FUTURE-READY BUSINESS: ASSESSING AUSTRALIA’S GROWTH POTENTIAL THROUGH AI
Research Scope

Sample Size for all up Australia

118 Business Leaders

Respondents Profile
64% C & C-1; 36% C-2 level

C-level (i.e. CIO, COO, CEO), 44%

C-1 level (i.e. VP or Director level executives), 29%

C-2 level (i.e. Senior Manager), 36%

Organizations Sizes
53% small & mid-sized, 47% large sized

<250 employees, 9%

250 – 999 employees, 44%

>1,000 employees, 47%

Respondents Roles

Administrative/Operations

Mechanic / Technician

Customer Facing

Production

Functional Specialists

R&D/ Creative

IT Specialists

Supervisory

Junior Managers

Sample Size for all up Australia

102 Workers

Verticals

Agricultural

Healthcare

Automotive

Manufacturing

Education

Retail

FSI

Services

Government

Telco / Media
AI is a game changer
Addressing the Opportunities
AI will accelerate the rate of innovation improvements in Australia

Percentage of new, innovative products and services organizations produced today and in three years with the introduction of AI

existing (BAU)

Existing (BAU)

Q: With the introduction of AI, what is the percentage of additional new innovative products and services your organization expect to produce today and in three years from now?

Australia Business = N = 118
AI will accelerate the rate of innovation improvements in Australia

Percentage of new, innovative products and services organizations produced today and in three years with the introduction of AI

Existing (BAU)

<table>
<thead>
<tr>
<th></th>
<th>Today</th>
<th>2021</th>
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</thead>
<tbody>
<tr>
<td>Asia Pacific</td>
<td>22%</td>
<td>42%</td>
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<tr>
<td>Australia</td>
<td>31%</td>
<td>46%</td>
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Q: With the introduction of AI, what is the percentage of additional new innovative products and services your organization expect to produce today and in three years from now?

Asia Pacific Business = N=1605
Australia Business = N = 118
AI will raise the rate of employee productivity gains in Australia.

Q: What are your organization’s key drivers for adopting AI-related solutions?
Q: For the top 3 areas above, please indicate the level of improvement seen today and the expected increase in 3 years’ time.

Australia Business = N=118

Existing (BAU)

Improved productivity gains among employees today and in 3 years

1.6x

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Australia
AI will raise the rate of employee productivity gains in Australia

Q: What are your organization’s key drivers for adopting AI-related solutions?

Q: For the top 3 areas above, please indicate the level of improvement seen today and the expected increase in 3 years’ time

Asia Pacific Business = N=1605
Australia Business = N=118
AI drives competitive advantages

- **80%** say that AI is important to organization’s competitiveness in the next 3 years

Importance of AI to organization’s competitiveness in next 3 years

- Very important – Game changer for organizations and industries: 25%
- Important – Many use cases in organizations and industries: 30%
- Somewhat important – Limited use cases in organizations and industries: 25%
- Not important - Largely hype: 20%

Organizations with AI in Australia expect it to increase their competitiveness by **1.5 times** in 3 years

Q: How important is AI to your organization’s competitiveness next 3 years?
Australia Business = N=118

Q: What are your organization’s key drivers for adopting AI-related solutions?

Q: For the top 3 areas above, please indicate the level of improvement seen today and the expected increase in 3 years’ time
Australia Business with AI = N=64
Slightly more than half of organizations in Australia have started on their AI journeys.

- **17%** have not started to consider AI as part of their strategy.
- **29%** are waiting for AI to mature before incorporating it into their strategy.
- **40%** have started to experiment with AI as part of their strategy.
- **14%** have adopted AI as a core part of their business strategy.

Q: Which of the following statements best describes your organization’s view on AI?
Australia Business = N = 118
Q: What are your organization’s key drivers for adopting AI-related solutions? If your organization has not adopted AI-related solutions, what do you think would be the key drivers that would influence your organization to adopt AI-related solutions?

Australia Business with AI = N=64

Top 5 Drivers to Adopt AI

- Better Customer Engagements: 30%
- Higher Margins: 17%
- Accelerated Innovation: 14%
- Higher Competitiveness: 13%
- Productive Employees: 11%

Percentage of business leaders who indicate attribute as #1 driver
Business Improvements from AI: Today and in 3 years

Q: What are your organization’s key drivers for adopting AI-related solutions? For the top 3 areas above, please indicate the level of improvement seen today and the expected increase in 3 years' time

Australia Business with AI = N=64
Assessing AI Readiness in Asia Pacific and Australia
AI Readiness Model

**Strategy**
- **1:** Does not consider AI as important, mainly hype
- **4:** Considers AI as a game changer, have made AI core part of strategy

**Data**
- **1:** Data is scattered across different departments and systems with limited access
- **4:** Data is accessible to all business users through an enterprise data estate with well-managed quality control, access and governance services

**Investments**
- **1:** No investments or minimal spending on AI initiatives
- **4:** Invested to make AI an organization-wide strategy, increasing every year

**Infrastructure**
- **1:** Standalone data centers with reliance on Excel as analytics tools
- **4:** Data is accessible to all business users through an enterprise data estate with well-managed quality control, access and governance services

**Capabilities**
- **1:** No internal capabilities, neither for AI model development nor for solution deployment
- **4:** Organization-wide data estate running on cloud or hybrid with AI analytics such as robotic process automation or natural language processing

**Culture**
- **1:** Risk averse, rigid siloes, and top-down decision-making culture
- **4:** Bottom-up innovative culture, empowered employee for agile and fast decision making; cross-unit collaboration
AI Readiness: Asia Pacific vs Australia

Australia is ahead of Asia Pacific in terms of Investments, Culture, Data and Infrastructure, but is behind in Capabilities and Strategy.
Australia is ahead of AI Leaders in Investments and Culture but is behind in Strategy, Capabilities, Infrastructure and Data.
Understanding the Barriers
Top AI Adoption Challenges in Australia: Skills, Leadership and Tools

Q: What are the top 3 challenges your organization has faced or is facing in adopting AI-enabled solutions?

Australia Businesses = N = 118

- Lack of skills, resources and continuous learning programs: 28%
- Lack of thought leadership and leadership commitment to invest in AI: 25%
- Lack of advanced analytics / adequate infrastructure and tools to develop actionable insights: 12%
Cultural traits required for AI adoption are lacking in Australia

Q: Which of the following statements best describe your organization’s culture and agility? (Choose from scale of 1 to 4, where 1 means that the trait is not seen at all within the organization and 4 is where the trait is pervasive across the organization)

Australia Businesses = N = 118
Australia Workers = N = 102

- **EMPOWERMENT**
  Employees are not empowered to take risks, make decisions autonomously, and act with speed and agility

- **INNOVATION**
  Leadership does not encourage employees proactive innovation

- **GOING BEYOND**
  Employees do not take on tasks beyond job description

- **COLLABORATION**
  Employees are not encouraged to partner across vertical, horizontal functions and roles
**AI will augment, not displace jobs**

<table>
<thead>
<tr>
<th>Augment Jobs</th>
<th>Business Leaders</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help employees do their existing jobs better</td>
<td>38%</td>
<td>26%</td>
</tr>
<tr>
<td>Reduce repetitive routine tasks in employee jobs</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Create new knowledge-based jobs for employees</td>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>No impact on employees’ jobs</td>
<td>11%</td>
<td>30%</td>
</tr>
<tr>
<td>Take over jobs and replace employees</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Q: How do you think AI will impact the jobs in your organization in the next 3 years?

Australia Businesses = N = 118
Australia Workers = N = 102
Good News: Companies are willing to invest in human capital
Bad News: They lack concrete plans

Q: Which area is your organization likely to focus its AI investments?
Australia Businesses = N = 118

- Invest more in AI systems: 11%
- Evenly on AI systems & employee skills: 33%
- Invest more in employee skills: 56%

Q: How is the organization taking steps to help employees acquire AI-related skills?

- Developed and fully implemented a comprehensive plan: 9%
- Started to implement some of the plans: 31%
- Some plans but not yet implemented them: 37%
- No plans at this point: 23%

IDC: Analyze the Future
Microsoft
Time and Lack of Understanding of Where to Start are Key Challenges in Reskilling and Retraining

Q (Business): What are the challenges that your employees face in developing or acquiring the necessary skillsets for an AI-enabled workplace?

Q (Workers): What are the challenges that you face in developing or acquiring the necessary skillsets for an AI-enabled workplace?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Business</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>They don't have enough time</td>
<td>52%</td>
<td>38%</td>
</tr>
<tr>
<td>They don't know what courses to take</td>
<td>37%</td>
<td>38%</td>
</tr>
<tr>
<td>They do not want to spend the money</td>
<td>36%</td>
<td></td>
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<tr>
<td>They cannot afford the courses</td>
<td>29%</td>
<td>28%</td>
</tr>
<tr>
<td>There are no suitable training programs for them to take</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>They have no interest</td>
<td>27%</td>
<td>26%</td>
</tr>
<tr>
<td>It is too difficult for them to develop new skills</td>
<td>14%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Australia Businesses = N = 118
Australia Workers = N = 102
Q: Who do you expect should help you acquire the skills for an AI-enabled workplace through retraining or upskilling?

**Australia Businesses (N = 118)**
- My company: 88%
- Educational Institutions: 88%
- The government: 64%
- The industry/trade association: 50%
- Not answered: 3%

**Australia Workers (N = 102)**
- My company: 78%
- Educational Institutions: 69%
- The government: 53%
- Myself: 53%
- The industry/trade association: 47%
Thank You.