



Brexit – Emerging Strategic Options

Dr. Florian Klein, 3rd November 2016

Brexit – a tremendous challenge

1 ➤



What drives our future?

2 ➤



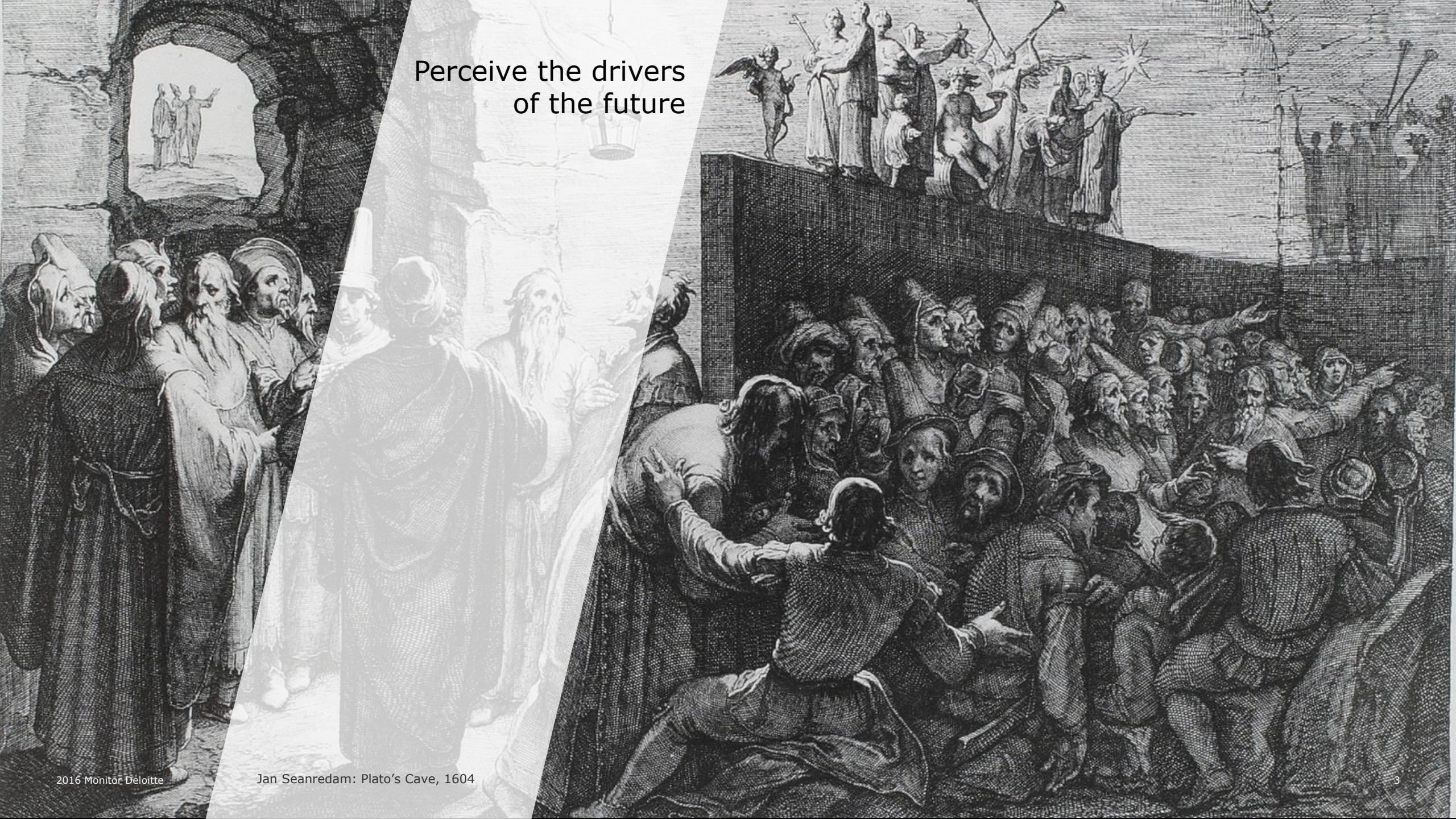
How to reduce complexity?

3 ➤



What is the right course of action?

Perceive the drivers
of the future



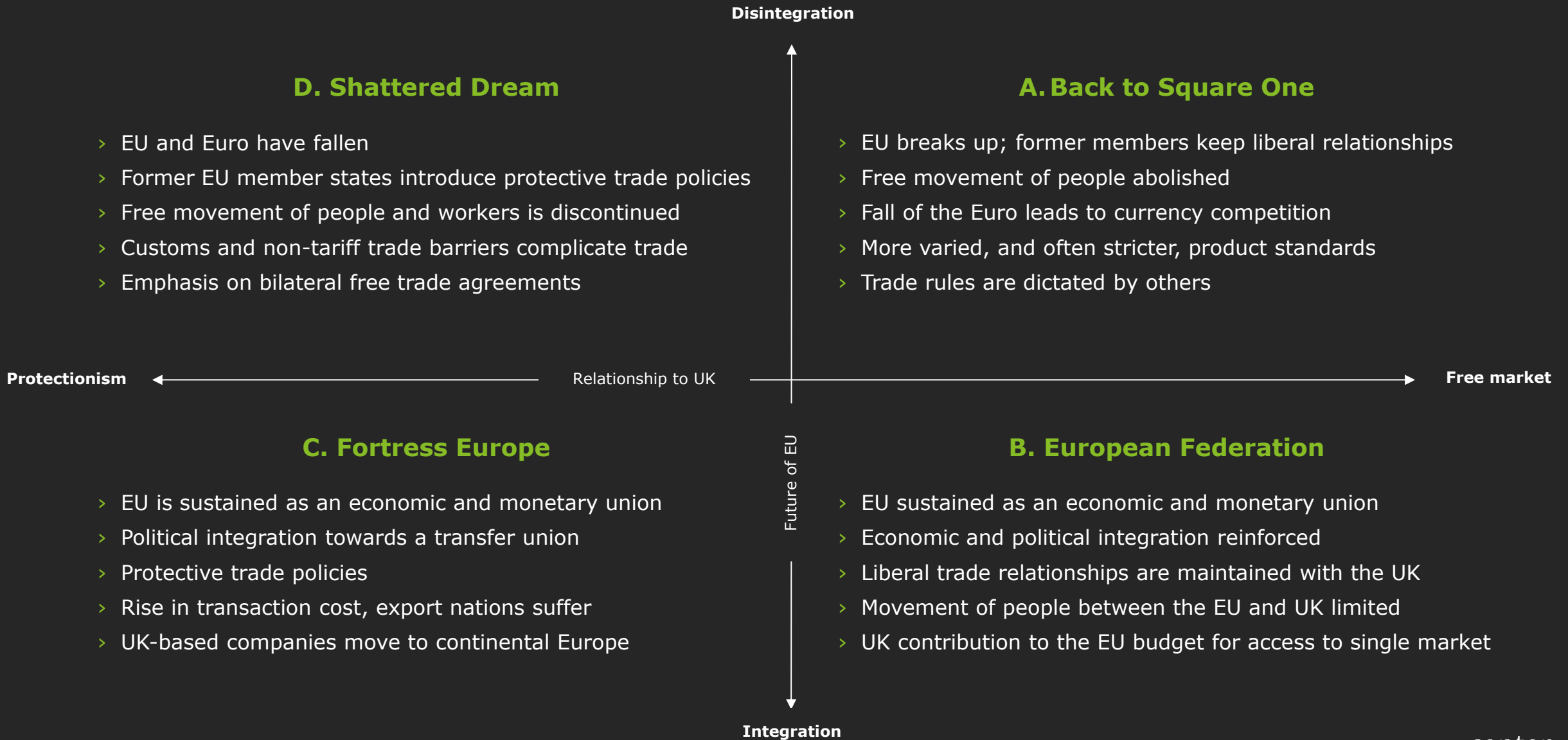
Brexit scenario video



You can find the video here:

<https://www2.deloitte.com/de/de/pages/strategy/articles/brexit-szenarioanalyse.html>

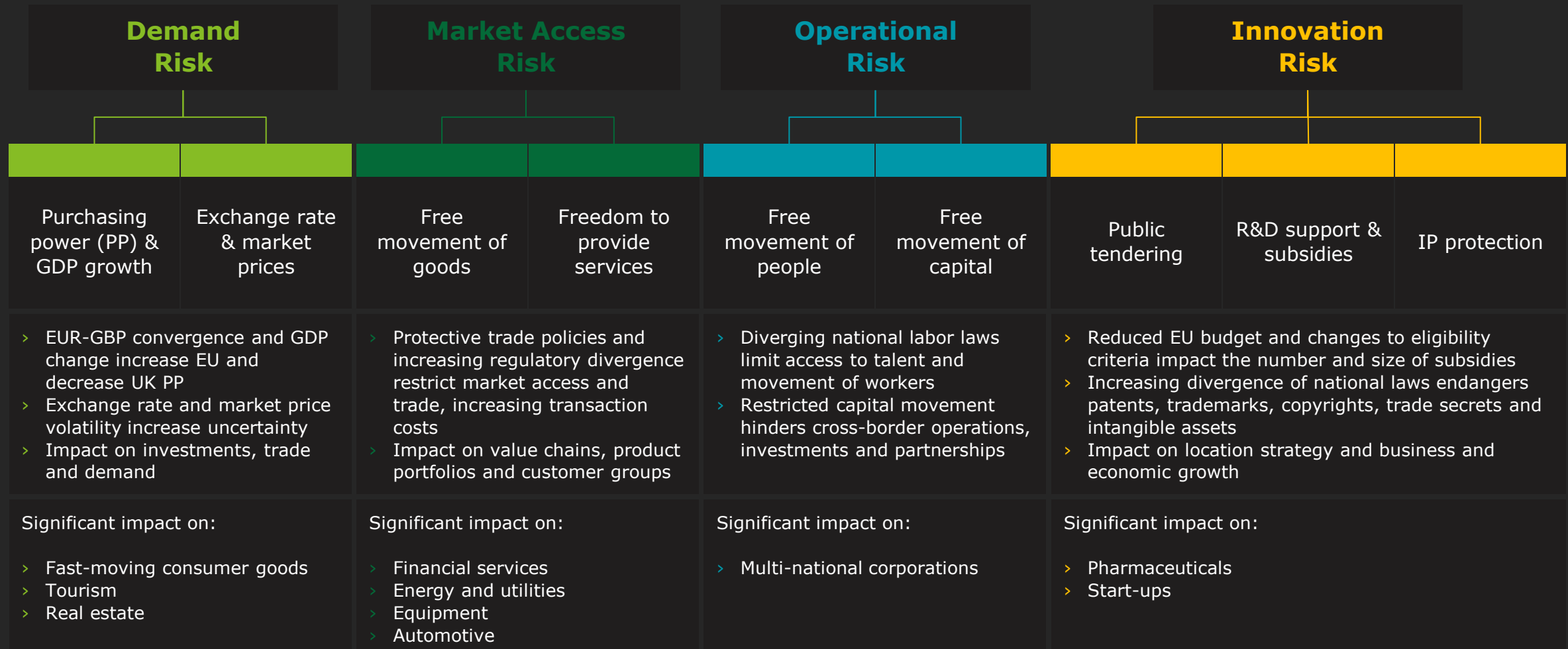
Brexit scenario recap



Cut through
complexity

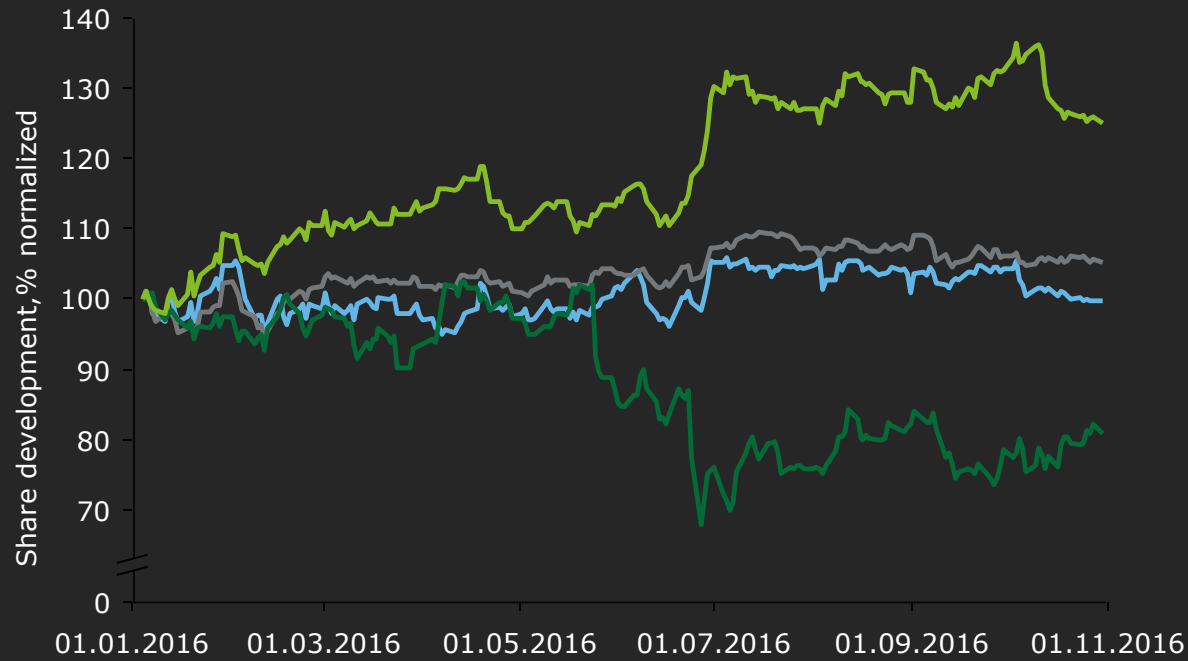


Brexit risk map



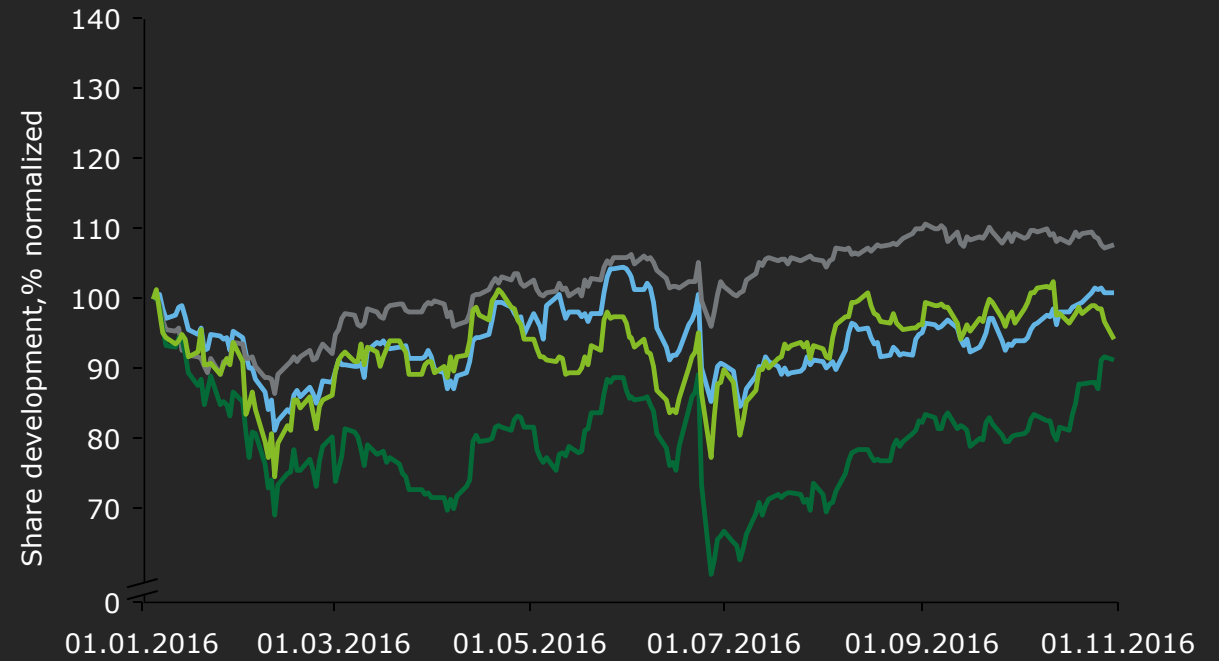
Brexit impact – Fast-moving consumer goods vs. financial services

Fast moving consumer goods



— Beiersdorf
 — Dow Jones Personal & Household Goods Titans 30 Index
 — Marks & Spencer
 — Unilever

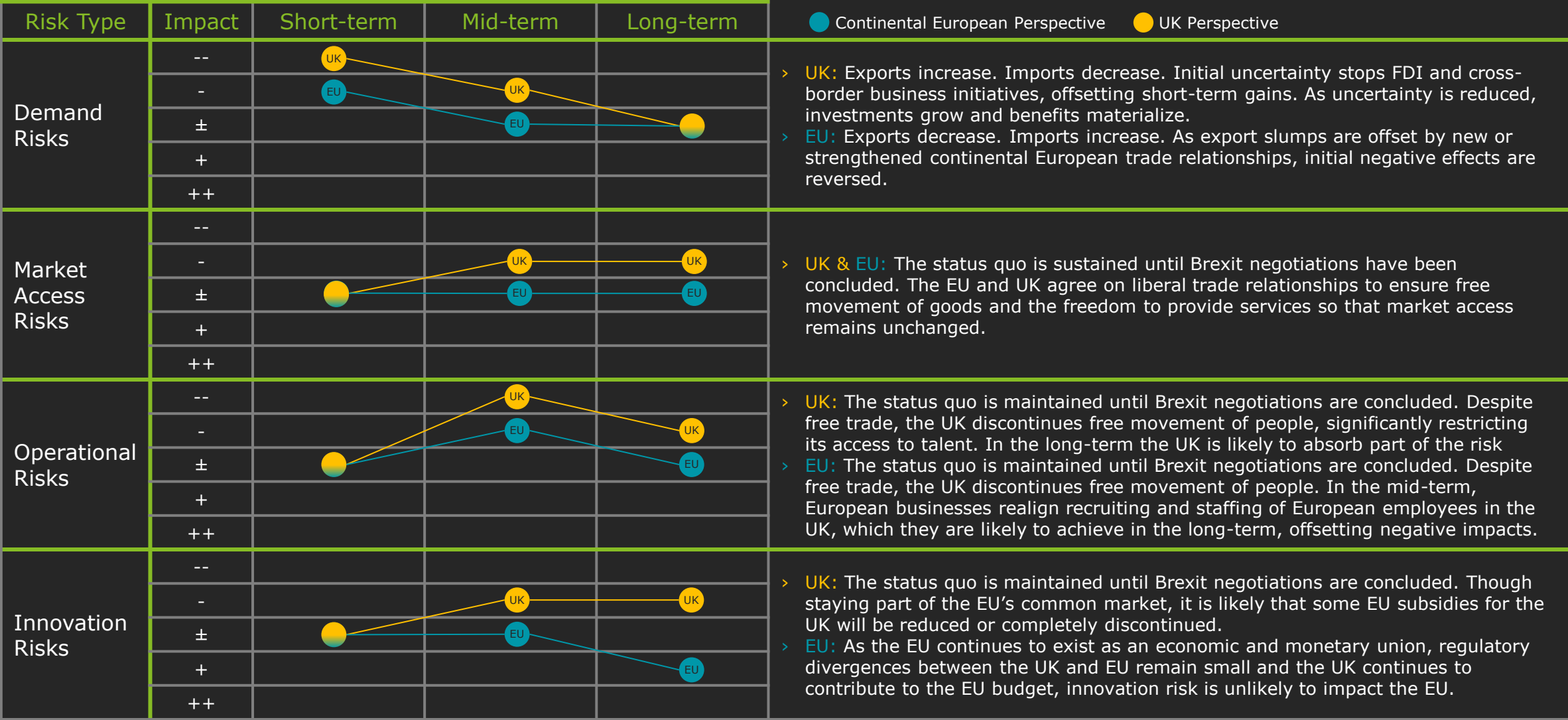
Financial service providers



— Allianz
 — NASDAQ Financial 100
 — Barclays
 — Prudential

Scenario-specific risks and opportunity profiles

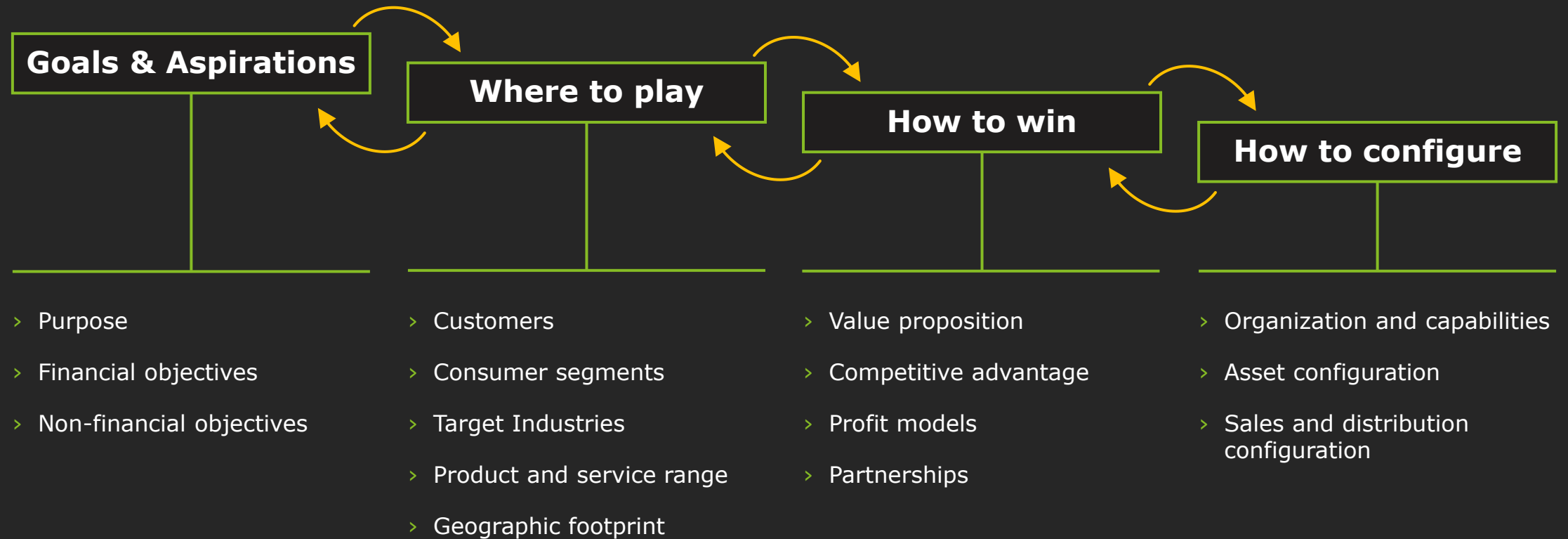
Scenario B – European Federation (EU integration; Free market)



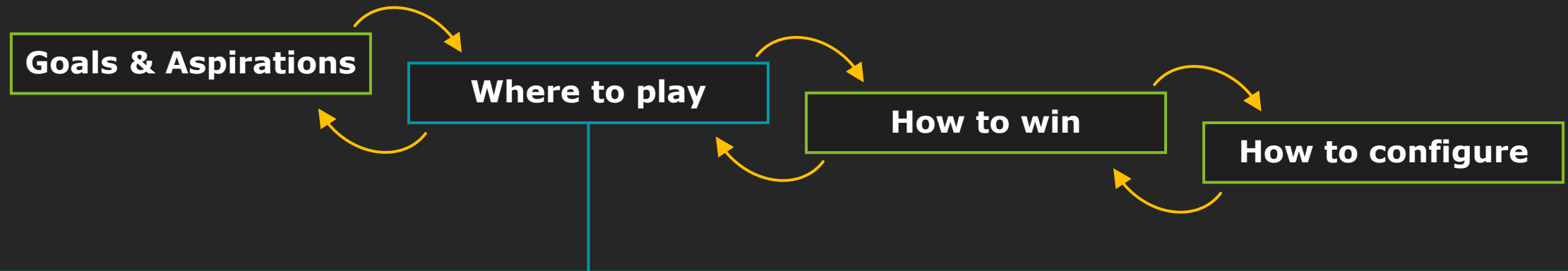
Choose your
strategic position



Strategy is a set of consistent choices



Strategic options concerning competitive positioning



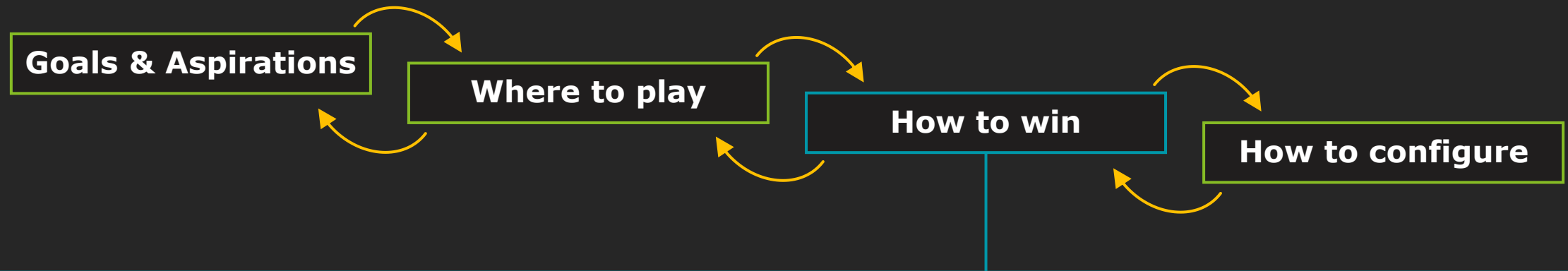
Brexit impact

- > Demand risks
 - Currency risks
 - Demand risks
- > Market access risks
 - EU passport
 - EU free trade agreements with non-EU countries
- > Political and regulatory risks
 - Increasing regulatory divergence between EU and UK laws
 - Reduction or discontinuation of subsidies

Strategic options

- > Portfolio management
 - Reassess target markets and customer segments
 - Reevaluate value chain positioning
 - Realign product and service portfolios
- > Engage in industry-specific lobbying (e.g. equivalence regime)

Strategic options concerning the value proposition



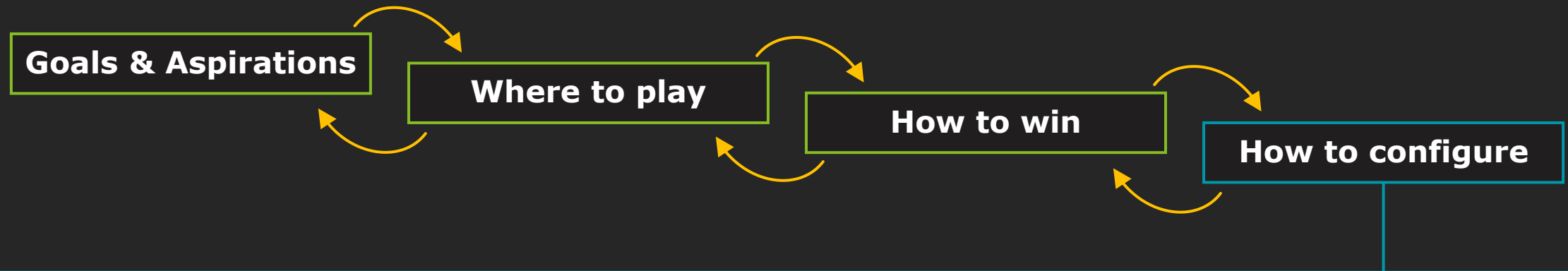
Brexit impact

- > Political and regulatory risks
 - Consumer protection rules
 - Data transfer and protection
 - Liquidity requirements, stress testing
- > Market access risks
 - Partnerships with other FSI players or distribution channels
- > Innovation risks
 - Access to R&D funding
 - Access to strategic talent

Strategic options

- > Reevaluate revenue streams and profit model
- > Review value proposition
- > Review industrial partnerships
- > Consider strategic relocation
- > Race to the top vs. race to the bottom regarding regulatory standards

Strategic options concerning operations



Brexit impact

- > Political and regulatory risks
 - Consumer preferences and expectations
 - Data transfer and protection rules
- > Market access risks
 - Access to operational talent
 - Movement of staff
 - Reduction / discontinuation of EU / DE subsidies

Strategic options

- > Currency or price hedging
- > Register with the ESMA / obtain licenses in relevant jurisdictions
- > Establish authorized branches / subsidiaries
- > Adjust HR model
- > Adjust control and reporting systems

Strategic priorities



Brexit – a great opportunity



1

Robust vision
of the future

2

Clarity on risks
and opportunities

3

Alignment on
strategic measures

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