At the heart of the storm:
The tech sector’s role in Canada’s transformation

Canada’s tech industry is eyeing transformation on multiple fronts. Beyond evolving to compete with the world, the sector is being challenged to deliver the tools and innovations that enable other industries to do the same. This dual directive is pressuring tech CEOs to become more agile than ever in their bid to keep the Canadian brand from losing its shine.

**Tip of the spear**

KPMG’s 2019 Canadian CEO Outlook reveals that three-quarters of all CEOs recognize the need for greater agility, but that number is no doubt higher within tech industry boardroom. In a sector comprised largely of early-stage entrepreneurs and mid-size scale-ups, there is an overwhelming recognition that sustainability is directly linked to one's ability to respond quickly to change. This is especially true because the alternative is to enable larger and more disruptive competitors to beat them to the punch.

Acting with agility is the number one priority for all tech industry segments. From eager start-ups to monolithic multinationals, C-suite leaders are driven to stay current with customer trends, technological breakthroughs, and service models so they can provide the most effective products, services, and platforms to their own clients across a vast range industries (e.g., financial, energy, healthcare, automotive, manufacturing, and beyond).

**Results over legacy**

Most Canadians leaders in our report are more concerned with driving short-term results over leaving a personal legacy. This is not surprising; particularly in the tech sector where CEOs have traditionally taken pride in putting Canada on the map and doing their part to secure its reputation as an innovation hub. The drive to make an impact during their tenure remains, but they are laser-focused on showing the world what Canadian innovation looks like and promoting the tech community as a whole. This is demonstrated in the success of homegrown ‘unicorns’ (think Shopify), and other Canadian success stories that are revered more for their ground-shifting innovations than the names in their corner offices.

**Moving forward, together**

The spirit of collaboration is thriving among Canada’s tech organizations. These leaders are embracing strategic alliances to pull ahead, like the majority of Canadian CEOs who are opting for strategic alliances with third-parties over organic growth and more permanent agreements.

There is a strong motivation to pursue such alliances. Many tech organizations have ambitions beyond Canadian borders and are keen on entering new markets without facing the burden of regional barriers and capital deployment. Moreover, end customers are increasingly interested in buying one-stop-shop technology solutions (or a suite of solutions) that are not easily provided by one vendor. Through a strategic alliance model, Canadian firms have a better chance of delivering the best solution, through partnerships with other vendors, which gains them quicker access to new and expanding markets in the process.

Alliances are not without their risks, 60 percent of Canadian CEOs admit strategic partnerships have fallen apart due to misaligned cultures or organizational goals. More and more they are favouring quality over quantity when it comes to building their alliance eco-system, as they are reluctant to take on the challenges of managing too many risky ventures. Herein, it is critical they vet potential allies and consider all third-party vulnerabilities.
Upgrading the workforce

The need to act with agility comes from the demand for faster and more intuitive technologies. However, as tech companies continue to augment their operations with big data analytics, artificial intelligence, and robotic process automation, the need for skilled human talent will only intensify.

This may run counter to the belief that ‘smart’ machines and advanced algorithms will one day replace the human workforce. And yet, if we recognize that companies still require leaders, big thinkers, and tech specialists to keep the innovation wheels turning, then the demand for industry talent becomes clear. The human role is not so much being erased as it is being transformed.

Moving forward, organizations will need to pinpoint their future needs and ask the tough questions: Where are we going? What do we want to be as an organization? What skills do we need to succeed? Can I find these skills among the personnel I have today, or will I need to compete for available talent?

Workforce considerations like these are commonplace among all Canadian CEOs, but the stats show that we are falling behind our global peers in taking the steps required to future-proof our workforces. According to KPMG’s 2019 Canadian CEO Outlook, a majority of organizational leaders are missing out on growth due to lack of adequate talent, while only 44 percent are planning to upskill over 40 percent of their workforce in digital capabilities in response (compared to 81 percent globally). The fact more Canadian CEOs are interested in hiring new skills regardless of their prospects, however, indicates their search may be focused on labour markets rather than untapped talent in their rosters.

Follow the customer

You can innovate internal processes, re-align your culture, and pick apart your supply chain, but unless you are taking cues from your customer, it could all be for nothing. In tech – as in any other industry – it is the end user of a product or service that will ultimately point the way towards new ideas and technologies. Here again, it is time to retire the old playbook and take cues from clients and customers on the frontlines.

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