Board Matters Quarterly

Issue 2, 2025

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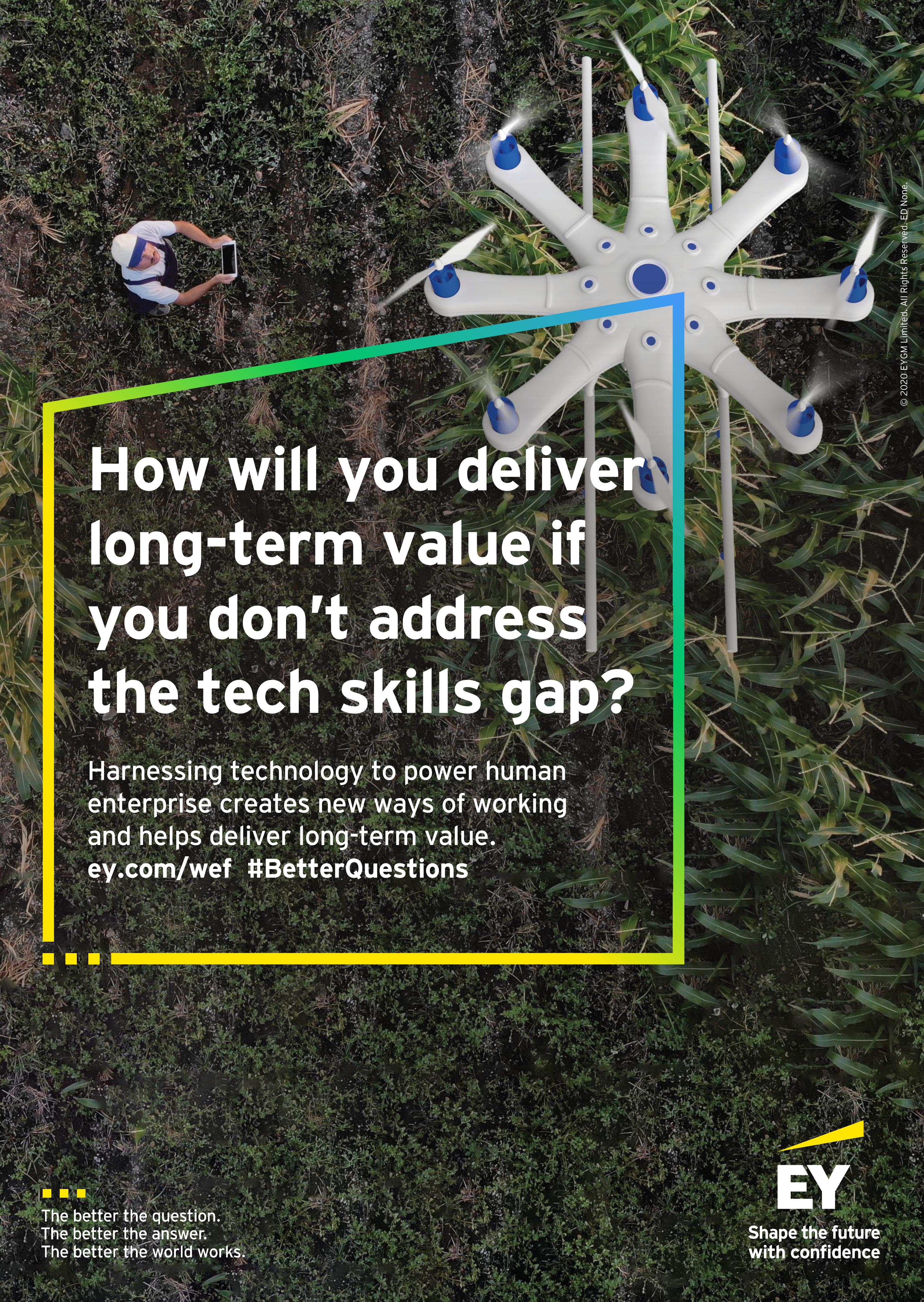
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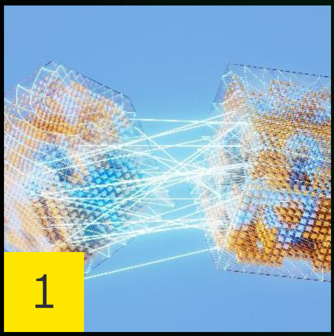
Board Matters Quarterly offers thought-provoking perspectives and insights into leadership and governance issues for boards and audit committees, providing support to navigate an increasingly complex business environment.



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How the world's 500 largest family businesses build and sustain value

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Fortifying your future: Key drivers for embracing managed cybersecurity services

By Jaco Benadie

In today's rapidly digitalizing world, prioritizing cybersecurity has become essential for organizations aiming to protect their assets against evolving threats. As cyberattacks grow in sophistication and frequency, the need for robust cybersecurity measures has never been more critical.

This article outlines the key market drivers for managed cybersecurity services (MSS) that senior leaders should consider when evaluating the benefits of these services for their organizations.

1. The transformative role of AI

Artificial intelligence (AI) is revolutionizing cybersecurity practices by enhancing threat detection, automating responses and utilizing predictive analytics. Organizations increasingly deploy AI technologies to analyze vast amounts of data quickly, identifying potential threats that traditional security measures might overlook. For example, AI can detect unusual patterns in network traffic, flagging potential breaches before they escalate into significant incidents.

However, reliance on AI also poses challenges. Algorithmic biases can lead to false positives or negatives in threat detection, which may result in unnecessary alarm or, conversely, missed threats. Additionally, an overdependence on automated systems can create vulnerabilities if organizations neglect the importance of human oversight. A balanced integration of technology and human expertise is crucial for effective cybersecurity strategies.

To further understand the impact of AI in cybersecurity, refer to EY's article on AI in cybersecurity, which discusses how organizations can harness AI while mitigating associated risks.

2. Securing critical infrastructure

Critical infrastructure – comprising sectors like energy, transportation, and healthcare – is particularly vulnerable to cyberattacks especially with the convergence of IT (information technology) and OT (operational technology) systems. Breaches in these areas can lead to devastating consequences, including service disruptions, financial losses and severe safety risks. Recent incidents, such as ransomware attacks on hospitals and energy grids, have highlighted these vulnerabilities, emphasizing the urgent need for robust cybersecurity measures.

To mitigate risks, organizations should adopt best practices tailored to the unique needs of critical infrastructure. This includes conducting regular risk assessments, developing comprehensive incident response plans and continuously monitoring the security landscape. Collaboration with government agencies and industry partners can also enhance security efforts as sharing threat intelligence can provide valuable insights into emerging risks.

For more information on securing critical infrastructure, refer to EY's article on IT and OT convergence, which describes why it is imperative to recognize the holistic transformation of IT and OT for improved protection and resilience.

3. The convergence of technology platforms

As organizations incorporate a diverse array of technology solutions, the convergence of these platforms presents another challenge in cybersecurity. While integrating new technologies can enhance operational efficiency, it can also create complexities that obscure the cybersecurity landscape. This environment can increase both the risk of breaches and the associated costs.

A strategic approach is necessary to navigate this complexity. Organizations should see to it that security is not an afterthought in the rush to integrate new technologies. This involves adopting a holistic cybersecurity strategy that encompasses all technology platforms, ensuring that security measures are consistently applied across the board.

For further reading on the convergence of technology platforms, refer to EY's article on technology assurance, which provides insights into navigating digital transformation and compliance.

4. Measuring ROI in cybersecurity investments

Demonstrating the return on investment (ROI) from cybersecurity initiatives is crucial for justifying budget allocation and securing ongoing funding. As organizations face increasing pressure to optimize their expenditure, understanding the financial impact of cybersecurity investments becomes essential.

Key metrics, such as cost savings from avoided breaches and risk reduction, enable organizations to evaluate the effectiveness of their cybersecurity strategies. For instance, organizations can analyze historical data to quantify the financial losses incurred from past incidents and compare them to the costs associated with implementing new security measures.

Successful use cases can provide proof of concept and validate funding decisions for further initiatives. By showcasing tangible benefits, organizations can build a compelling business case for investing in cybersecurity.

For a deeper dive into measuring ROI in cybersecurity, check out EY's insight on why cyber risk management matters for financial resilience, which outlines chief financial officers (CFOs) should recognize cybersecurity risk as a business concern.

5. Regulatory frameworks: Cyber Security Act 2024 and PDPA (Amendment) 2024

Emerging regulations, such as Malaysia's Cyber Security Act 2024 and the Personal Data Protection (Amendment) Act (PDPA) 2024, are shaping organizational cybersecurity policies. The Cyber Security Act outlines security responsibilities for entities operating within its jurisdiction, aiming to strengthen national cyber defenses. Compliance with this legislation is not just a legal obligation – it also enhances an organization's reputation and builds trust with stakeholders.

The PDPA emphasizes the protection of personal data, imposing stringent compliance requirements on organizations handling sensitive information. Failure to comply with these regulations can result in severe penalties, including fines and reputational damage. Therefore, organizations must adopt proactive cybersecurity measures to meet compliance standards while reinforcing their security posture.

Conclusion

The imperative for organizations to embrace MSS is underscored by a multitude of compelling drivers. The transformative capabilities of AI, the urgent need to secure critical infrastructure, the necessity of demonstrating ROI on cybersecurity investments, compliance with emerging regulatory frameworks and the complexities arising from the convergence of technology platforms all highlight the critical importance of robust cybersecurity measures.

EY’s extensive capabilities in these areas empower organizations to effectively address these challenges. Through advanced AI-driven solutions, EY enhances threat detection and response so organizations stay ahead of evolving cyber threats. Our expertise in securing critical infrastructure enables tailored strategies that mitigate risks specific to vital sectors.

Additionally, EY provides insights and methodologies to measure the ROI of cybersecurity investments, helping organizations justify their budgets and secure ongoing funding. With a deep understanding of regulatory requirements, EY assists organizations in achieving compliance while strengthening their security posture. Finally, our holistic approach to technology convergence facilitates seamless security integration across all platforms.

By leveraging MSS and EY’s capabilities, organizations can enhance their security posture, navigate regulatory challenges and ultimately, fortify their future against the ever-present threat of cyberattacks.

Jaco Benadie is a Partner at Ernst & Young Consulting Sdn. Bhd. The views reflected above are those of the author and do not necessarily reflect the views of the global EY organization or its member firms.

2 How the world’s 500 largest family businesses build and sustain value

The world’s largest family businesses continue to deliver impressive economic impact according to the 2025 EY and University of St.Gallen Global 500 Family Business Index (the Index). The 500 companies in the Index recorded aggregate revenues of US$8.8t — a 10% increase from the 2023 Index. And that’s in an environment when world GDP growth in 2023 was 3.3%.[1] The scale of these family businesses continues to impress with an average annual revenue of US$17.6b and with 80% reporting revenues in excess of US$5b.

The aggregate revenues of the 500 businesses in the Index would, if compared to GDP by country, equate to the world’s third-largest economy, ranking behind only the US and China.

The companies in the 2025 Index represent a diverse group of sectors and geographies, including companies headquartered in 44 jurisdictions — 47% based in Europe, 29% in North America, 18% in Asia and 6% in the rest of the world.

Even in today’s challenging business environment, mergers and acquisitions (M&A) remain core to the world’s largest family businesses’ growth and capital strategy. Nearly half (47%) of the companies included in the current Index were involved in at least one M&A transaction during the last two years.

The largest 500 family businesses are well positioned to thrive as significant contributors to the world’s economy through their growth, employment and impacts in the communities in which they operate.

The largest 500 family businesses collectively generate

US$8.8t

In revenues.

The largest 500 family businesses employ

25.1

million people worldwide.

Around the world

The businesses in the Index are headquartered in 44 jurisdictions. As in previous years, Europe is home to the largest proportion of businesses in the Index. Nearly half (47%) of the enterprises are based on the continent, with Germany, France, Italy and Switzerland being the most represented European headquarter locations. North America is the headquarters for 29% of the companies, while Asia hosts 18%.

The US hosts 23% of the companies including five of the 20 largest companies in the Index. The US hosts a diverse group of companies representing leaders in their industry sectors that together contribute approximately 30% of the aggregate revenues of the Index.

Germany hosts 78 companies and is the second largest headquarters country. Germany is also home to five businesses in the top 20 of the Index, with retailer Schwarz Group and carmakers Volkswagen Group and BMW among them.

India and China are each home to around 3% of the world's largest family enterprises (17 and 15 companies, respectively). Turkish company Koç Holding makes the top 20 for the first time. The Index represents a diverse set of industries and jurisdictions with companies that create value in many ways.

Top contributors

The retail sector has the largest representation with 20% of the featured companies that, together, contribute 26% of the aggregate revenues of the Index (US$.2.25t). Nearly half (49%) of the total revenue from the retail sector comes from US-based businesses, including Walmart. The sector employs 7.18 million people globally.

After retail, the most prominent sectors include consumer products (19%), advanced manufacturing (15%) and mobility (9%). The consumer sector, with combined revenues of US$1.5t and 4.4 million employees, is the second-largest sector in the Index by revenue.

The biggest contributor in both number of companies and revenue, in advanced manufacturing and mobility sectors, comes from Germany-based businesses. Sixteen advanced manufacturing companies contribute aggregate revenues of US$191b, while 14 mobility companies contribute US$669b.

Transactions drive momentum

Many of the world's leading family businesses are actively pursuing or considering M&A transactions. Despite slower market conditions, almost half (47%) of the companies were involved in one or more transactions since the last Index. A healthy 616 transactions were recorded by this group. Out of the disclosed deals, a notable 34% exceeded US$250 million.[4]

US Snacking and Pet Care company Mars, Inc. disclosed the largest transaction with an acquisition valued at US$36.8b.

"Combinations, acquisitions and strategic divestitures all play an invaluable role in getting ahead of the opportunities, threats and changing market forces for companies around the world," says Andrea Guerzoni, EY Global Vice Chair – Strategy and Transactions. "In many cases, family businesses have dealmaking advantages in uncertain times. They can leverage deep industry knowledge and agility to make swift decisions to seize opportunities through strategic transactions." Their long-term mindset and access to family as well as external capital sources are also strengths.

According to the EY-Parthenon CEO Outlook Survey released in January 2025, the overall appetite for M&A in the next year has increased significantly to 56% from 37% in September 2024, signaling a robust uptick for dealmaking in 2025. It's a continuation of the positive trend in 2024 in which M&A activity was resilient despite complex market conditions and deal values grew by 11% and volume by 9% compared to 2023.

Enduring legacy

Leading family enterprises are often known for combining a long-term value horizon with an agile and innovative approach that drives strategic advantage. These attributes help to explain why 34% of the companies in the Index have more than a 100-year legacy and an impressive 85% have been operating for more than 50 years. Today, the family continues to have substantial control and influence in all companies of the Index, and in more than 40% a family member also holds the position of CEO.

Thomas Zellweger, Chair of Family Business at the University of St.Gallen, comments, "Family-owned businesses have a remarkable ability to adapt and thrive in dynamic environments. The focus of family firms on their long-term survival, combined with high concern for efficiency and conservative financing practices, sets many of these firms up for continued success."

Japan's Takenaka Corporation wears the crown of oldest family enterprise in the Index, having been in business for 414 years. Meanwhile, two European companies have notched up more than 300 years in operation — German science and technology company Merck (356 years), and French investment company Wendel (320 years). The oldest US company in the Index is lift truck manufacturer Hyster-Yale, which dates back to 1844.

Summary

The 2025 EY and University of St.Gallen Global 500 Family Business Index highlights the extent to which the world's largest family enterprises are contributing in distinctive ways to the global economy.

This article was sourced from EY Center for Board Matters: How the world's 500 largest family businesses build and sustain value

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