



C-suite barometer

Technology and telecoms sector insights



Kay Pierik
Partner, Mazars

Mazars' inaugural C-suite barometer, conducted in Q3 and Q4 2020, captures the views of over 500 executives globally. Kay Pierik, Partner, Mazars, shares his thoughts on the findings and how the insights from technology and telecoms leaders shine a light on the sector's short and long-term future.

Early innovation investment behind positive outlook for 2021

The research shows that 76% of technology and telecoms executives expect their business to grow in 2021, with only 16% predicting a drop in revenue.

“Those tech and telecoms companies that have invested well in innovation are reaping the rewards today, with the prospect of positive revenue streams ahead,” explains Kay Pierik. “Covid-19 has accelerated this as we have turned to video and call streaming technology to [work under lockdown conditions](#). Heavy [investments in infrastructure – including broadband capacity](#) - is paying off because of Covid-19 and contributing to revenue growth.”

“If we take the specific example of the semiconductor industry: investments in faster chip technology are paying dividends as the demands for faster connections and more digital capacity required to drive the services of tomorrow increase. Demand for chips is higher than ever right now and consumers face price rises [because of the current shortage](#),” he adds.

Top transformation priorities reflect regional and business imperatives

The most likely transformation in the next three to five years is the development of new services, markets and business models, according to 55% of respondents from the technology and telecoms sector.

“There are some very mature companies in the sector, so the focus on new services, markets and business models reflects the emphasis on product development as businesses and consumers seek better and faster technology. In terms of regional patterns, as we saw in the [‘Future of telcos: winning the client experience battle’ report](#), China is the top growth market for telecoms. As well as growing consumer appetite, Asia’s reputation as an innovation hub is also on the rise. One of the reasons is the ‘can do’ mentality of the relatively young and flexible workforce. While we have cutting-edge companies in Western Europe, Asia is catching up quickly in terms of product development,” says Pierik.

He adds, “Company culture is also a factor in transforming business models. Having a culture where the emphasis is on staying ahead of the competition drives the whole sector forward. By investing in early-stage innovation, leaders have products they can go to market with quickly. While this type of business model requires a higher level of investment in the short-term, it is an approach that pays off in the long-term when companies can reap the financial rewards of having a competitive advantage.”

Sustainability ranks low as a long-term investment priority

Only 27% of executives in the technology and telecoms sector viewed sustainability as a long-term investment priority, whereas sustainability ranks as the top long-term priority for the automotive and manufacturing sectors, and one of the top-five priorities for financial services.

“I was initially surprised that sustainability was considered a short-term priority for the technology and telecoms sector”, says Pierik. “Consumer-facing companies like Netflix have begun to disclose the carbon impact of one hour of streaming, for instance. And there is clearly interest in seeing more attention paid to environmental issues in the wake of the pandemic, not just in the tech and telecoms sector but [also automotive and elsewhere.](#)”

“We know that governments and regulators will focus on environmental issues in the automotive and manufacturing sectors and on the environment, social and governance (ESG) factors in financial services for some years to come. But the political and regulatory focus in tech and telecoms currently relates to data privacy and cybersecurity. One explanation [for the finding] is that the technology and telecoms sector sees digital sustainability as a short-term priority. Indeed, cyber-attacks were one of the top challenges that decision-makers said [kept them up at night in our ‘Tech Train’ report.](#)”

He warns, “Governments and regulators will begin to turn their attention to broader ESG issues. Data centres are huge consumers of resources, and demand for tech-related services and software is growing at an astonishing rate. We only have to look at how much more we have used video conferencing during the pandemic to understand its potential impact on our energy consumption. Some companies are leading the pack on smart energy consumption, including green data centres that recycle the energy used to heat homes and offices. Despite the innovation, challenges remain in the sector’s ability to meet demands for sustainable energy. Like all sectors, technology and tele-coms have a responsibility to examine their impact on our world. Therefore, building wider sustainability issues into strategies and budgets will become a more long-term focus as political and regulatory forces drive the agenda.”

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The most diverse industry - but still some way to go

Despite 76% of all businesses participating in the C-suite barometer having a male-majority of decision-makers, 25% of top executives in the technology and telecoms sector are female. While this is a relatively low percentage, it represents the highest proportion of female executives across all sectors.

“This is an industry which thrives on innovation and attracts a diverse talent pool. We all know that diversity of thought and approach enhances business outcomes and performance, so improvements need to be made to encourage more diversity and inclusion, particularly at leadership level,” says Pierik.

“Companies in this sector are global players with consumers around the globe. More diverse workforces must be part of the process for developing new products and services that aim to appeal to different consumer needs. Achieving this is only possible by encouraging more inclusion and diversity at top leadership levels,” he adds.

A focus on risk management to improve long-term outcomes

At the time of completing the survey, 69% of executives were planning more long-term priorities in the following six months. This shift is likely linked to increased investment in new products, services, markets and digitisation.

“Long-term strategic development relies on being able to make the right decisions, and risk management is key,” says Pierik. “As product development issues relating to software, data protection, and cybersecurity become more complex, so do the risks. Knowing those risks at early-stage development is vital for the C-suite. Chief technology officers need to be fully aligned and embedded at board level rather than operating as an autonomous function.”

“I think that some companies can improve how they manage risk by improving organisational structure and governance. It’s about being aware of how a focus on risk can improve decision-making outcomes and prepare you to become more agile and resilient as a company,” concludes Pierik.

You can learn more about the results of the research and what it means for businesses in the full [C-suite barometer report](#).