



Where next for accelerated digitalisation and data reliance?

How digitalisation can help reboot Australia

September 2020

Australia's canter towards digital transformation has become a gallop – and just in the nick of time.

Figures published before COVID-19 suggested that if the forthcoming wave of digital technologies were fully adopted, this could give the economy a \$140 billion boost by 2025. But the Government's *Future Productivity* report found many industries were lagging, and consequently failing to transform cost structures and build new business models, services and methods of production. Fast-forward to the economic and health crisis of 2020, and Australia can no longer afford to wait. PwC's new modelling shows digitalisation is desperately needed – at scale – to help heal the nation's financial wounds. The pandemic has spurred many organisations into action, which is encouraging to see. As one of our clients put it recently: "The digital transformation we had planned for the next 10 years will be executed in 10 months."

Rapid digitalisation has changed consumer expectations forever. From telecommuting as the new normal, to online service delivery for medical care, Australians now want – in fact, expect – digital solutions. In particular, consumers demand a reinvented customer purchase journey. PwC's *Global Consumer Insights Survey 2020* found that, prior to COVID-19, only 9% of surveyed consumers shopped for groceries exclusively online. Once COVID-19 hit, this number skyrocketed with 63% buying more groceries online/by phone than before social distancing; and 85% are likely to continue to shop for groceries online/by phone when social distancing measures are removed.

There have also been changes to expectations around bandwidth. Previously, a reasonable metric for assessing your organisation's readiness to scale was the capacity to handle two or three times its average load. Now, the digital rule books have been rewritten. For example, pre-pandemic the Federal Government's myGov website had capacity for approximately 6,000 users to log on at once; this was upgraded to 55,000 for the launch of the JobKeeper payment scheme but demand surged way past what was expected and, when 95,000+ people tried to access the site in the same 24-hour period, myGov crashed.¹ Old assumptions around load and scalability no longer cut it.

The pandemic has spurred many more organisations into action, which is encouraging to see. As one of our clients put it recently: "The digital transformation we had planned for the next 10 years will be executed in 10 months."



¹ <https://www.theguardian.com/australia-news/2020/mar/23/incompetence-attack-mygov-website-did-not-crash-because-of-ddos-cyber-assault-as-stuart-robert-claimed>

Digital-first, finally

The pandemic has fast-tracked the digital-first approach in Australia. This is all about using technology to *enhance* human interactions, not replace them.

A digital-first approach was always necessary and inevitable, but legacy tech environments had slowed many organisations down. Almost overnight, COVID-19 created a burning platform for organisations to prioritise and accelerate.

At PwC Australia, we believe in digital engagement to enrich connectivity and that means getting the customer experience right.

To zero in on what a customer or citizen wants – on those things that truly add value for the customer – organisations need to adopt a digital mindset. A digital mindset involves:

- Focusing on customer value and delivering it with innovative methods in a rapid way.
- Fostering a “test and learn” culture, where innovation is encouraged and perfection doesn’t get in the way of progress.
- Actively seeking inclusivity and diversity in the organisation, especially among leadership and the board.
- Developing a leadership style based on employee empowerment.
- Ensuring that cybersecurity vigilance pervades every part of the organisation.
- Using the very best digital and tech platforms, tools and practices.

A digital-first approach can achieve huge results for revenue generation. Our [Global Consumer Insights Survey](#) (2019) found that companies that deliver superior customer experiences are able to charge a premium of as much as 16% for their products and services.

At the same time, a digital-first approach can boost productivity, eliminate waste and reduce unnecessary costs. Cost reduction is not the primary aim (it’s all about customer experience) but it’s an important by-product. For example, our [Connected and Autonomous Supply Chain Ecosystems 2025](#) report found that organisations that developed digital capabilities to transform their linear supply chains into ecosystems achieved savings of 6.8% annually in supply chain costs.



Nationally, Australia must undergo a digital transformation, too.

In fact, so crucial is digitalisation to the nation’s economic recovery that we identified it as one of the key forces of change that will shape Australia’s future. Our [Australia Rebooted](#) series looks at how to reset Australia’s economy post-COVID-19 and models two scenarios – Fortress Australia and Enterprise Australia – which show the different directions Australia’s economic and business recovery could take. Fortress Australia is characterised by nation-first decisions and higher levels of government intervention in industry. Enterprise Australia, on the other hand, sees smarter regulation and digitalisation enable private industry to grow Australia out of the crisis.

Nine forces of change that will shape Australia's future

PwC Australia has identified nine forces that will shape the nation over the coming years. How all nine forces manifest – the nature, scale and scope of each force – is in large part a function of the choices that governments, businesses and individuals make over the coming months and years. The nine forces of change are: government involvement; debt and capital; digitalisation; consumption behaviour; productive, flexible and distributed working; resilient supply chains; industry consolidation; tax reform; and migration.

Digitalisation is not only one of the nine forces; it also underpins the success of the other eight forces. Moreover, it's indistinguishable from the other forces. Digitalisation is not a silo. It's omnipresent and omnichannel. It's an experience and an ecosystem. Digital transformation is a way of thinking that involves moving beyond technical implementation in order to solve problems via a truly seamless digital experience. It means going all-in on digital, and it can drive and enable the reboot that Australia needs.

The path to Australia's digital transformation

How, then, does Australia undergo a digital transformation? We advocate four interconnected elements:

1. **Digital mindset, digital culture: creating a complete digital experience**
2. **Technical implementation that simply works**
3. **"Secure and compliant by design" cybersecurity**
4. **Data reliance**

1 Digital mindset, digital culture: Creating a complete digital experience

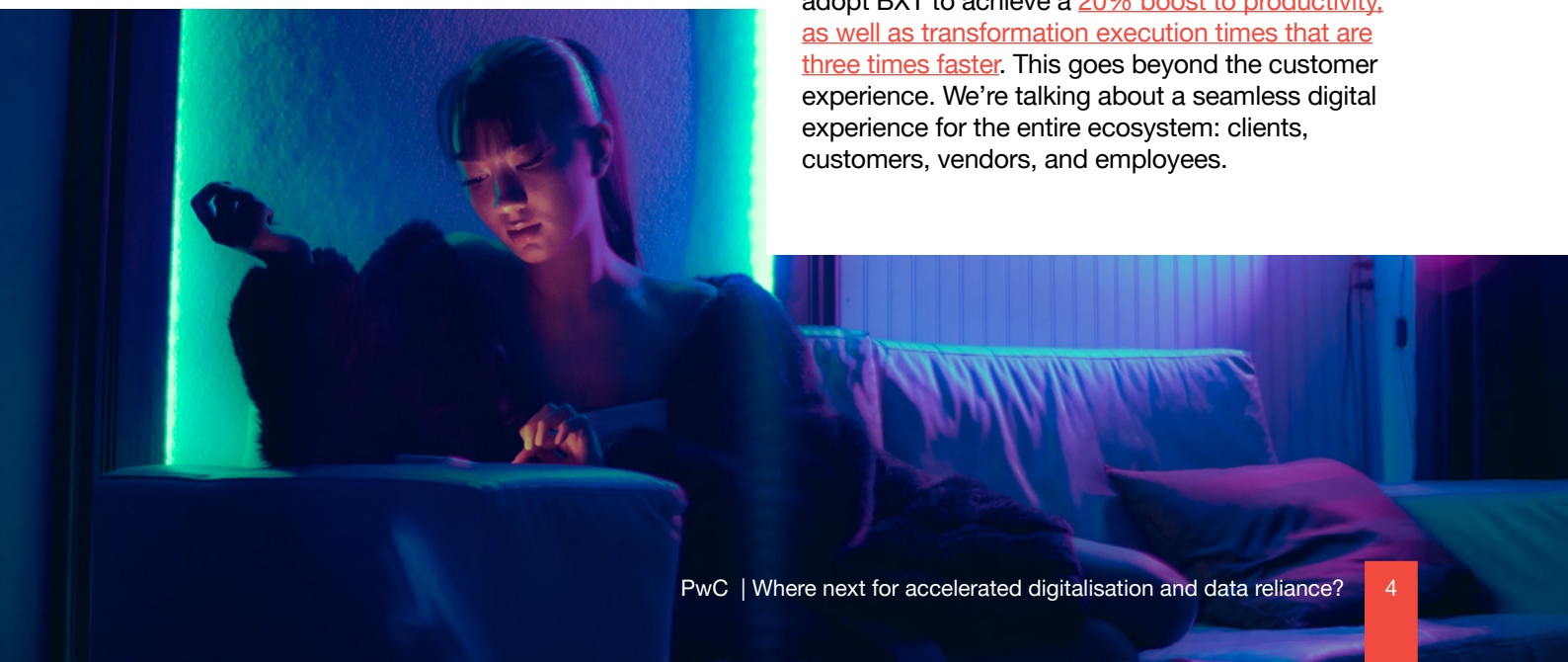
Now more than ever, we find ourselves helping clients harness the power of technology to solve their biggest problems in smarter, digitally-savvy ways. The greatest success stories combine digital and tech practices with a culture focused on design, value and agility. This is because the traditional approach of delivering technology on its own is outdated and, frankly, outclassed, and clients are demanding pace and agility when delivering integrated results. For instance PwC Australia, along with Salesforce and Google, has launched [Project Spirit](#) in rapid response to the COVID-19 crisis. This is a free online marketplace for businesses to connect and find new ways of working in the COVID-19 era. It's a nimble innovation that offers customer value via digital connection.

Agility is vital. It's also important to remember that "big bang" approaches to transformation don't always work. Many organisations need to deliver value incrementally and consistently, and this value should be underpinned by strong design and software, plus data engineering practices.

Moreover, transformation needs to be embedded in the core business, and not an add-on to the organisation. Change needs to be strategic. It must live up to the values and aims of the organisation and, for that reason, instilling a digital mindset and creating a digital culture are critical. This applies to everyone from subject matter experts through to executive teams and to the highest levels of government. The latter doesn't involve simply throwing money at existing infrastructure; it means investing in a public sector agile digital mindset.

In our work, we've observed the need for a new approach to digitalisation – one that accounts for scale, depth and rigorous technology delivery. This approach should systematically bring business, human centred design and organisational culture together to realise the potential of the technology itself. With our help, a number of iconic Australian businesses have successfully shifted to new operating models that embed technology skills within business teams – effectively blurring the lines between business, digital and technology forever.

As part of this new approach, organisations should fundamentally rethink what's needed from a business, experience and technology perspective. At PwC, we call this [BXT](#) and it involves uniting fragmented viewpoints in an organisation so that everyone is focused on a single purpose and solution. What's more, it works. We've helped clients adopt BXT to achieve a [20% boost to productivity, as well as transformation execution times that are three times faster](#). This goes beyond the customer experience. We're talking about a seamless digital experience for the entire ecosystem: clients, customers, vendors, and employees.





Multidisciplinary teams are also needed in order to get maximum value from investments. Digital must become part of the DNA of the entire organisation, rather than being the remit of a separate team. Embed digital at every level, and in every part of the business so your organisation can apply multiple lenses and solve problems with agility. To truly create a digital culture, organisations should entrench tech from the top. COVID-19 has forced Australia to adopt new ways of working, such as complex strategy meetings via video chat, virtual conferences and online team meetings. Business needs to capitalise on this momentum and cement the productivity gains made during the pandemic period, in order to create flexible and distributed working solutions that are sustainable.

At a national level, Australia must foster a culture of enterprise and innovation but this will require upskilling. The degree to which business leaders stand to benefit from this rapid transformation will, in large part, depend on the skills of the workforce and on the ability of organisations to adapt to the digital world. The pandemic has made Australia's skills challenge more complex and more urgent. PwC's recent report, [Where Next for Skills?](#), urges CEOs to take control of their upskilling agenda and digitise traditional learning pathways. Government has the opportunity to encourage tech talent to Australia via skilled migration. The COVID-19 international border shutdown provides an opportunity to refocus the visa system, and to more acutely support skills development. At the same time, many tasks that were previously offshored by Australian organisations are being bought back onshore and there is a need to go through a process of digitising and streamlining these tasks, then leveraging technology in order to create new, high-value jobs for Australians. There is a chance here to stimulate jobs in rural and regional areas, and for indigenous Australians.

2 Technical implementation that simply works

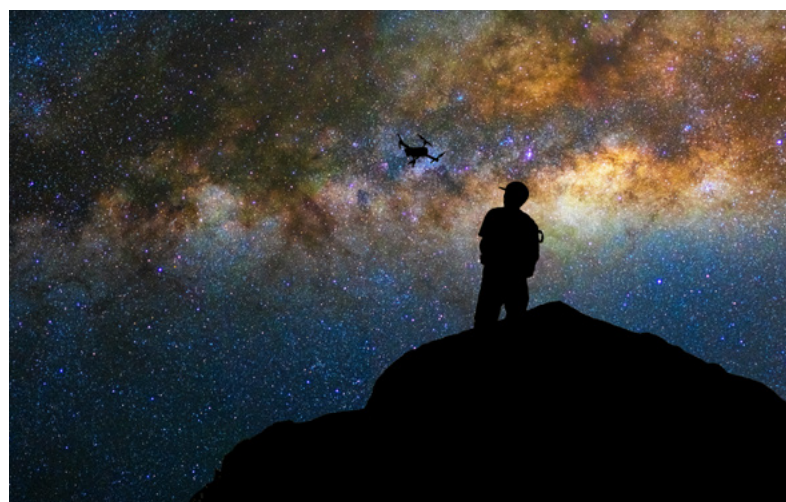
Any digital transformation requires technology to embed new solutions and that underlying technology must *work*. By “work”, we mean the tech must be seamless in its application, as well as flexible and scalable. It must underpin the customer and employee experience.

Digital is no longer just about tech; it's about what that technology can enable. It involves new ways of solving problems, as well as creating new experiences and accelerating business performance.

Importantly, the tech does *not* necessarily come first. All solutions should be digital-first, driven by customer experience. This means shifting the focus from tech-led to top-down solutions that are defined by the customer experience, and then delivered using scalable, flexible technology. This is how to achieve uplift.

For instance, appropriately architected cloud-based solutions will give organisations the ability to hyperscale rapidly, allowing them to maximise capabilities. Cloud computing also comes with benefits like faster processing speeds, better network connections, elastic data capacity, and out-of-the-box functionality. Not to mention the fact it's robust, resilient and repeatable.

At the same time, 5G mobile network technology is taking off. And, as PwC and the World Economic Forum report in our [5G Outlook Series](#), 5G technology has game-changing capabilities for a country as (geographically) large as Australia. Capabilities such as enabling real-time, zero-latency remote procedures like telemedicine and remote patient monitoring. Using 5G also brings connectivity benefits including faster connections, greater capacity, reduced upload times, and improved power efficiency.





3 “Secure and compliant by design” cybersecurity

If digital-first solutions should be there from the outset, so too should cybersecurity. All digital solutions should be “secure and compliant by design” and this security and regulatory compliance should be part of the design architecture. That is: it should be built in from the very beginning and, where digital transformation is already in progress, it should be carefully revisited. Crucially, this requires infrastructure owners and senior leaders to accept material responsibility and to be accountable for the execution.

Accelerated cloud adoption will be a feature of post-pandemic Australia and will require a different approach to the way cybersecurity is managed. While cloud-based services companies often have the native scale and resilience to take some level of responsibility for securing infrastructure “under the covers” it is still the responsibility of the customer to protect their data, including how it is sent and received. This shifts the focus from just traditional perimeter security, to an emphasis on securing access to these cloud-based services as well as encrypting the data transmitted and stored.

It is also important to recognise that cybersecurity is not just a technology issue, and that a strong security culture is needed to embed the right behaviours across the workforce and value chain – from the users and [suppliers](#) through to the system administrators. Many successful cyber attacks start with targeting individuals through social engineering or phishing attempts, as a means to gain access to sensitive data and/or disrupt critical systems for monetary gain. (Global cybercrime damages are predicted to reach a staggering [US\\$6 trillion by 2021](#).)

For this reason, organisations should reassess their approach, asking themselves: can we make changes to the way we work to enhance our cybersecurity? For instance, getting your staff and customers to use a second form of authentication (such as a fingerprint scan) to prove their identity when accessing sensitive data, or by using “multi-factor authentication”.

The Australian Federal Government also recognises the need to carefully consider cybersecurity with the creation of [Australia’s Cyber Security Strategy 2020](#), committing to investing \$1.67 billion over ten years to create a more secure online world and assist organisations in preparing themselves against future cyber attacks.



4 Data reliance

A large part of digital transformation involves harnessing data. Data-driven insights can add much to organisational value. For instance, data and real-time analytics can reduce ambiguity in the transformation process, reduce waste and ensure better results. Our client work has found that investing in data platforms and capabilities, as well as in a 360-degree view of the customer, across all channels and interactions, [is well worth the money](#).

How organisations choose to harness data will vary according to the strategic priorities of the business. However, we have identified three key universal pillars when it comes to unlocking the true potential of data. These pillars are: growth, efficiency and risk.

Those organisations focused on growth, for instance, can leverage data to unearth new value. By fostering a data-driven culture, organisations can build and support the right mix of data capabilities to support innovation, leading to the delivery of new products and experiences for customers. In this way, data enables organisations to achieve their corporate goals and growth targets.

At the same time, those organisations facing pressure over their cost base can use data to optimise efficiencies and reduce costs. Processes and transactions can be automated and streamlined using data. Plus, data can also be used to leverage highly scalable cost efficient technologies, and to realise the benefits of technology investments.

Then, when it comes to risk, data should be managed as an asset with modern data governance and management practices. In this way, organisations can better meet their regulatory obligations and respond to new requirements. Effective risk management of data also allows organisations to make more informed decisions, and to protect their reputation in the marketplace by meeting customer expectations around the handling of data.

Customers are becoming increasingly sophisticated and risk-averse when it comes to their data. From the outset, organisations need to establish digital trust with their customers – and then back this up on an ongoing basis by demonstrating continued vigilance and high ethical standards. If digital trust cannot be earned and retained, it will be a barrier to digital transformation and, ultimately, the company's bottom line.

Regardless of how it's harnessed, data is central to organisational success. [PwC's 22nd CEO Survey](#) (2019), for instance, showed that almost all local CEOs (95%) believed that their organisations' long-term success and durability would rest upon better use of customer and client data, yet only 7% believe their customer data is comprehensive.

Ready to transform at speed

Those four interconnected elements of successful digital transformations will help steer organisations as they accelerate towards new business models, services and methods of production. Collectively, this can help reboot Australia.



Contact us to find out more

During these challenging times, we can share data and insights to stress test your scenario planning and inform your strategic decision-making. Our purpose is to build trust in society and solve important problems. Get in touch to find out more.



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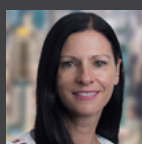
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