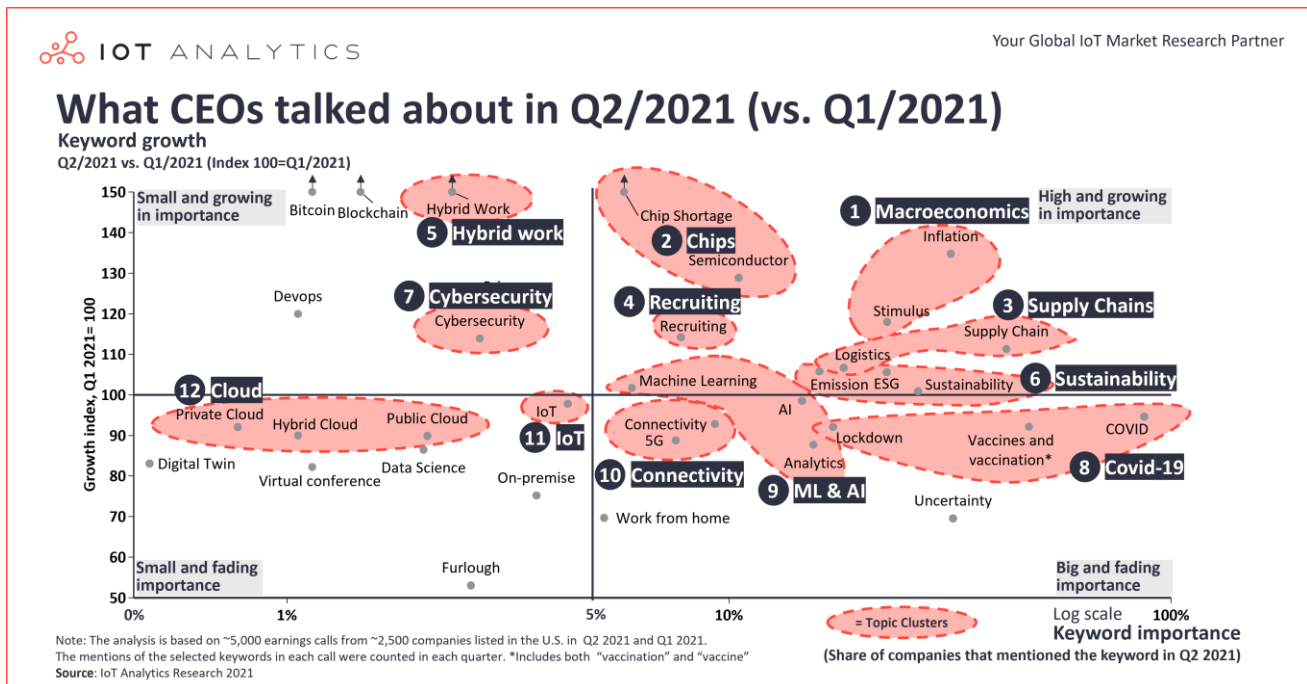


INSIGHTS RELEASE

What CEOs talked about in Q2 of 2021: Inflation, chip shortage, and recruiting



In short

- Corporate CEOs' mentions of themes related to COVID-19 and vaccination faded in Q2 2021. Topics relating to macroeconomics, chips, and supply chains increased during this time.
- Recruiting is increasing, and hybrid work is growing in importance.
- The prevalence of tech topics (e.g., machine learning, artificial intelligence, connectivity, IoT, and the cloud) decreased slightly compared to the previous quarter.

Hamburg/Germany, July 16, 2021: IoT Analytics, a leading provider of market insights and competitive intelligence for the Internet of Things (IoT) and Industry 4.0, conducted a keyword analysis of nearly 2,500 earnings calls of US-listed companies and found that there were five digital and technology topics that were most important in Q2 2021 and are likely to influence the strategic agenda in the third quarter of 2021.

The global economy is projected to grow 5.6% in 2021, its strongest post-recession pace in 80 years. But not all companies have returned to pre-COVID-19 levels. Commenting on the findings of the research **Knud Lasse Lueth, CEO at IoT Analytics**, says: *“Disrupted supply chains and the ongoing chip shortage are two of the topics dominating CEO discussions, alongside the fear of rising inflation and the search and competition for the best talent.”*

Philipp Wegner, senior analyst at IoT Analytics, adds: *“In general, Q2 boardroom talks reflect a certain level of excitement and willingness to plan rather than manage the unforeseeable. Uncertainty and remote working topics have faded in importance, while discussions about managing hybrid work surged, with divided opinions.”*

Several large technology topics declined in importance; 5G, IoT, the cloud, and other related topics lost mindshare in earnings calls.

About the analysis

The “What CEOs talked about” analysis highlighted in this article presents the results of IoT Analytics’ research involving the Q2 earnings calls of ~2,500 US-listed companies. The resulting visualization is an indication of the digital and related topics CEOs prioritized in Q2 2021.

The chart visualizes keyword importance and keyword growth:

The x-axis measures keyword importance (i.e., how many companies mentioned the keyword in earnings calls in Q2). The further out on the x-axis, the more often the topic has been mentioned. **The y-axis** measures keyword growth (i.e., the increase or decrease in mentions from Q1 2021 to Q2 2021, indexed to 100). A number >100 on the y-axis indicates the topic has gained importance, while a number <100 indicates the topic has decreased in importance.

These were some of the hottest topics discussed by CEOs:

#1 MACROECONOMICS

The term “inflation” was mentioned in 32% of the earnings calls in Q2 2021, a 35% increase compared to Q1 2021. The term “stimulus” recorded similarly high growth in importance. It was mentioned in 23% of the earnings calls in Q2 2021, an 18% increase compared to Q1 2021. These phrases superseded last quarter's leading topics, “vaccination,” “lockdown,” and “COVID-19.” Inflation stood out as a theme in Q2, with many companies noting that the prices of supplies have increased across the board.

“As a result of our customer relief efforts during the pandemic and strong payment rates supported by government stimulus, delinquencies are at an all-time low for the Company. Since the beginning of the pandemic, we have granted approximately \$1.2 million loan deferrals to 720,000 unique accounts or \$12.2 billion on our balance sheet.”

Fahmi Karam -- Chief Financial Officer, Santander Consumer USA Holdings Inc, 04/28/2021

"Price expectations continue to rise for aluminum, glass, corn inputs, and polypropylene, which is the material used in K-Cup pods. Most recently, we have experienced a spike in transportation and logistics costs, which is especially acute when we have been required to purchase spot capacity to satisfy the strong demand for our products."

Ozan Dokmecioglu -- Chief Financial Officer and President, International, Keurig Dr Pepper Inc, 04/29/2021

#2 CHIPS

The keywords "chip shortage" and "semiconductor" were mentioned by roughly 27% of all companies in Q2 2021, an overwhelming 155% and 29% increase from Q1 2021, respectively. A few months ago, IoT Analytics reported that the substantial increase in demand for semiconductors and the (short-term) shortage had impacted many industries, as semiconductors are used in a wide variety of products. The shortage is lasting longer than initially anticipated. However, while demand remains strong, some CEOs are optimistic that their money has not been lost, and revenues have merely been deferred.

"5G, automotive, high capacity computing, AI machine learning, and IoT are all drivers of more silicon devices packaged in more mobile ready configurations that are driving tremendous growth across all sectors of the semiconductor market. What's more, we're beginning to witness the start of a resurgence in the memory chip sector, which will compound the already robust level of foundry and logic spending."

Stephen S. Schwartz - President & Chief Executive Officer, Brooks Automation Inc, 5/11/21

"Current industry forecast call for an 11.9% increase in global auto production for 2021, which has been trimmed from the earlier 13% to 14% growth forecasts due to the industry semiconductor chip shortage. While the current forecast may continue to slip depending on how the chip shortage plays out, the silver lining here is that it's building in further growth to the medium-term forecast, as loss production near-term, it's not actually a loss permanently since dealer inventories must be restocked and consumer spending remains strong."

Robert W. Bryant -- Chief Executive Officer, Axalta Coating Systems Ltd, 04/29/2021

#3 SUPPLY CHAINS

The keywords "supply chain" and "logistics" were mentioned by roughly 42% (+11% from Q1 2021) and 18% (+7% from Q1 2021) of all companies in Q2 2021. In a more interconnected world with just-in-time production, supply chains are highly vulnerable. Manufacturers in some industries have little inventory on hand and few backup supply sources, so when plants were shut down due to the pandemic or the passage of goods through the Suez Canal was blocked, the effects were felt

immediately. The current shortages and disruptions are more widespread and significant than those of the past, but they are still expected to be transitory.

“On the supply chain front, we continue to manage through the constraints seeing industrywide and continue to incur additional costs. We are partnering with our key suppliers, leveraging our volume purchasing and extending supply commitments as we address the supply chain challenges, which we expect will continue.”

Scott Herren -- Chief Financial Officer, Cisco Systems, 05/19/2021

“Like many consumer goods companies, we are experiencing significant disruptions and constraints within our supply chain in certain geographies. (...) In addition, we've been managing raw material shortages and transportation bottlenecks which have impacted our ability to deliver products and meet some of our normal levels of service with our customers in some markets. These challenges ... have resulted in lower sales ..., as well as increased cost of goods ...”

Steve Brass -- President and Chief Operating Officer, WD-40 Co, 04/08/2021

#4 RECRUITING

The keyword “recruiting” was mentioned by roughly 8% of all companies in Q2 2021, a 14% increase from Q1 2021. As demand for goods increases in a post-COVID-19 world, so does the need for workers. Employees with digitalization skills are especially valuable. A recent McKinsey study found that the pandemic accelerated existing trends in remote work, eCommerce, and automation.

“So we're very focused on the recruiting side right now, and we really pivoted, of course, during the pandemic, we've been able to really take advantage of the virtual space from the standpoint of the way that we are sourcing candidates. We gain these candidates through a variety of channels.”

Catherine Corrigan -- President and Chief Executive Officer, Exponent Inc., 04/29/2021

“We expect full-year adjusted operating margin in the range of 15.2% to 15.7% versus 15.2% to 16.3% previously, primarily reflecting increased investment in our people and recruiting for digital skills.”

Jan Siegmund -- Chief Financial Officer, Cognizant Technology Solutions, 05/06/2021

#5 HYBRID WORK

A still tiny but fast-growing topic is hybrid work. The term was mentioned in roughly 2% of the Q2 2021 earnings calls, a 108% increase from Q1 2021. Most workers and employers believe the future of work will combine remote and on-site work—thus, hybrid work. Some surveys report that people are more productive and happier when working from home and want to continue working remotely half the time as the lockdowns lift. Digital conferencing providers, such as Zoom, are preparing tools to integrate both worlds. Real estate services are considering how to best utilize building spaces.

“Zoom is here to help each customer calibrate their future working model in their own way. Many companies are redesigning the workplace to enhance the hybrid work experience. So to meet this need, we announced Zoom's features such as Smart Gallery, which puts in-room and remote participants on equal footing, Virtual Receptionist, participant accounting, and environmental sensors.”

Eric Yuan -- Founder and Chief Executive Officer, Zoom Video Communications, 05/02/2021

“Post pandemic, we believe that activity will accelerate based on the combination of hybrid work, a need for optionality, flexibility, and agility by large users, and a requirement by owners to amenitize their space for the purposes of attracting employees back to their hubs and flex work will be a part of the conversation, as well as any narrative around hybrid work. It will be part of the hybrid work that allows for agility, both on the corporate level, and amenities on the owner level.”

Barry M. Gosin -- Chief Executive Officer, Newmark Group, Inc., 05/06/2021

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