

# TOPIC FIVE – TAIWAN – BUSINESS LESSONS FROM UKRAINE

In an era fraught with geopolitical uncertainties, Taiwanese tech companies face the imperative of fortifying their operations against potential disruptions. Drawing insights from global events, particularly the ongoing crisis in Ukraine, Taiwanese firms can proactively mitigate risks and ensure business continuity.

Diversifying Supply Chains: Creating redundant supply chains outside Taiwan emerges as a cornerstone strategy for mitigating risks associated with potential disruptions. Taiwanese tech companies must strategically establish manufacturing facilities, sourcing partners, and distribution networks in regions such as the US, EU, greater Asia, and Latin America. This diversification ensures continuity of operations even in the face of geopolitical shocks.

Tangible vs. Intangible Businesses: It's essential to discern the differences between tangible and intangible businesses in their diversification efforts. While tangible businesses focus on physical infrastructure and logistics, intangible businesses should prioritize digital infrastructure and cybersecurity to safeguard against cyber threats and data breaches.

Adapting Business Models: In light of geopolitical uncertainties, Taiwanese tech companies may need to adapt their business models to navigate changing market dynamics. This could involve shifting from a centralized manufacturing approach to a more decentralized model, where production facilities are strategically located across multiple regions. Additionally, embracing digital transformation and investing in remote work infrastructure can enable companies to maintain operational continuity during times of crisis.

Government Support and Collaboration: Companies can benefit from government support and collaboration initiatives aimed at enhancing resilience and mitigating geopolitical risks. Government agencies can provide resources, guidance, and incentives to support companies in diversifying their operations and establishing strategic partnerships. Collaborating with industry associations and other stakeholders can also facilitate knowledge sharing and collective action to address common challenges.

## Navigating Regulatory Challenges:

Expanding operations into international markets requires companies to navigate complex regulatory landscapes. Each region may have its own set of regulations governing trade, investment, intellectual property rights, and data privacy. Companies must conduct thorough due diligence and ensure compliance with relevant laws and regulations to avoid potential legal and regulatory hurdles that could disrupt their operations.

Scenario Planning and Contingency Plans: In addition to proactive measures, Taiwanese tech companies should develop scenario plans and contingency strategies to respond effectively to potential disruptions. This involves conducting risk assessments, identifying potential threats, and outlining response protocols to mitigate the impact of geopolitical events on business operations. scenarios, companies can enhance their agility and resilience in the face of uncertainty.

Key Terms in Strategic Partnering Agreements: In implementing any of the points above its important to consider the following terms in partnering agreements:

- Options to scale supply and business volume
- Variable discount pricing with increase volume
- Dedicated production resources with options to divest into controlled business entities
- Favorable tariff and logistics expenses
- Partner cooperation on visas, direct customer support, joint venture structures

## Topic References:

1. "Strategic Partnerships Amid Rising Geopolitical Risks" This S&P Global report examines how companies across sectors are leveraging strategic partnerships and joint ventures to navigate geopolitical turbulence, echoing the recommendations in the article for Taiwanese tech firms. (<https://www.spglobal.com/ratings/en/research/articles/230222-strategic-partnerships-amid-rising-geopolitical-risks-12357507>).
2. "How Companies Can Mitigate Geopolitical Risks". A McKinsey article providing a framework for companies to assess and respond to geopolitical risks through measures like supply chain diversification, scenario planning, and regulatory adaptation - tactics highlighted throughout the article. (<https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/how-companies-can-mitigate-geopolitical-risks>)
3. "Building Resilience Amid the New Geoeconomic & Geopolitical Global Landscape". This Deloitte report discusses strategies businesses can adopt to enhance resilience against intensifying geopolitical and geoeconomic tensions, including multi-sourcing, cybersecurity investments, talent strategies - all highly relevant points raised in the article. (<https://www2.deloitte.com/xe/en/insights/focus/gx-resilience-amid-new-geoeconomic-geopolitical-global-landscape.html>)