What
CTOs Think

Navigating the path
to the AI enterprise

September 2024

AKKODIS

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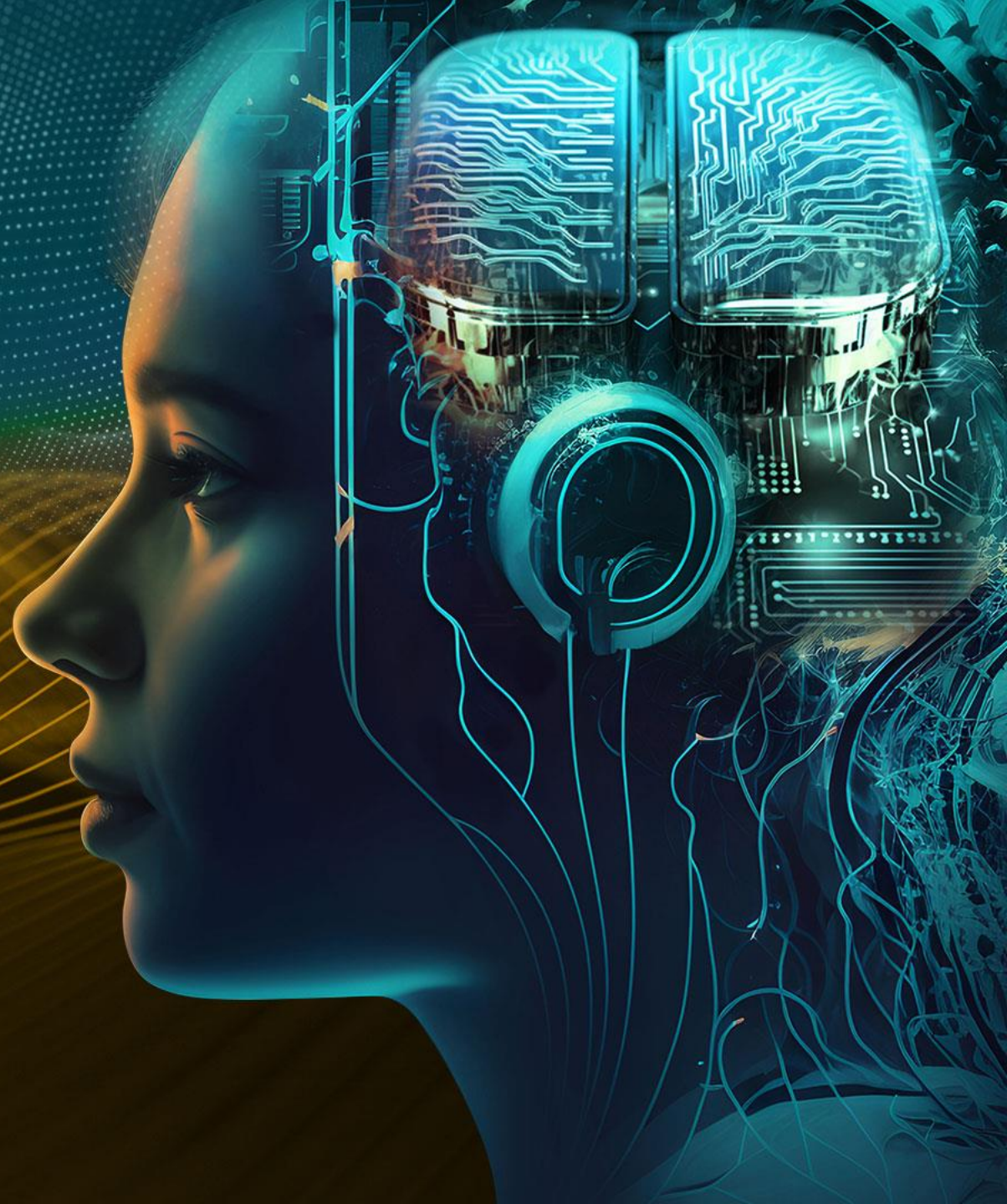
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About the
Research

About the Research

Akkodis' 'What CTOs think' is based on the Adecco Group's Business Leaders research, which investigates the changing world of work from the executive perspective. This report focuses on CTOs and their unique views with respect to digital transformation, AI and digital workforce strategies.

This study surveyed **2,000** C-suite business leaders, including 509 CTOs, across 18 industries and nine countries.

The survey, conducted in collaboration with Oxford Economics, was conducted October to December 2023. Countries were selected to ensure coverage across global regions, with sample populations by country representative of respective industries.

The survey has a 95% confidence interval level. For more detail on the demographic breakdown, please see the Appendix.

30%
North America

US	25%
Canada	5%

36%
Europe

France	9%
Germany	9%
Spain	9%
UK	9%

34%
APAC

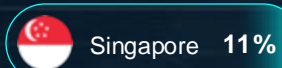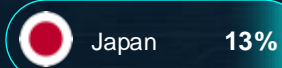| Australia	10%
Japan	13%
Singapore	11%
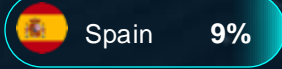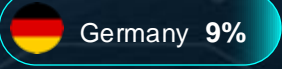
Foreword from
our President

Foreword from our President

Navigating the path to the AI enterprise

The Chief Technology Officer (CTO) is no longer just a technical expert. As new technologies disrupt every aspect of the business model, the role has evolved into one of the most strategic positions within an organization, crucial for aligning technology initiatives with the broader business vision. At Akkodis, we love technology, and we bring deep knowledge in accompanying our clients on the road of their digital and green transition with Smart Industry solutions and tech talent.

With our research partner, we conducted a survey of 2,000 leaders (over 500 of them CTOs) across nine countries. In this report, Akkodis takes a deep-dive to better understand what CTOs think relative to their C-suite peers. While examining CTOs across key industries, we observed interesting nuances. As the pace of innovation accelerates, CTOs are tackling new challenges, such as acquiring cutting-edge knowledge of emerging and disruptive technologies like AI, navigating evolving regulatory landscapes, and addressing growing tech skills gaps within their workforce. Among these significant challenges, our research highlights the critical importance of securing organization-wide buy-in.

This research uncovered several areas that CTOs perceive as barriers to digital transformation and found that many CTOs view their organization's leaders as not having a clear understanding of the disruption that lies ahead. For example, key decisions will need to be made about how AI is integrated into an organization and its impact on the workforce. The research shows that CTOs aren't always aligned with their C-suite colleagues on these challenges.

For me, it is the combination of talent and technology that drives real transformational change. This research sheds light on several opportunities for alignment in both of these areas. CTOs in every industry must actively work across organizational silos to build comprehensive, organization-wide support. Equally critical is for the rest of the C-suite to leverage CTOs' knowledge and expertise. Cross-functional collaboration, starting at the top, is essential to succeed in a smarter and more sustainable future.

Dr. Jan Gupta
President, Akkodis

Key
Findings

What CTOs Think
Key Findings

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Digital transformation tops the C-suite agenda

26% — see digital transformation as top priority
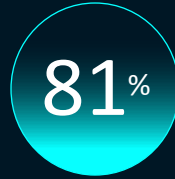
81% — are planning to spend $10M in next 5 years

24% — will be spent in Manufacturing & Operations

Uncertainty and inaction hold back digital transformation
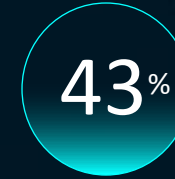
43% — cite "selecting the right technology" as a key barrier to digital transformation
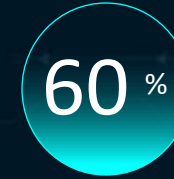
60% — are not convinced that their leaders are ready for AI

CTOs need to collaborate to deliver the AI enterprise

82% — are confident in their company's AI integration strategy
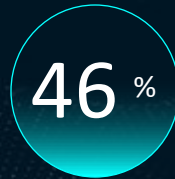
46% — say their companies deliver formal training to upskill/reskill in AI

There is an urgent need for digital workforce strategies

#1 — digital skills rank top in demand in next 5 years
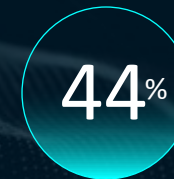
44% — believe in building this talent through reskilling

Digital Transformation Tops
the C-suite Agenda, Again.

A new wave of digitalization is challenging business leaders, with new technologies and related issues, such as digital trust, presenting important corporate hurdles and opportunities. Digital transformation once again tops management priority by a distance. Historically, technology has most often been applied to automate existing processes to gain efficiencies. This time around a different approach will be needed, as opportunities are spread broadly, to include innovation, talent management and growth. How leaders respond with effective digital transformation strategies, with the CTO playing an important role, will be critical to their competitive success.

A New Wave of Digitalization is Challenging the C-suite

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Megatrends expected to significantly impact business leaders' companies in 5 years

73%	67%	67%	62%	60%	54%
Digitalization	Building digital trust	Adapting to emerging technologies	Increased pressure to improve environmental impact	Economic uncertainty	Geopolitical uncertainty

Technology-related megatrends
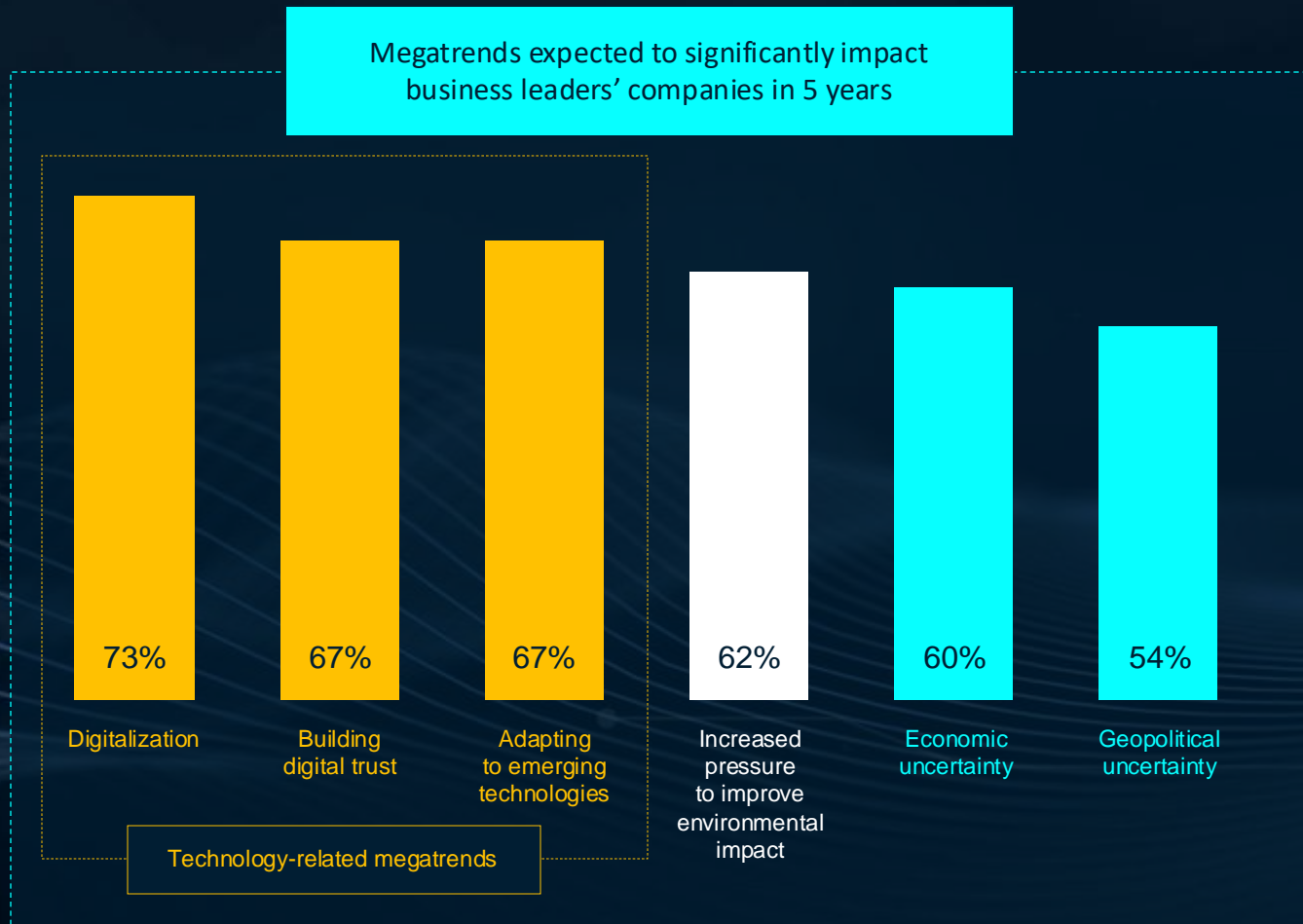
- Business leaders identify digitalization as the number one megatrend they expect will significantly impact their businesses in the next five years; the top three megatrends are all technology related.

- Leaders recognize that technology will have a major impact on their workforce and business model, presenting both a challenge and a significant business opportunity.

Question 1: To what extent are the following megatrends impacting your company today? In five years' time?

Digital Transformation Stands Out as a Top C-suite Priority

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- Once again, digital transformation is the top management priority by a distance, selected by 26% of business leaders (followed by upskilling and developing the workforce with 18%).

- Digital transformation is not a fixed concept – emerging technologies present new challenges and opportunities, creating uncertainty and tension within the C-suite. As the requirement for new approaches dawns, the CTO emerges as a key player.

Strategic area most focused on by C-suite leaders in response to these megatrends

3°

2°

1°

1° Changes to operating and business models 48%
   [26% Digital transformation]

2° Workforce management strategy 38%

3° Environmental/social sustainability 14%

Question 2: Which strategic areas are you focusing on the most in response to these megatrends?
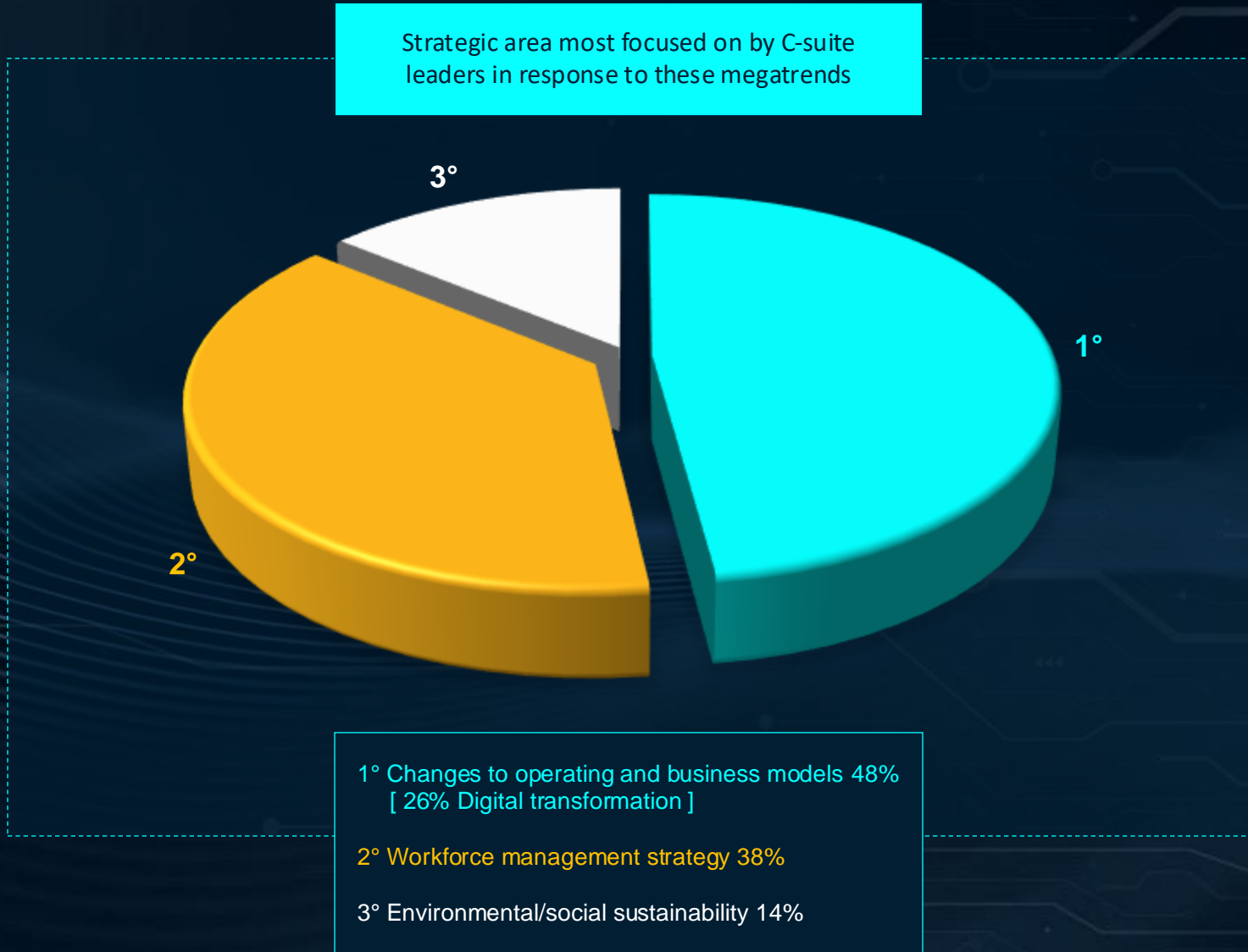
Investments in Digital Transformation are Enterprise-Wide

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- Companies are investing in digital transformation, with over 4 in 5 business leaders saying their companies will invest more than $10 million over the next five years.

- These leaders expect to spread investment widely across the enterprise. Manufacturing & operations is set to draw the most, worth nearly a quarter of their budgets. That said, none of the areas represent less than 13% of their expected spend.

81% C-suite leaders planning to spend $10m on digital transformation in next 5 years

Expected percentage of digital transformation budget spend over the next 5 years according to C-suite leaders

Business Area	Percentage
Manufacturing & Operations	24%
IT Infrastructure	18%
Research & Development	17%
Data Intelligence	15%
Workforce Development	13%
Aftermarket & Ecosystem Services	13%

Question 5b: Please indicate how your planned investment in digital transformation is likely to be spread across the following business areas.
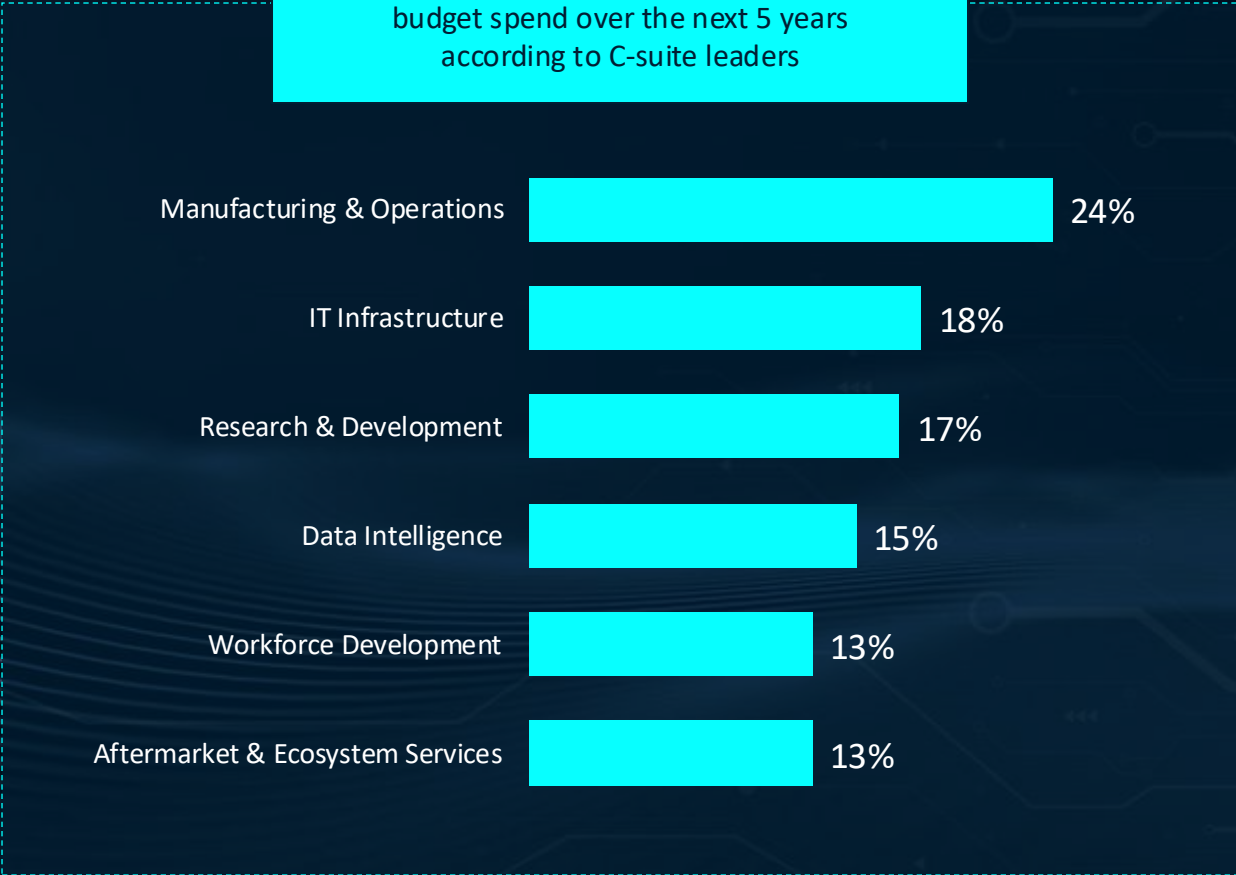
CTOs Recognize There is a Long Transformation Path Ahead

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- Digital transformation is an ever-evolving concept, difficult to fully complete as new technology constantly emerges.

- Across industries, CTOs report moderate progress, many under halfway and all recognizing there is still much progress to come.

- Different progress across industries reflects the strategic importance of the latest technologies, their resources and in-house capabilities. Technology and Life Sciences are highly data and technology intensive industries, with highly technically skilled workforces. Digital transformation is important for Energy firms, but they also face competing strategic challenges on the energy transition and need for infrastructure investment.

Progress made in digital transformation according to CTOs, by industry

Industry	Progress
Technology	65%
Life sciences	52%
Aerospace	47%
Automotive	46%
Energy	43%

Question 3: How much progress have you made in each of the following areas to adapt to the impacts of megatrends?
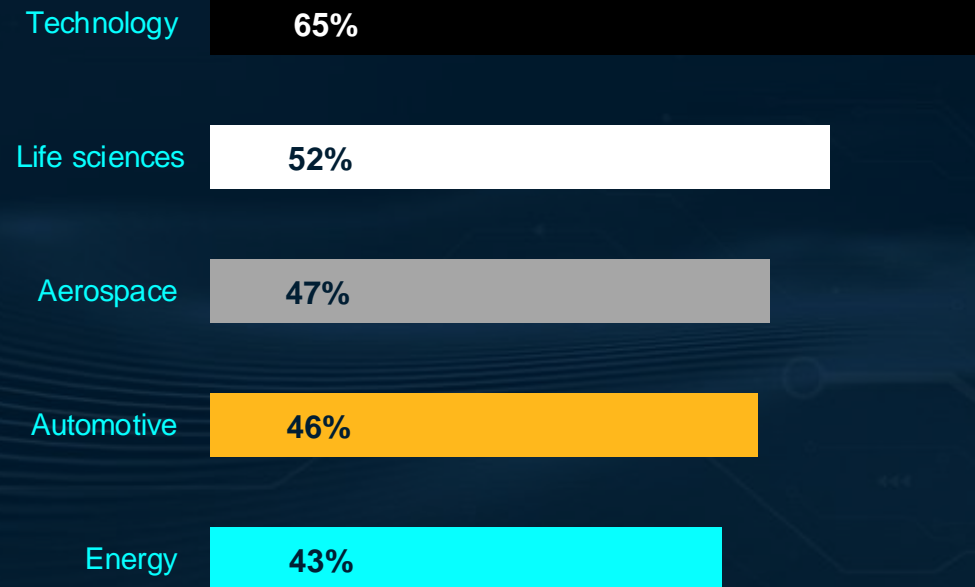
Opportunities are Spread Broadly, Beyond Automation

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- Previous waves of digital transformation centred largely on leveraging automation to drive efficiencies. This wave is different, characterized by an increased focus on catalysing business growth.

- CTOs indicate that digital transformation is business-critical – improving competitive positioning, increasing innovation, getting products to market faster, and growing market share.

- How leaders respond with effective digital transformation strategies will be critical to their competitive success.

Top digital transformation benefit according to CTOs

14%
Workforce

45%
Growth

33%
Efficiency

Sustainability
8%

Question 4: What is digital transformation enabling your company to achieve?
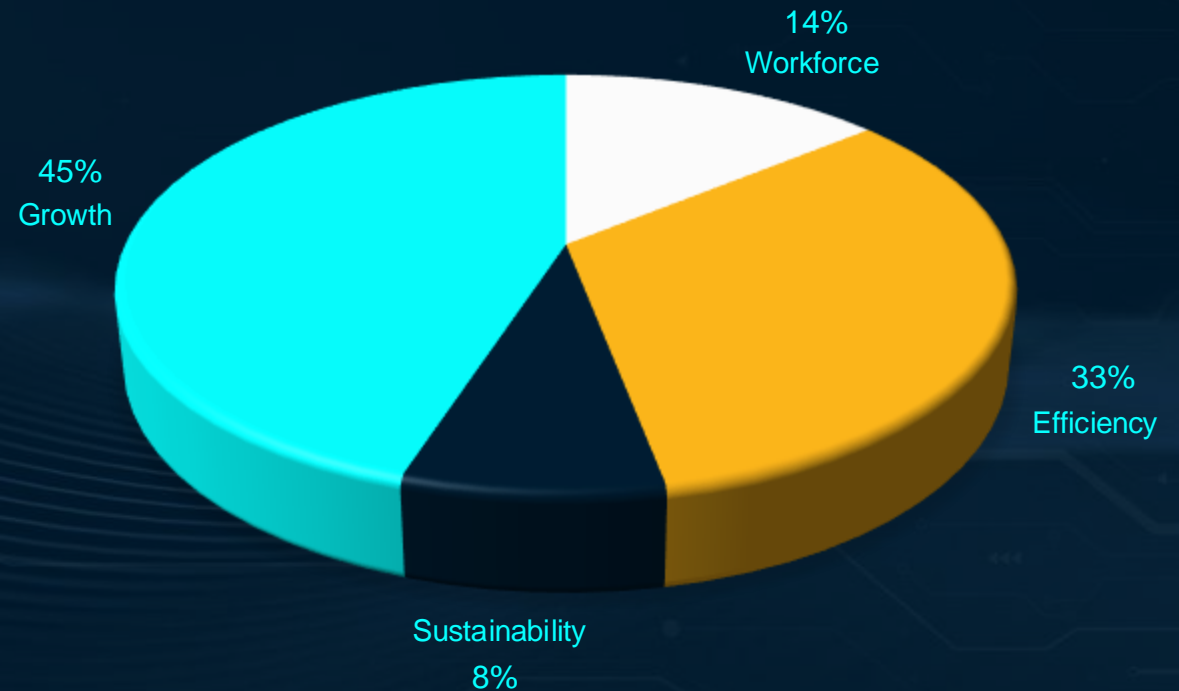
Digital Transformation Benefits by Industry, According to CTOs

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- CTOs across industries recognize different main benefits of their digital transformation strategies across workforce, efficiency, growth, and sustainability.

- Efficiency stands apart as a top benefit for 22% of automotive respondents, though two growth opportunities follow, each with 15%, highlighting both getting products to market faster and improving competitive position.

- Innovation and sustainability rank higher in the minds of CTOs in the Energy industry, widely influenced by the climate imperative to transform legacy operations.

	Aerospace	Automotive	Energy	Life Sciences
#1	**17**% Getting products, solutions or services to market faster	**22**% Increasing operational efficiency	**14**% Increasing innovation across the organization	**17**% Improving competitive position
#2	**15**% Enabling workforce flexibility	**15**% Getting products, solutions or services to market faster	**14**% Increasing operational efficiency	**15**% Enabling sharper decision-making
#3	**13**% Enabling sharper decision-making	**15**% Improving competitive position	**11**% Achieving sustainability goals	**13**% Achieving sustainability goals

● Workforce ● Growth ● Sustainability ● Efficiency

Question 4: What is digital transformation enabling your company to achieve?

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Uncertainty and Inaction Hold
Back Digital Transformation

CTOs have bold plans for investing in emerging technologies across the enterprise. However, uncertainty paralysis is holding them back. Challenges include uncertainty around technology and regulatory evolution and securing organization-wide buy-in to the changes needed. AI is expected to be a game changer for their companies, but it is at such an early stage of adoption that uncertainty is inevitable. Many CTOs believe their organizations lack the key leadership skills needed.

The Path is Unclear, with Many Internal and External Uncertainties

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- Although the imperative for organizations' digital transformation is clear, CTOs are largely held back by uncertainty paralysis.

- There are major uncertainties at such an early stage in the adoption cycle. External barriers rank highest, including regulation and compliance and security risk concerns.

- Commitment will be required at all levels of the enterprise – from the C-suite to prioritize transformation and address ethical concerns, and at the operating level to adapt to changes in working practices.

Current barriers to digital transformation according to CTOs

Barrier	%
Selecting the right technology	43%
Regulatory or compliance barriers	39%
Security risk concerns	39%
Ethical concerns	29%
Scaling digital solutions at speed	28%
Internal resistance	28%
Lack of digital transformation partner	24%
Lack of budget / uncertain ROI	23%
Lack of in-house technology talent	21%
Lack of urgency as a business priority	15%
Poor executive understanding	12%

● External   ● Internal

Question 7: What are the current barriers your company is facing in relation to accelerating digital transformation?

CTOs Across Industries Recognize the Greatest Barrier is Selecting the Right Solutions as New Tech Rapidly Evolves

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- Across different sectors, CTOs largely find the same three external barriers the most challenging: selecting the right technologies, security risk concerns, and regulatory or compliance barriers.

- However, Aerospace CTOs rank budget limitations or investment case uncertainty as their greatest barrier, as they face particularly substantial upfront investment to implement and long development cycles, which means ROI is realized over an extended period.

Top 3 barriers to digital transformation by industry according to CTOs

	Aerospace	Automotive	Energy	Life Sciences
#1	**43** % Lack of budget / uncertain ROI	**46** % Selecting the right technology	**43** % Selecting the right technology	**48** % Selecting the right technology
#2	**36** % Regulatory or compliance barriers	**42** % Security risk concerns	**34** % Regulatory or compliance barriers	**40** % Security risk concerns
#3	**34** % Security risk concerns	**37** % Lack of digital transformation partner	**34** % Lack of digital transformation partner	**35** % Regulatory or compliance barriers

⬤ External ⬤ Internal

Question 7: What are the current barriers your company is facing in relation to accelerating digital transformation?

The Jury is Still out on How AI Will Change the Game

- AI's disruptive potential varies across industries; although the majority see AI as revolutionary for their company – a large number for such a bold statement – it is still early days for the technology, particularly with recent advances in Gen AI.

- As a result, businesses are still trying to identify the extent of AI's role in future business strategies, particularly in the Energy and Aerospace industries where CTOs are less certain.

Extent AI is a game changer for the company, by industry according to CTOs

CTO Average 55%

60%
61%
46%
51%

"AI is a game changer for my company"

- Life Sciences - Automotive - Energy - Aerospace

Question 16: To what extent do you agree with the following statements about your company's use of AI?
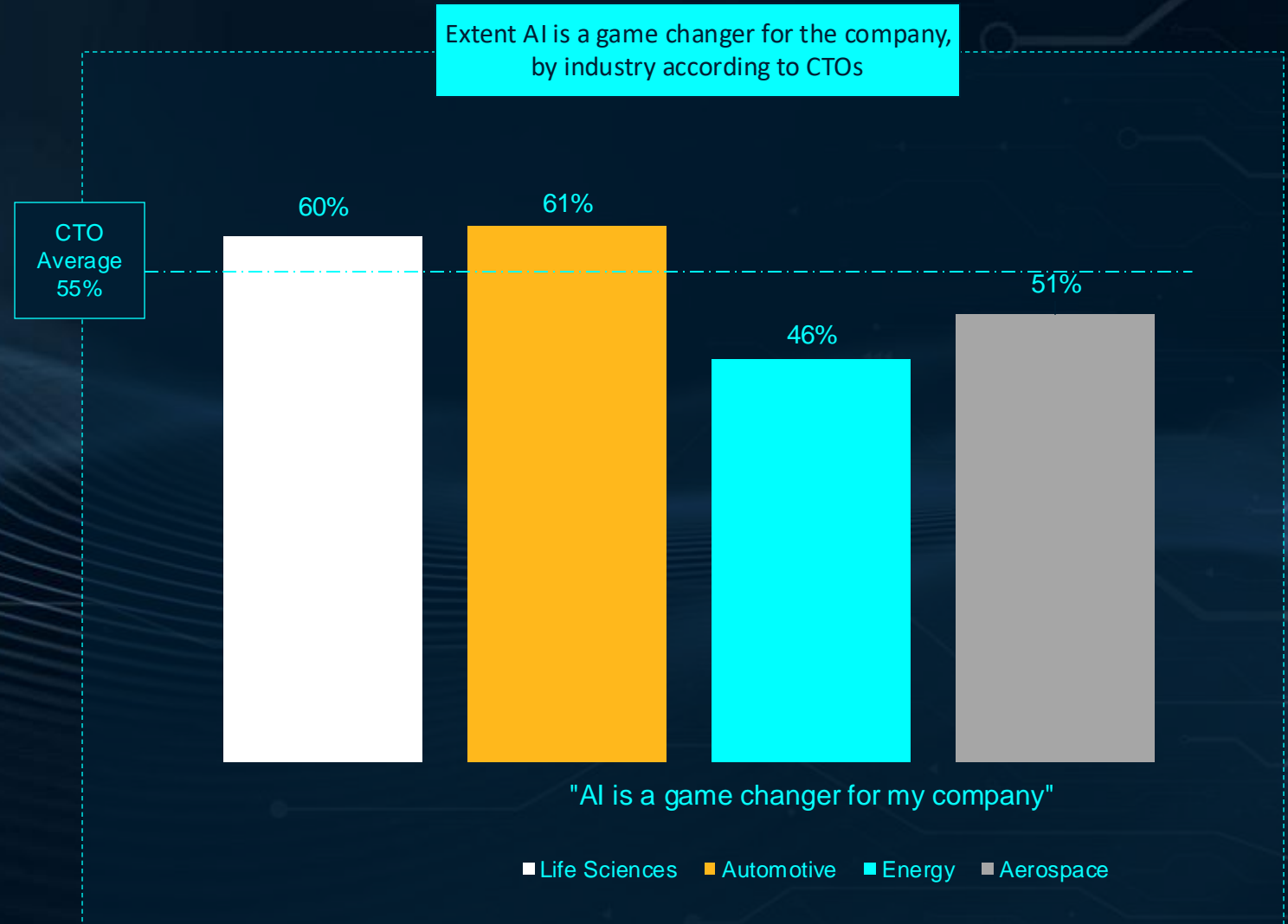
CTOs Lack Confidence in Leaders' AI Skills

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- 60% of CTOs are not convinced that their leaders are ready for AI. Skill gaps within the C-suite may trickle down to impact readiness across the wider workforce.

- This gap is particularly stark in the Aerospace industry, with seven in 10 CTOs lack confidence in their leaders' AI skills. This may reflect the scale of challenge facing the sector or the limited talent pool in a concentrated sector.

- While this is understandable as the technology is still nascent, leaders need to adapt quickly to seize the opportunity, set investment priorities, and develop an implementation roadmap.

Percentage of CTOs that lack confidence in leadership's AI skills and knowledge, by industry

CTO Average 60%

70%

63%

63%

51%

"My company's leadership team have sufficient AI skills and knowledge to understand the risks and opportunities"

■ Aerospace ■ Life Sciences ■ Energy ■ Automotive
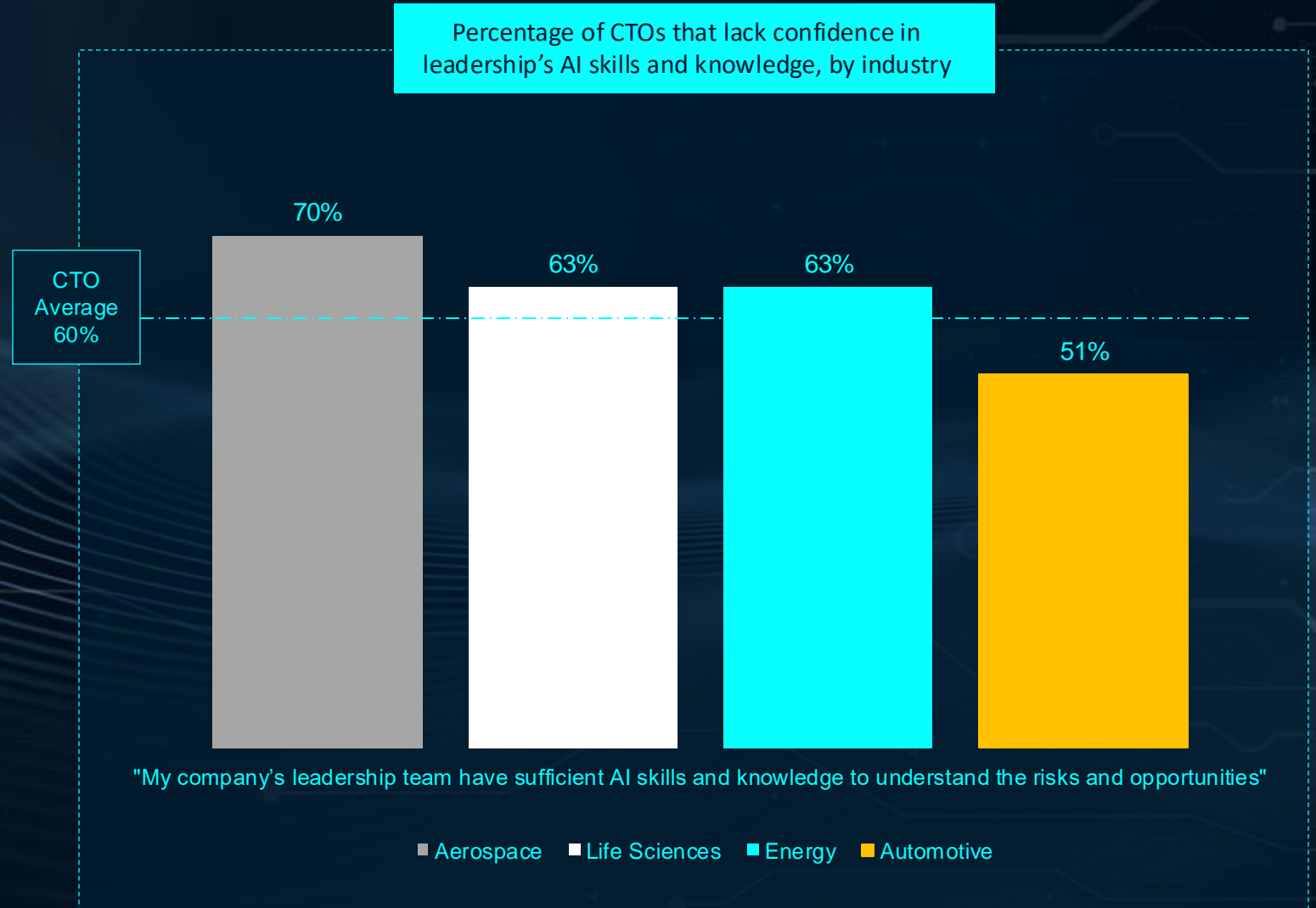
CTOs Need to Collaborate
to Deliver the AI Enterprise

Driven by this uncertainty, there is a disconnect between ambition and implementation. Though seemingly confident in their strategies, further progress is needed to build the process foundations required. Important decisions will need to be made about how AI is applied to the organization and the impact it will have on the workforce. CTOs are not always aligned with C-suite colleagues on these issues. New technologies will disrupt all aspects of the business model to some degree. CTOs will need to work across departmental silos to build enterprise-wide buy-in to the extent of transformation.

CTOs are Assured in Their AI Implementation Strategies, but the Required Foundations for Adoption Lag

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- Driven by this uncertainty, there is a disconnect between ambition and implementation.

- While the vast majority of CTOs are confident in their company's AI strategy, only two in three others in the C-suite say the same.

- That said, further progress is required to build the process foundations needed: just over half of CTOs' companies (56%) provide guidance to employees about how to use AI at work, 46% deliver formal training and 51% have a framework in place for using AI ethically and responsibly.

CTOs

82 %

"I am very confident in my company's AI implementation strategy"

Other C-suite Leaders

65 %

"I am very confident in my company's AI implementation strategy"

Organizational initiatives in AI according to CTOs

56%	51%	46%
Provide guidance to employees on how to best use AI	Have a framework in place for ethical and responsible AI use	Deliver formal training to reskill/upskill employees in AI skills

Question 16: To what extent do you agree with the following statements about your company's use of AI?

On Workforce Issues, CTOs will Need to Collaborate Closely with the Leadership Team

- Important decisions will need to be made about how AI is applied to the organization and the impact it will have on the workforce.

- CTOs are not always aligned with their C-suite peers on these issues. These peers are more likely to believe that AI shouldn't replace human interaction in recruitment, and that human touch is still more influential than AI in the workplace – CTOs are less sure. More CTOs also believe that they will employ fewer people in five years' time.

Implications of AI on workforce, CTOs vs. other C-suite leaders

"When recruiting for people, AI should never fully replace the human interaction"
- Other C-suite leaders: 62%
- CTOs: 56%

"The human touch is still more influential than AI in the workplace"
- Other C-suite leaders: 59%
- CTOs: 53%

"AI will create more opportunities for our existing employees"
- Other C-suite leaders: 54%
- CTOs: 55%

"My company will redeploy employees internally if their job is impacted by AI"
- Other C-suite leaders: 46%
- CTOs: 46%

"AI will mean in 5 years' time we will employ fewer people"
- Other C-suite leaders: 40%
- CTOs: 44%

● CTOs   ● Other C-suite leaders

Question 16: To what extent do you agree with the following statements about your company's use of AI?

CTOs will Need to Work Across Departmental Silos

- New technology will disrupt all aspects of the business model to some degree. A third of CTOs (34%) expect emerging technologies, including generative AI and extended reality, to affect all parts of their business model.

- CTOs will need to work across departmental silos to build enterprise-wide buy-in to the same extent and pace as transformation.

Likely disruptive impact of new technology on different parts of business model according to CTOs

Category	%
IT infrastructure	85%
Data intelligence	84%
Workforce development	84%
Aftermarket & ecosystem services	79%
Manufacturing & operations	76%
Research & development	75%

Question 6: What is the likelihood that new technology (e.g., GenAI and Extended Reality) will have a disruptive effect on your business model in the following areas?

Disruptive Effect of New Technology on Operations will Vary by Sector

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- CTOs report varying likely impacts of new technology to their organizations' workforce development and R&D.

- The Automotive and Aerospace industries, with large product development and manufacturing operations, anticipate a greater impact. In contrast, fewer CTOs expect disruption in the Life Sciences and Energy sectors, both highly regulated, requiring rigorous testing and compliance with safety standards.

Likely disruptive impact of new technology on different parts of business model by industry according to CTOs

Workforce development
- 98%
- 87%
- 77%
- 75%

Research & development
- 78%
- 89%
- 69%
- 71%

■ **Automotive**   ■ **Aerospace**   ■ **Energy**   ■ **Life Sciences**

Question 6: What is the likelihood that new technology (e.g., GenAI and Extended Reality) will have a disruptive effect on your business model in the following areas?
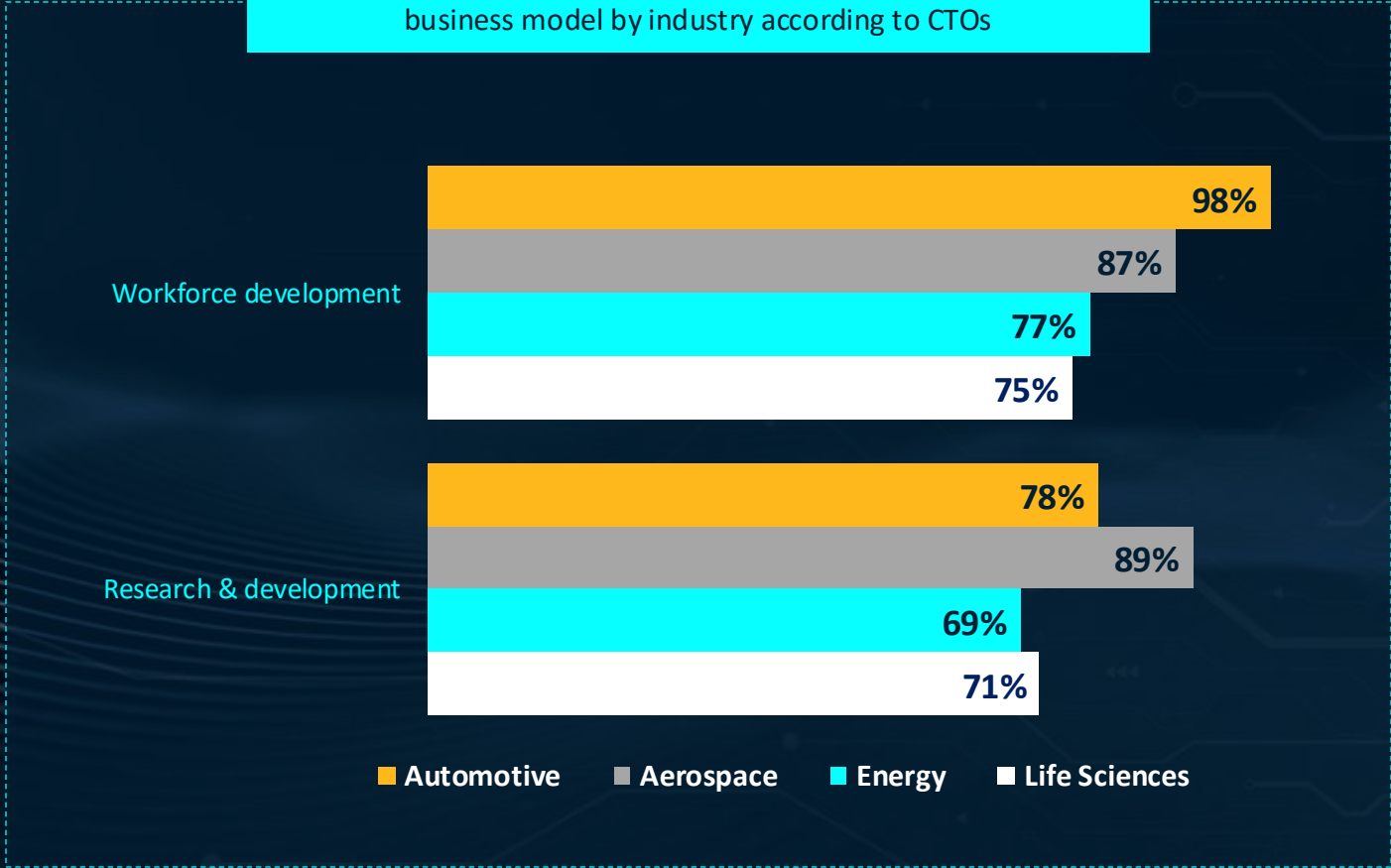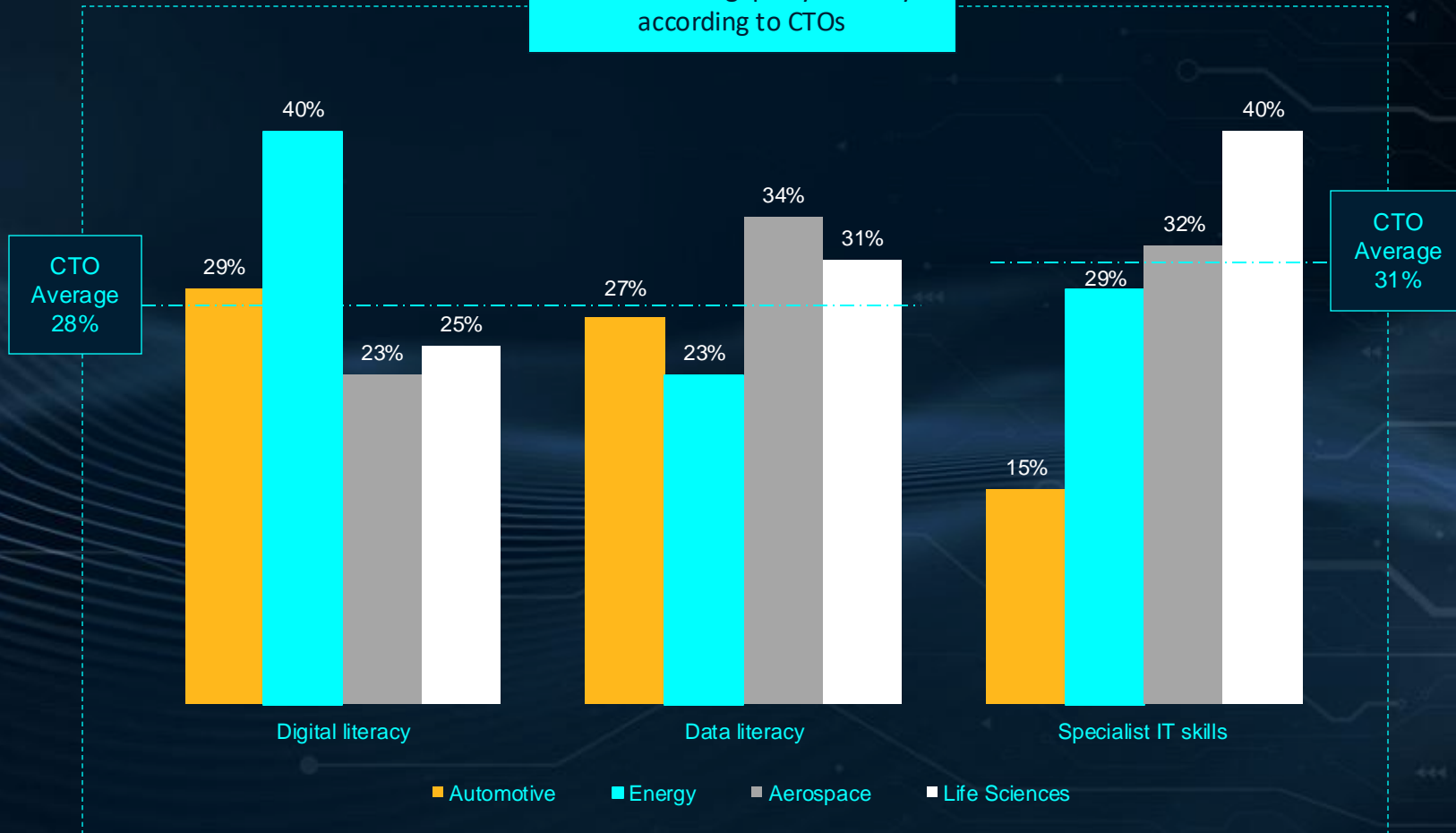
There is an Urgent Need for
Digital Workforce Strategies

CTOs identify critical digital skills gaps and expect higher demand for digital skills, leading to rising wages for technical staff. There is a need to balance build vs. buy approaches to securing talent, with CTOs bolder than CEOs on upskilling. Longer term, AI will play a positive role in workforce strategies.

CTOs Identify Critical Gaps Across Digital Skills

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- CTOs report moderate skills shortages at this early stage of the current wave of digital transformation, though 40% of Life Sciences CTOs report shortages of specialist IT skills and 40% of Energy CTOs signal shortages in digital literacy skills.

- The skills shortage in key areas is likely to increase as digital transformation gathers pace, with CTOs expecting skills gaps to translate into wage increases.

71% CTOs expect salary increases for AI-related roles in the next 12 months

Current skills gaps by industry according to CTOs

CTO Average 28%

CTO Average 31%

Digital literacy: Automotive 29%, Energy 40%, Aerospace 23%, Life Sciences 25%

Data literacy: Automotive 27%, Energy 23%, Aerospace 34%, Life Sciences 31%

Specialist IT skills: Automotive 15%, Energy 29%, Aerospace 32%, Life Sciences 40%

■ Automotive ■ Energy ■ Aerospace ■ Life Sciences

Question 12: In which areas does your company currently have skills gaps?

CTOs Expect Highest Demand for Digital Skills

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- Digital literacy, specialist IT skills, and data literacy rank in the top three for expected skills demand in five years' time.

- Digital and data literacy skills apply broadly across the organization, requiring upskilling and development programs to build skills within existing teams, whilst specialist IT skills are likely concentrated within the IT department.

- CTOs will need a balance of technical and communication/ business skills, including creativity and innovation, leadership, critical thinking and emotional intelligence.

Forecasted skills demand in 5 years according to CTOs

Digital skills

Skill	%
Digital literacy	46%
Specialist IT skills (e.g., AI/Gen AI/Cyber)	45%
Data literacy	43%
Creativity and innovation	39%
Leadership skills	38%
Critical thinking	36%
Emotional intelligence	26%

Question 12: Which skills do you predict will be most in demand in five years' time?

CTOs Build, CEOs Buy

- There is a need to balance build vs. buy approaches to securing talent.

- When it comes to filling digital literacy skills gaps, CTOs largely plan on building tech talent more than CEOs, who sway more toward buying or renting.

- CTOs are bold when it comes to building, investing efforts in reskilling. Meanwhile, CEOs are asking CTOs to seek more consulting partnerships (rent). This, coupled with a greater propensity to buy talent, demonstrates the greater desire among CEOs to collaborate with other firms.

Approaches to filling digital literacy skills gaps, CTO vs. CEO

CTO

Rent 16%

Build 44%

Buy 40%

CEO

Rent 21%

Buy 43%

Build 36%
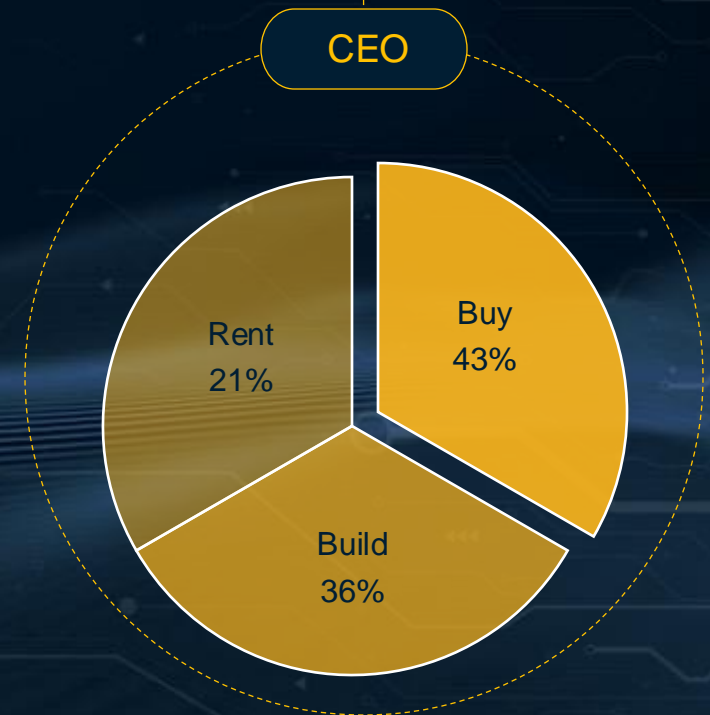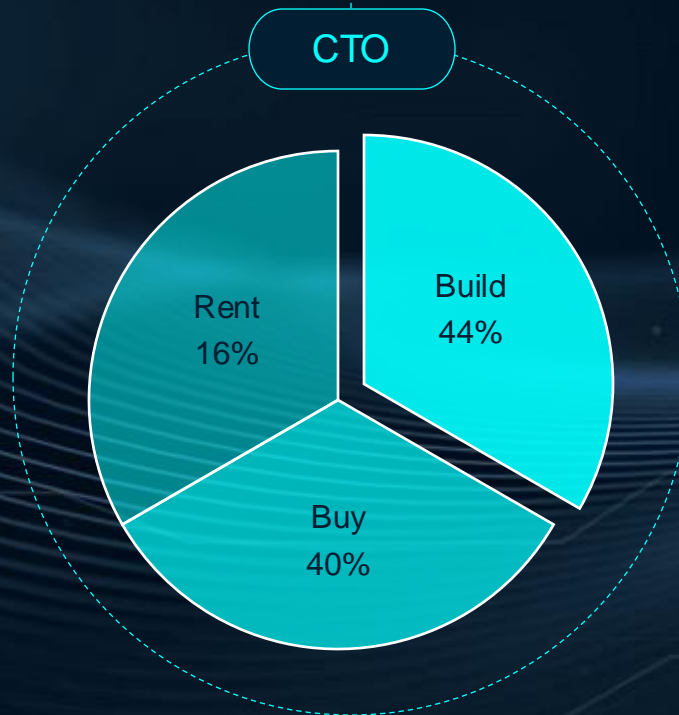
CTOs Expect Generative AI to Play a Critical Role in Talent Strategy

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- CTOs share the view that generative AI will play a positive role in workforce strategies in the coming year. They expect that AI will affect talent across the employee journey, impacting all levels of the organization.

- Generative AI may have a critical role to play, but organizations will need to carefully consider how they roll out the technology in an ethical way.

Generative AI's potential to deliver talent strategy improvements over the next 12 months according to CTOs

77%	71%	70%	61%	61%	61%	51%
Providing formal upskilling and development opportunities	Strengthening leadership development	Encouraging internal job mobility	Empowering existing employees	Improving working conditions	Improving salary and benefits	Improving employee wellbeing and mental health

Recommendations

Recommendations for the C-suite

- Strive to be agile, to keep pace with the rapid evolution of emerging technologies: with a flexible operating model, a culture of experimentation and the ability to pivot, and implement new technology at speed.

- Cut through uncertainty paralysis with a clear digital transformation strategy. The strategy should be based on a thorough evaluation of the opportunities and challenges presented by new technology, balancing quick efficiency gains alongside potential larger gains through operating and business-model redesign. Back the strategy with a commitment to invest.

- Build firm foundations to get the organization AI-ready, including sound data, technology infrastructure, and the accompanying processes (e.g., ethical frameworks, privacy, and security).

- Reskill for the next wave of digitalization – with new, adaptable skill sets. Implement upskilling and reskilling schemes to develop staff in-house and create new talent pools.

- Tackle the talent gap at leadership and operating levels, particularly in areas of rapid disruptive innovation such as AI. Generative AI itself can be an effective accelerator in preparing and upskilling the workforce.

- Collaborate across the C-suite to manage an enterprise-wide transformation. The CTO will play a key role, providing a source of expertise and guidance for other members of the C-suite.

Appendix

CTO Demographics

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Industries

- Aerospace - 9%
- Automotive - 8%
- Clean Tech - 9%
- Defence - 7%
- E-commerce - 3%
- Energy - 7%
- FMCG - 3%
- Healthcare - 9%
- Life Sciences - 9%

- Logistics - 1%
- Manufacturing - 2%
- Pharmaceuticals - 3%
- Retail and consumer goods - 3%
- Supply chain - 2%
- Technology - 12%
- Transportation - 8%
- Utilities - 4%

Location
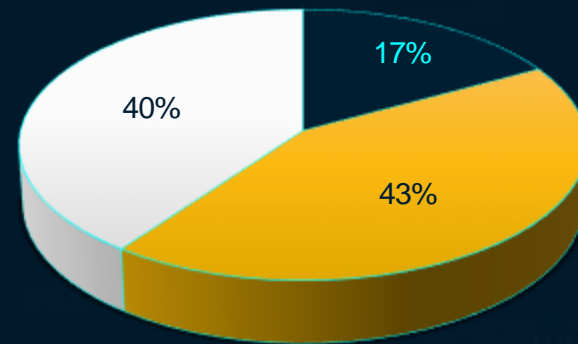
- 17%
- 40%
- 43%

☐ North America ■ Europe ■ APAC

Revenue

- 20%
- 19%
- 61%

☐ Below $500 million to $1 billion
■ $1 billion to $15 billion
■ $15 billion to $30 billion and above
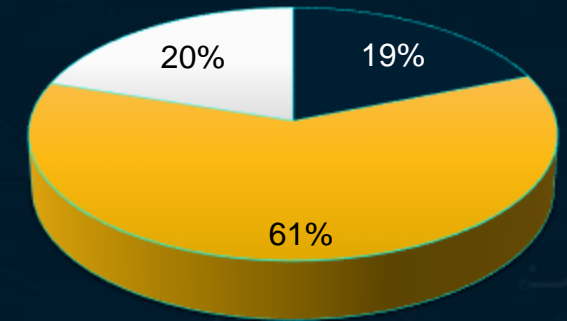
C-suite Demographics

Industries

- Aerospace - 8%
- Automotive - 5%
- Clean Tech - 7%
- Defence - 7%
- E-commerce - 4%
- Energy - 6%
- FMCG - 4%
- Healthcare - 6%
- Life Sciences - 6%

- Logistics - 3%
- Manufacturing - 3%
- Mobility - 3%
- Pharmaceuticals - 4%
- Retail and consumer goods - 5%
- Supply chain - 4%
- Technology - 15%
- Transportation - 5%
- Utilities - 5%

Location

17%
43%
40%

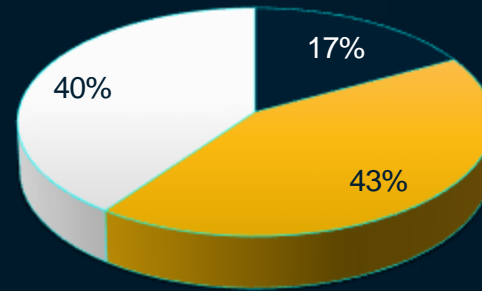☐ North America ■ Europe ■ APAC

Revenue

20%
21%
59%
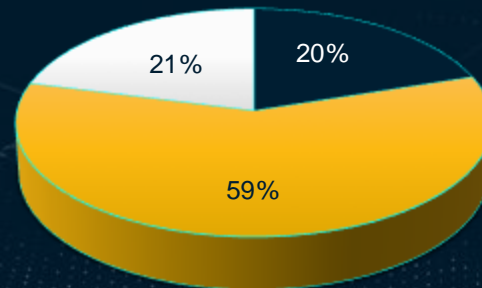
☐ Below $500 million to $1 billion
■ $1 billion to $15 billion
■ $15 billion to $30 billion and above

Role

27%
25%
27%
11%
10%
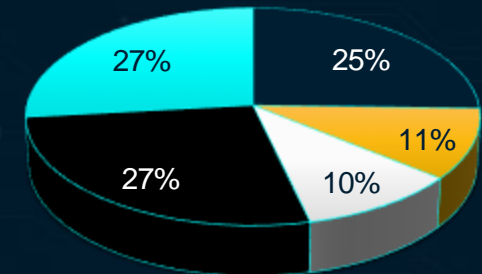
☐ CTO (including CDO)   ■ CFO
■ COO   ☐ CEO
■ CHRO

Generative AI's Potential Role is Talent Strategy - Aerospace

AKKODIS

Generative AI's potential to play a critical role in the following areas, over the next 12 months, according to CTOs

74%	84%	66%	62%	57%	54%	66%
Providing formal upskilling and development opportunities	Strengthening leadership development	Encouraging internal job mobility	Empowering existing employees	Improving working conditions	Improving salary and benefits	Improving employee wellbeing and mental health

Question 8: Will Generative AI play a critical role in delivering these talent strategy improvements over the next 12 months for your company?
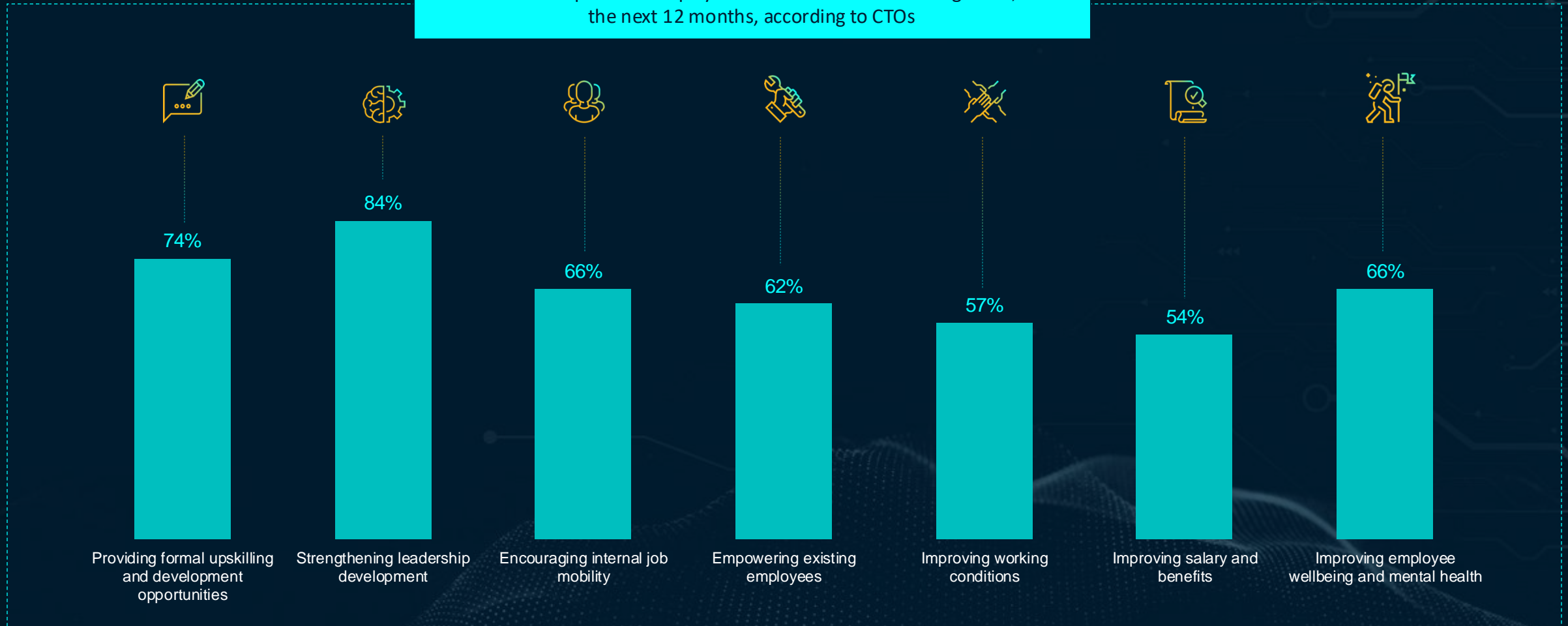
Generative AI's Potential Role is Talent Strategy - Automotive

AKKODIS

Generative AI's potential to play a critical role in the following areas, over the next 12 months, according to CTOs

Area	Value
Providing formal upskilling and development opportunities	80%
Strengthening leadership development	70%
Encouraging internal job mobility	85%
Empowering existing employees	62%
Improving working conditions	62%
Improving salary and benefits	64%
Improving employee wellbeing and mental health	40%

What CTOs Think | Navigating the Path to the AI Enterprise

Question 8: Will Generative AI play a critical role in delivering these talent strategy improvements over the next 12 months for your company?
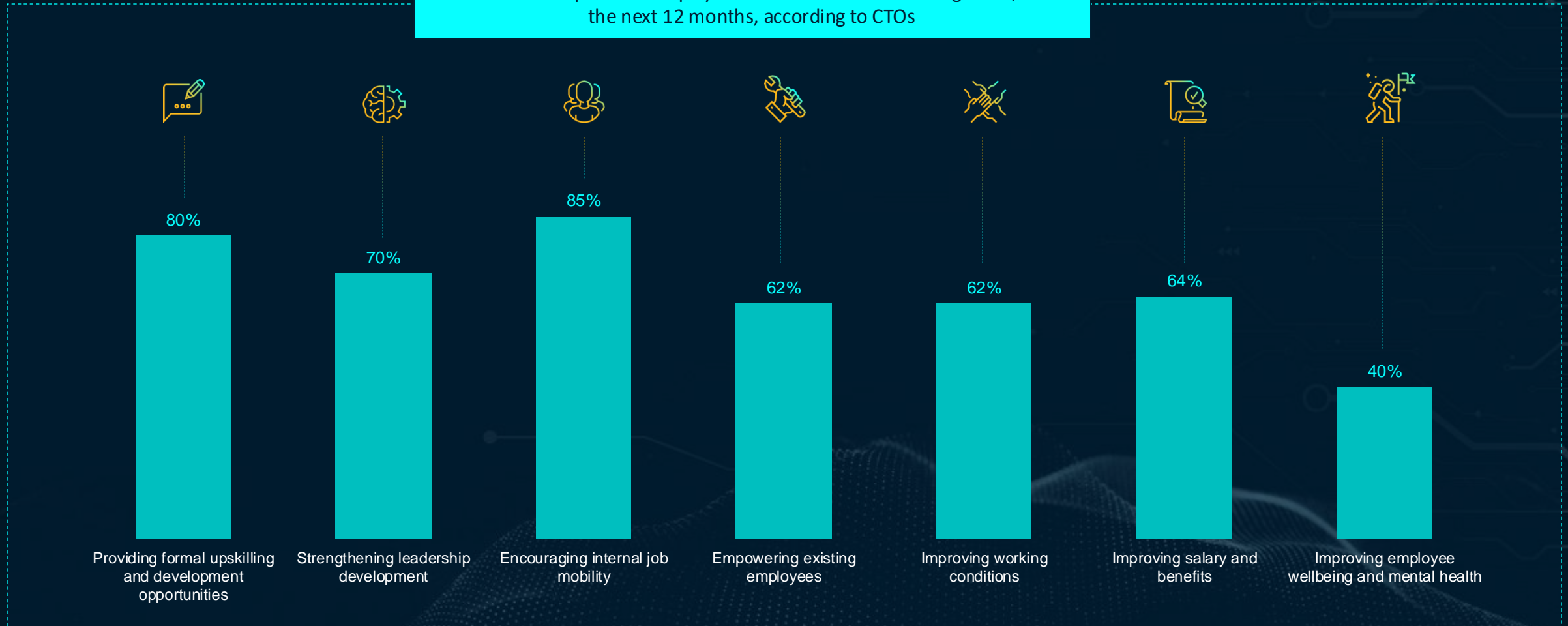
Generative AI's Potential Role is Talent Strategy - Energy

AKKODIS

Generative AI's potential to play a critical role in the following areas, over the next 12 months, according to CTOs

90%	70%	64%	54%	57%	67%	48%
Providing formal upskilling and development opportunities	Strengthening leadership development	Encouraging internal job mobility	Empowering existing employees	Improving working conditions	Improving salary and benefits	Improving employee wellbeing and mental health

Question 8: Will Generative AI play a critical role in delivering these talent strategy improvements over the next 12 months for your company?

Generative AI's Potential Role is Talent Strategy - Life Sciences

AKKODiS

Generative AI's potential to play a critical role in the following areas over the next 12 months according to CTOs
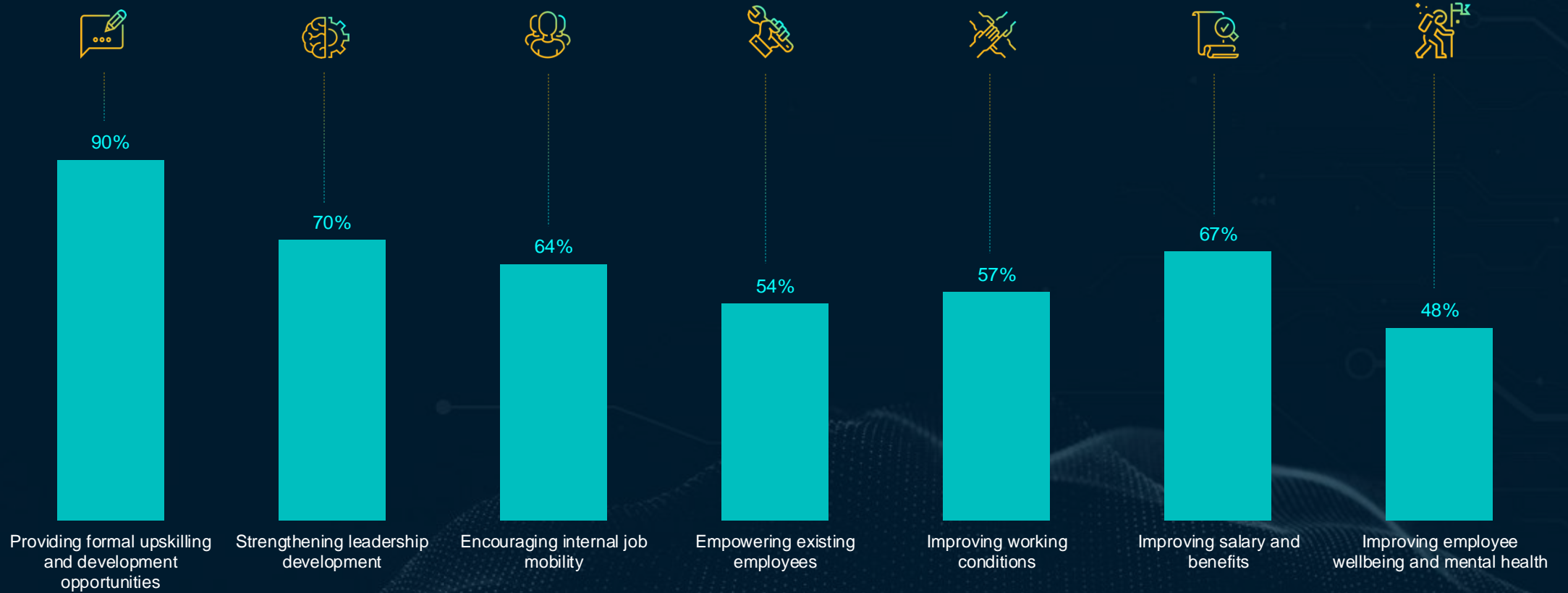

83%	66%	78%	72%	65%	66%	53%
Providing formal upskilling and development opportunities	Strengthening leadership development	Encouraging internal job mobility	Empowering existing employees	Improving working conditions	Improving salary and benefits	Improving employee wellbeing and mental health

Question 8: Will Generative AI play a critical role in delivering these talent strategy improvements over the next 12 months for your company?