

Addressing top-of-mind technology, media, and telecom issues

Q3, 2023



Economic uncertainty

Continuing economic uncertainty—rising interest rates, inflation, recession fears, and a hot financial services job market—is the top concerns for most technology, media, and telecommunications (TMT) companies' executives. It also means that reporting season is not business as usual.

The current economic environment makes accounting estimates and forecasting cash flow even more difficult than they already are.

For TMT companies, these are some questions to be considered

while reporting:

- What aspects of financial reporting are impacted if the entity has experienced a prolonged decrease in its share price and how impairment testing is affected
- Whether management's projections are consistent with expectations in the current environment
- How their business has been impacted by inflation
- Whether there are other financial challenges their customers may be facing, and the possible impacts on demand
- How the rising interest rate environment impacts discount rates used in impairment testing and in fair value calculations more broadly.

Thought leadership:

- [Financial reporting amidst economic uncertainty: considerations for TMT companies](#)
- [KPMG Insights on Inflation Survey – Wave 4 \(Q2 2023\)](#)
- [Navigating the tech hiring freeze](#)
- [Managing for growth during an unprecedented semi cycle](#)
- [How broadband builders can move ahead during a downturn](#)
- [Challenging times – M&A trends in technology, media, & telecom](#)



Artificial intelligence (AI)

Generative AI is here, and executives expect it to have an enormous impact on business, but most say they are unprepared for immediate adoption, according to a new survey by KPMG U.S.

While generative AI has rapidly entered the vocabulary of executives and boards given the accessibility of the technology, organizations are challenged to keep pace. Fewer than half of respondents say they have the right technology, talent, and governance in place to successfully implement generative AI.

Key findings from the survey:

- 65 percent believe generative AI will have a high or extremely high impact on their organization in the next 3–5 years.
- 60 percent say they are 1–2 years away from implementing their first generative AI solution.
- 72 percent agree that generative AI can play a critical role in building and maintaining stakeholder trust.
- 45 percent say it can have a negative impact on their organizations' trust if the appropriate risk management tools are not implemented.
- Executives are most optimistic about the opportunities to increase productivity (72 percent), change the way people work (65 percent), and encourage innovation (66 percent).

Thought leadership:

- [2023 KPMG Generative AI survey](#)
- [The flip side of generative AI: Challenges and risks around responsible use](#)
- [Game changer: The startling power generative AI is bringing to software development](#)
- [Blockchain and generative AI: A perfect pairing?](#)
- [Responsible AI and the challenge of AI risk: Insights from the 2023 KPMG AI Risk Survey report](#)



Industry outlook reports

The 2022 KPMG U.S. Technology Survey Report reflects the responses of more than 1,000 cross-industry enterprise technology leaders about their organizations' current level of digital maturity, technology investment plans, major transformation challenges, and more.

[2022 KPMG U.S. Technology Survey Report](#)

The 2022 Technology Industry CEO Outlook, has been released in a unique time period on the heels of the pandemic and amid a business environment marked by high inflation, new geopolitical tensions, and fears of a recession. It delves into key topics at the top of today's technology agenda.

[2022 Technology Industry CEO Outlook](#)

The 2023 Global semiconductor industry outlook provides perspectives from a survey of 151 semiconductor leaders about their outlook for the industry in 2023 and beyond.

[Global semiconductor industry outlook for 2023](#)

KPMG surveyed 144 US audit committee members and chairs to gain a better understanding of how audit committee members are managing their expanding workload and oversight responsibilities amid this uncertainty and disruption.

[2023 Audit committee survey insights](#)

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ESG

The global ESG reporting landscape is transforming, with corporate activity set to be highly scrutinized under new sustainability reporting standards. With the final ruling on climate-related disclosures from the Securities and Exchange Commission (SEC) around the corner, accelerating strategy development will enhance decision-making to operationalize a strategy that delivers a competitive edge, while meeting an increasingly global, national, and local intersection of reporting requirements.

The new disclosure rules, as currently proposed, would require listed companies to standardize information about their:

- Direct GHG emissions (Scope 1)
- Indirect emissions from purchased electricity or other forms of energy (Scope 2)
- In certain cases, indirect GHG emissions from upstream and downstream activities (Scope 3).

Companies that establish a mature ESG strategy underpinned by well-controlled data will have a competitive advantage to not only meet these expectations but also stand out to stakeholders.

Here are some questions that companies should have answers for:

- What are our significant near- and long-term climate risks?
- How are we prioritizing investments to transform our business?
- How do we organize ourselves for success?
- How do we quickly mature our collection of data and use of technology?
- How do we build a “fit for purpose” governance model and system of controls for reporting?

Thought leadership:

- [Good-Enough ESG Data Won't Cut It Anymore](#)
- [Handbook: GHG emissions reporting](#)
- [ESG Reporting: The five phases](#)
- [Seven ways ESG reporting is already here](#)



Risk and regulatory challenges

KPMG Regulatory Insights has outlined ten key regulatory challenges of 2023, featuring client perspectives, key regulatory recaps, and actionable steps to help mitigate risk in the following 10 key challenge areas:

1. Scrutiny and divergence
2. Climate and sustainability
3. Transparency and reporting
4. Data and cybersecurity
5. Tech and resiliency
6. Capital and credit risk
7. Fairness and inclusion
8. Fraud and financial crime
9. Payments and crypto
10. Risk and governance.

Thought leadership:

- [Ten key regulatory challenges of 2023: mid-year look forward](#)
- [SEC proposes cybersecurity rules](#)
- [SEC 2023 regulatory agenda](#)
- [Q2 2023 update on accounting and financial reporting developments](#)
- [Taking a byte out of cybercrime](#)
- [Cybersecurity considerations 2023](#)
- [Navigating enhanced cybersecurity regulations](#)
- [Mitigating risk in an increasingly digitized world](#)
- [Cyber considerations for the Metaverse](#)



Insights

The KPMG Audit Committee Institute/Board Leadership Center and National Association of Corporate Directors convened a Working Group to identify what has changed, and will change, for audit committees.

[Audit Committee Blueprint](#)

Based on the research KPMG conducted with Forrester Consulting, this thought leadership outlines four future telecoms business models that are currently emerging around the world.

[Future of telco](#)

The report reveals insights from 767 global strategy decision makers at companies with more than US\$250 million in annual revenue, from 13 different countries across five continents.

[Want to win in the metaverse? Think internal first](#)

Subscribe to our podcast series as we host leaders from across industries for eye-opening discussions about the impact advanced technologies have had on their industries and how their insights can be applied to other businesses.

[Speed to Modern Tech Podcast Series](#)

Monitor trends and identify potential opportunities that could impact your strategic objectives in this economic environment.

[KPMG Economics](#)

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