Digital and Data Leaders 2022 Survey

KPMG Digital Lighthouse
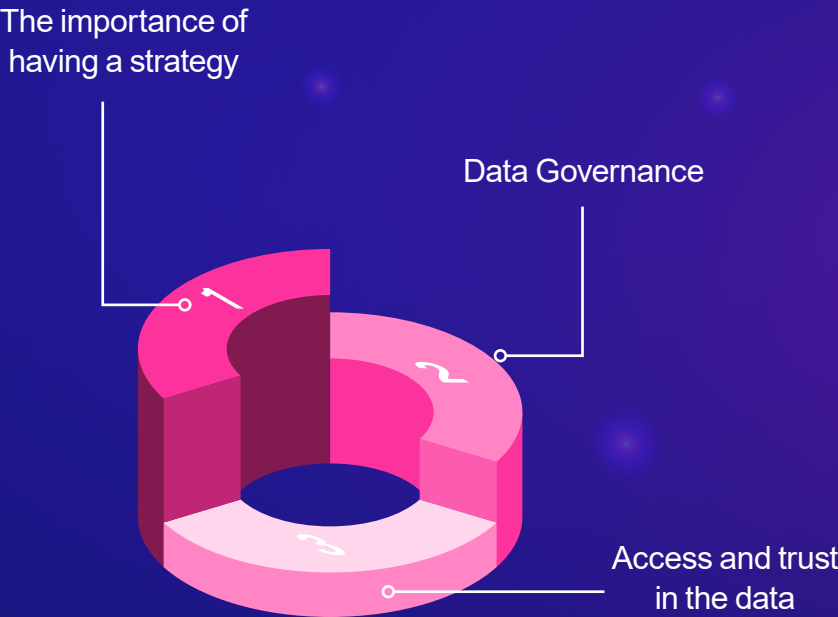
—

kpmg.com/nz

Introduction

During the pandemic in 2020, KPMG's Digital Lighthouse team went on a journey to understand the level of maturity in New Zealand's data and analytics field and offer a benchmark for local organisations.

While there is plentiful data and analytics research available at a global level, Digital Lighthouse wanted to share insights into the nuances in New Zealand's market. Two years on, we look at whether organisations have enhanced their digital capability and whether they are on the path to becoming more digital and data-driven.
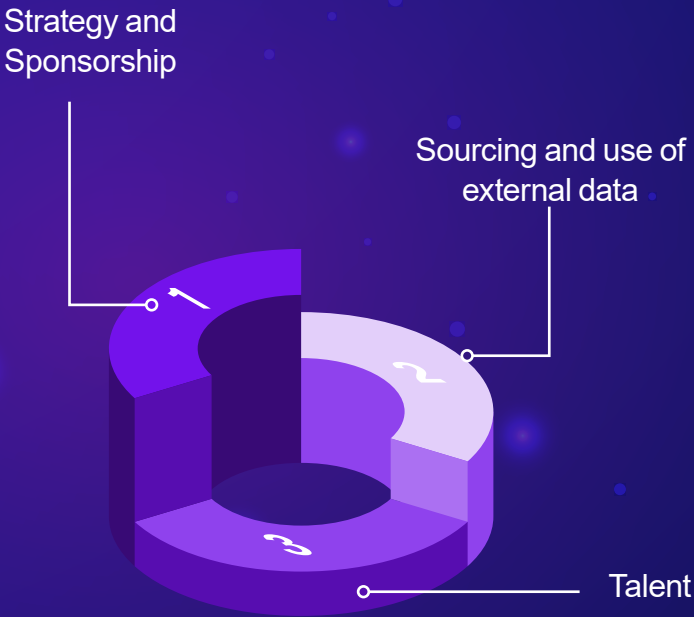
We have surveyed digital and data professionals across New Zealand, aiming to uncover their technical and organisational data maturity, their approach to digital transformation, their data governance practices, and the skillset within their organisations.

While elements of the same themes are present, we have seen an evolution in the key themes that emerged.

2020 key themes

The importance of having a strategy

Data Governance

Access and trust in the data

2022 key themes

Strategy and Sponsorship

Sourcing and use of external data

Talent

2022 Digital and Data Leaders Survey results snapshot

71 respondents to our 2022 Digital and Data Leaders Survey

10 different industries

2x Leaders who have easy access to data are two times more likely to trust the data they capture

89% of organisations acquire and store data from external sources

4x By having an enterprise-wide data and analytics strategy, organisations are four times more likely to use Data Science and ML tools

71% of our respondents are unsure of/have not utilised the Data Governance tools available to them

86% of the companies that have sponsorship or a champion at the executive level for data and analytics have people responsible and empowered to improve data quality (previously 87% in 2020 results)

78% of our respondents stated that outsourcing the development of digital solutions must be collaborative in order to trust the data and analytics made available to them

64% of companies can quickly spot risks and opportunities thanks to automated data and analytics processes

20% increase since 2020 in organisations trusting the data and analytics made available to them.

After Covid-19 lockdowns shone a light on the importance of digital transformation and effective data and analytics functions, we explored how organisations have progressed in their journeys and how priorities may have shifted.

Having a strategy, for example, has developed into combining that strategy with senior level advocates who can support and implement it. Champions who can break down barriers to progress and sponsors who can help fund initiatives are recognised as important pieces of the puzzle.

69%

of organisations use data and insights to inform their corporate strategy (76% in 2020)

54%

of organisations have an enterprise-wide data and analytics strategy being used (67% in 2020)

80%

of organisations have sponsorship or a champion at the executive level for data and analytics (84% in 2020)

Access and trust in data is still vital, but necessity has seen organisations become more comfortable with using external data when its sourcing is transparent. We have seen an improvement in trust due to organisations hiring the right talent to validate and assess data assets.

Data governance is a crucial tenet, but few areas have been immune to the battle for talent, and data and analytics faces particular challenges as a technical and rapidly changing field. So why are we seeing some of New Zealand's organisations moving backwards when it comes to integrating data and strategy?

In 2020 we asked our survey participants if they had a champion or a sponsor for data and analytics at the executive level.

In 2020, 84% had felt they had someone at that level. Whilst the numbers are still high in 2022 (80%), we noticed a small drop in percentage across strategy and sponsorship. This may be a result of the multiple directions leadership teams are currently being pulled in, with global uncertainty high on many C-suite radars. KPMG's recent CEO Outlook report explores the issues that business leaders in New Zealand are grappling with, with digital transformation just one out of several pressing concerns.

It may also be reflective of the influx in focus on data and digital plateauing now the pandemic has become a more accepted part of daily life. In 2020, lockdowns resulted in the sudden requirement to work from home for many organisations requiring digital adoption to happen almost overnight.

Formalising leadership brings benefits

Where organisations have both a data strategy and a sponsor, leaders are seeing the benefits.

88%

of these organisations have more appetite to make more data-driven and automated decisions

78%

of these organisations utilise data science and machine learning tools

86%

of these organisations have the right talent on board who are empowered and responsible to improve data quality

Sponsors align the overall company strategy to data team initiatives, ensuring data and analytics is factored into executive-level conversations rather than treated as an add-on. They can also be critical in articulating the value data and analytics functions are delivering to the business and, in return, making the data team feel like valued contributors.

One respondent told us that, without the right sponsor in place, their organisation would have never taken a risk on automated data-driven decisions. They now acknowledge that this would have been a mistake, and 79% of our respondents stated that they saw higher efficiency across teams because of process automation.

Having a strategy and the active improvement of data quality are highly connected. Our survey shows that organisations who have an active enterprise-wide data and analytics strategy are twice as likely to have people responsible and empowered to improve data quality.

Although there has been a slight decrease in the number of organisations with a corporate, enterprise-wide strategy and champion, our discussions with the market tell us that these assets are critical.

Our conclusion is that leaders still see high value in the use of data and analytics, but that they have lost some momentum when it comes to formalising a data strategy and having a dedicated senior sponsor.

Covid may have had a slight impact on adoption as focus was on reactive and immediate upgrades required, but our leaders are telling us that they are now playing catch up on the time they lost when development efforts were paused due to cost cutting until the impact of the pandemic was clear. 2022 results have shown us that organisations are prioritising initiatives that are quick wins but that long term commitments will be key if they are to maximise value and maintain a competitive edge.

The sourcing and acquiring of External Data

Complementing internal data with external is a valuable way of extracting additional insights without requiring data teams to capture new data themselves.

Organisations are in heavy competition when it comes to connected customer conversations and personalisation, and this is not unique to New Zealand. Our 2022 Cyber Trust Insights survey found that improving customer experience (CX) was the top driver for digital transformation, and CX was certainly highlighted as a reason for collecting external data. Customers increasingly expect personalised and streamlined experiences, so there is a growing need for ensuring customers' information that is kept within organisations should be utilised to fast-track customer queries. Many of our respondents raised that there is an increasing need to start collecting and sharing external data in general.

Prior to Covid, organisations were reluctant to ingest new information into their systems if they had not sourced it themselves. Hosting information not collected by the organisation itself was unpopular as a lack of transparency creates lack of confidence. This year, collaboration was a clear priority in bridging this trust gap; 78% of our respondents stated that outsourcing the development of digital solutions must be collaborative in order to trust the data and analytics made available to them.

With Covid fast-tracking most organisations' digital journeys, it seems that sourcing information is the new trend. Necessity drives innovation, after all.

89%

of the organisations surveyed said they currently collect or manage external data

ESG:
You can't go it alone

This has also proven true with increased pressure to report on ESG metrics over the last couple of years. Collecting environmental, social, and governance data appears top of mind for most organisations, especially for sectors such as financial services where larger organisations will soon be required to disclose climate-related information.

ESG is taking on greater significance in this decade, and with increasing reporting requirements, being able to collect and analyse the right data will be vital. Governments and regulators around the world are increasingly signalling that organisations have both the responsibility and resources to make a significant contribution to emissions reduction and, more broadly, build a more sustainable, resilient future.

But ESG is not only a framework for reporting. ESG and sustainability are becoming common lexicon, with customers, shareholders, and employees alike holding organisations to higher standards than ever before. Setting net zero targets but failing to deliver transparent reporting and clear progress is no longer an acceptable approach.

Leading organisations have begun embedding sustainability within their core strategies and financial plans in order to create value across the social, environmental, and economic systems in which they operate. In doing so, they unlock new pathways to long-term prosperity.

While currently only the 200 largest entities in New Zealand will be required to report, they will need to report on their suppliers and customers' impacts. ESG reporting will be increasingly important and needs to be a top priority.

The breadth and complexity of data required is a concern for many. Recent research found that 37% of Kiwi CEOs believe identifying and measuring agreed metrics will be their biggest challenge in delivering their ESG strategy. But again, utilising external data will help ease some of the burden and industry collaboration will be key. Market-leading organisations need to be future-focused rather than reactive to their customers, otherwise they will be behind the demand instead of ahead of it.

36%

of our respondents did not believe that their organisation has a need to manage internal or external ESG data, even with reporting mandates coming into effect.

Talent

Many New Zealand organisations have been struggling to attract and retain talent with the rising cost of living and borders re-opening.

To ascertain how hard fought the battle for talent is in New Zealand, we surveyed 11 key roles within data and analytics functions. The results are surprising. This doesn't ring true with the anecdotal woes that exist when it comes to the challenge of recruiting technical talent and, at the time of writing, there were over 2,500 roles advertised on the job site Seek relating to 'Data Analyst'.

10%
stated they cannot fill open data and digital roles

18%
said they did not know if a role was required in their organisation

The perception between technical and business leaders is fairly consistent across most role types. The only exception was the Cloud Engineer, where those with a business focus think the role is required and filled 38% of the time vs technical at 63%. Those in technical roles are more optimistic about their current team capability for the most technically advanced roles like Cloud Engineer, Software Engineer, and Solution Architect, where they consistently believe the role is required and they have the right people in them.

Those with a business lens are more likely to openly admit they aren't sure if the role is required in their organisation at all. Ensuring that those with the technical knowledge are involved in recruitment is evidently important, particularly as new roles and technologies emerge.

In 2020, the importance of Data Storytellers was prominent in our survey results. 70% of companies with Data Scientists also had Data Storytellers and interviews unveiled that this was their "most critical hat". However, in 2022, the importance of this role was polarising, and also the hardest to fill, with 18% saying they could not source someone.

47% ⬇
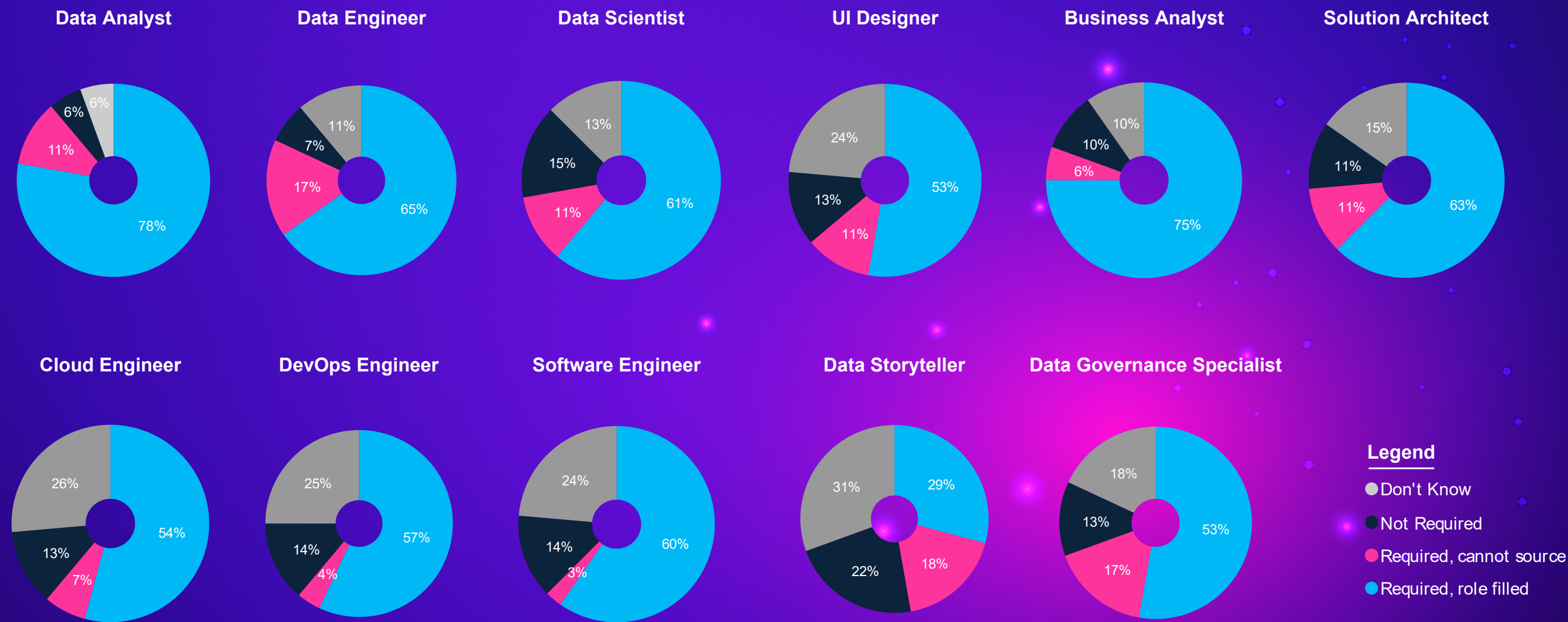of leaders surveyed in 2022 thought the Data Storyteller role was critical, compared to 70% in 2020

53%
said they were unsure if the role is needed or what it entails

It became clear that storytelling is now seen as part of any data professional job. Organisations should be wary of being too demanding of specialist talent though; we have seen this play out before, where technical professionals struggle to succinctly communicate highly complex ideas to non-technical audiences, and, at times, miss the mark. Allowing them to focus on skillsets they were hired for is key, with support from complementary skilled team members.

A large range of new roles has emerged in the data and digital space in recent years.

Data Analyst
- 78% Required, role filled
- 11% Required, cannot source
- 6% Not Required
- 6% Don't Know

Data Engineer
- 65%
- 17%
- 7%
- 11%

Data Scientist
- 61%
- 11%
- 15%
- 13%

UI Designer
- 53%
- 11%
- 13%
- 24%

Business Analyst
- 75%
- 6%
- 10%
- 10%

Solution Architect
- 63%
- 11%
- 11%
- 15%

Cloud Engineer
- 54%
- 7%
- 13%
- 26%

DevOps Engineer
- 57%
- 4%
- 14%
- 25%

Software Engineer
- 60%
- 3%
- 14%
- 24%

Data Storyteller
- 29%
- 18%
- 22%
- 31%

Data Governance Specialist
- 53%
- 17%
- 13%
- 18%

Legend
- ● Don't Know
- ● Not Required
- ● Required, cannot source
- ● Required, role filled

The destination is clear
but the path is not

This year's survey has reiterated that organisations are still on a journey to understand their current processes and enhance their digital capability.
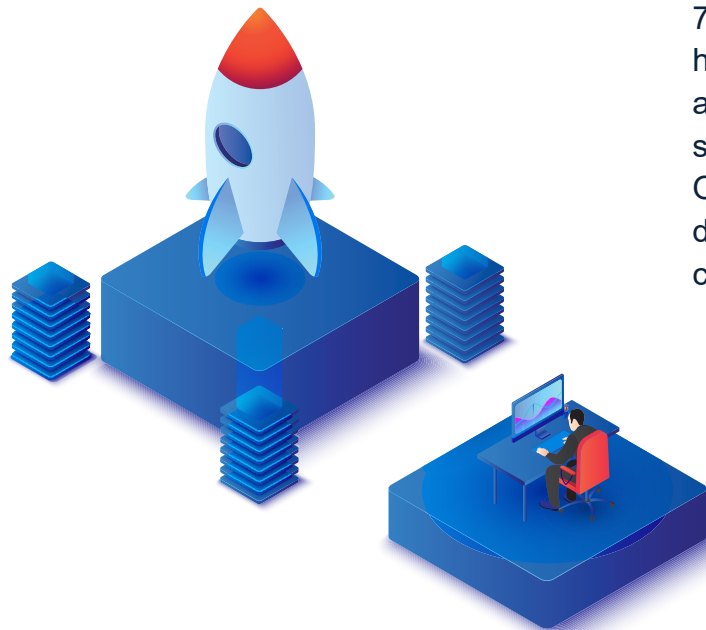
The most surprising role which was a struggle to source was the Data Governance Specialist. It was noted that this role is high priority at this stage for organisations as most are migrating their data to the cloud and need the specific skillsets to ensure data is governed accurately and protected.

71% of our respondents are unsure of or have not utilised the Data Governance tools available to them, explaining the need to source for a Data Governance Specialist. Organisations understand that governing data is critical but don't currently have enough capacity or capability to do it.

In conclusion, since 2020 there has been a 20% increase in organisations trusting the data and analytics made available to them.

So the challenge for our field is how to leverage this increased trust and match it with demonstrated value. How can we best empower our organisations with the data and analytics we make available? How can we better integrate data and insights into the forming of strategy and other key decision making processes?

As we look ahead to 2023, there are some key areas where teams can look to make a difference:

- Identify a sponsor and/or champion at the executive level who can support the integration of strategy and data
- Work collaboratively with external data suppliers or developers to increase transparency and trust internally
- Prepare for stakeholder expectations when it comes to ESG reporting and develop a solid understanding of the data you do and don't have access to
- Ensure the business and technical functions are on the same page about the skillsets needed.

Contact us

Stephen Hastings
Partner
stephenhastings@kpmg.co.nz

Zahraa Almulla
Director
zalmulla@kpmg.co.nz

Katie McCarron
Associate Director
kmccarron@kpmg.co.nz

kpmg.com/nz