HotTopics

Technology C-Suite: Digital Baseline Study

2024

Introduction

The HotTopics C-Suite Digital Baseline Study 2024 has been created to offer the HotTopics community an inside, peer-to-peer view of what is front of mind for today's technology C-suite.

Fielded online between May and July 2024, 100 global CIOs, CTOs, Chief Digital and Data Officers and COOs were asked a series of high-level, strategic questions to assess their leadership styles, digital maturity levels, expectations of suppliers, hopes for an AI future and ambitions for the year ahead.

Topline findings include:

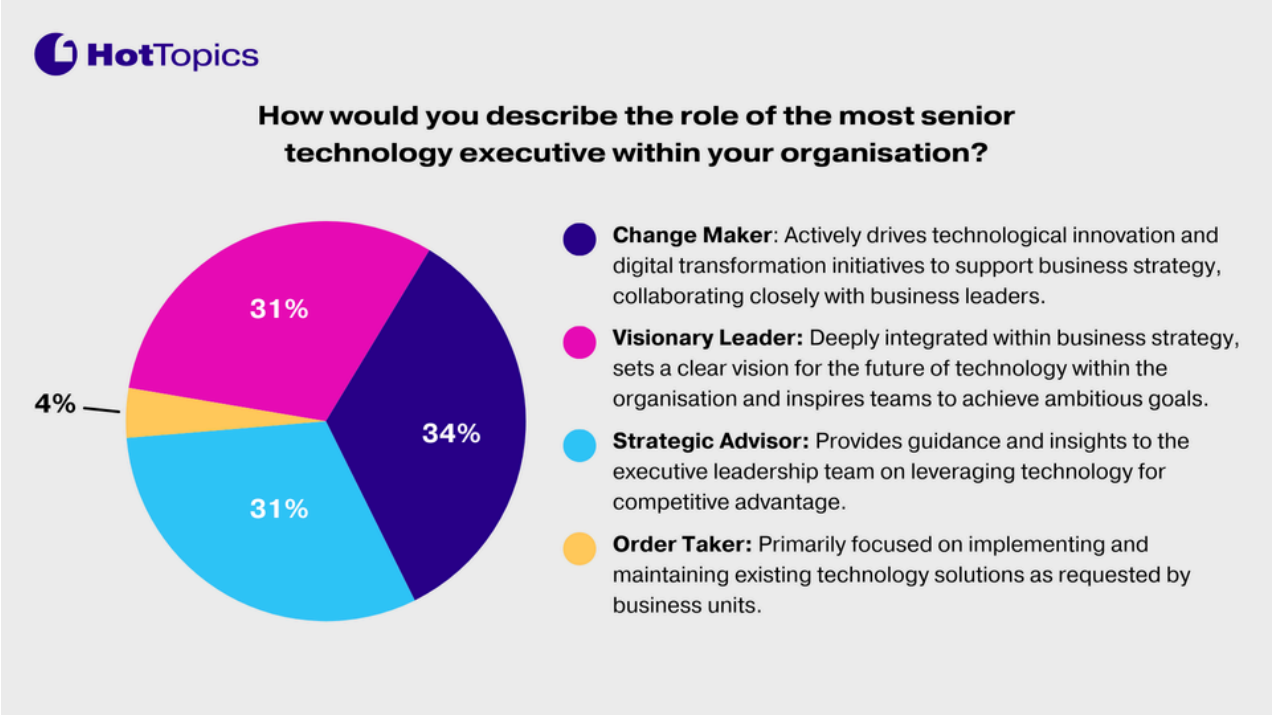
- Nearly half of respondents still believe the CIO is ultimately responsible for digital transformation, over other technology C-suite leaders, including the CEO.
- 44 percent of respondents also considered the CIO appropriate executive to drive AI adoption.
- Only 4 percent believe the senior technology executive is simply an 'order taker to the business', a remarkable change from the industry over less than two decades.
- Some 57 percent of respondents believe the digital maturity of their organisation is either 'advanced' or 'established'.
- Executives' biggest priority is increasing revenue and market share (65 percent); limited budget and resources for technology investments (64 percent) was cited as the biggest barrier to aligning business and technology goals.
- 71 percent plan to invest in AI and machine learning in the year ahead.

Further on, this study looks deeper into the data to compare answers by organisational size. One common error is to compare apples and pears, or an enterprise CIO with an executive working at a start-up or SME for that matter. Although the basic parameters of a business remain constant, for the technology C-suite, priorities shift and evolve constantly.

That is one of the reasons why this report, the inaugural HotTopics C-Suite Digital Baseline study, can be a useful litmus test of a function and the leaders within them.

Read on to discover the results from HotTopics 2024 C-Suite Baseline study.

1. Who is the most senior technology executive?



Our C-level respondents described themselves evenly across three types of leader: **Change Maker**, **Visionary Leader**, and **Strategic Advisor**.

Each description has its benefits for the business. Innovative and adaptable, **Change Makers** are key for constant evolution; a **Visionary Leader**, meanwhile, sets and embodies a vision for the business to follow; while **Strategic Advisors** are the right-hand people of the CEO and Board, looking to use technology for competitive advantage.

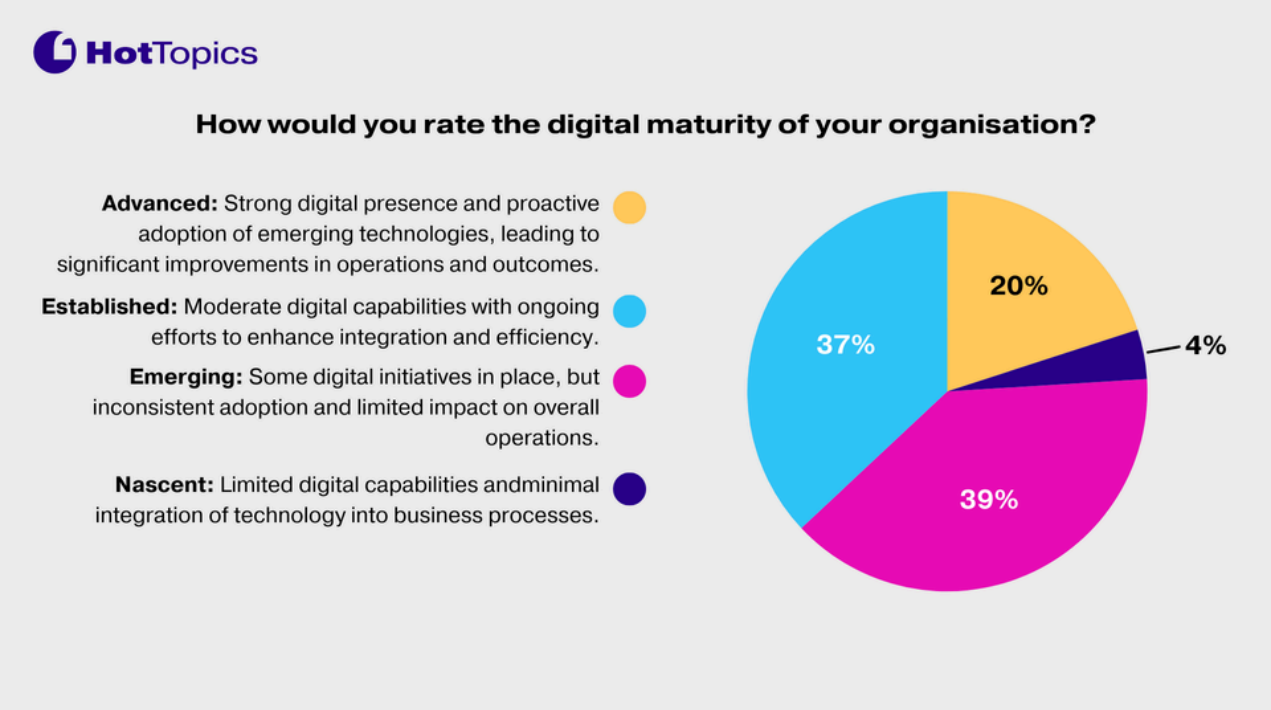
Given the increasing pressures on the technology C-suite to lead, advise, perform and inspire, the equal split found amongst participants speaks to perhaps their self-selection, ie, how do they see themselves, or perhaps want to see themselves. The C-suite executive as an **Order Taker** is a particularly 20th Century role, and as such fewer and fewer leaders see themselves in such a way - perhaps also illustrating how technology is now at the epicentre of every business strategy.

2. Organisational digital maturity

One of the more surprising results from the C-Suite Digital Baseline study was the relative pessimism of respondents' digital maturity, which can be loosely defined as the extent to which an organisation has integrated digital technologies and practices into its strategy, operations and culture.

More than a third (39 percent) of the respondents felt their organisations were **emerging**, with inconsistent adoption across the business that brought about limited impact on overall operations. A close second (37 percent), **established**, still only describes digital capabilities as moderate.

A common belief amongst the technology C-suite is that they and their teams are further behind than competitors. Across the HotTopics community, executives often share the relief they feel when they realise their problems are often shared by their peers. In this case, it may be that respondents are drawing from this internal bias, or perhaps the industry is further behind in its digital maturity than first assumed.



3. Top 3 business priorities

One of the key sets of questions posed to leaders was around business priorities for the next 12 months.

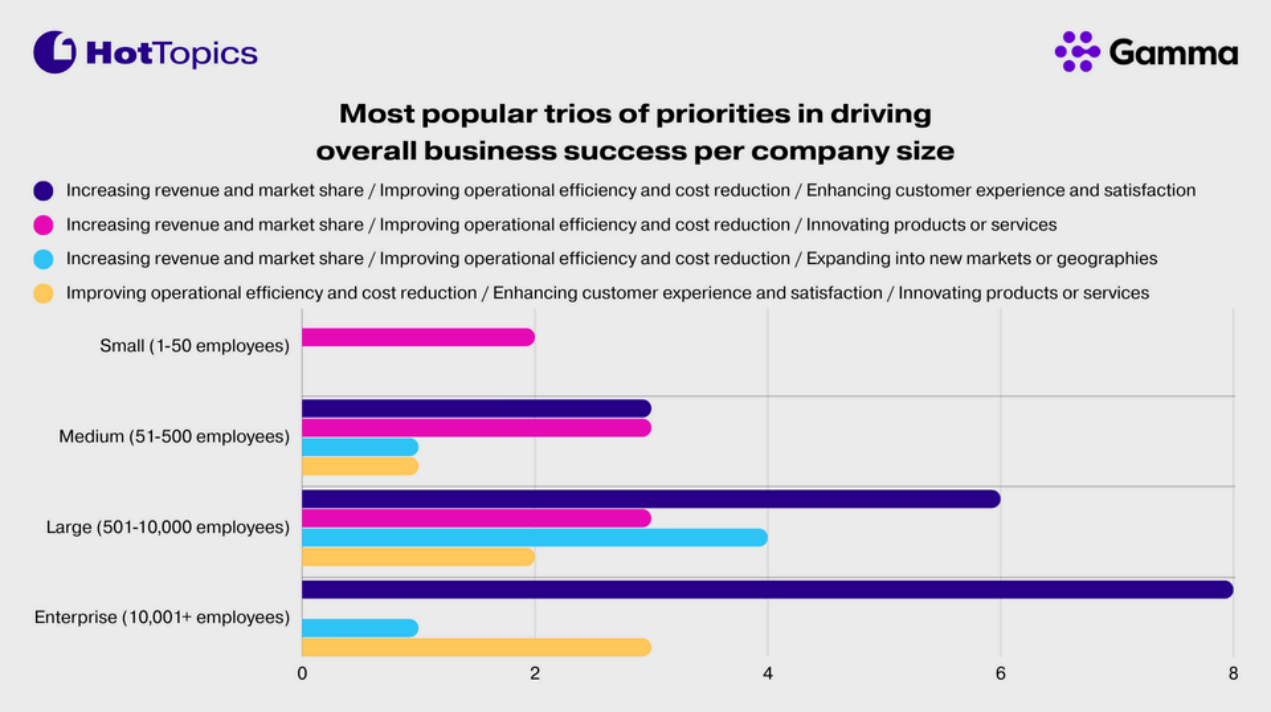
Respondents had the opportunity to select their top three priorities, and the results hint not just at the dominant challenges facing leaders, but also how these change by company size.

Increasing revenue and market share was the most selected priority, with 65 percent of respondents selecting this option. This is not a surprise. Growth is one of the CEO's key metrics for measuring success and the technology team is increasingly pivotal to the digital products, services and processes that help build new products, services and revenue streams.

A close second (62 percent) was **improving operational efficiency and cost reduction**. As well as targeting higher profit margins, leaders are also tightening their belts, and a leaner organisation can be more nimble and adaptable, particularly through economic instability.
The combination of priorities is also worth noting (see graph below).

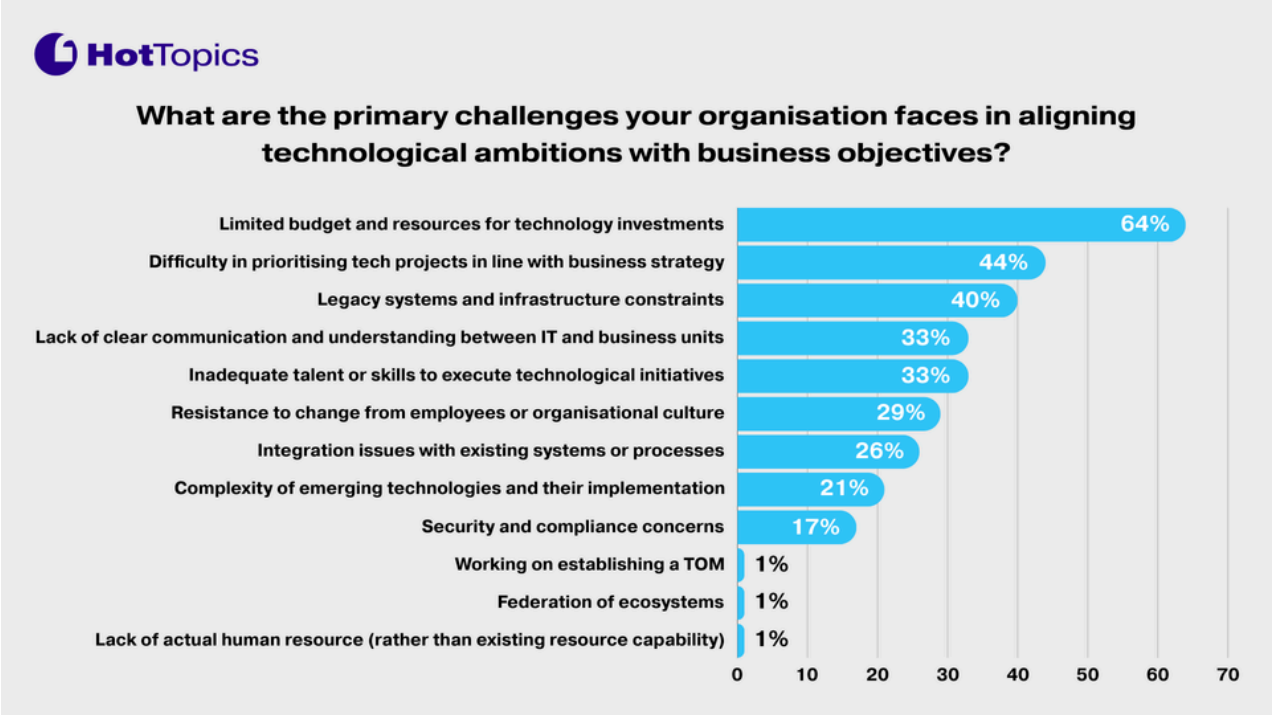
The most selected trio was **increasing revenue and marketing share, improving operational efficiency and cost reduction, and enhancing customer experience and satisfaction**. Delving deeper into the data, it is the most popular trip for enterprise leaders, but less so for start-ups. For smaller organisations, customer experience is replaced by **innovating products and services**, and for medium-to-large organisations, **expanding into new markets and geographies**.

C-suite priorities naturally evolve in line with the company's journey. For the C-level technology executives polled here, it appears the more established the company, the more likely they are to be focused on the customer base, rather than testing new products and creating new markets for themselves.



Priorities with the fewest respondents included **ensuring regulatory compliance and risk management, sustainability and corporate social responsibility initiatives, and attracting and retaining talent**. This is perhaps surprising given how vocal leaders have been around compliance and talent, especially. One thing to note is that, typically in economic downturns, ESG and governance falls down the list of priorities, especially if they are not tied to specific and well-defined KPIs. Leaders will need to consider new regulation and focus — especially from a myriad of new Governments —that demands compliance, particularly around Net Zero targets.

4. Primary challenges



The survey revealed that 64 percent felt **limited budget and resources for technology investments** was the main challenge within their organisation, easily beating **difficulty in prioritising technology projects in line with business strategy** (44 percent) and **legacy systems** (40 percent).

These findings underscore the complexities in resource allocation within organisations. With other business areas often taking precedence, technology projects can sometimes struggle to secure necessary funding, especially if they are not effectively aligned to business outcomes. One key underlying theme here is the disconnect between technology teams and the rest of the business, which significantly impacts the perceived business value of technology. Far from the technology team acting as barriers to growth, or as a risk-averse back-office function - as seen in the past, this points at the technology C-suite having the vision to transform an organisation, without necessarily the capital to back them.

This disconnect can also be seen in 33 percent of organisations, where leaders highlighted lack of clear communication between IT and the business as a major hurdle.

Difficulty in prioritisation is an oft-quoted challenge for the HotTopics C-suite (44 percent), and continues to be problematic because it intimates that leaders are finding the volume of challenges a challenge, before they can even allocate time and resources on the actual issues facing businesses. As one CIO said during a HotTopics event earlier this year, “I looked at the [nine] priorities, and yes - we’re trying to do all of them”.

The question of how to effectively prioritise should be top of the C-suite agenda.

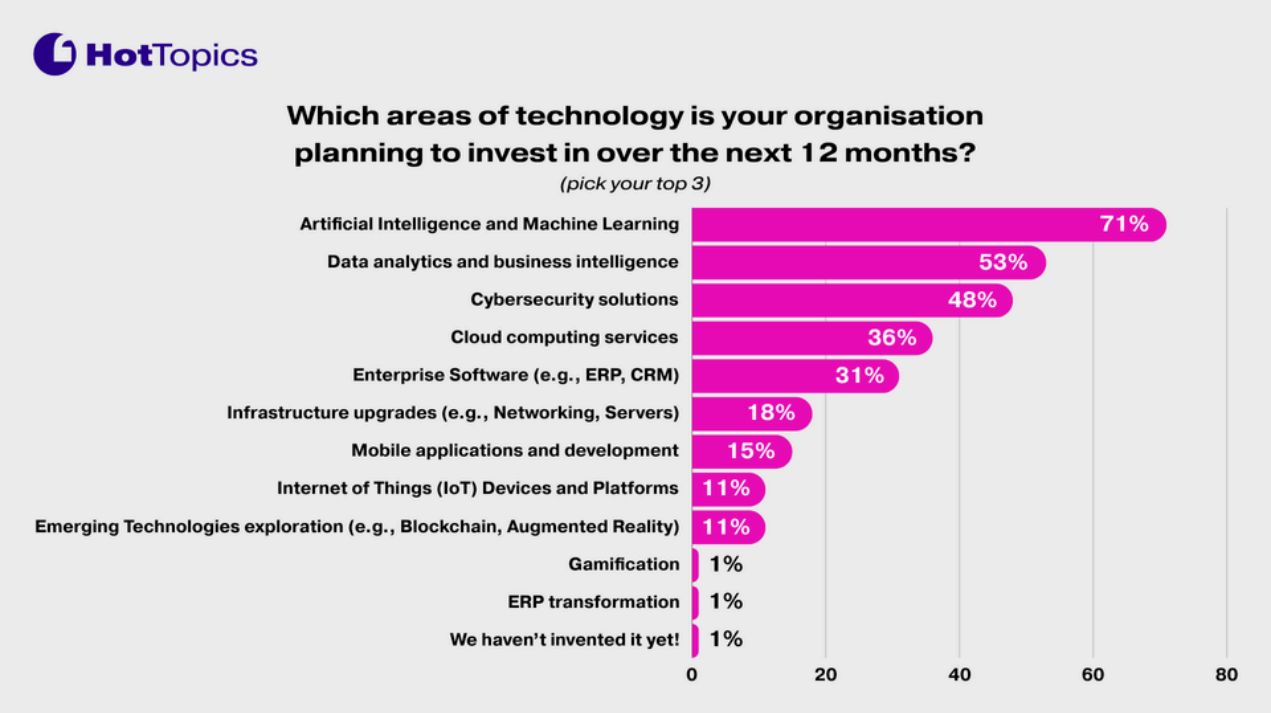
Across the rest of the results it is also worth comparing two distinct elements of the same theme: whereas 33 percent of respondents bemoaned **inadequate talent or skills** as a primary challenge for them, almost none of them agreed that the issue was because of a **lack of human resources**, or quantity of people. For this study’s respondents, the talent challenge is a skills challenge. Boards and CEOs would do well to accelerate up-skilling and reskilling projects if they are to realise the technical visions of the digital and IT teams.

5. 2025 technology investments

Investing in technology is pivotal for business growth; leaders in the HotTopics community have explained its benefits in increasing efficiency and streamlining overall business operations. The findings of this chart revealed the top three technology areas the respondents' organisations aim to invest in in the next 12 months.

This graph revealed that the top choice for investment is, perhaps unsurprisingly, **artificial intelligence and machine learning** (71 percent), followed by **data analytics and business intelligence** (53 percent), and **cybersecurity solutions** (48 percent). The darling of the 2010s—and the immediate impact of the COVID-19 pandemic, **cloud computing services**, has dropped to fourth, at 36 percent, perhaps in the face of heightened maturity levels.

As a result of the ongoing AI hype in the business landscape, businesses are flocking to invest in generative AI capabilities, whilst re-analysing their machine learning investments, such as chatbots, RPA, low-code/no-code and other forms of automation. AI, loose definitions aside, requires a minimum digital maturity, however, especially when it comes to the organisation's data architecture.



Many Chief Data Officers are using the AI boon to argue for the investment they have been requesting for the last five years. Business intelligence as an investment therefore would be wise, especially if businesses want to wait and see for just how profitable generative AI truly is.

Cybersecurity solutions are also a high priority, with 48 percent of respondents focusing their investments here. This indicates a strong commitment to safeguarding digital assets and fortifying defences against cybersecurity threats. Cybersecurity is increasingly framed as a business challenge that requires a business-wide response, both top-down and bottom-up. Boards and CEOs are becoming better at understanding the language of security, and are challenging the CISO and Chief Risk Officer on their vision, priorities and risk management. CISOs, meanwhile, are becoming more adept at communicating the risk in the board's language - money.

Summary

The technology C-suite has a golden opportunity to transform their organisations. Most CEOs and Boards are increasingly bought into the value of digital, data and analytics for the business, and in the individuals charged with leading in these areas: the CIO, CTO, CISO, Chief Digital and Data Officer.

This opportunity can be accelerated by smart investments and partnerships, collaboration with the business to drive efficiency in teams and processes, and working to create truly innovative products and services that can generate new revenue, customer segments and sustainable growth. Leaders' appetites for AI investments, their self-analysis as visionary leaders and their appetite to grow into new markets, to name just a few, all point to leaders recognising this opportunity.

Yet there are challenges, as the C-Suite Digital Baseline study shows.

C-suite leaders are less sure about their organisations' digital maturity than expected. Significant challenges include the difficulty in prioritising challenges; communication between technology and the business - an age-old concern, long bemoaned by CIOs – also scored disappointingly highly.

If leaders wish to increase the golden trio of – revenue and marketing share, improving operational efficiency and cost reduction, and enhancing customer experience and satisfaction – these will have to be addressed quickly and effectively in the last months of 2024, if those gains are to be realised in the early months of 2025.

What the C-Suite Digital Baseline study does, however, is satisfy leaders that they are not facing these challenges alone. One of the benefits of community is to draw inspiration from one another, but also to face issues as one collective. These opportunities and challenges are common topics of discussion across HotTopics' editorial content, C-suite events calendar and smaller networking groups, and we will utilise these findings to test how far the industry can move in 2025 and beyond.

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