Press Release

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**Global megatrends pose defense and security challenges, warns PwC**

The global megatrends are set to have a profound and disruptive effect on defense and security environments around the world, says a new PwC report.

This impact poses a need for more agility and accountability from governments and greater collaboration across the whole of society in order to combat risk, warn PwC global defense and security leaders.

The five megatrends that are widely believed to be shaping the future of our world are: the shift in global economic power, demographic shifts, accelerating urbanisation, the rise of technology, and climate change and resource scarcity.

Each of these key trends and their potential impact is analysed in a new report from PwC entitled *Five Megatrends and their implications for Global Defense and Security*.

The **shift in global economic power** will create more powerful national economies in different regions with greater resources to protect, and greater resources available to invest in defense and security. The shift could also decrease the dependence of some nations on the traditional power projectors such as the US for protection and increase burden-sharing to ensure economic trade routes and free navigation are protected from hostile actors.

Extensive and complex supply chains will become increasingly vulnerable to disruption from cyber criminals engaged in industrial espionage, theft, or terror-based disruptive activities.

**Demographic changes** mean that as populations in the West age, the demand for social services and healthcare will put severe pressure on budget priorities that could compete with or even crowd out defense and security expenditures.

In contrast, the growth in the youth populations in emerging markets could create increased radicalisation and civil unrest, and a greater likelihood for disruptive transnational movements to take hold in these societies. This could create both internal and external security issues that will require greater investment and innovative strategies to combat.

**Accelerating urbanisation** could mean that the aggregate power of the growing megacities will rival that of national governments due to the sheer size of their constituencies. The explosion in urbanisation will present tremendous challenges for law enforcement, intelligence and internal security agencies, as well as traditional defense organisations.

Providing adequate police and security for these areas will be costly and will require a higher level of interagency information-sharing and collaboration.

The **rise of technology** offers exciting new technological advances that promote even greater automation, analytics, and communications. But it also creates new vulnerabilities that will challenge law enforcement, security, and defense organisations like never before.

The combination of the internet, mobile devices, data analytics, drones, artificial intelligence, and cloud computing will provide defense and security organisations step-function increases in capabilities to address and respond to threats that will be using the same, commercially available tools to do harm. The challenge for defense and security organisations will be to develop and adapt these tools at the speed of business—not the traditional speed of government.

Meanwhile, **climate change and resource scarcity** will increase tensions between nations over access to natural resources. As the global population continues to grow, these disputes will become more acute and more critical to national survival, particularly when it comes to very basic resources such as food, water, and energy sources.

This will undoubtedly lead to regional and potentially global confrontations over water, oil, wind, fishing, hunting, and other mineral rights.

Says Tom Modly, PwC’s Global Government Sectors Leader:

“The depth and complexity of the security challenges posed by the global megatrends will demand ‘whole of society’ solutions. And these solutions must leverage the technological, collaborative and commercial benefits that the megatrends themselves will enable.

“But we must not fear the megatrends or their resultant defense and security challenges. Rather, we should anticipate these changes, take them seriously, and apply creativity and resources to stay ahead of the critical issues they will present.”

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**Notes**

1. About PwC’s Global Government Defense and Security Networks: we support defense and security leaders around the world develop and implement effective strategies to address emerging threats with greater efficiency and agility. Our purpose is to build trust in society and solve important problems to create a safer world.
2. The full report, ***Five Megatrends and their implications for Global Defense and Security***, can be downloaded from [here](https://www.pwc.com/gx/en/industries/government-public-services/public-sector-research-centre/publications/five-megatrends.html).
3. At PwC, our purpose is to build trust in society and solve important problems. We’re a network of firms in 157 countries with more than 223,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com/gx).

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