

# ENERGY AND UTILITIES

## Executive Perspectives on Top Risks 2021 and 2030

The range of uncertainties facing Energy and Utilities business leaders around the globe is overwhelming. Challenges triggered by a once-in-a-century pandemic continue to unfold, combined with numerous other risk issues, such as growing social unrest and polarization, and ever-present challenges associated with technology, digital transformation and innovation. Staying abreast of emerging risk issues and opportunities is becoming increasingly difficult.

### KEY TAKEAWAYS

- 1. Prepare for the next decade by embracing the megatrends, for the future may arrive sooner than you think.** Only digitally mature companies were future ready when COVID-19 hit.
- 2. The pandemic experience has changed the world.** Digital leaders have stood out in pivoting and quickly reacting to the pandemic's new normal.
- 3. The future of work looms large on the horizon.** Adoption of AI, automation and other digital advances are expected to displace as well as create millions of job functions.
- 4. Building organizational resilience and an innovative, scalable culture is imperative.** As organizations move further into the energy transition, with renewables and emerging technology becoming more prominent, attracting top talent with the needed skills, the ability to innovate on scale and a strong customer focus are vital to navigating disruptive change.
- 5. No one expects data security and cybersecurity to diminish.** Cyber threats remain a moving target and data privacy concerns only promise to become more complex in the digital age.
- 6. Regulatory risk is elevated when viewed through the lens of a longer time horizon.** Portends a focus on environmental priorities, social change and tax increases, as well as an impetus for developing alternative products and services.

TOP 10 RISKS FOR 2021*		2021	2020 (rank)
	1. Pandemic-related policies and regulation impact business performance	6.20	N/A (new)
	2. Economic conditions constrain growth opportunities	5.70	6.00 (6)
	3. Impact of regulatory change and scrutiny on operational resilience, products, and services	5.67	6.54 (1)
	4. Ability to access sufficient capital/liquidity	5.61	5.04 (19)
	5. Pandemic-related market conditions reduce customer demand	5.59	N/A (new)
	6. Adoption of digital technologies may require new skills or significant efforts to upskill/reskill existing employees	5.50	5.38 (15)
	7. Resistance to change operations and business model	5.48	6.33 (2)
	8. Political uncertainty	5.40	4.82 (25)
	9. Greater expectations for our workforce to "work remotely" or for a transformed, collaborative physical work environment	5.38	N/A (new)
	10. Privacy/identity management and information security	5.36	5.85 (7)

TOP 10 RISKS FOR 2030*		2030
	1. Impact of regulatory change and scrutiny on operational resilience, products, and services	5.82
	2. Substitute products and services may arise that affect the viability of our business	5.24
	3. Ability to access sufficient capital/liquidity	5.23
	4. Adoption of digital technologies may require new skills or significant efforts to upskill/reskill existing employees	5.21
	5. Shifts in ESG preferences and expectations of key stakeholders about climate change, diversity and inclusion, and other sustainability issues	5.13
	6. Succession challenges; ability to attract and retain top talent	5.13
	7. Political uncertainty	5.06
	8. Inability to utilize data analytics and "big data" to achieve market intelligence and increase productivity and efficiency	5.00
	9. Limited opportunities for organic growth	4.96
	10. Economic conditions constrain growth opportunities	4.94

\* Scores are based on a 10-point scale, with "10" representing that the risk issue will have an extensive impact on the organization.

Results are based on a survey of more than 1,000 board members and C-suite executives worldwide. The full survey report, *Executive Perspectives on Top Risks*, may be accessed at [erm.ncsu.edu](http://erm.ncsu.edu) or [protiviti.com/toprisks](http://protiviti.com/toprisks). It includes detailed breakdowns of the results by respondent role, organization size, industry, geography and other categories.

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