

Riding the storm

Billionaires insights 2020

In a year of dramatic upheaval, the fortunes of billionaires are polarizing. A cohort of disruptors and innovators is pulling ahead of the pack and growing its wealth. “Riding the storm – Billionaires insights 2020”, a report by PwC and UBS, further examines this trend. In its seventh edition, the report provides in-depth insights into billionaires around the world, and the shape of their wealth in turbulent times.

Fortunes are polarizing

A cohort of billionaire innovators and disruptors has pulled ahead of its peers. During 2018, 2019 and the first seven months of 2020, the tech and healthcare billionaires saw their wealth grow at a much faster rate than the rest. In this period, tech sector entrepreneurs grew their total wealth by 42.5%, from USD 1.3 trillion to USD 1.8 trillion, while healthcare billionaires saw their wealth rise 50.3%, from USD 438.1 billion to USD 658.6 billion.

These levels of growth far surpass the overall rate of billionaire wealth growth over the period, at 19.1%, with billionaires in more traditional sectors like real estate and financial services weighing down the average figure.

COVID-19 has accelerated this trend dramatically. By riding the storm, billionaire innovators were able to decisively pull ahead as they increased their wealth while others' fell.

Recovery after COVID-19 market turbulence

As the pandemic grew in the first few months of 2020, just a few extraordinary weeks in February and March 2020 caused billionaire wealth to fall 6.6% between March 2019 and April 2020, by USD 564.0 billion, to USD 8.0 trillion. The number of individual billionaires fell by 43 to 2,058.

However, by the end of July 2020, billionaire wealth recovered in line with the V-shaped recovery in public markets. This recovery was led by billionaires in tech, healthcare and industry.

Wealth has hit a new high of USD 10.2 trillion, surpassing the previous peak of USD 8.9 trillion which was reached at the end of 2017. There are now 2,189 billionaires, up from 2,158 in 2017.

Innovators revolutionizing industries

Scientists, computer programmers and engineers are revolutionizing industries at a pace never seen before. These innovators are becoming serial entrepreneurs and using new technologies to develop new products, services and business models. This is disrupting not just their own business sectors, but having a ripple effect across the economy, creating new businesses and new wealth.

The billionaires we identified as innovators and disruptors grew their wealth by 17% to USD 5.3 trillion across 2018, 2019 and 2020. This compares to traditional billionaires' wealth which increased by 6% to USD 3.7 trillion.

Most tech and healthcare sector billionaires form part of this group, with our analysis identifying 94% of tech and 71% of healthcare entrepreneurs as innovators or disruptors. Innovation in these sectors has been driven by new consumer technology as well as business services such as AI, cloud computing and software-as-a-service from the likes of Oracle and Microsoft. We have also witnessed a new age of drug discovery and innovations in diagnostics and medical technology, as well as, latterly, COVID-19 treatments and equipment.

Philanthropy and sustainability pioneers

In response to COVID-19, billionaires gave more than ever before in the space of just a few months. They reacted quickly. Between March and June 2020, a total of 209 billionaires publicly committed USD 7.2 billion – and the public announcements understate the true amount donated, given a tendency toward discretion.

A number of billionaires are seeking to go beyond philanthropy to do good across corporate and investment activities. This group is strategically prioritizing outputs over inputs and looking to balance corporate, environmental and social values with corporate profitability.

For example, the top ten billionaire-controlled companies ranked by sustainability performance are almost all associated with billionaires who are also COVID-19 donors and venture capital investors in clean tech businesses. Nine of the 10 are COVID-19 donors and seven also invest in clean tech.

The next generation of rebuilders

2020 is a pivotal year, a hinge point in history. The economy has rapidly become more digital, while simultaneously becoming less global and more indebted.

As the storm passes in the coming decade and beyond, billionaire disruptors and innovators have a vital role to play in rebuilding the world economy.

These billionaires will expand their business exponentially and continue to disrupt all sectors. There will be headwinds, and, ultimately, winners and losers among billionaires. The less global world, struggling business sectors, and threat of higher taxation may affect some, while others will be able to ride the wave of the digital revolution.

More than ever before, billionaires will be responsible for balancing society's books in the 2020s. This will involve raising productivity to tackle public financial deficits, while helping reduce social inequality and tackle climate change. The pandemic has opened the eyes of many more billionaires who want to make an impact.

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