

THE FUTURE OF TECH LEADERSHIP

EMERGING TRENDS 2023



INTRODUCTION

In 2023, the 'War for Talent' is accepted doctrine by boards and investors competing for human capital. The demands of new technologies, digital transformation and trillions in capital funding have, for decades, outpaced the supply of capable leadership. Nowhere is this more true than among technology executives tasked with driving innovation from the C-suite.

During the post-pandemic tech boom, these Technology Leaders – engineering, product, information and security executives, and their lieutenants – saw accelerated demand for their vision, leadership and technical know-how. More recently, the secular trend toward new technologies and digital transformation has continued apace, with this cadre of corporate leaders driving the future of their enterprises and the global economy forward.

Over the last three months, Riviera conducted a unique study of more than 1,000 technology executives in our network to understand the most pressing dynamics impacting their talent-related decisions – both as candidates and hiring managers.

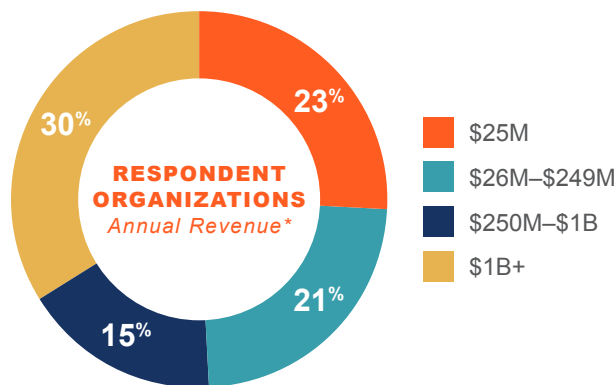
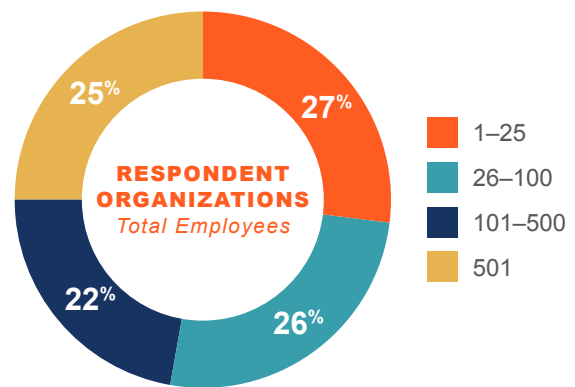
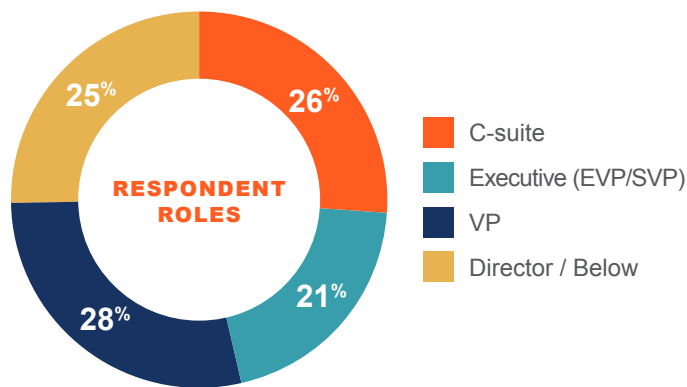
To do so, we engaged with study participants quantitatively via survey, generating 150,000+ data points, and synthesized millions more from Riviera's proprietary candidate platform. We segmented insights across dozens of dimensions like functional role, seniority, revenue, funding status, headcount, employee growth, hiring intent, HQ location and industry vertical.

In this document, we share an executive summary of the key thematic areas that have emerged from our research. Insights range from confirmatory to revelatory; all are measured, data-driven, anonymized and unbiased.

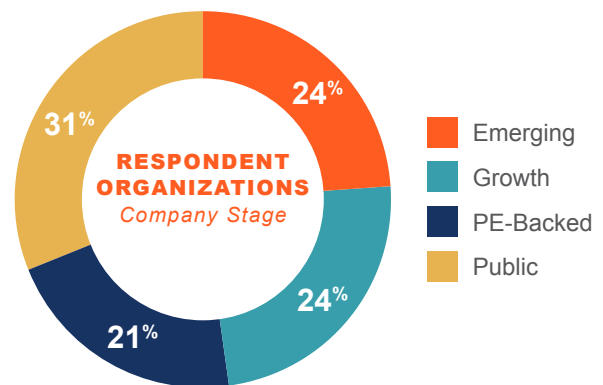
Thank you to those who joined Riviera in this inaugural journey, and to the candidates and clients on whose behalf you shared your insight.

METHODOLOGY AND RESPONDENT PROFILE

To better understand the sentiments, challenges and talent-related needs of both hiring managers and candidates, Riviera Partners surveyed more than 1,000 technology leaders. These professionals spanned leadership levels, organization size, revenue bands, company stage and geography.



*11% undisclosed



KEY FINDINGS

01 **Enter the 'Tour of Duty' Tech Leader**
Short Tenure is the New Normal

02 **More Talent, More Problems**
Challenges Remain for Hiring Tech Leaders

03 **Compensation Steady, Trending Higher**
Private Equity Making its Move?

04 **Convergence in the C-Suite**
Growing Interest in Consolidated Impact & Accountability

05 **Betting on the Jockey**
Quality of Leadership More Important than Ever

06 **The Droids You've Been Looking For**
AI/ML Interest Spikes Amidst Push for Productivity

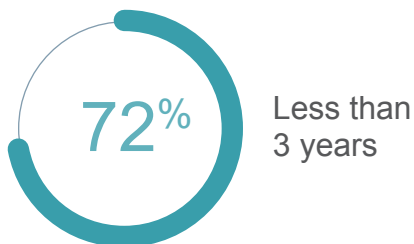
07 **The Future of Work**
All Roads Leading to Hybrid

ENTER THE 'TOUR OF DUTY' TECH LEADER: **SHORT TENURE** **IS THE NEW NORMAL**

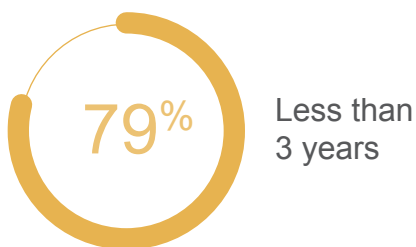
Compounding forces post-pandemic (disruptive technologies, remote work and funding pressure among them) have eroded 'switching costs' for tech leaders. These executives have furthermore adopted a shorter time horizon for chapters of their careers demarcated by clear objectives and expectations for financial gain.

At an average of 3 years among respondents, tenure has never been shorter. Contributing to this dynamic: greater openness to change than pre-pandemic. Among those we surveyed, 1-in-4 are actively searching for their next chapter, while an additional 2-in-5 are passively reviewing opportunities.

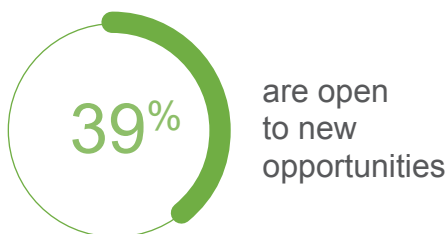
EMPLOYMENT TENURE WITH CURRENT EMPLOYER



TIME IN CURRENT ROLE



FOR THOSE SATISFIED IN CURRENT ROLES...

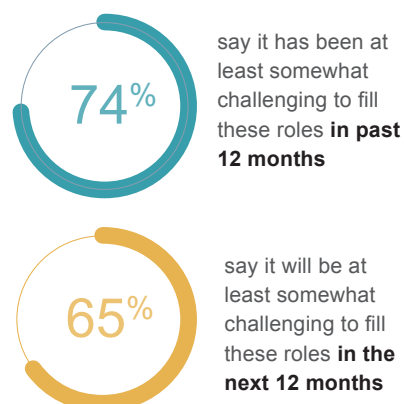


MORE TALENT, MORE PROBLEMS: CHALLENGES REMAIN FOR HIRING TECH LEADERS

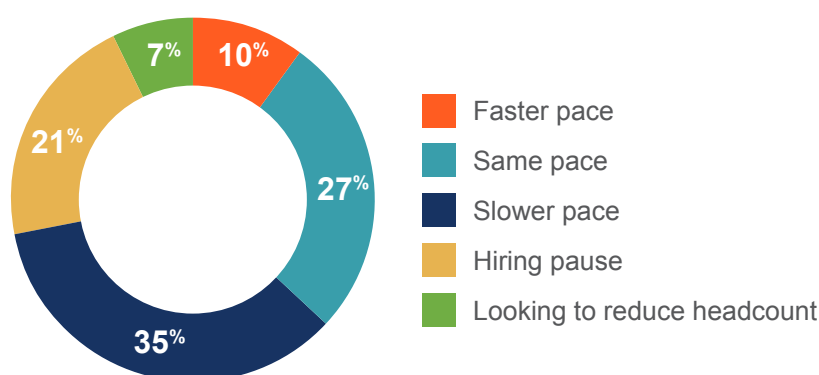
Reasons have changed, but hiring technology leadership 'remains as challenging as 12 months ago' (and the outlook is similar). Contributing factors like valuation skepticism, 'noise in the system' from Big Tech layoffs, and 'under resourced internal talent teams' have replaced 'talent scarcity', 'funding pressure' and 'unrealistic comp expectations'.

Nearly 3-in-4 say it has remained challenging to hire tech leaders in the past 12 months, with only a slight drop-off looking ahead. A net 9% will continue hiring at the same or faster pace as the last 12 months vs. those who will pause hiring or reduce headcount.

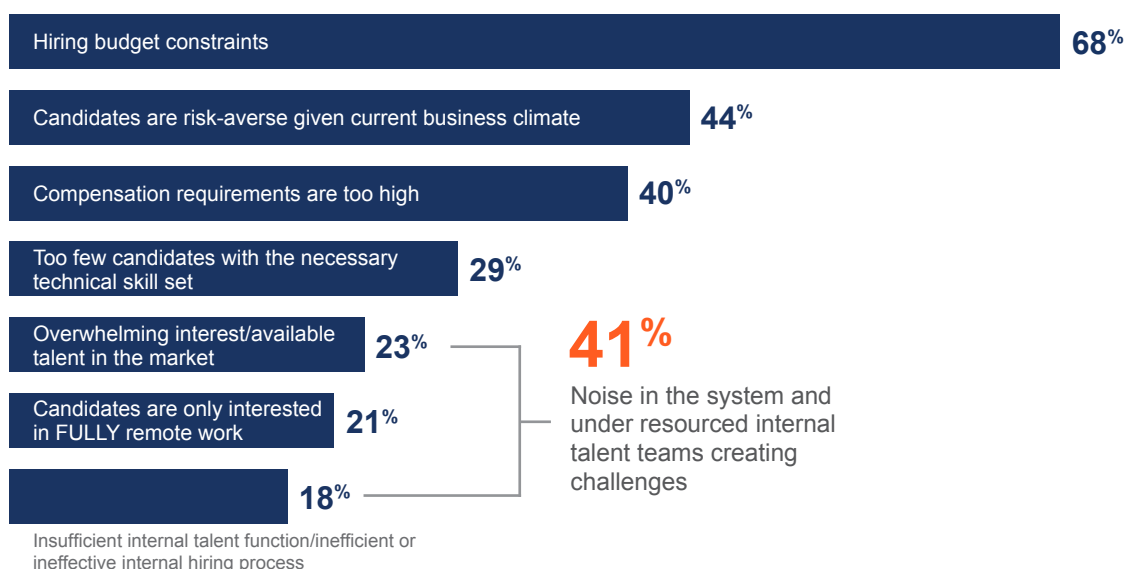
DIFFICULTY FILLING DIRECTOR+ ROLES



HIRING PACE OVER NEXT 12 MONTHS (compared to previous 12 months)



TOP CHALLENGES FACING HIRING MANAGERS (over next 12 months)



COMPENSATION STEADY, TRENDING HIGHER: PRIVATE EQUITY MAKING ITS MOVE?

Compensation has been stable since markets corrected mid-2022, and a net 15% of respondents report rising guaranteed compensation. Chief among this group paying more: private equity-backed businesses, and those in mid-market revenue bands. Amidst a cooling of the venture funding environment and dislocations among public company shares, growth equity and middle market PE appear to be filling the void with increasingly competitive compensation. Interestingly, equity compensation remains stable (as a % of available pools) despite noise in the system around valuations.

YOY COMPENSATION LEVELS

Salary



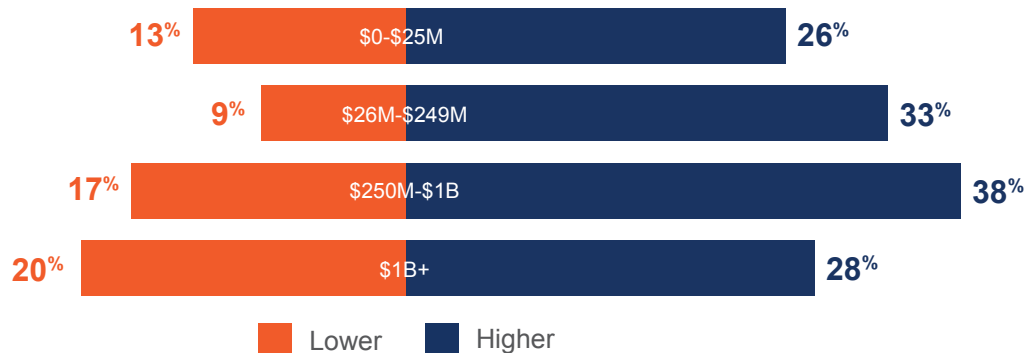
Equity %



Lower Flat Higher

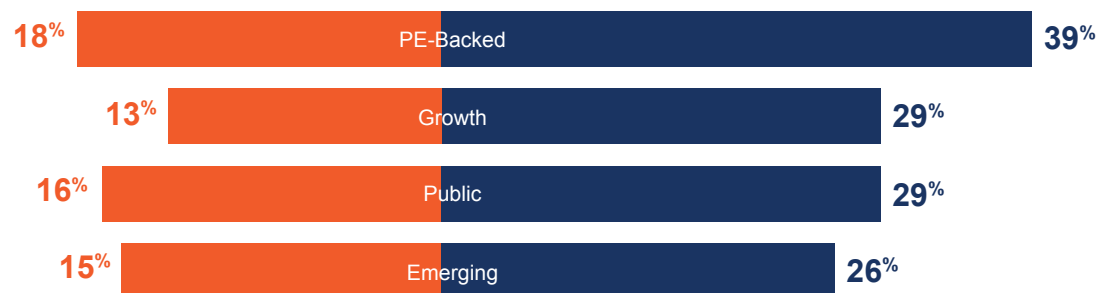
COHORTS REPORTING NET INCREASES IN COMP LEVELS VS. 12 MONTHS AGO

REVENUE



Lower Higher

FUNDING STATUS

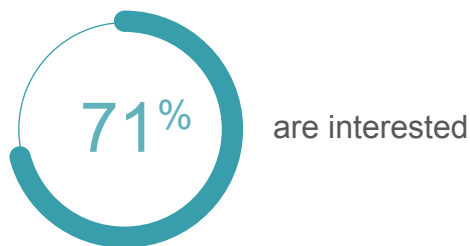


CONVERGENCE IN THE C-SUITE: GROWING INTEREST IN CONSOLIDATED IMPACT & ACCOUNTABILITY

CTOs and CPOs have long advocated for more expansive responsibilities. Historically, resistance has come from CEOs who preferred division of labor and checks/balances over unified accountability. In the current market environment, where 'leadership ability' is the #1 hiring criteria for CEOs and boards, a shift is emerging toward consolidated ownership – especially at firms with product-centric CEOs.

In fact, nearly 1-in-5 companies in our study have interest or plans to merge these roles, while 7-in-10 tech leaders would find a combined role attractive.

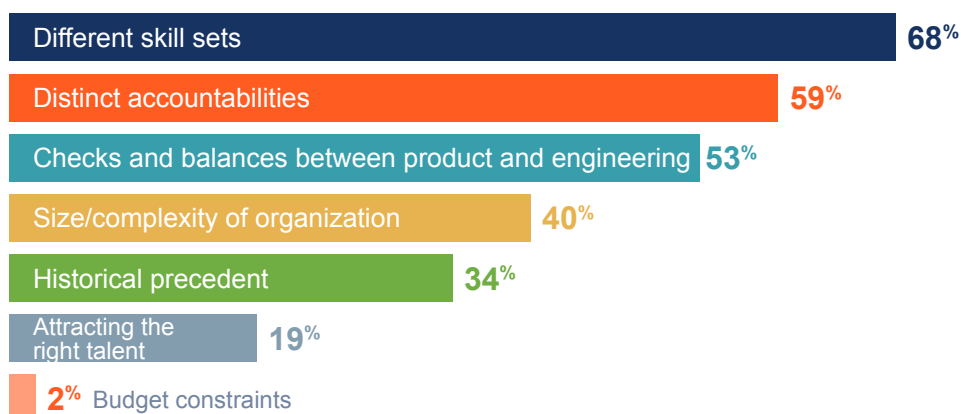
CANDIDATE INTEREST IN COMBINED ROLE



PLANS FOR CPO AND CTO ROLES



RATIONALE FOR KEEPING DISTINCT CPO AND CTO ROLES



BETTING ON THE JOCKEY: QUALITY OF LEADERSHIP MORE IMPORTANT THAN EVER

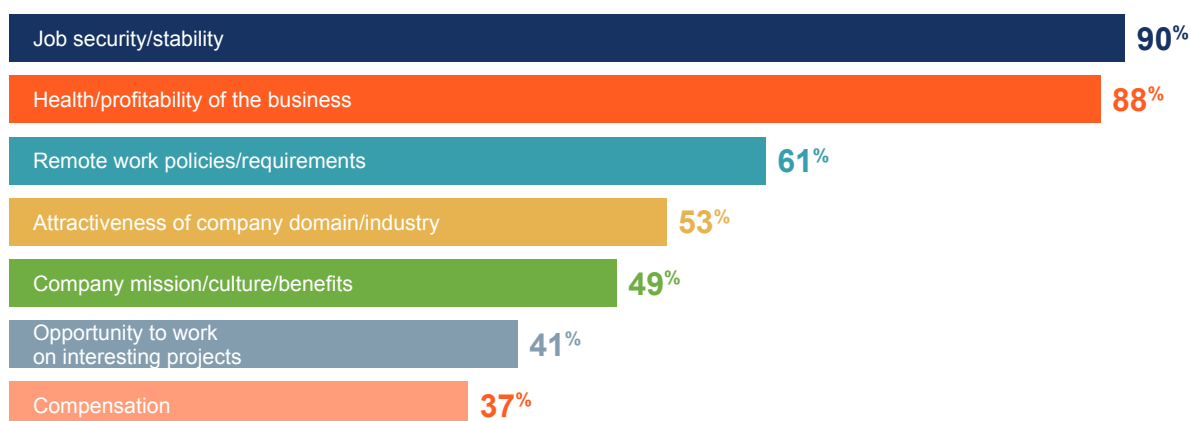
Unsurprisingly, tech leaders evaluating new opportunities are focused on stability relative to 2022. However, employers may be overestimating the importance of traditional measures of stability like ‘job security’ and ‘profitability of business’. When asked, both employers and candidates cite “leadership” as the north star for executive hiring and new roles, respectively.

Isolating the top three factors from each side, leadership is the only common denominator. Employers pitching benefits like flexible WFH policies, strong company culture/mission or attractiveness of market segment should be aware top candidates increasingly view these as table stakes.

TOP 3 CANDIDATE PRIORITIES



EMPLOYER PERCEPTIONS OF CANDIDATE PRIORITIES



TOP 3 EMPLOYER CRITERIA

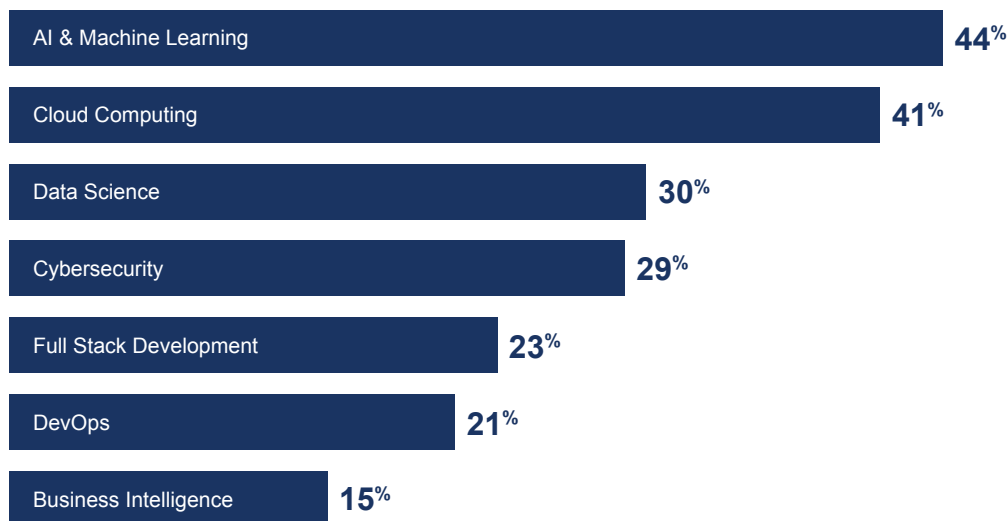


THE DROIDS YOU'VE BEEN LOOKING FOR: AI/ML INTEREST SPIKES AMIDST PUSH FOR PRODUCTIVITY

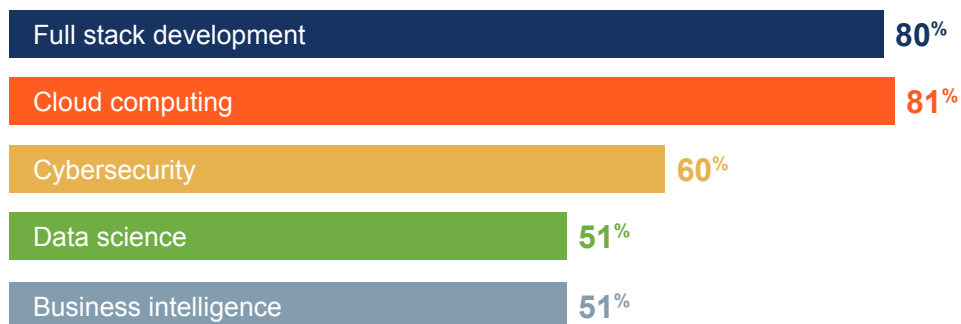
Tech leaders are not waiting for large-scale strategic decisions related to AI, regulatory oversight or industry guidelines. Across the spectrum of company size, they are rapidly experimenting with new technologies like Generative AI. Fully 1-in-3 companies in our study have implemented AI to automate repetitive tasks, support code development and increase productivity. Enthusiasm exceeds more established priorities like Cloud, Data Science and Security.

Unclear, however, are the medium-term risks to rapid adoption. For tech leaders, these technologies also introduce new challenges like greater self-governance requirements and quality control, alongside change management related to more commoditized (and thereby redundant) development resources.

MOST CRITICAL IT PRIORITIES OVER THE NEXT 12 MONTHS



PROGRESS TOWARD IMPLEMENTATION



THE FUTURE OF WORK: ALL ROADS LEADING TO HYBRID

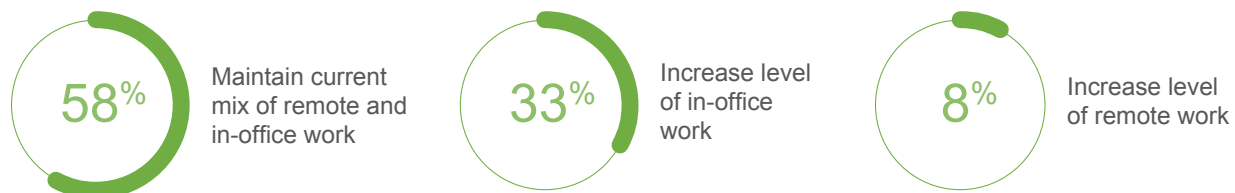
Where we work and how we collaborate has been a moving target post-pandemic. Fatigue maintaining cultural cohesion, waning collaboration and less immersive onboarding in remote environments have underpinned a shift back toward office work. A plurality, or more than 1-in-3 companies in our study, now mandate 1-3 days/week 'in the office' (followed closely by 32% who are fully remote), and a net of 25% expect mandated time in the office to increase in the coming 12 months.

Candidates are similarly warming to return-to-office. Half of the tech leaders in our study said they would personally be open to roles requiring them to work in a different city multiple times per month. A net 40% said they are more open to multiple days/week in the office vs. 12 months ago. A net 20% said they are more open to fully relocating to a different U.S. city than they were 12 months ago, a directional trend shared for both different U.S. regions and Europe (but not Asia or Latam).

CANDIDATE OPENNESS TO WORK LOCATIONS

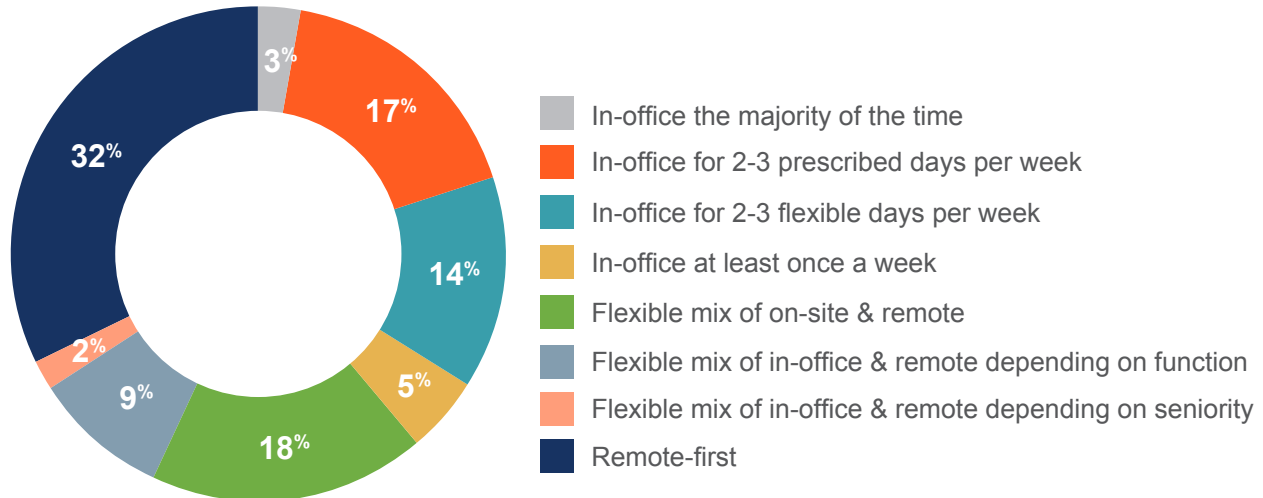


WORK LOCATION EXPECTATIONS OVER NEXT 12 MONTHS

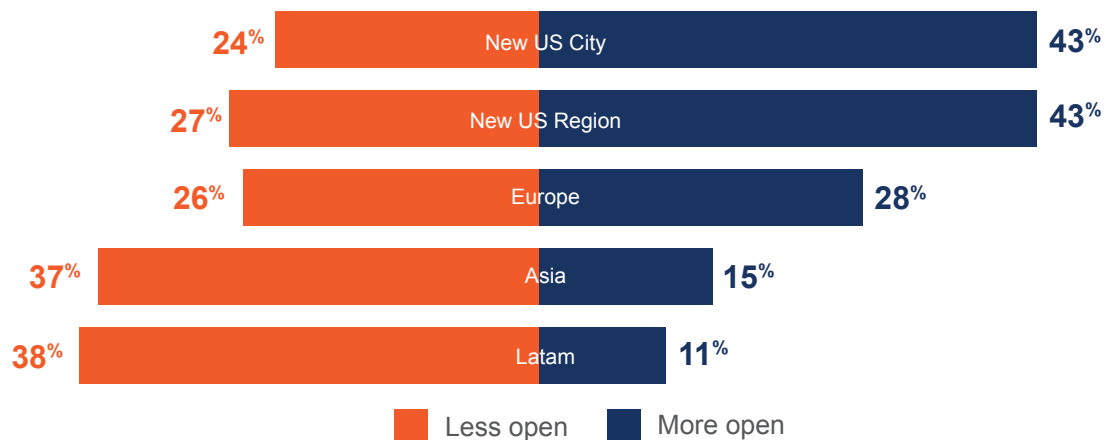


THE FUTURE OF WORK: ALL ROADS LEADING TO HYBRID (CONT'D)

CURRENT RETURN-TO-OFFICE POLICY DISTRIBUTION



OPENNESS TO RELOCATION VS. 12 MONTHS AGO



ABOUT RIVIERA PARTNERS

Riviera helps people and companies reach their full potential. As a global driver of innovation, Riviera is solely focused on placing executive leadership talent in the crucial areas of information technology, engineering, product management, security and design for today's most innovative companies.

With 20 years of experience and deep networks within disruptive segments like AI, cybersecurity, fintech, health-tech and others, Riviera is the go-to talent partner of choice for leading private equity and venture capital investors, public companies and global technology innovators across North America and Europe.

**HELPING PEOPLE AND
COMPANIES REACH
THEIR FULL POTENTIAL.**



For additional insights and information from our Future of Tech Leadership study, or to participate in future editions, please contact your relationship manager or contact@rivierapartners.com

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