



Gartner Survey Shows CIOs in Australia and New Zealand Are Making Slow Digital Business Progress

Only One in Three ANZ CIOs Report to the CEO; Increased Focus on Cost

Sydney, Australia, May 15, 2019 — While 30% of organizations in Australia and New Zealand (ANZ) are now starting to scale and harvest value from their digital investments, the remaining 70% are still evolving their digital business foundations, falling behind in rethinking business models, uplifting consumer experiences and shifting from project to product centrality, according to a survey from Gartner, Inc. The Gartner 2019 CIO Agenda Survey gathered data from 3,102 CIO respondents in 89 countries and across all major industries, including 161 respondents from ANZ. Brian Ferreira, vice president Executive Programs at Gartner, said digital resilience will be required for ANZ organizations evolving toward digital business maturity this year. “CIOs must step up to lead their enterprises through a year of predicted tightening economic conditions, competition from digital giants and political volatility. It’s more important than ever to maintain momentum during times of uncertainty, not only for digital business transformation, but also for long-term business viability.” According to the survey, digital initiatives are the highest priority for 25% of ANZ CIOs in 2019. Revenue/business growth is ranked second (16%), ahead of customer experience and cost optimization/reduction (tied for third at 10%). Cost optimization/reduction has jumped from No. 10 priority in ANZ last year to No. 3. Flat IT budgets The survey results indicate that transformation toward digital business is challenged by flat IT budget growth of 1.5% in ANZ in 2019, which is increasing less than the projected 1.9% inflation rate. This is compared with the 2.9% growth that CIOs globally expect this year. Flat IT budgets in ANZ will limit capacity to meet the leading CIO priority of digital initiatives. “The risk during these uncertain times with limited budgets is to make short-term investment decisions, which can slow or even reverse digital business transformation progress,” Mr. Ferreira said. “For those who stick to their plans and focus on the long-term vision, the returns will be there.” The top five areas in which ANZ CIOs will invest new or additional funding in 2019 are: business intelligence and data analytics (54%); cybersecurity and information security (40%); core system improvements and transformation (34%); cloud services or solutions (32%); and customer/user experience (31%). AI and analytics shape the CIO technology agenda The CIO Agenda survey indicates that disruptive emerging technologies will play a major role in reshaping business models in ANZ as they change the economics of all organizations. Twenty-seven percent of ANZ CIOs expect AI to be the most disruptive technology for their organizations in 2019, taking the top spot away from data and analytics, which now occupies second place at 22%. According to the survey, 77% of ANZ CIOs are already using AI technology. The top three ways AI is being used is for process optimization (32%), chatbots (26%) and computer-assisted diagnostics (21%). “The rapid shift to AI looks revolutionary on the surface, but ANZ CIOs aren’t very innovative in creating uses for AI,” said Mr. Ferreira. “They need to experiment more to identify a greater range of uses within their organization if they’re going to keep up with the innovators and disruptors in the market who invest more in it.” C-Suite reporting lines lagging global trend Only one in three ANZ CIOs report to CEOs, compared with 43% of CIOs in typical-performing organizations globally, and 56% in high-performing organizations. One-third of ANZ CIOs report to a COO, and 17% to a CFO. As a result, IT is failing to influence business change and growth, according to Gartner. “ANZ CIOs have the chance to step up to become more influential business leaders, but most are not seizing that opportunity to drive change,” Mr. Ferreira said. “Those that take the lead with their business peers can drive innovative thinking in business models, consumer experience and moving from a project to product focus in how technology is delivered.” Gartner clients can learn more in the report “2019 CIO Agenda: An Australia and New Zealand Perspective.” Additional analysis is available in the complimentary webinar replay “2019 CIO Agenda – Australia and New Zealand Perspective” available now. About Gartner IT Symposium/Xpo Learn more about CIO leadership and how to drive digital innovation to the core of your business at Gartner IT Symposium/Xpo 2019. Follow news and updates from the events on Twitter using #GartnerSYM. Upcoming dates and locations for the 2019 Gartner IT Symposium/Xpo include: June 3-6: Toronto, Canada September 16-18: Cape Town, South Africa October 20-24: Orlando, Florida October 28-31: Sao Paulo, Brazil October 28-31: Gold Coast, Australia November 3-7: Barcelona, Spain November 11-14 - Goa November 12-14 - Tokyo About Gartner Gartner, Inc. (NYSE: IT) is the world’s leading research and advisory company and a member of the S&P 500. We equip business leaders with indispensable insights, advice and tools to achieve their mission-critical priorities and build the successful organizations of tomorrow. Our unmatched combination of expert-led, practitioner-sourced and data-driven research steers clients toward the right decisions on the issues that matter most. We are a trusted advisor and objective resource for more than 15,000 organizations in more than 100 countries — across all major functions, in every industry and organization size. To learn more about how we help decision makers fuel the future of business, visit www.gartner.com. # # #

Contacts

Emma Keen

mailto:

Susan Moore
+61 2 9459 4692
mailto: susan.moore@gartner.com