

# Value-creating chief data officers: Cementing a seat at the top table – Hong Kong cut



# Why should companies start to consider hiring Chief Data Officers (CDOs)?

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In 2021, PwC launched its first study into the role of the CDO—a position we defined based on seniority, role in the organisation, and scope of work, rather than just job title. Since then, the role of the CDO has rapidly gained prominence across the globe, with 27% of leading firms now having a CDO in place. Particularly within Asia-Pacific, the number of companies increased from 6% in 2021 to 9% in 2022, representing 1.4 times increase. In PwC's 2022 CDO Study, the presence of a CDO appears correlated with strong financial performance. Despite a downturn in economy due to COVID-19, organisations with CDOs had a slighter decline in revenue growth averaged at 7%, which was 10% less than other organisations. Our analysis found that, for three-quarters of industries, organisations with a CDO see, at least, a net 5% improvement in revenue growth rates compared with organisations with no similar role in place. For some industries—utilities, real estate, and energy—this acceleration difference was as high as 25%.

Despite the gaining popularity, Asia Pacific remains to be the lowest proportion of global top companies with a CDO role and only 6% of companies in Hong Kong have a CDO. This article explores the reasons behind the emergence of the CDO role in Hong Kong, the challenges faced by these executives, and the future of this crucial position.



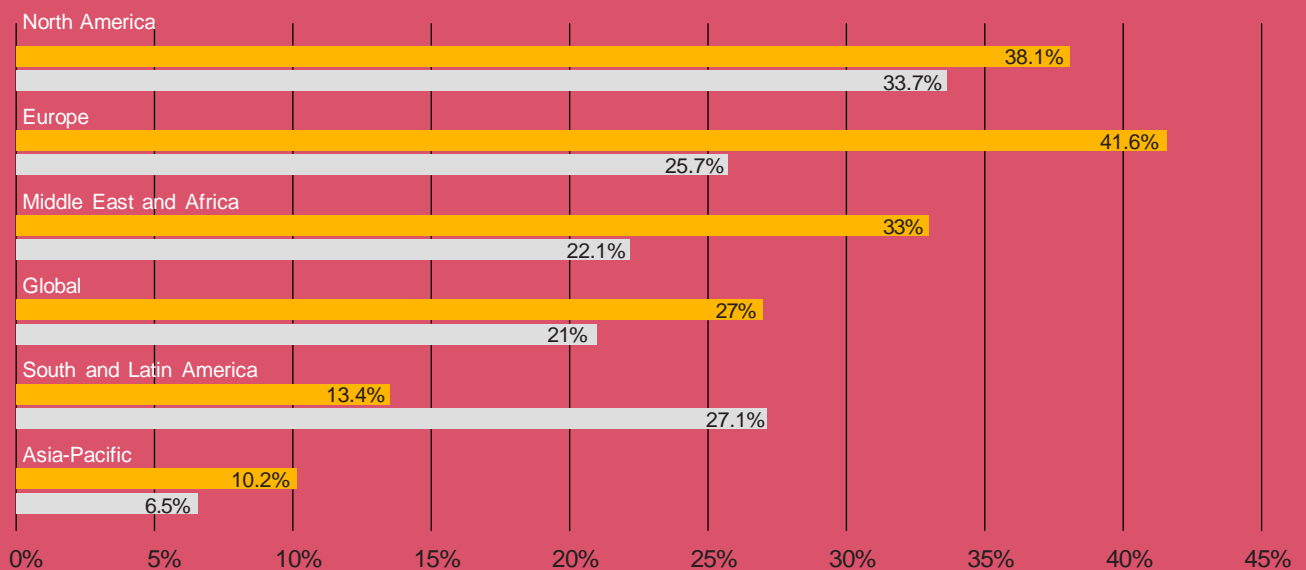
# Why should companies start to consider hiring Chief Data Officers (CDOs)?

In the last few years, with the volume of data booming, more and more companies across sectors and regions have begun appointing executive-level CDOs. Our analysis this year found a 28.5% leap in the proportion of the world's leading public companies that have a CDO. Across all industries and most parts of the world, CDOs are on the rise.

Does this trend represent evidence that the CDO is cementing its place as a key part of organisational leadership, one that adds genuine value?

## Proportion of global top companies with a CDO

■ 2022 ■ 2021



Source: PwC Strategy& analysis



# Challenges faced by CDOs

CDOs face a unique set of challenges, including data privacy and security, talent shortage, and data silos and integration. One of the biggest challenges that we observe in Hong Kong was to nurture and improve data literacy across the organisation, creating a data-driven culture for decision making. Besides, the protection of sensitive data is a top priority for organisations worldwide, with the constant increase in cybersecurity threats, such as ransomware attacks. We have seen a rise in the emphasis of 'defensive' data topics such as data security, regulation and governance as opposed to 'innovative' data topics such as creating new business value and growth the data.

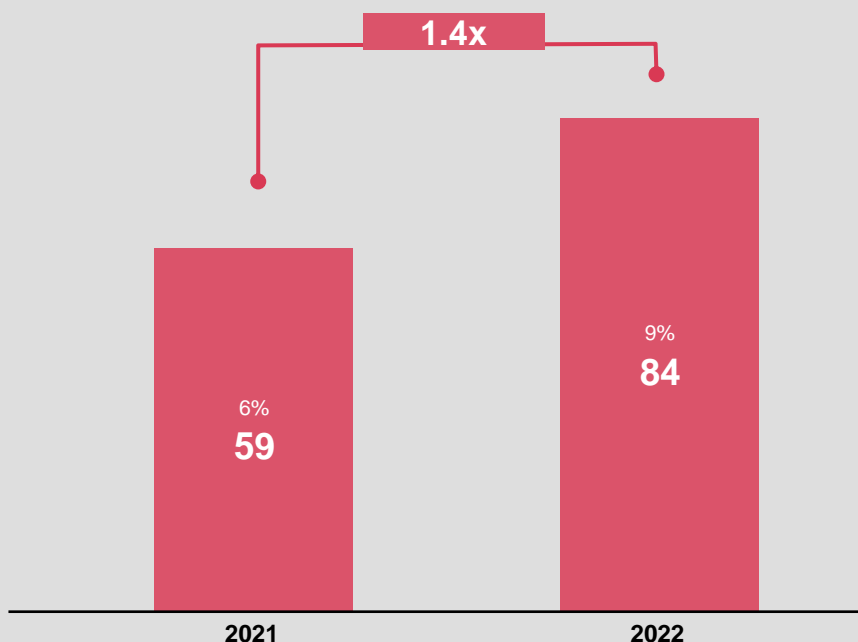
The enactment of The China Personal Information Protection Law (PIPL) and The Cybersecurity Law (CSL) has caused organisations to rethink the risks involved when using personal data for analytics. In particular, the 8.026 billion yuan (\$1.19 billion) fine to Didi Global Inc was a key example of how failure in addressing data privacy and security requirements could led to huge fines from regulators. Data sovereignty remains to be a key topic for organisations with operations in Hong Kong and Mainland China.

Besides, as the demand for data professionals continues to outpace supply, CDOs in Hong Kong often struggle to build, train and retain skilled data teams. The fast-paced development of new technology such as Data Lakes, AI & Machine Learning, Customer Data Platforms have caused a huge demand on data related talents. CDOs often need to stay engaged with their senior business stakeholders to develop strategic roadmaps, data use cases and rely on a strong data team for execution.



# The rise of the CDO

There is significant adoption of the CDO role in the Asia-Pacific region this year - a 1.4x leap for companies analysed (against 1.3x globally)



The rise of the CDO can be attributed to several factors, including increasing regulatory requirements, growing data volumes and complexity, and the drive for competitive advantage. Hong Kong's companies, especially financial institutions must comply with a complex web of local and global regulations, which require the collection, analysis, and reporting of vast amounts of data, necessitating the need for a dedicated data officer. As companies in Hong Kong invest in their data capabilities and seek leadership from experienced data professionals, the importance of the CDO role continues to grow.

Across industries, there is a significant adoption of the CDO role in Asia-Pacific region, which represents a 1.4x leap for companies analysed (against 1.3x globally).

An abstract digital background featuring glowing cubes and data points in various colors (red, green, blue, yellow) against a dark blue and black backdrop, suggesting a high-tech or data-driven environment.

# The future of the CDO Role

Looking into the future, the COVID-19 pandemic has accelerated organisations' digital transformation journey in response to the new reality of remote work and digital operations. Companies nowadays embrace new technology and rely on data to make informed decisions. The adoption of advanced technologies such as artificial intelligence, machine learning, and blockchain will only further amplify the importance of CDOs.

We expect that as the popularity of CDO role will continue to expand and remain critical with an increased focus on data governance. As data becomes more central to an organisation's business strategy, there will be an imminent need for data governance practices such as data quality, security, and compliance. CDOs will play a key role being part of the Data Governance Committee in driving data initiatives.

In conclusion, the emergence of the CDO in Hong Kong is a testament to the city's commitment to harnessing the power of data in its pursuit of innovation and global competitiveness. As the role continues to evolve, it will be essential for organisations to recognise the value of a strong CDO and invest in the development of their data capabilities for long-term success.



# Methodology

The Chief Data Officer Study looked at the world's 2,500 largest publicly listed companies by market capitalization value. We analysed these companies' corporate annual and integrated reports over a period of six years, using natural language processing to identify mentions of data and closely related terms, and contextual analysis to better understand their data focus areas.

For the analysis, the CDO role has been defined based on seniority, role in the organisation, and scope of work, rather than just the title set by the firm. Throughout this study, when we say 'Chief Data Officer', we mean an individual who has data-focused responsibilities at the C-suite or C-minus-one level—regardless of their job title. This may be why other studies have found higher penetration of CDOs—though most have also limited their analysis to smaller sample sizes in fewer industries and territories.

We then conducted performance analysis across our sample set, looking at EBITDA, revenue, and total enterprise value to identify potential differences in performance between companies.



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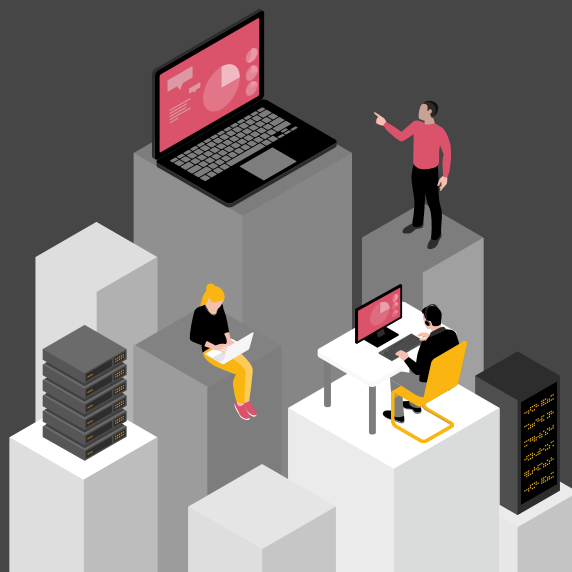
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