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Percentage of Chief Digital Officers hired more than tripled globally

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Singapore, 21 June 2017 – Nineteen percent of the world’s top 2,500 companies have appointed an executive – commonly known as a Chief Digital Officer (CDO) – to oversee the digital transformation of their business, according to the results of a [new study](#) about the role from Strategy&, PwC’s strategy consulting business.

Though this number might seem modest, it has more than tripled from last year’s percentage, when only 6% of companies analysed had hired such an executive. Of equal significance is the fact that 60% of the digital leaders identified in our most recent study have only been hired within the last two years.

Strategy&’s 2016 Chief Digital Officer Study looks at the top 2,500 public companies around the world by market capitalisation to better understand how many companies have appointed a digital leader, who they are, and where the position fits into companies’ hierarchies. For the purposes of this study, the CDO is defined as that executive, no matter of the title, who has been given the task of putting into practice the digital mission of his or her company or business unit.

Not just a fad – around the world, digital leaders are here to stay

In light of the significant increase in digital leaders across industries, company sizes, and regions, companies would do well to start believing the “hype” around the new position.

Companies in the financial services and consumer-focused industries have the highest digital leader ratio. For instance, according to our study, 35% of insurance companies have digital leaders, and 27% of both banking and consumer products companies do as well.

European companies are hiring CDOs at faster rates than companies elsewhere (38% in Europe versus 23% in North America, 13% in South and Latin America, and 7% in Asia-Pacific). Whilst the Asia Pacific numbers are

comparatively lower, the regional take-up rate is expected to grow significantly as the importance of leading digital efforts in a coordinated fashion becomes increasingly compelling in Asia's fast moving markets.

Pierre Legrand, Technology Consulting Leader, PwC South East Asian Consulting observes:

“Across the region, we are beginning to see a ‘leap frog’ to advanced digital technologies supporting omnichannel front-end to cloud based platforms. Sponsorship and support from key C-suite executives will be required to drive a cohesive approach across their companies to achieve modern and consumer driven customer outcomes.

“We also believe that there is an even greater drive to digitise processes. A shift of attention to empower employees (or ‘colleagues’) – with new tools such as robotic process automation (RPA) and artificial intelligence to automate commodity activities and allow humans to focus on high value customer interactions – is becoming one of the modern CDO's new focus areas.”

Larger companies also continue to remain ahead of the curve in appointing digital leaders. The percentage of companies with CDOs by market cap peaks at 33% for Quartile 4, then decreases to 18% for Quartile 3, 15% for Quartile 2, and 10% for Quartile 1.

Creating a unified vision for digital

“For a growing number of companies, it's just not feasible any longer to spread out various digital efforts among separate business units,” says Pierre Legrand. “It may work during early stages of digitisation, but as a company moves towards a more advanced stage of digital maturity, a unified approach is needed to execute a more comprehensive digital strategy.”

Taking the helm of a holistic digital strategy means different things for different companies. While some look externally for digital leaders, others engage existing leadership and a diverse group of stakeholders to help manage the transition. For these reasons, digital executives come in various forms, with a variety of different skills in tow. While leaders with marketing

and sales backgrounds dominated last year (34% and 17% respectively), this year 32% of digital leaders bring technology backgrounds to the job, up from 14%.

Greg Unsworth, Digital Business Leader, PwC Singapore comments:

“Whilst there is an increase in appointment of CDOs with a technology background, it is also interesting to note that 52% of CDOs were recruited internally from within the organisation rather than reaching outside. This reflects the importance of appointing the right leaders with the required governance, responsibility and authority to move the organisation as one. Parachuting in “outsiders” without sufficient institutional knowledge and influence is considered too risky by many.

“One of the most daunting challenges for any digital leader is how to develop new digital applications at the same time as they’re dealing with legacy IT systems that have been vital to a company’s operation for years. As this becomes more and more apparent, we should continue to see a growing number of executives with the technical expertise necessary to navigate a company’s multi-faceted digital assets.”

Knowing how to work within these constraints while simultaneously maintaining the operational agility needed to move digitisation efforts forward will be key for any digital leader.

Greg concludes:

“The CDO’s role, by definition, is transformational, which means anyone assuming the role has to balance the old technologies with the new, technical expertise with an understanding of internal organisational mechanisms, and a vision for a company’s future that also aligns with its longstanding mission.”

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Notes to editor:

Methodology

Strategy& examined the global top 2,500 listed companies by market capitalization as of July 1st, 2016, as defined by Bloomberg. For the purposes of this study, the CDO is defined as that executive, no matter of the title, who has been given the task of putting into practice the digital mission of his or her company or business unit. This could be a high-level member of the C-Suite; variously called the CDO, CTO, CIO, CSO or else – whose presence is critical in helping define his or her company’s overall strategic direction and bringing about its cross-functional transformation into a full digital enterprise.

For more information, please visit www.strategyand.pwc.com/cдостudy. A copy of the study and breakdowns by industry, company size and geography are also available from the media contact.

About Strategy&

Strategy& is a global team of practical strategists committed to helping you seize essential advantage. We do that by working alongside you to solve your toughest problems and helping you capture your greatest opportunities. We bring 100 years of strategy consulting experience and the unrivaled industry and functional capabilities of the PwC network to the task. We are part of the PwC network of firms in 157 countries with more than 223,000 people committed to delivering quality in assurance, tax, and advisory services.

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