

IBM Study: Leading CEOs Aim to Transform Business with Cognitive Computing

CEOs see rapid digitization of business combined with industry convergence as key changes ahead

ARMONK, N.Y. - 10 Feb 2016: Leading CEOs are placing more weight on cognitive computing according to a new IBM (NYSE: [IBM](#)) study. In fact, half of leading CEOs believe cognitive computing will revolutionize their business in the next three to five years – 19 percent more than market-following CEOs and 35 percent more than all C-suite leaders combined.

According to a new IBM Institute for Business Value study, “[Redefining Competition: Insights from the Global C-suite Study – The CEO perspective](#),” leading CEOs place less emphasis on cloud and Internet of Things as a result of early adoption of these technologies, while market-following CEOs are just beginning to stress their importance. The study highlights how emerging technologies are intersecting and combining in new ways, causing enterprises to redefine how they engage with their customers and partners. This opens up opportunities for new business models and expanded ecosystems.

“CEOs know they need to prepare for a future in which disruption is pervasive, technological advances occur at great speed, traditional industry classifications no longer exist and ecosystems revolutionize entire markets,” said Peter Korsten, Global Leader ,Thought Leadership and Eminence, IBM Global Business Services. “The leading CEOs in our study provide guidance from which all CEOs can learn how to prepare for a world of redefined competition.”

In a recent [Global C-suite study](#), all CxOs identified the risk of industry disruption caused by an unlikely competitor outside their industry as a primary competitive threat. CEOs are particularly attuned this concern with 60 percent of CEOs expecting more competition from other industries -- a 50 percent increase from 2013 – compared to 54 percent of the C-suite as a whole. In response, 69 percent of CEOs are actively pursuing opportunities to play a new or different role in their ecosystems.

“The most critical risk is entrant from other industries,” said Oki Matsumoto, Founder, Chairman and Chief Executive Officer of Monex Group, Inc . “To cope with the competition, we have two counter measures, the first is to capture the trend and take a critical role in it. The second is to sharpen our competitiveness continuously.”

Leading CEOs are especially focused on disruptive innovation --58 percent compared to 44 percent of market followers. They’re looking to reinvent their firms rather than simply tweak existing products or services. Leading CEOs are also more likely to rethink the customer segments they target and explore new geographic

markets and delivery channels.

One hundred percent of the leading CEOs surveyed are engaging in rapid experimentation, pilots and prototyping, compared to just 66 percent of market followers. Yet they understand that investments with the power to transform an enterprise often take more time to pay off than those that only deliver incremental advances. Sixty-eight percent are prepared to wait three or more years for positive returns on innovation, compared with 57 percent of market followers.

“We need to shorten our new service development cycle and become more agile. As soon as we identify a trend, we should prepare a prototype, gain customer feedback and refine it continuously,” said Yutaka Nagao, CEO, Yamato Transport, Japan.

To help ensure their companies thrive in this time of extreme disruption, the study recommends CEOs energize their engagement strategy using predictive and cognitive analytics to investigate new trends, deepen customer engagement and embrace new markets and delivery channels.

By embracing rapid experimentation and prototyping, as well as making long-term investments in innovation and new talent, CEOs will be better equipped to navigate disruption and be considered a leader among their peers.

Access the full IBM CEO perspective [here](#).

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