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The Tech-Ready Board:

Redefining Board Composition and Governance in the AI Era

Introduction

Technology governance has become a central pillar of corporate oversight. The rapid deployment of artificial intelligence, increasingly sophisticated cybersecurity threats, and the operational imperatives of digital transformation have placed significant pressure on boards to enhance their technological competencies.

Today, technology is both the principal driver of value creation and the source of the organization's most significant systemic risks. Research from MIT shows that companies with digitally savvy boards significantly outperform their peers with up to 38% higher revenue growth. While the WEF's Global Risks Report ranks cybersecurity failure and adverse outcomes of frontier technologies among the most severe risks facing the global economy.

Assessing digital risk and validating critical capital investments demands operational and strategic fluency that many boards have previously lacked. To examine how governance structures are adapting, we surveyed our global network of executive search professionals.

The findings from across 9 global offices indicate a significant evolution in boardroom composition: organizations are shifting from appointing isolated technical experts to embedding comprehensive digital capability across the entire leadership team.



Christine Hayward
Executive Director
IIC Partners

The Global Maturity Curve: Regional Realities and Regulatory Pressures

Regulatory frameworks, governance protocols, and regional demographics shape how boards approach technology readiness. Globally, governance is transitioning from passive compliance to active technological stewardship, propelled by external pressures from financial regulators, institutional investors, and stock exchanges.

Global regulatory bodies are increasingly treating cyber and digital risk as paramount fiduciary duties. In the United States, the Securities and Exchange Commission (SEC) now requires public companies to explicitly describe the boards' oversight of cybersecurity risks. Similarly, the European Union's Digital Operational Resilience Act (DORA) places strict technological oversight mandates on the management bodies of financial entities.

In Japan, revisions to the Corporate Governance Code, championed by the Ministry of Economy, Trade and Industry (METI), now require boards to prove how their technology investments directly increase company value and enhance corporate resilience. This has driven a surge in appointments of technology leaders.

"In 2026, tech readiness in Japan has moved from being a 'nice-to-have' to a financial requirement. 45% of the largest companies listed on the Tokyo Stock Exchange now have tech experts sitting on their boards, a massive jump from just 30% in 2023. This surge is driven by new stock exchange rules that require boards to prove how their technology investments are actually increasing company value and stock price.

While this growth is a major victory, Japan still has a long way to go to reach global parity. The next challenge is moving beyond having just one 'tech person' in the room to ensuring the entire board is fluent enough to lead in the age of AI."



Simon Jelfs
Managing Partner,
FocusCore Group



Strategic Oversight Versus Hands-On Experience

When assessing board technology readiness and preparing for new appointments, organizations must balance strategic oversight capabilities with the urgent need for direct technology management experience.

"Supervisory boards tend to have a comparatively high average age, and most members are not digital natives. As a result, they usually have limited hands-on experience with modern technologies and operate primarily at a strategic rather than operational level.

To bridge these gaps, boards rely on external experts to strengthen digital oversight. Overall, awareness of the need for stronger technological literacy is growing, but maturity remains uneven."



Charlotte Eblinger-Mitterlechner
Managing Partner,
Eblinger & Partner

The Role of Technology Committees

In highly regulated sectors such as banking, insurance, and critical infrastructure, the integration of technology leadership is subject to rigorous scrutiny. Establishing a dedicated IT or Technology Committee is one structural solution, but it can add unnecessary complexity.

In fact, comprehensive board evaluations indicate that technology, data privacy, and artificial intelligence concerns extend across all committees. Audit committees assess algorithmic bias, compensation committees examine technology talent retention, and risk committees model cyber-breach scenarios.

"The boards of French banks are strengthening their technology capabilities by appointing directors with IT and cybersecurity expertise. That said, technical depth alone is not enough: breadth of perspective and an executive-level mindset remain the real differentiators.

Except for the tech sector, dedicated IT committees remain rare, as governance structures are already heavily burdened by regulatory requirements. Instead, technology issues are increasingly embedded across all committees, while boards themselves are becoming more digital in the way they operate and interact with executives.

Ultimately, tech readiness cannot be viewed in isolation. It sits alongside broader board priorities such as widening the talent pool, improving gender diversity, navigating off-limits and conflicts of interest, and managing sector-specific nuances in highly regulated industries such as banking and insurance. In all cases, expertise matters, but it never outweighs judgment, perspective, and boardroom stature."



Romain Girard
Partner,
Progress Associes



Sarah Lo Negro
Consultant,
Progress Associes



Building Capability: The Talent Pipeline and Systemic Fluency

The dominant strategy over the past decade has been to appoint a single, highly credentialed technologist to the board. However, relying on a single expert to critically evaluate management's technology proposals and activities can create a governance bottleneck and severely compromise oversight.

This structural vulnerability is starkly quantified in **recent proprietary research** by Petros Mihos, Managing Partner at Searchlight Partners, which analyzed over 800 board directors across 89 major companies. The study identified a critical Independence-Expertise Gap: while independent directors comprise 34% of boards in Greece, they account for only 18% of embedded technology expertise.

What's more, executive directors demonstrate an average technology capability score almost two times higher than their independent counterparts. This creates a profound governance paradox where the very directors best positioned to provide objective oversight fundamentally lack the technical grounding to challenge management's technology proposals.

To effectively evaluate investment cases and manage enterprise risk, boards must develop collective technological literacy. Organizations are addressing the boardroom ecosystem through a multifaceted strategy that includes targeted recruitment, ongoing upskilling, and external expertise.

"What we're seeing in the market is a clear acceleration in demand for technology-literate directors, driven by the growing importance of cybersecurity, AI, and digital transformation at the board level. However, many boards are still in the early stages of translating that need into meaningful capability.

Closing the gap is no longer just about appointing a single 'tech expert.' Leading boards are taking a broader view — combining targeted recruitment with upskilling initiatives, regular deep dives on technology topics, and closer engagement with management and external advisors. The most effective boards are those that embed technology fluency across the entire group, not just in one or two individuals."



Jason Hudson
Managing Partner,
Legacy Executive Search



However, this strategic ambition faces a significant obstacle: a shortage of qualified, board-ready talent. Digital fluency is now expected across all leadership roles, yet many C-suite executives — the primary source of future board members — still lack essential technical skills. This gap at the executive level restricts the pool of technology-proficient directors available for board positions.

"The pressure to build digital capability at the board and leadership level is intensifying across every major economy, and Southeast Asia is no exception. This urgency, however, is colliding with a severely restricted talent pipeline.

What makes this more complex is that the shortage is not confined to technology specialists. Digital fluency has quietly become a baseline expectation for senior leaders across every function. The CFO interrogating a digital investment case, the CHRO evaluating an AI-driven workforce strategy, the General Manager holding a management team accountable for a transformation that is losing momentum.

None of these are technology roles, but all of them now require a level of digital literacy that the current leadership pipeline across Southeast Asia is not consistently producing.

Governments, businesses, and individuals all have a part to play in responding to what the World Economic Forum describes as the great skills reset. For organizations operating in this region, that means treating leadership development as a long-term investment rather than a reaction to an immediate vacancy.

The companies managing this well are already building that capability through their succession pipelines, rather than searching for it when the need becomes urgent."



Richard Jackson
Managing Director,
JacksonGrant Executive
and Board Director,
IIC Partners



Rethinking Remuneration and the Nomination Process

The acute global shortage of board-ready technology leaders requires Nominations and Remuneration Committees to fundamentally recalibrate their traditional operating models. The standard board retainer fees, often benchmarked against historical industry averages, are frequently insufficient to incentivize highly sought-after technology leaders.

Furthermore, the technology talent market is now truly global, facilitated by the normalization of virtual and hybrid board meetings. Relying on traditional local benchmarks or limited, localized networks for nominations is increasingly ineffective.

"This is the one truly global talent market. It is unencumbered by language or location, and as such, competition for talent is truly global. While board remuneration tends to follow country benchmarks, nominations equally tend to originate "at home" with some minor exceptions.

For technology committee chairs, I recommend a two-pronged approach: a higher premium to ensure access to top directors, and a rethink of who qualifies to serve as a board director. In other words, opening up the nomination process to senior talent outside the former CEO club. And for that, nominations committees need external help."



Petros Mihos
Managing Partner,
Searchlight Partners

The move away from the "former CEO club" represents a pivotal development in contemporary board recruitment. Historically, nominating committees prioritized general management experience by selecting active or retired CEOs. However, the complexities of enterprise architecture, data governance, and threat intelligence now demand specialized, functional expertise.

The rationale for adjusting remuneration models and offering a premium for functional talent is grounded in the substantial value these directors deliver. Their role extends beyond advising on software procurement; they are responsible for safeguarding the organization's enterprise value. A single catastrophic ransomware attack or an unsuccessful digital transformation can result in the loss of billions of dollars in shareholder value.



Applying Tech Fluency to Drive Business Transformation

Across industrial sectors, technology has evolved from a back-office support function to a primary lever for supply chain optimization, predictive maintenance enabled by the Internet of Things (IoT), and the creation of new revenue streams.

Drawn by the challenge of implementing these advanced technologies to transform organizations with vast physical infrastructure, top-tier tech executives are increasingly willing to step outside of their native sectors.

"We recently conducted a search for a large manufacturing company that required an independent director with a strong technology background. This is very much an "ask" from boards in India, as non-tech companies undergo business transformation driven by technology and AI. The independent director we hired to the board was from a leading IT professional services firm with a global presence.

There is a strong interest among technology professionals, including CEOs and CTOs, in serving on non-tech boards. The director who was selected saw this as an opportunity to contribute to a business turnaround story, where a board member was not just there for name's sake but was actually contributing to business growth. Indeed, Indian businesses, even family-owned ones, are becoming increasingly contemporary and competitive in their selection of independent board directors."



Jyoti Bowen Nath
Founder & Managing Partner,
Claricent Partners

The Strategic Value of Executive Search

Evaluating a board candidate's technological readiness requires advanced assessments that focus on their ability to translate complex concepts into clear business risks and strategic opportunities. Furthermore, ensuring a strong cultural fit is critical, as an overly detailed or condescending director can alienate peers and derail boardroom consensus.

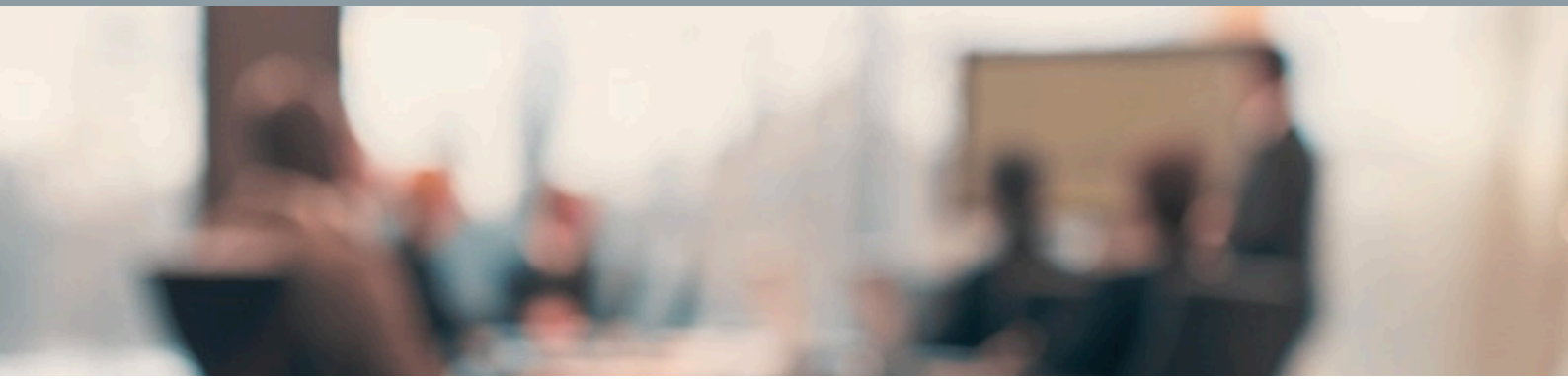
Executive search firms play a critical advisory role in mitigating these risks by assessing the board's current capabilities against the industry and organizational technological demands. This approach ensures that new appointments address strategic blind spots without disrupting boardroom cohesion or governance dynamics.

"Executive search firms can help boards boost their tech readiness by first diagnosing the current status of the board, combined with the tech requirements the environment demands. When there is agreement on the current board's blind spots, the search firm can identify leaders who combine the right strategic fit with deep digital fluency.

New directors bring an outside-in perspective on emerging technologies, and the approach boards need to take to govern them effectively. By aligning complementary technological transformation talent with current board members – including an eye for cultural and personality fit – boards can make faster, more informed tech-ready decisions in a rapidly changing landscape. Leading that process is the added value of a search firm."



Gerald Knol
Managing Partner,
Holtrop Ravesloot



Looking Ahead

Integrating technological expertise into the boardroom has become a fundamental governance requirement. As emerging technologies reshape industry dynamics and cyber threats grow more sophisticated, organizations that proactively align board capabilities with digital ambitions will achieve a distinct and enduring competitive advantage.

Achieving this level of readiness necessitates moving beyond outdated governance models. By redefining director profiles to include functional technology leaders, revising remuneration frameworks to compete globally, and prioritizing systemic digital fluency over reliance on isolated experts, boards can effectively guide organizations through ongoing technological transformation. The boards that view technology as a catalyst for enterprise resilience and sustained growth, rather than a risk to be managed, will shape the future.

"A tech-fluent board doesn't just pay for the technology; they pay for the resilience and the results the technology was promised to deliver."



Stephan Breitfeld
Managing Partner, ingeniam Executive Search & Human Capital Consulting



10 Key Learnings: Board Technology Readiness

1. **Technology fluency is now a core governance and financial mandate for boards.** Regulators are increasing oversight on technology investments and holding boards accountable for broader digital risks — including cybersecurity, data privacy, and the ethical implications of emerging technologies.

2. **Boards are moving beyond reliance on a single technology expert.** Leading organizations are embedding digital literacy across the full board, ensuring every director can engage with complex technology issues.

3. **Nomination committees are expanding their search requirements.** To secure the right technology expertise, boards are changing their experience requirements to expand talent pools and bring in active tech leaders.

4. **Remuneration strategies must reflect the global nature of the technology talent market.** Boards are increasingly having to break away from local benchmarking and offer premium compensation packages to attract and retain top-tier technology leaders.

5. **Boards are using assessments more frequently and with greater depth as part of search processes.** Executive search firms are increasingly combining board-wide assessment services with director recruitment to truly evaluate and meet the board's critical requirements.

6 **Boards are recruiting technology leaders to drive real business transformation** – not simply to fill advisory seats. Many existing board directors lack hands-on technology experience and operate at a high strategic level. This is being actively addressed with new recruitment.

7 **Proactive succession planning is critical due to talent shortages.** With a limited supply of board-ready technology leaders, organizations are investing in long-term succession planning and continuous market mapping to track top talent and proactively approach search processes.

8 **Technology oversight is increasingly a shared responsibility across all board committees.** The influence of AI and cyber risk now extends beyond IT, requiring integration with strategy, operations, audit, and HR functions.

9 **Upskilling and external advisors are bridging skill gaps.** Boards are investing in ongoing education and external experts to close operational blind spots until new directors can be onboarded.

10 **Successful board appointments blend deep digital expertise with strategic vision and cultural alignment.** The most effective directors combine technical fluency with the perspective and presence needed to influence boardroom decisions.

Request a consultation to discuss your talent strategy.

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About IIC Partners

IIC Partners is a leading provider of executive search and leadership consulting services. Our expert consultants, connected across 45 offices worldwide, partner with senior executives and board directors to transform businesses and solve complex leadership challenges.

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