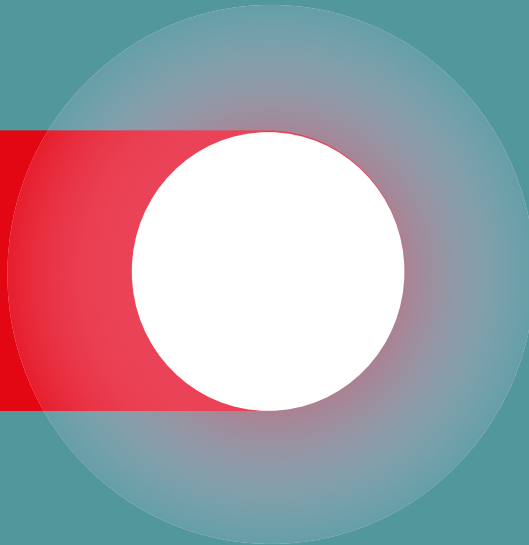# Nash Squared Digital Leadership Report
Pulse Survey
June 2024

What's changed?

Bev White
CEO
Nash Squared

In technology it seems that six months is a long time.

But it hasn't always been like that. Although technology moves at pace, the yearly schedule of our annual Digital Leadership Report (DLR) captured the key trends well.

As we entered 2024, that pace quickened. We encountered unpredictable economies, massive leaps forward in tech innovations and new approaches to hybrid working. It seems the tech economy wasn't interested in our yearly schedule!

That's why we launched the DLR Pulse Survey – a quick check-in on key factors that may have moved since we last published.

Over the next few pages, you will read the honest views and opinions of digital leaders about what is on their to-do list right now - both good and bad. As one commented, "It's a great remedy for imposter syndrome!"

We hope you find it useful.

Contents

About this report

The DLR Pulse Survey was created to provide a mid-year update to our annual DLR which was last published in November 2023.

The Pulse Survey was undertaken in May 2024 and captures the views of 322 digital leaders on key factors that may have changed in the last 6 months. Most had taken part in our annual DLR, allowing us to supplement the data of this shorter Pulse Survey with a more extended data set (2,104 responses). The average technology budget was US$5 to US$10 million. Job roles of respondents: CIO/CTO/Director 53%, Head of tech/digital 20%, Technology practitioner 19%, CEO/MD 7%. Responses came from 24 countries.

Our next annual DLR will be published in February 2025.

Visit our
online home at
**nashsquared.com/
dlrpulsesurvey**

Six things you need to know

Investment up, despite economic headwinds

Despite a difficult and unpredictable global economy, investment in technology remains relatively strong – in the next 12 months over four in ten expect to increase tech budgets, and a third to increase tech headcount. Of those organisations being held back by the economy, there is an expectation that things will look up in 6-9 months.

A focus on efficiency

The top priority for digital leaders is to improve the efficiency of operations, typically through automation, AI and better use of data. This efficiency focus ties up with previous downturns the DLR has tracked. That said, three in ten still see the revenue generation potential of technology as their top priority. Boards are looking for technology to improve both the top line and bottom line.
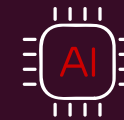
GenAI widely adopted

Almost three-quarters of organisations have deployed GenAI to at least some extent to their employees, and one in five have deployed it enterprise-wide. This rapid adoption will no doubt continue, facilitated by the relative simplicity and low costs of implementation, at least in these first phases. Organisations are also rushing out stronger governance, although have little confidence in its effectiveness.

Most still looking for a business case for GenAI

While deployment of GenAI has been rapid, there has been mixed success in its impact. Over half feel a lack of business case is holding them back, others are concerned by the misuse of the tools. Of those that have deployed GenAI, one quarter report little or no impact on their organisation. The vast majority of GenAI uses have been as a personal productivity tool, although we do see some more 'transformational' use cases emerging.

The birth of the Chief AI Officer

For the majority of organisations, the AI strategy sits with the technology leader; typically the CIO or CTO. But for others that responsibility will lie with the Chief AI Officer (CAIO). One in 20 organisations has one, a similar proportion expect to appoint one – so we can expect over time that one in ten organisations will have a CAIO.

Hybrid working comes of age?

Since our last DLR in late 2023, one in six organisations has increased the number of days expected in the office, moving the typical time expected there from 2-3 days, to 3 days. And they seem happy with the results, four in ten report it working 'extremely well', a big jump from our last report. But there are potential consequences to this change. More days in the office can make an organisation less attractive to potential hires, especially those with caring responsibilities.
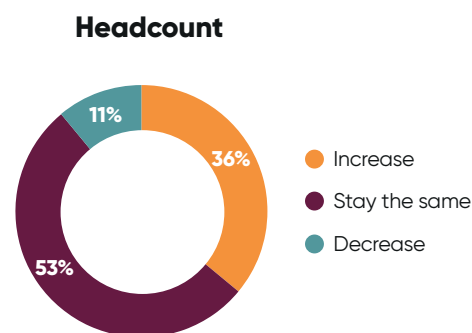
Findings

1. Turbulent times – market & budget sentiment

It seems the world has never been more unpredictable. An increasingly connected planet, geopolitical conflicts, the continued growth of new markets and rapid advancements in technology all make it hard to predict where and how to invest in tech.

If that all feels unique, one thing that 25 years of DLR history has taught us is that 'unique' events seem to come at us in a rather predictable way. Change is constant.
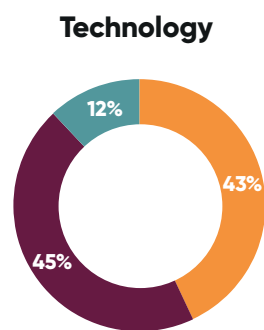
In balance, investment is increasing

Headcount

- 36% Increase
- 53% Stay the same
- 11% Decrease

Increase
Stay the same
Decrease

Technology

- 43%
- 45%
- 12%

Over the next 12 months, how do you expect your IT or technology headcount to change?

Over the next 12 months, how do you expect your overall IT/technology budget to change?
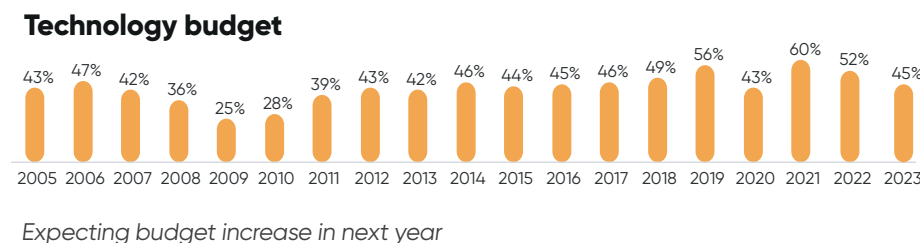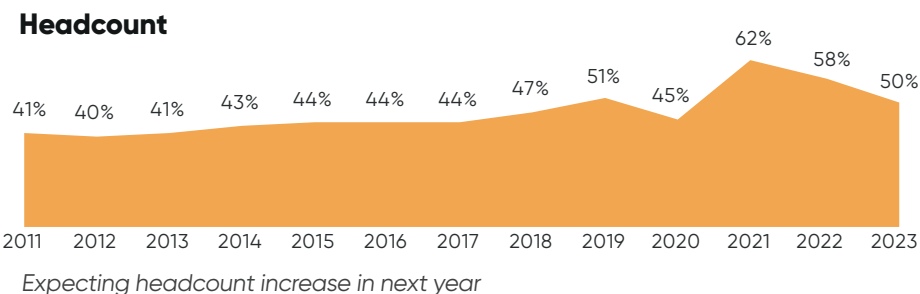
Right now, tech investment remains (perhaps surprisingly for some) positive, with more digital leaders expecting to increase headcount and tech budgets in the next year than to lower them.

For many, budgets are unpredictable, with 40 per cent saying they had re-budgeted in the last financial year. For most though (55 per cent of those with budget changes), this was in a positive, upward direction. Over the past year, some have made cuts in their team size, but with new demands for skills in analytics, AI and automation, they are looking to build their team up once more.

Historical investment trends

Headcount

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
41%	40%	41%	43%	44%	44%	44%	47%	51%	45%	62%	58%	50%

Expecting headcount increase in next year

Technology budget

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
43%	47%	42%	36%	25%	28%	39%	43%	42%	46%	44%	45%	46%	49%	56%	43%	60%	52%	45%

Expecting budget increase in next year

The proportion of digital leaders expecting a growth in tech budget is similar to what we reported late last year (43 per cent versus 45 per cent) and broadly in line with long-term trends pre-pandemic. Growth in headcount investment is lower than our last report (36 per cent versus 50 per cent) and is lower than at any point since we began measuring this factor.

Taking these two data points together, while tech investment seems to remain stable, digital leaders are looking to increase the impact of technology through technology itself (for instance in using AI for code development and customer support) and are currently cautious about adding people. "We want to grow our impact, not our headcount", remarked one respondent.
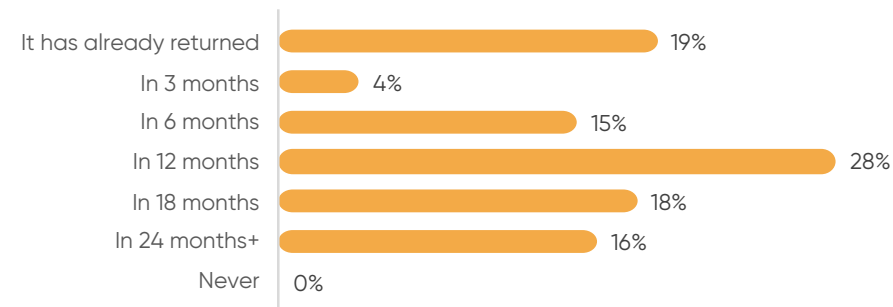
Operational efficiency is top priority

Saving and managing costs — 12%
Delivering operational efficiency — 39%
Growing revenue streams from existing products/services — 31%
Building new revenue streams through new products/services — 18%

Right now, what is the overall priority for the board for IT/Technology?

Digital leaders tell us that that the main focus of technology right now is to deliver operational efficiencies; in other words – improving the performance of the business. This is similar to previous downturns, where the focus of technology tends to be inward looking.

That said, the outward looking potential of technology to enhance customer relationships still remains attractive, with three in ten seeing growing revenue streams from existing products and services as their priority. In times of downturn, it is common to focus on building repeatable revenue from trusted customers.

Economy will bounce back in 6-9 months

It has already returned — 19%
In 3 months — 4%
In 6 months — 15%
In 12 months — 28%
In 18 months — 18%
In 24 months+ — 16%
Never — 0%

When do you think investment in technology will return?

Despite a general positive sentiment about budgets, 67 per cent of digital leaders feel the economy or market is holding them back at least to some extent. Of those respondents, there is a broad view that things will return to 'normal' in the foreseeable future with one quarter already seeing this, and the midpoint/median expectation being 6-9 months.

For many digital leaders the advent of GenAI marks a useful 'pivot' to refresh digital strategies – and budgets – as they look to the future. There appears to be wide variance per sector, but we will wait for our annual report – in February 2025 – to give more insight on this, using a much larger sample size.

Key points:

- Digital leaders expect budget & headcount growth over the next 12 months

- Focus is mostly inward-looking, on making the business more efficient. But many still feel revenue generation is a top priority

- Economy holding back much investment, although expected return to 'normal' by the start of 2025

- Unpredictable economy causing many to re-budget mid-year, but for the majority in an upward direction

Further reading

The case for having a plugged-in technology leader at the top table is as plain as day, *Bev White, CEO, Nash Squared*
Read this article on nashsquared.com

All change? The CIO challenge in the next five years
Ankur Anand, CIO, Nash Squared
Read this article on nashsquared.com

2. AI – what's really happening?

When ChatGPT was launched to the world in 2022 it became the world's fastest adopted application, ever. It is easy to get excited about GenAI; most digital leaders we talk with have been surprised by what the technology can do, and how rapidly it has been adopted.

But putting excitement to one side, what are its real implications for organisations right now?

GenAI is being widely adopted

21%
28%
51%

- Little/no extent
- Some extent - available to some employees
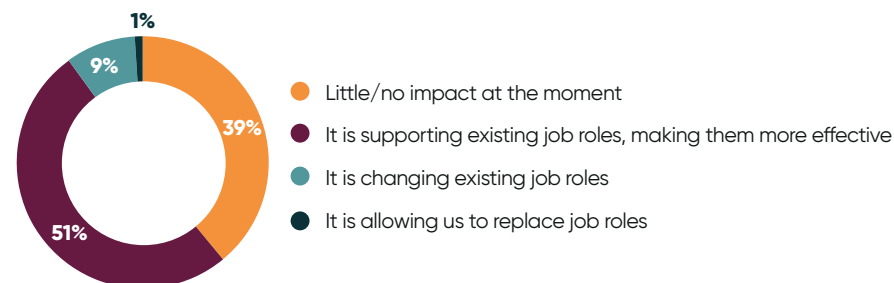- Great extent - available to most/all employees

Right now, to what extent has your organisation made GenAI tools (like Copilot or ChatGPT) available to your employees on your corporate network?

Almost three-quarters of organisations have deployed GenAI to at least some extent to their employees, and one in five have deployed it enterprise-wide. This rapid adoption will no doubt continue as the year progresses and is likely to be more pronounced in larger organisations where data volumes are high. Implementations have been facilitated by the relative simplicity and low costs of rolling out the technology as a productivity tool and a desire to explore its possibilities.

Rather like the growth of cloud computing 10 years ago, much of the deployment has happened in the 'shadows', through users themselves accessing tools outside the watchful eye of the IT department. One digital leader commented 'Part of the reason we rolled out GenAI enterprise-wide was to stop people doing it themselves, and to put proper governance in place'.

GenAI is supporting, not taking, jobs

1%
9%
39%
51%

- Little/no impact at the moment
- It is supporting existing job roles, making them more effective
- It is changing existing job roles
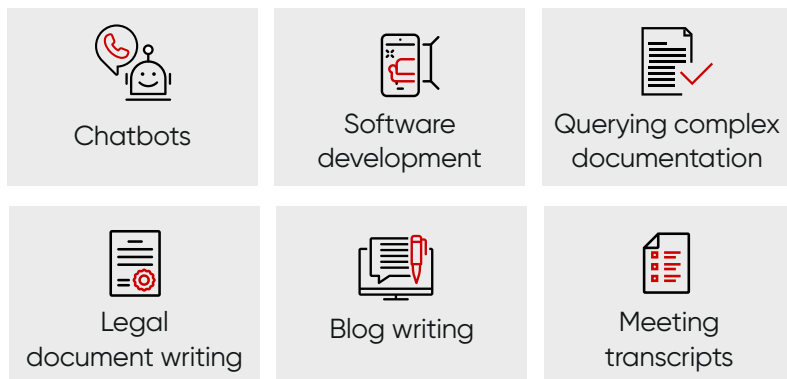- It is allowing us to replace job roles

Which of the following would best summarise the impact of GenAI so far on the job roles it has been rolled out to?

While the deployment of AI has been rapid, the actual use cases of GenAI impacting organisations are mixed. Most are experimenting and piloting in a number of areas (one commented how there were more than 400 individual projects in their organisation!)

Of those that have deployed GenAI, over a third (39 per cent) report little or no impact on their organisation. The vast majority of GenAI uses have been as a personal productivity tool, helping with research, speeding up the creation of documents or marketing literature, and supporting office admin (like taking meeting notes).

Only one in ten have reported job roles changing, and just one per cent are seeing jobs replaced.

Common use cases beyond personal productivity

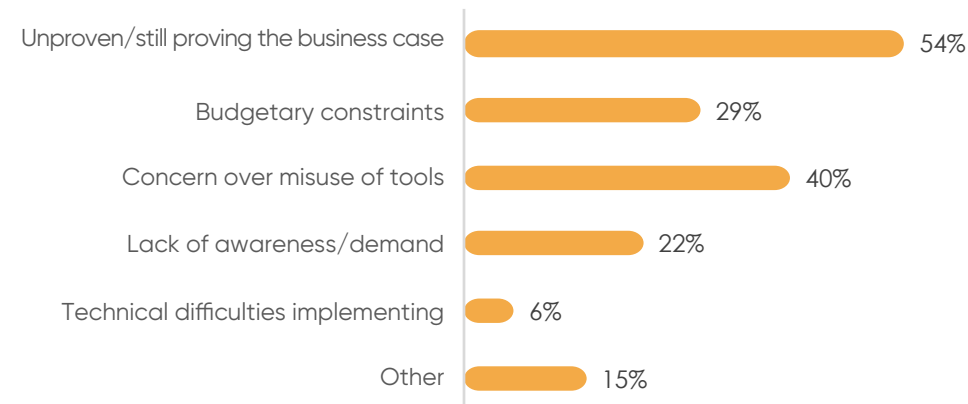|		
Chatbots	Software development	Querying complex documentation
Legal document writing	Blog writing	Meeting transcripts

Some are pushing further beyond personal productivity. The most commonly cited uses were chatbots/customer support, supporting the development of software, and providing a user front end to complex documentation. Two respondents from the healthcare sector mentioned how AI's pattern recognition capabilities are significantly improving cancer screening. Clearly this is specific to a sector, but its impact and potential is of relevance to us all. One mentioned how AI is producing weather forecasts and travel bulletins for a radio station.

A number of respondents have been piloting the use of GenAI in software development. Here Nash Squared has its own story; we ran a pilot in our technology solutions division NashTech and saw a 20 per cent increase in productivity. One perhaps surprising piece of feedback is that the software developers really liked it; feeling that it freed them up to do higher-value work.

The 'replace jobs' impact of GenAI is a continuous theme, and in our discussions with digital leaders there is a sense that its impact will be evolutionary rather than revolutionary. As organisations change and grow, AI will be stitched into the operations and structure; its impact happening bit by bit. Organisations that have company-wide implementations of GenAI are more likely to be increasing tech headcount in the next year than the average (43 per cent versus 36 per cent).

Unproven business case holding GenAI back

|	
Unproven/still proving the business case	54%
Budgetary constraints	29%
Concern over misuse of tools	40%
Lack of awareness/demand	22%
Technical difficulties implementing	6%
Other	15%

What are the top two factors holding back rolling out GenAI tools to your employees?

There is no doubt digital leaders can feel the potential of AI, but right now many have yet to find the clear business case.

There is also concern that the tools could be misused. Many digital leaders have moved from the honeymoon period of being impressed by GenAI, to concerned about its implications, whether that's around copyright issues, the risk that might come from someone pasting a commercially sensitive document into a chatbot, or decisions being made on incorrect or biased data.

Data is a repeated concern for digital leaders; many have been impressed by what GenAI can do when pointing it to the vast amount of data found on the public web, but when pointing it internally have found their corporate data lacking in quantity and quality. One respondent commented "We tried to feed it with the content of our helpdesk software. Failed Big. Cancelled."

CIO - the main leader of AI

- CIO/technology leader
- Chief AI Officer or dedicated person
- No-one
- Other leader
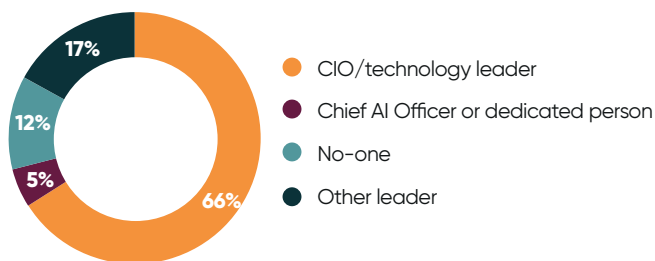
Who is responsible for your organisation's AI strategy?

If GenAI is principally being seen as a tool used by the individual right now, for many there still remains a promise of transformation that impacts an organisation in a more significant way.

For the majority of organisations, the AI strategy sits with the technology leader, typically the CIO or CTO. This makes sense, the technology leader is already plugged into so much of what makes an AI strategy successful.

Many are hiring Chief AI Officers

- Yes
- No, but plan to
- No, and no plans to have one
- Not sure
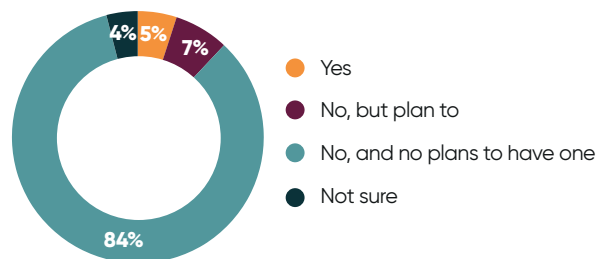
Does your organisation have a Chief AI Officer?

One way to realise the transformational value of AI is to appoint a Chief AI Officer (CAIO). One in 20 organisations have one, a similar proportion expect to appoint one – so we can expect over time that one in ten organisations will have a CAIO.

Here we might be seeing something similar to what we saw with the Chief Digital Officer. During the rapid exposion of cloud and data analytics we saw a sharp growth, but now it has levelled off as the role has become disseminated into the business. Will the CAIO follow a similar path? Or (and forgive us, we couldn't resist saying this) will we be saying ciao to the CAIO?

Rapid rollout of GenAI policies

- No, and no current plans
- No, but have plans to put one in place
- Yes
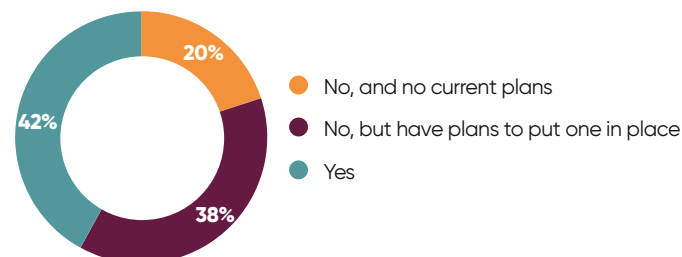
Do you have an AI/generative AI policy for your organisation?

In our last DLR, we reported that 21 per cent of organisations had AI/GenAI policies. Since then this figure has doubled - in other words, one in five have put one in place. A further 38 per cent plan to create one soon.

For many this has been a 'retrofit' after GenAI has been rolled out or adopted. Those organisations that have a policy are equally as likely to be concerned over misuse of AI as those that don't, suggesting the policy is having a limited effect. This first generation of AI governance still has some way to go then, but smart digital leaders will work on evolving and improving their policies as the possibilities and risks of AI reveal themselves over time.

Key points:

- Gen AI has been widely adopted, facilitated by its relative ease of implementation
- Most have yet to find a clear business case for AI beyond a personal productivity tool
- Many are concerned about misuse, despite rolling out GenAI policies
- AI shows great potential, with most organisations turning to the CIO or CTO to lead the strategy, although one in ten expect this to be the Chief AI Officer

Further reading

Do you need a Chief AI Officer?, Helen Fleming, Director, Harvey Nash
**Read this article on nashsquared.com**

What's the smart way of moving forward with AI?, George Lynch, Head of Tech Advisory, NashTech
Read this article on nashsquared.com

3. Hybrid working – coming of age?

Five years ago 'hybrid working' was a minority activity, favoured by tech startups or granted in special instances where there was a personal need. Fast forward to today and more than nine in ten organisations operate in this way. But for many organisations the office on Monday and Friday has become a place for the lonely. Is hybrid really working?

Days expected in office
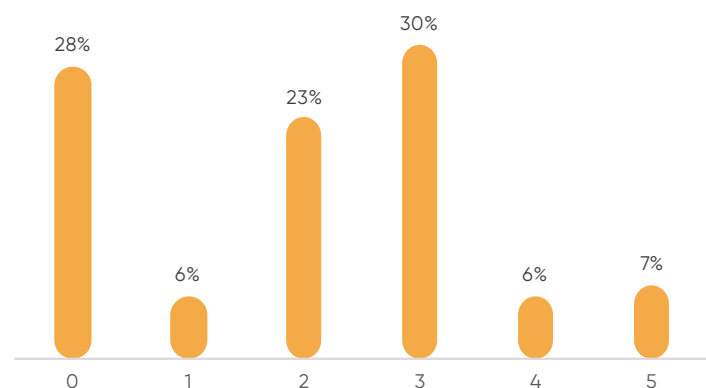
How many days does your organisation require employees to be physically in the office?

In our last DLR we reported the average number of days expected in the office to be 2-3 days and many organisations were still finding their way with hybrid working.

Since then, our Pulse Survey reveals that 16 per cent of organisations have increased the number of days expected, and consequently, for those organisations that do have a mandate, the needle has moved to be much closer to 3 days. Organisations are realising that real-life connections and 'watercooler moments' are important to culture. In addition, digital leaders tell us that as the tech job market has softened during the downturn, employers feel more confident to create policies that work for them, and their people.

Positive feedback on hybrid working

- Extremely well – almost all people are following it
- Quite well – most people are following it
- Quite poorly – most people are not following it
- Extremely poorly – almost all people are not following it

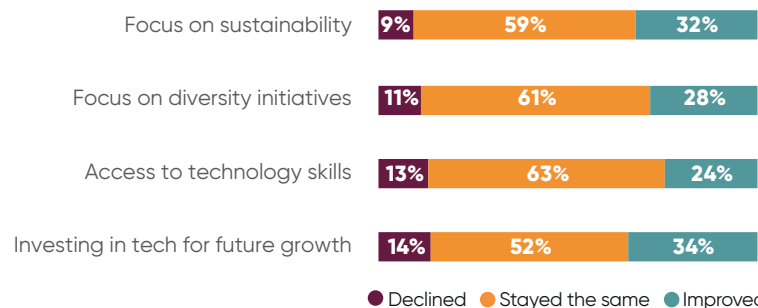*To what degree is this policy working for your organisation?*

Digital leaders are satisfied with their hybrid policy, with 43 per cent reporting it working 'extremely well', a big jump from the 25 per cent reported in our last DLR.

But there are potential consequences to more time in the office. Through the pandemic period many people have realised the value of spending more time at home and adjusted how they balanced work and home life, especially those with caring responsibilities.

And while digital leaders may be pleased with how their hybrid policy is working based on internal feedback, what may be less obvious is how attractive they are to external potential hires. For instance, we know from our last DLR that organisations expecting their employees to be in the majority of the week reported a lower number of female tech hires.

In the current 'softer' market for tech hiring, this may not feel like an issue, but as things pick up and candidates have more choices it could become more pronounced.

How have key factors changed in tech

Focus on sustainability — Declined 9% | Stayed the same 59% | Improved 32%
Focus on diversity initiatives — Declined 11% | Stayed the same 61% | Improved 28%
Access to technology skills — Declined 13% | Stayed the same 63% | Improved 24%
Investing in tech for future growth — Declined 14% | Stayed the same 52% | Improved 34%

● Declined ● Stayed the same ● Improved

Compared to this time last year, how have the following factors changed?

We polled digital leaders on a broad range of factors around technology effectiveness, from investment and skills to diversity and sustainability. In balance, more digital leaders felt these were moving forward rather than back.

That said, for diversity and sustainability six in ten said things had stayed the same. We know from our last DLR that in diversity (where, for instance, the progress of women into tech is glacially slow) and sustainability (where the glacially slow analogy has even more meaning) there is more work to do. In short, standing still is moving back.

Key points:

- Organisations are increasing the number of days they expect people to be in the office

- Big jump in satisfaction of office working policy, but digital leaders must be mindful of how this affects recruitment and retention

- Broadly positive about the progress of other factors like investment and skills access

- Most report sustainability and diversity not moving forward, but they need to

Further reading

We mustn't let the return to offices kill the growth of women in technology, Bev White, CEO, Nash Squared
Read this article on nashsquared.com

How fractional working could add up for individuals and employers, Andy Heyes, Managing Director, Harvey Nash UK/I and Northern Europe
Read this article on nashsquared.com

4. Conclusion

This Pulse Survey paints a picture of great change, often in difficult circumstances. But it also paints a picture of opportunity, new technologies and new markets to pursue.

For the digital leader, the next 12 months present a unique opportunity to increase impact in their organisation. Few roles touch so many important moving parts.

We have said this before on DLRs, but it doesn't make it less true: it has never been a more exciting time to be a digital leader.

Our next DLR will be published in early 2025.

5. Adventures in AI – digital leaders' perspectives

Cecilia Harvey
COO, City & Guilds

At City & Guilds, we are focused on ensuring AI readiness to navigate the evolving landscape of artificial intelligence. This is both important for our impact on industry growth and digital inclusion to advance social justice. Too many organisations ignore the importance of robust data management and architecture. Our commitment to AI readiness involves addressing the realities of data integrity, regulatory compliance, and skillset evolution within our workforce.

We are fostering an ecosystem of partners, engaging in sandbox activities to experiment and identify operational opportunities. This collaborative approach ensures we stay agile and prepared for any industry shifts.

Moreover, we recognise the necessity of responsible tech leadership, emphasising ethical AI deployment. Preparing our workforce for this transformative change involves upskilling, reskilling, and promoting autonomy in professional development. Culturally, this change represents an exciting opportunity to redefine the world of work, ensuring our people are equipped and inspired for the future.

Mark Koenig
VP, Technology & Chief Innovation Officer
Oregon State University Foundation

We have been using machine learning in fundraising for over five years. The technology has allowed us to identify and target potential donors, and has helped increase our fundraising results and the efficiency of our teams.

Recognising we could not afford an in-house data science team, we outsourced the function at a fraction of the cost of maintaining our own. This allowed us to "learn to fish" alongside the partner firm, embedding the knowledge necessary to approach and expand AI/ML applications throughout the organisation.

Many firms currently working in the area of AI/ML will try to sell you a big impossible dream. The reality for us was that much of the value of data lay in 'small' unique pockets and processes. For instance, we found that participating in certain clubs and activities as students proved to be a strong indicator of donating as alumni. Now, we are leveraging machine learning for all our strategic predictions about constituent behaviour and continually refining our models.

Aidan Glendye
Head of Applications, Aggreko

Aggreko is an energy solutions business specialising in power and temperature control. We develop and invest in the latest, cleanest, most efficient technology to improve performance, cut emissions and reduce costs.

An initial opportunity for GenAI has been as a front end to the complex documentation of products, like data sheets, troubleshooting guides and manuals. This significantly reduces the time our remote operating teams spend troubleshooting, fact-finding and dealing with multiple languages. AI will also support the automation of our asset alarms.

Our vision is that AI can enable our teams to support the growing business whilst being cautious about adding to headcount.

Ankur Anand
CIO, Nash Squared

GenAI has the potential to improve productivity within the IT team. For instance one pilot we ran within our tech solutions business NashTech showed it improved the productivity of software developers by around 20%.

For the wider business the potential is enormous. Although paradoxically that might be part of its challenge; try to do too much, and you end up doing nothing at all. As a result we have focused on specific personas and use cases, and gathered feedback very carefully. The results are promising, but are evolutionary, rather than revolutionary.

A big challenge is data. Although AI can deal with fuzzy data, there is a limit to how fuzzy it can be. And of course it requires the data to be captured in the first place. Much of the 'magic' of AI will come from the somewhat less magical act of users entering the data correctly. For a busy business development and delivery team focused on clients and the 'here and now', this is work in progress. We're learning as we go. But are excited by the possibilities.

Where technology and talent meet

Nash Squared is the leading global provider of technology and talent solutions.

We're equipped with a unique network, that realises the potential where people and technology meet.

For over three decades we've been helping clients solve broad and complex problems, building and scaling their technology and digital capability:

- We connect organisations with the very best global talent
- We apply technology expertise to solve complex problems
- We identify and develop the best global leaders
- We build your capabilities and technology capacity

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