

Australian businesses plan to invest more in Gen AI than global average



Cognizant's study reveals that ANZ businesses plan to invest \$15 million in generative AI this year compared to the global average of \$12.5 million

TEANECK, N.J | SYDNEY, AUSTRALIA. September 26, 2024— In a new report from Cognizant (NASDAQ: CTSI), the professional services and technology company reveals that businesses in Australia and New Zealand (ANZ) plan on investing in generative AI (Gen AI) at a rate that exceeds the global average.

With \$15 million earmarked for 2024—compared to \$12.5 million worldwide—ANZ companies are displaying strong confidence in Gen AI's transformative power. The data, evaluating the IT and business leaders' sentiment of Gen AI accelerators and inhibitors, shows that ANZ leaders have a momentum score that is 15% higher than the global average. The momentum score, calculated based on the survey results, represents business leaders' assessment of 18 internal and external factors accelerating or inhibiting adoption of Gen AI in their enterprises.

Cognizant produced "The AI Advantage: Why ANZ is Positioned for Gen AI Success" with Oxford Economics. The work was part of a global study that interviewed 2,200 business leaders in 23 countries and across 15 industries, including 200 C-suite leaders in ANZ.

The work assessed a wide range of Gen AI adoption trends, including investment levels, use cases, the criticality of Gen AI strategies to business success, and organisational readiness.

The high level of investment and momentum score reflect regional leaders' belief in the flexibility of their operating models and high market demand for Gen AI enabled products and services.

According to the study, productivity is the top driver for AI adoption, with 48% expecting it to impact their business strategy in the near future. Going beyond efficiencies and cost cutting, leaders want to translate productivity from Gen AI into growth, with 56% calling out potential revenue growth as justification for their Gen AI business case. However, the study also reveals that the same leaders expect the technology to take between four to five years to mature.

Rob Marchiori, Cognizant's Australian Country Manager, commented: "This report highlights how Australia and New Zealand are frontrunners in Gen AI race, underscoring our region's belief in the technology's potential. However, to maintain this momentum, it's crucial that we focus on proper implementation with strategies that are both robust and adaptable to drive sustained growth."

Phases and challenges

While ANZ businesses demonstrate confidence in their Gen AI investments, the team at Cognizant Australia advise that these promising developments shouldn't lead to underestimating the challenges ahead.

Cognizant's experts say one of the next hurdles for local businesses will be safely scaling the technology. Many organisations are still in the initial phases of Gen AI implementation, working on proof-of-concepts, use cases, and adapting infrastructure. However, deciding where and how to scale the technology effectively is a critical step many businesses still need to face.

Looking at the inhibitors, the study suggests that availability of talent and maturity of AI related technology and infrastructure are some of the top barriers to Gen AI adoption. For example, while most leaders in ANZ rate their data quality as strong, only 16% are confident in their ability to access the necessary data.

This discrepancy between perceived high data readiness and actual data accessibility suggests that while data is abundant, leveraging it remains difficult because of legacy systems or infrastructure that is not designed for the Gen AI era. Moreover, survey respondents, almost evenly split between business and IT leaders, reveal differing views on data infrastructure readiness, highlighting the need for greater alignment within enterprises.

Ambition vs pragmatism

The report highlights that one-third of ANZ businesses are deploying Gen AI in customer-facing areas, while 29% are using it in software development.

As ANZ businesses continue their pursuit of Gen AI, companies must balance their ambition with a practical approach. Addressing gaps in technological infrastructure, enhancing AI literacy, and fostering strategic partnerships will be vital to converting optimism into tangible success.

To successfully scale Gen AI, businesses must prioritise strategic use cases that are feasible and likely to deliver the highest value quickly. Investing in high-impact areas is the best way to ensure real benefits and ROI.

Building a scalable ecosystem is another essential factor. Businesses should collaborate with cloud providers and AI experts to access the infrastructure, expertise, and insights necessary to scale their AI projects.

Read the report here: <https://www.cognizant.com/au/en/documents/cognizant-why-anz-is-positioned-for-gen-ai-success.pdf>.

Methodology

Cognizant partnered with Oxford Economics to design and conduct a survey of 2,200 business leaders in 23 countries and 15 industries, including 200 in ANZ. The study assessed a wide range of Gen AI adoption trends, including investment levels, use cases, how critical Gen AI strategies are to business success and organizational readiness to adopt the technology.

Industries

Banking and Financial Services, CMT, Energy and Utilities, Healthcare, Insurance, Life Sciences, Manufacturing, Public Sector, Resources (Mining & Oil), Retail, Transport and Logistics

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For more information, contact:

GlobalPR@cognizant.com

Forward-Looking Statements

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