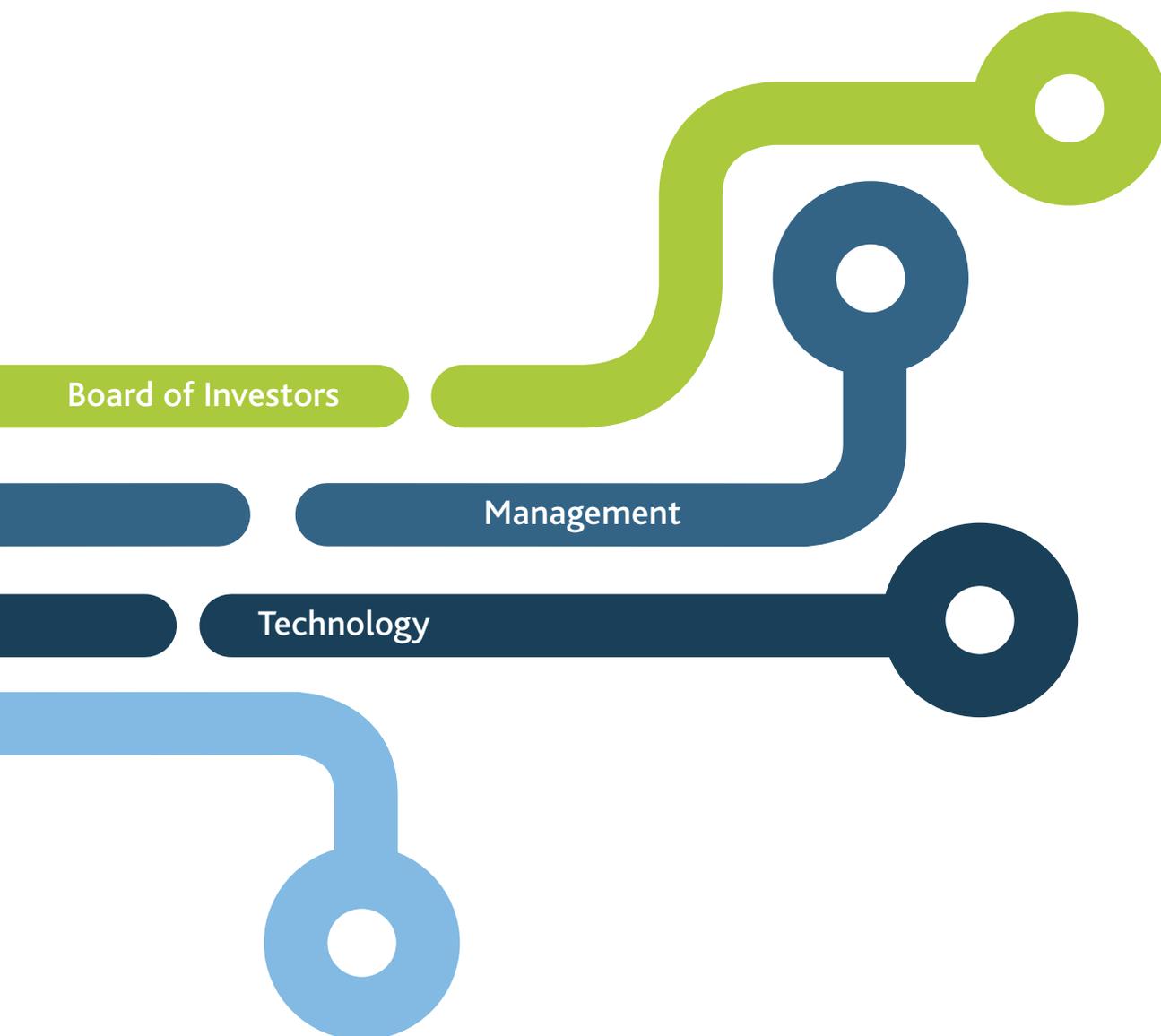


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Successful technology leadership in private equity

Digitisation and technology transformation are increasingly central topics of conversation for boards, management teams, and investors. However, full comprehension of the importance of technology management for future business success appears deficient. As the world of private equity becomes more competitive, it is crucial to appreciate the potential of digitisation and technology as components of any investment plan.

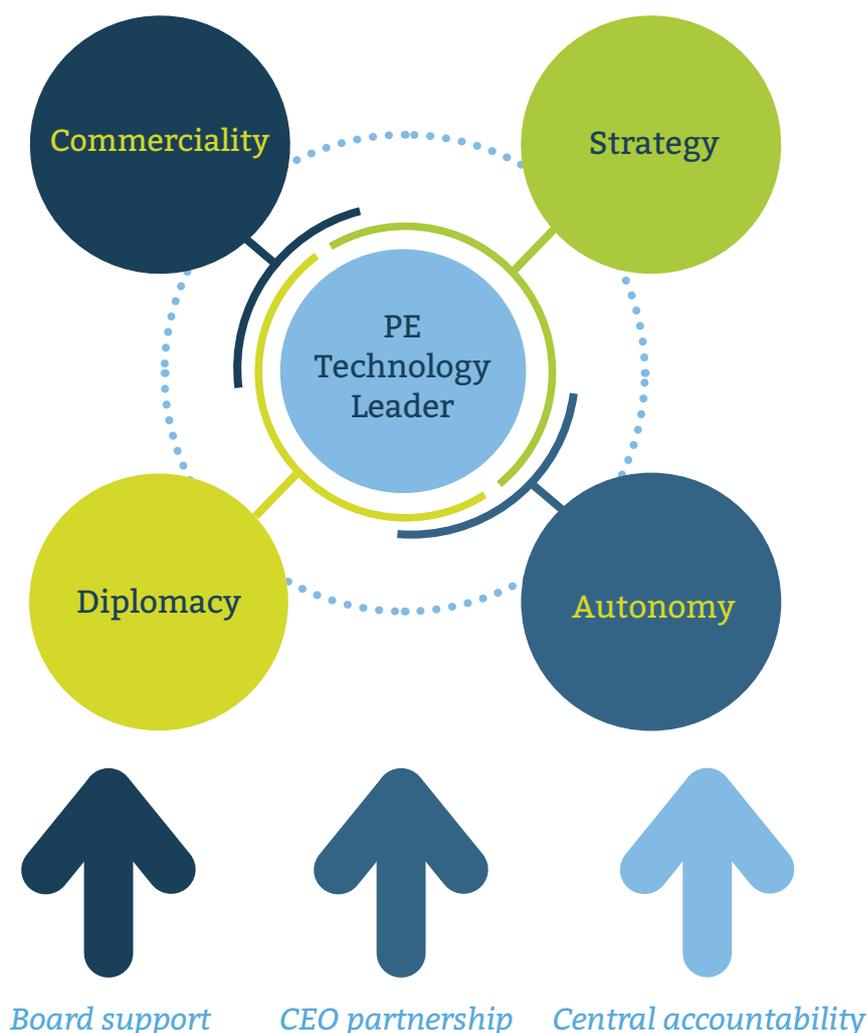
In this context, investors and business leaders must recognise the impact of a strong technology strategy and leader. Skillcapital has built relationships with leading technology professionals globally. Here we share our insights into the world of technology management, digitisation, and the leadership traits required for success.

A review of the market reveals four critical requirements for success as a private equity technology leader:

- commercial acumen
- strategic mindset
- diplomatic disposition
- desire to work autonomously

We have also identified the crucial business components needed for the CTO to thrive:

- board level commitment
- CEO partnership
- central accountability



Being a technology leader in a private equity backed business is not the same as being an IT Director in a division of a global listed company. The pace, expectations and general culture are different and for an individual to succeed they need to do more than just accept this type of culture, they must thrive in it.

An entrepreneurial spirit is necessary but not enough. A successful technology leader must seek out cost-saving measures while, in parallel, thinking of longer term investments and opportunities that can be leveraged and scaled for future financial success.

A successful technology leader has the ability to galvanise troops and inspire a wide range of stakeholders, both internal and external, to commit to and support the technology vision.

Critical business requirements

Key to long term business success is the relationship between the technology function and the most senior members of the leadership team. Companies founded in a digital age have always viewed technology as a leadership function – a view that is increasingly being replicated in more mature businesses.

Endorsing the technology vision must begin in the boardroom. The senior technology leader must feel supported by the board and the investors as well as the CEO – whom he or she should report to directly. Strong support for the technology function sends a positive message to the business, its customers and the wider industry and helps to attract elite tech talent.

Champion at the board

Early and continued involvement by the board in the technology vision is essential. The technology strategy must align with the primary value creation proposition of the business and it is the board's responsibility to ensure this happens.

The board should view the technology leader as a business partner in addition to a functional expert, leveraging his or her expert opinion as often as possible and championing the recommendations to a wider audience.

CEO partnership

Whilst having a champion at the board is extremely important, a true CEO/technology partnership can be the make or break of many business situations. A visionary CEO who views technology as a critical part of the business will have the ability to attract the best talent in the market, demand top tier performance and influence change throughout the business.

The technology leader should be a sparring partner to the CEO and they should work in tandem – challenging each other to think differently, try new approaches, seek out new opportunities and drive transformation.

Central accountability

The best technology leaders will demand central accountability for all technology and change programmes. This links with the need for autonomy as the technology leader will want the flexibility to implement his or her vision as effectively as possible.

To do this, the business must support the technology leader in owning all aspects of the technology function. This provides him or her with the ability to work in an agile environment, run parallel programs, make quick decisions and manage teams most effectively.

“The opportunity to build a team from scratch, shift legacy systems to open source technology, make swift and immediate decisions on systems and hiring, and foster an environment of curiosity and innovation – those are the ideal conditions for innovation and transformation.” PE CTO

Critical requirements for success as a technology leader in private equity

Commercial acumen

Commercial instincts are important for a technology leader of any business or industry, and particularly in private equity backed businesses given the urgency of their focus on growth and return on investment. In an increasingly competitive world businesses need to optimize the entire value chain, from front-end customer interaction and support to digital footprint and end user data collection.

A commercially minded technology leader will appreciate the necessity of end-to-end customer satisfaction, be able to articulate why technology is the make or break component for success, and apply the necessary changes to systems as required.

A good indicator of a technology leader's commercial acumen is their track record of providing the technology tools and platforms for business units to better assist the customer or shift the product offering to align with customer needs.

Other key factors include:

- *A track record of driving revenue by acting as a liaison between the customer and the business, ideally partnering with business units on new product identification, go-to-market strategies and innovative collaboration.*
- *Driving innovation and creativity even with a risk of failure and encouraging his/her team to think imaginatively.*

What does a strategic mindset add?

Technology is no longer a back office support function focussed on hardware and infrastructure. It has progressed into a necessary enabler for revenue and business growth as well as a key differentiator for long term success.

To ensure that technology is leveraged to the fullest extent possible, the senior technology leader must have experience drafting and implementing broad IT strategy and a strong sense of how technology and digitisation will support growth, increase revenue, shift go-to-market plans, and improve day-to-day business operations.

A strategic technology leader sees IT as the thread that binds a business together, and, at the same time, can provide specific and actionable technology plans for business units to adopt and implement.

A strong technology leader will also keep the following front of mind:

- *Developing a compelling vision and purpose for the IT function as part of the wider organisation.*
- *Being the link between the business strategy and the technology roadmap, consistently demonstrating an understanding of the wider business environment and industry.*
- *Recognising trends and events outside the organisation that could affect the status quo, and understanding how to shift the technology strategy to combat loss of market share or other detrimental occurrences.*

“ A track record of driving innovation, and an obvious appreciation for technology, are key requirements when identifying potential CEOs.” PE Chairman

Why is a diplomatic personality a key differentiator?

Change is difficult in any situation and transformation is often greeted with scepticism, angst and hostility. To assure adoption of new technology practices and the success of a digital transformation, the technology leader must be armed with the appropriate interpersonal skills to drive change and galvanise internal and external acceptance.

The best technology leaders will have experience teaming with individuals and business units to drive early adoption and buy-in. Identifying quick wins and partnering with pre-identified business units to beta-test change is a proven approach and one that can be scaled.

Other traits for success when driving major technology transformation are:

- *Appreciating what it takes to gain effective buy-in for initiatives from internal clients as well as the board, customers and other external stakeholders.*
- *Having the ability to explain the benefits of technology and transformation to audiences of diverse experience and aptitude.*
- *Showing understanding of other people, their perspectives, needs and motivations; having the ability to interpret complex social situations accurately; and anticipating the impact their words or actions will have on others.*

Interpersonal skills with investors and the board

Deep technical skills, a strong track record in digital and technology transformations, and proven leadership capabilities are absolute musts for any technology leader. In addition, to be successful in a private equity environment one must have the confidence and gravitas to achieve authority in the boardroom. Motivation, resilience and credibility are key factors in determining successful engagement with the board and investors.

More specifically:

- *Acting decisively; persevering in the face of problems; and, most importantly, taking full responsibility for recommended actions.*
- *Being self-sufficient and tough-minded when faced with pressure and stress, and managing emotions in order to remain calm and resilient.*
- *Demonstrating strong self-confidence in challenging situations and maintaining a clear, steady focus on results over time.*
- *Addressing politics constructively in the interests of the business. Negotiating collaborative solutions, trading off between competing interests and ensuring cooperation.*

“ I am increasingly being asked how we can ensure our investments are prepared for continual disruption. My answer is to bring in the most forward-thinking technology leader that I can get my hands on.” PE Investor

Why the need for autonomy?

In any business, a technology leader is responsible for establishing the technical vision and ensuring the company is prepared to deliver it either with their current systems and processes or through the addition of new technology offerings. He or she must be comfortable operating in a self-directed environment with full decision-making accountability.

Managing a technology function, whether legacy or increasingly agile and innovative, is inherently complex. It is even more demanding in a pacy private equity backed environment due to demanding investor expectations and the urgency of the drive to exit.

To succeed, the technology leader must demand autonomy and be confident directing teams and organising competing agendas. Leadership skills are critical, as well as the ability to message both upwards and downwards in the organisation.

The technology leader must have the courage of their convictions, thrive on personal accountability, be a competent delegator and, above all, an exceptional leader.

“ More and more corporate spending is devoted to IT and digital projects. Technology, particularly software and analytics, increasingly underpins profitability and growth, and helps companies manage risk in businesses throughout the economy.” Bain & Company, 2017

Skillcapital is a leading international executive search and advisory business focused on the private equity industry.

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Skillcapital's Digital practice has a strong track record of connecting private equity investors with world-class technology and digital talent across Europe and the US, to take executive and non-executive roles and to advise on transactions.

Our thanks to the CEOs, investors, and technology leaders who provided content for this research.

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