Adaptability
Imperative Report

okta

Contents

Introduction

The past year was anything but conventional. In 2023, executives at organizations across regions, industries, and sizes grappled with geopolitical instability and macroeconomic turbulence while also assessing the silicon-gilded promise of artificial intelligence.

So how did business leaders manage the unique complexities of 2023 while concurrently preparing for the challenges that lie ahead?

We surveyed 100 CEOs, COOs, and CFOs of large global enterprises to better understand their current and future *objectives* (the overall outcomes organizations are focused on), *priorities* (the stack rankings of how to meet those outcomes), and *activities* (the specific execution in service of those outcomes).

Our survey data not only surfaces details about those objectives, priorities, and activities but also plots their relationship against technology choices, revealing a clear collision course. The good news is that for many businesses that pileup can be avoided.

It starts with building an adaptable technology stack that can quickly respond to change — be it organizational restructuring, divestitures, merger and acquisition activities, or adopting ground-breaking technology such as AI. In short, technology must always act as a driver and never as a barrier.

This report explores our survey respondents' business priorities and the challenges they face today and anticipate tomorrow as well as how adaptability plays a critical role in navigating the business world — regardless of region, industry, or size.

Key findings

Perceived economic headwinds dominate the zeitgeist

The macroeconomic environment is top of mind for business leaders, with **88%** of executives reporting that potential economic headwinds pose the greatest challenge to business in **2024**.

Efficiency and cost reduction loom large for 2024

Some **70%** of executives listed *operational efficiency* among their top three priorities for the coming year, with **57%** placing *cost reduction* within the top three slots. By role, COOs and CFOs prioritize *operational efficiency* and *cost reduction*, while CEOs value *high growth* and *operational efficiency*.

Labor shortages and tech shortcomings threaten 2024 outcomes

Executives see *labor* and *technology* as the primary challenges of 2024. Some **69%** cited *labor, talent, and expertise shortages* as a barrier to their business priorities over the next 12 months; **81%** anticipate *inadequate technology, system/infrastructure limitations*, or *siloed data/teams* will have a negative impact on outcomes. (Note: Executives had the option to select more than one challenge.)

Technology choices are more critical than ever

Respondents almost unanimously identified *technology choices* as integral drivers of business priorities. CEOs place the highest value on tech stacks: **92%** said technology is important and nearly half call it "very important."

On the forecast: a changing landscape

Over the next five years, executives expect *artificial intelligence* to have the greatest impact on their businesses, and their objectives shift to *high growth* and *organizational agility*.

Reading the room: C-suite perspectives on 2023

Geopolitical instability, rolling layoffs across industries, stubborn inflation — 2023 proved difficult, dynamic, and hard to predict.
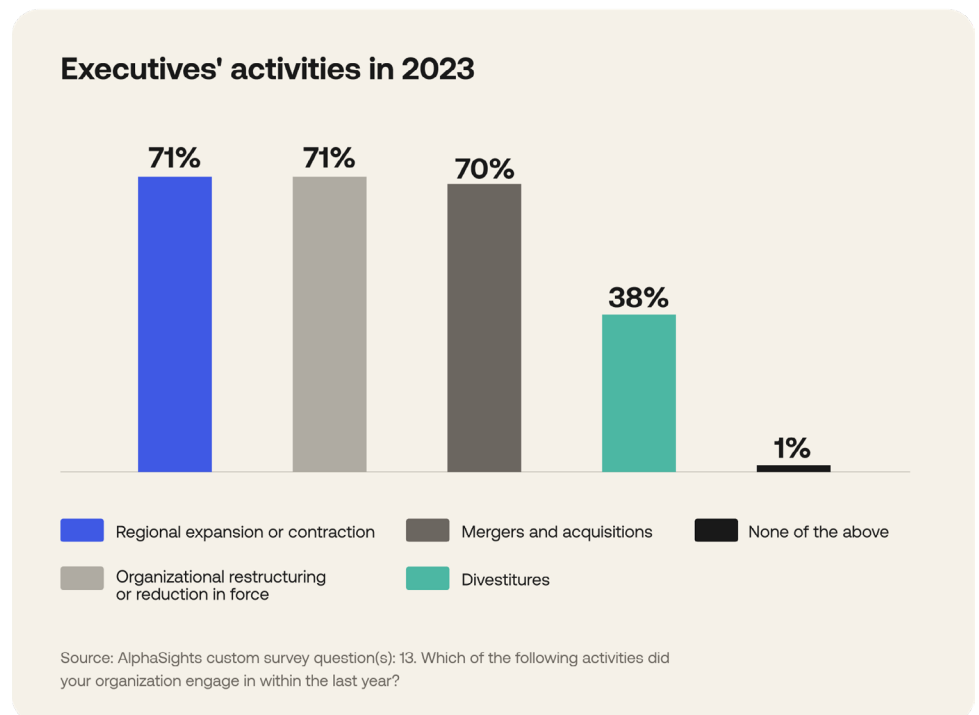
The year started with experts portending a recession and ended with the U.S. job market seeing larger-than-expected gains. And in between, business leaders sought to balance a shifting slate of economic challenges with positive indicators such as the U.S.'s healthy labor market and artificial intelligence's exciting potential.

Executives' activities in 2023

Despite all the flux, CEOs, CFOs, and COOs were as busy as ever in 2023.

At least **70%** of executives at global enterprises reported engaging in regional expansion or contraction, organizational restructuring, and M&A, respectively, within the past year. And in spite of economic headwinds and geopolitical uncertainty, they largely maintained activity levels on par with previous years.

Executives' activities in 2023

71%	71%	70%

38%

1%

- Regional expansion or contraction
- Mergers and acquisitions
- None of the above
- Organizational restructuring or reduction in force
- Divestitures

Source: AlphaSights custom survey question(s): 13. Which of the following activities did your organization engage in within the last year?

Organizational restructuring

It was a big year for organizational restructuring. According to Challenger, Gray & Christmas, Inc.'s December 2023 "Challenger Report," companies in 2023 had "planned 721,677 job cuts, a 98% increase from the 363,824 cuts announced in 2022." In the tech sector alone, 1,185 companies laid off a total of 262,582 employees, according to layoffs.fyi.

Our survey results reflected this increase in reduction in force (RIF) actions, with nearly **two out of three** leaders noting an increase in organizational restructuring in 2023 relative to prior years. Only **6%** reported observing a lower level than previous years.

Mergers and acquisitions

Contrary to industry-wide merger and acquisition benchmarks, **80%** of surveyed leaders who reported taking part in M&A activities said they did so at the same rate or higher than in previous years.
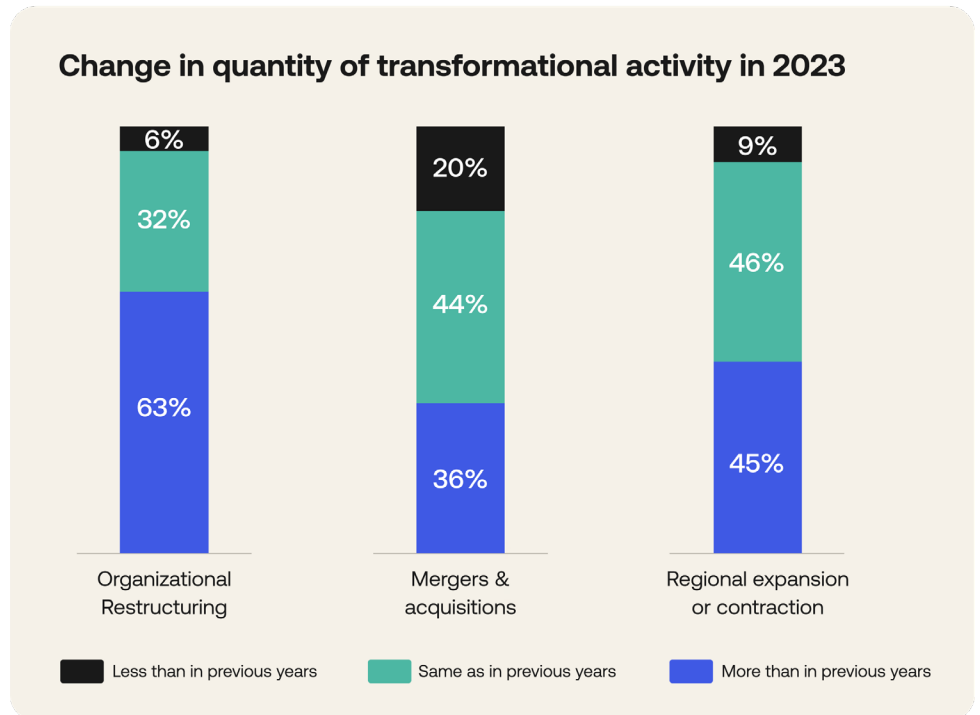
Leaders at smaller companies ($1–5 billion in revenue) were among the most likely to cite an increase in M&A over previous years, with **93%** engaging in the same amount or more than in previous years. This increase dovetails with respondents stating they were focused on high growth.

Regional geographic expansion or contraction

Despite geopolitical uncertainty, respondents reported regional expansion and contraction happening in 2023 at the same rate or higher as previous years. In fact, **91%** of respondents said those activities were on par or higher than past years.

Leaders at EMEA-based companies, which have been contending with an evolving geopolitical landscape for years due to Brexit and the war in Ukraine, were most likely to report experiencing the same amount of regional expansion or contraction in 2023. Executives at Americas-based companies, however, cited an increase over previous years.

Overall, **44%** of respondents said their companies experienced more regional expansion or contraction than in previous years; among those organizations, **60%** had operations in more than **26** countries.

Change in quantity of transformational activity in 2023

	Organizational Restructuring	Mergers & acquisitions	Regional expansion or contraction
Less than in previous years	6%	20%	9%
Same as in previous years	32%	44%	46%
More than in previous years	63%	36%	45%

Technology's impact on business activities
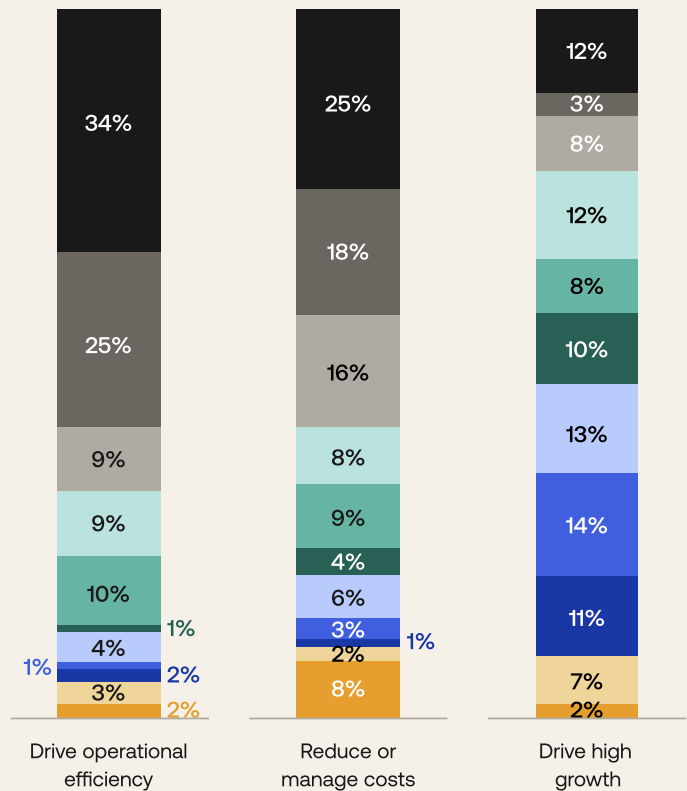
Regardless of the activities and priorities organizations took part in, technology played a significant role. A nearly unanimous (**94%**) cohort of executives called their tech stack "important" or "very important" for their business priorities, with *operational efficiency*, *reducing or managing costs*, and *driving high growth* the most impacted by technology.

Importance of Tech Stacks for Business Priorities

Neutral
6.0%

Very Important
44.0%

Important
50.0%
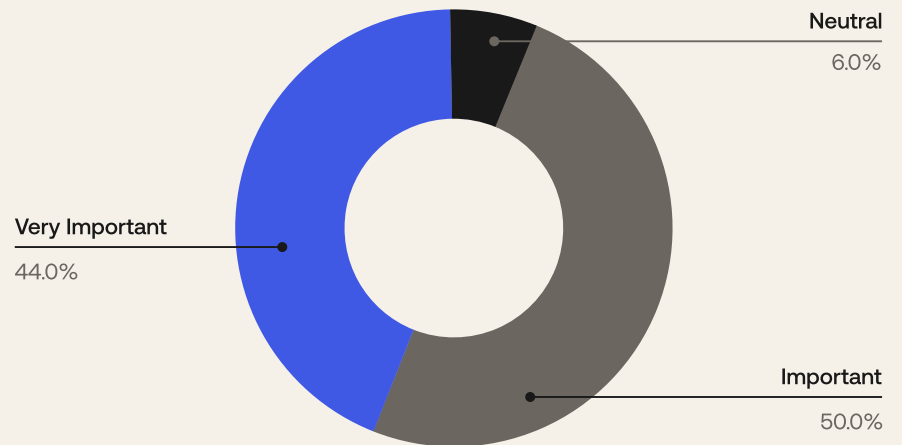
Top 3 business priorities most impacted by Tech Stacks

Average
Ratings

⬛	1 - most impacted
⬛	2
⬛	3
🟩	4
🟩	5
🟩	6
🟦	7
🟦	8
🟦	9
🟨	10
🟧	11

Drive operational efficiency
- 34%
- 25%
- 9%
- 9%
- 10%
- 1%
- 4%
- 1%
- 2%
- 3%
- 2%

Reduce or manage costs
- 25%
- 18%
- 16%
- 8%
- 9%
- 4%
- 6%
- 3%
- 1%
- 2%
- 8%

Drive high growth
- 12%
- 3%
- 8%
- 12%
- 8%
- 10%
- 13%
- 14%
- 11%
- 7%
- 2%

Source: AlphaSights custom survey questions): q12. Which of the following business priorities are most significantly impacted by your organization's technology stack?

Key takeaway: When considering their business priorities, 94% of executives view technology as an "important" or "very important" enabler.

Larger companies trended toward placing a higher significance on technology relative to their smaller counterparts. At companies with $5–20 billion in revenue, **50%** of leaders rated technology as "very important" to their business priorities. Companies with 20,000 or more employees place the highest value on technology, followed directly by companies with 10,000–20,000 employees. Of the executives who reported technology as "important" or "very important," 68% work at organizations with more than 20,000 employees.

Some 91% of respondents identified their technology choices as an enabler of shifting strategies and operations quickly — whether that was through activities that focused on expansion, such as M&A, or ones tied to reducing spend, such as operational efficiency and cost reductions.
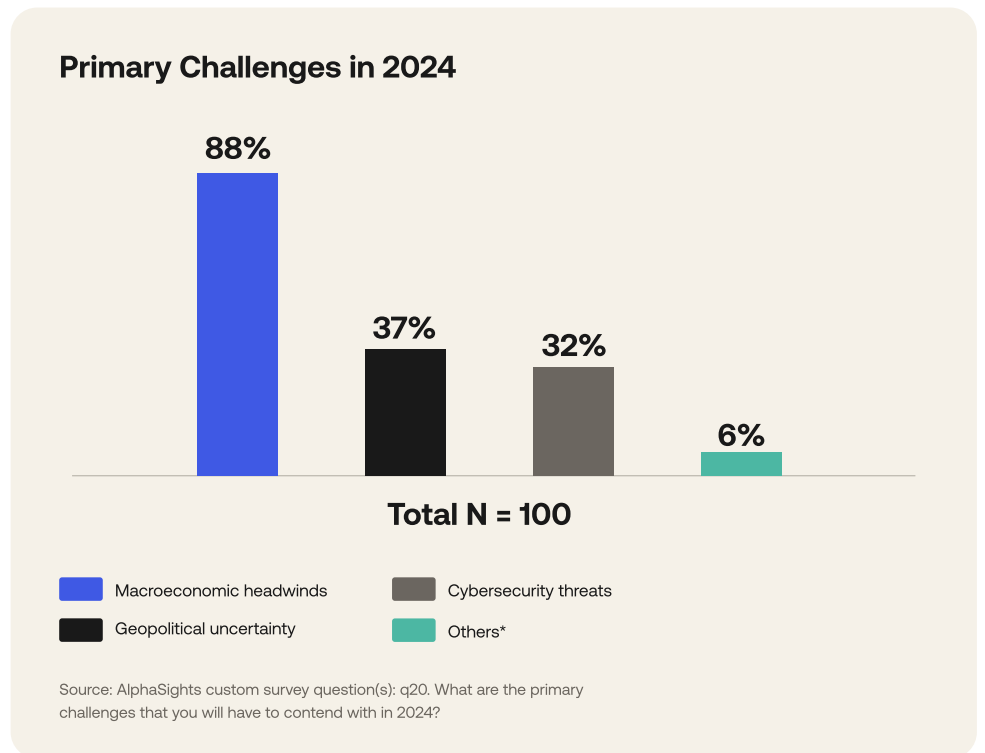
Looking ahead: 2024 brings more uncertainty

The end of 2023 didn't shift executives' concern for the new year. Our survey reveals that those worries — along with a familiar slate of tech-dependent priorities and activities — would follow leaders into 2024.

Concerns

When asked about the main challenges they'd have to contend with in 2024, **88%** of business leaders identified the *macroeconomic environment* as their greatest concern, a clear carryover from 2023.

Primary Challenges in 2024

88%

37%

32%

6%

Total N = 100

■ Macroeconomic headwinds   ■ Cybersecurity threats

■ Geopolitical uncertainty   ■ Others*

Source: AlphaSights custom survey question(s): q20. What are the primary challenges that you will have to contend with in 2024?

Key takeaway:
Executives prepare for ongoing uncertainty in 2024, with 71% expecting to undergo organizational restructuring.
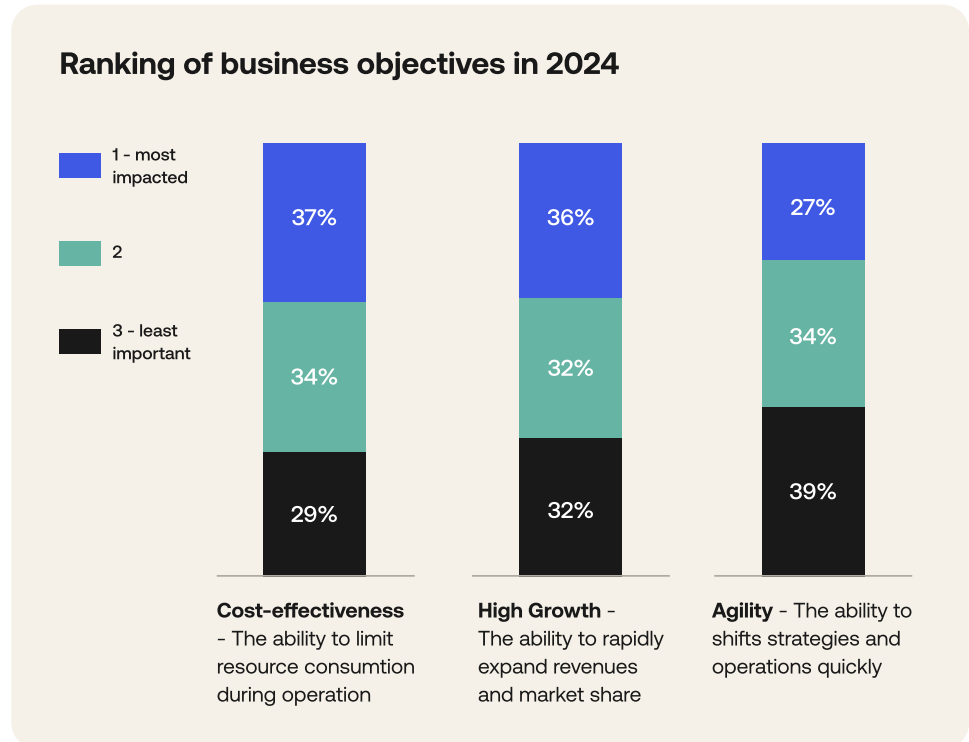
Though economic turbulence is far and away the most prevalent anticipated barrier to business in 2024, executives at larger companies also anticipate challenges due to geopolitical uncertainty. Unsurprisingly, CFOs are most concerned about worldwide economic challenges, with **96%** of them citing the macroeconomic environment as the primary perceived barrier to business in the year ahead.

As companies look to combat these less-than-friendly forces, **71%** of all respondents said their organizations are "likely" or "extremely likely" to engage in organizational restructuring or reduction in force. While this is consistent across company sizes, it becomes more pronounced in larger organizations, with the largest companies most likely to undergo organizational restructuring in 2024.

Objectives and outcomes

Leaders' top objectives for 2024 reflect their concerns about the global economy and geopolitical volatilities: *cost-effectiveness* wins out over *high growth* and *agile operations.*

Ranking of business objectives in 2024

- 1 - most impacted
- 2
- 3 - least important

Cost-effectiveness
- 37%
- 34%
- 29%

High Growth
- 36%
- 32%
- 32%

Agility
- 27%
- 34%
- 39%

Cost-effectiveness - The ability to limit resource consumtion during operation

High Growth - The ability to rapidly expand revenues and market share

Agility - The ability to shifts strategies and operations quickly

Specifically within COO and CFO cohorts, *cost-effectiveness* was seen as the most important objective for the coming year, while CEOs identified *high growth* as their most critical outcome.

As companies get more complex, cost-effectiveness and agility are key to operating in an ever-changing geopolitical and economic landscape. This is shown in the data, with respondents at complex companies (16 or more business units operating in 26 or more countries) placing a higher value on *agility* and *cost-effectiveness* than *high growth* for 2024. Conversely, executives at companies with 1 to 5 business units reported valuing *high growth* the most over the next year.

Forty-five percent of respondents at companies with $1–5 billion in revenue said they value *high growth* over the next year. This is consistent with our findings that executives at companies with fewer business units prioritize *growth* over *agile operations* or *cost-effectiveness*.

Ranking of themes by business size

Legend: Cost-effectiveness (blue), High Growth (black), Agility (gray)
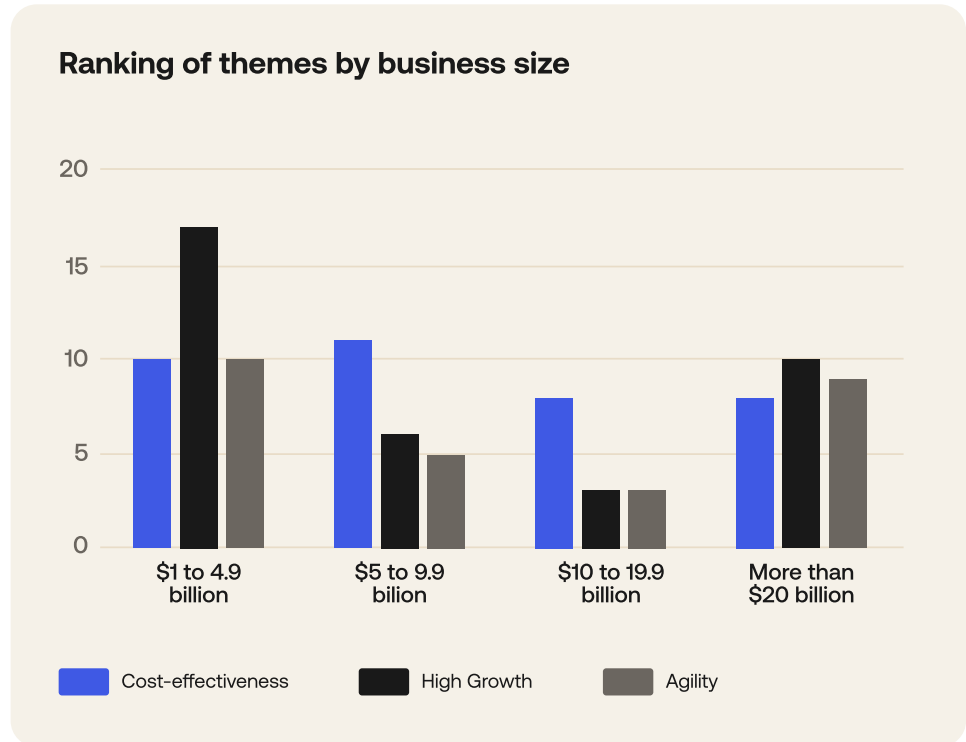
Priorities

Leaders' priorities for 2024 mirrored those of 2023: technology-dependent focuses, such as *operational efficiency, reducing or managing costs*, and *driving high growth*, were respondents' top-ranked priorities for the coming year, in that order.
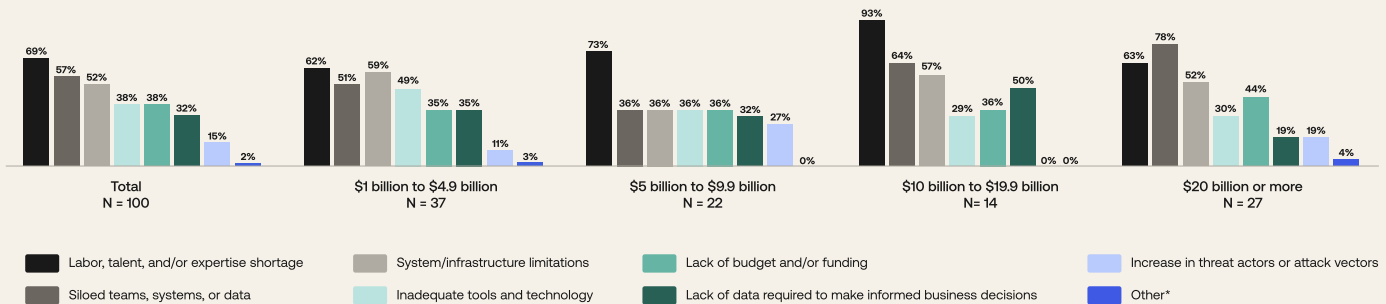
Executives were also relatively consistent about the challenges they saw upending those priorities, with *siloed teams, systems, and data isolation* hindering productivity on the technology side, and *labor shortages* largely driving business challenges.

However, these challenges shuffle in priority depending on business size and region.

In terms of company size, **77%** of executives at companies with $20 billion-plus in revenue cite *siloed teams, systems, and data isolation* as a leading challenge in 2024, stemming from the complexity inherent to these organizations. **Fifty-nine percent** of leaders at companies with $1–5 billion in revenue cite *system limitations* as a leading challenge in 2024, attributable to a possible lack of infrastructure investment. Both challenges ultimately point to fragmented systems and technology barriers that slow business growth and increase friction associated with transformational activities.

Barriers to Business Priorities in 2024, by Company Revenue and Role
%, Multi-Select

	Total N = 100	$1 billion to $4.9 billion N = 37	$5 billion to $9.9 billion N = 22	$10 billion to $19.9 billion N= 14	$20 billion or more N = 27
Labor, talent, and/or expertise shortage	69%	62%	73%	93%	63%
Siloed teams, systems, or data	57%	51%	36%	64%	78%
System/infrastructure limitations	52%	59%	36%	57%	52%
Inadequate tools and technology	38%	49%	36%	29%	30%
Lack of budget and/or funding	38%	35%	36%	36%	44%
Lack of data required to make informed business decisions	32%	35%	32%	50%	19%
Increase in threat actors or attack vectors	15%	11%	27%	0%	19%
Other*	2%	3%	0%	0%	4%

Legend:
- ■ Labor, talent, and/or expertise shortage
- ■ Siloed teams, systems, or data
- ■ System/infrastructure limitations
- ■ Inadequate tools and technology
- ■ Lack of budget and/or funding
- ■ Lack of data required to make informed business decisions
- ■ Increase in threat actors or attack vectors
- ■ Other*

Source: AlphaSights custom survey question(s): q21. Which of the following barriers do you face when trying to deliver against your business priorities?

*Other barriers include market saturation and changes to the economy

Key takeaway: When considering the year ahead, executives anticipate labor shortages will lead to business challenges, while fragmented systems will hinder productivity on the technology side. Executives must focus on efficiency and adaptability as they face continued pressure to do more with less.

From a regional perspective, AMER-based companies report greater challenges with *system limitations* and *siloed teams, systems, and data isolation* than EMEA-based companies. **Sixty-six percent** of AMER-based companies cite challenges with siloed teams, systems, and data isolation versus only 49% of EMEA-based companies.

When it comes to the impact of talent shortages, leaders at EMEA-based companies and their AMER-based counterparts are aligned: **68%** of respondents at EMEA-based companies cite challenges with labor shortages compared with **71%** of executives at AMER-based companies.
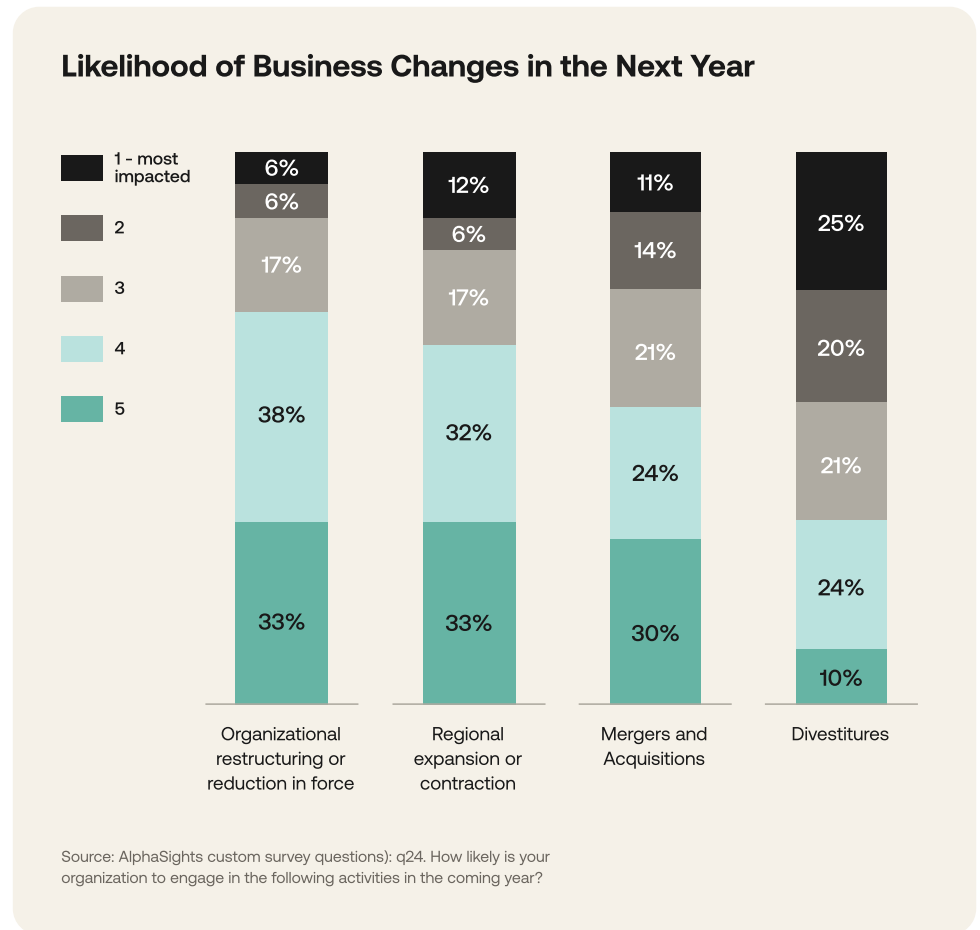
Regional perspectives on challenges in 2024

	AMER	EMEA
Siloed teams, systems, and data isolation	66	49
Labor, talent, and expertise shortages	71	68
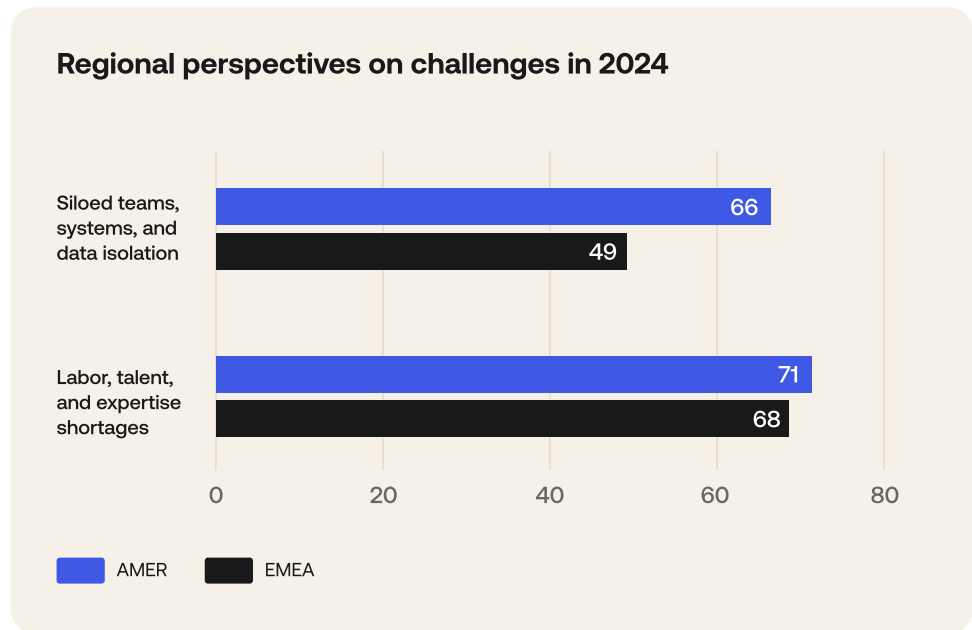
Technology also factors into how respondents ranked their priorities. Leaders who view technology as "important" or "very important" to their top business priorities cite *high growth* as the top theme in 2024. When the outlook is extended to five years, high growth and agility shoot to the top.

Activities

In 2024, leaders seem to anticipate another year of belt tightening, with more restructuring and fewer M&A activities, according to our survey.

Leaders' likelihood to engage in organizational restructuring held strong from 2023, with **71%** of respondents saying restructuring was "likely" or "very likely" to occur in 2024. Geographic expansion or contraction held relatively steady, with **65%** of respondents seeing it as a "likely" or "very likely" activity in 2024. M&A activity, however, was perceived to be less likely: only **54%** of respondents expected M&A activities to be "likely" or "very likely" in 2024. These activity likelihoods were fairly consistent across revenue sizes and roles

Likelihood of Business Changes in the Next Year

Legend	Organizational restructuring or reduction in force	Regional expansion or contraction	Mergers and Acquisitions	Divestitures
1 – most impacted	6%	12%	11%	25%
2	6%	6%	14%	20%
3	17%	17%	21%	21%
4	38%	32%	24%	24%
5	33%	33%	30%	10%

Source: AlphaSights custom survey questions): q24. How likely is your organization to engage in the following activities in the coming year?

Despite the perceived macroeconomic headwinds, *divestitures* rank lowest in terms of likelihood across all company sizes and titles. Only **34%** of leaders reported divestitures to be "likely" or "extremely likely" to occur in 2024.

When considering the transformational activities they plan to tackle in 2024, executives across roles and company sizes pointed to *organizational restructuring*. CFOs and COOs are also considering the operations of their business and report a high likelihood of regional expansion or contraction. This group reported anticipated challenges with inflexible internal systems and processes as well as meeting compliance standards, both of which underscore the need for technology that evolves with business and compliance requirements. CEOs, however, remain focused on longer-term growth objectives when considering the transformational activities they plan to engage in next year. They report a higher likelihood of M&A, despite perceived challenges due to employee productivity.

New forces enter the picture

While leaders are focusing on shorter-term cost reduction and efficiencies such as restructuring and regional maneuvering as the year begins, they see new forces impacting their businesses beyond the economy.
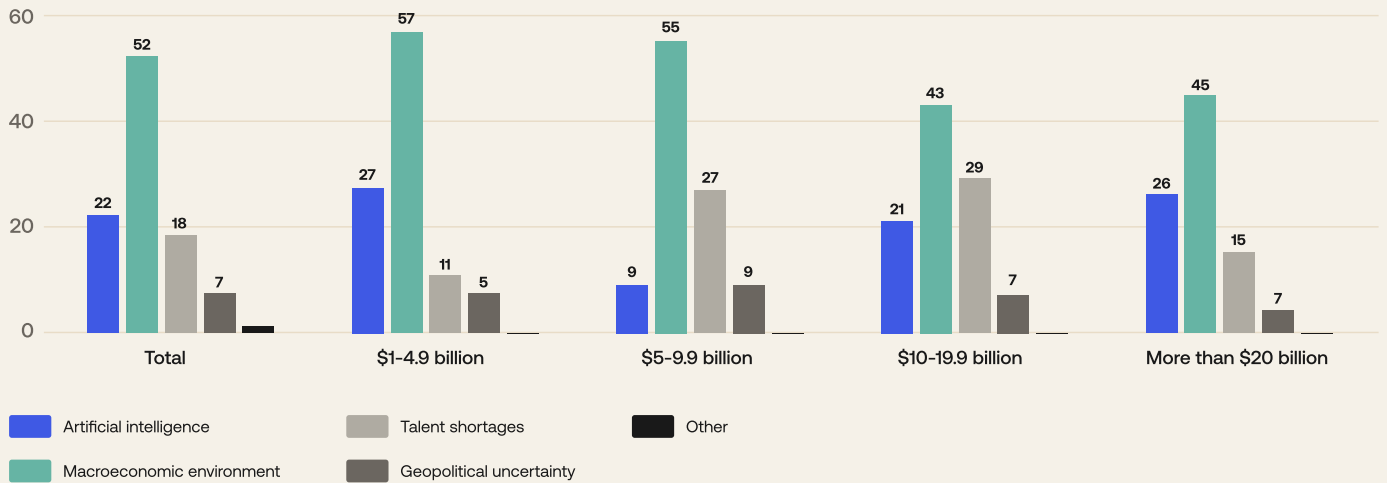
Artificial intelligence was the second-biggest expected impact in 2024 — particularly among CEOs — across geographies and company sizes. AI continued to gain traction across all surveyed roles when leaders considered their business over the next five years. Companies prioritizing *operational efficiency* and *reducing cost* among their top five initiatives for 2024 are considering the impact that AI could have on their business, as are businesses focused on *improving customer experience* and *launching or growing new businesses.*
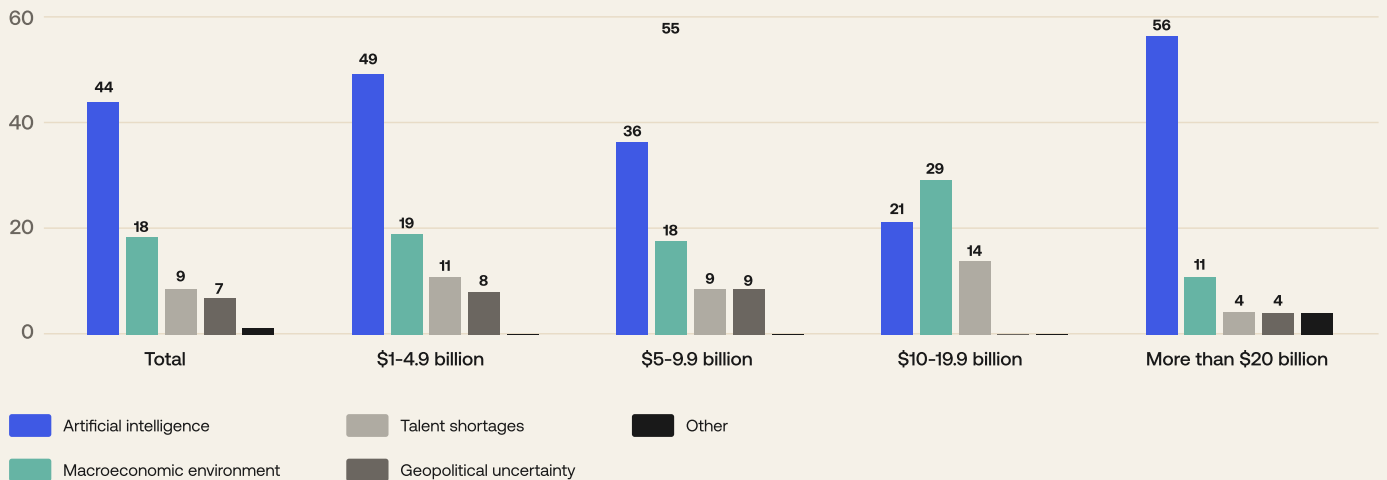
The sharpening long-term perspective

In the eyes of business leaders, 2024 presents many of the same challenges and priorities as 2023 did: cost-effectiveness is heavily prioritized; organizational restructuring activities are very likely. But as CEOs, CFOs, and COOs look five years into the future, they express a shift in priorities and objectives.

In a stark difference with 2024, leaders identified *artificial intelligence* as having the greatest impact on their business by an over **2-to-1** margin when compared with the *macroeconomic environment* (**44%** to **18%**). This major shift is even more pronounced in high-revenue businesses, where **more than half of respondents** identified *artificial intelligence* as having the greatest impact. Technology, it seems, goes from a means to business impacts to becoming the impact itself.

Influences with greatest impact to business in 2024

Legend: Artificial intelligence, Macroeconomic environment, Talent shortages, Geopolitical uncertainty, Other

	Total	$1-4.9 billion	$5-9.9 billion	$10-19.9 billion	More than $20 billion
Artificial intelligence	22	27	9	21	26
Macroeconomic environment	52	57	55	43	45
Talent shortages	18	11	27	29	15
Geopolitical uncertainty	7	5	9	7	7

Influences with greatest impact to business in 2024

Legend: Artificial intelligence, Macroeconomic environment, Talent shortages, Geopolitical uncertainty, Other

	Total	$1-4.9 billion	$5-9.9 billion	$10-19.9 billion	More than $20 billion
Artificial intelligence	44	49	36	21	56
Macroeconomic environment	18	19	18	29	11
Talent shortages	9	11	9	14	4
Geopolitical uncertainty	7	8	9		4
Other	1				4

Key takeaway: The macroeconomic environment had far and away the greatest perceived impact for business leaders in 2024. However, when considering the next five years, executives identify artificial intelligence (AI) as having the greatest impact on their business, outpacing the macroeconomic environment by an over 2-to-1 margin.

While leaders foresee changing forces affecting their businesses, they also see their objectives shifting: Where 2024's expected emphases are focused on *cost effectiveness* with *high growth* (with *agility* trailing), long-term focuses are almost evenly split between *high growth* and *agility*.

Similarly, high growth shoots to the top of the priority list, with operational efficiency and cost reduction trailing behind by a significant margin.

This switch is reflected in each leader's priorities. In the short term, CFOs and COOs in particular have prioritized cost reduction; **80%** of all leaders view *reducing cost* among their top five most important priorities for 2024 (26% view it as the No. 1 priority). When considering their business five years from now, the focus on driving high growth sharpens across roles, with only **54%** considering cost reduction to be a top-five priority over the next five years, and **41%** of respondents considering high growth to be the No. 1 priority.

In terms of revenue size, only the $20 billion-plus companies are placing the top focus on driving *high growth* in 2024, which reflects the slightly insulated impact of the macroeconomic environment. The $5–20 billion organizations are prioritizing *operational efficiency*, and those in the $1–5 billion range are looking to *enter new markets*. Over the next five years, the focus on driving *high growth* sharpens across company sizes, with nearly all segments placing *high growth* at the top of their priorities.

Ranking of business objectives in 2024

Cost effectiveness
37.0%

Agility
27.0%
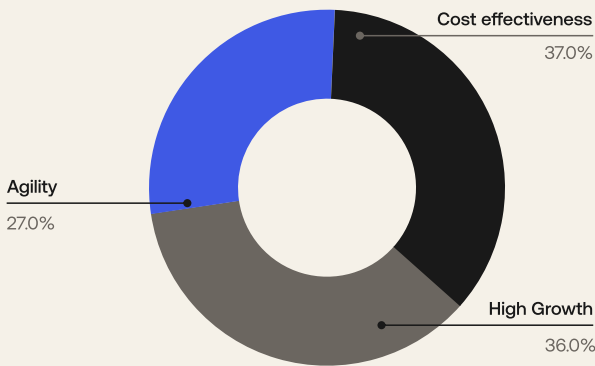
High Growth
36.0%

Ranking of business objectives in the next 5 years

Cost effectiveness
27.0%

Agility
35.0%
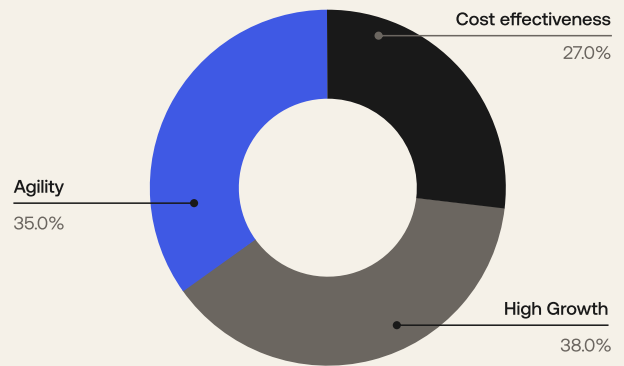
High Growth
38.0%

Key takeaway: Over the next five years, companies of all sizes are prioritizing high growth and agility, a clear divergence from the 2024 focus on cost reduction and operational efficiency.

The adaptability imperative

Leaders largely see 2024 as a redux of 2023 in terms of the objectives, priorities, and activities they're adopting. They recognize that many of the challenges of today — labor shortages and technological shortcomings — are also the business challenges of tomorrow. But when they look into the not-so-distant future, a markedly different world comes into focus, one that's dramatically impacted by new influences that will, in time, deliver a new set of growth- and agility-focused objectives.

Our survey data shows that almost every day, executives are navigating familiar obstacles as well as unprecedented change. It's a balancing act that requires flexible systems and processes — and the technology to underpin it all.

An organization's ability to adapt is firmly rooted in the technology choices it makes. System limitations, inadequate tooling, and siloed systems — the executives we surveyed cited these as barriers that prevented their organizations from reaching the goals of today (cost efficiency) as well as the goals of tomorrow (high growth).

But there's an antidote to these barriers: flexible, adaptable systems comprising tools that evolve with a business, unlocking the change enterprises need to make in every season of growth. Identity and access management (IAM), for example, is a foundational system that securely connects people and technology. A best-in-class IAM platform adapts to the needs of a business, empowering teams and improving efficiency and productivity. This kind of business-optimized impact is one of the many reasons why it's imperative that organizations prioritize adaptability when seeking new technology.

Ultimately, adaptability-driven technology choices help build a more resilient business model, helping executives address the concerns of today and unlock the business opportunities of tomorrow.

Sums up how important it is to an executive that they are selecting tools with adaptability at their core.

How we built this report

Methodology

Commissioned by Okta, AlphaSights recruited 100 C-Suite executives at companies with $1 billion-plus in revenue to take an online double-blinded survey on their business and technology priorities for 2023 and in the years to come. In total 50 CEOs, 22 COOs, and 28 CFOs were surveyed. These experts were engaged via an initial phone conversation with AlphaSights associates to determine whether or not they had relevant experience; those with applicable experience received the survey. AlphaSights fielded the survey, recruited the panel, and put together an initial analysis of the key findings. An Okta team of marketers and data analysts delved into the results to produce the full report.

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