

2015 Global Digital IQ Survey

Investing in digital technology for innovation and growth

Australia

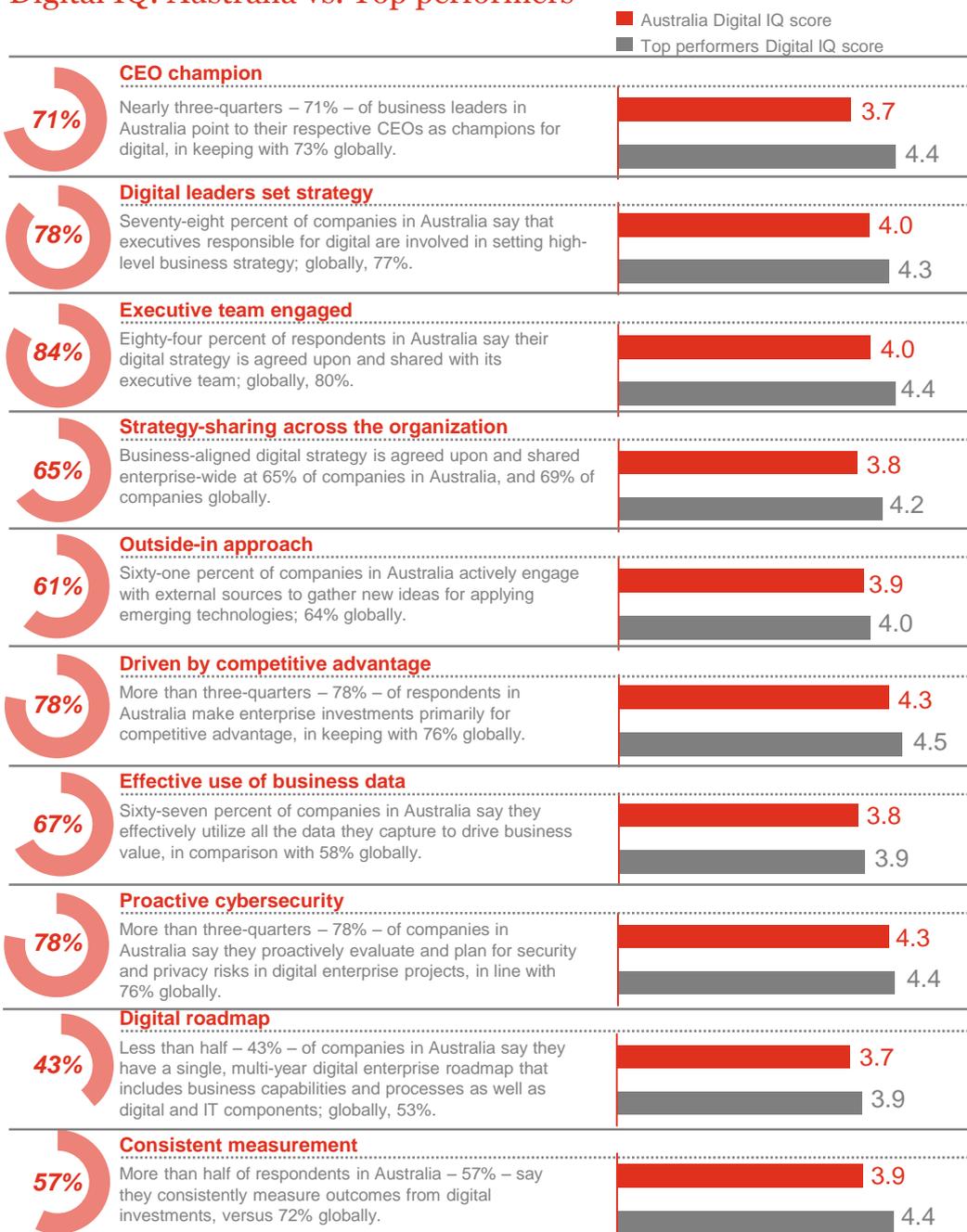
Companies in Australia are relatively less confident than other companies globally regarding their embrace of digital technology and how they're driving digital throughout the enterprise. In Australia, 63% of companies say that digital refers to all technology-related innovation activities (globally, 53%) when asked to choose the two most-apt definitions. More than half (55%) say that digital refers to all customer facing technology activities (globally, 36%), and 31% say that digital is synonymous with IT (globally, 37%). But only 29% of respondents believe that digital refers to all the investments being made to integrate

technology into all parts of their business (globally, 41%).

Our analysis of insights from nearly 2,000 business and IT executives globally reveals that revenue growth is the number-one priority for digital investments. Executives in Australia agree – 43% say so. They're also in agreement with expecting digital investments to create better customer experiences (22%) and increase profits (16%). In order to meet these goals, companies in Australia are spending moderately: 24% are allocating more than 15% of revenue to digital investments.

As we do each year, our analysis sought to answer the question: What actions can leaders take to ensure their digital investments deliver and sustain value? Today's digital enterprise spans many dimensions, and we analysed more than two dozen factors, covering strategy, innovation and execution. Ultimately, we isolated the 10 attributes that correlate with stronger financial performance; this is what comprises our Digital IQ score. Companies with high Digital IQs (those in the top quartile) were twice as likely to achieve rapid revenue growth and profit growth as the laggards in our study. Here's how Australia scores on each of the ten Digital IQ attributes:

Digital IQ: Australia vs. Top performers



Reading the digital signs in Australia

Where they're investing

Business leaders in Australia are focusing their digital spend on IT and marketing and less in these areas: customer service (10%), operations (8%), and enterprise functions like HR (7%).



IT

32% globally
34% in Australia



Marketing

27% globally
30% in Australia



Sales

12% globally
11% in Australia

Who's leading digital

In Australia 57% of respondents say that their CEOs are ultimately responsible for digital enterprise investments, compared with just 34% globally. When it comes to the CIO's role, only 35% of respondents say that the key responsibility is to lead all digital efforts, including innovation and market facing initiatives. Globally, 40% say that this holds true for their organisation. Instead, 45% say that the CIO's role is to lead internal IT efforts only, and in three years, that number grows to 55%.

Where they look for innovation

In Australia, 69% of executives look to industry analysts as sources for applying emerging technologies in new ways to solve business problems (globally, 63%) and only 37% are actively engaged across the vendor ecosystem (globally, 38%). Companies in Australia, too, could extract even greater value from digital through better connections externally. More than half – 59% – of companies in Australia say they make use of customer advisory surveys (globally, 52%). But only 14% of leaders in Australia say they network with other companies, as opposed to 23% globally.

Skills they value

Companies in Australia see user experience and human-centered design as most important to their business – 76% – and 69% see their skills in this area as developed. Three-quarters of respondents from Australia give equal importance to three other skills areas: data analytics (69% see their skills as developed), creative strategy and design (55% see their skills as developed), and evaluating emerging technology (63% see their skills as developed).

Barriers they see

Eight out of 10 respondents in Australia point to outdated technologies as an obstacle to achieving the desired results from digital enterprise initiatives; globally, 67% point to this issue as an obstacle. Nearly as many respondents – 78% – say that integration of new technologies and data is an obstacle, as opposed to 73% globally. And 69% of respondents in Australia view lack of properly skilled teams as an obstacle, in line with the 70% globally who point to the same issue.

Local take on the results

Australia lacks the burning platform to drive digital innovation here as fiercely as elsewhere and this continues to be reflected in this year's Digital IQ results. Without substantial competition, we lag on disruption. We occupy a fairly unique position globally: the market here isn't as big as the UK or the US; our industries are generally protected by higher levels of regulation and legislation; and so on.

According to the 2015 survey, the business priorities for digital investment align with those of our global peers – so where are Australian leaders going wrong? Our survey shows a greater propensity to blame outdated technology for failed digital initiatives, to funnel the greatest proportion of digital budgets

into IT, or to define 'digital' solely in the context of technology-related innovation, which is something we also see reflected in our clients' approaches.

A truly 'digital' business is one that focuses on wider issues of disruption, engagement, digitisation and trust. Technology should be viewed as a means of enabling this. Real transformation is about holistic business change and leadership buy-in, attributes that emerged from the survey's most successful companies. We predict that as Australian businesses begin to adopt more of these Digital IQ attributes, they can expect to see stronger financial returns on their digital investments.

About Digital IQ™

We've been conducting our Digital IQ research since 2007, and this year marks our seventh annual survey of business and IT executives globally. This year's survey was conducted July through September 2015 and included 1,988 respondents from 51 countries. Responses were aggregated into 7 regions and 10 industries. In Australia, we surveyed 51 IT and business leaders.

Our Digital IQ score is a tool for quantifying and benchmarking the Digital IQ of firms in a consistent way. The score is built on the ten attributes of the survey that proved to be most closely correlated with company performance. The overall Digital IQ score is a weighted and normalized sum of the attribute scores. Our analysis shows that those firms with a higher Digital IQ score are more likely to enjoy faster revenue growth and wider profit margins.

Contact

John Riccio

Partner, Digital Services Leader
T: +61 (3) 8603 4968
E: john.riccio@pwc.com