TECH COMPANIES TO SIGNIFICANTLY GROW DIGITAL LABOR AND HUMAN WORKFORCE OVER NEXT THREE YEARS: KPMG U.S. TECH CEO STUDY

SANTA CLARA, Calif., July 11 – Technology companies plan to ramp up deployment of automation and machine learning across several functions, and also increase their human workforce at least 6 percent over the next three years, according to a survey of U.S. tech CEOs by KPMG LLP, the audit, tax and advisory services firm.

The co-existence between human employees and cognitive systems is creating a new class of digital labor that can enhance human skills and expertise, allowing employees to innovate constantly.

[For more detail on KPMG’s U.S. technology industry CEO outlook and KPMG’s cognitive perspective, please visit www.kpmg.com/tech]

About three-fourths of U.S. technology industry CEOs believe that automation and machine learning are likely to replace at least five percent of their manufacturing, technology, sales and marketing workforce over the next three years. At the same time, more than half (55 percent) of the 138 U.S. tech chief executives surveyed expect their company’s headcount to grow at least six percent.

“Tech CEOs see the benefits of digital labor augmenting workforce capabilities and enabling new ways of doing business to add customer value, improve efficiencies and reduce cost,” said Gary Matuszak, global and U.S. chair of KPMG’s Technology, Media and Telecommunications -more-
practice. “They see the combination of digital and human labor as an effective way to execute their strategy.”

Tech industry CEOs point to several strategic priorities in the coming 36 months, led by digitization of their business, stronger client focus, implementing disruptive technology, minimizing cyber security risk, and talent development. To accelerate the execution of their strategies, they are hiring new talent (60 percent) and forming new partnerships and alliances (49 percent). And 8 out of 10 tech CEOs see growth through partnerships or collaboration with other companies as the way to drive shareholder value for the next three years.

Underlying their strategic priorities will be a continued focus on innovation. Almost half of the U.S. tech CEOs describe their approach to innovation as accelerated. And 80 percent said they use disruptive technologies to improve products and services.

Innovation and integration of disruptive technologies helps address tech CEO’s top concern (93 percent) -- product relevancy three years from now. Also among the top three concerns are the impact of global economic forces on their business and how millennials and their differing wants/needs will change their business.

“While U.S. tech CEOs will be driving innovation in uncertain market conditions, they remain optimistic about growth, albeit at a slower pace than in recent years,” said Matuszak.

Almost 60 percent expect 2 percent to less than 5 percent annual revenue growth for their organizations over the next three years, while 17 percent expect growth between 5 and less than 10 percent. Yet, nearly all U.S. tech CEOs (97 percent) surveyed are confident in U.S. revenue growth prospects over the next three years. Almost 90 percent are confident about global growth as well.

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Looking at risk, U.S. tech CEOs are most concerned about cyber security, regulatory and reputational risk. Though, nine out of 10 tech CEO’s agree that the need for security is prompting innovation in products and services.

About the Study
The KPMG study involved 138 U.S. technology CEOs from internet, hardware, software, cloud and IT services companies. Seventy-two percent of respondents reported revenue of $1 billion or more. Sixty-one percent of the companies are public, and 39 percent are private.

About KPMG LLP
KPMG LLP is the U.S. member firm of KPMG International Cooperative (“KPMG International”). KPMG International’s member firms have 174,000 professionals, including more than 9,000 partners, in 155 countries.