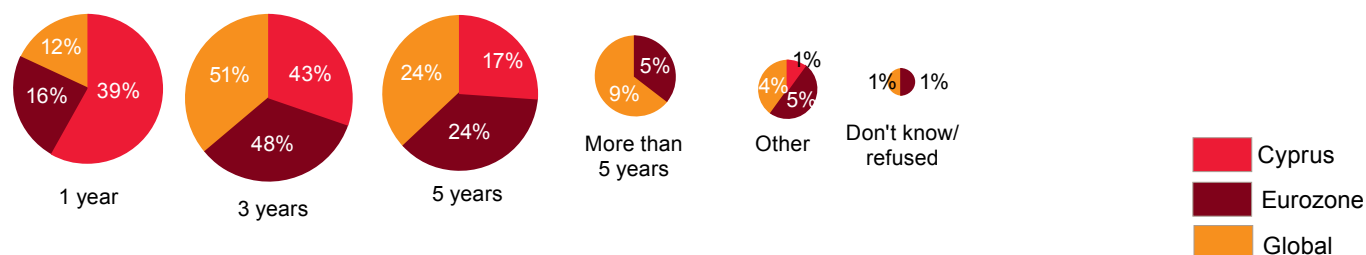
Q: To what degree are the following areas of your organisation prepared to make changes to capitalise on transformative global trends?



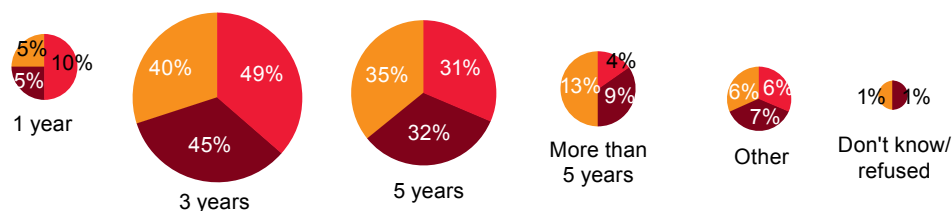
The majority of CEOs state that their current planning horizon covers the next 3 years, while they also agree that this is an ideal timeframe for implementing the necessary changes.

Figure 17: Planning time horizon

Q: What is your current planning time horizon?

**Figure 18: Ideal planning horizon**

Q: Where would you like your planning time horizon to be?



Conclusion

“We’re in a golden age when it comes to our chief executives”: said the former Treasury Secretary of the United States and former Goldman Sachs’ CEO, Henry Paulson. It is true that CEOs are nowadays more efficient and effective than ever. The view of Henry Paulson is also confirmed by prominent figures in contemporary history such as Jeff Bezos, Founder and CEO of Amazon, Steve Jobs, Co-founder and former Chairman and CEO of Apple, Mark Zuckerberg, Co-founder and CEO of Facebook and last but not least, Stelios Haji-Ioannou, founder of easyJet plc; all of them, young and innovative entrepreneurs who managed to prevail in the market even during economic hardships.

The participation of 70 CEOs in Cyprus represents one of the most positive outcomes of this survey as the number of participants is more than double compared to last year (31). This confirms the need of entrepreneurs and senior executives to share their views, concerns and suggestions for the future. The CEOs have realised the value of a public debate around the issues that all senior executives are concerned about.

According to our survey, CEOs in Cyprus appear to be less confident with regard to their company’s prospects for revenue growth over the next 12 months. However, they feel more confident about revenue growth over the next three years as this percentage increases from 32% to 75%.

The findings of the survey demonstrate the importance of the Government’s response to fiscal deficit and debt burden together with avoiding additional tax burdens. In addition, CEOs wish financial sector stability be restored. For the second consecutive year, the survey identified bribery and corruption (66%) as one of the most important concerns of CEOs in Cyprus. Energy costs are also one of the main concerns of CEOs, similar to last year.

The debate around Cyprus’ natural gas continues to be intense. When describing the prospects that are now emerging for the Natural Gas Industry, the EU Commissioner for Energy, Gunther Ettinger has recently stated that “Cyprus can play an important role in the European Energy Market” and talked about a “win-win” situation for all South-East Mediterranean countries .

Nevertheless, the future is still unclear. CEOs may see economic opportunities, but due to increasing electricity costs, they are not yet in a position to estimate the future benefits.

Our survey points out an interesting view of the CEOs, who see new product or service development as the main opportunity for revenue growth. The discussion around innovation should continue, as innovation is the only way to trigger economic recovery.

CEOs in Cyprus believe that their relationship with clients and employees has improved over the past five years while their relationship with banking institutions and the government has deteriorated.





Trust among organisations and providers of capital needs to be regained as this will be the key to recovery. Political and economic developments following March 2013, have affected all organisations which are now adjusting to the new environment and restoring their trust to in the banking system.

The Government, in turn, needs to ensure financial stability by offering a stable environment both for local and international companies which see Cyprus as a strategic investment destination. CEOs in Cyprus believe that, after ensuring financial stability, the Government should focus on creating an efficient tax system as well as on improving the country's infrastructure.

CEOs in Cyprus focus on ensuring access to affordable capital for strengthening their business position.

Restructuring is essential in order for a company to effectively respond to continuous changes in the economic environment. A large percentage of CEOs (93%) indicate that they will undertake the necessary actions to reduce costs. However, the majority intend to maintain their headcount at the same level. This finding offers a note of optimism for the future.

CEOs appear determined to adopt a more flexible business model that will allow them to adjust to the new circumstances and set off on a more creative path. The aim of both the public and private sector is stable recovery and, ultimately, moving towards growth. The remaining challenge is whether this common vision will be accomplished in the near future. We are confident that through hard work, Cyprus will once again manage to overcome the challenges.

So you want more data?

Figure A: Regions where M&As, joint ventures or strategic alliances are planned

Q: In which regions are you planning to carry out an M&A, joint venture or strategic alliance?

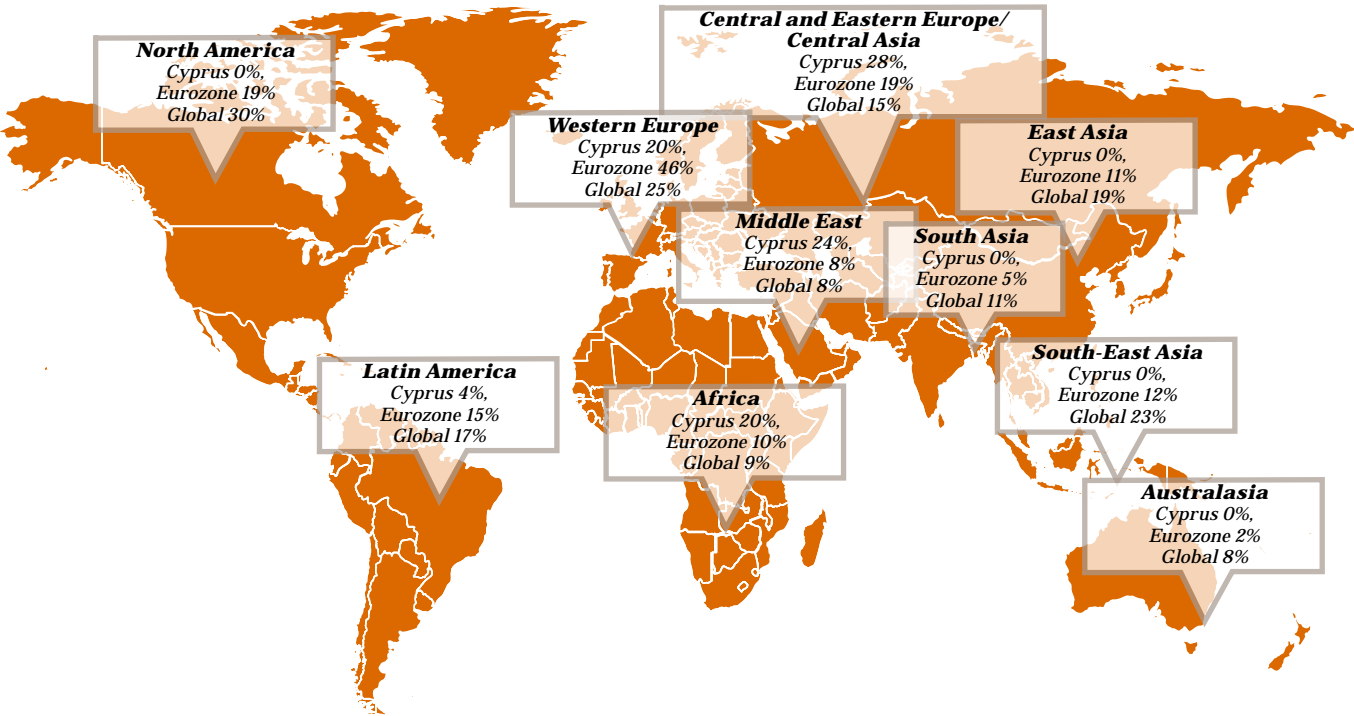


Figure B: Important markets for growth prospects, excluding Brazil, Russia, India, China and South Africa, for the next 3-5 years

Q: Which three markets, excluding Brazil, Russia, India, China and South Africa, do you consider most important for your growth prospects over the next 3 to 5 years?

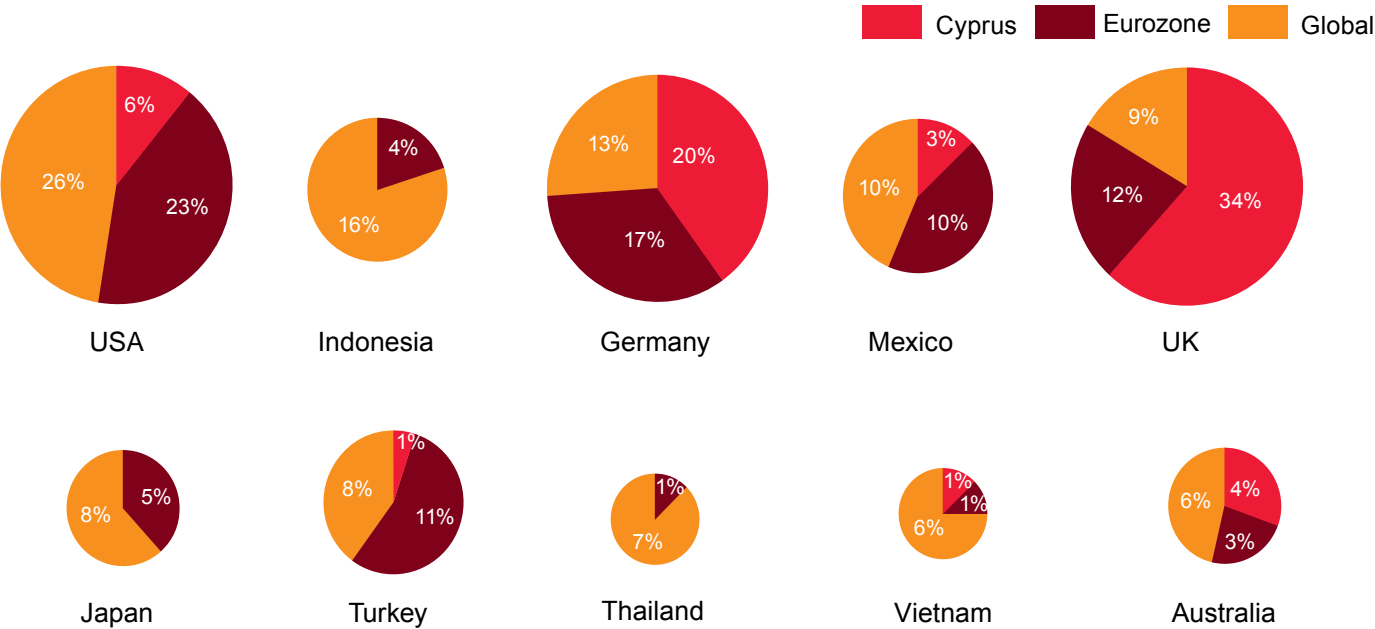


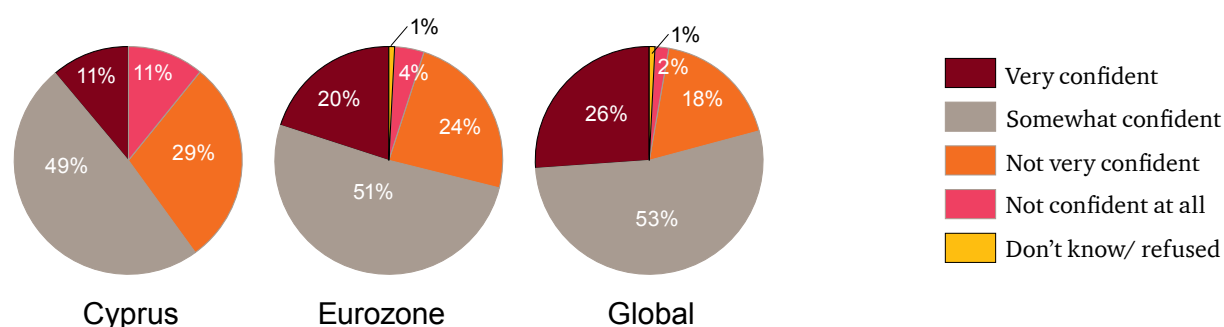
Figure C: Internal changes

Q: To what extent are you currently making changes, if any, in the following areas?

<div><div></div><div>Cyprus</div></div> <div><div></div><div>Eurozone</div></div> <div><div></div><div>Global</div></div>	Programme underway or completed			Concrete plans to implement change programmes			Developing strategy to change			Recognise the need to change		
Organisational structure/ design	26%	36%	35%	16%	19%	25%	10%	20%	21%	31%	11%	7%
Technology investments	26%	33%	35%	7%	20%	27%	14%	17%	19%	39%	16%	10%
Customer growth and retention strategies	34%	36%	34%	7%	21%	28%	11%	15%	20%	43%	19%	9%
Corporate governance	23%	29%	33%	14%	19%	17%	9%	12%	16%	34%	16%	8%
Talent strategies	23%	34%	32%	11%	20%	27%	20%	19%	22%	36%	18%	12%
Approach to managing risk	14%	27%	31%	16%	21%	22%	13%	18%	19%	36%	16%	11%
Investment in production capacity	20%	25%	30%	13%	18%	21%	9%	10%	14%	30%	12%	7%
Use and management of data and data analytics	23%	26%	28%	9%	25%	26%	9%	17%	21%	29%	14%	12%
R&D and innovation capacity	23%	27%	27%	7%	21%	24%	6%	16%	22%	43%	20%	13%
Channels to market	19%	24%	25%	10%	20%	23%	9%	19%	23%	31%	15%	10%
Supply chain	14%	21%	24%	6%	18%	19%	7%	13%	21%	20%	12%	10%
M&A, joint ventures or strategic alliances	16%	22%	21%	11%	19%	20%	7%	19%	24%	24%	17%	13%
Location of key operations or headquarters	9%	17%	17%	7%	11%	12%	11%	10%	13%	11%	9%	9%

Figure D: Industry revenue growth prospects over the next 3 years

Q: How confident are you about your industry's prospects for revenue growth over the next 3 years?



So you want more data?

Figure E: Managing the expectations of stakeholders

Q: To what extent do you agree or disagree with the following statements?

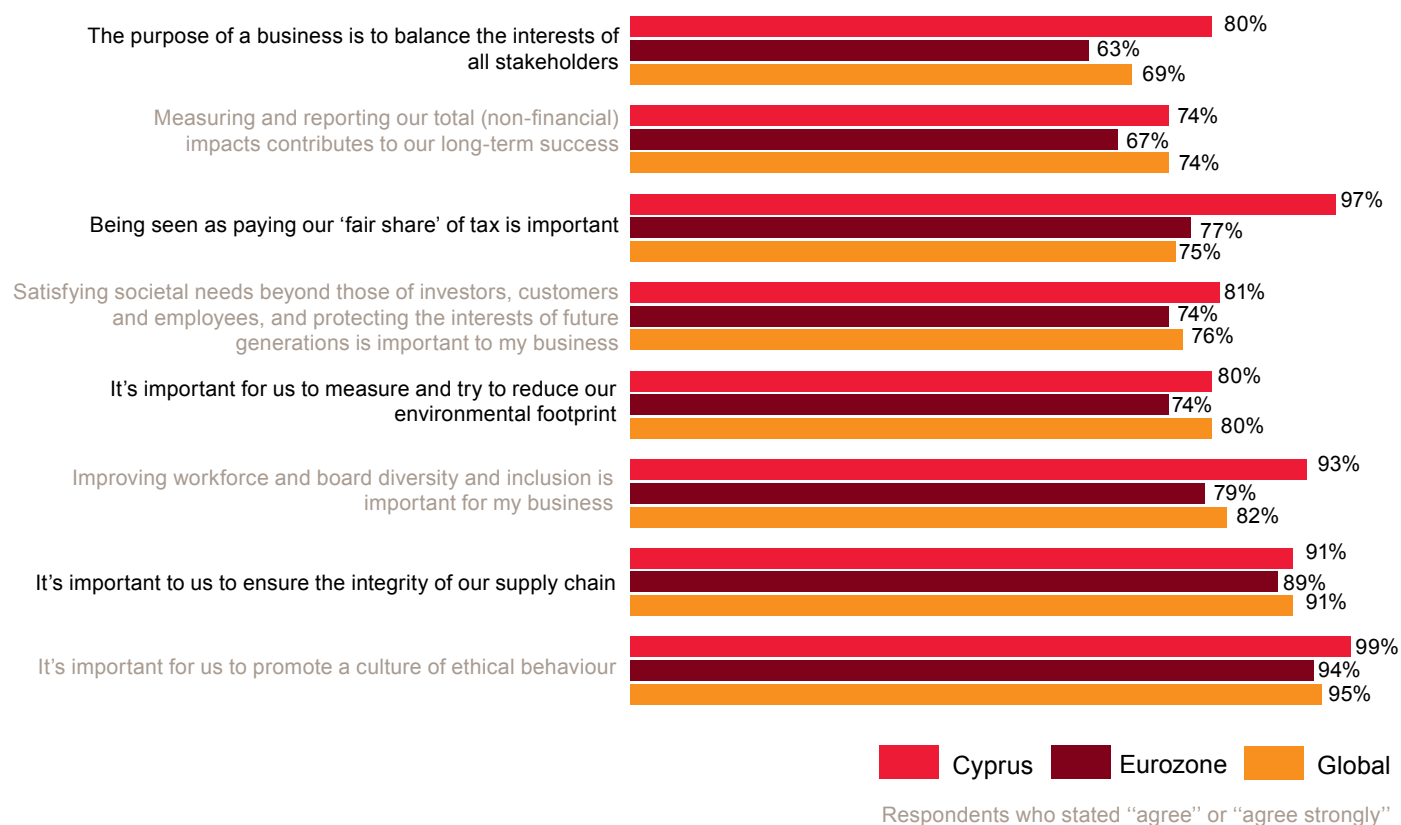


Figure F: Government effectiveness

Q: How effective has the Government been in achieving these outcomes in the country in which you are based?

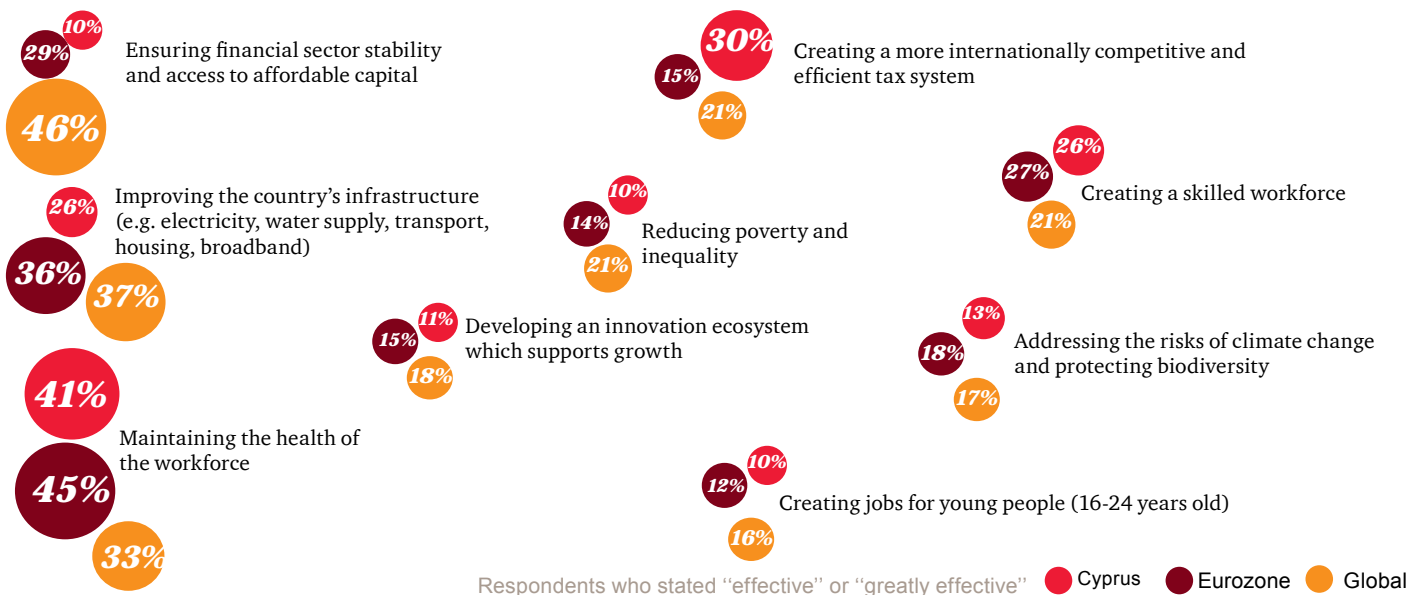
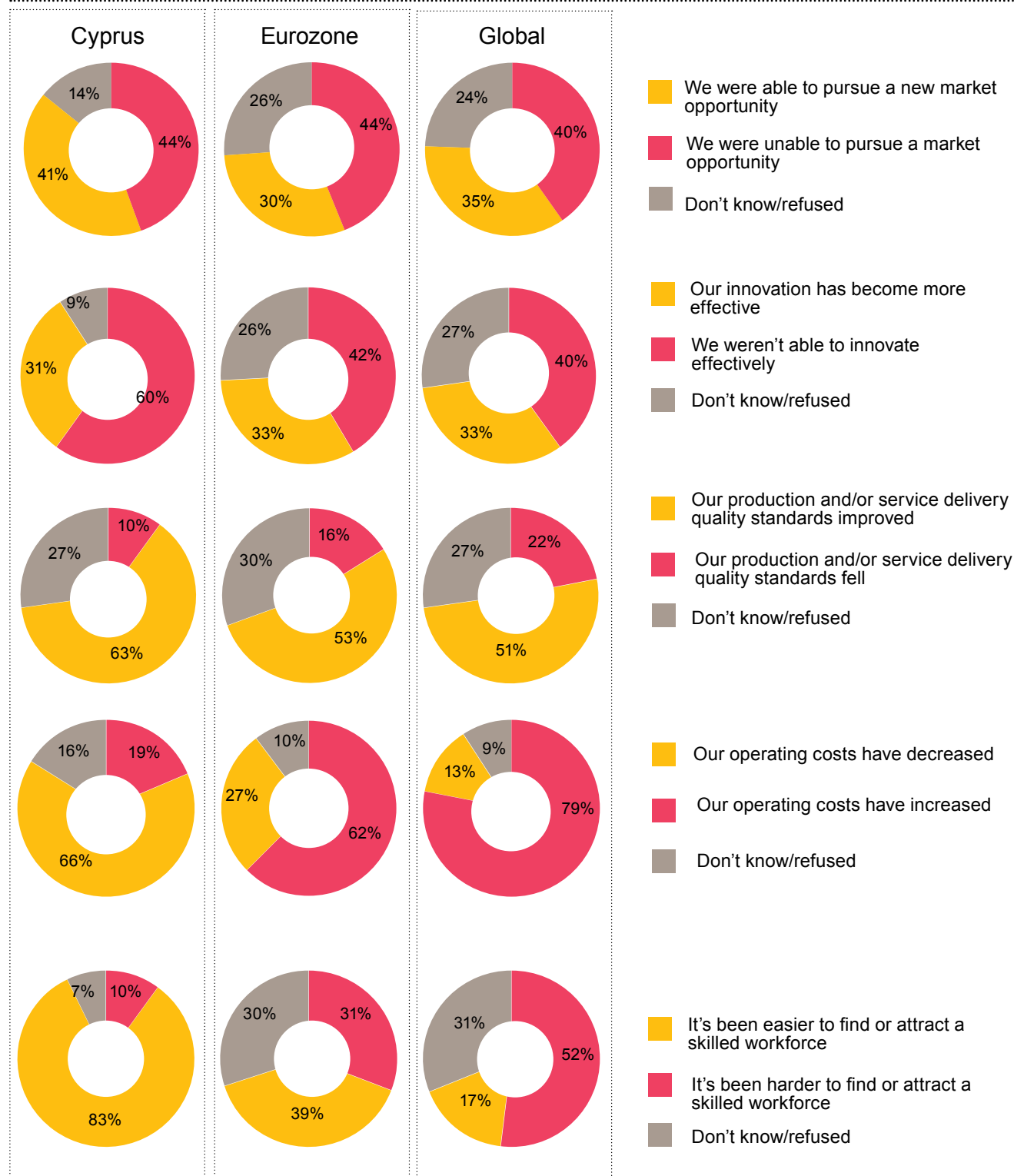


Figure G: How rules & regulations affect businesses

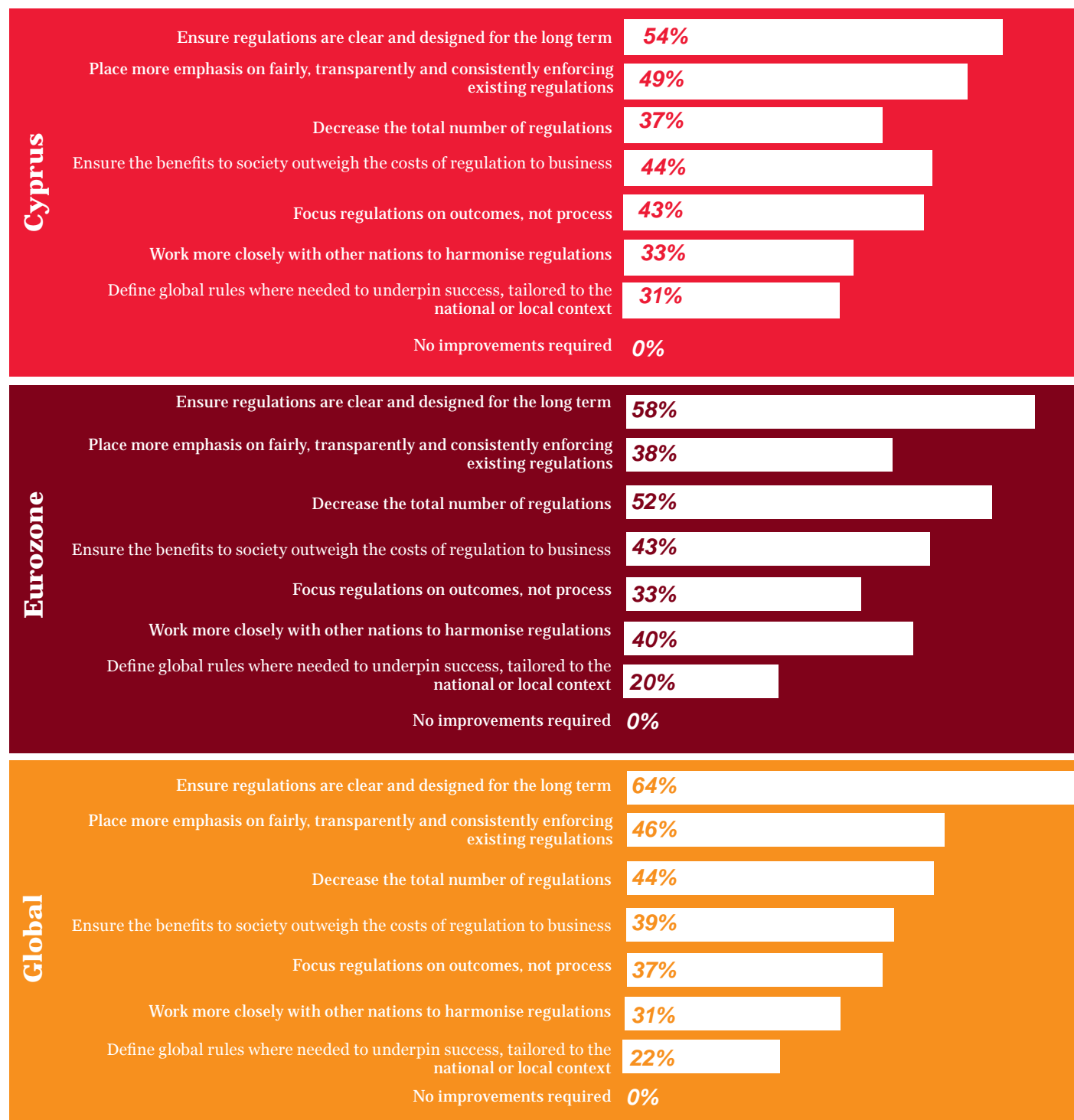
Q: Which of the following statements most accurately describes how regulation has impacted your company over the past 12 months?



So you want more data?

Figure H: Government policy-setting process

Q: With regard to the Government improving the policy-setting process, which of the following would have the biggest impact?



PwC Cyprus

We are striving to offer our clients the value they are looking for, value that is based on the knowledge that our teams draw from 184,000 experts in 157 countries and based on experience adapted to local needs. PwC Cyprus focuses on two main areas: Assurance

& Advisory Services and Tax & Legal Services. We work closely with our clients. We ask questions. We listen. We learn what they want to do, where they want to go. From all our international knowledge, we share with them the piece that is most suitable for them and thus we support them in how to achieve their goals.

In the operation of the world's capital markets we play an important role and as business advisors we help our clients solve complex business problems. We aim to improve their ability to manage risk and improve performance. At the same time we take pride in our quality services which help to improve the transparency, trust and consistency of business processes.

Our position is strengthened with our more than 900 professionals in our offices throughout Cyprus.

Some of our services are:

Assurance & Advisory Services

Our Assurance services comprise statutory and regulatory audit services, which include evaluation of information systems, advisory services for capital market transactions, accounting and regulatory issues for all types of businesses through specialist industry divisions:

Financial Services (FS), Consumer and Industrial Products and Services (CIPS) and Technology, Information, Communications, Entertainment and Media (TICE).

Our Risk Assurance Consulting (RAC) offers expertise on forensic investigations, internal audit services, internal controls optimisation, corporate governance and reporting, security and controls of information technology systems including Enterprise Resource Planning (ERP) systems (e.g. SAP, Oracle, Navision), Project Implementation Assurance (PIA), Computer Assisted Audit Techniques (CAATs), Spreadsheet Integrity and IT Risk Diagnostic and Benchmarking. We draw proudly on our auditing heritage as well as our commercial experience to evaluate governance procedures, information systems, risks and controls and provide trusted advice and solutions to fix or enhance them.

Our Performance Improvement Consulting (PIC) offers specialist advisory services on strategy and operational effectiveness, process improvement, cost reduction, people and change and sustainability issues.

Our Deals & Corporate Finance (DCF) provides consulting on M&As, valuations, feasibility studies, transactions support and crisis Management.

Tax & Legal Services

Our PwC network's tax and legal services include Global Compliance Services, Direct and Indirect Tax Services, Local Compliance Services and Legal Services.

Global Compliance Services

Comprising the whole spectrum of company administration and corporate statutory compliance services, bookkeeping, accounting and payroll services as well as specialised services such as private client services, advice on establishment and administration of local and international business companies, collective investment schemes, UCITS, investment firms and trusts.

Direct tax services

Corporate: Advisory Services for tax planning, international tax structuring, mergers and buyouts and other business issues, tax returns administration, agreement with Tax Authorities and obtaining tax rulings.

Personal: Tax planning, completion submission and agreement of tax returns, tax services to expatriates, pensioners and other non-Cypriot individuals.

Indirect Tax Services

VAT: Advisory services for VAT, VAT recovery and VAT minimisation and tax compliance (administration of VAT returns, communication with VAT authorities, agreement of disputed assessments, etc).

Local Compliance Services (LCS)

Our Local Compliance Services are addressed to all type of businesses that carry out local operations. These enterprises cover a wide range of activities and include private and public companies, government and semi-government organisations, foundations, as well as personal and family enterprises. Our services cover the whole spectrum of accounting, tax and VAT compliance, financial structuring and corporate compliance services.

Legal Services

The legal firm, full member of the PwC international network, offers legal services that cover the whole spectrum of corporate and business law, including advising and representing clients in M&A transactions, re-organizations, European Union law and Competition law, setting up and regulating private companies, setting up joint ventures and other forms of businesses and carrying out legal due diligence.

CEO views

***In-depth interviews with
two CEOs in Cyprus***

George Petrakides

Country Manager, Microsoft Cyprus

Philip Van Dalsen

CEO, MTN Cyprus

Interview



George Petrakides
Country Manager,
Microsoft Cyprus

Where do you see the global and local economy going over the next 12 months to three years?

Five years after the global financial crisis, the world economy is showing signs of recovery this year. According to the World Bank, global GDP is projected to grow 3.2% this year and stabilising at 3.4 % and 3.5% in 2015 and 2016, respectively. Main acceleration drivers are USA, India and China economies.

Locally, without a doubt we have challenging years in front of us. Consumer and investor confidence is crushed, unemployment is growing rapidly and credit is vanished. 2014 will be the toughest one, where GDP is estimated to drop by 8%, with further smaller drops in 2015 and 2016. Economy is expected to return back to growth in 2017; even then, economic activity will be way lower than the pre-crisis peak.

What's your vision of where your business will be in five year's time and how confident are you about your company's prospects for revenue growth both in the near and medium term? What about your sector's growth prospects?

Despite market challenges, I am confident that Microsoft Cyprus will continue to grow year over year, at slower pace of course, and remain the largest IT Company in Cyprus. Main drivers of this stable performance, arise from the fact that Microsoft is transforming as a company, increasing its product portfolio, and becoming a Devices and Services company. We are also committed as a company, in our Corporate Social Responsibility presence in Cyprus through numerous activities, where we seek to address some of today's toughest challenges, drive job creation, create economic opportunities and help people and businesses in Cyprus to realise their full potential. When there is uncertainty in the market, budget constraints and market challenges which makes companies reluctant to invest and expand, technology is the only vehicle to help companies innovate, continue be competitive and relevant and survive at the end.

Where do you see the main opportunities for growth for your business and what are you doing to make it happen?

Microsoft, is committed to support our customers and partners to revert challenges into opportunities. As Microsoft is transforming and becoming a Cloud Services and Devices company, we are increasing our product portfolio.

We perceive Cloud Services as a way to help customers towards business agility, both inside and outside their company walls, allowing them to drive maximum productivity. Our Cloud Solutions such as Office 365, Windows Azure and CRM Online, allow business of all sizes to stay flexible, reduce IT Management and significantly reduce costs.

We will be also focusing on our Win 8 Devices, mainly on our Microsoft Surface tablets and Nokia Phones especially after the purchase of Nokia for 5.5 billion Euros.

In your view, what are the top economic, political, business or other threats to your organisation's growth prospects?

Microsoft Cyprus is affected when the Cyprus economy faces challenges. I would mention 2 threats out of the many we will be facing in the near future. First, is the uncertainty we currently have in banking sector, which affects the economy as a whole. We need to eliminate this uncertainty in order for various sectors in the economy to accelerate, even with limited resources, limited investments and credit facilities, but they need to accelerate. Second, is the Government consolidation measures which drives reduction of Government budgets, we are facing increases in various taxes, which at the end they reduce both household and business Spending.

What do you believe will transform your business the most over the next five years?

For the years to come, Microsoft Cyprus will rely on their most valuable asset, which is our people. Microsoft has a proven history on attracting, heavily developing and retaining best talent in each and every country we operate. Our people is our biggest strength. Within the current economic environment, they already demonstrated high levels of adaptability, tenacity and passion which make me confident for the years to come.

Five years after the global financial crisis, the world economy is showing signs of recovery this year.

What specific changes are you making now to ensure that your business is still relevant in five years' time and beyond? Are there things you're planning for now that you didn't in the past, or that or that weren't a priority in the past?

We will continue more or less on our traditional way of business but we need to enhance it even further in order to meet today's challenges. We will continue putting customer first, always meet customer needs, and exceed their expectations. We will drive value selling, promote the value proposition of our products towards our customers. We need to enhance our planning, organising, and executing model in order to adapt in today's demands and needs. Any IT company should be a true Trusted Advisor today and fully support their customers, especially in a period of need. And here in Microsoft this is what we are committed to do.

What do you think should be the top priority for government in terms of supporting businesses to be fit for the future?

Government top priority should be productivity and innovation internally first. If they succeed to do so, then bureaucracy will be reduced and this will give the ability and agility to businesses to excel. A productive and agile Government Force will also attract foreign investors in to the country. Government should also work with businesses and increase the consumption of EU funds, they need to provide clarity, give motives for businesses to come out with new ideas, promote entrepreneurship, promote start-ups, and at the end keep our youth and talent within our country and not export it.

Loss of trust in institutions is currently a hot topic for business leaders. What do you personally think drives trust in the market? And why?

Trust is earned and not given. It's true that Trust is almost absent from our market today because we experienced situations for the very first time, such as the fall of our Banking Sector and the fall of our Government Policy where we came very close to be bankrupt as a country. In nowadays, companies should prove that they have ethical values embedded throughout their organisation. They should also embrace transparency throughout their operations. Successful companies are able to listen and be respectful both internally with their employees and most importantly externally with their customers.

All of us need to work towards of re-building our credibility as individuals, as businesses and as a country. It's going to take time, but we need to start yesterday.



Finally, as the CEO of your enterprise, what is the one thing you want to be remembered for? Why?

I want to be remembered for having put the fundamentals for the years to come for Microsoft Cyprus to be a great place for people to work; where people will have the empowerment to drive impact and have the opportunity to be developed even further as individuals on a daily basis. Having said that, I would also like Microsoft Cyprus to continue be perceived not only as a multinational company operating in Cyprus but as a company with a solid Corporate Social Responsibility presence in Cyprus, supporting people and businesses to realize their full potential.

Government top priority should be productivity and innovation internally first.



Interview



*Philip Van Dalsen
CEO
MTN Cyprus*

Where do you see the global and local economy going over the next 12 months to 3 years?

If I read through the reports, I think that economically wise, there will be steady growth. Maybe we will not see the economic growth rates that we were used to but I believe that we can definitely expect to see growth globally and in the emerging markets. This for us as MTN is good as we are mostly positioned in Africa and the Middle East where there would be some growth. Obviously, if we talk about Cyprus, I think 2014 will not show any growth. I think it will show a decline and hopefully when the stabilisation program takes place as planned, we will see movement in the natural resources and the privatisations which are planned. 2015 should slowly show growth again.

What's your vision about your business? Where you will go in 5 years time and how confident are you about your company's prospects for revenue growth?

Cyprus is a small market for us, although a very important market for MTN as it is the most developed market MTN operates in and here is where all the innovations take place. I think we are the challenger in this market which means that we are still getting the market share from our competitor and my aim is to reach 50% in the end. The revenue growth will come from the traditional products like the telecommunication product voice and basic data but we are slowly moving into the ICT area. The ICT area is definitely where the revenue will come from in the future.

Where do you see the main opportunities for growth for your business?

I think that if we talk about growth of a company in a market like Cyprus then you have to look at becoming a fully fledged operator which means moving besides the traditional products into the ICT area. That can be achieved through acquisitions as that knowledge, that know-how is not available in the company. So I think it's partly organic growth and definitely partly acquisitions of companies which are active in the specific area. With that I'm pretty sure we are going to grow our revenue and our business.

In your view, what are the top economic, political, business or other threats to the growth of your organisation?

I think that the biggest threat for companies in Cyprus is that if the political stability is not there. That is number one. These are difficult times which require political stability to get us out of the crisis. Also, making sure that the stabilisation programme is taking place as planned. If that doesn't happen, I foresee a future with much more unemployment and much more economic unrest from which nobody will benefit.

What do you believe will transform your business the most over the next five years?

The biggest transformation will definitely be technology. If you talk about telecommunications, you talk about technology. It is hard to predict the future and what will happen but it goes so fast in telecommunications. We talked about 3G two years ago and now we talk about LTE. LTE is the next generation network. So that is number one. There will also be social differences in the future and shifts of power. Not so much in Cyprus but globally. The power that used to be in the Western World will shift to the emerging markets. We know that China is now a huge power but a couple of years ago it wasn't. I foresee that Africa will be one of those emerging countries where a lot of power will be centralised. So, that will be interesting. But the technology side will definitely be about content, data and a lot of new technology products in the telecommunications area.

Have you brought any new technology or changes with you?

We are continuously developing this. We are in the centre of technologic changes. For example, LTE is a new technology which we have to roll out. And why we have to roll out? Because demands for data and content are so huge in the community. "Fiber to the home" is one of those product areas that we talk about but the cost is huge and who is going to carry that cost? Is it the government or the operators? The demand for these kind of things is driven by the fact that the population of the community wants to have access to a lot of content and a lot of data. LTE is probably the next one we are going to implement in these kind of markets and then become a fully flex operator. They call it the next generation telecommunication provider where you converge the traditional products with a lot of content, broadband, data and business.

Trust you get if you are honest, if you are transparent, if you do what you say you will do and then you slowly get trust back.

What do you think will be the top priority for government in terms of supporting businesses to fit in the future?

Stability is top priority. I think is very important, specifically in the economic crisis where Cyprus is in the mid-off, that the government is getting more efficient and get rid of the red tape, get rid of bureaucracy. It will make it very easy for companies to invest and to implement new technologies. The biggest threat, specifically for telecommunications is regulations that is always much more behind than reality. In reality technology is there but sometimes the regulator has not regulated it yet. The law always follows what the reality is. So there is a big threat that if the regulator or regulations and the politicians are too slow, it will also slow down the development and getting us early out of the crisis.

Loss of trust in institutions is currently a hot topic for business leaders. What do you personally think drive trust in the market?

Mistrust comes with the times; it comes with the economic crisis. So many scandals within the government or government related institutions that obviously don't help to gain trust. Trust you get if you are honest, if you are transparent, if you do what you say you will do and then you slowly get trust back. But in difficult times like now, it's very difficult to get trust back. People are totally or personally damaged due to the impact of what happened in Cyprus so it will definitely take some time to restore trust. The key is to be transparent and open about it. Even if the news is bad you better be honest about it.

Finally, as the CEO of your enterprise what is the one thing you want to be remembered for.

I'm not sure. I landed in Cyprus in the most difficult time in Cyprus's recent history but for me it's important that the company I work for, MTN will become number one and that's what I want. The crisis is difficult and telecommunications is hit as well by it, but I think this is the moment for us to become number one and it would be great if I succeed on that.

Do you have a personal motto that you would like to share with us?

Always believe in yourself!

Contacts for PwC Cyprus

Evgenios C Evgeniou
CEO
T: 00357 22 555 000
evgenios.evgeniou@cy.pwc.com

Liakos M Theodorou
Head of Assurance & Advisory
T: 00357 25 555 000
liakos.m.theodorou@cy.pwc.com

Costas L Mavrocordatos
Head of Tax & Legal
T: 00357 22 555 000
costas.mavrocordatos@cy.pwc.com

17th Annual Global CEO Survey contact

Konstantina Logotheti
Senior Manager
Marketing & Communications
T: 00357 22 555 108
konstantina.logotheti@cy.pwc.com

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Philip Van Dalsen
CEO, MTN Cyprus



Download the main report, access the results and explore the CEO interviews from our 17th Annual Global CEO Survey online at www.pwc.com/ceosurvey.

www.pwc.com.cy/ceo-survey

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