

Will Finances Get In The Way Of Tech Companies' Optimism?

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With so much going on in tech, **82% of executives are optimistic about the future**, a recent study from digital insurance company Embroker found. But there's one minor catch: They're not exactly comfortable with their finances.

The study, which looked at the tech industry as a whole, found that **nearly six in 10 companies were struggling with the rising cost of doing business**. Only 20% of companies are putting a priority on fundraising this year, and just under half of that group say they're optimistic about new funding or investment opportunities. Funding problems have caused many staff cuts this year across the industry. According to [Layoffs.fyi](#), 445 tech companies have laid off 137,460 employees so far this year—though the Embroker study found 39% of companies said they are prioritizing hiring and retention this year.

So why the optimism? Embroker conducted its study in May, long before last week's interest rate cuts and prior to the summer's supercharged AI stock run. About half of the optimistic respondents said their feelings came from each of these three areas: Promising financial performance in the first half of 2024, potential market growth and new product offerings. Basically, in spite of the recent past's pitfalls, there's more growth ahead.

The question is whether that optimism will turn into actual success. Top tech stocks have wobbled as of late, and it seems many investors are wanting to see results. After all, Nvidia stock saw a [huge sell off](#) late last month after it reported less-than-desired projections for the rest of the year—forget about its record-breaking revenues. [Apple's stock has slumped](#) as some analysts try to figure out early iPhone 16 sales with incomplete data. Optimism isn't enough for

investors anymore, and tech companies might not be able to do what they are planning if the lack of funds continues.

As companies move tech to the center of their plans, **some are tying the traditionally siloed CIO role to broader leadership goals.** New homebuilder Tri Pointe Homes solidified this connection this summer as it announced its new executive vice president and CIO—Linda Mamet and Urmila Menon—as well as a new structure in which the CIO reports directly to the EVP. I talked to both of them about it, and an excerpt from our conversation is later in this newsletter.

BITS + BYTES

Why Tri Pointe Homes Linked The CIO And The Executive Vice President



Tri Pointe Homes Executive Vice President Linda Mamet (left) and CIO Urmila Menon.

Tri Pointe Homes

In June, homebuilder Tri Pointe Homes announced 10-year company veteran Linda Mamet as its new executive vice president and newly hired Urmila Menon as its CIO. But not only were the hires announced at the same time, but the company also linked the two positions, with Menon directly reporting to Mamet. I talked to both of them about what the structure means for the homebuilder. This conversation has been edited for length, clarity and continuity.

How is this digital partnership between the EVP and CIO different from what was done before, and why is Tri Pointe Homes doing it?

Mamet: It was a different phase of our growth and development. There was work in collaboration across all of our functions with IT and technology to get onto consistent leading platforms. Our leadership and all of our team members at Tri Pointe are very supportive of innovation.

Two-thirds of Tri Pointe Homes customers are Millennials, and about 10% of our customers are Generation Z. These are customers who are digital natives, they are very technology savvy, they have good incomes, they're doing well in their careers, and they have high expectations of what the experience could be like when you are purchasing something as transformative as a new home, a new community.

Our internal team is also very adept with technology. We did a survey of 70 of our middle managers recently asking them about their perceptions of AI, and it was very positive. They see many opportunities for AI to help them be more effective in their job roles and free them up to do what they are most talented and capable of doing.

Menon: With emerging technology centers, generative AI and robotic process automation, I really see AI playing a significant role in optimizing our operations and truly enhancing our customer experiences. On the customer side, we do plan to use AI for personalized home recommendations and post-service automation as well.

The real estate industry in general has been somewhat challenged recently because of the economy. What do you plan to do with technology to make Tri Pointe Homes' offerings stand out?

Mamet: Homebuilders have the distinct advantage and ability to buy down mortgage interest rates to make new homes much more attainable for new home buyers. We also have a lot of other competitive advantages around home design

and features that aren't available in older homes. We expect our focus on customer-driven technology at Tri Pointe to create value throughout market cycles. We will be leveraging our digital platforms to educate prospective buyers more on home choices, financing options, sustainable living features, and things that make owning a Tri Pointe home more appealing.

Menon: From the data side, we'll also be focusing on using our data to provide more personalized experience, product offerings and data-driven decisions. The way we see it is, no matter where the mortgage rates may stabilize in the future, Tri Pointe will be positioned to capitalize on pent-up demand through targeted marketing, customer engagement strategies and operational efficiencies.

In connecting your roles, Tri Pointe Homes has done something that is unique right now. Do you see other companies adopting the same sort of structure in the future?

Menon: I believe more companies will see the value in linking these roles, and truly, as technology becomes more central to business strategy, having an integrated leadership structure really allows for more cohesive decision-making and faster execution of innovative ideas.

Mamet: In the past, IT in home building might have been a more siloed support function, and today it's integral to all aspects of our business. The type of organizational structure that we have in place, with Urmila and I working together in our roles, ensures that our technology investments are really aligned with the company's broader business goals. That leads us to greater efficiencies, better customer and team member experience, and ultimately stronger financial performance for the company. We both think that this is a natural evolution of technology and business that will help Tri Pointe and other companies to continue to grow.