

PwC's 27th Annual Global CEO Survey -
Australian insights

The reinvention imperative

CEOs in Australia are transforming their business models in response to technology changes and climate risk - but are they acting fast enough?





Australia's business leaders need to look outwards to seek new sources of value.

Kevin Burrowes
CEO, PwC Australia



The reinvention imperative

CEOs in Australia are reimagining their business models in 2024, but are they acting fast enough?

While Australia's business leaders have been focused inwardly on operational challenges such as regulatory compliance and technology implementation, they also need to look outwards to seek new sources of value and respond to shifting customer preferences.

Our survey shows that most companies have been implementing new technologies and partnerships, and assess themselves as leading their global peers on their climate response. While generative AI is not yet adopted at an enterprise scale, CEOs see potential for generative AI to make a significant impact to their company's productivity and value creation.

However companies in Australia are slower than the global average at shifting their business models to generate revenue from new products and services.

Our CEOs say their biggest barriers to business model reinvention are regulation and competing operational priorities, as they manage operational challenges such as regulatory compliance, technology implementation, workforce management and cost reduction.

In 2024, inflation and uncertainty about the Australian economy will continue to put pressure on CEOs to make tough decisions balancing their short and long-term priorities.

There could also be another inhibitor to reinvention: thinking they have more time. Our data shows that 85% of CEOs surveyed say their business would still be viable 10 years from now even if they were to stay on the same path - compared to just 53% globally.

Meanwhile, CEOs in Australia generally have high expectations of revenue growth in the next three years, mostly from existing products and services.

In other words, most don't think they have a burning platform for reinvention - yet.

But as generative AI and climate risks accelerate the pace of transformation, companies face a reinvention imperative.

Now's the time for companies in Australia to speed up their business model reinvention.



Section one



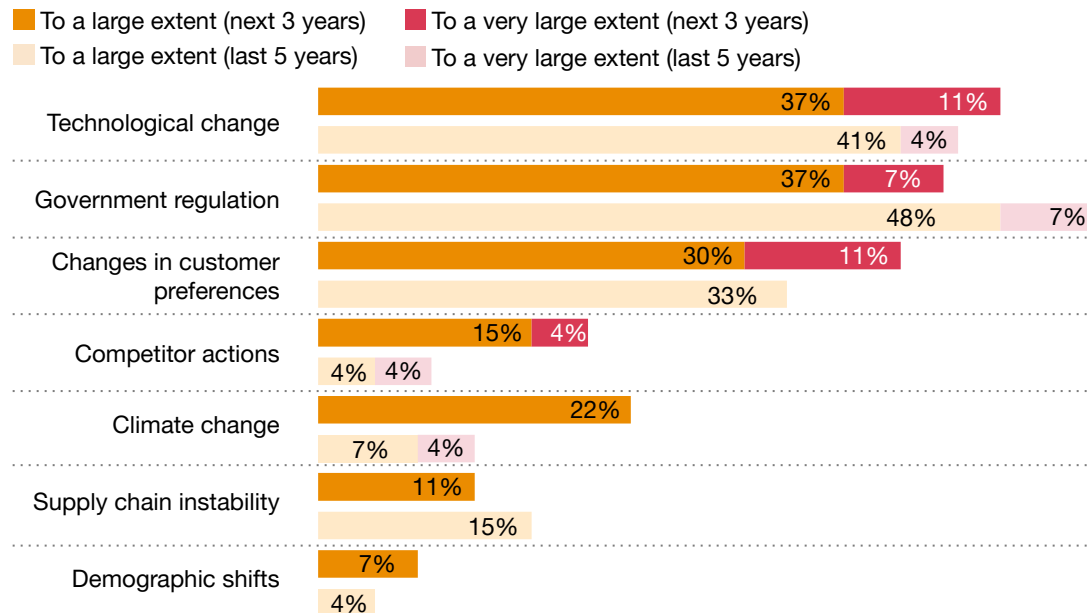
Keeping up
with the pace
of change



CEOs in Australia identify technology as the biggest driver of business model reinvention

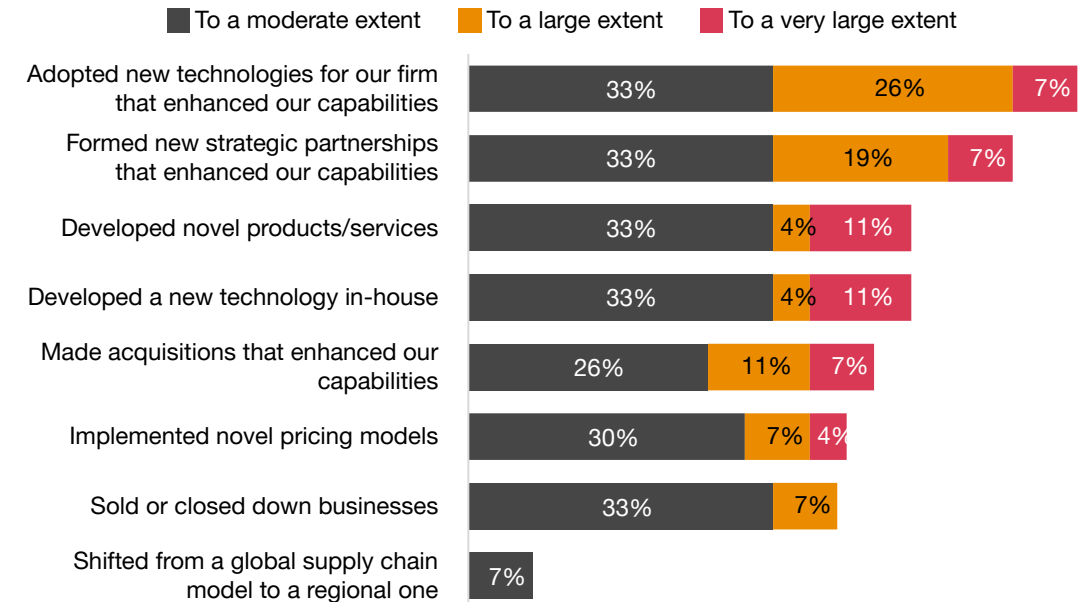
CEOs in Australia plan to reshape their businesses in the next three years to adapt to emerging technologies, government regulation and changing customer preferences. Climate change is the fastest growing factor, yet only one in five see it as having a large impact on their value creation.

Please indicate the extent to which the following factors will drive changes to the way your company creates, delivers and captures value in the next three years/last five years?



Over the past five years, the most common business model reinvention action that CEOs in Australia say their company has already taken is adopting new technologies, followed by forming new strategic partnerships.

To what extent have the following actions impacted the way your company **creates, delivers and captures value** over the **last five years**?



Most CEOs in Australia don't think they have a burning platform for reinvention (yet)

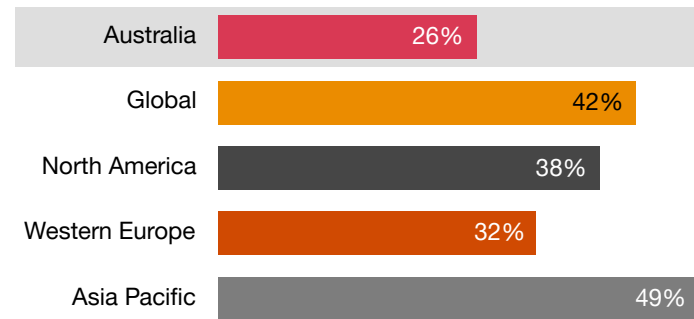
“CEOs in Australia recognise the need for transformation and most are implementing new technologies to support that. However they generally think they still have time to make changes before their revenue growth and viability would be seriously impacted.

“Is this thinking misguided? Is it also a result of having a smaller local market in Australia? From PwC’s perspective, the data indicates that CEOs in Australia are not moving fast enough to adjust their business models - and the operational resources that support them - to adapt to the reinvention imperative.”

- Ro Antao, Transformation Lead Partner

Australia’s companies are still mainly relying on existing products and services for most of their revenue and are not shifting to new sources of value at the same speed as companies globally.

What percentage of your **company’s total sales** from this year are attributable to new products or services introduced in the **last three years**? (NET: More than 20%, percentage of respondents shown)



Despite mostly relying on the same products and services they’ve been selling for years, all CEOs surveyed in Australia are confident about their company’s prospects for revenue growth over the next three years, with 48% very or extremely confident.

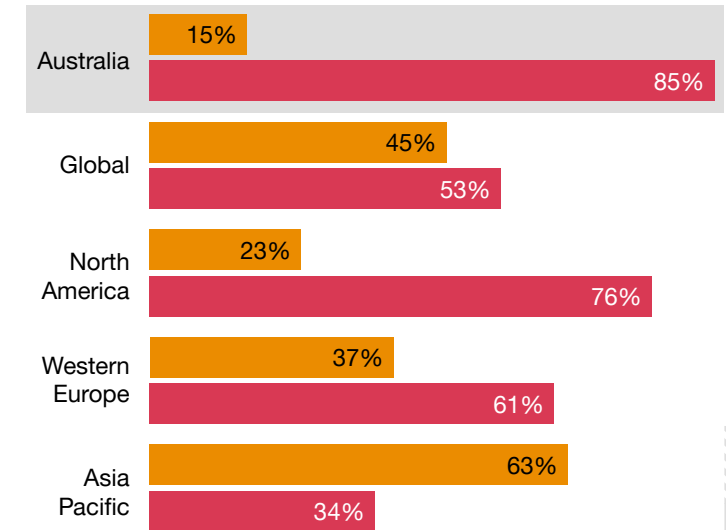
How confident are you about your company’s prospects for **revenue growth** over the **next three years**?



Most CEOs surveyed in Australia believe their company would still exist 10 years from now - even if they don’t make changes to their business model. By contrast, 45% of global CEOs don’t think their company will be viable in a decade if they continue on their current path.

If your company continues running on its current path, for how long do you think your business will be **economically viable**?

Less than 10 years
More than 10 years



Spotlight on: Generative AI

CEOs in Australia see high potential for AI-enabled efficiency

“Many companies rely on AI-enabled services and platforms to run their business, but far fewer are yet to apply generative AI at-scale. Generative AI has the potential to unlock a new wave of value from automation, however it is still early in its business adoption cycle and our survey shows that most are yet to move beyond experimentation and small-scale pilots.

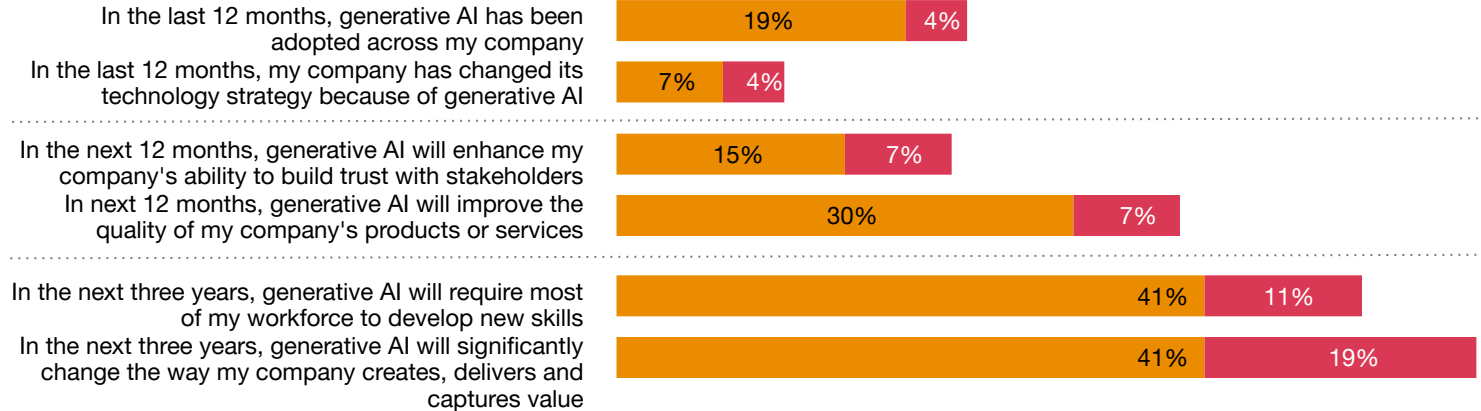
“In the current economic environment, business leaders are primarily focused on using technology like generative AI to drive efficiency and cost-savings, however, there are also significant opportunities for companies to leverage generative AI for top-line growth by transforming business models, differentiating products and services, improving customer and employee experience, and for driving an uplift in quality, safety and risk management.”

- Tom Pagram and Jahanzeb Azim, Artificial Intelligence Partners

Three out of five CEOs surveyed in Australia believe that generative AI will significantly change the way that their company creates, delivers and captures value within the next three years.

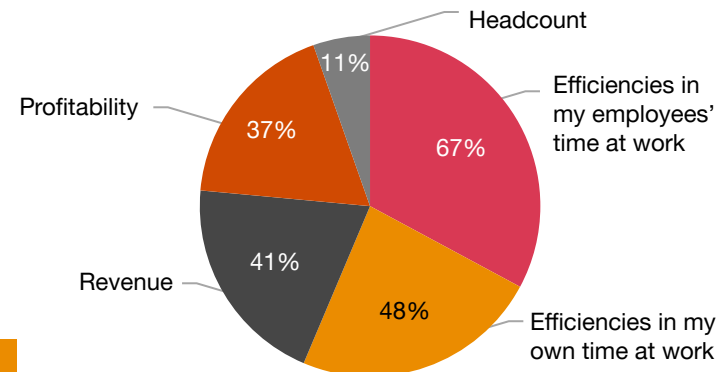
To what extent do you agree or disagree with the following statements about **generative AI**?

Moderately agree Strongly agree



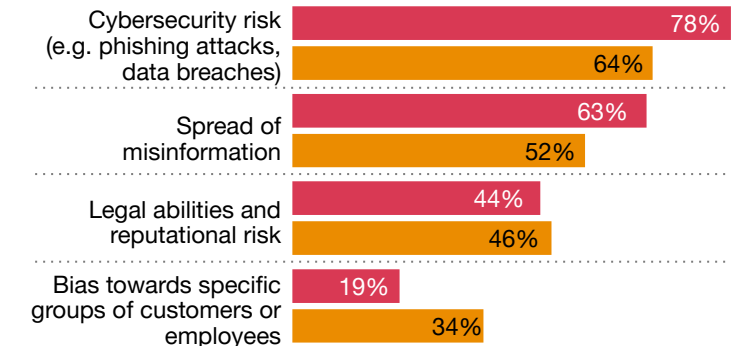
CEOs in Australia see significant unrealised potential to achieve operational efficiencies from generative AI - so long as they can manage the risks effectively. The impact of generative AI on cybersecurity and the spread of misinformation are the greatest areas of concern.

To what extent will **generative AI** increase the following in your company in the **next 12 months**?



To what extent do you agree that **generative AI** is likely to increase the following risks in your company in the **next 12 months**?

Australia Global



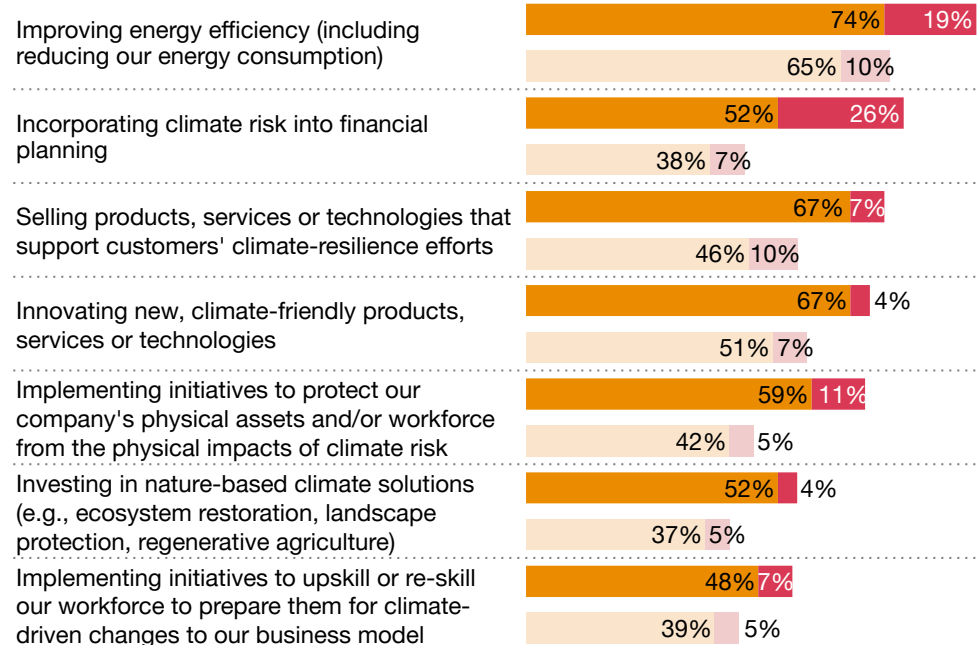
Spotlight on: Climate risks

More measures 'in progress' than global peers

Companies in Australia assess themselves as being ahead of the global average for climate-related business measures.

Which of the following best describes your company's **level of progress** on each of these actions?

■ In progress - Australia
 ■ Completed - Australia
■ In progress - Global
 ■ Completed - Global



“While it’s good to see that Australia’s companies are making progress on numerous climate-related measures, stakeholder expectations are continuing to evolve based on community expectations as well as increasing disclosures by companies within competitor sets.

“To meet the increasing expectations, and for transformation to happen at the pace and scale needed to achieve decarbonisation targets, companies will need to cooperate through ecosystems that transform whole value chains.

“Regulatory complexity is seen as a barrier to decarbonisation by about four out of five CEOs, which could be due to conflicting regulatory requirements across Australia, the US and Europe. It could also be a reflection of the perception that the Australian regulatory environment for decarbonisation has more ‘sticks’ than ‘carrots’, compared to other jurisdictions, for example, the Inflation Reduction Act in the United States.”

- **Liza Maimone**, Sustainability Lead Partner

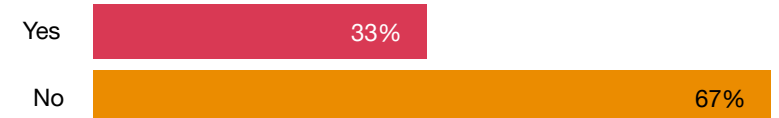
However they see regulatory complexity as the main barrier to further change, while pressures to achieve short-term performance targets mean they are mostly unwilling to accept lower rates of return for climate-related investments.

To what extent, if at all, **are the following factors inhibiting your company's ability to decarbonise its business model?** (Top 3 shown)

■ To a moderate extent
 ■ To a large extent
 ■ To a very large extent



In the last 12 months, when evaluating climate-friendly investments, **has your company accepted rates of return that were lower than for other investments?**



Spotlight on: Deals and partnerships

Companies in Australia are primed for uptick in activity

“The data aligns with our expectations that companies will increasingly seek partnerships and deals as a way to accelerate transformation in the coming year.

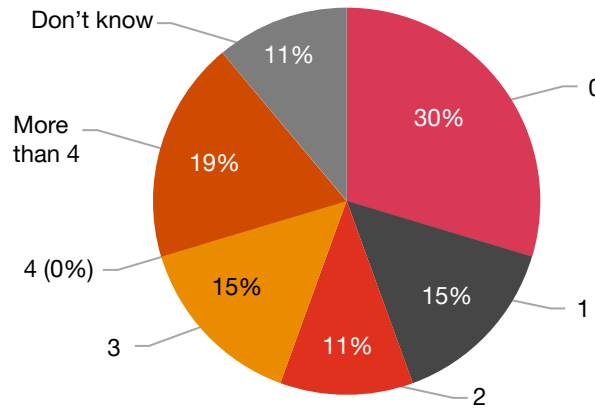
“Australia’s leading companies are proving particularly adept at creating value from partnerships. They’re using business ecosystems and partnerships as a cost-effective, lower-risk means of accessing a range of skills and capabilities, including new digital capabilities, as well as a way to access new markets and customer data.

“Beyond partnerships, we also anticipate an uptick in M&A activity from pent-up demand now that there is more certainty around interest rates and the economic outlook compared to 12 months ago.”

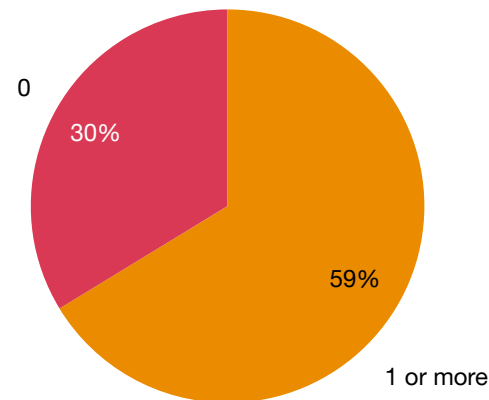
- Glen Hadlow, Deals Lead Partner

Australia’s companies are primed for deals, with one-third planning to make three or more acquisitions in the next three years.

How many **acquisitions** is your company planning to make in the **next three years**?

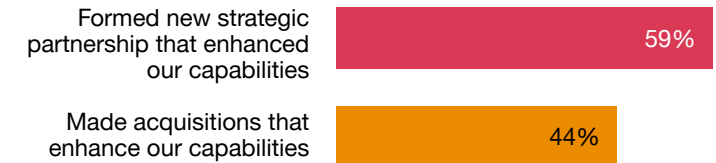


Summary

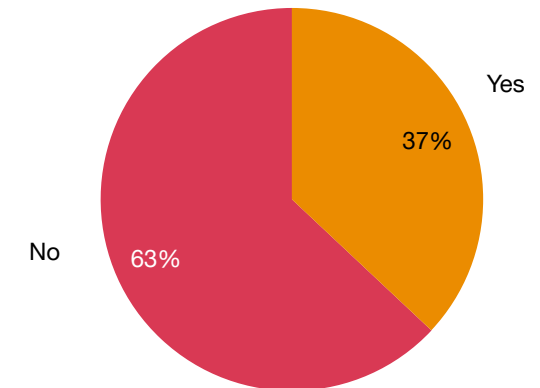


This comes after a quieter period for M&A activity, however, our data suggests that companies in Australia have instead been seeking new sources of value via partnerships.

To what extent have the following actions impacted the way your company **creates, delivers and captures value** over the **last five years**? (Only moderate to very large extent shown)



Has your company made a **major acquisition** (more than 10% of assets) in the **last three years**?



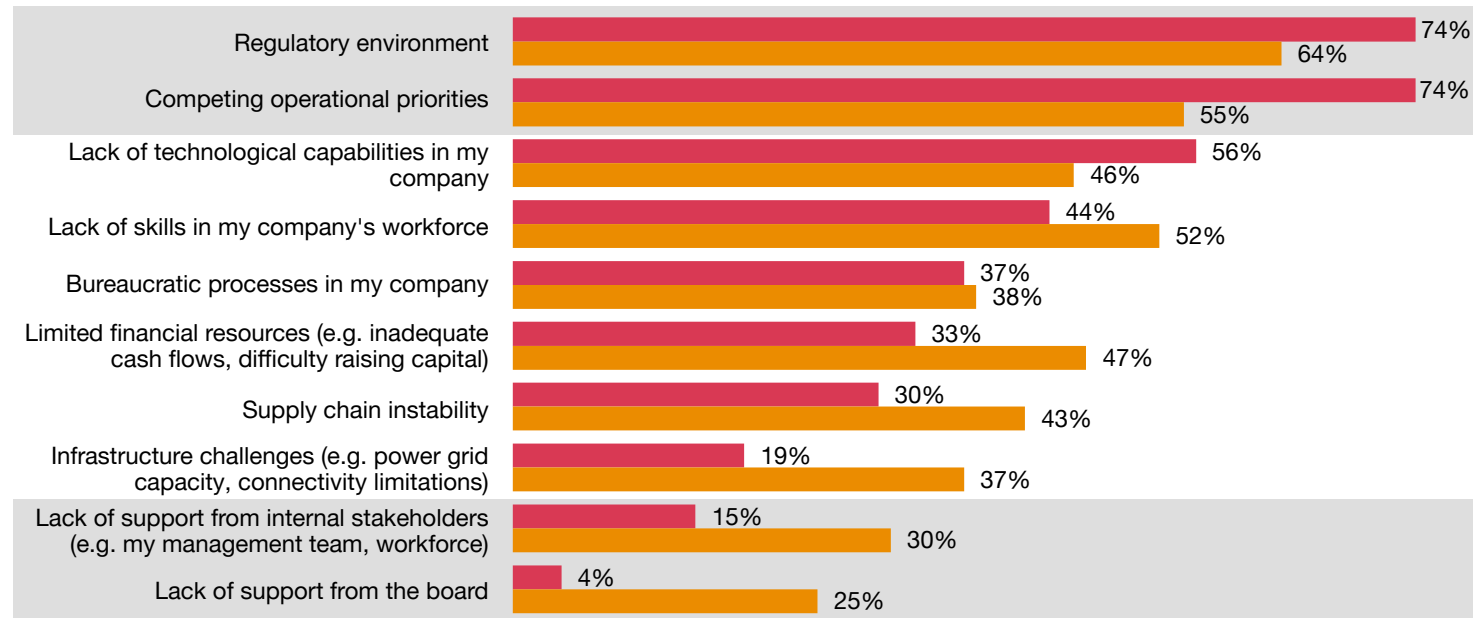
Section two

Barriers to reinvention

Regulation tops list of barriers to business model reinvention in Australia

While regulation tops the list, CEOs in Australia are also more likely to cite 'competing operational priorities' as a major barrier to business model change compared to global peers. On the flip side, CEOs in Australia enjoy greater board buy-in and support from internal stakeholders than CEOs globally.

To what extent, if at all, are the following factors inhibiting your company from changing the way it **creates, delivers and captures value**? (Only moderate to very large extent shown)



Meanwhile, on average, CEOs in Australia suggest that 48% of common administrative processes and tasks are inefficient.

What percentage of time spent in your company on the following activities/processes is inefficient?*

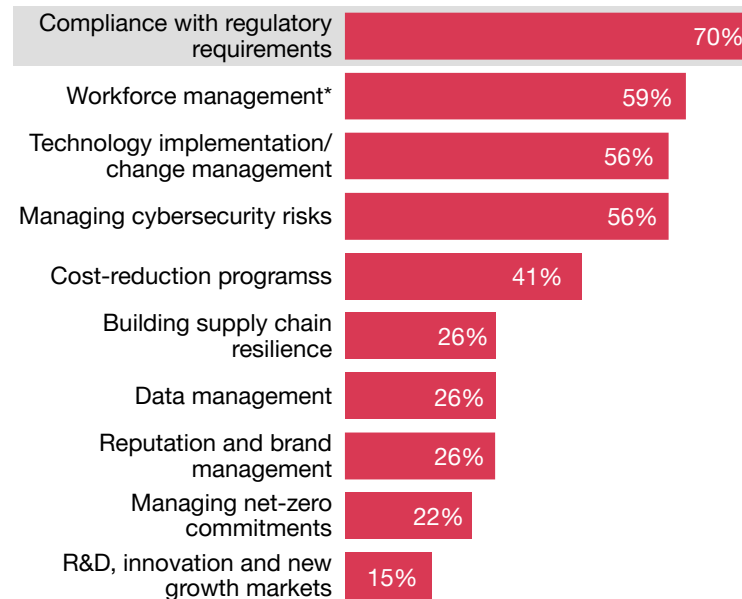


*Question text amended for clarity; bars depict mean values

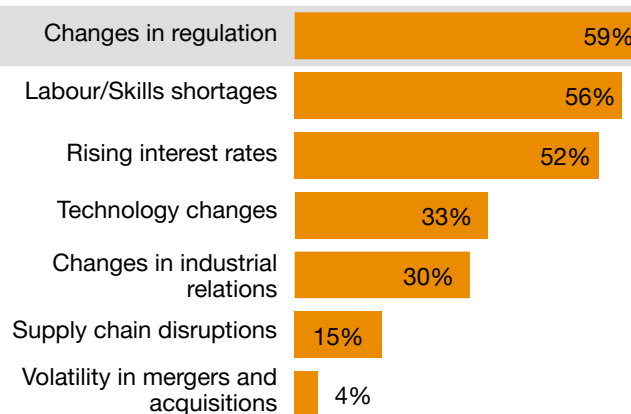
Regulation also tops lists of internal and external business challenges

Regulation is not only seen as the No.1 barrier to business model reinvention by CEOs in Australia, it's also the biggest internal and external business challenge in the next 12 months.

Which **internal factors** do you believe will present the greatest challenges for your company over the **next 12 months**?



Which **external factors** do you believe will present the greatest challenges for your company over the **next 12 months**?



* including upskilling; diversity, equity and inclusion; employee value proposition; hybrid working

“It is not surprising that CEOs perceive regulatory complexity as the biggest challenge to reinvention, given that the consequences of non-compliance have increased dramatically over past years. Additionally, new governments and regulatory bodies are also trying to keep up with the global megatrends by implementing new rules and standards for businesses.

“While regulatory compliance is commonly viewed as a challenge or barrier to corporate change efforts, it can also be viewed as an opportunity for the business to better understand the ultimate objectives of regulatory changes. It allows CEOs to take a holistic view of the suite of controls available to them and ensure that they are delivering across these objectives in the most productive way possible and getting the most from their existing risk functions.

“Often, we observe that a change in regulatory requirements leads to a flurry of technology investment or activity to reinvent risk and compliance functions. To reduce the delivered risk in change projects, companies should have clear transparency on their current compliance requirements and end-to-end risk and controls that can be readily leveraged or overlaid against new regulatory requirements.

“Additionally, the use of AI and regulatory technology solutions should also be considered in response to new regulations, to avoid layering of controls and costs. With more clarity on the tools and resources at their fingertips, CEOs and companies will be nimbler and more productive in their response to changing regulation.”

- **Corinne Best**, Risk & Regulation Lead Partner

Economic volatility and inflation

continue to place pressure on business decisions

CEOs in Australia need to make difficult decisions about business priorities in a local economy where just as many CEOs expect it will decline as those who expect it will improve.

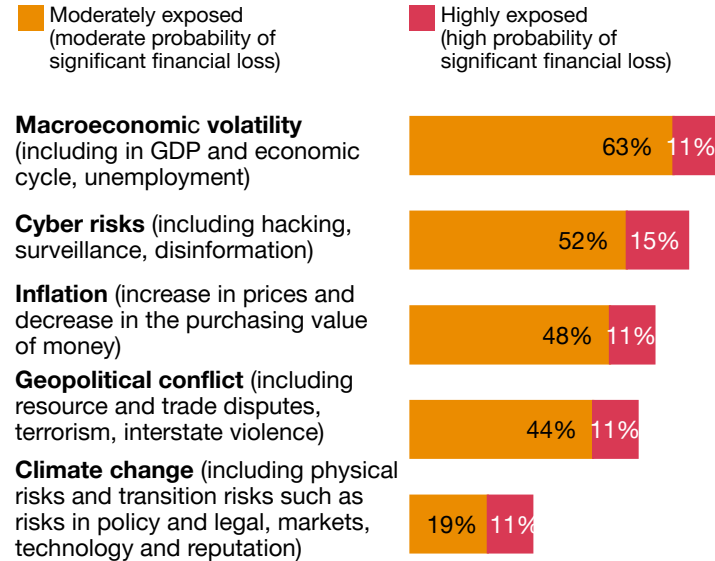
Inflation is still considered a key threat and all of Australia's CEOs surveyed say their business is exposed to it in some way. However, they are feeling more certainty than they did 12 months earlier.

“While official forecasts show declining GDP growth, Australia’s CEOs are more optimistic than they were 12 months earlier. This likely reflects a pull-back in the inflation rate and the view that the interest rate cycle is at or near the peak, with consequent hopes that interest rates will fall and consumer sentiment will pick up.

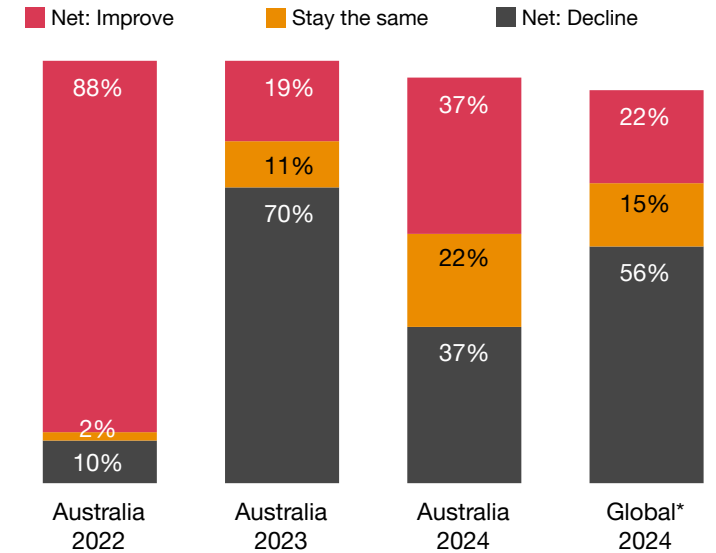
“The expectation of a net decrease in headcount is consistent with official forecasts of higher unemployment. This reflects continuing wages growth and low and patchy economic growth, coming off a historically low unemployment rate.”

- **Jeremy Thorpe**,
Insights & Economics Lead Partner

How exposed do you believe your company will be to the following **key threats** in the **next 12 months**? (Top 5, only moderate and highly exposed shown)



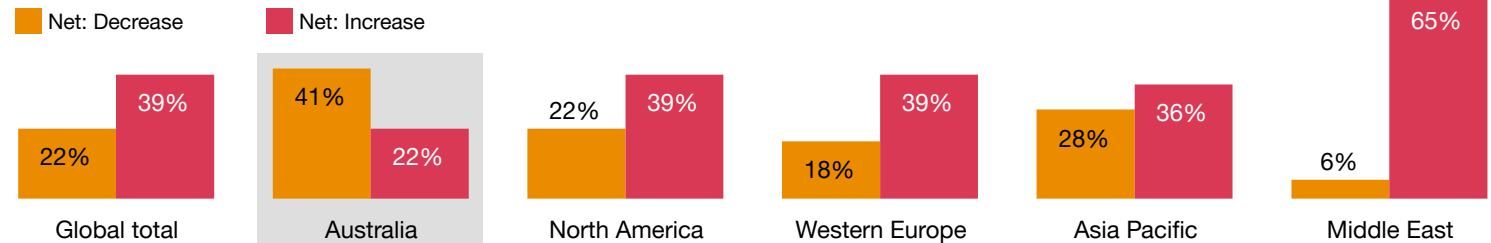
How do you believe **economic growth** (i.e., gross domestic product) will change, if at all, over the **next 12 months**?



* View of global economy by CEOs in Australia

In response, the Australian market is more cautious about headcount than their counterparts across the globe including North America and Western Europe.

To what extent will your company increase or decrease **headcount** in the **next 12 months**?



Section three

Your reinvention playbook



Four actions CEOs can take to accelerate reinvention

1

Recalibrate your time horizon

Think carefully about how long your company can continue to make most of its revenue from the same brand-defining products and services that you've relied upon over the past five years.

Change often happens slowly and then all at once. How quickly can you respond to market changes? Consider, for example, how quickly you can reallocate capital and people.

And do you have a clear vision for reinvention that will help you to mobilise your managers and employees?

Reinvention takes total commitment. Our [Accelerating Performance](#) research shows that top-performing companies are six times more likely to have increased investment in whole-of-business transformation by greater than 30% over the past three years.

An aerial photograph of a winding asphalt road through a dense green forest. The road curves in a large loop. A small white car is visible on the road. The image is overlaid with several decorative geometric shapes: a large white L-shaped graphic with diagonal hatching, a solid orange square, and a solid red square with diagonal hatching in the top right corner.

Four actions CEOs can take to accelerate reinvention

2

Streamline operations to support growth strategies

Many of Australia's CEOs have been focusing inwards on 'cost out' in response to economic pressures, as well as implementing regulatory compliance. Meanwhile, inefficient ways of working are slowing down decision-making processes.

Leading companies use cloud technologies and APIs to streamline their operations and their ways of working, enabling them to adjust more quickly to market opportunities and improve their value to customers.

Meanwhile, our Global Risk Survey found that top performers are also able to take risks intelligently to achieve growth. The top-performing 5% of organisations across all industry sectors are better at aligning their navigation of risk to their business strategy to achieve a greater range of outcomes - including more robust regulatory compliance, enhanced customer trust and identifying new commercial opportunities.

Four actions CEOs can take to accelerate reinvention

3

Accelerate responsibly with generative AI

For many businesses, there is immediate value to be unlocked from generative AI. However, for AI to deliver the most substantial business benefits it needs to be trusted, and often needs to be paired with broader business model and process change.

The organisations that are leading in the application of generative AI are investing upfront in the foundations that are needed for scaling AI, and approaching AI more holistically than a technology change. Instead of searching for technology use cases, they are using generative AI as an opportunity for business-led transformation, targeting strategically important problems for the company, and applying generative AI as one part of the end-to-end solution.

Align your generative AI priorities to your business objectives, encourage safe experimentation and demonstrate small-scale success to build momentum and experience.





Four actions CEOs can take to accelerate reinvention

4

Shift from value creation to value sharing

This is the decade for action for addressing climate risks and accelerating the energy transition.

As companies take necessary measures as part of their ESG and sustainability strategies, they can and should do more than meet their regulatory requirements or even what stakeholders expect of them - they can also use these strategies to drive business growth and create new sources of value.

Top-performing companies are thinking even more broadly, creating partnerships in ecosystems to share value as they collaborate to improve their sustainability.

Our [Accelerating Performance](#) research shows that top-performing companies in Australia are more likely than their global peers to participate in ecosystems to gain access to value through new data, insights, customers, and markets - but are less likely to expect that a large proportion of future revenues will come from the value pools emerging around society's biggest problems.

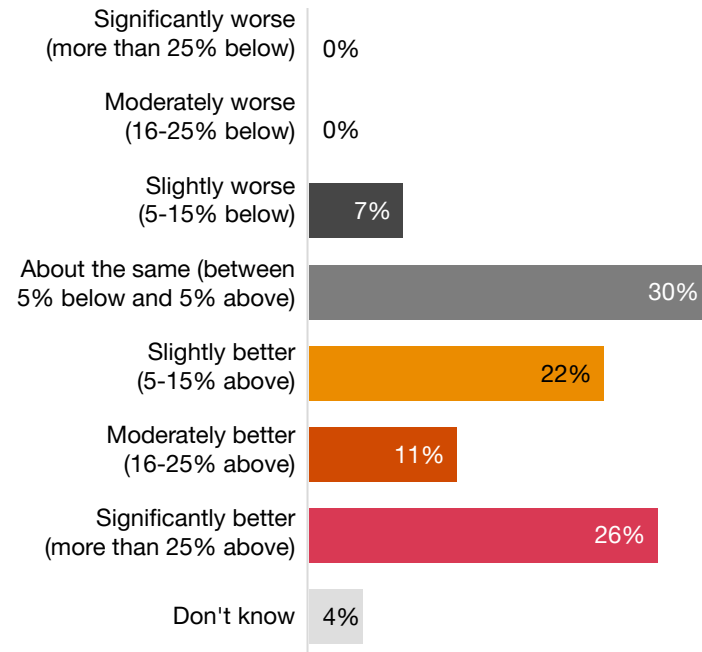
About the survey: Australian sample

All data shown in this report is derived from the Australian sample, unless specified otherwise.

PwC's 27th Annual Global Survey took place in October 2023, receiving more than 4,700 responses from 105 countries and territories, including 27 CEOs from among Australia's biggest companies representing the following sectors: financial services; private equity; energy, utilities and resources; retail and consumer; telecommunications, media and technology; health and education; industrial manufacturing and automotive.

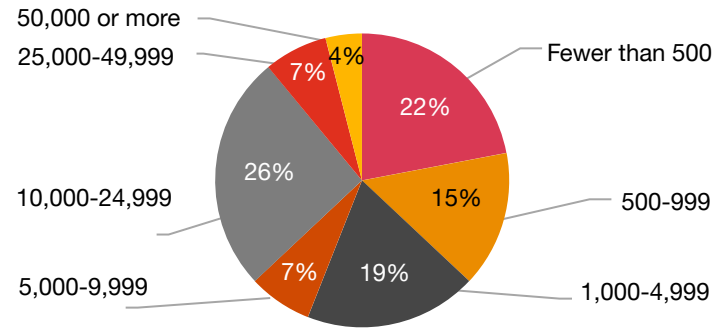
Company performance

During the most recently completed fiscal year, how did your company's profitability compare to your industry average?

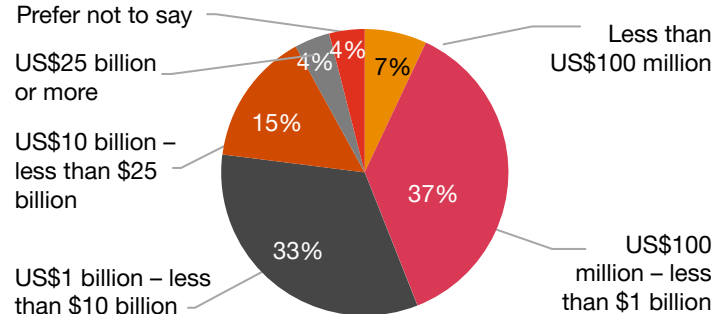


Company size

How many employees does your company have?

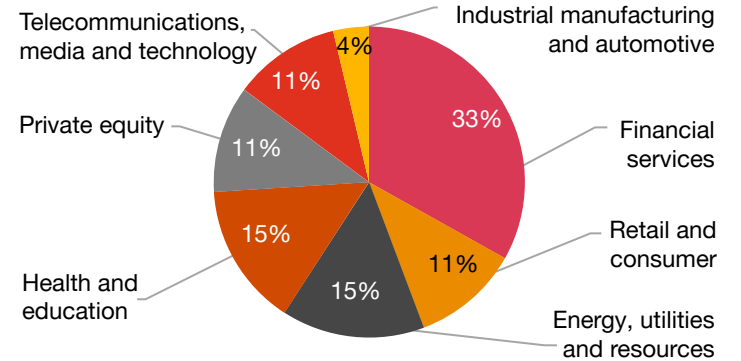


What was your company's revenue (in US dollars) in the most recently completed fiscal year?

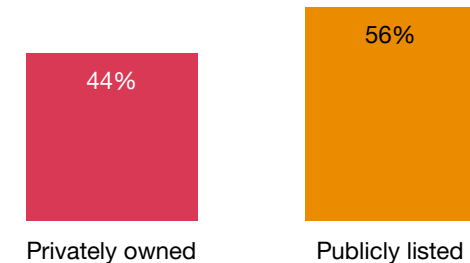


Company type

Industry representation



Is your company privately owned or publicly listed?



Contact us

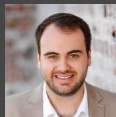
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Note: Not all percentages in charts add up to 100%—a result of rounding percentages, multi selection answer options may exclude the display of certain responses, including 'other,' 'none of the above' and 'don't know.' The research was undertaken by [PwC Research](#), our global centre of excellence for primary research and evidence-based consulting services.

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