



**Product Leaders Alliance**



PRODUCT MANAGEMENT PAPER

# **CPO Briefing: Tech Industry Confidence is Slipping in 2025 – How Product Leaders Need to Respond**

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# CPO Briefing: Tech Industry Confidence is Slipping in 2025 – How Product Leaders Need to Respond

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## 1. Executive Summary

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The publicly available TechMarketView Tech Confidence Index (TCI) for Spring 2025 reveals a notable cooling in market sentiment across the UK software and IT services sector.

Overall confidence has declined from 6.5 to 6.1 in just six months, with falling demand, increased taxes, and macroeconomic uncertainties among key concerns.

Despite the challenges, investment in GenAI, automation, and digital transformation remains strong, with a clear shift from experimentation to implementation.

This briefing distills actionable insights for Chief Product Officers and their product leadership teams navigating these conditions.

## 2. Market Environment

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- Confidence fell to 6.1/10, down from 6.5 in Autumn 2024.
- SMEs (50–249 employees) were the hardest hit, with confidence dropping from 7.4 to 5.2.
- 61% of respondents described business conditions as neutral or poor.
- Just 45% expect improvement in the next 12 months (down from 60%).
- Government sentiment is worsening: only 24% see positive impact from current UK government.
- Trump-era tariffs and rising National Insurance are further dampening outlooks.

### 3. Strategic Product Implications

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The product landscape is evolving in response to a more conservative and value-oriented buying climate. Below are the most important strategic implications for product teams:

- Shift to ROI: Buyers are no longer funding speculative or exploratory technology projects without clear, quantifiable benefits.

**CPOs must guide their teams to link product features directly to customer financial performance e.g. cost savings, revenue growth, or operational efficiency.**

- Budget Reallocation, Not Expansion: Most tech investment will be redirected from lower-priority projects rather than funded with new budgets.

**Product managers must compete harder for internal customer resources by justifying how their offerings displace less efficient alternatives.**

- AI/GenAI Investment Is Accelerating: With 84% of firms investing in AI, GenAI use cases are quickly transitioning from PoCs to operationalised applications.

**Product teams must focus on robust, repeatable use cases such as content automation, service desk support, and knowledge search.**


- Security and Automation Are Mission-Critical: Investments in cybersecurity (40%) and process automation (48%) reflect a dual focus on reducing business risk and improving efficiency.

**Adjusting Roadmaps to incorporate these elements into core products will be essential to meet customer expectations.**

- Talent Gaps Affect Execution: With acute shortages in software development (29%) and AI (19%) skills, delivering new product capabilities will require simplified architecture, modular releases, and support for remote or partner-based development models.

- Sales & Marketing Becomes More Competitive: Increased focus on go-to-market (47% investing) means products must stand out with clearer differentiation.

**Support PMs in building better narratives, user proof points, and market messaging tied to ROI.**

 CPOs must align portfolios to value delivery, time-to-value, and cross-functional readiness.

## 4. Portfolio Guidance for CPOs

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To thrive in the “Sink or Sprint” market described by TechMarketView, product portfolios need stronger financial justification, faster time-to-value, and tighter execution. CPOs should consider the following actions:

- **Tighten Value Proposition:** Ensure each product or feature clearly communicates its impact on cost savings, compliance, revenue enablement, or operational streamlining. Use case-specific ROI stories should be built into roadmaps and launch materials.

- **De-risk Delivery:** Simplify technical roadmaps to allow faster, incremental deployment and validation. Move towards a modular release strategy where customer value can be delivered and proven in shorter cycles. Prioritise features that unlock usage-based upsell.

- **Build Platform Leverage:** Seek integration points across your product suite—shared AI engines, common analytics layers, or consistent UI frameworks—so each new release compounds customer value. This also helps streamline implementation and reduces client-side complexity.

- **Scale GenAI Thoughtfully:** Focus on GenAI features that deliver measurable time savings or quality improvements. Prioritise use cases with low regulatory exposure and ensure that models include human oversight and robust explainability.

- **Diversify Sector Exposure:** Protect against international trade shocks and domestic fiscal tightening by expanding your portfolio’s reach into public services, utilities, or sectors benefiting from strategic UK government plans (e.g., NHS 10-Year Plan, Strategic Defence Review).


- **Address Skills Shortfalls Proactively:** Build internal training programs for critical skills, especially GenAI and data analytics. Encourage cross-training across PM, engineering, and design teams to increase flexibility and delivery capacity.


## 5. Outlook


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2025 will widen the gap between digital leaders and laggards. CPOs must drive execution with agility, product-market fit discipline, and customer-centric innovation.

**Focus must remain on delivering credible ROI, mitigating delivery risk, and aligning tech investment with buyers' financial goals.**

 **84% of tech companies plan to invest in AI/GenAI in 2025 — up from 71% just six months ago.**

 **Confidence has declined from 6.5 to 6.1 in six months, with mid-sized firms hit hardest.**

 **Falling demand is now the top concern for 57% of UK tech leaders.**