KIN+CARTA

Digital Transformation

2024 Leadership Priorities in Tech

Leading through
tech anxiety
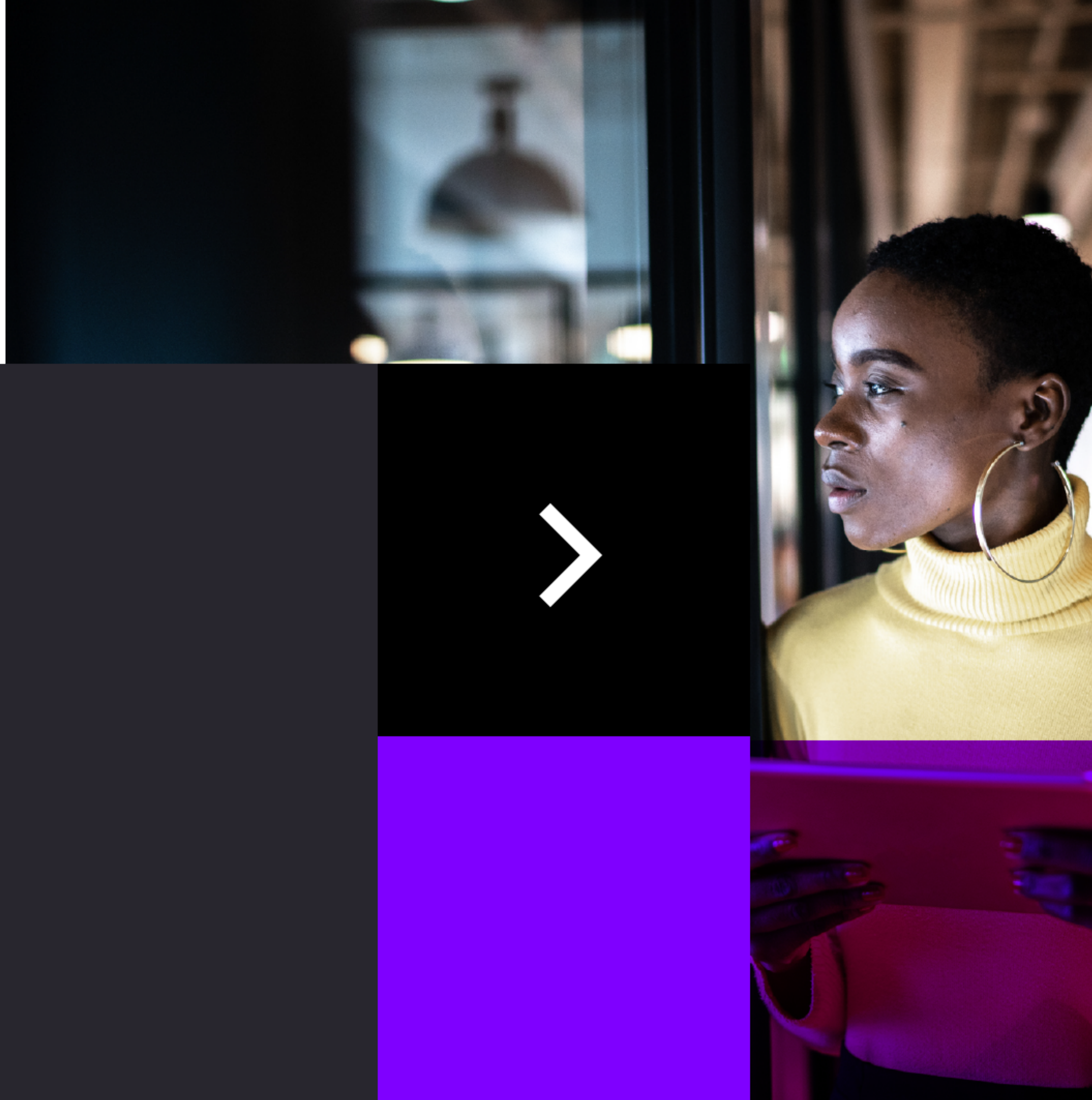
Contents

Background to the report

We interviewed 800+ business leaders based in the UK and US.

The sample was made up of C-suite executives, Senior VPs and VPs, Directors, and Senior Decision Makers. We spoke with senior leaders on a range of key topics, combining surveys with in-depth interviews.

Topic 1

Digital transformation for large-scale organizations

Understanding perceptions of digital transformation, what it is understood to mean, how people talk about it, and the challenges that surround it.

94% of leaders identified 'digital transformation' as a term used within their business.

Topic 2

Tech anxiety: Identifying and responding to concerns

Understanding senior leaders' concerns around digital transformation and the key issues driving tech anxiety.

Cyber security **(24%)** is the most common source of anxiety, followed by AI & machine learning **(19%).**

Topic 3

Investment: The next big thing

Understanding current investment strategies in the face of emerging technologies and a changing environment.

15% of organizations say AI & machine learning is an investment priority.

Topic 4

Data: What people trust

Exploring the levels of trust in company data, reasons for distrust, and the areas of data that leaders focus on the most.

Only **30%** of leaders fully trust their company's data.

Keeping pace with change: Understanding tech anxiety

Businesses are under huge pressure to adapt and transform. Challenging economic conditions. The lingering effects of the pandemic. Social and political shifts. They are all accelerating the pace of change.

Despite the urgency and necessity of digital transformation, achieving true success has proven to be a daunting task. Organizations have historically struggled to achieve satisfactory outcomes. Often, the initial response involves hastily increasing headcount and budget by hiring teams of skilled engineers, data scientists, and cyber security experts.

Against this backdrop, a growing phenomenon is emerging: tech anxiety. As the stakes continue to rise and demands for transformation intensify, leaders are experiencing heightened levels of anxiety surrounding digital initiatives.

From the emergence of AI and machine learning to increasing cyber security threats and ever more complex data compliance legislation, leaders have a lot to navigate. Increasingly business leaders must possess tech and digital understanding to grasp the most pressing demands and opportunities for transformation while effectively managing high-cost, long-term, and highly disruptive processes.

To understand the factors contributing to tech anxiety amongst business leaders, we interviewed over 800 senior executives about experiences in their business. By exploring how leaders are experiencing and responding to evolving challenges, we can begin to identity the tools needed to navigate the complexities of digital transformation.

"Fears around complex black-box technology, information security, and GenAI hype are causing tech anxiety levels to rise. Economic volatility is increasing pressure on budgets and demanding greater speed to value. But with great change comes great opportunity. Leaders must be flexible, leverage data, and build transformation around business needs to succeed."

Richard Neish,
Global Chief Strategy Officer, Kin + Carta

Digital transformation: A fast lane to the future

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Digital transformation at the forefront

Leaders everywhere are talking about (and living through) digital transformation. Our research reveals that a staggering 94% of senior leaders from various industries and sectors have a digital transformation strategy in their business, although it comes under different names and guises.

But there is also a sense among leaders that digital transformation has become a buzzword. Despite its widespread

recognition as a term, an agreement on its definition proves elusive and leads to hesitation. What does it really represent?

The answer is not straightforward, and interpretation varies between people, within businesses, and across industries.

Does your business have a digital transformation strategy?

5%

1%

94%

● Yes
● No
● Don't know
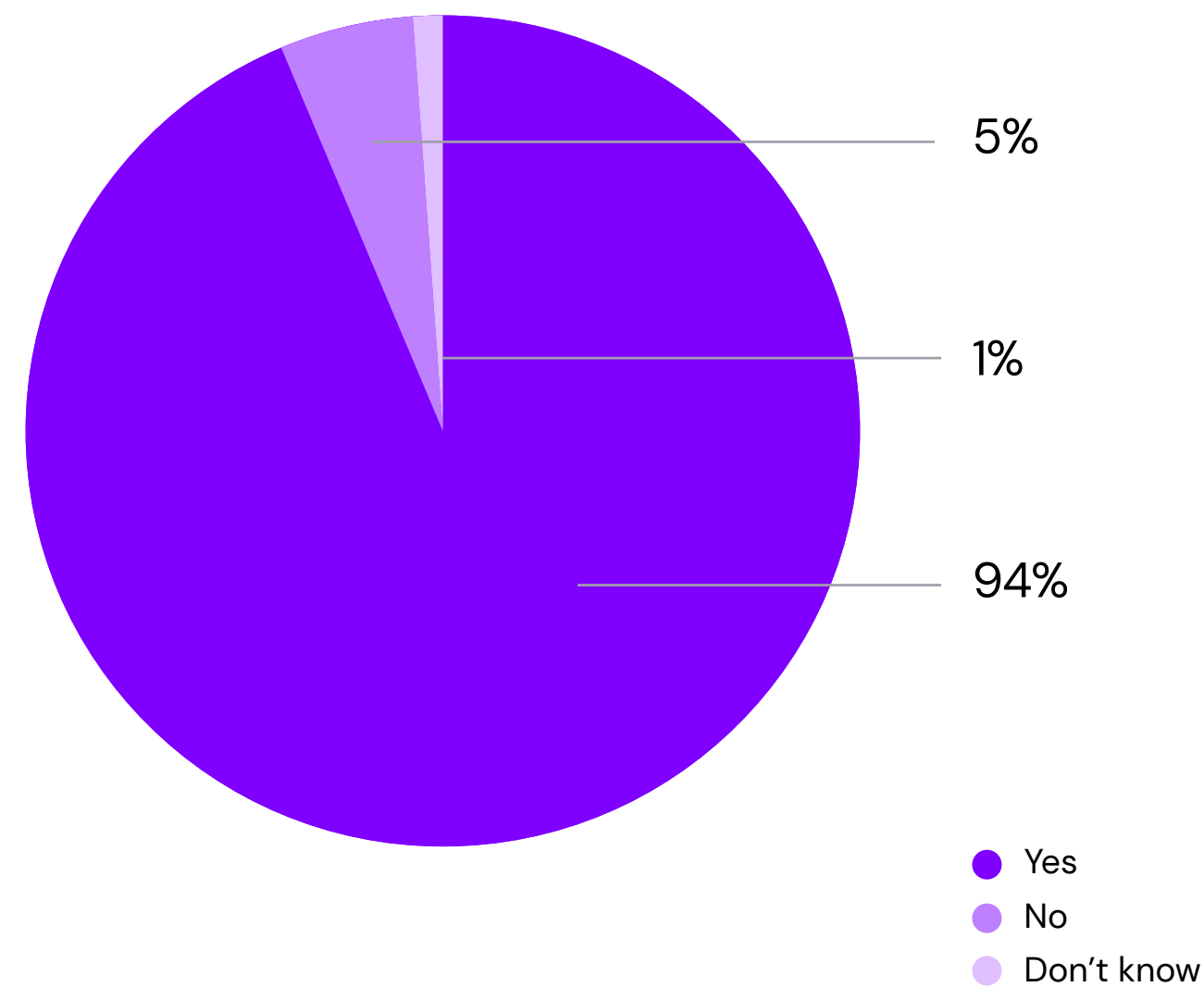
94% of large organizations have a digital transformation strategy

The digital change cycle

Our research reveals that leaders understand digital transformation to mean a significant change to business operations through the integration and application of new technology. Three broad themes emerge from leaders' responses to what digital transformation means to them.

91% of leaders consider their companies digitally fit for the future

1. Transformation of processes, practices, and culture

Emphasizing the need to leverage digital technologies for business transformation, including reshaping processes, culture, and organizational structures. This entails embracing digital operations, automation, and integrating technology across the organization to drive continuous progress.

2. Evaluating technology impact and adoption strategies

Assessing the effects of emerging technologies on organizations, evaluating potential risks, opportunities, and aligning them with organizational objectives. This involves making informed decisions, setting adoption strategies, selecting appropriate technologies, and balancing current needs with future innovation.

3. Deriving benefits and competitive advantage

Focusing on the value derived from digital transformation and new technologies. Highlighting the potential for improved business processes, enhanced customer experiences, increased productivity, and growth, leading to a competitive edge in the market.

Digital transformation hotspots

Leaders across our research told us that digital transformation is a wide-reaching evolution. They want to continually improve outcomes and processes across their organizations, rather than focusing on siloed projects. This big-picture approach means transformation efforts are often centered around these key areas:

49% of businesses use digital transformation to describe efforts to improve customer experience.

Almost half of businesses use digital transformation to describe AI and machine learning.

45% of leaders relate digital transformation to cloud modernization.

43% of businesses say digital transformation centers on automating internal processes.

40% of leaders identified data foundations and analytics as key to digital transformation.

Survey responses suggest many leaders see transformation and cyber security as intrinsically linked.

1. Customer-centric and personalized experiences

Placing the customer at the heart of business strategies, focusing on tailored marketing, personalized experiences, and utilizing customer data to enhance satisfaction, build loyalty, and drive business growth.

2. Ethical considerations and responsible technology use

Exploring the ethical implications of technology adoption, addressing AI bias, algorithmic transparency, and the social impact of transformation to ensure responsible use of technology.

3. Cloud migration and application replacement

Navigating the complexities of migrating systems and applications to the cloud while ensuring seamless integration, data integrity, and minimizing disruptions.

4. Modernization and automation of tools and systems

Upgrading and streamlining existing tools, systems, and processes to keep pace with digital transformation demands. This involves identifying areas for automation and integrating modern technologies to enhance efficiency, productivity, and competitiveness.

5. Data-driven decision making and analytics

Leveraging data insights for informed decision-making, optimizing processes, and gaining a competitive edge by harnessing the power of data analytics.

6. Cyber security and data privacy

Addressing cyber threats, protecting sensitive data, and complying with privacy regulations to ensure the security of digital infrastructure and prevent data breaches.

The rise of tech anxiety

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What's keeping tech leaders up at night?

Uncertainty is everywhere. Trade tensions, political transitions, and regulatory changes have introduced unprecedented complexity. While the lingering effects of the global pandemic continue to impact supply chain resilience, workforce management, and consumer behavior. At the same time, technological disruption is advancing at an alarming rate.

In response, there has been an increase in tech anxiety. Our research reveals 94% of leaders report tech anxiety among senior leadership in their organizations.

Our survey found that cyber security is the most common source of anxiety for leaders. While research showing global cyberattacks rose by 7% in Q1 2023 suggests concerns over cyber security are unlikely to abate.[1]

Anxiety about artificial intelligence and machine learning is also commonplace. Combining concerns over AI and machine learning and generative AI, the case can be made that this emerging technology is causing more anxiety than anything else.
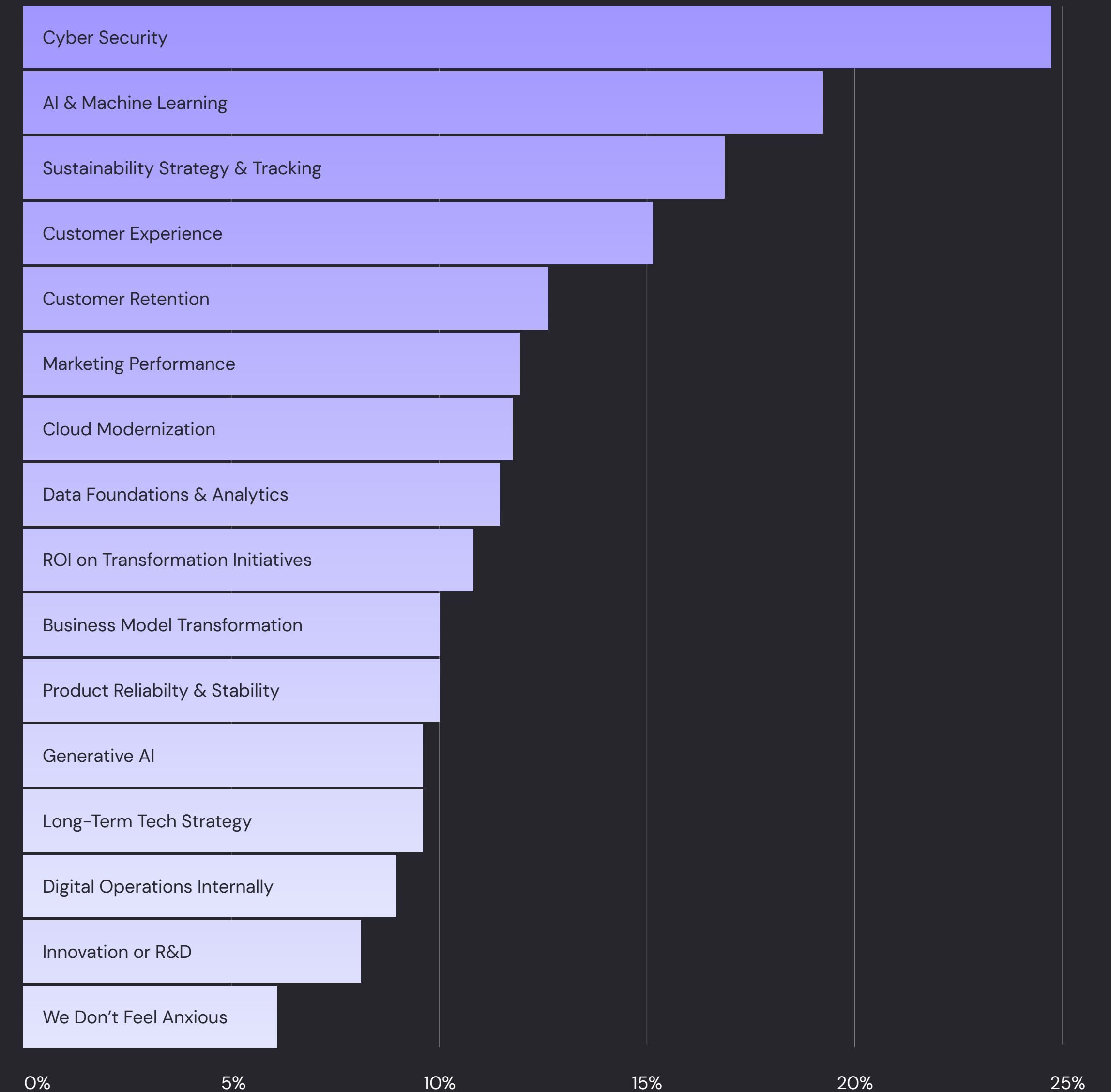
Based on our analysis of leaders' self-reported sources of anxiety, we found that technologies with the greatest disruptive potential generate the highest levels of concern. Additionally, external threats, such as regulatory changes, contribute to increased anxiety.

Our research reveals 94% of leaders report tech anxiety among senior leadership in their organizations.


Which topics cause the greatest anxiety amongst senior leadership at your organization?

Topic	
Cyber Security	
AI & Machine Learning	
Sustainability Strategy & Tracking	
Customer Experience	
Customer Retention	
Marketing Performance	
Cloud Modernization	
Data Foundations & Analytics	
ROI on Transformation Initiatives	
Business Model Transformation	
Product Reliabilty & Stability	
Generative AI	
Long-Term Tech Strategy	
Digital Operations Internally	
Innovation or R&D	
We Don't Feel Anxious	

0% 5% 10% 15% 20% 25%

[1] Cyber Security Report 2023, Checkpoint, 2023

Common sources of anxiety

The rapid pace of change is making leaders anxious, with concerns around job security, competence, work-life balance, and well-being on the rise. These are the biggest tech challenges keeping them up at night.
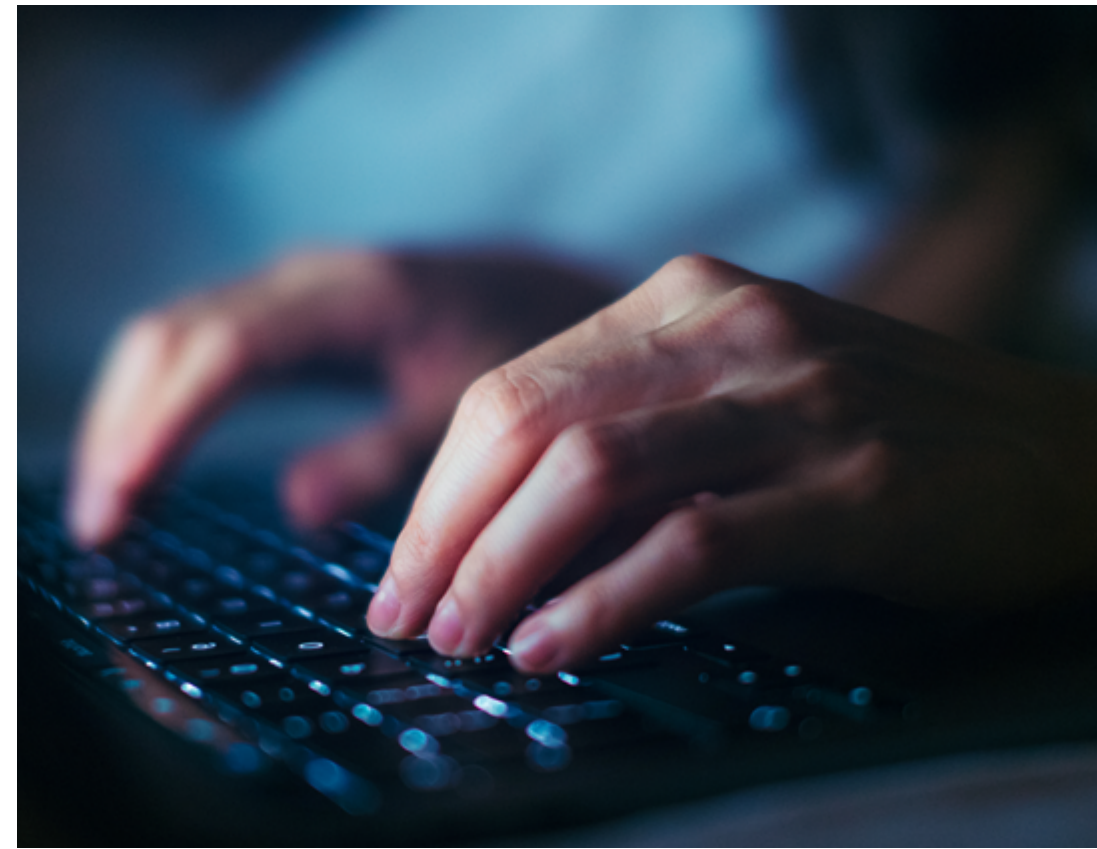
1. Cyber Security

C-suite executives often bear the responsibility of safeguarding their organizations against cyber threats. The increasing sophistication of cyberattacks and the potential impact on their company's reputation and financial well-being can lead to heightened tech anxiety.

24% of leaders feel anxious about cyber security, with rising numbers of breaches increasing pressure on executives.

2. AI and Machine Learning

As technologies advance, there is potential for AI and machine learning to create disruption alongside ethical challenges around job displacement, data privacy, and algorithm bias. They could also trigger unintended consequences or errors in decision-making processes.

35% of leaders who said AI and machine learning was a source of anxiety believed it was due to technology moving too fast.

3. Sustainability Strategy and Tracking

The complexity of implementation and the allocation of resources is a familiar challenge for leaders of large organizations. Increasingly, broad regulatory compliance requirements around sustainability and meeting stakeholder expectations are critical concerns as sustainability initiatives come under scrutiny.

The biggest worry for leaders anxious about sustainability was a skills gap—39% identified it as a concern.

Investing in a digital future

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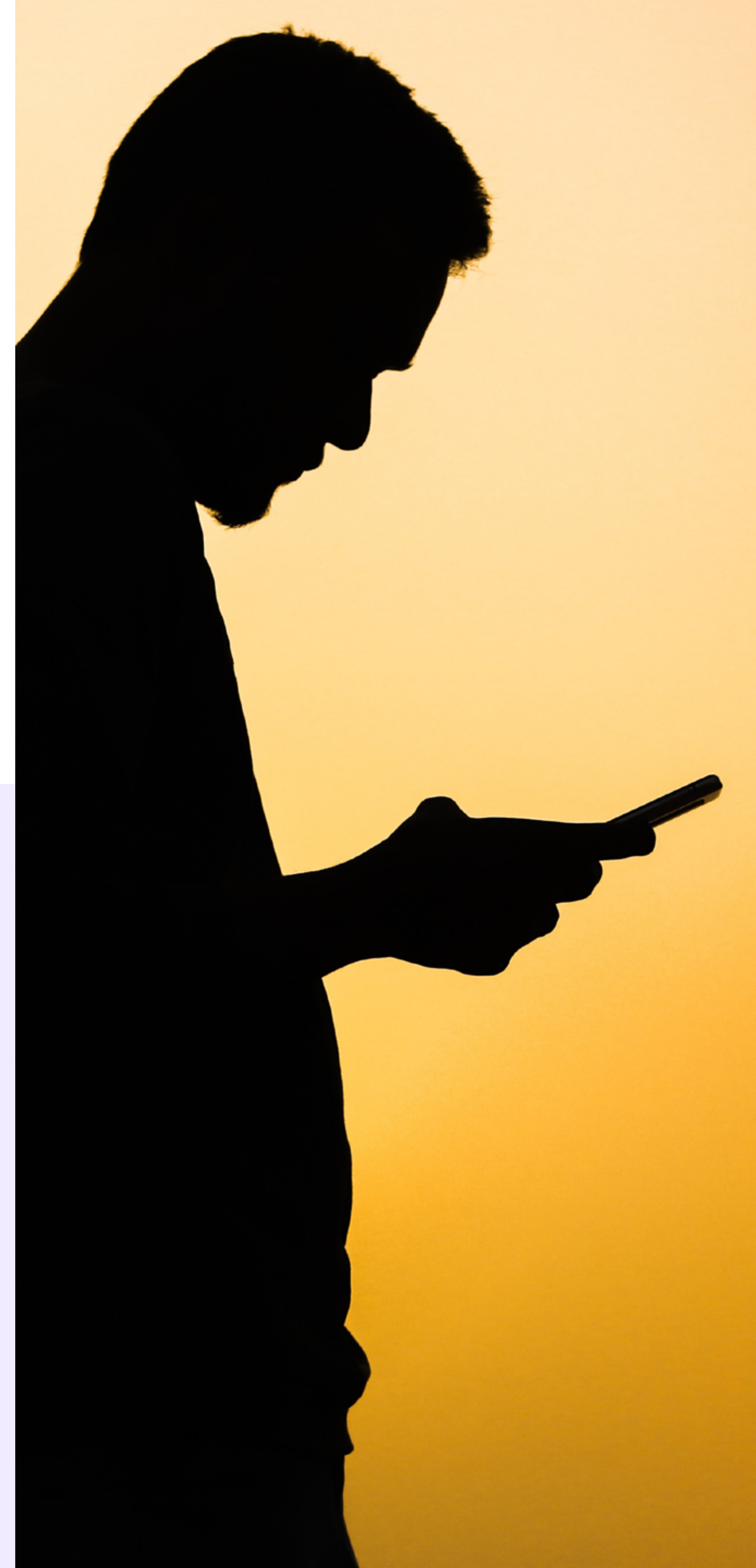
The importance of investing

Digital transformation is crucial for maintaining competitiveness and capitalizing on opportunities offered by new and emerging technologies. Business leaders appear to agree, with 81% believing investment in digital transformation to be either critical or necessary for business success.

However, concerns about return on investment from digital initiatives remain common. **Economic uncertainty has impacted the majority of organizations' short-term (84%) and long-term (81%) plans.**

Despite such uncertainty, leaders are showing resilience, with 75% believing investment necessary within the next 12 months and the majority (58%) planning to spend more on digital transformation initiatives this year compared to the previous year.

75% of business leaders believe that investment in digital transformation is necessary within the next 12 months

The next big thing

Artificial intelligence and machine learning are the most common investment priorities for business leaders. The potential for AI to disrupt multiple industries is clear, and the pace of transformation is increasing rapidly. In the 12 months leading up to June 2023, 'artificial intelligence' experienced a fivefold increase in interest on Google Trends.

Organizations considered at the forefront of the AI field are attracting significant external interest and investment.

Cyber security also remains a priority. Amidst unprecedented investment in digital and cloud systems, as well as a shift to hybrid working—initiatives that have increased IT complexity and corporate cyber attack risks—leaders continue to invest in order to stay ahead of threats.
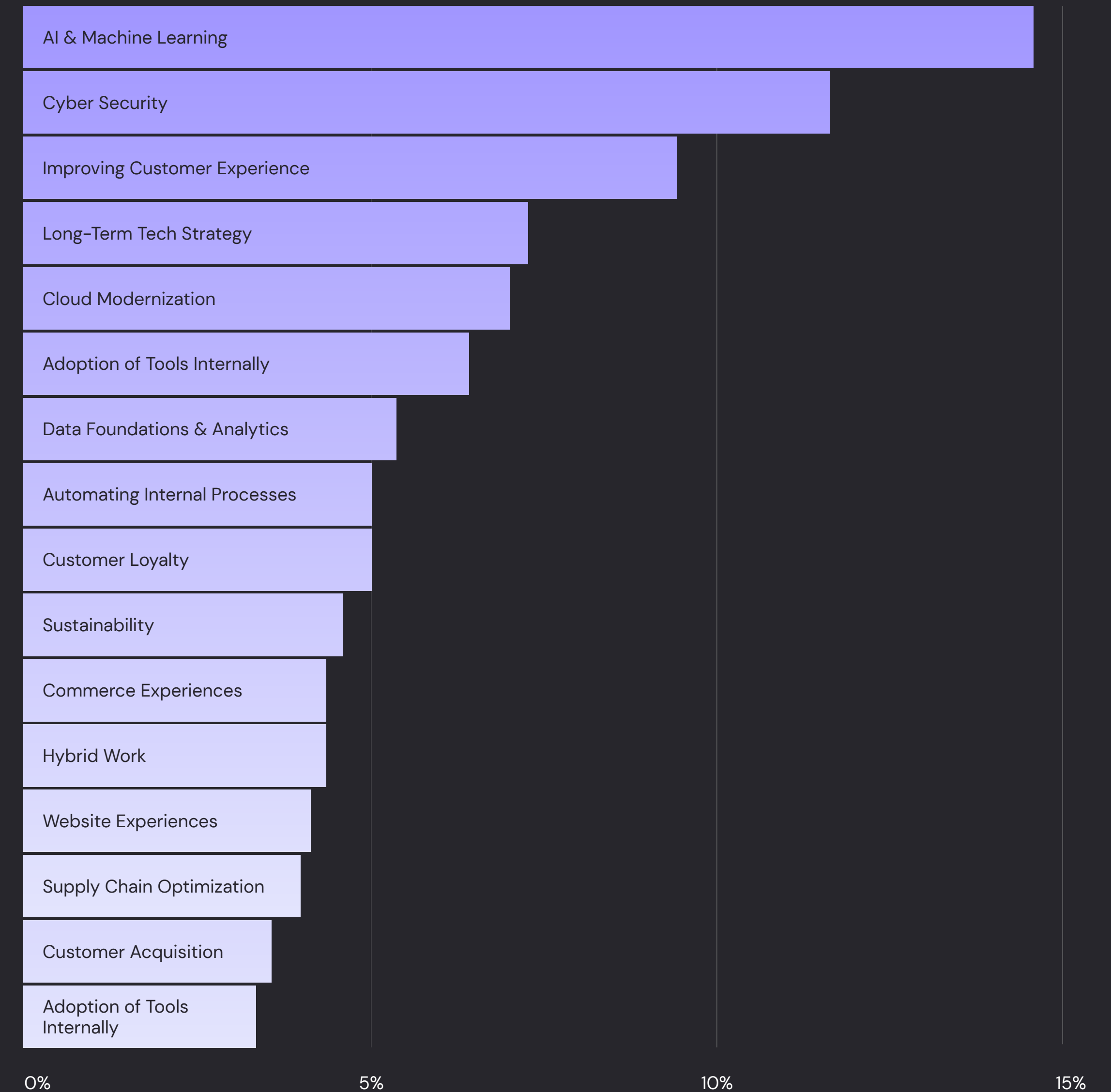
Considering that the average cost of a data breach for organizations with private clouds is $4.2 million, and the global cyber security skills shortfall stands at 2.7 million workers worldwide, the need for investment is clear.[1]

In addition, larger organizations have broader investment priorities that encompass various digital transformation initiatives. These initiatives cover a wide range of internal processes including data foundations, analytics, cloud modernization, and more.

The potential for AI to disrupt industries is clear, and the pace of transformation is increasing rapidly.

What are your priorities for future investment?

AI & Machine Learning			
Cyber Security			
Improving Customer Experience			
Long-Term Tech Strategy			
Cloud Modernization			
Adoption of Tools Internally			
Data Foundations & Analytics			
Automating Internal Processes			
Customer Loyalty			
Sustainability			
Commerce Experiences			
Hybrid Work			
Website Experiences			
Supply Chain Optimization			
Customer Acquisition			
Adoption of Tools Internally			

0%   5%   10%   15%

Data-driven transformation

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Confidence and trust

For business leaders across industries, data has emerged as the key driver for success. But not everyone feels they can rely on the data inside their organization. Just 30% of leaders fully trust their data, and although nearly half mostly trust it—almost 20% have somewhat or little trust.

While some organizations struggle with fragmented and siloed data, the need to establish a single source of truth has become paramount. Leaders cite optimization of processes and increased efficiencies, improved reporting and dashboarding, and a clear view of sales and marketing activity as their most critical data needs.

How much do leaders trust data in their organizations?

21% of leaders report having somewhat or little trust in their business data
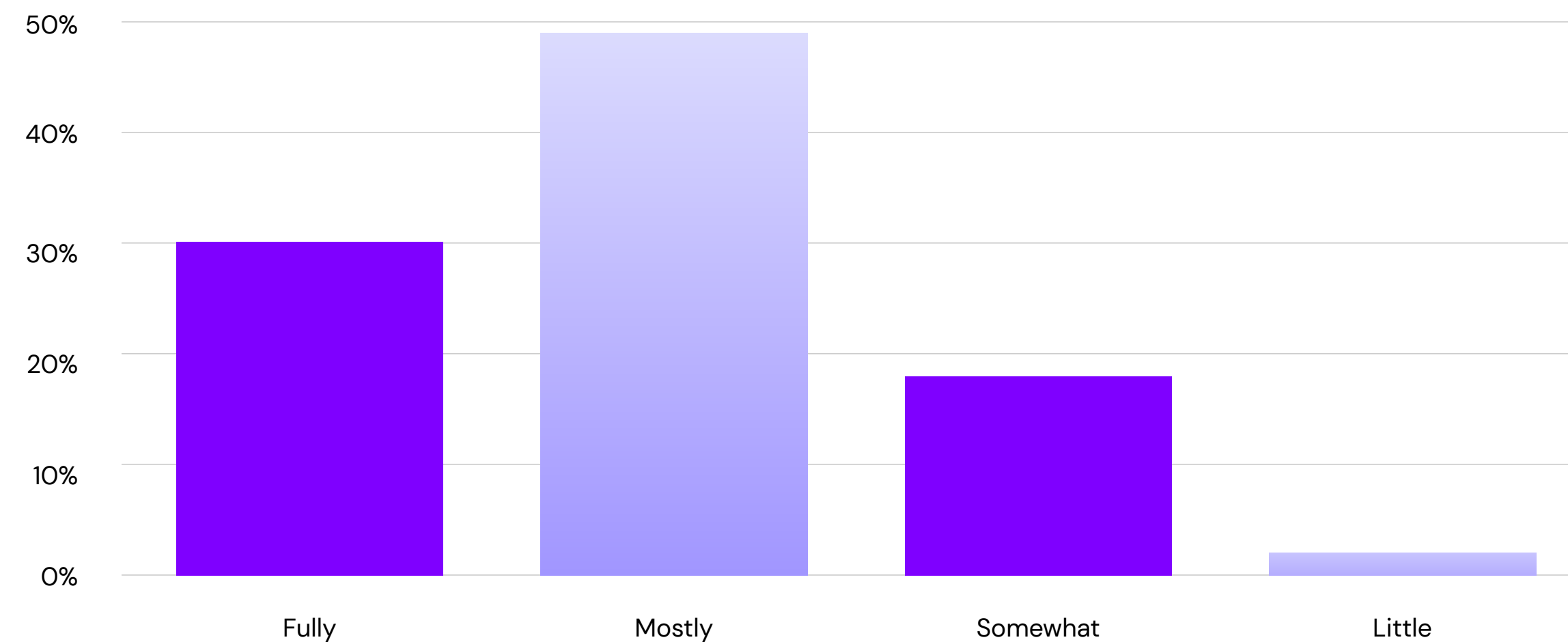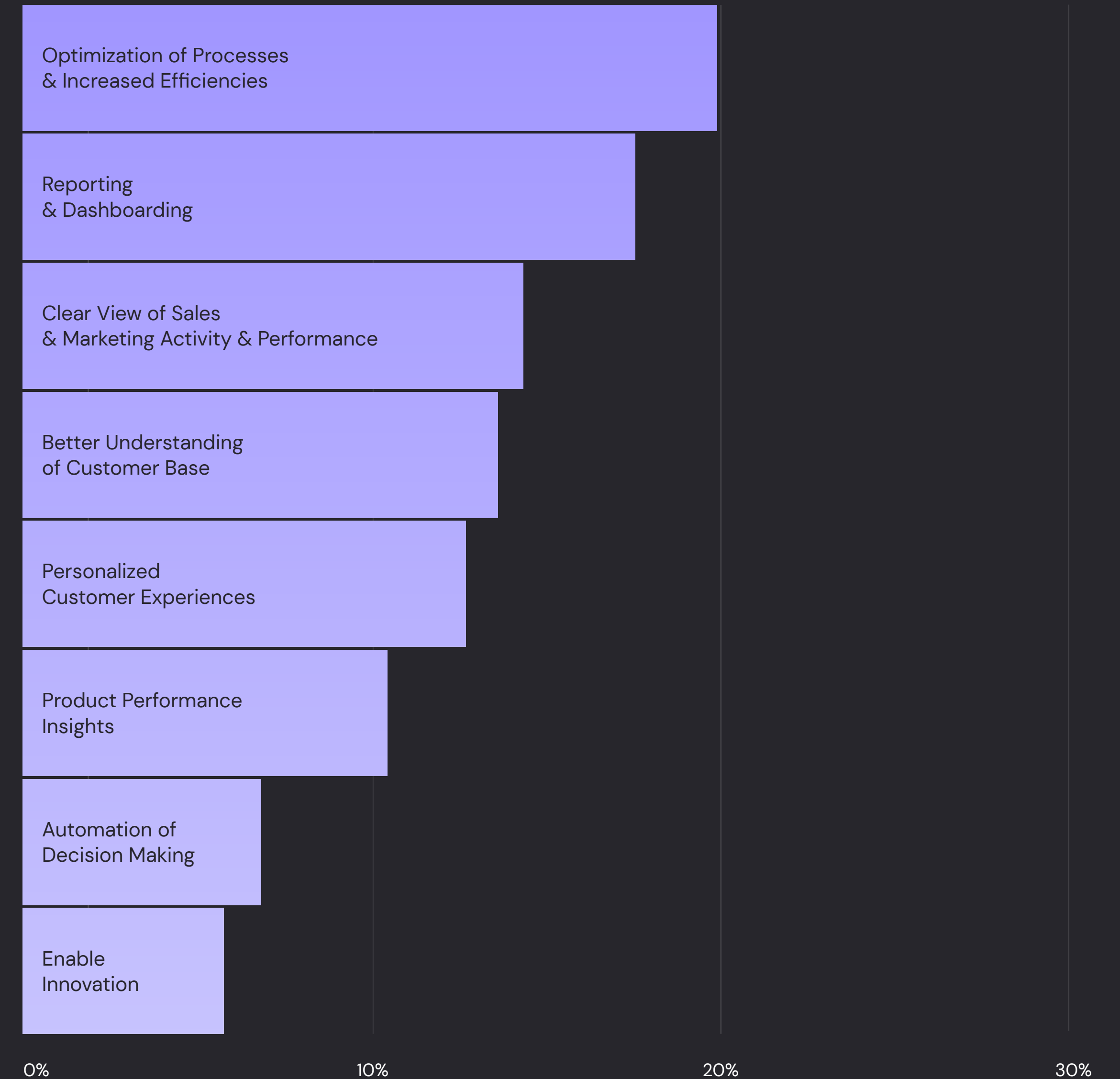
Focusing on data priorities

Empowering leaders with a clear understanding of their current state allows them to focus on decision–making. Our respondents highlighted the importance of timely and up–to–date data as well as the value of supplementing internal data with public datasets from various domains, including financial markets and weather systems.

However, the importance of data architecture goes beyond providing a clear organizational picture. A robust data foundation will also be critical for what lies ahead. The potential of artificial intelligence can only be fully realized when it is fueled by high–quality data. Without reliable and accurate data feeding AI models, its true power will remain untapped.

20% of leaders identified optimization of processes and increased efficiencies as a critical data need for the next year

What are your critical data needs for next year?

Optimization of Processes & Increased Efficiencies	
Reporting & Dashboarding	
Clear View of Sales & Marketing Activity & Performance	
Better Understanding of Customer Base	
Personalized Customer Experiences	
Product Performance Insights	
Automation of Decision Making	
Enable Innovation	

0%   10%   20%   30%

Practical tips for overcoming tech anxiety

The pressures around digital transformation aren't going anywhere. So, how do leaders ensure they can overcome obstacles and make changes that deliver real value for their organizations, colleagues, and customers?

Adam Schanfield, VP, Strategy and Innovation Service Line, Kin + Carta, shares his top advice for senior leaders:

1. Think bigger

Move beyond internal use cases for data. Challenge your teams and yourself to drive differentiation by connecting end-user value propositions—that drive customer lifetime value and lower acquisition cost (via increased NPS)—with delightful, original, and valuable experiences.

2. Focus on parallel priorities

Put high-priority investment areas first. AI and machine learning, cyber security, and customer experience are all high anxiety areas and top investment priorities. These are areas where you need to find ways to build capabilities, tooling, architecture, experiences, and models in parallel. Multiple, simultaneous initiatives can ensure you succeed when unexpected challenges arise.

3. Plan for future needs

Leaders often avoid challenges that fall into the high-anxiety x low-investment space—sustainability strategy, customer retention, marketing performance—out of fear of the unknown. But often these become hot-button issues inside the C-suite, quickly rising up priority lists and catching leaders unprepared. Scope targeted initiatives for these areas now, building perspectives and skills in anticipation of investment and prioritization in the future.

Digital transformation may be overwhelming, but it also unlocks exciting possibilities. By examining priorities and taking smart, targeted actions now, leaders can build the resilience and capability to thrive through whatever comes next.

KIN+CARTA

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About us

Kin + Carta is a global digital transformation consultancy committed to working alongside our clients to build a world that works better for everyone.

Our 2,000 consultants, engineers, and data scientists around the world bring the connective power of technology, data, and experience to the world's most influential companies, helping them to accelerate their digital roadmap, rapidly innovate, modernize their systems, enable their teams, and optimize for continued growth.

As a certified B Corp, our triple bottom line focus on people, the planet, and profit is at the core of everything we do.

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