Global C-suite Study
20th Edition
Insights from Australia/New Zealand

IBM **Institute for Business Value**

Build Your Trust Advantage

Leadership in the era of data and AI everywhere

IBM

This report is IBM's fourth Global C-suite Study and the 20th Edition in the ongoing IBM CxO Study series developed by the IBM Institute for Business Value (IBV). We have now collected data and insights from more than 50,000 interviews dating back to 2003. This report was authored in collaboration with leading academics, futurists, and technology visionaries. In this report, we present our key findings of CxO insights, experiences, and sentiments based on analysis as described in the research methodology on page 23.

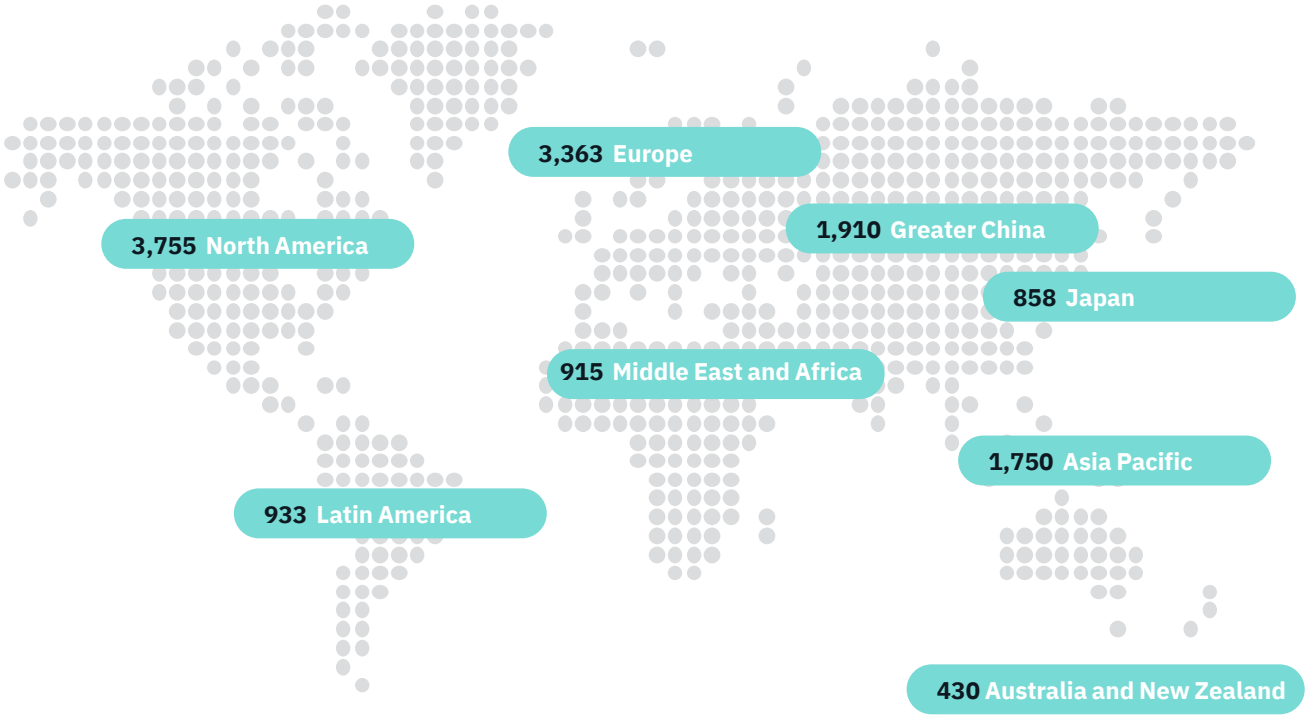
Build Your Trust Advantage

Leadership in the era of data and AI everywhere

Global C-suite Study
20th Edition

This study draws on input from 13,484 respondents—including 430 in Australia and New Zealand—across six C-suite roles, 20 industries and 98 countries. This is an executive summary of the report, focusing on the findings from Australia and New Zealand.

69	67	90	80	64	60
Chief Executive Officers	Chief Financial Officers	Chief Human Resources Officers	Chief Information Officers	Chief Marketing Officers	Chief Operations Officers



Building Trust in Data

In the 20th edition of our C-suite Study, we asked more than 13,000 executives globally—including 430 executives in Australia and New Zealand—about their plans to extract value from data and turn it into differentiating advantage and their progress in these pursuits.

We learned that data has become inextricably entwined with trust. Specifically, the ongoing and widespread erosion of customer trust, including B2B buyers, has changed what organisations can—and should—do with data. It changes the value equation. Where data alone was once an organisation's unparalleled asset, it must now factor in trust.

Data matters. But trust determines its value.

The trust customers once gave, almost blindly, to brands and institutions has been slipping away for some time now. Likewise, data sharing among organisations has become constrained by a mutual lack of trust. It may even jeopardise the extraordinary revenues that organisations expect to gain on new business platforms. Complicating matters, the promise of artificial intelligence (AI) depends on even deeper levels of trust—in the AI models themselves and the revelations they produce.

Our observation? Trust has passed its tipping point.

How organisations utilise, safeguard, and share data with their customers and partners can create an extraordinary advantage. But achieving it will first require rebuilding trust—trust from customers, trust from within the enterprise about its own data, and trust across the ecosystems in which organisations operate. An organisation's ability to earn a trust advantage depends on at least two factors: one, how good it is at creating trust in data; and, two, how well it engenders trust from data. Once the trust advantage is established, new possibilities for innovation and revenues emerge.

In this study, we explore the interplay between trust and data in three areas: customers, enterprises, and partners.

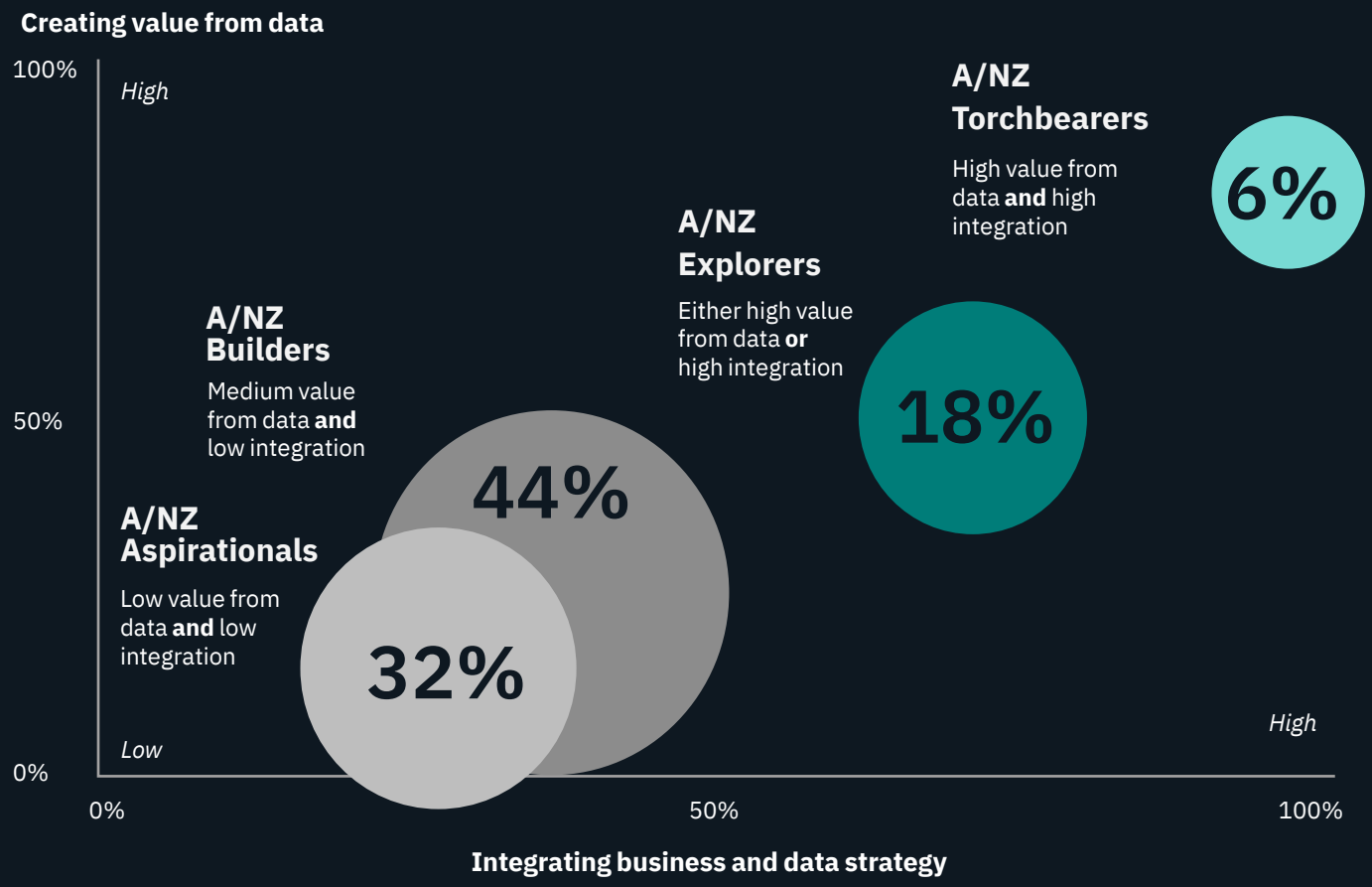
To identify the leaders, we classified every organisation into one of four distinct stages on the data journey. The most advanced, the Torchbearers, are an elite group, comprising 9 per cent of the total respondents globally, and 6 per cent in Australia and New Zealand. The Torchbearers outperform their peers in revenue growth and profitability. They also outshine others in innovation and managing change.

We learned that data-driven leadership is determined by the levels of trust an organisation can create—among its **customers**, the people inside the **enterprise**, and the partners across its **ecosystem**.

Figure 1

The data advantage

Torchbearers have established a new path to value, by integrating data into their strategy, operations, and culture



The four stages of data leadership

We classified every participant into one of four stages. The horizontal axis measures qualitative readiness: the extent to which data and business strategy are integrated, with a C-suite that recognises data as a strategic asset and with an enterprise-wide data culture. The vertical axis measures quantitative aspects, including the abilities to: create value from data; access, extract, and link data together; and create insights from that data (see page 23 for research methodology details).

Torchbearers represent a unique group that consists of just 9 per cent of surveyed organisations. They have fused data strategy to business strategy, with trust as the plumb line. Operating in a data-rich culture, they generate higher revenue growth and profitability than their peers.

Explorers are experimenting with ways to integrate their business and data strategies, as well as with new ways to extract value from data. They don't consistently realise its highest possible value but see the trust economy as a path to achieving outstanding mutual benefit.

Builders are making progress in aligning their business and data strategies and growing a data culture. They are applying data to objectives but are not yet achieving their expected returns. They recognise that trust needs to be high on the C-suite agenda and are working toward their goals.

Aspirationals are beginning to integrate enterprise-wide business and data strategies and do not have a data-driven culture in place. They have had only limited success in extracting value from data and cementing trust as a foundation.

A/NZ Torchbearers deliver exceptional results

Figure 2

Revenue growth outperformance compared to industry peers

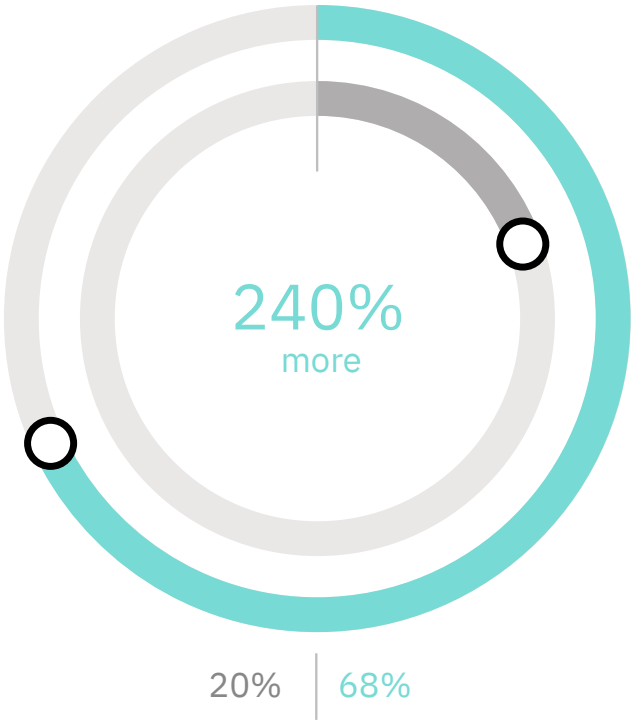
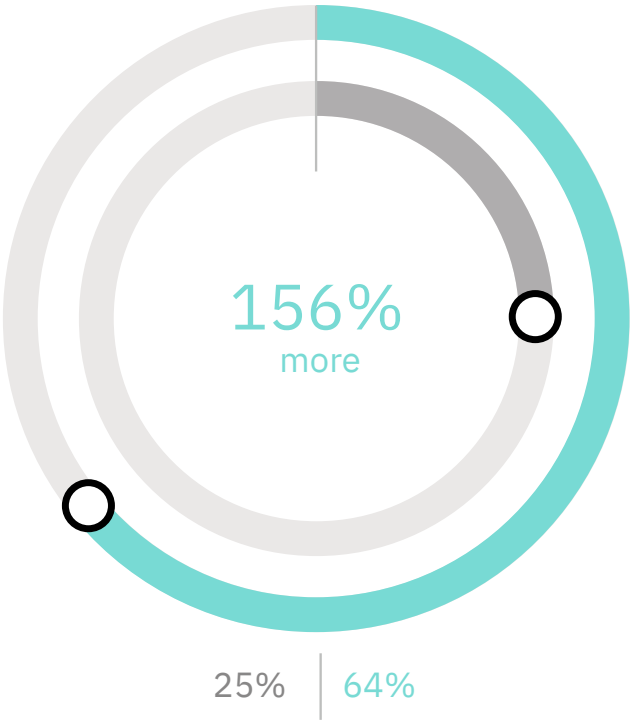


Figure 3

Profitability outperformance compared to industry peers



Source: P1. How does the revenue growth (or budget growth) of your enterprise compare with that of your industry peers over the past 3 years?; P2. How does your enterprise's profitability (or efficiency) compare with that of your peers over the past 3 years? n=430

A/NZ Torchbearers
A/NZ Aspirationals

Chapter 1

Customers

How to win in the trust economy

Organisations accustomed to scanning the horizon for the next great disruption have seen this one coming: the trust customers once placed in brand names and institutions is quickly eroding.

Today, customers are less willing to hand over private information to organisations, yet they expect every enterprise to divulge whatever data is captured about them. In other words, they're asking for more privacy while demanding more transparency from you. Those enterprises that deftly manage these shoals reap a trust dividend—which fuels business advantage.

For leading organisations in every industry, trust has become a central design point, whether that's how they access data, evolve their business models, innovate offerings, or engage customers.

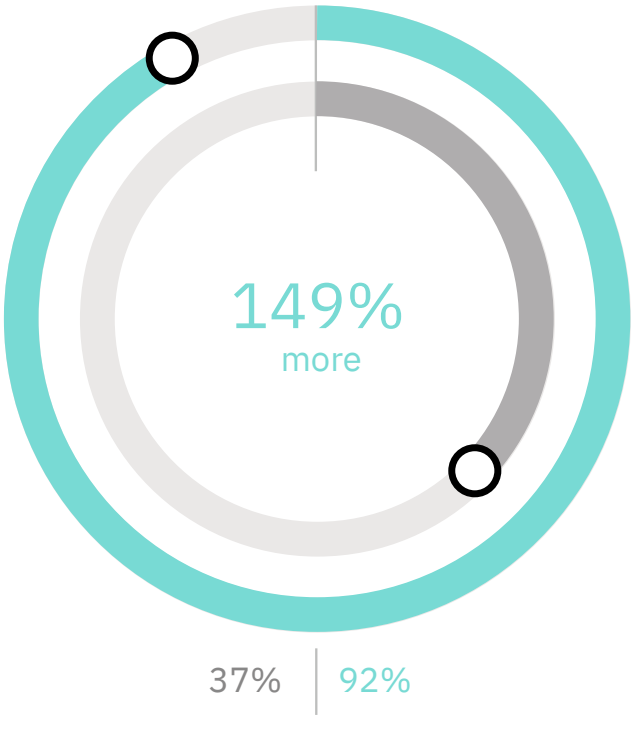
Identified in our study as the Torchbearers, these leaders:

- Pursue ways to create deep and sustainable customer trust.
- Surpass their peers in the collection and use of trustworthy data to change the customer experience.
- Capitalise on the trust they've earned from customers and the trust they have in their data to transform their business models.

A/NZ Torchbearers defy data fears, enhancing trust with customers

Figure 4

Using data to strengthen customer trust



Source: Q5. To what extent does data help your enterprise create a strategic advantage (by strengthening the level of customer trust)?; n=428

"The question is: How do you use your data to increase your personal interactions with customers—to become both less intrusive and more relevant?"

Geoff Greenberg,
CFO, George & Matilda Eyecare, Australia

A/NZ Torchbearers leverage data to reinvent the customer journey map

Figure 5

Using data, to a large extent, to identify unmet customer needs

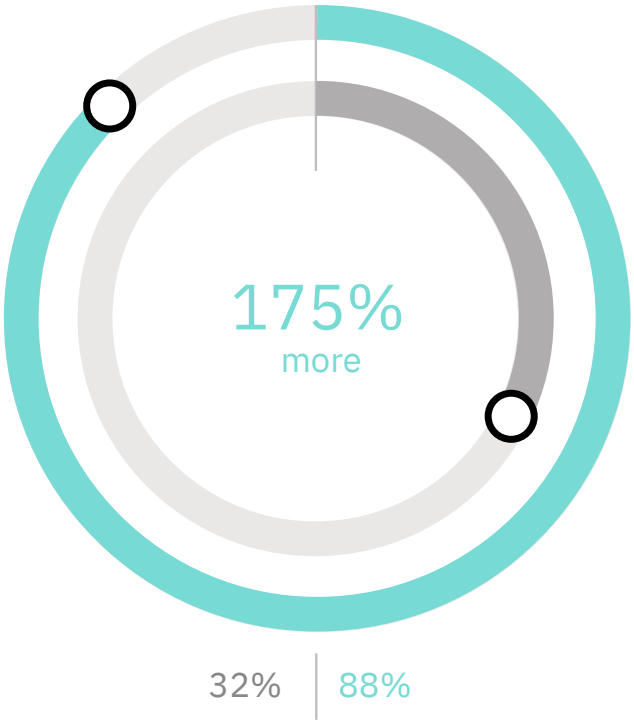
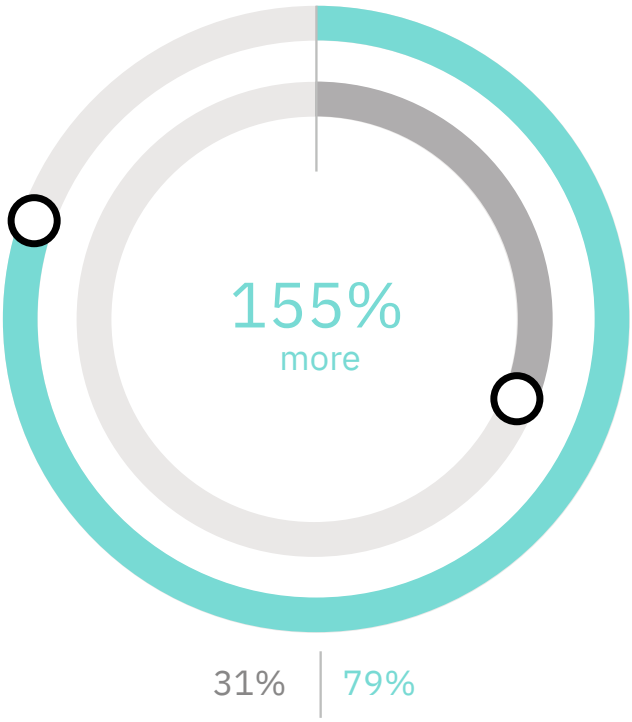


Figure 6

Building the processes to deliver value at every customer touch point



Source:Q5. To what extent does data help your enterprise create a strategic advantage in each of the following areas? n=430

A/NZ Torchbearers
A/NZ Aspirationals

A/NZ Torchbearers use trusted data to create a competitive advantage

Figure 7

Using data to define and test new business models

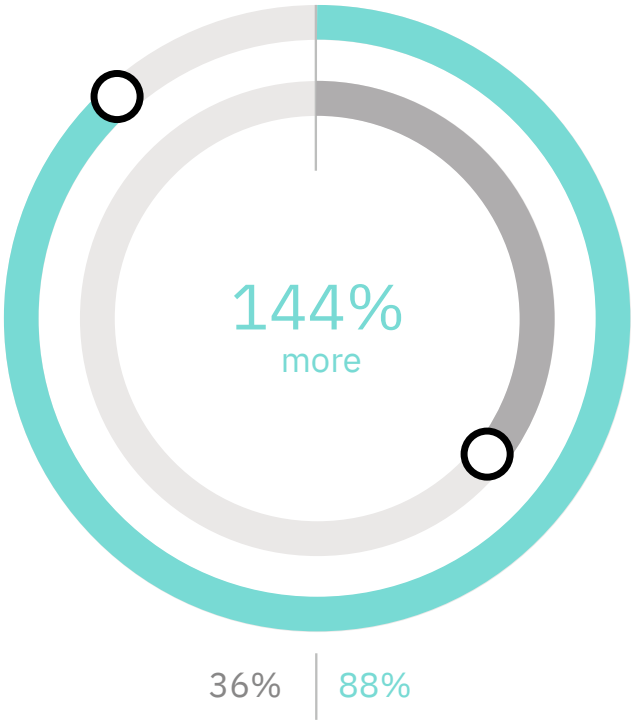
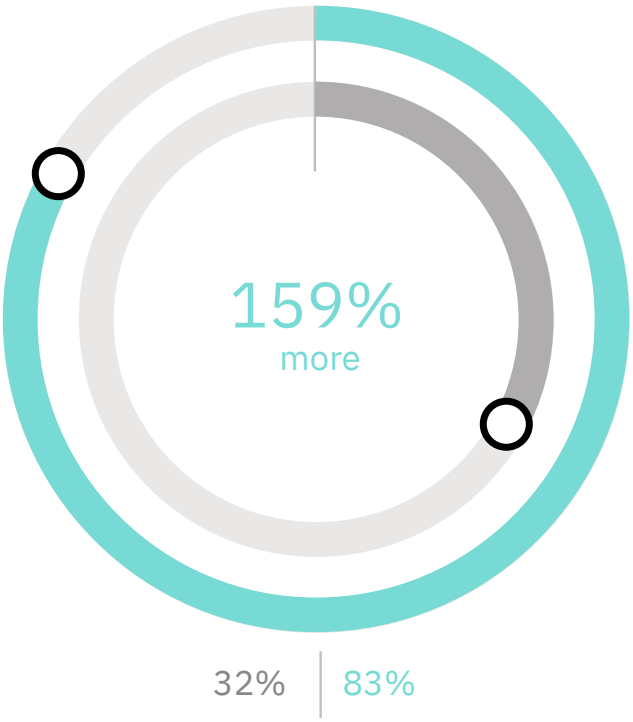


Figure 8

Using data to develop or enter new markets



A/NZ Torchbearers
A/NZ Aspirationals

Source: Q5. To what extent does data help your enterprise create a strategic advantage in each of the following areas? n=430

Action guide

How to win in the trust economy

1. Prove transparency

Earn (back) trust by learning to use data in a way that customers view as fair.

- Make information about your offerings visible to customers.
- Create mechanisms to surface reviews, peer recommendations, and other trusted sources of information.
- Engineer your workflows to share valued and permissioned data freely with your business partners.

2. Earn reciprocity

Give your customers something they value in return for their data.

- Ask users and customers throughout the value chain about what they would consider a fair exchange for data and what tradeoffs they are willing to make.
- Explore the use of self-sovereign identity models that put the control of data into the hands of customers and business partners.
- Develop personalised services and experiences that help your business partners and end users prosper.

3. Demonstrate accountability

Strengthen your data privacy policies and programs.

- Identify where your customers draw the line on privacy. Be ready to meet and exceed those expectations.
- Provide explicit assurances to customers about how their personal data will be used and protected.
- Give proof: Back up those assurances through your ongoing actions.

4. Double-click on data

Reposition data as an asset of strategic value to your organisation rather than a resource viewed in tactical, operational terms.

- Identify how data can create a competitive advantage, open up new market opportunities, or reinvent the customer experience.
- Transform your business model to help assure trust. Use the trust you've earned to stake out a differentiating position.
- Map your data assets—your data, its sources, and platforms, as well as analytical skills and tools—to each of your business goals and strategic initiatives.

5. Future-proof your strategy

Craft scenarios involving data in order to increase personalisation and engagement at every touchpoint.

- Get your customers, partners, employees, and the C-suite in a collaborative "garage" environment to innovate supply chain and end-user experiences.
- Map the customer journey to identify critical moments of trust and trust breakdowns.
- Make trust a design point in all of your use cases.

Recommendations are based on extensive analysis of comparative data, as well as on numerous deep-dive interviews with C-suite executives at leading Torchbearer organisations around the world. They identify key differences for how Torchbearers drive their businesses as compared to those in the other stages.

Chapter 2

Enterprises

How to build the human-tech partnership

The interplay between people and AI, also known as augmented intelligence, resets organisations' expectations for what data can do. Organisations that once focused on personalised experiences are learning to do something more: humanise them. Bots, once relegated to online customer services, are now becoming trusted advisors to employees.

With insights increasingly derived from data-fueled algorithms, which conclusions are worth accepting? And what might provide false promise, or precipitate unintended consequences?

For many organisations, these central and critical questions serve as a roadblock, an obstacle in developing an effective human-technology partnership that augments decisions and workflows with actionable intelligence. As systems become more automated, and even autonomous, the need for deep trust in data—and in AI models—is reaching a new apex. Without trusted data and trusted AI, organisations can't scale to mission-critical use cases.

But for the Torchbearers, these new realities are less obstacle than opportunity. The Torchbearers:

- Trust in data to make decisions of consequence and give their employees the tools to do so as well.
- Swiftly accelerate their deployment of AI and other exponential technologies and are confident in the return on investment.
- Institute robust governance to deepen their trust—as well as that of their customers—in data and AI models.

The interplay between people and AI, also known as augmented intelligence, is resetting these organisations' expectations for what data can do. They are building a culture of data believers, while demonstrating both an enthusiasm for emerging technologies and a willingness to engage in the gnarliest areas of data reliability, governance, bias, and ethics.

A/NZ Torchbearers place deep trust in data to make better decisions

Figure 9

Our enterprise is collecting the right type and amount of data to help make informed decisions

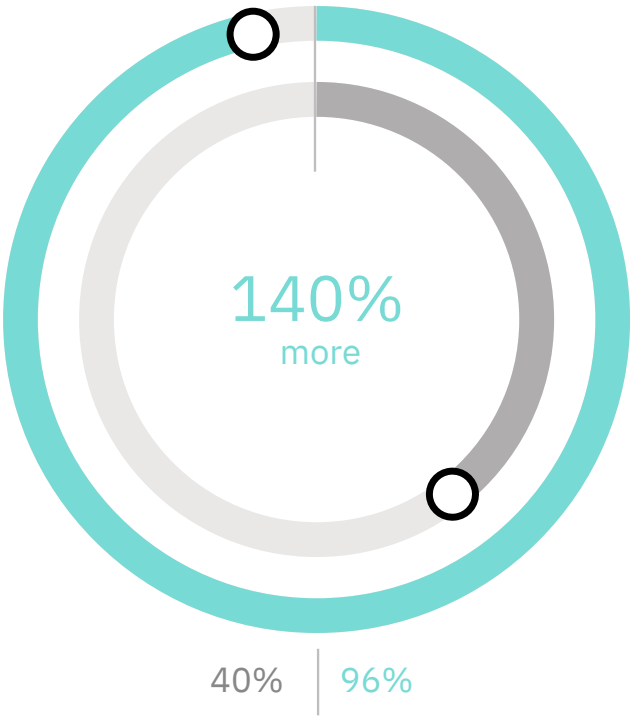
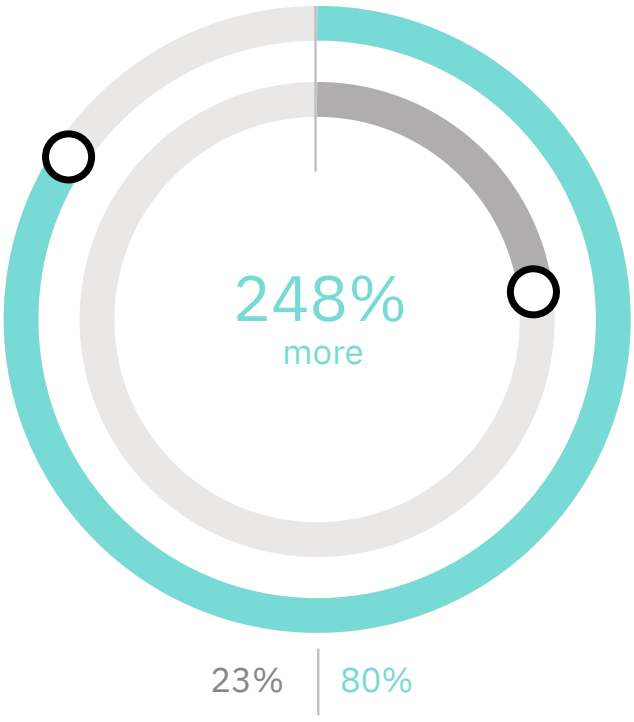


Figure 10

Our C-suite team has the data mindset needed to improve the quality of decision-making



Source: Q11. To what extent is your enterprise focused on the following activities? a) Collecting the right type and amount of data to help us make informed decisions; n=429 Q16. To what extent do you agree with the following statements regarding your C-suite team? n=430

A/NZ Torchbearers
A/NZ Aspirationals

Woodside Energy: A Torchbearer's tale

A culture of data believers isn't just about engaging an organisation's leaders. Torchbearers make it a ground-up proposition. In fact, in Australia and New Zealand, 68 per cent of Torchbearers are empowering their workforces to fully participate in a data-rich environment, compared to just 28 per cent of Aspirationals.

Woodside Energy, the pioneer of the liquefied natural gas industry in Australia, has made data-for-everyone its mission. The company has created a "citizen science platform" that anyone, even those who can't code, can use for oil and gas exploration. Employees can use drag-and-drop algorithms and other visualisation options to discover new patterns when looking at data.

"We want all our great minds tapping into data because each one will look at things differently," says Woodside Chief Digital Officer, Shelley Kalms. "We're aiming for a 'learn-it' mindset, rather than a 'know-it-all' mindset. We're trying to unlock the collective intelligence of our organisation by bringing the data, information, and insights together to improve our operations and the working lives of our people."

"We want all our great minds tapping into data because each one will look at things differently,"

Shelley Kalms.
Chief Digital Office
Woodside Energy, Australia

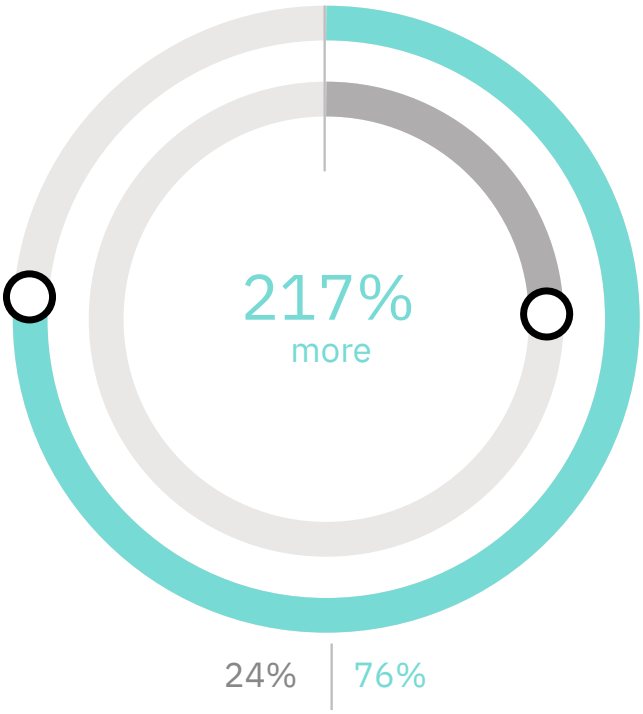
"Personal data use will be challenged. Consumers know their data is being used, but they don't always know how, where, and what for. There is an increasing caution among consumers about what they share and how it is tracked. If businesses can't demonstrate the value people get in return, people will say, 'I want my privacy back."

Mark Lollback,
CEO, GroupM
Australia & New Zealand

A/NZ Torchbearers have laid the foundations for creating trusted data

Figure 11

Good governance clearly defines rules for the collection, usage and sharing of data



A/NZ Torchbearers
A/NZ Aspirationals

Source: Q12. For each of the following items , where is your enterprise positioned today with regard to obtaining the data that your enterprise needs to compete? n=428

Action guide

How to build the human-tech partnership

1. Lead trust in data from the top

Put data-based decision making at the top of the C-suite's agenda.

- Embed a data mindset into management systems.
- Make data trustworthy to support C-suite-level decisions.
- Utilise data and predictive analytics to identify and model future scenarios, big bets, and next-best actions.

2. Empower employees to become citizen scientists

Liberate your data from the ground up.

- Give all of your employees access to the tools they need to dive into data—even if they aren't data scientists.
- Invest in analytics, data, and visualisation tools, as well as skills development, to empower your entire workforce.
- Make sure your teams that are exploring the data span the business and include diverse thinkers representing a range of skills.

3. Push the envelope on data and technology

Expand your horizons on what data can do.

- Apply cutting-edge technologies, particularly AI, to make sense of data in context, automate workflows, and humanise the customer experience.
- Move AI from online to the front lines—into the hands of every employee who interacts with business partners and customers.
- Use digital twins to allow for real-time physical asset and workflow simulations, including remote troubleshooting and logistics optimisation.

4. Establish enterprise-wide data governance

Be transparent about your analytics, AI models, and data processes, and establish enterprise-wide data governance.

- Allocate ownership, responsibility, and accountability for the enterprise-wide data strategy.
- Put strong rules in place for how you acquire, store, and use your data; keep it current, clean, and curated.
- Eliminate bias from your data and AI models, applying automation to help you do so.

5. Leverage the power of hybrid cloud

Provide the scale for data proliferation as you broaden the range and diversity of your data sources.

- Use technological capabilities such as hybrid cloud, IoT, 5G, and edge computing to enable the acquisition, storage, and sharing of data.
- Deploy enterprise platforms comprising data, AI, and immersive security to break down organisational siloes and foster collaboration.
- Craft intelligent workflows to extract real-time value from data and to create "as-a-service" capabilities.

Recommendations are based on extensive analysis of comparative data, as well as on numerous deep-dive interviews with C-suite executives at leading Torchbearer organisations around the world. They identify key differences for how Torchbearers drive their businesses as compared to those in the other stages.

Chapter 3

Ecosystems

How to share data in the platform era

The advantages of “open” made the leap from software to business models long ago. As value chains morphed into ecosystems, and then again into platform business models, data pools rippled out in ever-widening circles outside the organisation, eventually spilling across industries.

Data that stays inside the organisation is more likely to drift out of date than to grow in value. In circulation, flowing freely among business functions, streaming across enterprises and ecosystems, data germinates.

But what if you lose control?

Most organisations agree that new value from data will be generated by ecosystems of partners, often operating on a shared business platform. As organisations swarm to these platform-based models, “big-bet decisions” will have to be made.

On the one hand, proprietary data has been a significant incumbent advantage. On the other hand, data shared across business platforms is one of the surest ways to create future advantage, network effects, and the outsized returns that can come with them.

The Torchbearers:

- Utilise data to create new business strategies and expand their partner networks.
- Generate exponential value from data by trusting partners and evolving systems, and sharing data across ecosystems.
- Guide their drive to value by adopting a data strategy that explicitly determines how they can best plan to monetise their data.

A/NZ Torchbearers are putting more focus on the ecosystem

Figure 12

We expect to expand our partner networks in the future

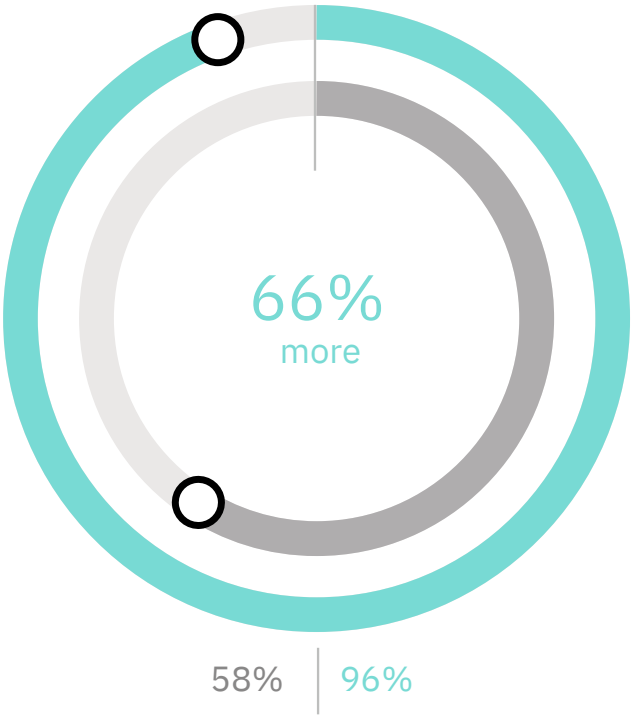
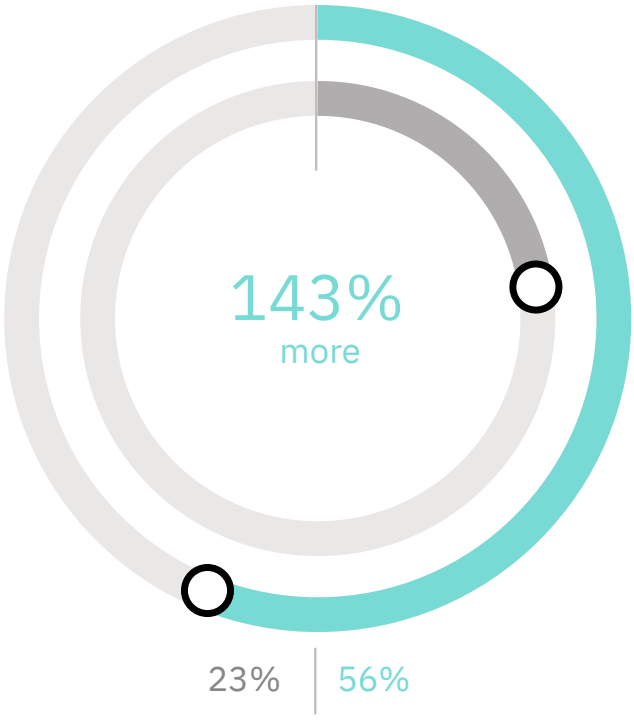


Figure 13

Our organisation is willing to share data beyond our enterprise boundaries



A/NZ Torchbearers
A/NZ Aspirationals

Source: Q2. In which direction do you think the business landscape will change in 2 to 3 years? n=428

Source: Q11. To what extent is your enterprise focused on the following activities? n=425

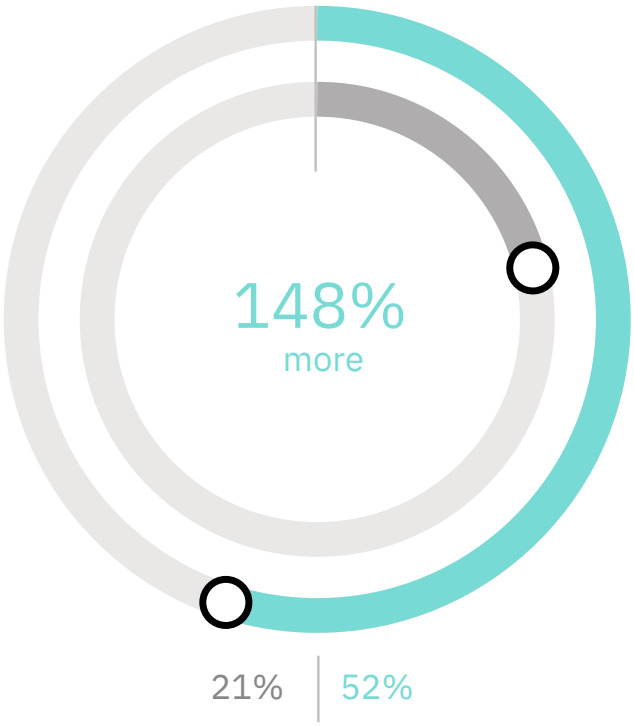
"The problem is particularly acute when the output from data models tells an unexpected story."

Michelle Anderson,
Chief Digital Officer,
The Warehouse Group
New Zealand

A/NZ Torchbearers are starting to explore ways to monetise their data

Figure 14

Pursuing data monetisation strategies



Source: Q14. To what extent does your enterprise plan to increase its activity in pursuing data monetisation strategies? n=421

TradeLens: A Torchbearer's tale

TradeLens is riding the wave of change made possible by cross-industry collaboration. This open shipping platform underpinned by blockchain technology was launched to help modernise the world's supply chain ecosystems. It now consists of more than 100 different organisations around the world, including Australia and New Zealand, collectively handling more than half of the world's ocean container cargo.

The platform was jointly developed by Maersk and IBM and lays the foundation for digital supply chains. It empowers multiple trading partners to collaborate—publishing and subscribing to events data—by establishing a single shared view of a transaction without compromising details, privacy, or confidentiality.

Many of the processes for transporting and trading goods are expensive, partly as a result of manual and paper-based systems. Replacing these peer-to-peer—and often unreliable—information exchanges, TradeLens enables digital collaboration among the multiple parties involved in international trade.

Shippers, ocean carriers, freight forwarders, port and terminal operators, inland transportation, customs authorities, and others can interact more efficiently through real-time access to shipping data and shipping documents, including IoT and sensor data. The members of the platform gain a comprehensive view of their data and can collaborate as cargo moves around the world, helping create a transparent, secured, immutable record of transactions.

Maersk and IBM lay the foundation for digital supply chains.

Action guide

How to share data in the platform era

1. Use data to refresh your business strategy

Be restless and look for deeper insights into customers, markets, and competitors.

- Use data to identify new strategies, including those that expand your partnership network.
- Digitally connect your enterprise from the outside in and cognitively enable it from the inside out to create market-making platforms.
- Use interactive tools to identify new events and trends as they happen so you can reinvent yourself over and over again.

2. Develop a data-sharing roadmap

Decide what data you are prepared to share and what data you have to keep close to your chest.

- Architect your organisation to be open, including using open APIs with your partners.
- Create a blueprint of what proprietary data can be shared, what value can be derived from that, and how you can derive that value.
- Engineer your workflows for transparency so that you can liberally and securely share data with partners and customers.

3. Establish secure data exchange

Create security, transparency, and accountability for data that runs through your business platforms, well beyond your enterprise's borders.

- Make each member of your C-suite accountable for ecosystem-wide sharing of his or her organisation's data.
- Build robust business platforms that enable principled data sharing—both internally and externally.
- Implement smart contracts that trigger the secure sharing of fit-for-purpose data with network partners.

4. Build and keep trusted partnerships

Recognise each party's role and understand the rewards you can achieve through deep collaboration.

- Clearly quantify the value of teaming and investing in business platforms.
- Agree to leverage each other's network of networks to access powerful new sources of data.
- Identify collective gaps where you and your partners need to invest to hone your competitive edge.

5. Create a data monetisation strategy

Recognise your data as one of the most valuable assets your company has, and establish a monetisation strategy.

- Carefully quantify the value of data to all participants in your ecosystem.
- Shape and scale your go-to-market model to leverage the intrinsic value of the data.
- Become a data custodian—a trusted enterprise that safeguards partners' and customers' data while helping them monetise it.

Recommendations are based on extensive analysis of comparative data, as well as on numerous deep-dive interviews with C-suite executives at leading Torchbearer organisations around the world. They identify key differences for how Torchbearers drive their businesses as compared to those in the other stages.

Conclusion

Return on trust

The Torchbearers have illuminated a new path to value from data. They've shown how data can be utilised to rebuild trust with customers and business partners and, in so doing, create new economic value—a return on trust.

The Torchbearers, who lead their peers in innovation, performance, and mastering change, stand apart from others in three areas:

Trust from your customers. Torchbearers are strengthening their relationships with customers by becoming trusted custodians of personal data, demonstrating transparency by revealing data about their offerings and workflows, and using the trust advantage they've earned to create differentiating business models.

Trust in your data. Torchbearers are instilling confidence in their data and AI models enterprise wide. That confidence is stimulating a culture of true data believers and data-based decision makers. In turn, it's elevating the experiences they can create for customers and partners along their value chains.

Trust across ecosystems. Torchbearers are taking on the challenge that could shape their future—learning how to share data on business platforms without giving away their competitive edge. They've turned the corner from amassing data to determining how best to monetise it, including how to build ecosystems to create new exponential value.

Trust, the Torchbearers understand, has for some time been the missing factor in the value-from-data equation. Trust, they realise, could be their sustainable advantage.

Research methodology

The IBM Institute for Business Value, in cooperation with Oxford Economics, interviewed 13,484 C-suite executives from 98 countries and 20 industries. Our 3,819 face-to-face meetings and 9,665 live phone interviews collected both quantitative and qualitative responses. For these sessions, we deployed an in-depth survey to uncover how organisations are extracting value from data and exponential technologies to enable business innovation, expand customer engagement and trust, and optimise their business ecosystems.

Respondents in our study represent a balanced mix of six C-suite roles: CEOs, CFOs, CHROs, CIOs, CMOs, and COOs. Data collection was specified at the country and industry levels to acquire a representative set of global respondents.

Our analysis of survey results applied a variety of statistical methods and practices to create regression and correlational models. We used exploratory factor analysis to develop response themes. We also used IBM Watson AI technologies against thousands of qualitative interview responses to conduct sentiment analysis and classify study findings into narrative themes. Then, IBM Watson Project Debater revealed how the prevalent themes were viewed from multiple perspectives.

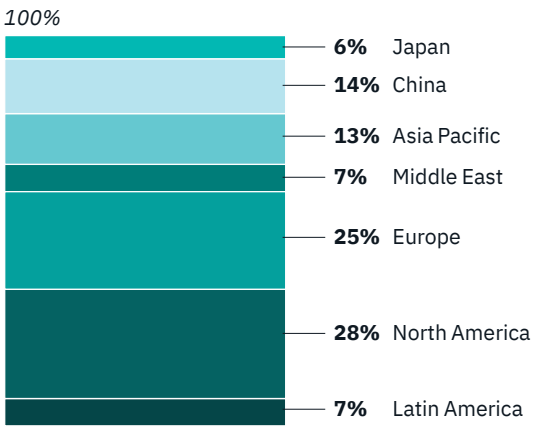
We classified every participant into one of four stages. The horizontal axis is driven by combined responses to three questions: the extent to which an organisation's data strategy is integrated with its business strategy; the extent to which the C-suite recognises the value of data as a strategic asset; and the extent to which the enterprise is aware of and understands the strategic value of data.

The vertical axis is driven by three additional questions: the degree to which an organisation has met its expectations for creating value from the strategic use of data; the extent to which the enterprise can access, extract, or link the data together; and the extent to which it can create insights from data.

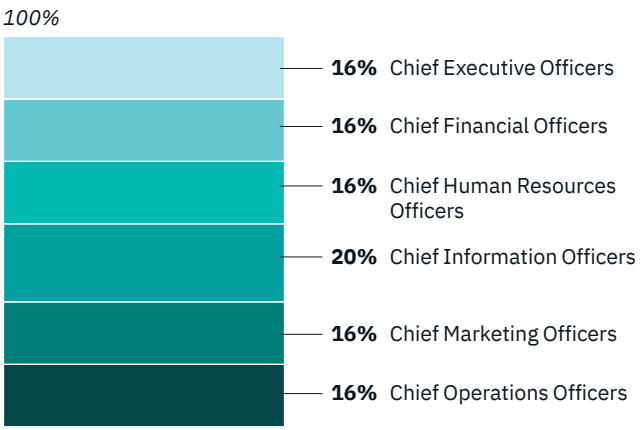
For this study, we asked respondents to do a self-assessment on more than 100 aspects, including financial performance versus industry peers. We cross-validated responses by comparing two objective financial measures—revenue growth and profitability—where the information was publicly available. Our analysis confirmed a high correlation between self-assessed and actual performance, thereby lowering the potential for distortion from a systemic "halo effect."

In some parts of our analysis, our researchers recognise that a simple reporting of absolute contrast belied the true significance of performance differences. So, to explore the magnitude of a given performance difference in such cases, we report relative, rather than absolute, differences.

Respondents by region



Respondents by role



IBM Corporation
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