

# Global Digital Transformation Survey Report

AUSTRALIA



## Digital Transformation Delivering Business Outcomes

shaping tomorrow with you



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## Introduction: Australia

This report contains analysis of the Australian data from the 2017 Fujitsu Global Digital Transformation Survey. The research was conducted to find out more about how business leaders are responding to digital transformation challenges, and to identify what initiatives they are undertaking in the area. We received 1,614 responses from business leaders across 15 countries, including 106 from Australia.

Digital technologies such as the Internet of Things (IoT) and Artificial Intelligence (AI) are being embedded into core value-generation processes in business and society, transforming people's work and daily lives and generating innovation. This is digital transformation. Business leaders around the world are becoming aware of the power of digital transformation, and taking action to realise its huge potential.

Today, digital technologies are moving into the heart of everything we do, changing the way businesses and people work, how they live and how they innovate. In the new digital society, digital transformation and digital co-creation become business norms. Digital co-creation means blending your business expertise and digital technology, and creating new value – together with ecosystem partners and customers – to shape a better future.

Digital transformation initiatives usually start from the testing phase, then a Proof of Concept (PoC) and a Proof of Business (PoB) phase, and then shift to the implementation phase. But new technology alone is not sufficient for digital transformation. New talents, and people who have different skills and innovative ways of doing things, are required. Leadership, agility and co-creation with partners are very important elements.

The theme of the Global Digital Transformation Survey is aligned with the story of the Fujitsu Technology and Service Vision, which sets out our vision and insights into how business leaders can leverage digital transformation in business and society, enabling and creating a better future.

The Fujitsu Technology and Service Vision can be downloaded from the following link:

URL: <http://www.fujitsu.com/global/vision/>



## Key findings

- Marketing is the top cross-functional area for digital transformation in Australian organisations, with 42.5% of organisations reporting projects in that area. Logistics, finance and manufacturing are the major areas of digital transformation in specific functional areas.
- The most positive outcome of digital transformation is a stronger relationship with customers, with half (50.8%) of Australian respondents reporting this as the most positive outcome. Many organisations also report increased revenues (49.2%) and strengthened competitiveness (36.5%).
- Key factors in delivering digital transformation are talented staff with the right skills (reported by 31.7% of Australian respondents), and strong leadership (22.0%). The biggest inhibitors are lack of agility (reported by 17.3% of Australian respondents) and lack of leadership (16.3%).
- Nearly one quarter (23.6%) of Australian business leaders say it is important to have a strong technology partner to achieve digital transformation. The technology partners need to be aligned with the organisation's vision and strategy (reported by 21.7% of respondents), and have a strong technological capability (17.9%).
- More than three quarters (76.4%) of Australian business leaders believe that artificial intelligence (AI) represents an opportunity, rather than a threat. Even more (79.3%) believe that AI will enhance people's capabilities in the future, but 61.4% believe that jobs may be displaced.
- Australian business leaders believe that professional knowledge of digital technology and of specific business functions are the most important capabilities needed in the digital era (reported by 18.9% of respondents). But they also believe that the liberal arts (17.0%) and creativity and imagination (10.4%) are important, indicating a strong perception that a balance of skills is needed to drive digital transformation.

## What is the focus of digital transformation?

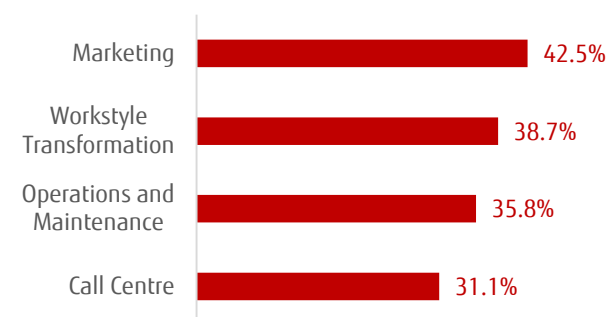
Digital transformation is undertaken in many functional areas. The survey asked Australian business leaders about the extent to which it has been implemented in four key business cross-functional areas common to most organisations. These are marketing, work style transformation, operations and maintenance, and call centres.

Of these activities, digital transformation is most likely to be taking place in marketing – projects are underway or have been implemented in 42.5% of Australian organisations. Work style transformation (38.7%), operations and maintenance (35.8%), and call centre (31.1%) are also areas in which a significant amount of digital transformation is taking place (note the numbers add up to more than 100% because respondents could include up to three functional areas).

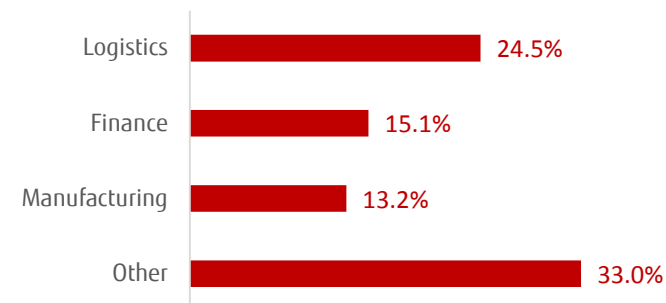
The survey also asked about the status of digital transformation in a range of specific functional areas: logistics, finance, manufacturing, and many other areas. These need not be undertaken in those industries – e.g., a finance digital transformation project could take place in most industry sectors.

One quarter (24.5%) of all respondents have implemented or are implementing digital transformation projects in the logistics function, followed by finance (15.1%) and manufacturing (13.2%). One third (33.0%) have implemented other digital transformation projects, in a range of functional market areas.

### What is the focus of your digital transformation? (cross-functional)



### What is the focus of your digital transformation? (specific functions)



## How advanced are organisations on their digital journey?

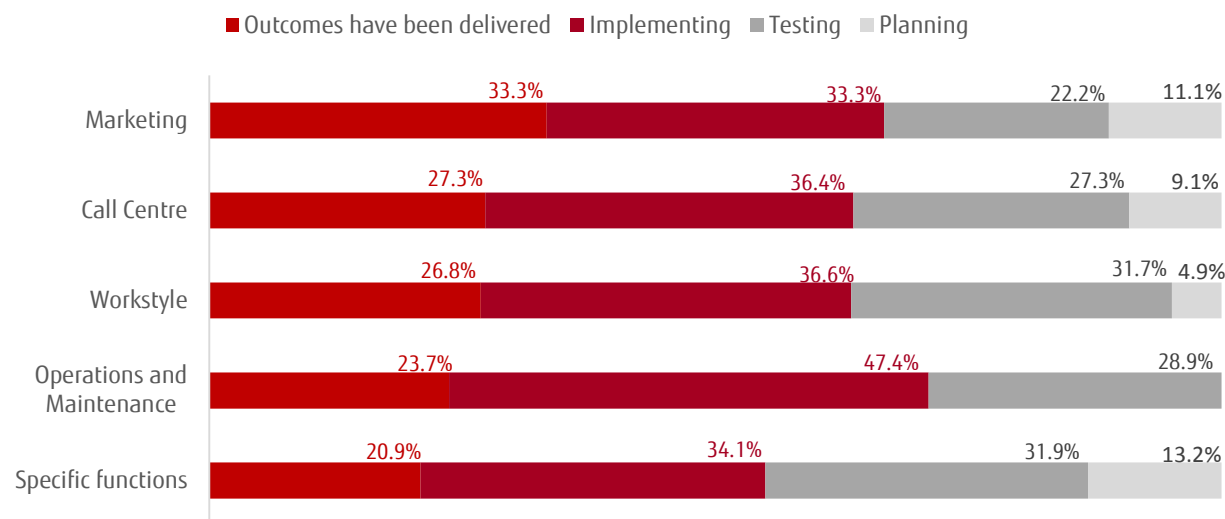
The highest level of delivered digital transformation outcomes in Australia is in marketing (33.3%), followed by call centre (27.3%), workstyle transformation (26.8%) and operations and maintenance (23.7%)

Specific functional applications are the least likely to have delivered outcomes (20.9%) and are the most likely to be in the planning (13.2%) and testing (31.9%) phase.

(Note that this chart aggregates the specific functional areas on the previous chart).

The results indicate that digital transformation is relatively advanced amongst Australian organisations. The great majority of projects are in the process of being implemented or have delivered on their outcomes, with relatively few in the planning or testing phase.

### Which best describes the progress of the digital transformation?



## What are the benefits of digital transformation? (Australia vs global)

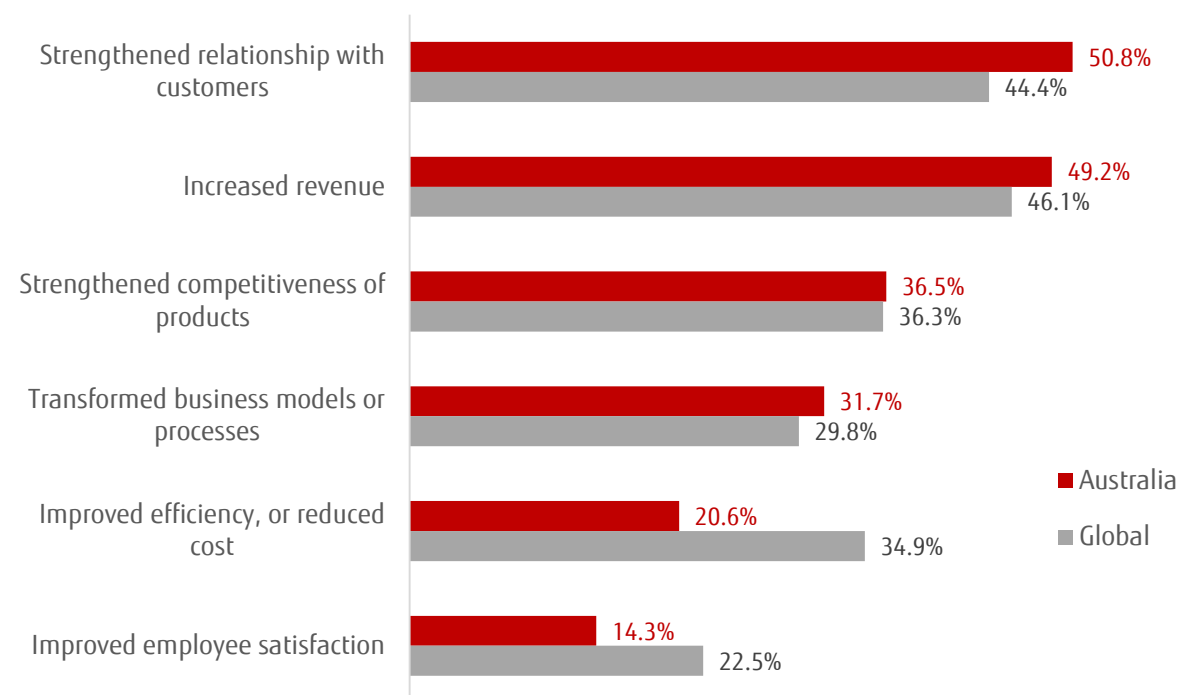
The survey asked Australian business leaders what kind of outcomes have been delivered through their digital transformation projects. Half (50.8%) say that the greatest benefit of digital transformation has been a stronger relationship with their customers.

Almost as many (49.2%) say it has increased revenue. These were followed by increased strength and competitiveness of products (36.5%), the transformation of business models or processes (31.7%), improved efficiencies or reduced costs (20.5%), and improved employee satisfaction (14.3%).

A comparison of the Australian results with those from the full global survey shows that improved efficiencies or reduced costs are less important in Australia. For the other outcomes the Australian results are similar to the global findings.

The results indicate the many benefits of digital transformation. The effects are felt across the organisation, not just on the bottom line.

### Which outcomes has digital transformation delivered to your organisation? (Australia vs global)



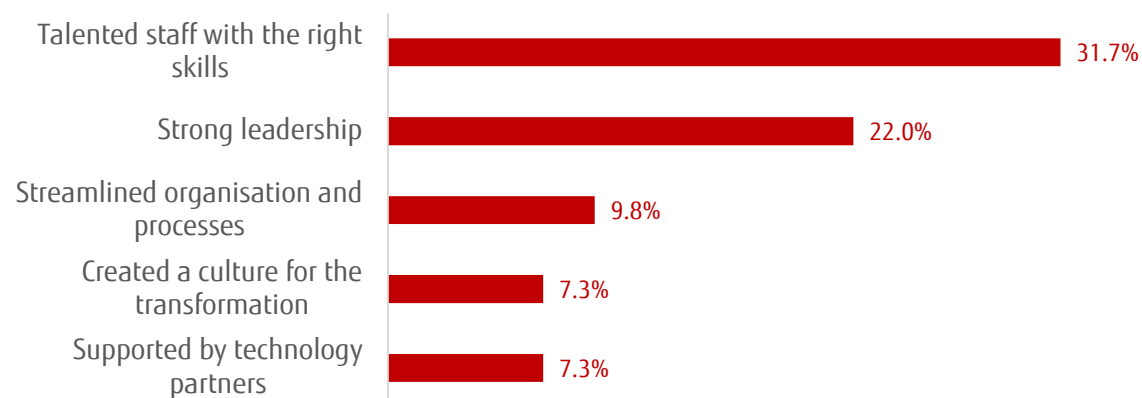
## What are the key success factors and inhibitors in digital transformation?

Digital transformation is not just about introducing new technologies. In order to deliver successful outcomes, organisations need talented staff with the right skills, and to create a culture of transformation.

The survey asked Australian business leaders what they believed to be the key factors for successful digital transformation. At the top of the list is talented staff with the right skills, mentioned as the most important factor by nearly one third (31.7%) of respondents. Next came strong leadership (22.0%), streamlined organisation and processes (9.8%), the creation of a culture for transformation (7.3%), and support from technology partners (7.3%).

The survey also asked about which factors hindered digital transformation. The most often mentioned was lack of agility in the organisation (17.3%). Other inhibitors were lack of leadership (16.3%), the lack of talented staff with the right skills (15.3%), fear of change or internal resistance (12.2%), and lack of budget (12.2%).

### Which factors were key in delivering digital transformation outcomes?



### Which factors hindered the progress of digital transformation?





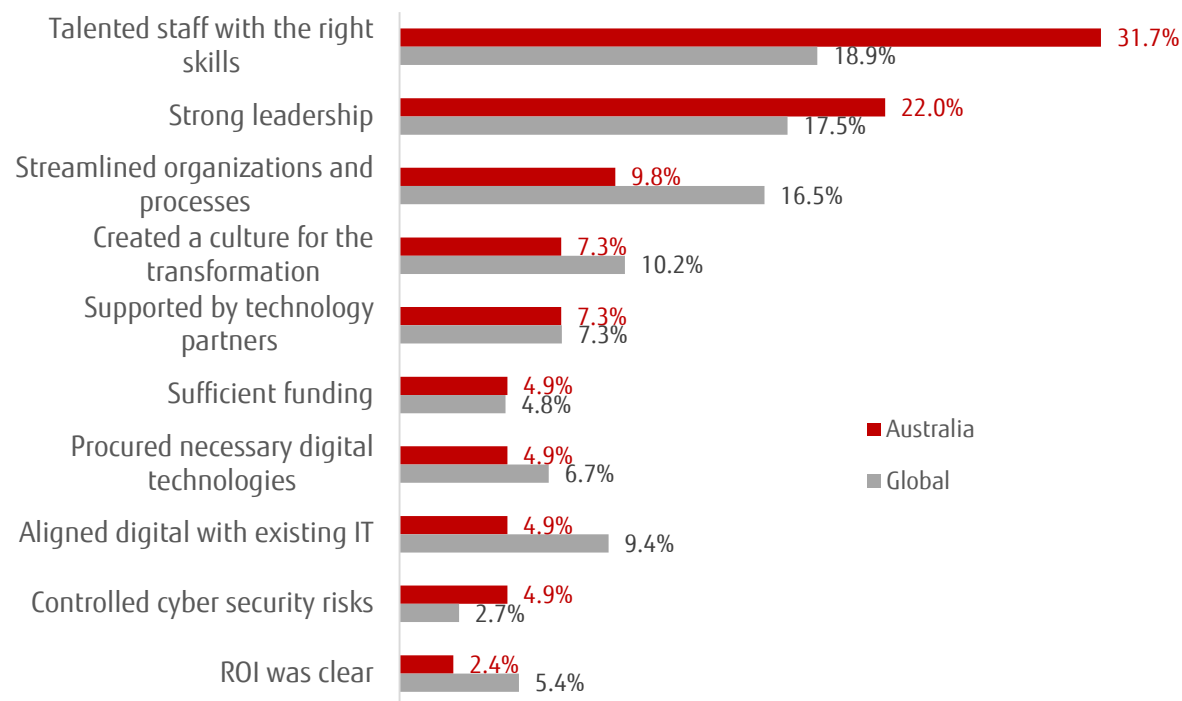
## What are the key success factors in digital transformations? (Australia vs global)

The chart compares the key success factors from the previous chart, for Australia vs the overall global findings.

The ranking of the different factors in Australia is similar to the global rankings. One important difference is that the availability of talented people with the right skills is much more important in Australia, mentioned by 31.7% of respondents, compared to 18.9% globally.

Australians do not rate streamlined organisations and processes so highly (9.8% vs 16.5%), nor the creation of a culture for transformation (7.3% vs 10.2%).

### Which factors were key in delivering digital transformation outcomes? (Australia vs global)



## How important is a strong technology partner for digital transformation?

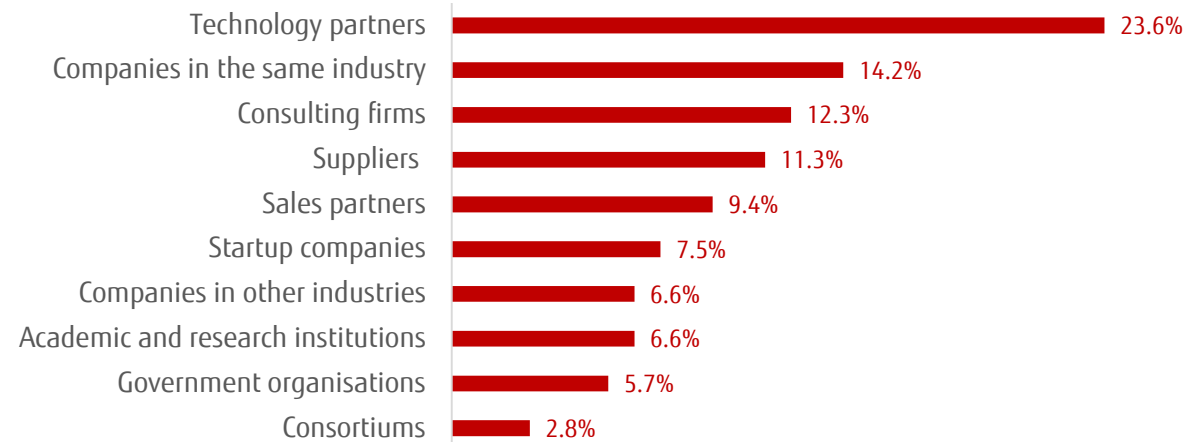
Success in digital transformation requires cooperation with external technology partners. Australian business leaders were asked which types of partners were most important.

Most highly rated were technology partners, ranked as most important by 23.6% of Australian respondents. Other important partners were companies in the same industry (14.2%), consulting firms (12.3%), and suppliers (11.3%).

Respondents were also asked about what they expect from a technology partner. The most important attribute is an alignment with the organisation's vision and strategy, mentioned by 21.7% of respondents.

Other important attributes were technological capability (17.9%), an understanding of the organisation's business (16.0%), and the quality of the partner's products or services (12.3%).

### Which partners are important to collaborate with for digital transformation?



### What do you expect from a technology partner for digital transformation?



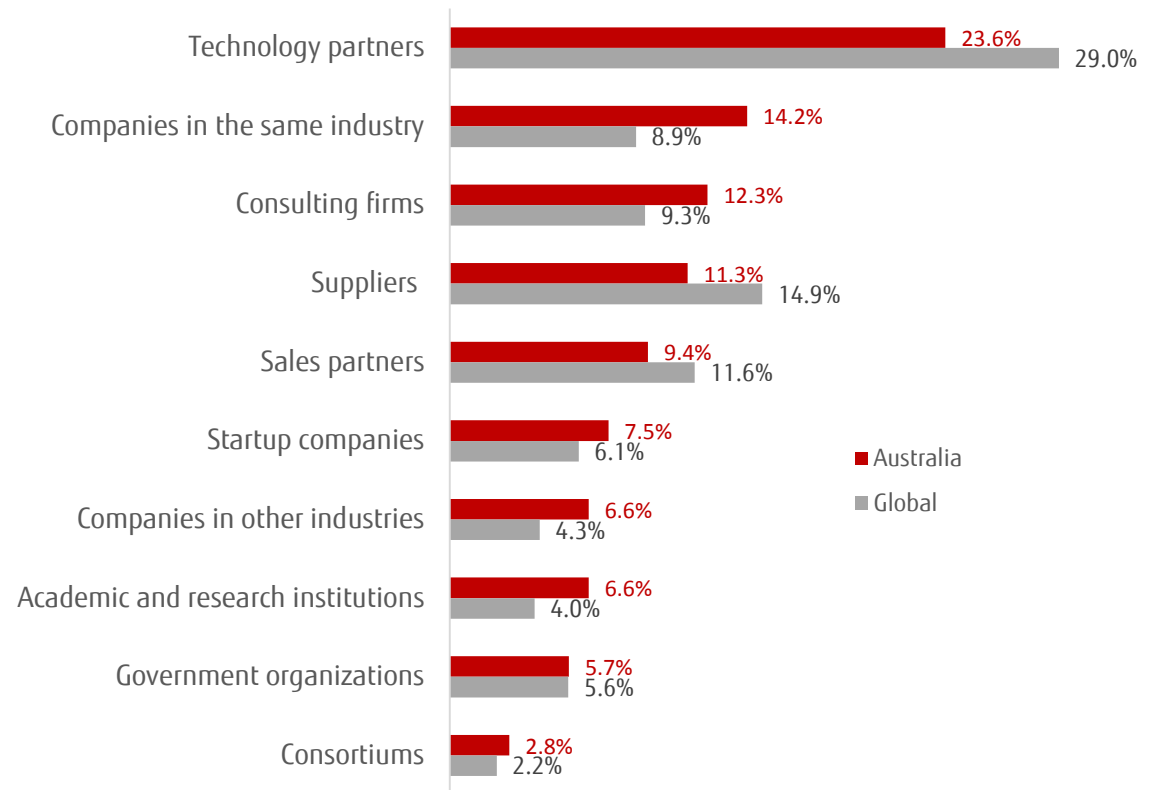
## Which partners are important? (Australia vs global)

The chart compares the importance of technology partners from the previous chart, for Australia vs the overall global findings

Technology partners are most important in Australia, as they are globally. But they are rated as less important in Australia, where they were mentioned by 23.6% of respondents, compared to 29.0% of global respondents.

Suppliers (11.3% vs 14.9%) and sales partners (9.4% vs 11.6%) were also mentioned by fewer Australian respondents, while companies in the same industry (14.2% vs 8.9%) and consulting firms (12.3% vs 9.3%) were more important in Australia than globally.

## Which partners are important to collaborate with for digital transformation? (Australia vs global)



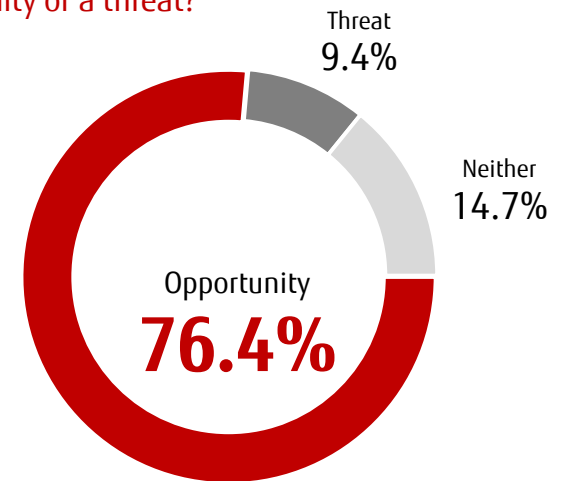
## What is the potential of Artificial Intelligence?

The survey asked Australian business leaders three questions about perceptions of artificial intelligence (AI).

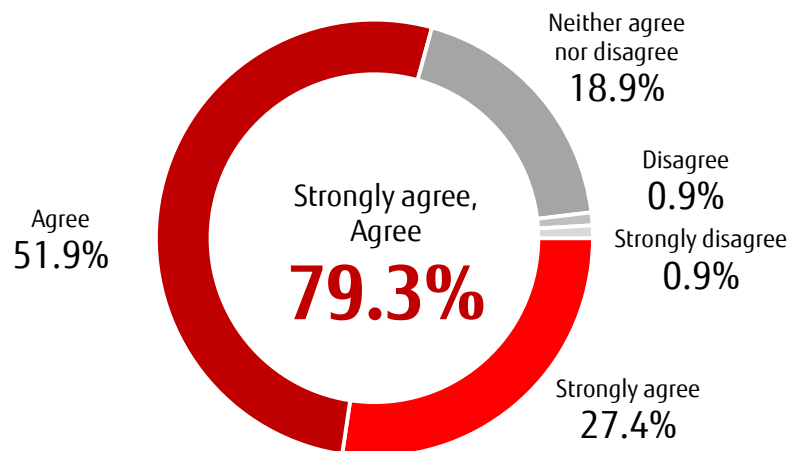
More than three quarters (76.4%) see AI as an opportunity, with just 9.4% seeing it as a threat. But there is some ambivalence about its effects.

Most survey respondents strongly agree (27.4%) or agree (51.9%) that AI will enhance people's capabilities in future, but they also believe that AI will be used for work currently performed by people (20.8% strongly agree, 40.6% agree).

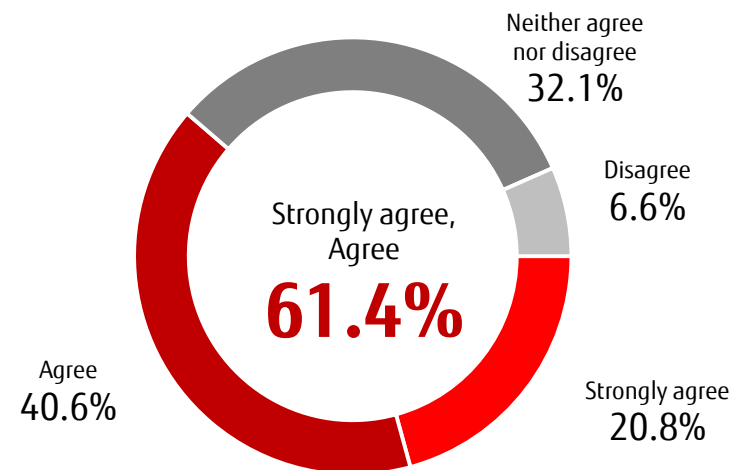
### Is AI an opportunity or a threat?



### Will AI enhance people's capabilities in the future?



### Will AI substitute for people's work in the future?



## What are the key skills and capabilities required in the digital era? (Australia vs global)

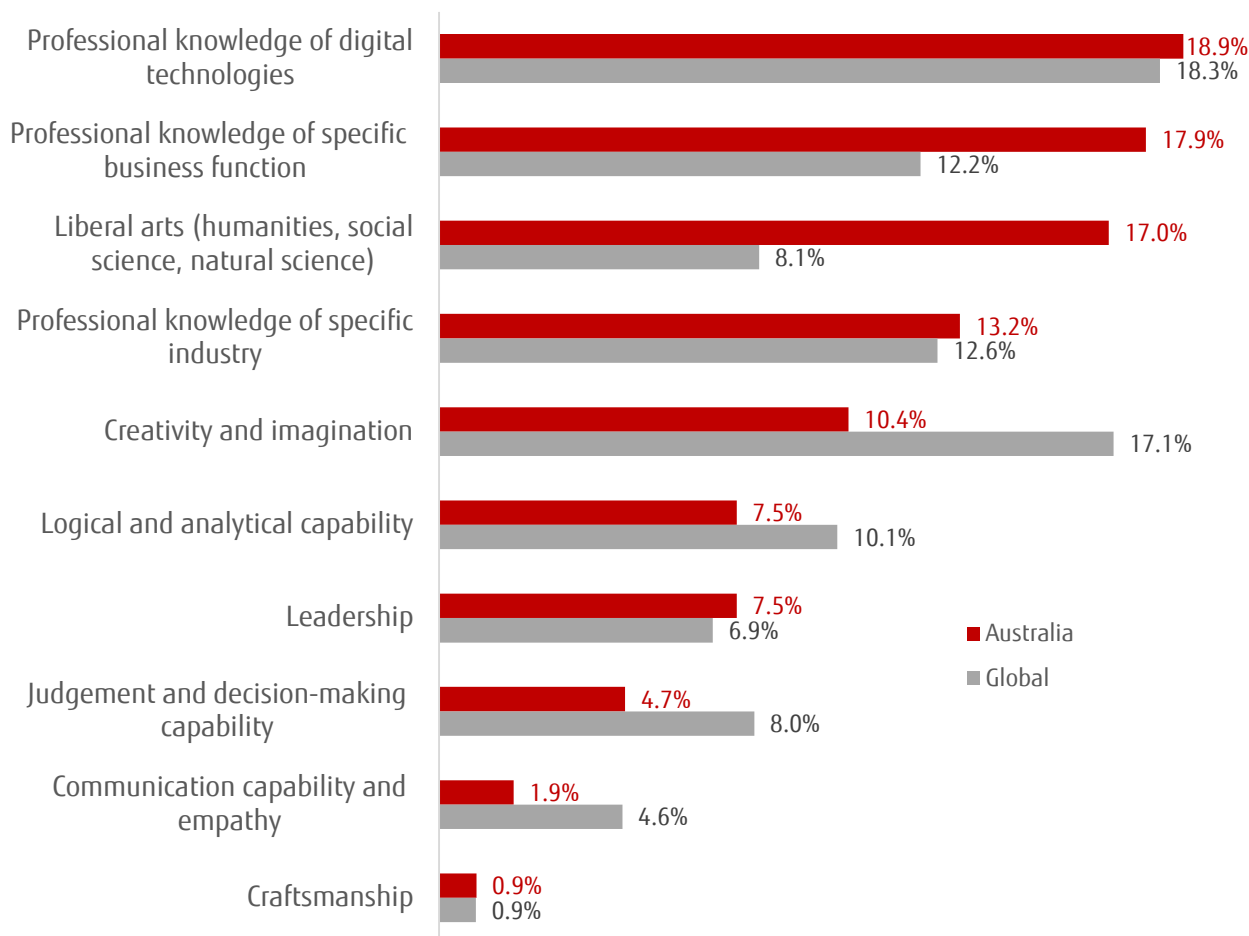
Australian business leaders believe that a professional knowledge of digital technology is the most important capability needed in the digital era (18.9% of responses).

Other important capabilities are a professional knowledge of specific business functions (17.9%), the liberal arts (17.0%), and professional knowledge of specific industries (13.2%). Also mentioned were creativity and imagination (10.4%), and logical and analytical capabilities (7.5%).

The rankings are similar in Australia as they are globally, except that the liberal arts are more highly regarded in Australia (17.0% vs 8.1%) and creativity and imagination is regarded as less important (10.4% vs 17.1%).

The range of capabilities mentioned indicates that there is a strong perception that a balance of skills is required to drive digital transformation – it is not just about technical capabilities.

### What are the most important capabilities people need in the digital era? (Australia vs global)



## About the survey

### Survey topics:

- Current awareness of digital transformation: Fields, progress, outcomes, factors behind success, issues
- Co-creation in digital businesses: Required partners, elements required of technology partners
- AI (artificial intelligence) awareness: Perspective on AI, skills required during the digital era.

### Survey method:

- Online

### Fieldwork period:

- February 2017

### Survey respondents:

- Company size: Medium and large (at least 100 employees and sales of at least USD 1 million during the previous FY)
- Respondents: Management (CEOs, CMOs, CFOs, CIOs, CDOs, CSOs) and decision-makers equivalent to management

### Surveyed countries:

The reports surveyed 1,614 business leaders in 15 countries, including 106 from Australia:

- Americas: Canada (56), USA (258)
- Europe: Finland (56), Germany (103), France (103), Spain (103), Sweden (52), United Kingdom (103)
- Asia: China (103), Indonesia (52), Japan (309), Republic of Korea (55), Singapore (103), Thailand (52)
- Oceania: Australia (106)

Download the Australian and Global report at: <http://www.fujitsu.com/global/microsite/vision/insightful-stories/survey1/>

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