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Digital Directors 2016:

# **Diverse Perspectives in the Boardroom**

# Tracking the Growth of the Digital Director

Since Russell Reynolds Associates' first survey of digital non-executive board directors in 2013, we've continued to hear from boards, chairs and CEOs that having the right person in the boardroom asking the right questions is a common catalyst for change. We recently revisited the topic in order to gauge the scale and direction of the trend and examine the broader implications of including digital expertise on the board.

## OUR METHODOLOGY

Russell Reynolds Associates analyzed the backgrounds of all board members of 300 large companies (the Global 300: Fortune 100 companies in the United States, as well as Fortune 100-equivalent companies in Europe and Asia/Pacific). Our analysis focused on: assessing the prevalence of Digital Directors; understanding the background of Digital Directors; and understanding how Digital Directors differ from non-digital directors. We defined "Digital Director" as any non-executive board member meeting at least one of the following criteria:

1. Plays a significant operating role in a digital company—an organization with a primary business function based on web-based, social, mobile/device, cloud/SaaS or big data platform
2. Has a primary digital operating role with a traditional company
3. Has two or more non-executive board roles at digital companies

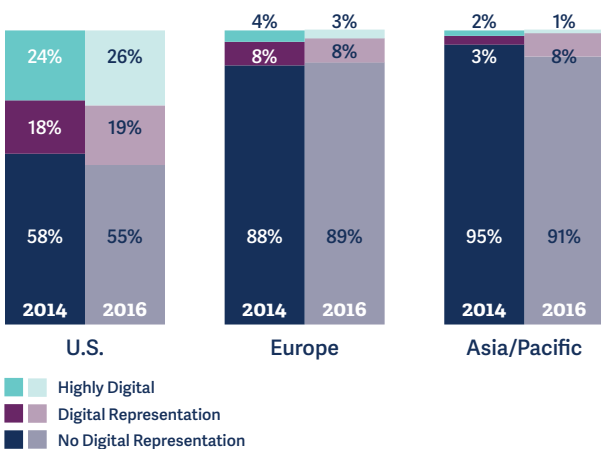
We then grouped Digital Boards in three ways:

1. "Highly Digital" Boards have at least two Digital Directors
2. "Partially Digital" Boards have one Digital Director
3. "Non-Digital" Boards do not have any Digital Directors

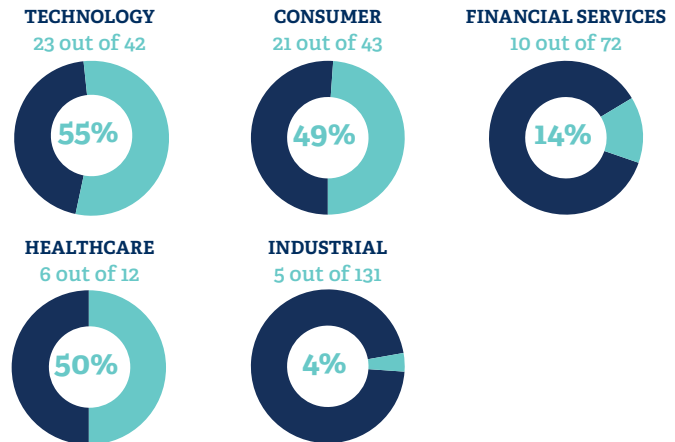
## KEY FINDINGS

1. In our review of the top 300 global companies, we've seen a 6% increase in the number of digital non-executive directors (Digital Directors) in the past two years (116 in 2014 vs. 123 in 2016). While Digital Directors continue to account for fewer than 5% of total directors, the general population of board leaders is becoming increasingly savvy about digital topics; the distinction between digital and non-digital is blurring.
2. As has been true historically, the U.S. continues to account for the majority of Digital Director placements (76% of new appointments in the past two years were to the board of U.S. companies). There has been little to no change in European companies but a slight increase in the trend across Asia/Pacific boards.
3. The shift in the traditional makeup of the boardroom brings a further balance of perspectives; women account for 58% of the Digital Directors recently added to boards. As a result, 37% of Digital Directors are now women (vs. only 19% of total directors).
4. We continue to see this trend broaden across all industry sectors, including digital laggards industrial and healthcare. Companies take a varied approach, appointing a mix of pure play and transformational leaders.
5. In our complementary research study "The Rise of the Qualified Technology Executive in the Boardroom," we found that in addition to Digital Directors, 39% of U.S. Fortune 100 companies have appointed technology experts to their board in order to address the impact of broader technology on business strategy and operations.

## DIGITAL DIRECTORS IN THE GLOBAL 300 BY REGION



## PERCENTAGE OF THE TOTAL GLOBAL 300 THAT HAVE A DIGITAL DIRECTOR ON THEIR BOARD BY INDUSTRY



Overall, Global 300 Boards with a Digital Director have greater gender parity than traditional boards.

WITHIN THE GLOBAL 300, WOMEN REPRESENT:

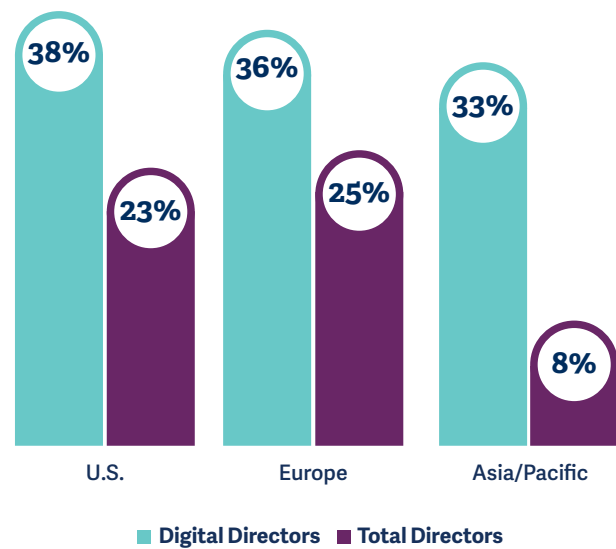


Among additions to Global 300 Boards in the past two years, **26%** are women, while **58%** of the new *Digital Directors* are women.

**67%** of Digital Directors who bring transformational experience to the role are women.

**40%** of female Digital Directors (vs. 27% of male Digital Directors) are the sole digital voice on their board.

SHARE OF BOARD SEATS HELD BY FEMALE DIRECTORS



Digital Directors appointed in the past two years continue to bring a mix of experiences as operators of pure play companies, as well as transformation leaders from traditional organizations.

Executives with experience at the largest pure play companies continue to be well-represented on boards. 65% of those with pure play operating experience have come out of digital academy companies.

- 24% Google
- 16% YAHOO!
- 12% Apple
- 8% ebay
- 6% Microsoft

NOTABLE DIGITAL DIRECTOR APPOINTMENTS FROM THE PAST TWO YEARS

Sector	Global 300 Company	Digital Director	Select Digital Experience
	<b>centrica</b>	Steve Pusey	<b>vodafone™</b>
		Margo Georgiadis	<b>GROUPON™</b> Google
	<b>MERCK</b>	Pamela Craig	<b>vmware™</b> <b>Akamai</b>
	<b>lenovo</b>	Jerry Yang	YAHOO!
	<b>Westpac</b>	Alison Deans	ebay

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Russell Reynolds Associates is a global leader in assessment, recruitment and succession planning for boards of directors, chief executive officers and key roles within the C-suite. With more than 370 consultants in 46 offices around the world, we work closely with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, environmental and political trends that are reshaping the global business environment. Find out more at [www.russellreynolds.com](http://www.russellreynolds.com). Follow us on Twitter: [@RRAonLeadership](https://twitter.com/RRAonLeadership).



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