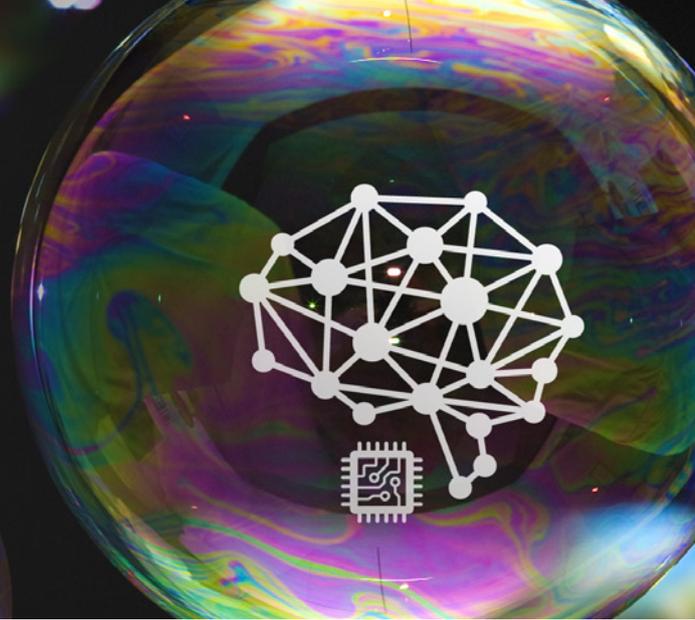




CEOs pulling digital rabbits out of hats

August 2020



In KPMG's global CEO Outlook pulse-check, half of New Zealand CEOs surveyed stated that the digitisation of operations and the creation of a next-generation operating model has sharply accelerated, putting them years ahead of where they expected to be – a result which shows a much higher degree of confidence than their global peers.

Since the New Zealand Government announced the first move to Alert Level 3 lockdown on March 23, technology teams have been 'pulling rabbits out of hats'. They have delivered technology to enable organisations to continue to operate and transact, with technology innovation being introduced at digital speed.

However, it's unclear whether the change we're seeing in the New Zealand market warrants the confidence shown by our CEOs compared to their global peers.

Whilst achieving years' worth of progress in the space of four months is unlikely, we understand the basis for the optimism. The technology is working. Cloud technology is delivering rapid value. Customers and staff are online and have been forced to change their behaviour because of Covid restrictions. Many organisations that had digital capabilities as a small part of their delivery model are now using digital as the primary (or only) delivery model.

Progress is definitely good, however there is much to be done, particularly

when it comes to operating models. There is a big difference in the operating model of a business with 5% of its revenue from 'click and collect', to a business with 25%. The latter business might, for example, need to switch its technology focus from order generation to fulfilment automation.

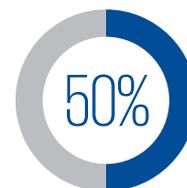
Dinesh Naik, Head of Retail at KPMG says, "For most New Zealand corporates, this year has seen 'digital' move from one of many focus areas, to 'the' focus area. Since February, digital sales channels have near doubled, marketing spend has shifted from traditional media to online and social channels, and all this change has led to increased customer expectations for their online experience."

With 82% of New Zealand CEOs surveyed stating they are personally leading the technology strategy for their organisation, and 80% stating that they are partnering much more closely with their CIO to ensure they harness the potential of emerging technology, it makes us optimistic that this progress can be sustained.



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Dinesh Naik
Partner, Head of Retail, KPMG



50% of New Zealand CEO say their progress of the digitalisation of operations and the creation of a next-generation operating model has sharply accelerated as a result of the global pandemic, putting them years in advance of where they expected to be.

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