



EXECUTIVE SUMMARY

The kinetic leader: Boldly reinventing the enterprise

2020 Global Technology Leadership Study

Faced with unprecedented uncertainty, businesses now more than ever need their technology leaders to be resilient, agile, and future-focused. At the same time, current market, economic and social conditions indicate this is the time for transformational, not incremental, change—and who better than technology leaders to help drive this change?

Cultivating three critical factors for high performance

EVEN BEFORE THE business disruption caused by COVID-19, technology leaders were being called upon to serve as change agents—kinetic leaders who envision, enable, and deliver growth and help their organizations navigate through tech-driven change. The pandemic has only emphasized the need and accelerated the timeline for technology-driven change, further elevating the role of technology leaders and reiterating the need for companies to be more agile and transformative. Kinetic leaders have a growth mindset, drive organizational agility, and attain executive sponsorship.

Deloitte's [2020 Global Technology Leadership Study](#) makes the case for technology leaders to move beyond their role of a trusted operator or even a strong business partner to embrace kinetic leadership. Kinetic leaders are tenacious, future-

focused innovators who can envision, articulate, and execute transformational change. They are proactively looking for ways to deliver value and are never satisfied with incremental change. A kinetic leader will focus not only on short-term issues related to pandemic response and recovery, but also envision and execute on a long-term strategy for growth and agility. So how can organizations develop and cultivate these leaders? The study identified three critical environmental elements that help kinetic leaders thrive:

- 1. Growth focus:** Delivering growth through customer and innovation
- 2. Organizational agility:** Looking beyond the agile initiatives
- 3. C-suite and board sponsorship:** Moving beyond engagement awareness

Let's take a deeper dive into each of these.

ABOUT THE 2020 GLOBAL TECHNOLOGY LEADERSHIP STUDY

Formerly known as the *Global CIO Survey*, the *2020 Global Technology Leadership Study* has, since 2015, tracked the evolution of organizations, their technology functions, and the critically important roles that technology leaders play in them. This year's study includes more than 1,300 participants across 69 countries and 22 industry sectors. An increase in survey respondents from outside the technology function—from 22% in 2018 to 40% in 2020—is directly correlated with the organizational importance of technology.

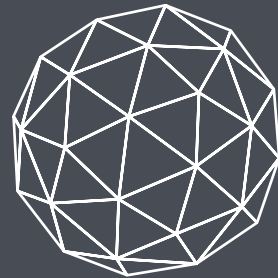
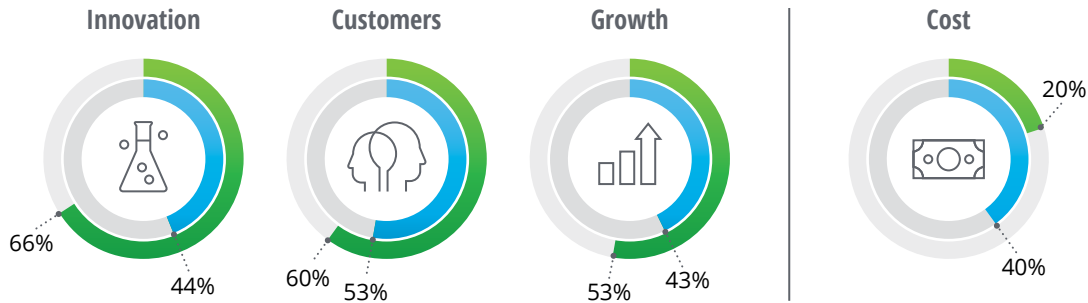


FIGURE 1

Tech vanguards drive growth by prioritizing innovation and customers

What are your executive leadership's top business priorities?

■ Tech vanguards ■ Baseline organizations



N=1,317.

Source: 2020 Global Technology Leadership Study.

GROWTH FOCUS

The study finds that companies with higher performance than their peers were single-minded in their approach to growth, looking to innovation to capture new revenues and expand to new markets—rather than focusing on cost reduction. For example, these high performers (known in the survey as tech vanguards) are more likely than their peers (known as baseline organizations) to prioritize growth and focus on innovation and customers as levers to deliver this growth (figure 1). Conversely, baseline organizations are twice as likely as high performers to make cost-reduction initiatives a key business priority, while high performers likely consider cost and operational efficiency table stakes.

High performers tend to leverage technology to improve customer experiences and even engage customers in the innovation process. Nearly three-quarters of them are partnering with customers to create new business value; only half of baseline organizations collaborate with customers in this way. High performers' technology functions are nearly 2.5 times more likely to be considered extremely or very effective (66%) in shaping customer experiences and engagement than those of baseline organizations (27%).

One of the key differentiating characteristics for technology leaders in these organizations was their transformational mindset. Sixty-seven percent expect the tech function to drive transformational change for customers, compared with only 43% of baseline organizations. They are also nearly four times as likely as others (31% compared to 8%) to say their technology functions will be transformational in shaping business strategy.

The need for kinetic leadership is further enhanced during the pandemic, where the growth orientation, emphasis on customers, focus on innovation, and a resolve for organizational agility have become key dimensions of success.

ORGANIZATIONAL AGILITY BEYOND AGILE DEVELOPMENT PROJECTS

To enable organizations to adapt easily and quickly to continuous change, technology leaders have an obligation to not only lead Agile development initiatives, but also to embrace and promote enterprise agility. Survey responses demonstrate that most high-performing companies are doing better at embracing Agile tools and enjoy more successful adoption of the methodology than baseline organizations. Twenty-four percent of

high-performing organizations say that they have shifted at least three-quarters of their software development and delivery to Agile; only half as many baseline organizations say the same.

But Agile software delivery is only the tip of the iceberg. At the heart of Agile processes and methodologies are fundamental principles that can be applied to the enterprise: individuals and interactions over processes and tools, working software over comprehensive documentation, customer collaboration over contract negotiation, and responding to change over following a plan. Driving the principles of Agile delivery into the enterprise can help create more flexible organizations that are more adaptable to constant change and volatility, enabling organizations to

quickly pivot, reprioritize, and make quick course corrections when needed.

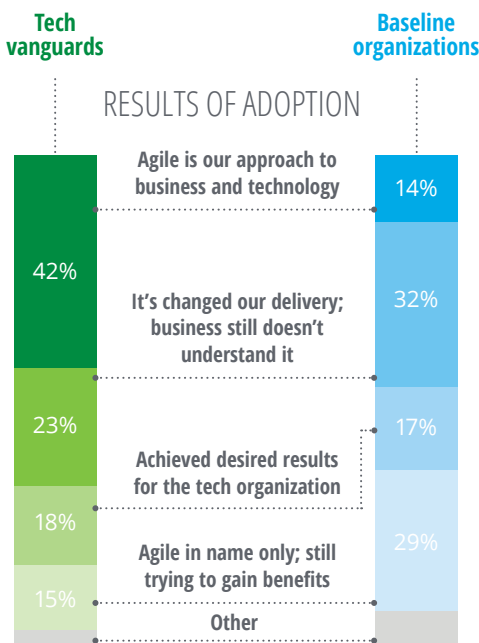
Yet the survey found that much work remains in extending agility beyond software development and into the business: Not even half (42%) of high performers and only 14% of baseline organizations are embracing Agile across the enterprise. Twenty-three percent of high performers and 32% of baseline organizations say that while Agile development has changed delivery, business functions still don't understand it.

The two key factors in ensuring organizational agility are the notions of governance and accountability.

FIGURE 2

Tech vanguards have a more comprehensive approach to Agile adoption

Which description best represents your results of Agile adoption?



N=676.
Source: 2020 Global Technology Leadership Study.

- Portfolio mindset.** Organizational agility requires quickly moving and responding to market changes—often the risks and rewards aren't clear. These initiatives may not meet traditional governance requirements. It can be especially challenging to reconcile a bet on a risky technology and calculate the long-term ROI. A portfolio approach to technology investments can help align innovation, business strategy, and risk appetite. Technology leaders can work with CFOs to make measured bets across multiple time horizons and risk categories, ensuring consistent financial returns while managing risks.

- Agile funding and governance.** Many traditional technology funding, budgeting, and investment processes—for example, function-specific budgets, long-term funding cycles, and traditional procurement and vendor management practices—are at odds with the hallmarks of Agile software development. This includes cross-functional teams, iterative sprints, and new ways of working with ecosystem partners. When budgets are tight, it can help to make short-term, value-based investments and look for creative funding sources such as vendor subsidy programs from

hyperscalers and platform-as-a-service vendors, credits, free trials, and “always free” limited usage on select products or value-based joint ventures. The key is to keep technology investments flexible and not tie up resources and investments that require a long-term commitment. Transitioning to a rolling funding model requires changes to internal controls, financing mechanisms, and established accounting and auditing processes.

Embedding agility into the heart of the enterprise can help businesses be faster and more flexible in their response to evolving social and economic environments; cashflow, talent, and resource constraints; and other impacts of COVID-19. More importantly, these two changes will usher organizational, cultural, and process changes that will naturally flow from these changes in mindset, governance, accountability, and funding mechanisms.

C-SUITE AND BOARD SPONSORSHIP

According to the survey, C-suite executives and corporate board member perspectives on the role of the future technology leader are converging: Business and technology leaders agree that their organizations need dynamic, change-oriented technology leaders—kinetic leaders—to help envision the technology-driven future, lead complex transformations, and be the chief architect of innovation and change for the business. In fact, when asked to describe the defining characteristics of successful technology leaders over the next three years, 69% of respondents used words such as “change,” “vision,” and “innovative.”

Tech vanguard boards are more likely than those in baseline organizations to be strategically engaged with and supportive of tech leaders and initiatives, sharing with technology leaders a bold, tech-enabled vision of the future that guides priorities, decisions, and investments. And they actively champion technology-enabled growth and change. In baseline organizations, boards are less likely to

be in sync with management on technology issues. Their engagement with the organization’s tech leaders is more likely to be limited to tactical issues rather than strategic, technology-driven business decisions.

Concurrent research from Deloitte and WSJ Intelligence found CEOs and tech leaders agree on the importance of technology in driving key business strategy and performance indicators, including customer engagement and satisfaction, efficiency and cost reduction, employee engagement and productivity, top-line growth, and product and service innovation. The study also determined that CEOs see CIOs and technology leaders as their primary business strategy partners.

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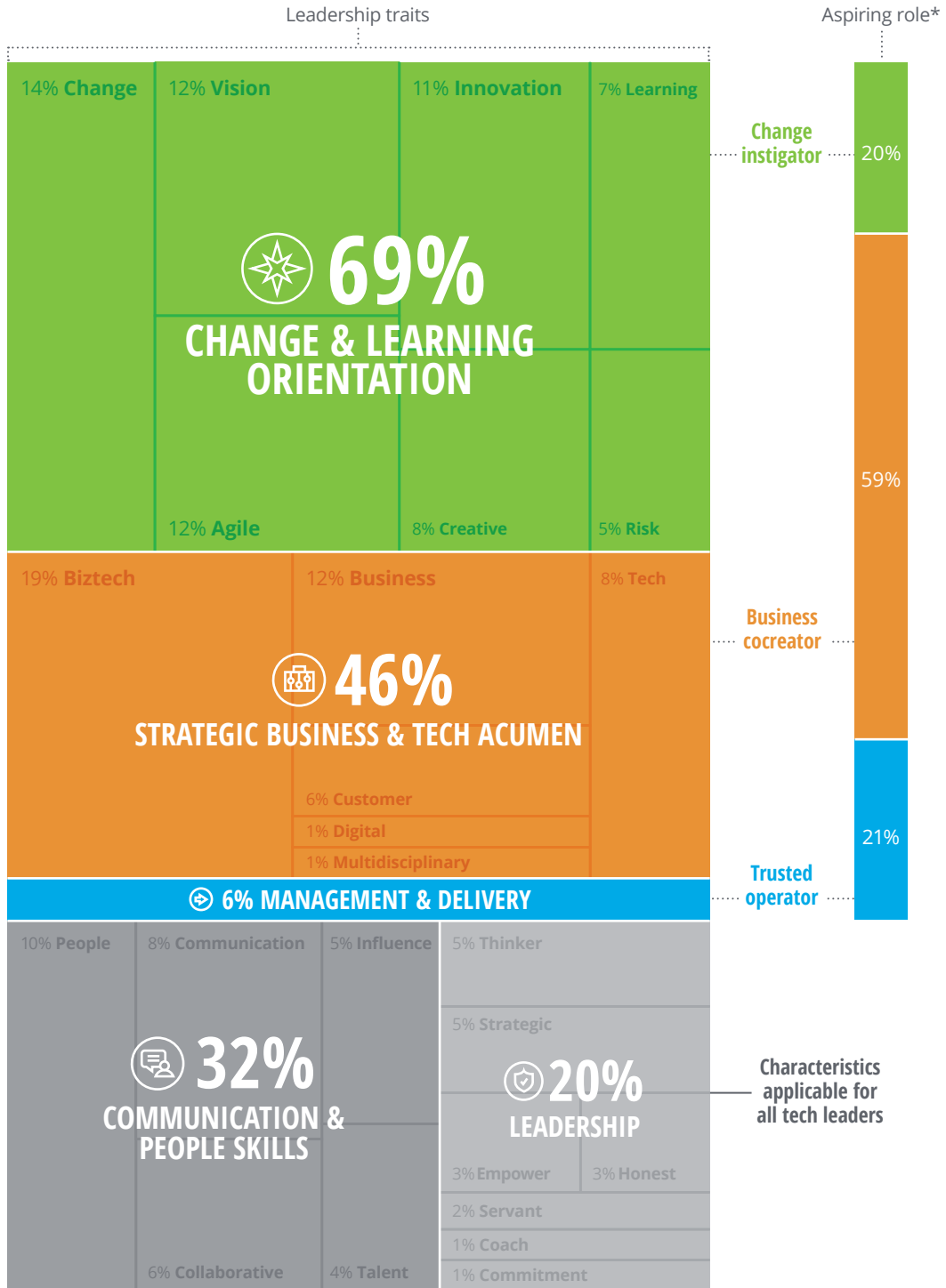
Fifty percent of CEOs said their CIO or tech leader will be the key driver of business strategy—more than those who named the CFO, COO, or CMO as their top partner combined.

Business leaders in high-performing organizations respect their tech functions, perceiving them to be ahead of the competition in understanding, readiness, and responsiveness to digital and emerging technologies. When called upon to respond to disruptive events such as COVID-19, a mature and trusted technology function is likely able to meet demands for new digital channels and remote work tools—at immediate and immense scale. It can also play a pivotal role in shaping the organizations’ resilience, recovery, and ability to thrive in the long term.

FIGURE 3

Change orientation is the most important tech leadership trait for the future, yet most aspire to be business cocreators

What will be the defining leadership characteristics for successful tech leaders in the next three years?



N=1,218. Note: Percentages do not sum to 100% due to multiple choice format. *Pattern types defined by Deloitte analysis. Source: 2020 Global Technology Leadership Study.

Conclusion

Most study participants say their organizations need dynamic, change-oriented technology leaders—kinetic leaders—to help envision the technology-driven future, lead complex transformations, and be the chief architect of innovation and change for the business. But becoming a kinetic leader is typically not a natural evolution—it’s an intentional act that requires purposeful planning, organizational will, executive sponsorship, and most importantly the leadership skills to pull it off.

Today, as technology leaders are increasingly being asked to envision, plan, develop, and deliver transformational changes end to end—kinetic

leadership can be the key to elevating the technology function as a driver of business strategy and change. It can extend beyond the traditional technology domain to envision new business strategies, drive innovation, and execute the kind of broad organizational transformation that can help companies chart future paths and create lasting competitive advantage.

The board and other C-suite executives will be critical partners on the technology leader’s journey to kinetic leadership. Following the path tread by executives in high-performing organizations, technology leaders can engage and collaborate with their tech-savvy business counterparts to enable and support tech-driven initiatives.

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Our insights can help you take advantage of change. If you’re looking for fresh ideas to address your challenges, we should talk.

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