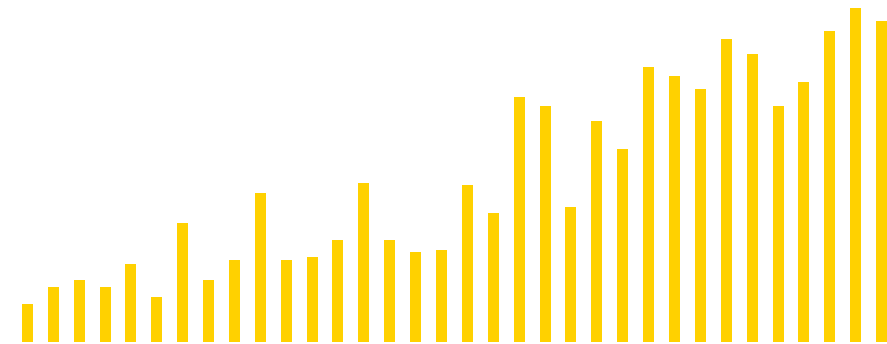


CEO Update: Key Trends for 2024

Presented by:



Marc Emmer,
President of Optimize, Inc



Trends for 2024 and Beyond

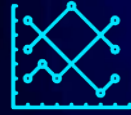
By Marc Emmer



Strategy · Alignment · Scalability

VISTAGE

Mega-Trends Facing SMBs



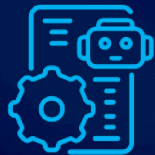
Economic volatility



Rivalry with China



Geopolitical risks



Digital transformation / AI



Climate change





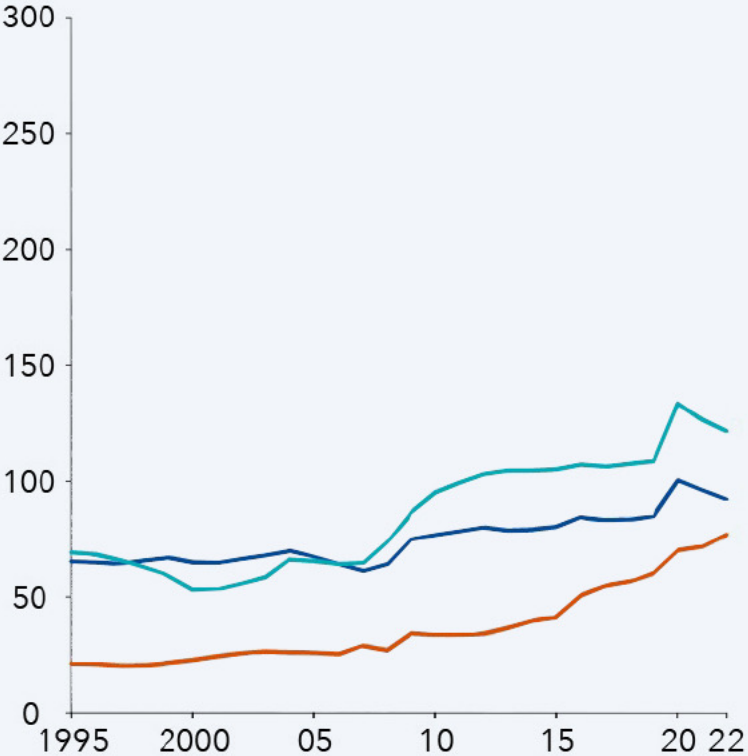


Economic Trends

Global Debt as % of GDP

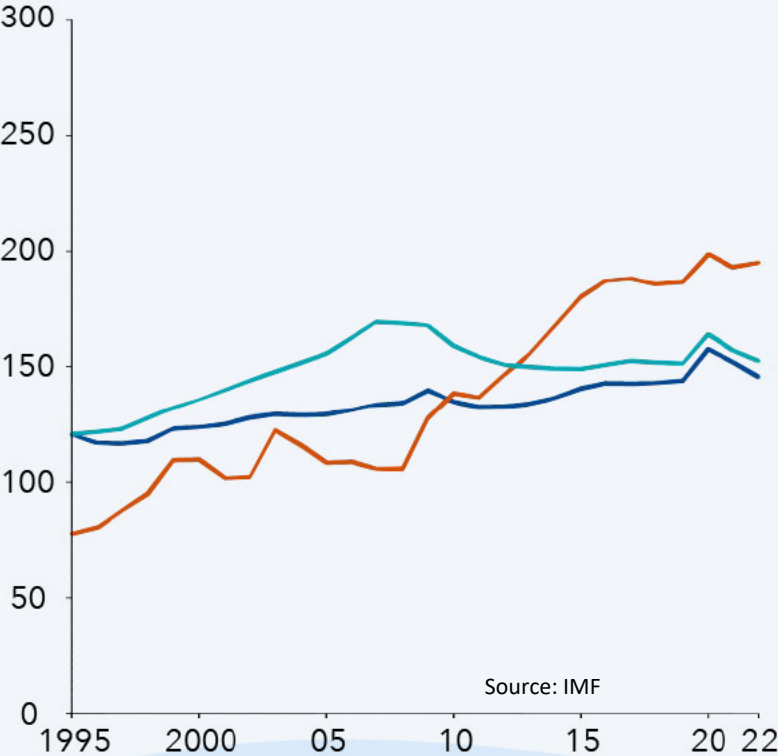
Public Debt
(Percentage of GDP)

— World — United States — China — Other economies



Private Debt
(Percentage of GDP)

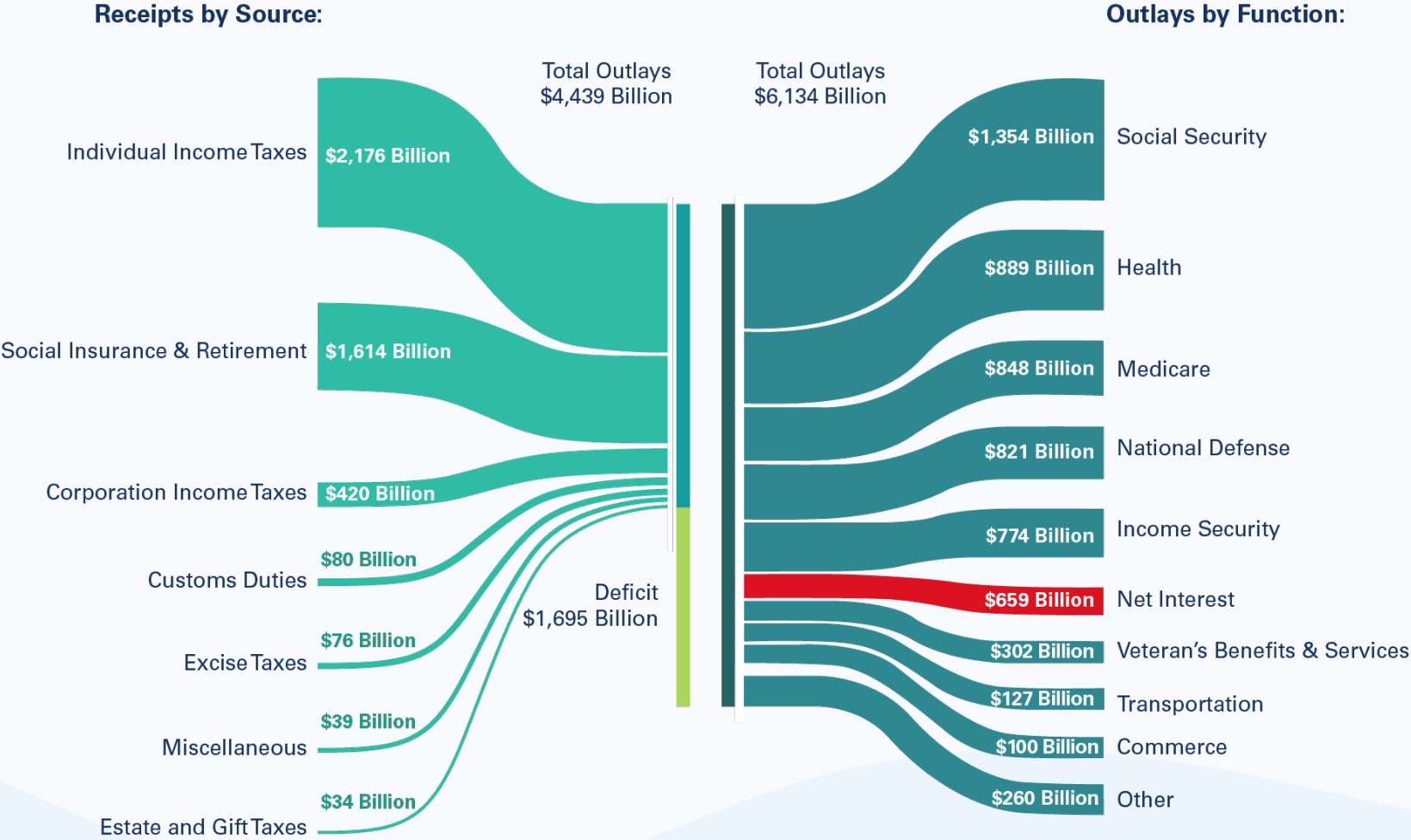
— World — United States — China — Other economies



Source: IMF

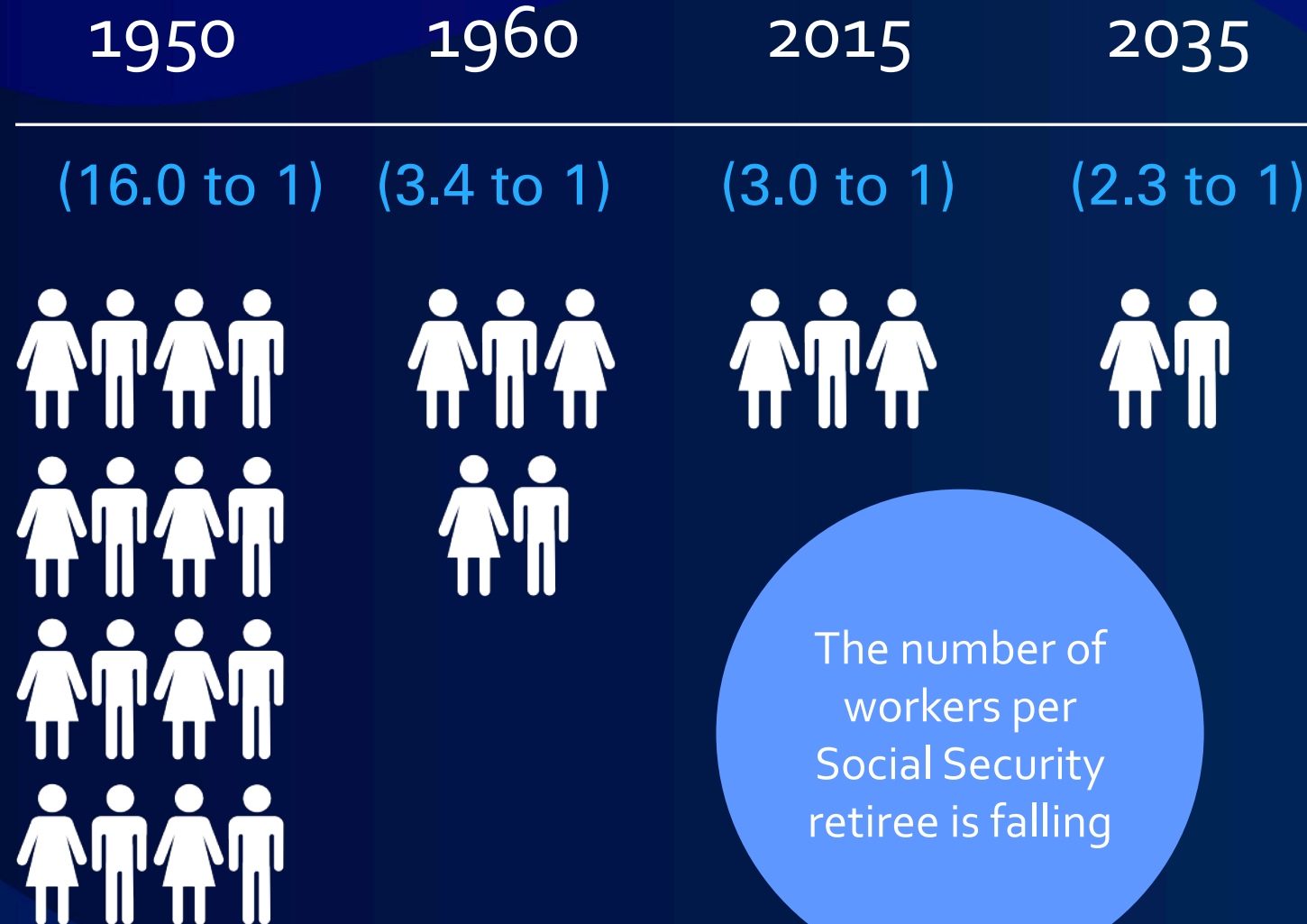
When considering healthcare, Social Security / pension obligations, global debt is 4x

Federal Deficit \$1.7 Trillion

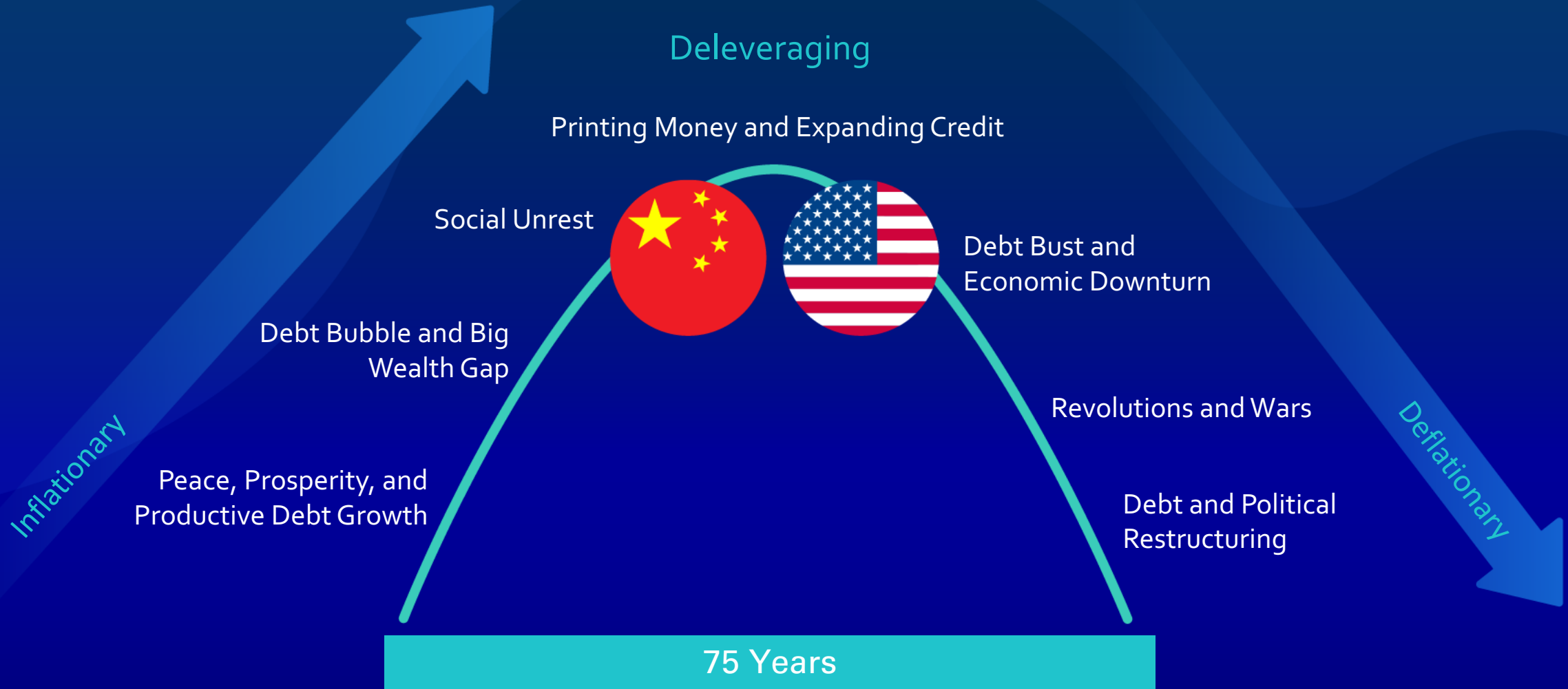


The U.S. is borrowing to pay interest

Aging of America

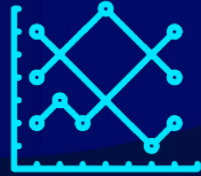


Long-Term Debt Cycle



- Conditions of the Roman, Dutch, German, British Empires
- Similar events sparked the Great Depression, and WWII

Current Events



Economic

- Wage inflation / heightened union activity
- Debt putting pressure on bond yields and the U.S. dollar
- Sudden spikes in raw materials / energy



Geopolitical

- Wars and regional conflicts / new supply chain risks
- Reshoring to increase resiliency
- U.S. election



Technological

- AI
- Cyber attacks

Current Events



Social

- Income inequality
- Healthcare costs
- Pandemics



Ecological

- Acceleration of renewables, but not fast enough
- Fossil fuel debate
- Large-scale weather events

These factors support

higher inflation

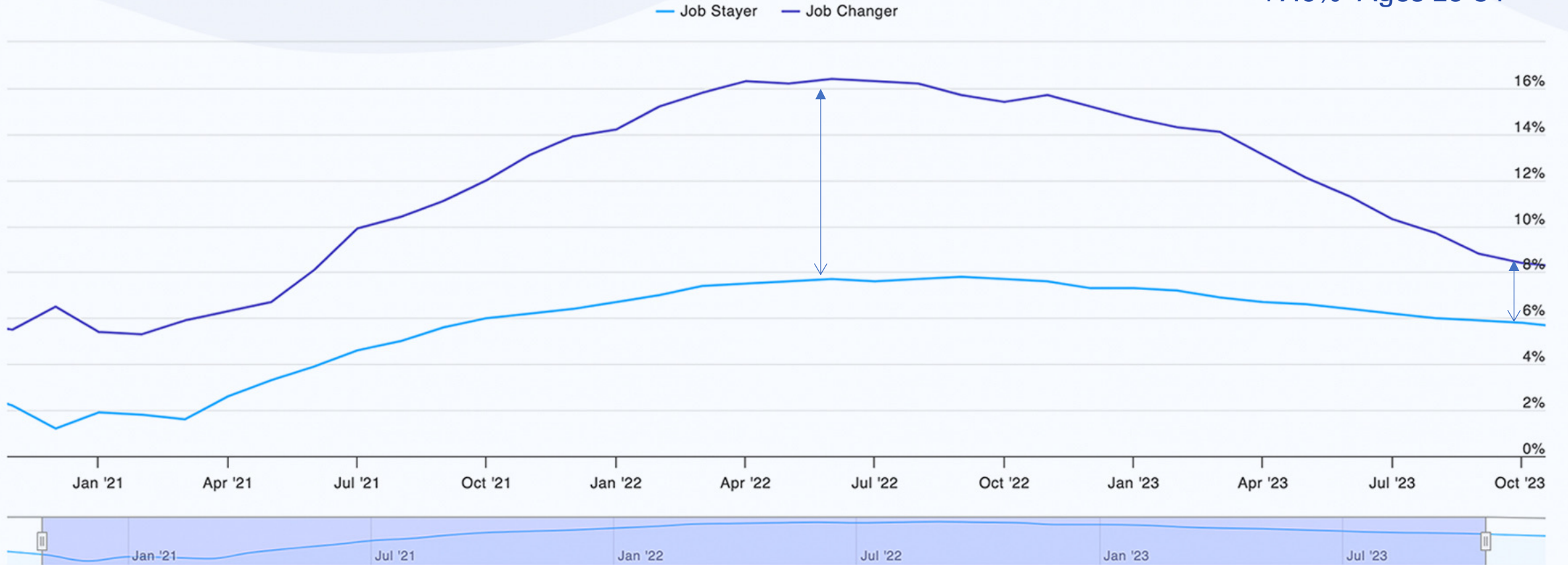
and slow growth

Stagflation

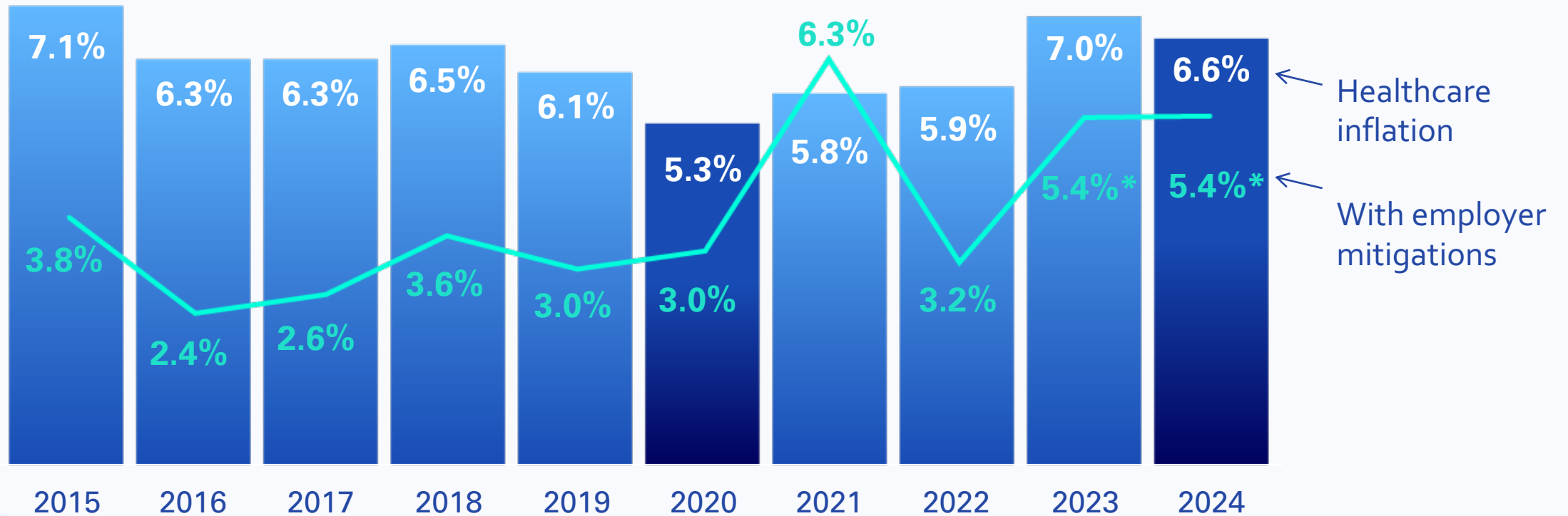
Average Wage Increase

December

+5.4% Job Stayers
+8.0% Switchers
+7.6% Ages 25-34



2024 Healthcare Costs



Source: Mercer

2024 Projections

2024

GDP Growth

1.7%

Long-Term Interest Rates

4%

Inflation

2.8-3.0%

Unemployment

4.2%

Crude Oil

\$75

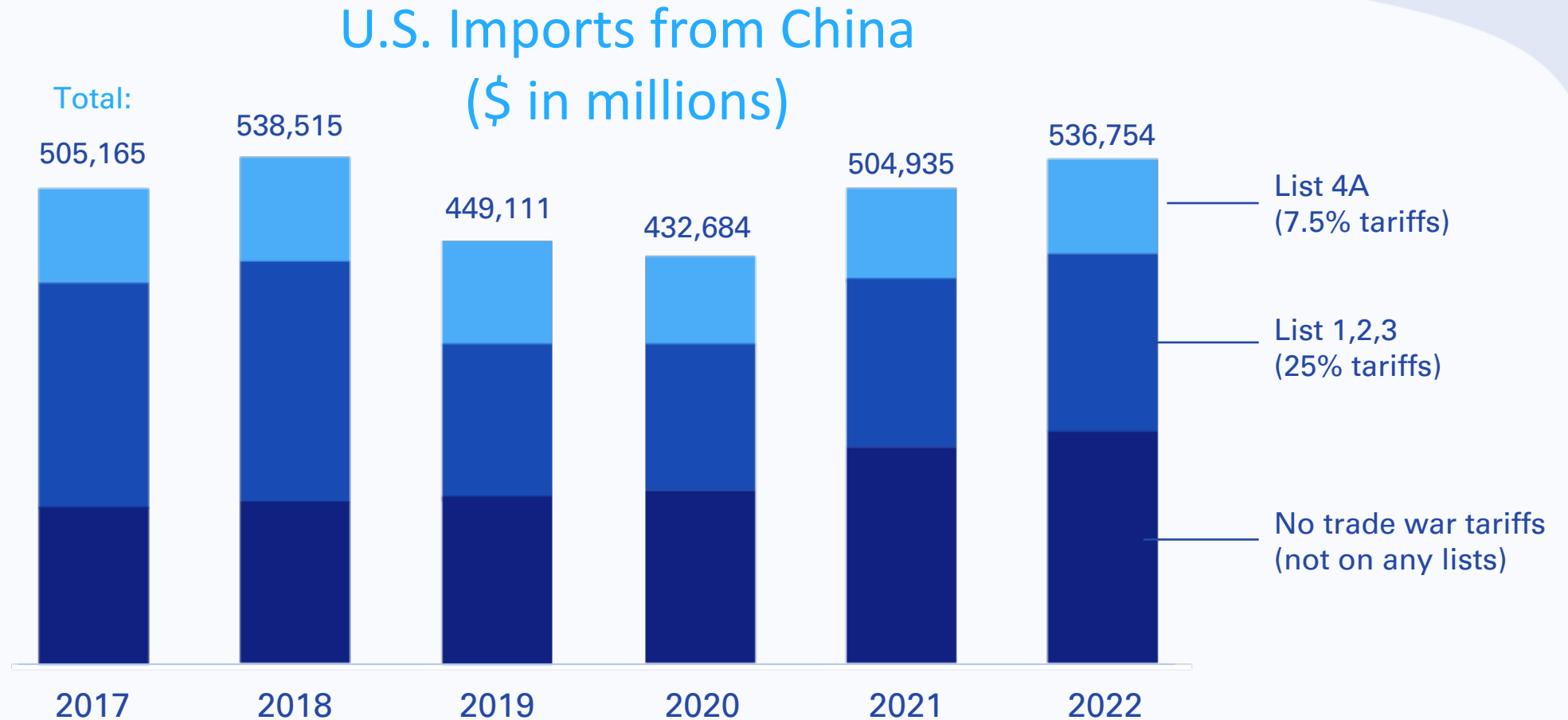
KPI: Total Non-Farm (jobs report) +/- 150,000 jobs

Geopolitical Risks

Potential Geopolitical Shocks

- When interest rates go up, emerging markets are at risk as their currencies are devalued, and their debt increases
- Euro countries do not have central banks to manage cycles
 - New pressure for defense
 - Italy and others in trouble
 - Ukraine / Mid-East energy shocks
- Escalation in the Middle East or South China Sea
- Decentralized finance (DeFi) and other factors putting pressure on the U.S. dollar

One World, Two Systems




The U.S. and China are both decoupling

Supply Chains – From Long to Short Cycles

FORTÉ Home Services Our Work About Careers Contact

“Anything I can imagine, they can build“

Forté's unique experience enhances the design effort and makes cutting-edge exploration possible.



- There are 180 product categories where 70% of sourcing comes from one country
- “Friendshoring” promotes more suppliers and higher cost to achieve greater resiliency
- Vertical integration within private companies promotes greater control

Technology Trends

IT Department of the Future

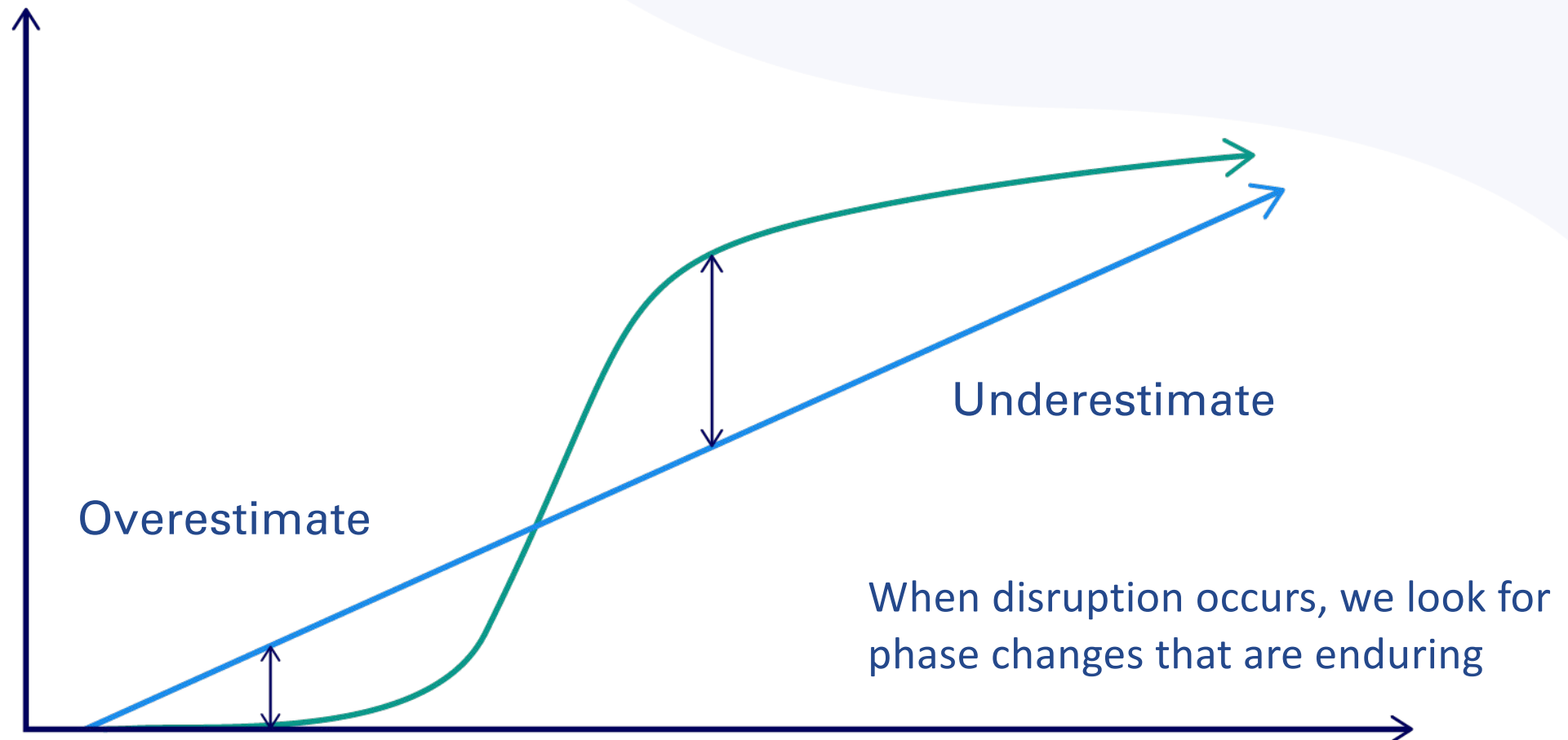
Which of the following factors have led to an increase in IT budget at your organization?



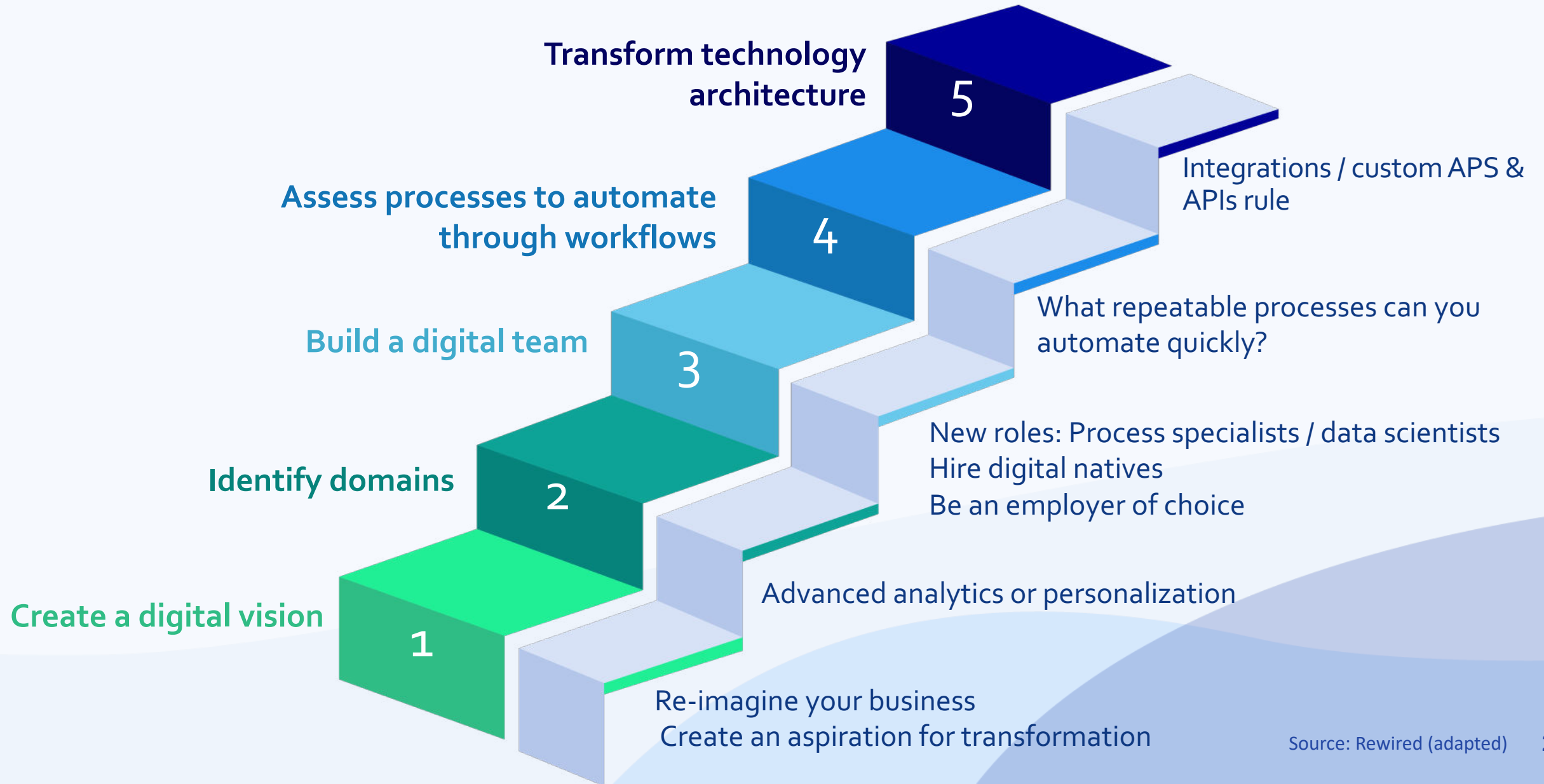
Source: Spiceworks

20% of mid-market companies reported a data breach in the last 12 months

We tend to **overestimate** the effect of technology in the short run and **underestimate** the effect in the long run



Unleashing the Transformative Power of AI





Recombining Example - Mobility as a Service



MaaS:
Mobility
as a Service





Roof Inspections &
Insurance Claims



Crop Inspections



Delivery & Monitoring



Real Estate



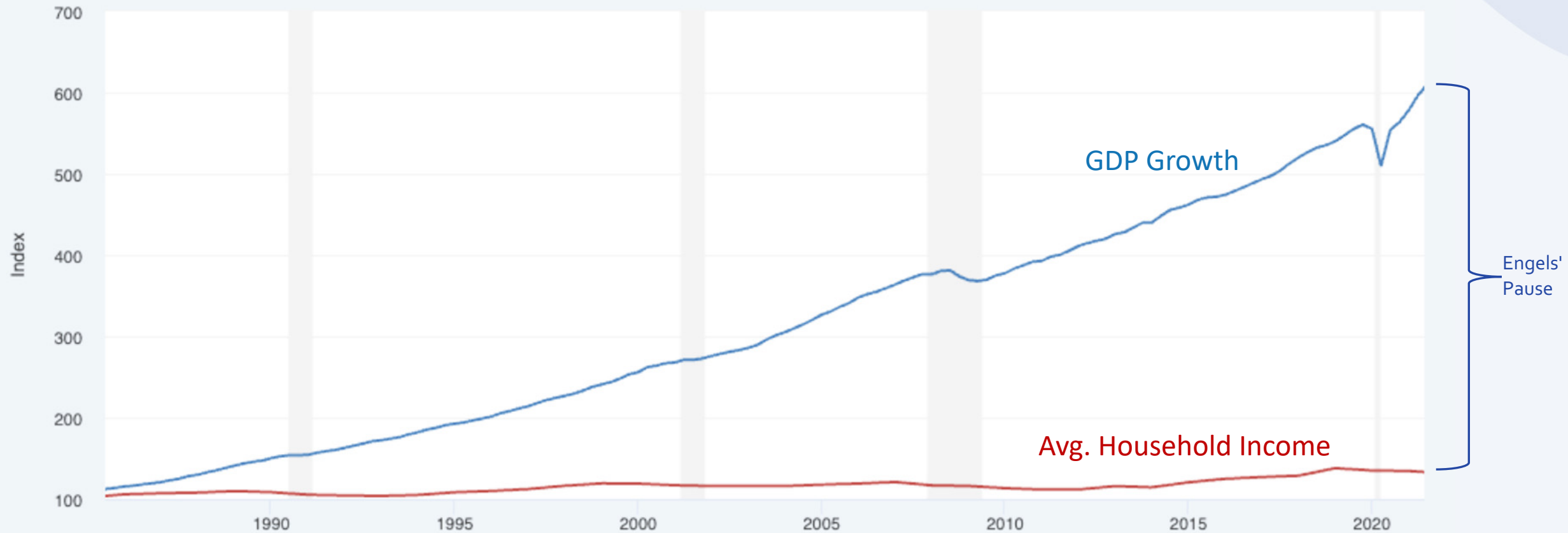
Weddings



May the force be with you

Social & Employment Trends

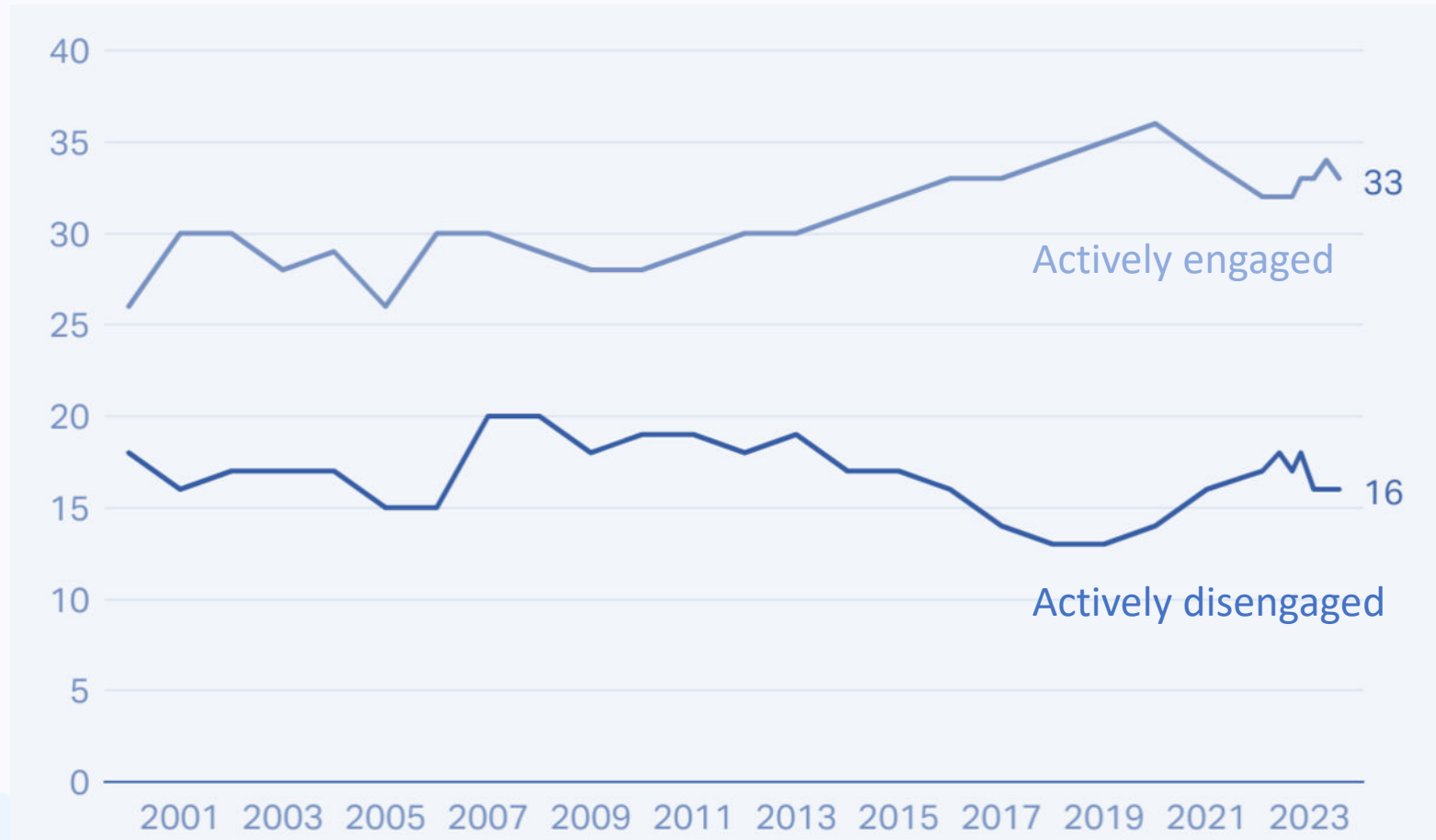
What will be the impact of AI on employment?



Shaded areas indicate U.S. recessions Sources: U.S. Bureau of Economic Analysis; U.S. Census Bureau

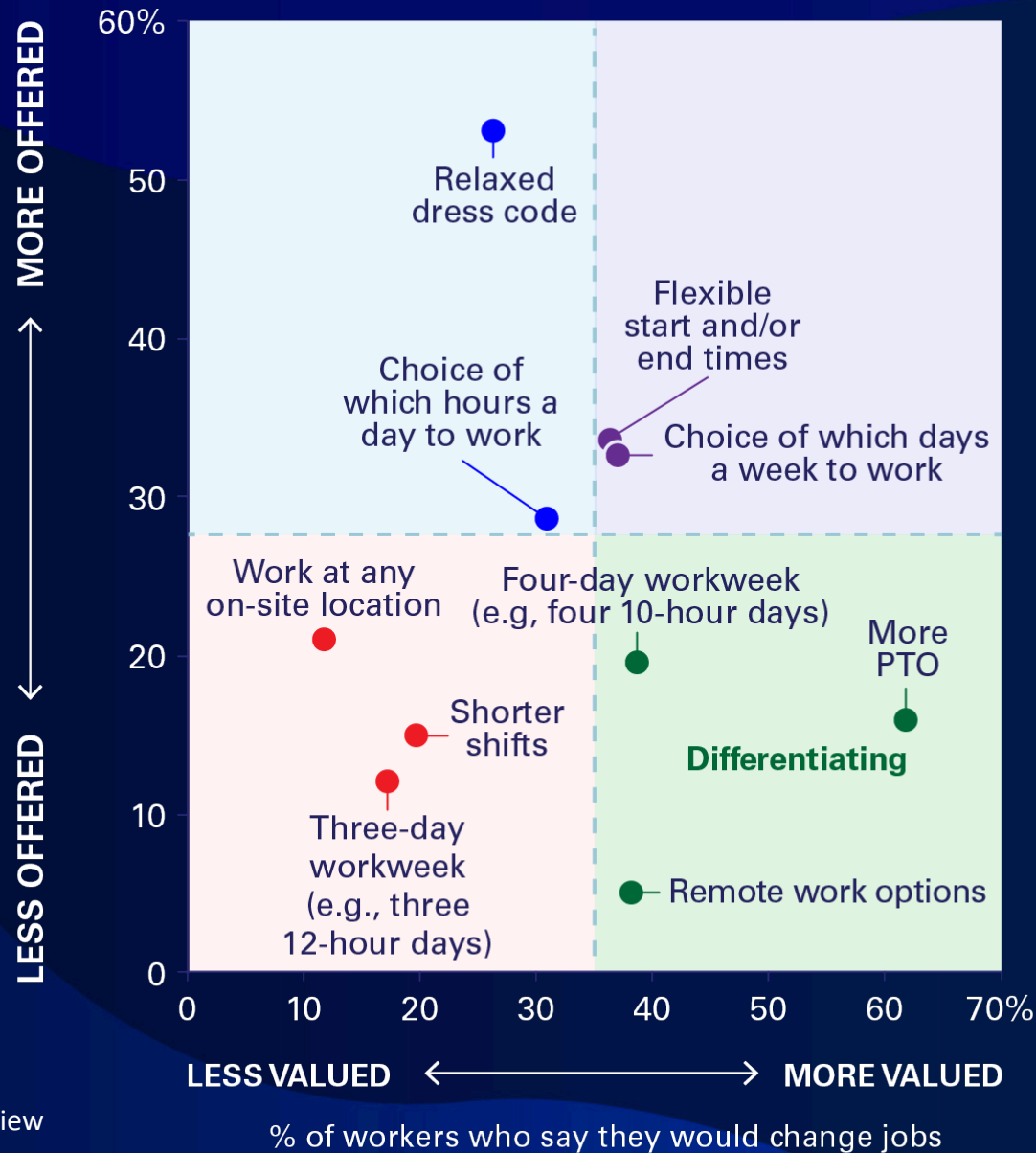
fred.stlouisfed.org

Only 33% of employees are actively engaged



Source: Gallup

What is a flexible work environment?

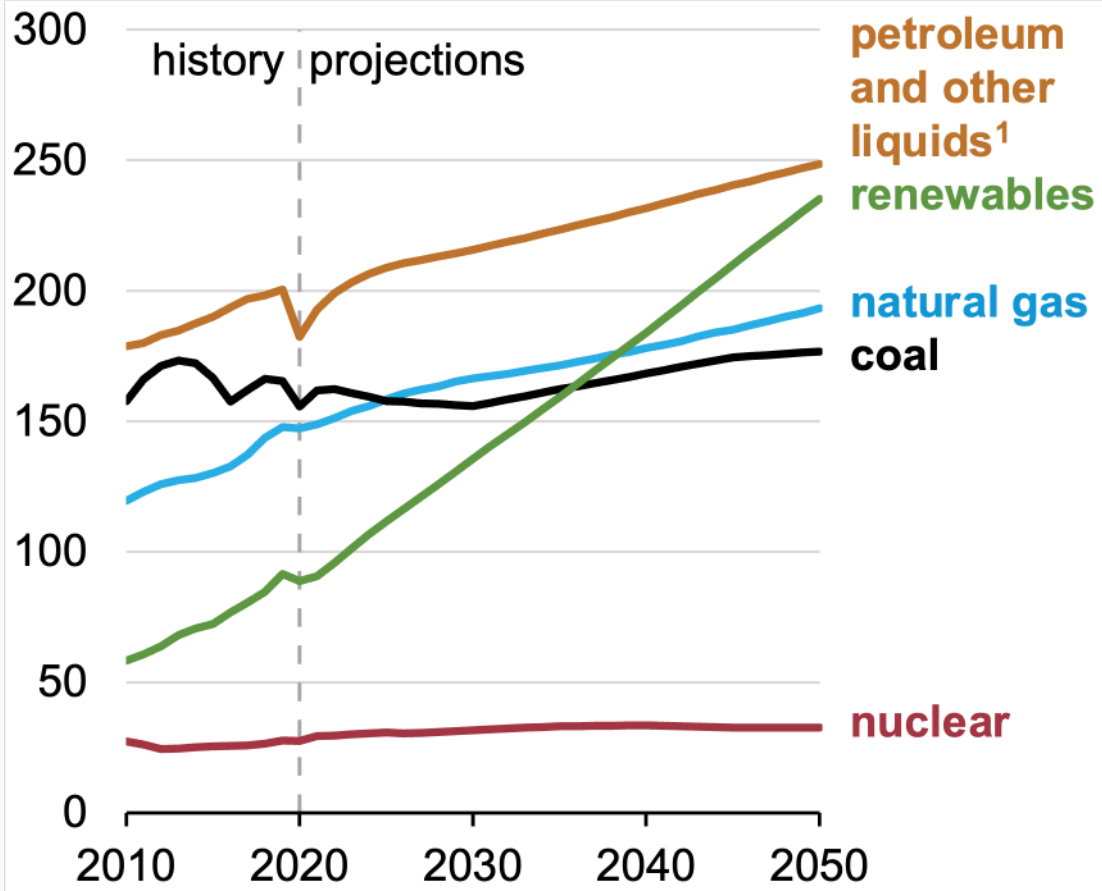


Productivity everywhere

- Instead of boiling the ocean, identify “high potential” employees
- Focus on skills acquisition, comp and flexibility
- In-office days with a purpose
- Improve collaboration software adoption

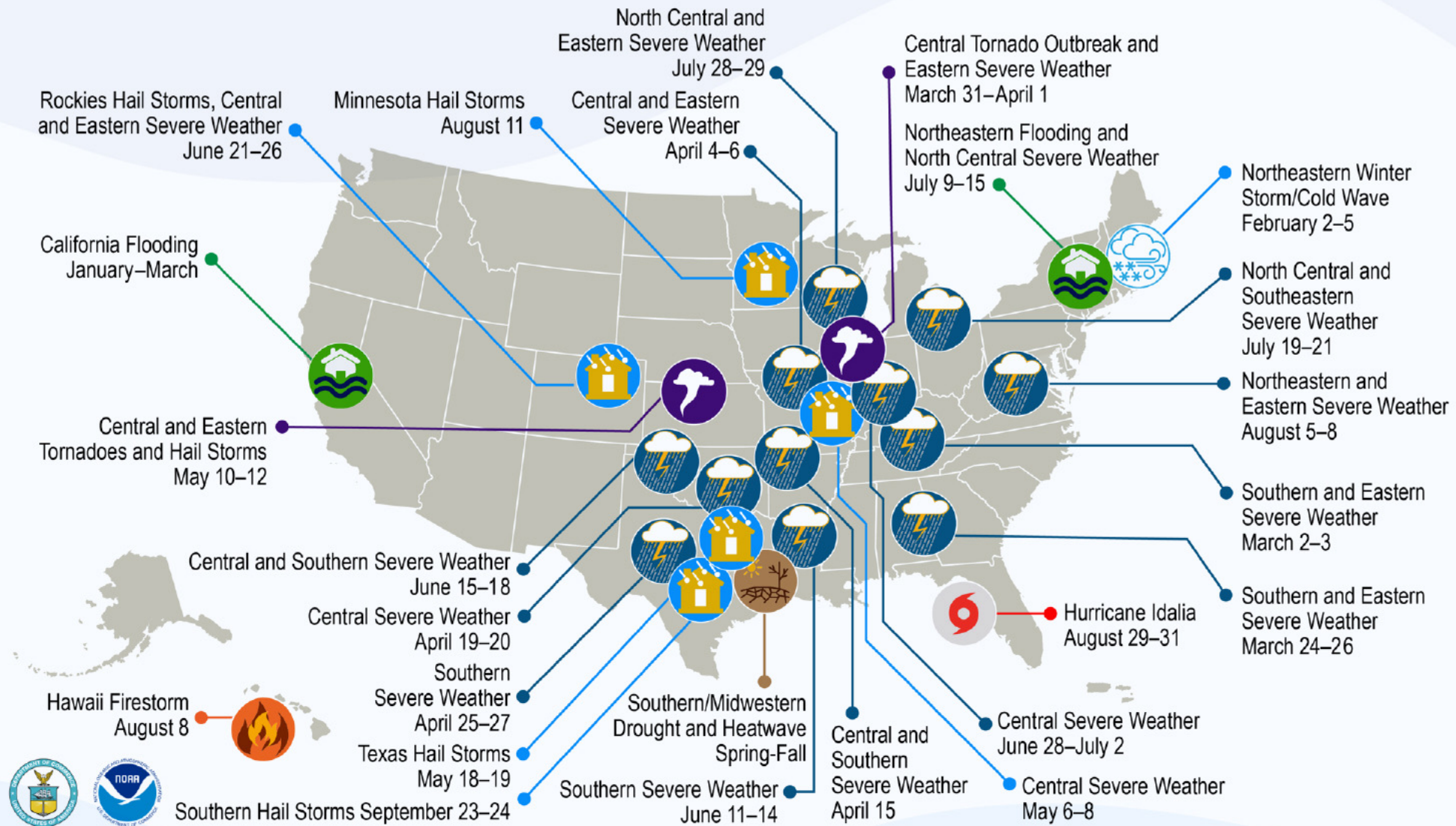
Ecological Trends

U.S. Energy Sources



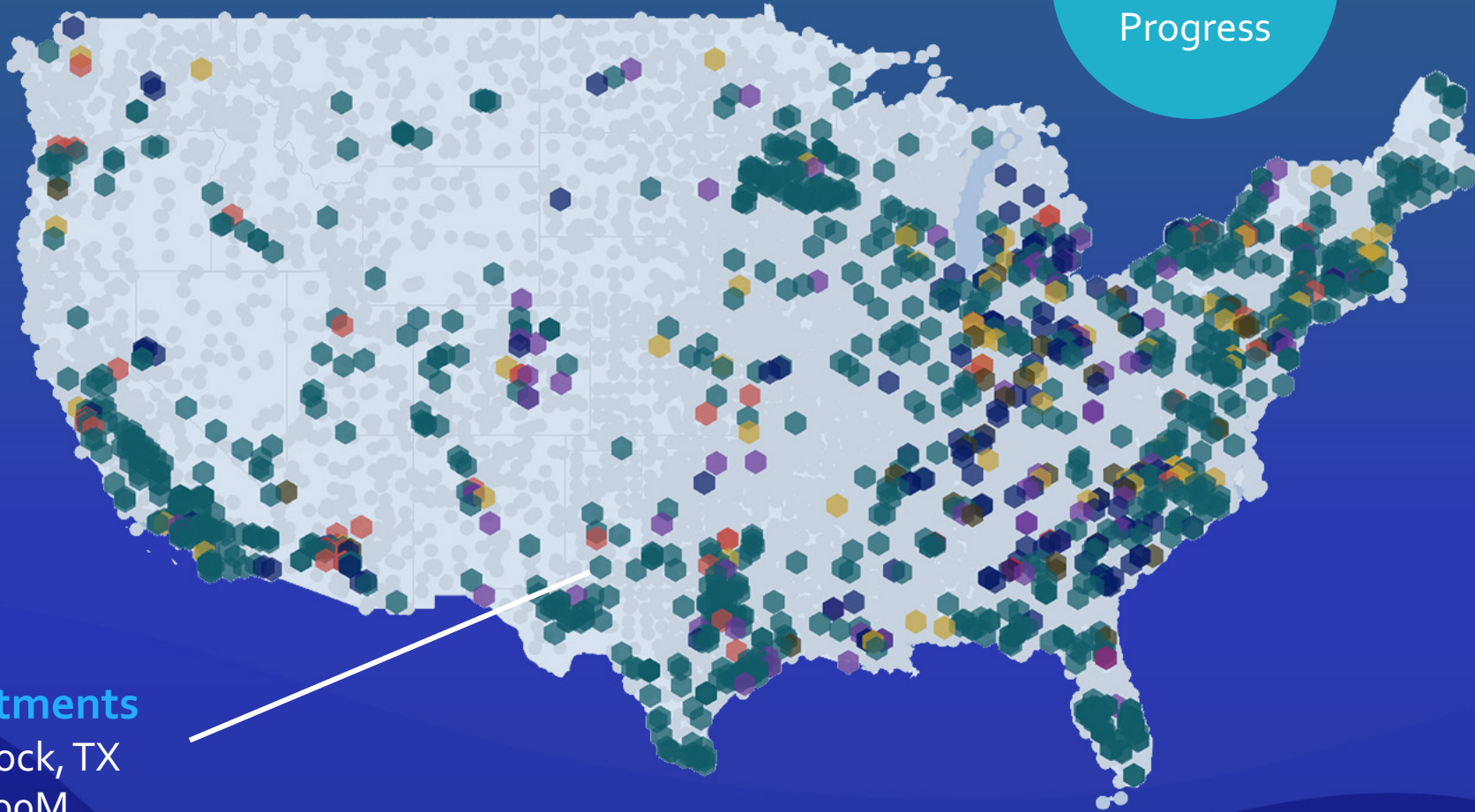
Source: U.S. Energy Information Administration, International Energy

25 Billion Dollar+ Weather Disasters in 2023



U.S. Infrastructure Investment

See:
Maps of
Progress



Private Investments

Location: Lubbock, TX

Investment: \$200M

Jobs Announcement: 250

Takeaways and strategies for 2024 and beyond

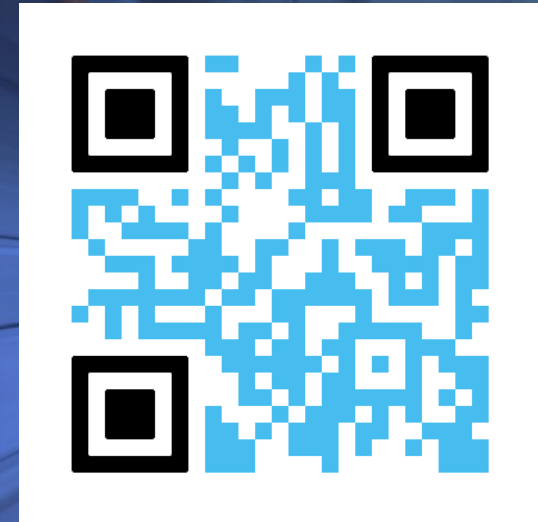
- In lieu of rollup acquisitions, look for ways to vertically integrate for competitive advantage
- Wrap products / services with technology, such as in a “recombining” strategy
- Use the 2024 strategy cycle to create a digital vision, and reimagine a company of the future that leverages the transformative power of AI
- Download AI: Step-by-Step and look for AI-as-a-Service productivity tools
- Given higher carrying costs, allow customers to configure fewer products (illusion of choice)
- Monitor external demand KPIs such as jobs report, U.S. production, commodities
- Emphasize productivity everywhere as an employee retention strategy
- Be hyper-focused on providing skills acquisition opportunities for high-potential employees
- Focus on resiliency and resist the temptation to lengthen supply chain cycles
- Be thoughtful about tax consequences and assume higher taxes (sunsetting of tax cuts in 2025)
- Plan exit between 2027-2032
- Enjoy the ride



Strategy · Alignment · Scalability

We enable companies to
accelerate growth, cultivate
culture, and build a sustainable
competitive advantage

AI Step-by-Step



www.optimizeinc.net

marc@optimizeinc.net

(661) 313-8047