



21st CEO Survey

Technology leaders maintain their optimism

Key findings from the Technology industry

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Introduction

In line with their rising valuations, technology CEOs are bullish on the world economy and their own companies' prospects. That's the main finding from 127 technology respondents to PwC's 21st CEO survey. On the cautionary side, however, we found that technology CEOs are concerned about cyber attacks and the supply of digital talent.



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01

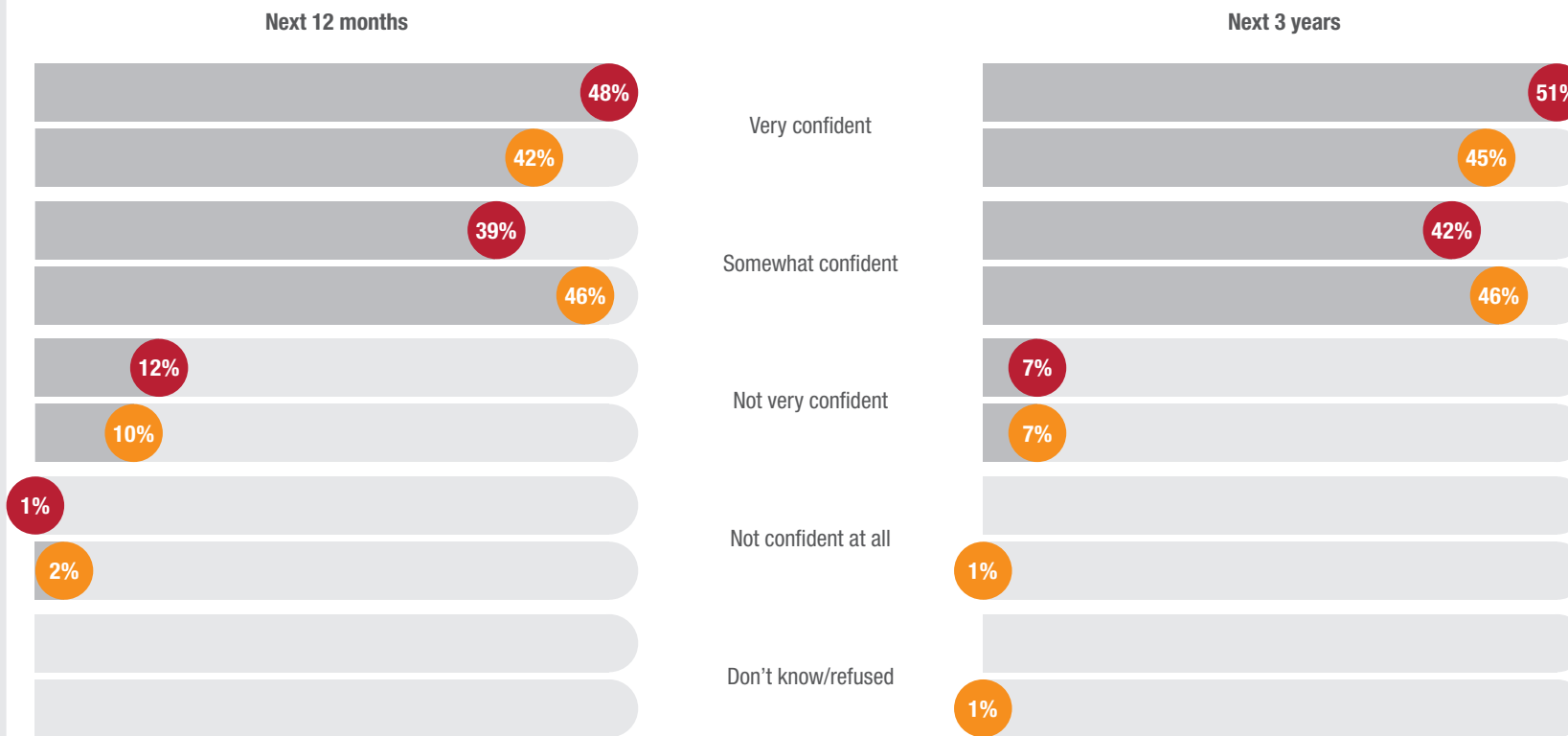
Bullish on growth

Nearly all technology leaders (91%) expect global economic growth to improve or stay the same in 2018, similar to last year. Given the strength of the world economy in 2017, even a continuance of the same rate would be quite good news. That optimism extends to their own companies' prospects, where 87% were somewhat or very confident of revenue growth in 2018, and 93% over the next three years (see exhibit 1).

Exhibit 1

Around half of technology CEOs are very confident about their companies' revenue prospects

Q How confident are you about your company's prospects for revenue growth over the next 12 months and next 3 years?



● Technology ● Global

Source: PwC, 21st Annual Global CEO Survey. Base: Technology respondents.

To achieve that growth, most of them (82%) are leaning on organic growth, while only half are looking to alliances, acquisition, or cost reduction. Only 11% expect to sell a business or exit a market.

When asked about outside threats, no single area merited a high degree of concern from a majority of these CEOs. Cyber attacks are picking up, and 45% of CEOs said they were extremely concerned about them (see exhibit 2). About half said they were working to build trust with customers by stepping up investments in cyber security.

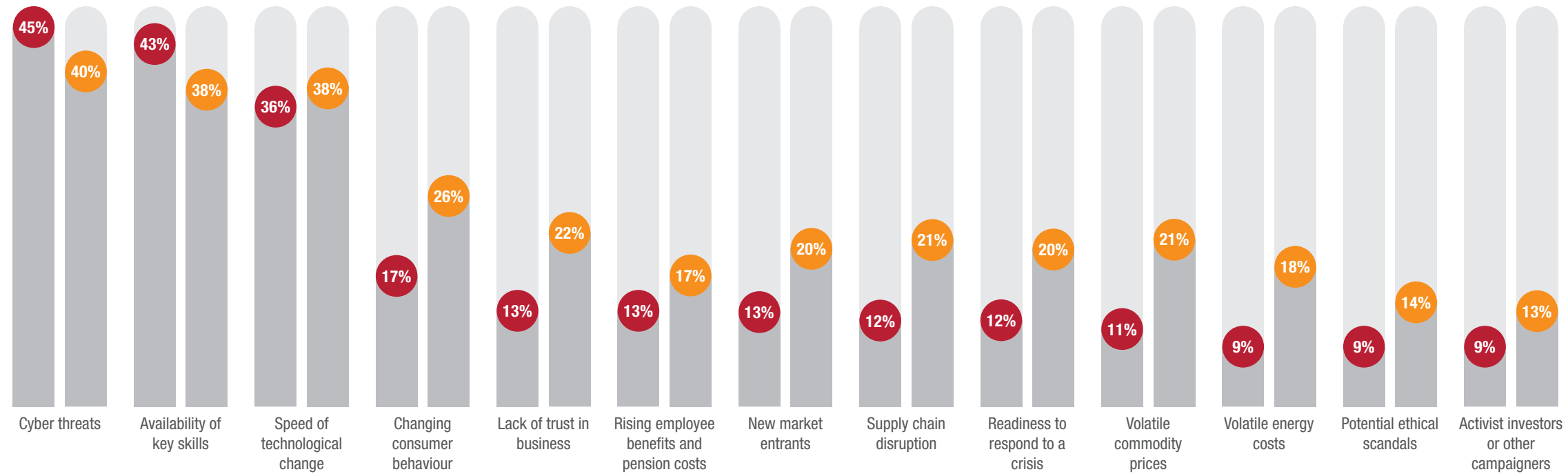
Not surprisingly, attracting digital talent is a big issue in this buoyant environment. Two-thirds of the CEOs were somewhat or very concerned about the availability of digital skills in their country, industry, and workforce. Yet only a little more than half, 55%, said it was very or somewhat difficult to attract this talent.

Exhibit 2

Cyber threats, followed by the availability of key skills, tops Technology CEOs' list of worries

Q How concerned are you about the following business threats to your organisation's growth prospects?

i Chart shows percentage of respondents who stated 'Extremely concerned'



● Telecommunications ● Global

Source: PwC, 21st Annual Global CEO Survey. Base: Technology respondents.

02

Rising regulation

Technology companies are facing calls for greater regulation. Governments are especially concerned about the largest companies, whose popular platforms, they say, are diminishing competition, undermining privacy, and weakening social ties. In the survey, conducted in the fall of 2017, only 36% of tech leaders were extremely concerned about over-regulation. That number would surely be higher now in the spring of 2018.

Thanks to their strong results, technology firms may seem well positioned to meet these concerns while protecting their businesses. But this challenge could have a dramatic effect. Suddenly, the leaders of this industry are being asked to mature quickly and think differently about the social and political impact of their offerings. As startups, these companies thrived with an aggressive, competitive culture which did not always pay attention to outside points of view. Companies now need a more cooperative approach that surfaces problems in advance of launch and works with regulators and other stakeholders, not against them.

Conclusion

Technology CEOs seem to be riding high. As the central drivers of the digital revolution, they hold their destiny in their own hands. While skills shortages, cyber attacks, and government regulation could still damp their growth, they generally see a bright future for the next three years.



21st CEO Survey Methodology

In the second half of 2017, PwC conducted 2,223 quantitative surveys with CEOs based in 85 countries. Most of those surveys (77%) took place online, with the remaining by phone (11%) or by post or face-to-face (12%).

Of those 2,223 responses, 127, or 5% were from technology companies. They were based in 45 different countries. The U.S. (13 CEOs) and U.K. (11) had the greatest representation.

Details on the technology respondents:

- 59% had been with their company for at least six years
- 69% were at least 50 years old

Their companies:

- 50% were publicly listed
- 59% had fewer than a thousand employees
- 50% were privately owned, most commonly backed by private equity
- 4% had government ownership or backing

Notes

- We defined technology companies as digital native firms focused on applying information technology to the marketplace. Their primary business is making the hardware, software, and applications to serve businesses and consumers. They include computer and device manufacturers, but not telecommunications or media companies.

- The overall report on the CEO survey uses only 1,293 responses, not 2,223, in order to achieve a representative global sample.
- Not all figures add up to 100%, due to rounding and the exclusion of 'neither/nor' and 'don't know' responses.
- The base for figures is 127 (all technology respondents) unless otherwise stated.

We also conducted face-to-face, in-depth interviews with CEOs and thought leaders from five continents over the fourth quarter of 2017. Their interviews can be found on our website at ceosurvey.pwc.com, where you can also explore responses by sector and location.

The research was undertaken by PwC Research, our global centre of excellence for primary research and evidence-based consulting services

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