



OPPORTUNITY #37

WHAT IF WE COULD SIMULATE EVERYTHING
ABOUT EVERY PROJECT?

NO MORE 'WHAT IF...?'

Detailed simulations revealing the true costs, benefits and likely outcomes of decisions in business and government

WHY IT MATTERS TODAY

Bad decisions are costly in human and financial terms, whether they lead to business failures such as those of Barings Bank or Motorola, or loss of life such as the disaster of the Space Shuttle Challenger.^{370, 371, 372}

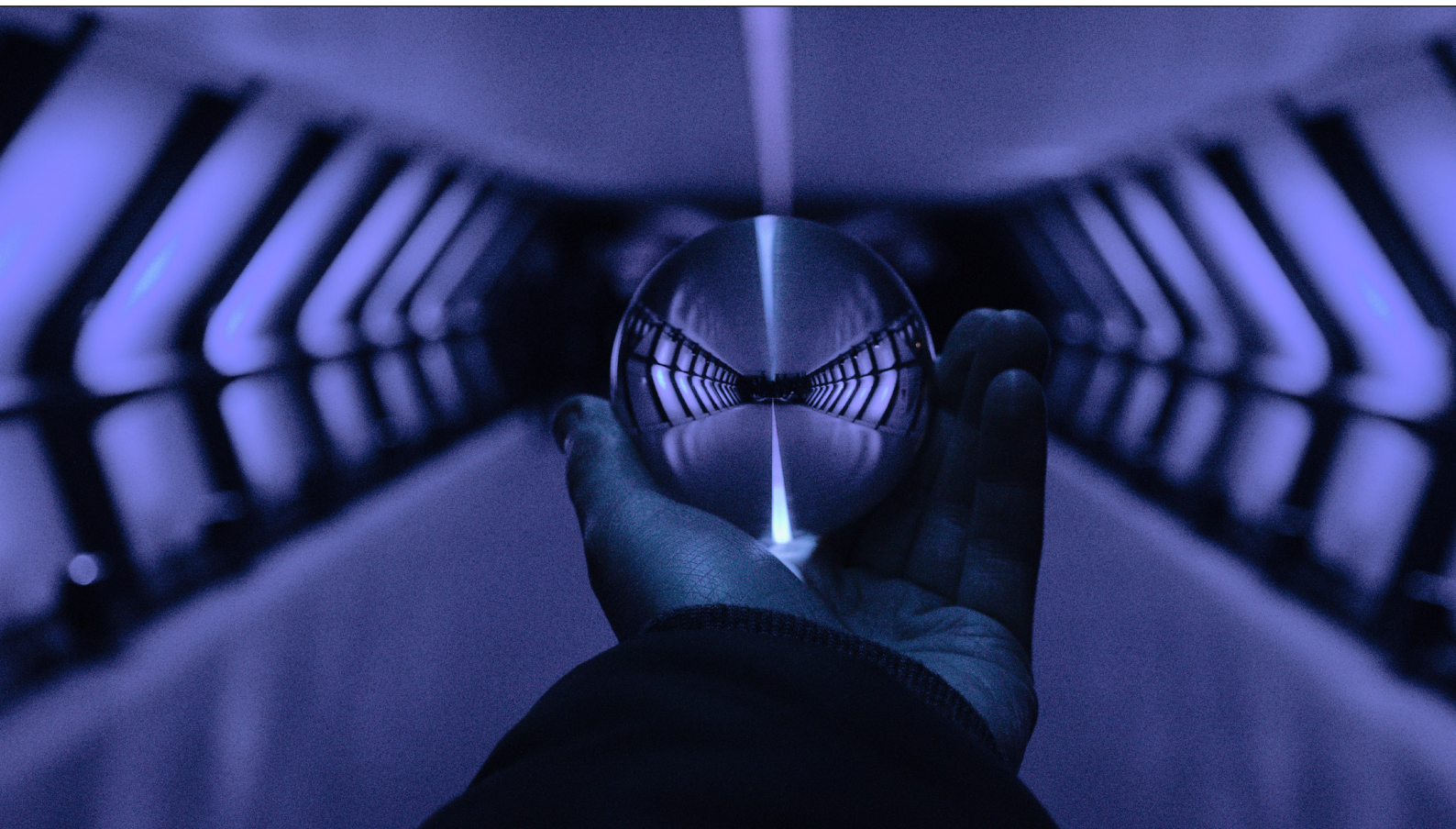
The challenges that the world faces today are complex and involve growing global interconnectedness. Governments are seeking to make decisions on issues from the economy and health to climate change and education³⁷³ while businesses are grappling with building strategies for growth, attracting talent and innovating in products and operations.³⁷⁴

While it is relatively simple to measure success in terms of outputs such as profitability for business or economic growth or health outcomes for governments, it is much more difficult to assess whether the inputs being made in terms of decision-making will drive successful outcomes.

For example, strong environment, society and corporate governance (ESG) performance is widely seen as a marker and driver of sustainable growth and responsible business practice. However, ESG ratings vary greatly from one ESG provider to another and ESG reporting and ratings approaches do not sufficiently clarify how financial materiality or non-financial materiality is likely to directly impact the finances of a company in the short, medium or long term.³⁷⁵ The ability of large firms to dedicate more resources to reporting has given rise to a possible ESG scoring bias in favour of large-cap companies and against SMEs.³⁷⁶ The newly established International Sustainability Standards Board (ISSB) emerging out of COP26 is the first step towards resolving this issue.³⁷⁷

SECTORS

AGRICULTURE & FOOD · ADVANCED MATERIALS & BIOTECHNOLOGY · AUTOMOTIVE, AEROSPACE & AVIATION · CHEMICALS & PETROCHEMICALS · CONSUMER GOODS · EDUCATION · ENERGY, OIL & GAS · FINANCIAL SERVICES & INVESTORS · HEALTH & HEALTHCARE · INFORMATION & COMMUNICATION TECHNOLOGY · INFRASTRUCTURE & CONSTRUCTION · INSURANCE & REINSURANCE · LOGISTICS, SHIPPING & FREIGHT · MANUFACTURING · MEDIA & ENTERTAINMENT · METALS & MINING · PROFESSIONAL SERVICES · REAL ESTATE · TRAVEL & TOURISM · UTILITIES



THE OPPORTUNITY TOMORROW

Vast data sets and powerful modelling technologies can enable detailed simulations of the full costs, benefits and likely outcomes of decisions in business and government. These relate to projects, large and small, from infrastructure to products, business approaches to policies. Models can accurately predict costs, duration, benefits and returns as well as environmental and social outcomes and both positive and negative externalities.

BENEFITS

These accurate projections inform more effective policy- and decision-making, with fewer 'white elephant' projects that fail to deliver on expectations, negative externalities and other unintended consequences. Resource allocation becomes highly efficient, freeing up budgets for other investments and projects. The process boosts accountability and holds decision-makers responsible for risks and impacts identified by modelling and simulation and not acted upon.

RISKS

Accidental innovation that brings along impactful changes and outcomes^{378, 379} decreases. Innovation shrinks as individuals, governments and corporations focus on the risks as opposed to the unexpected benefits.