

Appendix – Key report findings

Industry expectations

- **Financial services** faces strong downward pressures on fees and interest income as well as competition from technology players and new entrants.
 - By 2025, a leader bank holds \$15 billion more in revenue, \$47 billion more market value, and double the annual productivity of an industry follower.
- **Retail** will see major players blending online and bricks-and-mortar models to meet the needs of increasingly powerful consumers.
 - By 2025, a leader retailer makes \$106 billion more in sales, sells 40 per cent of its goods online, and delivers 34 per cent higher return on capital for shareholders compared to a follower organisation.
- **Mining** applies new technologies like data analytics and remote operations systems to boost efficiencies, rather than simply augmenting production capacity.
 - By 2025, a leader miner generates more than twice the sales, almost triple the profitability and over three times the market value of a follower.
- **Telecommunications** continues to see sales growth of up to 4.1 per cent *per annum* by focusing on value-added services and Big Data while minimising costs.
 - By 2025, a leader telco is more than twice as profitable and has \$54 billion more in market capitalisation than its follower.
- **Public administration** responds to sustained cost-cutting pressures by reforming its operations with digital technology to improve service levels.
 - By 2025, the cost of public administration could fall from 4.8 per cent of nominal GDP to 3.9 per cent, while raising public service quality.
- **Health** requires fundamental reform if it wishes to meet myriad challenges including an ageing population, increasing incidence of chronic diseases and staff shortages.
 - By 2025, a digitally transformed healthcare sector could have 5.5 per cent higher citizen satisfaction with only a 3 per cent rise in costs.
- **Higher education** will be increasingly online and feature more interconnections between local and global institutions, resulting in more options for students and more competition for talent.
 - By 2025, a leader university secures 8,760 more students, \$229.8 million more in surplus funds, and up to \$1.77 billion more in fixed assets compared to a follower.

Overarching findings

Australian enterprises already face six main fundamental changes, which will gain even greater significance by 2025 as a result of digital technologies:

- Heavy dependence on digital technologies, such as mobile devices and the cloud
- Closer real-time connections with customers, facilitated significantly by social media
- New demands from customers and employees, as a result of increasingly 24/7 engagement among “digital natives”
- Flatter, more agile organisations that use automation and data to increase performance
- Faster decision-making thanks to Big Data
- Sharp rises in competition due to the globalising effects of digital.
- The compounding effect of digital transformation means that small gains by leader organisations rapidly become significant advantages in profits, innovation and talent quality by 2025.
- Follower organisations are more likely to fail completely – or be merged into market leaders – than to maintain second or third position in the marketplace.
- The public sector can overcome imminent cost constraints by using digital business models to boost the reach and effectiveness of services.
- The creation of high-value jobs will become a national challenge as digital technology enhances sales and service outputs.

Most major business sectors will be substantially affected by digital technology by 2015; almost all will have been significantly transformed by 2018.