

Technology CEOs focused on growth for the future

Uncertainty. Disruption. Innovation. What are technology CEOs doing to make sure they are on pace for growth?

“To thrive in a rapidly changing environment, technology CEO’s top strategic priorities are to develop new growth strategies and foster innovation. Technology CEOs are bullish on the economy of the future and they recognise that now is the time to address critical challenges and strengthen, or in some cases even transform, the core of their business.” – Kristina Kipper, KPMG’s Segment Leader, Technology.

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Uncertainty. Disruption. Innovation. Standing at the forefront of change, companies in the technology space are often the first to feel the impact of a shifting global economy - positive or negative.

As part of KPMG’s *2015 Global CEO Outlook* report, 102 technology c-suite executives were surveyed. They told us that despite the constantly evolving global business environment, they are feeling more confident in their growth prospects within the sector than they did last year.

Indeed, growth has become an imperative for global technology CEOs and developing new growth strategies is the top strategic priority over the next 3 years. Eighty-four percent of technology CEOs have stated they have an aggressive growth strategy; so what are technology CEOs doing to make sure they are on pace for growth?

Disruptive technologies and innovation at play

Fostering innovation and implementing disruptive technologies are top strategic priorities for technology CEOs and a key strategy for growth. To achieve their growth objectives, over 50 percent of technology CEOs are devoting significant capital to new product development. Further, almost 50 percent are investing in the Internet of Things, machine-to-machine technologies, industrial intranets and other aspects of technology.

Technology CEOs are seeing the need to innovate, however over half of technology CEO Outlook survey respondents have not yet implemented a fully developed process for innovation. Technology CEOs are struggling with which technologies to adopt and where to direct their innovation investments. The two biggest barriers to innovation are uncertainty around which technologies deliver the greatest return on investment (ROI) (24 percent) and rapidly changing customer dynamics (23 percent).

Managing cyber security

New Technology CEOs, more than CEOs in other industries, appear to have a higher awareness of the negative impact security breaches can have on a company. Forty-four percent of technology CEOs see information security (cyber) risk as the biggest risk to their organisation.

Cyber security is seen as one of the key issues having the biggest impact on technology companies today, followed by disruptive technologies (53%) and global economic growth (49 percent). Given the pressing nature of cyber security, it is positive to see that 60 percent of technology CEOs say they are fully prepared for a cyber event – although many are in a holding pattern and only planning to take further pre-emptive measures over the next 3 years.

Aligning strategic priorities

The competitive environment is intensifying and technology CEOs recognise they will face big challenges over the next 3 years. Eighty-four percent of technology CEOs are concerned about the loyalty of their customers, 74 percent are concerned about new entrants disrupting their business model, and 68 percent are concerned about keeping current with new technologies. In addition, 67 percent say that they are concerned about their competitors' ability to take business away from their organisation.

While growth and innovation are top of mind, 53 percent of technology CEOs recognise that operational efficiencies are critical and the most important factor when it comes to the future wellbeing of their companies. However, there are geographic differences; while US technology CEOs (76 percent) cited growth as the most important focus area, Asia Pacific (64 percent) and Europe (61 percent) said operational efficiency was the most important.

From KPMG's member firm professionals' discussions with technology CEOs around the world, it is now known that the next 3 years offer big opportunities to those companies that are able to manage their risks and meet the shifting demands of the competitive landscape. Today is a time of growth driven by innovation yet is tempered by a realisation that operational effectiveness is still important.

To find out more about the key issues facing CEOs around the world, read KPMG's [2015 Global CEO Outlook](#).

For an Australian perspective, read KPMG's [Global CEO Outlook 2015: The outlook for Australia](#).

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