



CFOs SEE CLEAR PATHWAY TO GROWTH THROUGH GLOBAL EXPANSION



EMEA



APAC



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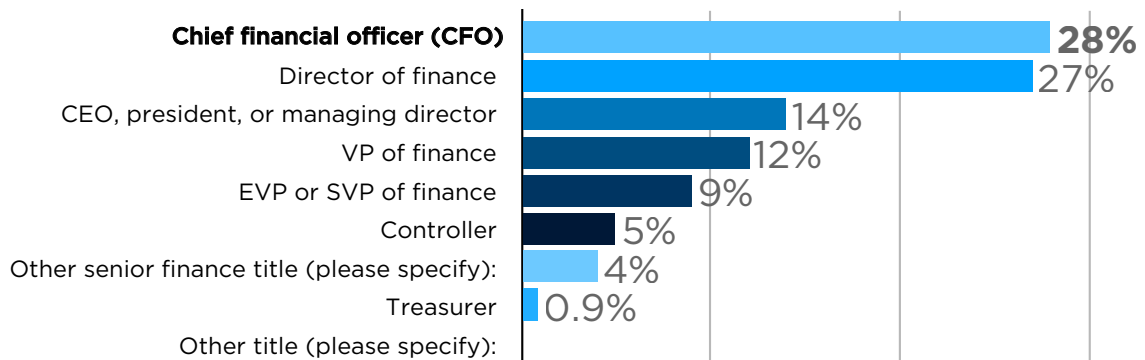
INTRODUCTION

An overwhelming majority of CFOs are optimistic about how their companies will perform in 2021, and they see global expansion as the path to company success, according to a recent survey. CFO perceptions about hiring and remote work have changed because of the pandemic, and that shift in thinking could help drive their global expansion plans.

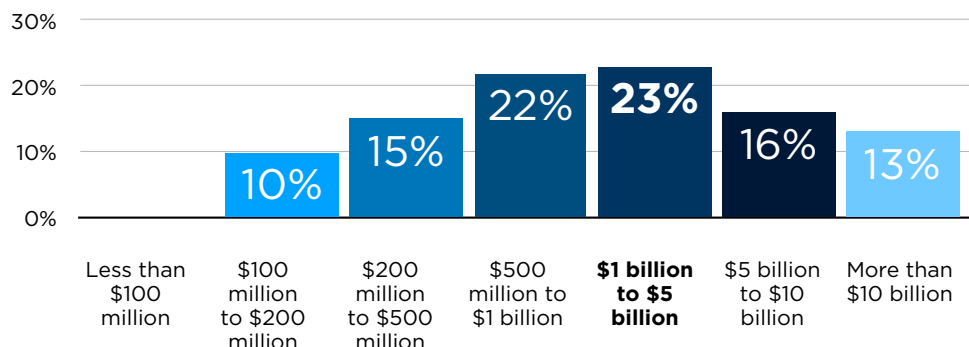
The February 2021 global survey, which polled 215 chief financial officers, chief executive officers, and other senior finance executives, also revealed some interesting regional differences in how the executives view their companies' prospects and how aggressive they plan to be with expansions.

CFO Research of Industry Dive and Globalization Partners conducted the survey, polling senior finance executives at companies in North America, the Asia-Pacific region (APAC), and the Europe, Middle-East, and Africa region (EMEA), including the United Kingdom. Most of the companies represented had annual revenues of 1 billion U.S. dollars or more.

WHICH OF THE FOLLOWING TITLES FITS YOU BEST?



WHAT WERE YOUR FIRM'S WORLDWIDE REVENUES, IN U.S. DOLLARS, IN ITS MOST RECENT FISCAL YEAR?



KEY POINTS

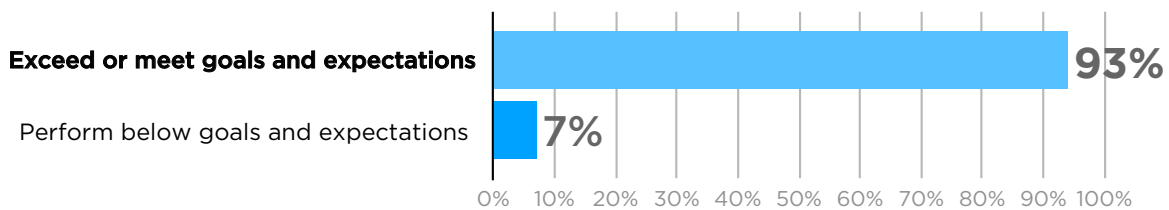
- CFOs are optimistic about 2021 and believe that their success is tied to global expansion.
- CFOs are embracing work-from-anywhere models in the wake of the pandemic.
- CFOs are taking a global view within their business strategies and hiring approaches.
- CFOs believe a trusted global professional employment organization (PEO), also known as an Employer of Record (EOR) can overcome international expansion barriers.



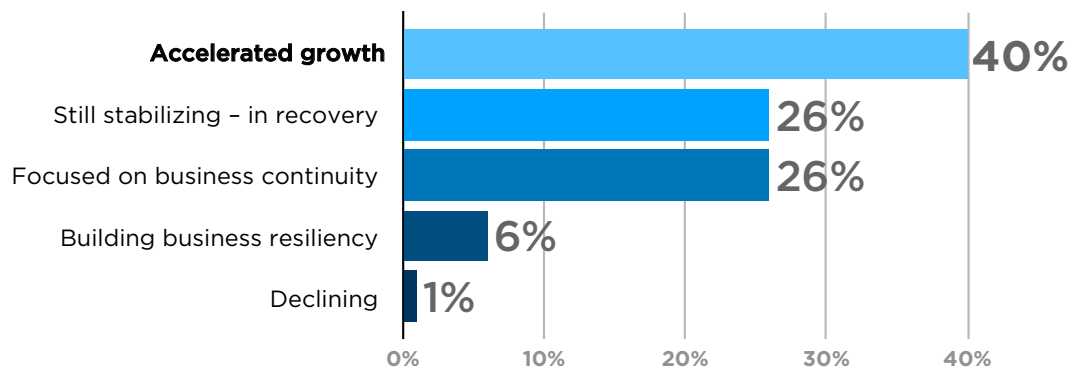
SUCCESS CORRELATED WITH INTERNATIONAL EXPANSION

The optimism expressed by the executives in the survey was overwhelming, with 93 percent predicting that their companies will still meet or exceed their 2021 goals. Across the spectrum of rising and declining businesses, the survey skewed toward growth. Only one percent of the survey respondents said their businesses are currently in decline, compared to 40 percent who said they're in a state of accelerated growth.

HOW DO YOU BELIEVE YOUR ORGANIZATION WILL PERFORM IN 2021?



HOW WOULD YOU BEST DESCRIBE THE CURRENT STATE OF YOUR BUSINESS?

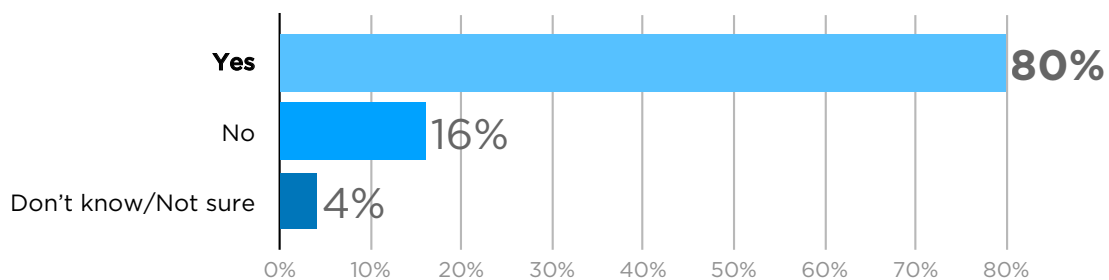


The surveyed executives also expressed overwhelming interest in international expansion, with 81 percent planning expansions into new countries as part of their long-term growth strategies. One of the driving forces behind the optimistic outlook from CFOs appears to be those international expansion plans. The survey showed a direct link between optimism and new-country expansions: Of the executives who expect their businesses to exceed expectations in 2021, 91 percent are also expanding operations into new countries.

Several factors are encouraging international growth. Many governments are stepping up the incentives they offer to international companies to expand to their countries, including tax breaks for new development, salary subsidies — 100 percent, in some cases — for new company employees, and other stimulus spending. The low interest rate environment is favorable for expansions, as is the record level of venture capital and private equity investment in some countries. That investment, in turn, is driving mergers and acquisitions as a quick means to growth, for access to new markets, and to reorient companies to post-pandemic markets and supply chain shifts.

Unsurprisingly, CFOs are making these global expansion strategies a priority. For 39 percent of the surveyed executives, implementing a strategy for global expansion is a top priority in the next 12 to 18 months.

DOES YOUR ORGANIZATION'S LONG-TERM GROWTH STRATEGY INCLUDE POTENTIAL (OR ONGOING) EXPANSION INTO COUNTRIES WHERE YOU DO NOT CURRENTLY OPERATE?



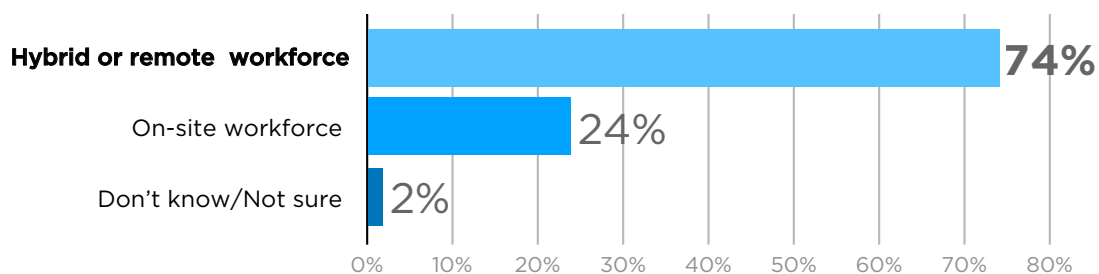


WORKING FROM ANYWHERE A SHIFT IN THINKING

One of the most significant changes caused by the pandemic was the reorientation of company workforces to remote- and hybrid remote/office-work models. This remote work revolution is also playing a key role in global expansions.

For most companies, remote working models will remain in place for at least the next year, with 74 percent of the survey respondents anticipating they will operate remote or hybrid workforce models for the next 12 to 18 months.

PLEASE INDICATE WHICH OF THE FOLLOWING OPERATING MODELS YOUR BUSINESS ANTICIPATES OPERATING UNDER FOR THE NEXT 12-18 MONTHS.

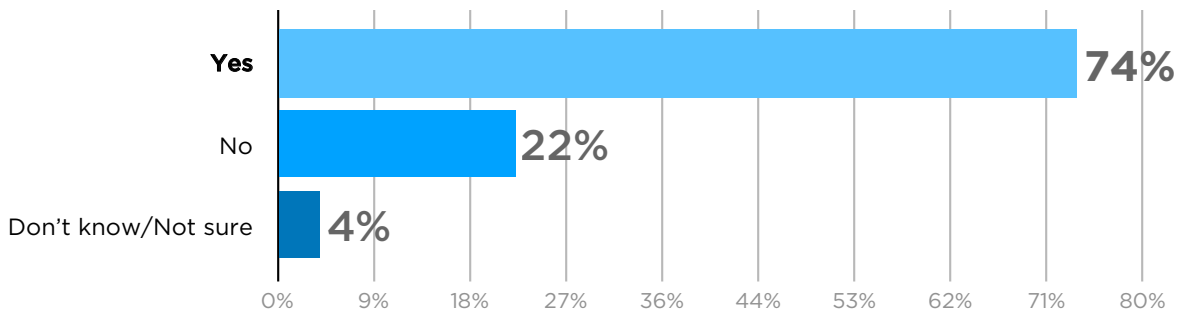


More importantly, the surveyed CFOs admitted that remote-work situations initially forced on them by Covid-19 opened their eyes: 75 percent said the coronavirus pandemic fundamentally altered the way they think about hiring and workforce management, and 81 percent said it altered how they consider remote employees or the work-from-anywhere model. The pandemic managed to cause a shift in thinking that otherwise may not have occurred or may have taken much longer.

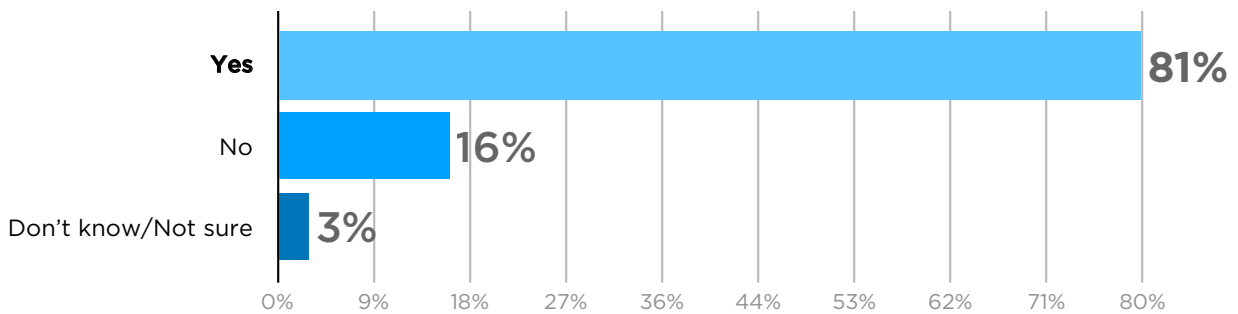
The survey shows how this shift relates to global expansions. In short: Companies are bullish on remote working and borderless working – the workforce model where employees work from locations outside the country where the business is headquartered.

Asked to describe their hiring strategy over the next 12 to 18 months, 42 percent of the surveyed executives said they want to attract new talent that is unbounded by the geographic restrictions of their company’s operating model.

HAS THE PANDEMIC FUNDAMENTALLY ALTERED THE WAY YOU THINK ABOUT HIRING AND WORKFORCE MANAGEMENT?



HAS THE PANDEMIC FUNDAMENTALLY ALTERED THE WAY YOU THINK ABOUT REMOTE EMPLOYEES OR THE WORK-FROM-ANYWHERE MODEL?



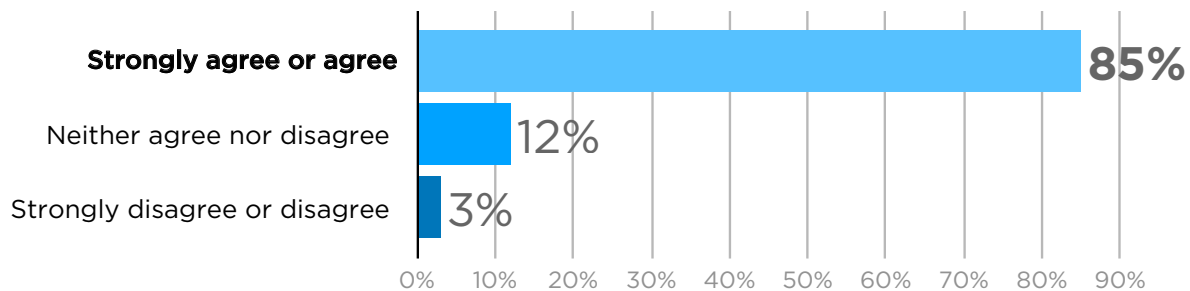
TAPPING INTO A GLOBAL TALENT POOL

For CFOs, borderless working presents an opportunity to reimagine and adapt their business models, building out what is the most critical asset for most companies: their talent. Companies are now looking across international borders not only for manufacturing, distribution, and sales, but for the global talent pool. By expanding their search for talent, companies can find the least expensive talent and the best talent from countries with deep pools of ambitious, technically savvy, highly qualified workforces.

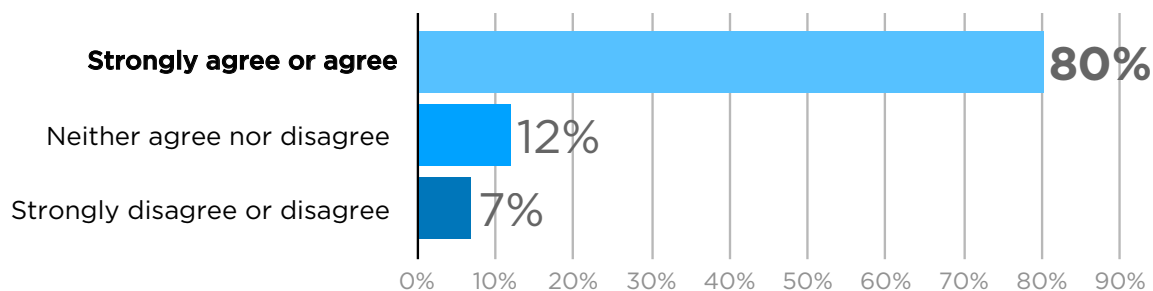
Post-pandemic merger and acquisitions could also spur more borderless work arrangements, as companies look to quickly add workers in new countries for new acquisitions, or as spin-offs or other M&A pieces are rearranged.

The surveyed executives expressed a high degree of interest in tapping into a more cost-effective, global talent pool — a concept favored by 85 percent — and capturing market share through global expansion — favored by 81 percent.

HAVING THE ABILITY TO TAP INTO A MORE COST-EFFECTIVE, GLOBAL TALENT POOL THAT IS EQUIPPED WITH THE APPROPRIATE SKILLS WOULD BE OF INTEREST TO ME AND OTHER KEY STAKEHOLDERS AT MY ORGANIZATION.



HAVING THE ABILITY TO CAPTURE MARKET SHARE THROUGH GLOBAL EXPANSION WOULD BE OF INTEREST TO ME AND OTHER KEY STAKEHOLDERS AT MY ORGANIZATION



One avenue to a borderless workforce model is a global PEO. A company engages a global PEO to be the Employer of Record (EOR) for the company's workforce in discrete countries and to manage local legal matters — including HR issues and tax and compliance matters — while all employee work is directed by the company. This allows the company to employ someone in another country or to operate there without having to set up its own local branch office or subsidiary.

Within the last year, company interest in the trusted EOR arrangement has skyrocketed. The main attraction for CFOs: time to market. A capable global EOR can have a new employee onboarded in a new country within a matter of hours.

That level of interest was reflected in the survey results. The surveyed executives expressed confidence in the global EOR model, with 80 percent saying a trusted global PEO can do a much better job of overcoming potential barriers to operating in a new country than a typical company can do on its own. No. 1 on the list of potential benefits that a global EOR can provide: faster expansion or growth, according to the survey respondents.



CONCLUSION

CFOs are brimming with optimism, and for good reason. Global expansion opportunities abound, including newly shaped post-pandemic markets and M&A opportunities. And governments and investors are eager to help. The pandemic has reshaped attitudes about remote and borderless work, and CFOs who can reimagine their business models to tap into the global talent pool will build their companies' most important asset: their people. Trusted global EORs can help overcome international barriers to help add talent and quickly seize on other global expansion opportunities.

REGIONAL DIFFERENCES

The survey also revealed some interesting differences between global regions — the executives from the Asia-Pacific region (APAC) lead the way for many of the self-evaluation measures regarding current and short-term outlooks for their companies, and for aggressiveness surrounding international expansion.

Optimism was most pronounced for the 58 executives surveyed from North America countries, with 97 percent predicting their companies will meet or exceed goals and expectations in 2021. The 54 executives surveyed from companies in APAC were close behind, at 96 percent. For the 102 executives from the Europe, Middle East, and Africa region (EMEA), including a large contingent from the United Kingdom, 90 percent predicted they would meet or exceed their 2021 goals.

The present picture was also especially rosy for the APAC executives, with 46 percent describing their businesses as in a state of accelerated growth, compared to 45 percent for the EMEA executives and 26 percent for the North Americans. Most of the North American executives in the survey — 70 percent — reported their companies were either still stabilizing or focused on business continuity, compared to 50 percent for the APAC executives and 44 percent for the EMEA executives.

Remarkably, none of the APAC executives in the survey said their companies were currently in decline, compared to two percent for both the North American and EMEA executives.

On the topic of global expansion, the APAC executives were considerably more assertive than their peers in other surveyed regions, with 94 percent planning expansions into new countries as part of their long-term growth strategies. That compared to 79 percent for the EMEA executives and 70 percent for the North American executives.

Strategizing for global expansion was among the top priorities for all three surveyed regions. “Implementing a strategy for global expansion and presence” was deemed a top priority in the next 12 to 18 months for 53 percent of the APAC executives, compared to 39 percent of the EMEA executives and 36 percent of the North American executives.

The top priority listed by the APAC and North American executives was “optimizing margins and costs of goods or updating supply chain.” For the EMEA executives, the top priority was “maintaining working capital.”

The APAC executives in the survey indicated a high degree of interest in tapping into a more cost-effective, global talent pool (89 percent) and capturing market share through global expansion (94 percent). That compared to 84 percent and 78 percent, respectively, for EMEA executives and 81 percent and 74 percent, respectively, for the North American executives.

The highest percentage of companies predicted to operate with remote or hybrid workforce models in the next 12 to 18 months was in the EMEA region, at 79 percent. Seventy-four percent of the APAC executives and 69 percent of the North American executives predicted remote or hybrid models for their companies over the same period.

THE HIGHEST PERCENTAGE OF COMPANIES PREDICTED TO OPERATE WITH REMOTE OR HYBRID WORKFORCE MODELS IN THE NEXT 12 TO 18 MONTHS WAS IN THE EMEA REGION, AT 79 PERCENT. SEVENTY-FOUR PERCENT OF THE APAC EXECUTIVES AND 69 PERCENT OF THE NORTH AMERICAN EXECUTIVES PREDICTED REMOTE OR HYBRID MODELS FOR THEIR COMPANIES OVER THE SAME PERIOD.



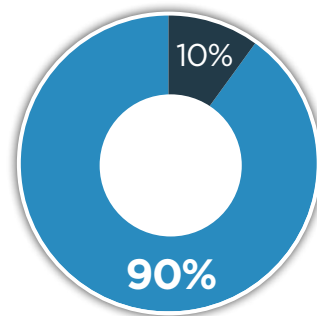
ACCELERATED GROWTH FOR EMEA

A significant majority of senior finance executives surveyed from the Europe, Middle-East, and Africa region — 90 percent — predict their companies will meet or exceed goals and expectations in 2021, slightly behind the overall survey average of 93 percent. Meanwhile, 79 percent are planning expansions into new countries as part of their long-term growth strategies, compared to the overall survey average of 81 percent.

The 102 EMEA chief financial officers, chief executive officers, and other senior finance executives, including a significant contingent from the United Kingdom, offered additional key findings:

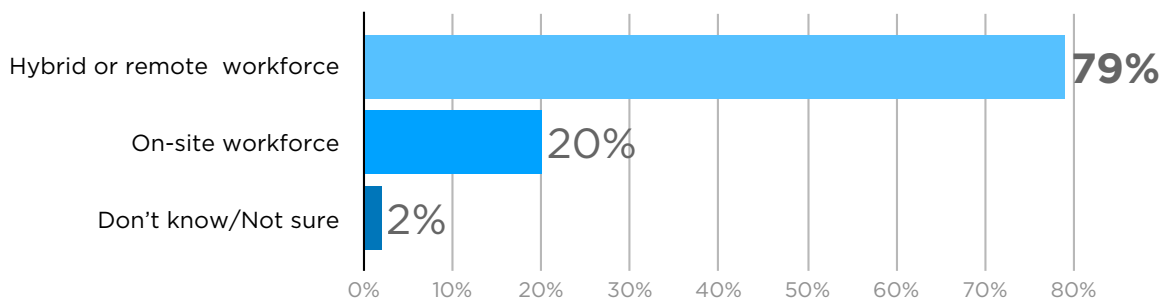
- Forty-five percent of the EMEA executives described their businesses as in a state of accelerated growth, compared to 46 percent for the Asia-Pacific executives and 26 percent for the North Americans.
- A larger portion of EMEA executives — 79 percent — anticipate operating remote or hybrid workforce models in the next 12 to 18 months than their peers in the Asia-Pacific region (74 percent), or in North America (69 percent).

HOW DO YOU BELIEVE YOUR ORGANIZATION WILL PERFORM IN 2021? (EMEA RESPONDENTS)



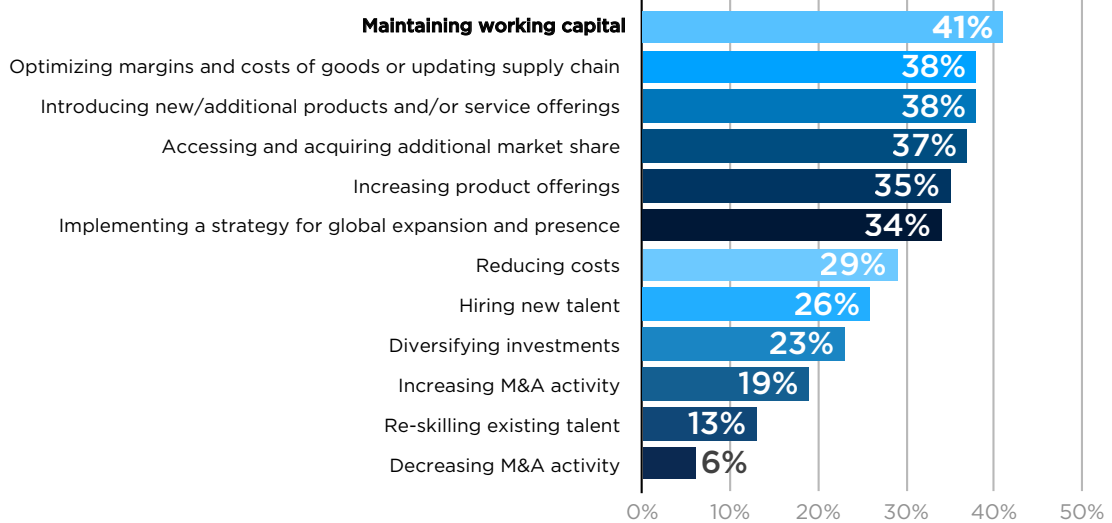
- Exceed or meet goals and expectations
- Perform below goals and expectations

PLEASE INDICATE WHICH OF THE FOLLOWING OPERATING MODELS YOUR BUSINESS ANTICIPATES OPERATING UNDER FOR THE NEXT 12-18 MONTHS (EMEA RESPONDENTS)



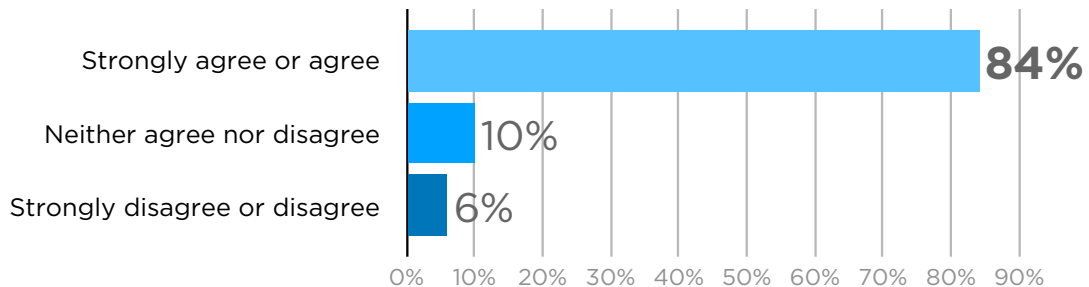
- “Implementing a strategy for global expansion and presence” was deemed a top priority in the next 12 to 18 months for 39 percent of the EMEA executives, followed by “optimizing margins and costs of goods or updating supply chain.”

WHAT ARE YOUR TOP FOUR PRIORITIES FOR THE NEXT 12-18 MONTHS TO ACHIEVE YOUR BUSINESS GOALS AND OBJECTIVES? (EMEA RESPONDENTS)

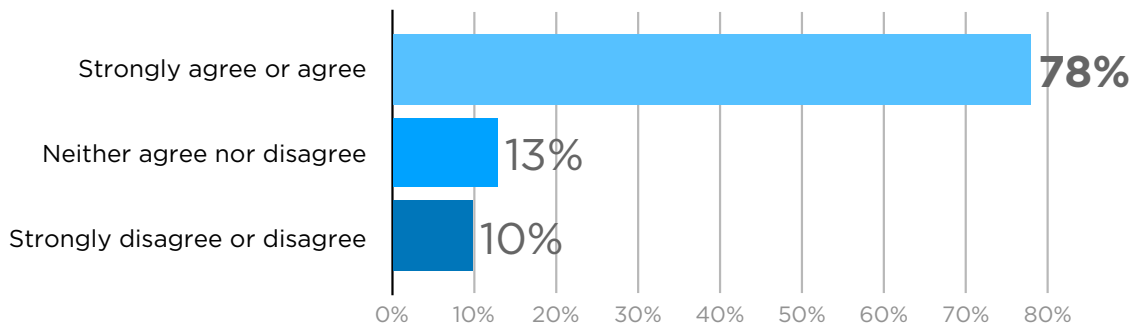


- For the EMEA executives, the No. 1 priority was maintaining working capital.
- The EMEA executives indicated a high degree of interest in tapping into a more cost-effective, global talent pool (84 percent) and capturing market share through global expansion (78 percent).

HAVING THE ABILITY TO TAP INTO A MORE COST-EFFECTIVE, GLOBAL TALENT POOL WOULD BE OF INTEREST TO ME AND OTHER KEY STAKEHOLDERS AT MY ORGANIZATION (EMEA RESPONDENTS)



HAVING THE ABILITY TO CAPTURE MARKET SHARE THROUGH GLOBAL EXPANSION WOULD BE OF INTEREST TO ME AND OTHER KEY STAKEHOLDERS AT MY ORGANIZATION (EMEA RESPONDENTS)



EMEA countries feature a wide range of factors influencing CFO outlooks and international expansions into and out of the region.

Companies in the United Kingdom have been hit with the double whammy of having one of the highest mortality rates from Covid-19 in Europe and the complications of Brexit, especially in industries dealing with new red tape for transporting goods through customs in and out of the UK. Brexit has also meant that UK companies can no longer treat the European Union as one big country, which means adjusting their strategies when testing new markets and expanding into the EU.

On the plus side, the UK tech sector had the third largest funding in 2020 after the U.S. and China – \$14.9 billion. Similarly, investment flowed into other tech-heavy EMEA countries, including France, Germany, Israel, and the Netherlands. Tech companies in Israel have sought expansion opportunities mainly in the U.S.

In the Middle East outside of Israel, countries such as Saudi Arabia and the United Arab Emirates are investing trillions of dollars from sovereign wealth funds into new infrastructure, grants, and other incentives. The goal is to encourage outside companies to set up shop to diversify their economies and reduce reliance on fossil fuels. Companies are also drawn to the area by low taxes and low salaried workers.



APAC'S BRIGHT FUTURE

CFOs from Asia-Pacific countries (APAC) reported a more optimistic current and short-term outlook for their companies than their peers in other regions, as well as a much more assertive stance on global expansion.

The current state of APAC companies is bright, with 46 percent of the 54 surveyed executives in the region describing their businesses as in a state of accelerated growth, compared to 45 percent for the 102 executives from the Europe, Middle East, and Africa region (EMEA), including a large contingent from the United Kingdom, and 26 percent for the 58 North American executives. Remarkably, none of the APAC executives said their companies were currently in decline, compared to 2 percent for both the North American and EMEA executives.

More Asia-Pacific executives also expressed optimism for 2021, with 65 percent expecting to exceed goals and expectations, compared to only 49 percent for EMEA and 47 percent for North America. On the topic of global expansion, 94 percent of the APAC executives are planning expansions into new countries as part of their long-term growth strategies, compared to 79 percent for EMEA and 70 percent for North America.



There are several factors driving the optimism and international expansion plans for APAC companies, including intra-regional expansions.

High on the list is the recent creation of the world's largest trade agreement, the Regional Comprehensive Economic Partnership between 15 APAC countries, which has created a wave of economic optimism throughout the region. The agreement, which was signed in November 2020, includes 30 percent of the world's population and 30 percent of the global economy.

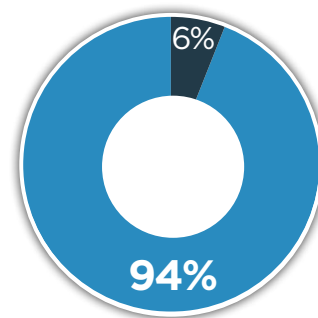
Partly in response to the pandemic, companies have been focused on shifting their operations and supply chains to protect revenue streams, which includes diversifying and decreasing any over-reliance on China suppliers or markets. This rebalancing has created a significant shift in the workforce, predominantly into other Southeast Asian countries, with the Philippines, Indonesia, Thailand, and Vietnam reaping the rewards. The shift has also forced companies to focus on workforce agility.

China has invested heavily to spur economic development for a second tier of cities away from its east coast. The government is offering incentives, such as salary subsidies for companies that set up in Shenzhen, near Hong Kong, to take advantage of the infrastructure that the country has built there.

The economic development incentives aren't limited to China. The region's 27 countries are jockeying to attract companies to set up shop, offering their own tax incentives and subsidies. Australia has focused on reshoring work, bringing back jobs that had been moved offshore. Singapore has a visa program with incentives to encourage technology executives and entrepreneurs to relocate there.

Companies outside the region are increasingly interested in hiring from the Asia-Pacific talent pool, which is very young compared to other regions. Similarly, companies from Southeast Asia, Australia, New Zealand, and North Asia are increasingly investing in expansion into the U.S. and Canada.

DOES YOUR ORGANIZATION'S LONG-TERM GROWTH STRATEGY INCLUDE POTENTIAL (OR ONGOING) EXPANSION INTO COUNTRIES WHERE YOU DO NOT CURRENTLY OPERATE? (APAC RESPONDENTS)



- Yes
- No

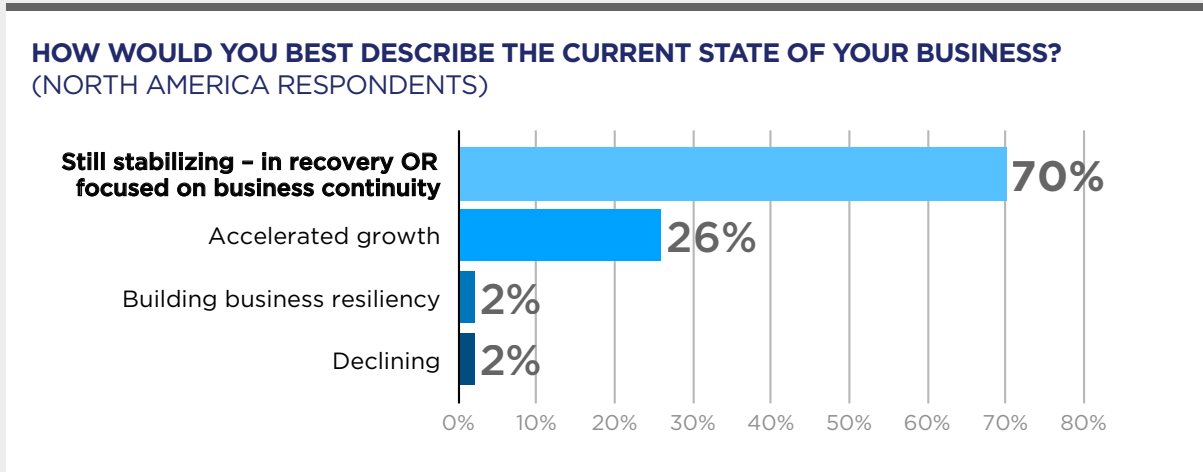


NORTH AMERICA: LEADING IN OPTIMISM FOR 2021

The survey revealed some interesting differences between global regions, with the executives from the North American region leading the way on optimism for 2021, despite a more pessimistic evaluation of their current company statuses.

Ninety-seven percent of the 58 North American executives surveyed predict their companies will meet or exceed goals and expectations in 2021. The 54 executives surveyed from companies in Asia-Pacific countries (APAC) were close behind, at 96 percent. For the 102 executives from the Europe, Middle East, and Africa region (EMEA), including a large contingent from the United Kingdom, 90 percent predicted they would meet or exceed their 2021 goals.

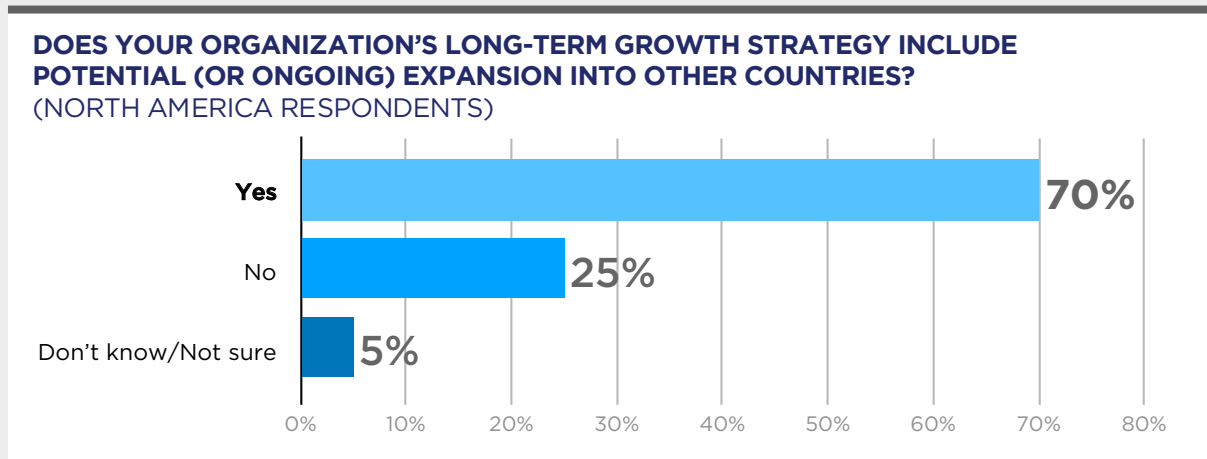
The present picture was less rosy for the North American executives, with 26 percent describing their businesses as in a state of accelerated growth, compared to 46 percent for the APAC executives and 45 percent for the EMEA executives.



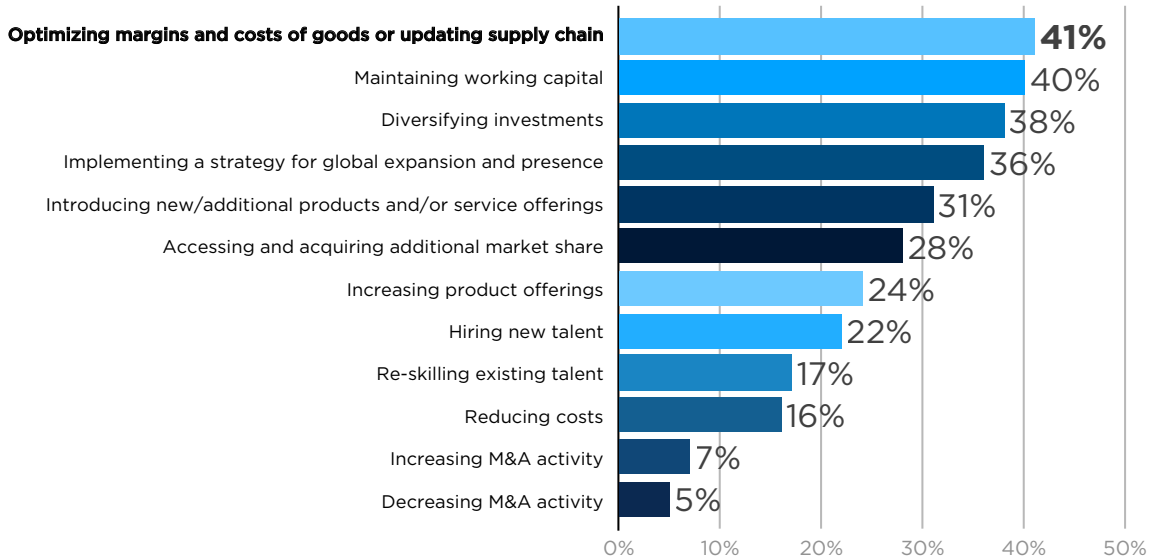
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WHAT ARE YOUR TOP FOUR PRIORITIES FOR THE NEXT 12-18 MONTHS TO ACHIEVE YOUR BUSINESS GOALS AND OBJECTIVES? (NORTH AMERICA RESPONDENTS)



Strategizing for global expansions was among the top priorities for all three survey regions. “Implementing a strategy for global expansion and presence” was deemed a top priority in the next 12 to 18 months for 53 percent of the APAC executives, compared to 39 percent of the EMEA executives and 36 percent of the North American executives.

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WHAT TO LOOK FOR IN A GLOBAL EOR

Because of the nuances involved with engaging with a global EOR, companies should perform their due diligence. Here are some of the basic questions to ask:

- What is the level of customer satisfaction with the global EOR? What do the customers say?
- How many countries does the EOR operate in?
- Are these the countries your company plans to expand to?
- Can the EOR have an employee onboard quickly (within a matter of hours, if necessary, for example)?
- Is the EOR fiscally sound, and capable of handling all of the tax and compliance issues your company will need it for?

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