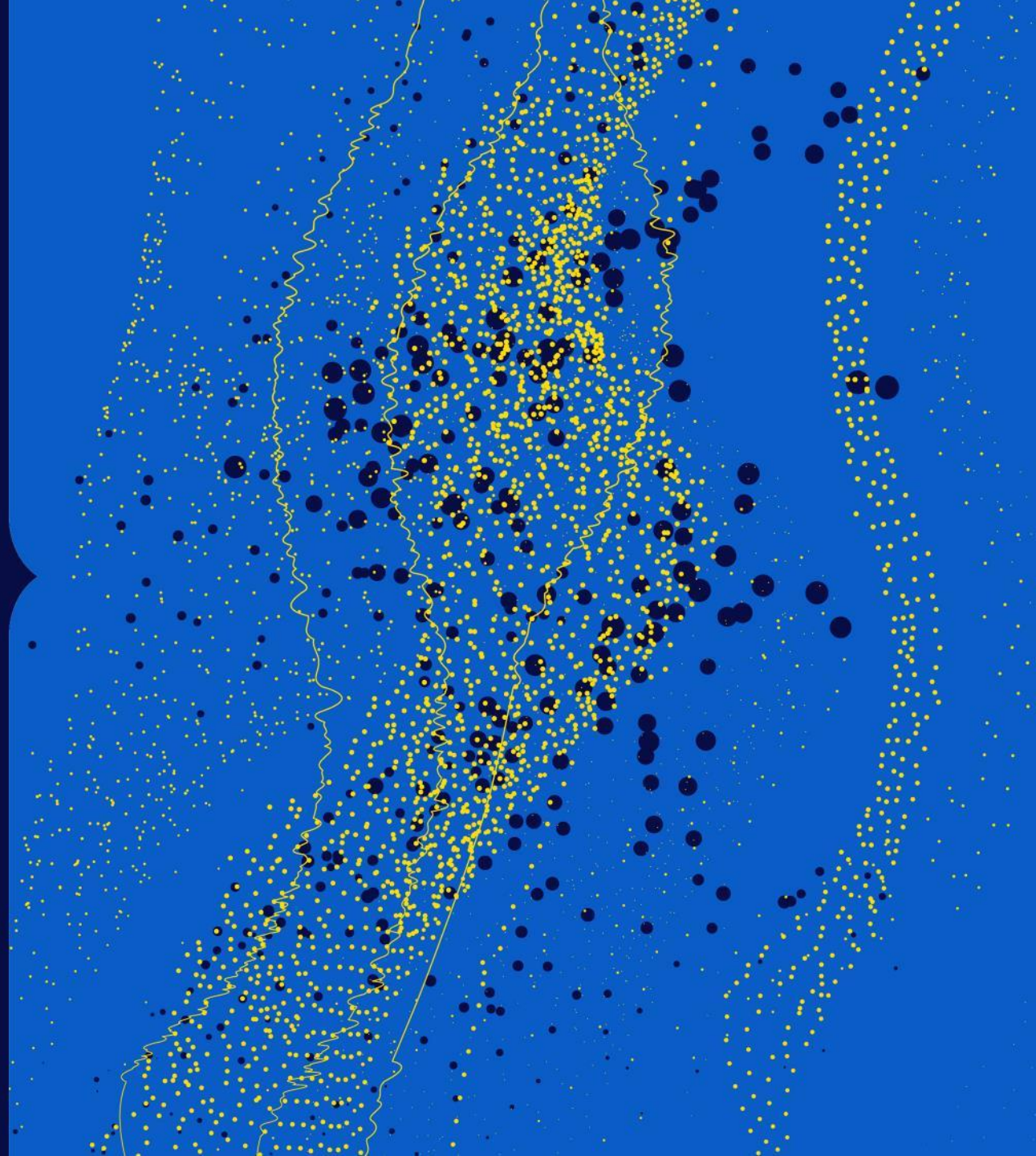
CPA Australia Business Technology Report 2023

A survey of technology usage by businesses in the Asia-Pacific



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Overview

This report is CPA Australia's third survey of technology usage by businesses. The survey was conducted from 15 May to 6 July 2023. A total of 697 valid responses were received from accounting and finance professionals working in different jurisdictions, including Australia, Mainland China, Hong Kong, Malaysia, New Zealand and Singapore.

Respondents came from a wide variety of industries, with the business and professional services (19 per cent), manufacturing (10 per cent), banking, finance and insurance (10 per cent), accounting (10 per cent), education and training (seven per cent), and technology and telecommunications (seven per cent) comprising the largest share.

Forty per cent of respondents worked in a company with 500 or more employees, 31 per cent worked in a company with 50 to 499 employees and 29 per cent worked in a company with fewer than 50 employees.

Thirty-four per cent of respondents held a C-suite or other senior level position. Managers/supervisors or assistant managers/senior associates made up another 34 per cent. Eighteen per cent held the position of professionals, with the remaining 14 per cent holding positions of junior associates, sole proprietors or were self-employed.

The survey collected data on the technology initiatives businesses undertook or expect to undertake, cybersecurity proficiency, the impact of artificial intelligence on accounting and finance professionals, and the drivers and challenges to technology adoption.

The survey findings demonstrate the importance of technology to business success. Organisations that effectively use technology deliver additional value and are better placed to handle future challenges.

Key findings

"Increased cybersecurity protections" and "increased technology investment/ upgraded technology" were the **most popular technology initiatives** of the past 12 months.

Respondents from larger businesses or businesses that reported their profitability increased were more likely to build their technology talent from within by **upskilling and reskilling existing staff** than respondents from smaller businesses or businesses that reported their profitability remained largely the same or shrank.

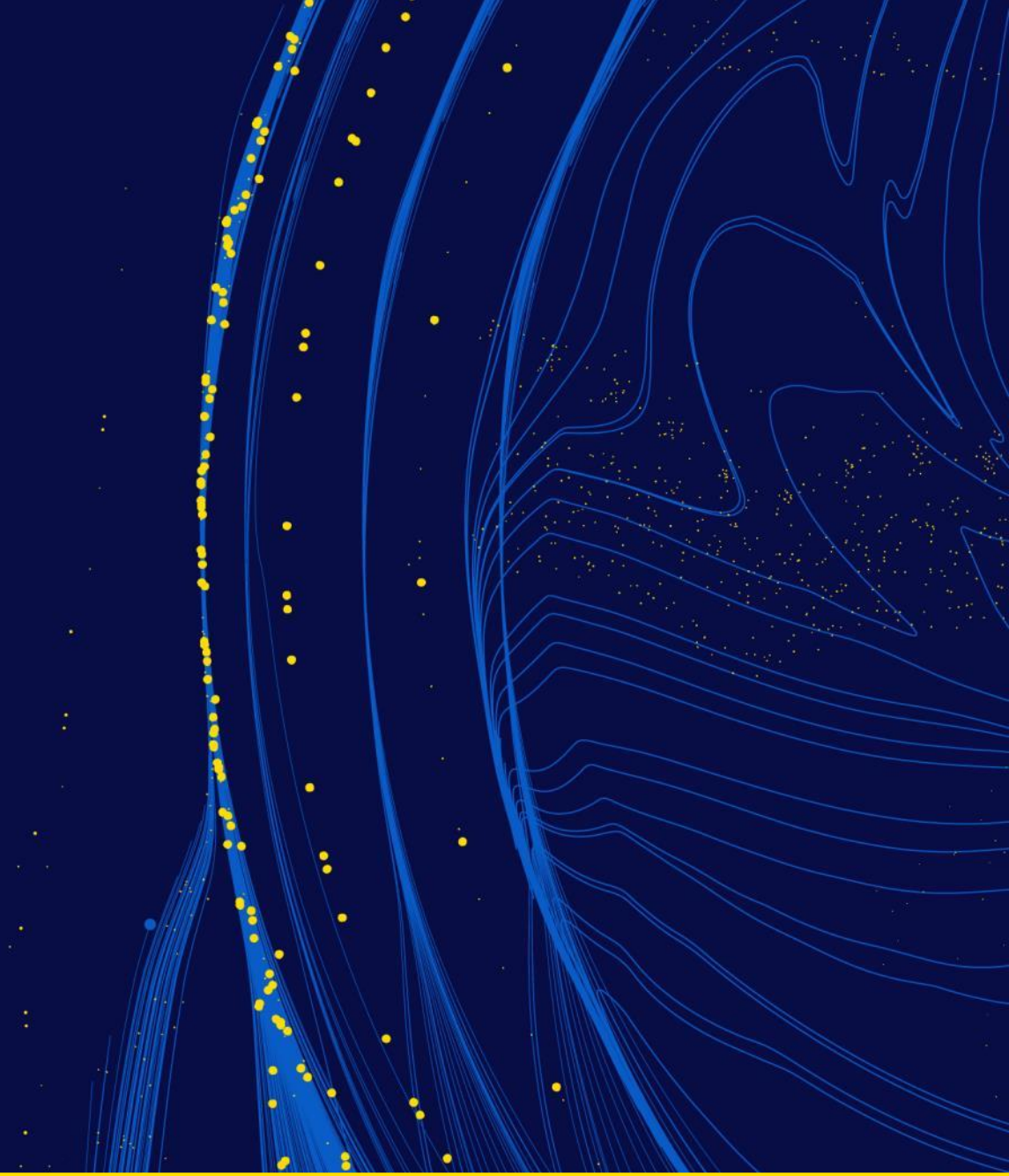
The most common action taken to improve or implement data governance was **providing data privacy and security training to staff**.

Respondents from larger businesses or businesses that reported their profitability increased were more likely to rate their **employer's cybersecurity proficiency as "above average or "excellent"** than respondents from smaller businesses or businesses that reported their profitability remained largely the same or shrank.

Most respondents expect artificial intelligence (AI), including generative AI such as ChatGPT, **will have an impact on their job in the next 12 months**.

A notably higher percentage of respondents from larger companies expect their business to **take various actions to improve technology adoption in the next 12 months** than respondents from smaller companies.

Digital transformation strategy and technology initiatives



DIGITAL TRANSFORMATION STRATEGY

Digital transformation strategy in businesses

Overall, 69 per cent of those surveyed said their business has a digital transformation strategy. This is lower than the 77 per cent from last year. The decline could be because some businesses brought forward their digital initiatives during the pandemic. These businesses may have already completed their digital transformation strategy for the time being.

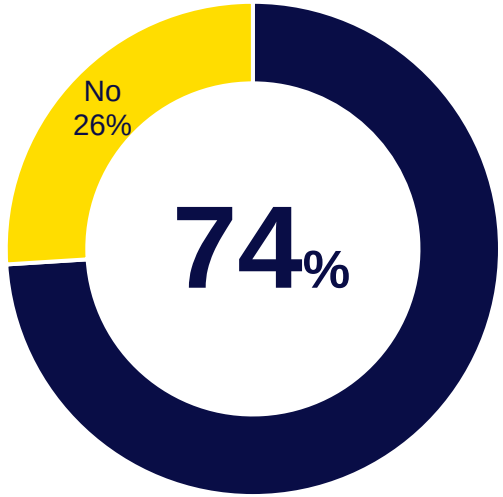
However, this year's result is still positive as many are continuing to embed technology and digital transformation into their organisation. This will put them at a significant competitive advantage relative to their competitors.

Digital transformation strategy in businesses – by performance

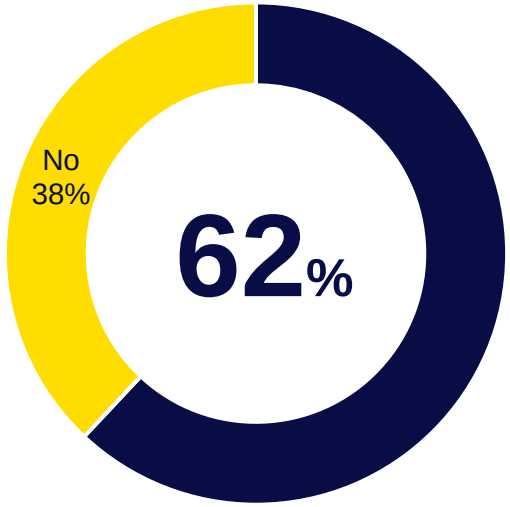
The proportion of respondents from businesses that reported their profitability increased stating that their organisation has a digital transformation strategy was 12 percentage points higher than respondents from other businesses.

This finding indicates that there is a positive association between business profitability and the presence of a digital transformation strategy.

Given this association, we suggest that organisations without a digital transformation strategy should consider taking steps to design and implement one.



Profitability increased



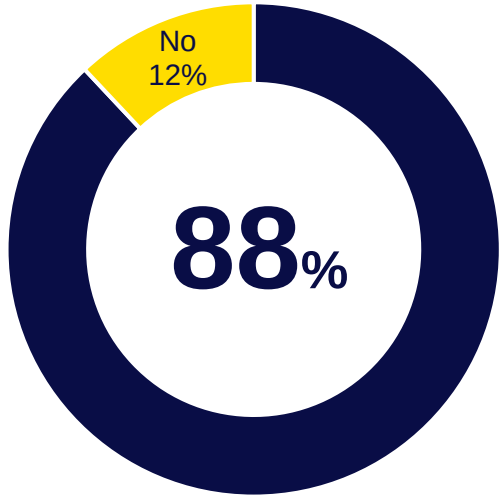
Profitability remained largely the same or shrank

Digital transformation strategy in businesses – by size

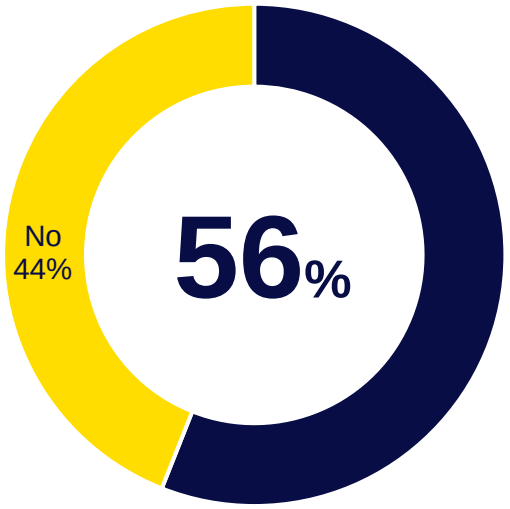
A significantly higher percentage of larger businesses have a digital transformation strategy than those that are smaller. Of note, 88 per cent of respondents from businesses with 500 or more employees stated that their business has a strategy. In comparison, only 45 per cent from businesses with fewer than 50 employees said they have a strategy.

This digital chasm between larger and smaller companies is most likely due to resourcing issues.

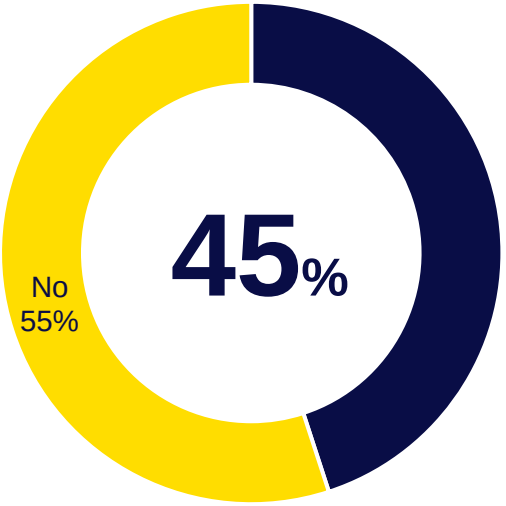
Government and professional support for smaller companies may encourage them to digitally transform.



500 or more employers



Fewer than 500 employees



Fewer than 50 employees

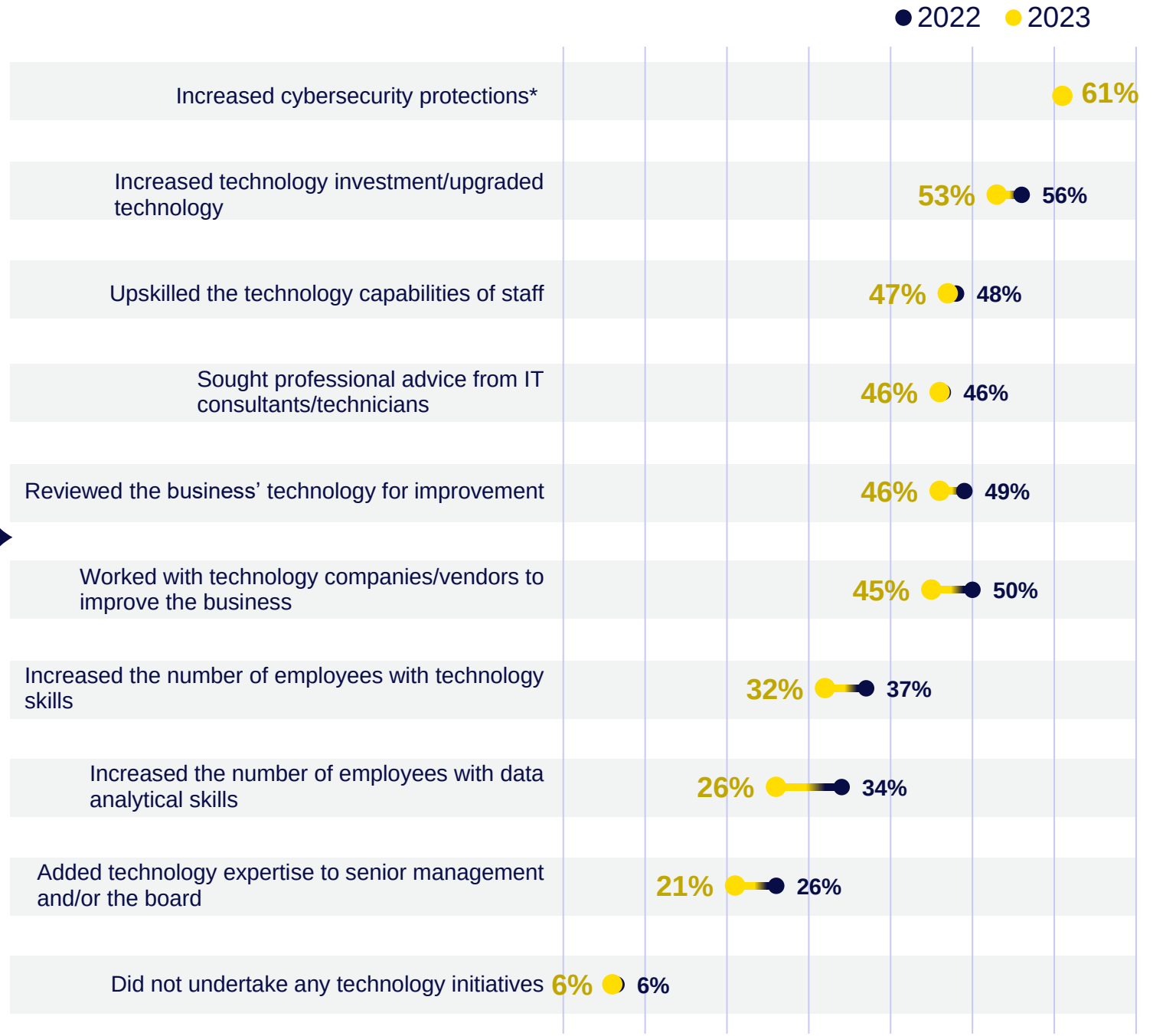
TECHNOLOGY INITIATIVES

Most popular technology initiatives

Overall, there were slight declines in the percentage of respondents that stated their business had undertaken the listed technology initiatives in this survey compared with the previous survey.

Possible reasons behind the decline could be that some businesses may have already completed their technology initiatives or reached a stage where they are currently satisfied with their level of technology adoption. Some businesses may also be prioritising other areas of their operations over technology-related initiatives and investment.

“Increased cybersecurity protections” was the most popular technology initiative of the past 12 months. This indicates that businesses are increasingly aware of their vulnerabilities to cyber attacks and are putting in the efforts to protect their organisation from such threats.

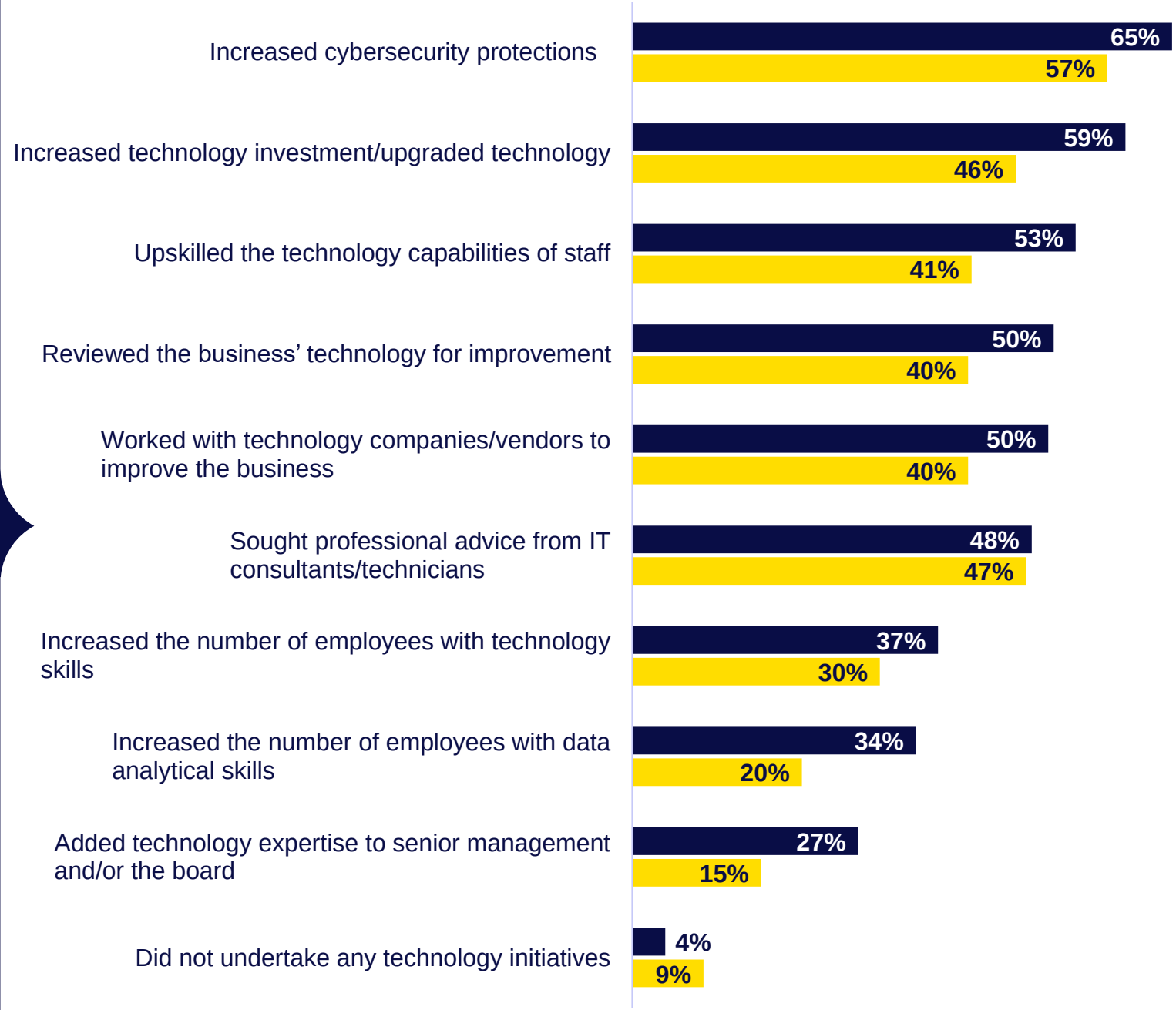


Note: (*) New option in 2023

Most popular recent technology initiatives – by performance

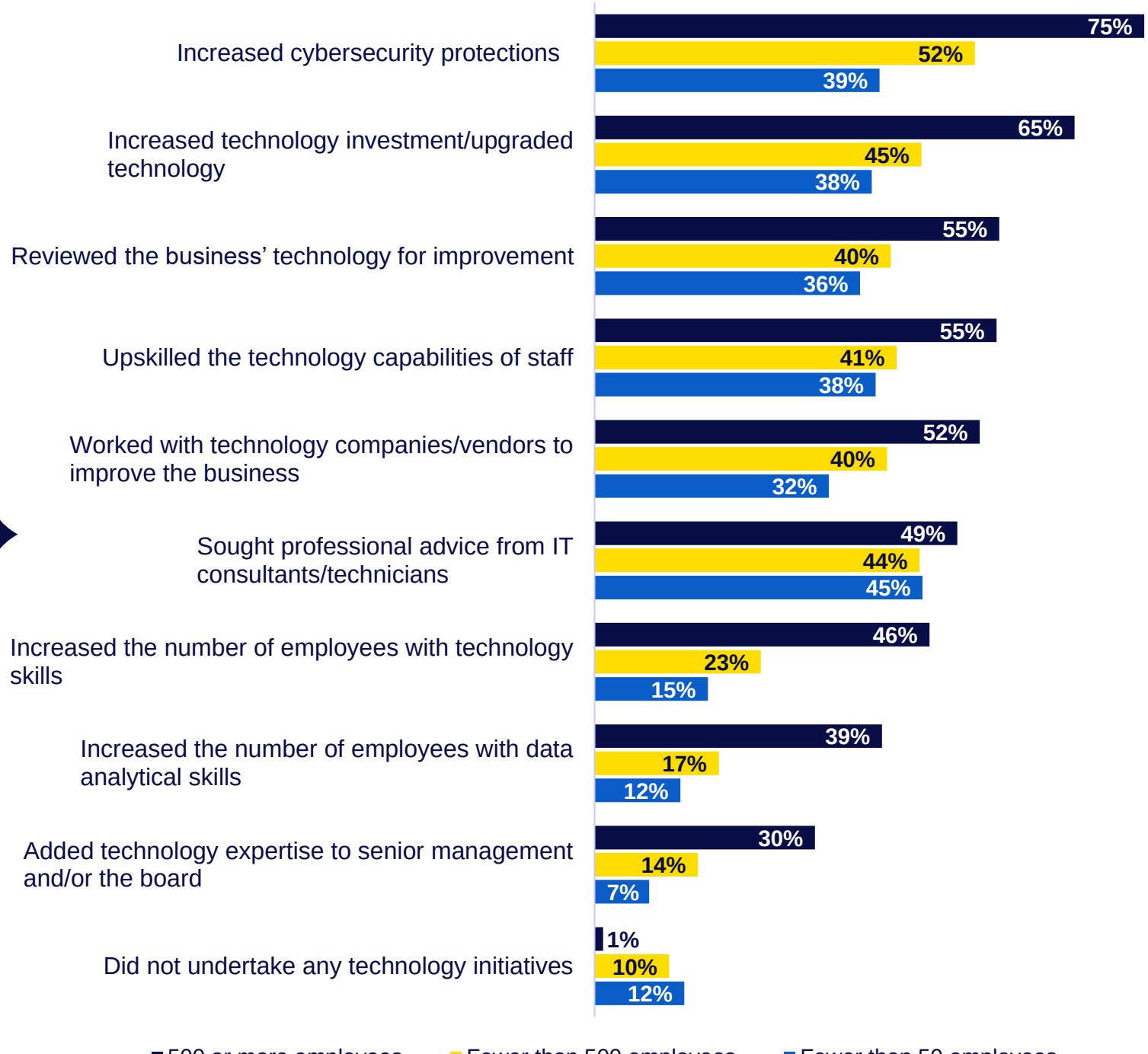
More respondents from enterprises that reported their profitability increased indicated their business undertook the listed technology initiatives. The difference is most notable in actions related to building technology talent from within by upskilling and reskilling existing staff.

As global competition for technology talent continues, it would be sensible for companies to allocate adequate time and resources to upskill or reskill employees and use innovative ways to attract and retain talent.



Most popular recent technology initiatives – by size

Smaller businesses were less inclined than larger businesses to have undertaken technology initiatives in the past 12 months. This may reflect considerable asymmetries in resources, data assets and access to technical expertise between smaller and larger businesses.

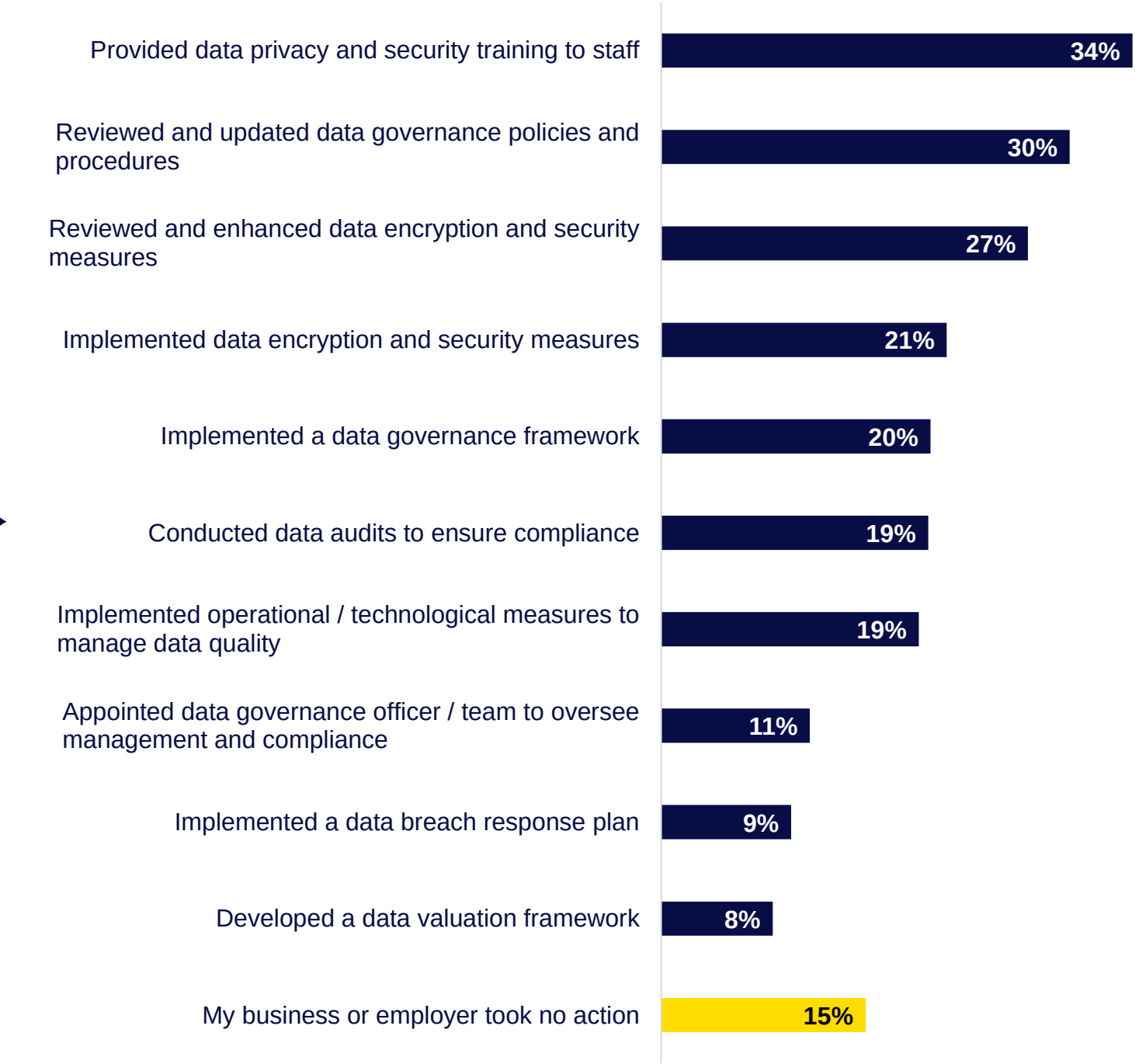


ACTIONS TO IMPROVE OR IMPLEMENT DATA GOVERNANCE

Actions to improve or implement data governance

Data governance is an issue attracting increasing attention. As such, most respondents said their business was taking some action to improve or implement data governance.

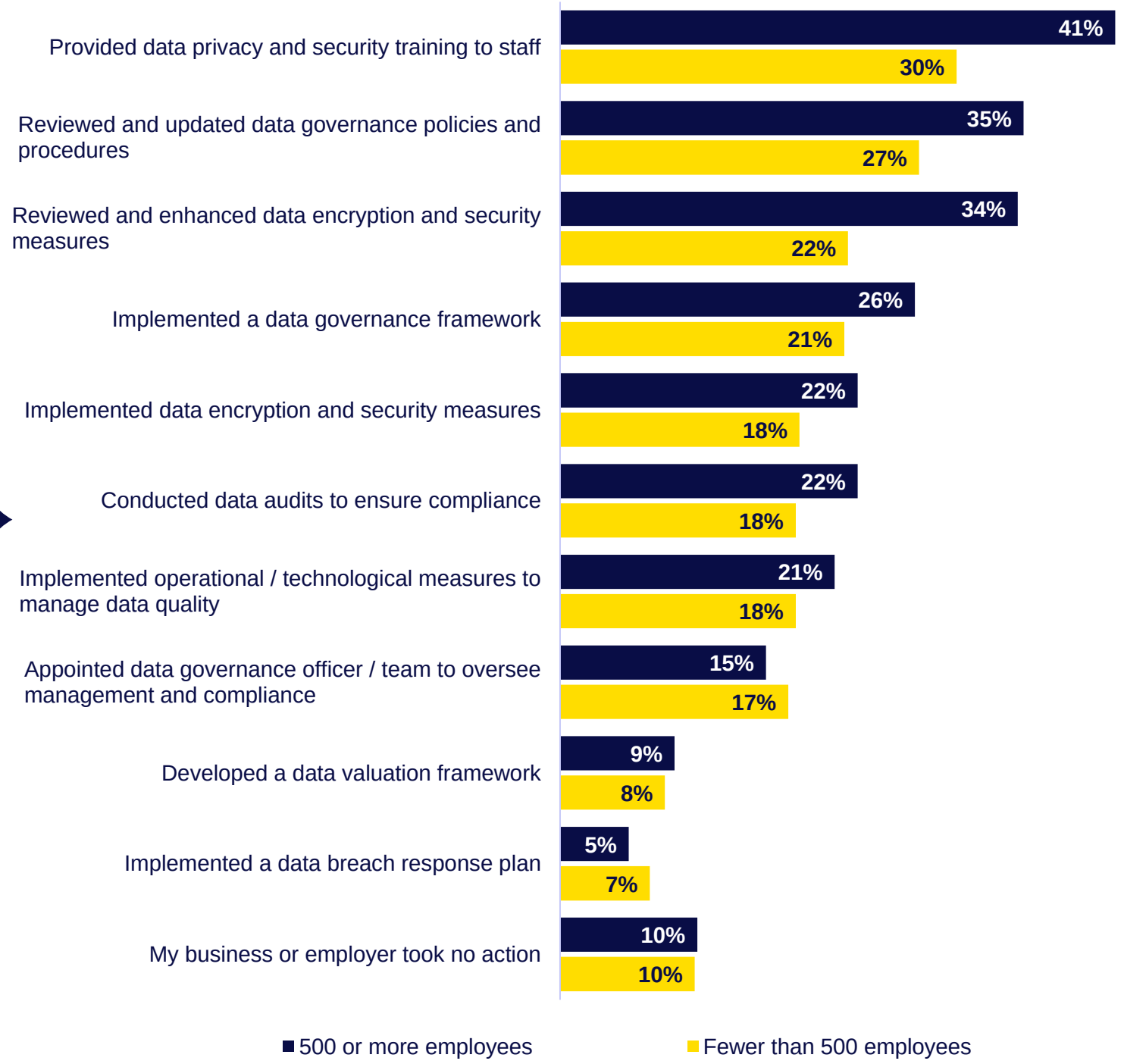
The most common actions taken were providing data privacy and security training to employees and reviewing and updating data governance policies and procedures. This is a positive trend given the detrimental consequences of data breaches as well as growing consumer and regulator expectations around data security and privacy.



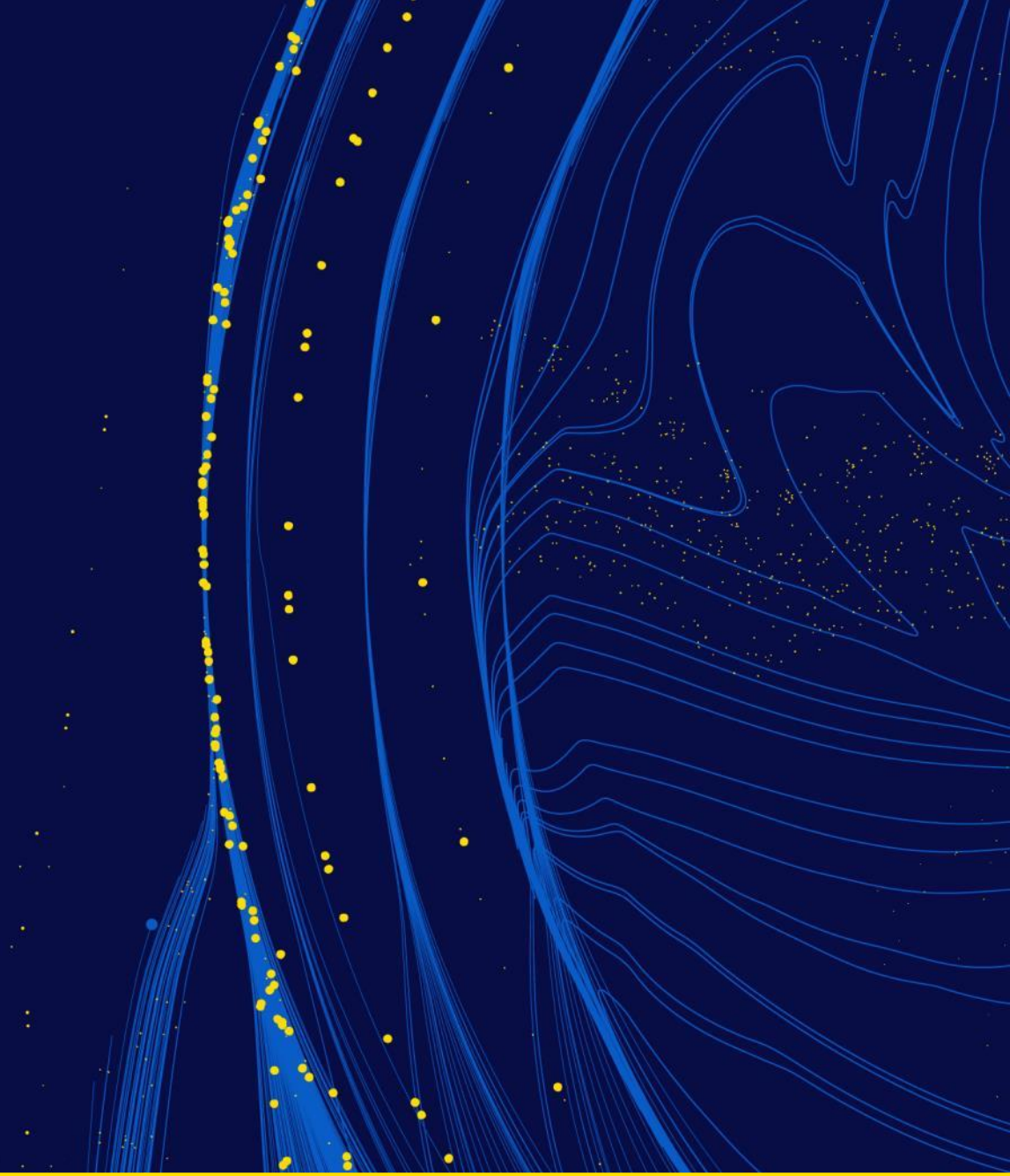
Actions to improve or implement data governance – by size

Similar to earlier findings, smaller businesses were less inclined than larger businesses to have undertaken actions to improve or implement data governance. This could be because they may have less data assets in the first place, limited resources or a lack of awareness on the importance of data governance.

Seeking professional advice would be helpful for smaller businesses to set up clear data governance policies and procedures.



Technology use in the past 12 months



Key results for technology use in the past 12 months

There was little difference between which technologies businesses used in the past 12 months to the proceeding 12 months.

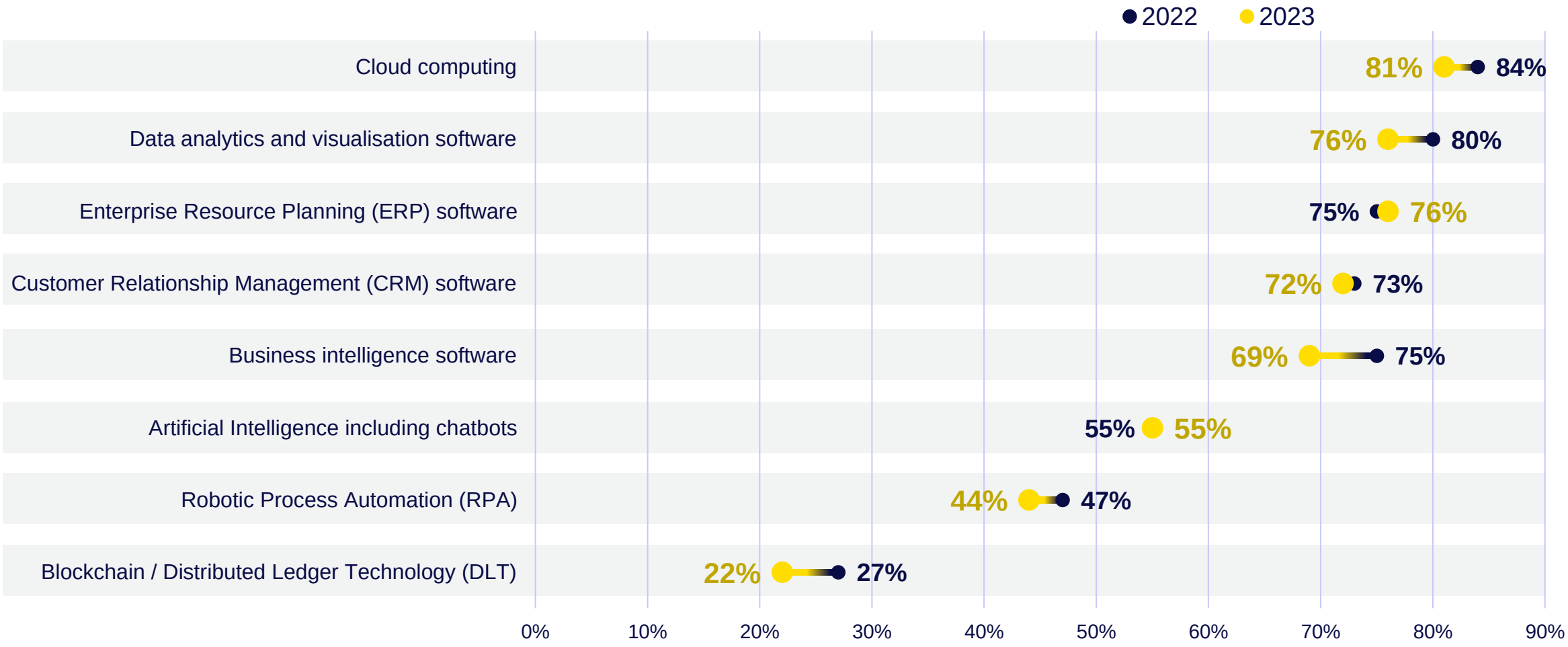
While there has been considerable publicity around artificial intelligence (AI) since late-2022 following the launch of ChatGPT, it has not yet translated through to an increase in businesses using AI. Engagement with CPA Australia members indicates that while many have experimented with generative AI tools in recent months, many employers are considering how best to use it in a safe and secure way.

Blockchain continues to be the technology least used by businesses. This could be because there are currently only a limited number of commercially available blockchain applications that businesses could use.

Business size appears to have a bigger impact on technologies used than performance. Again, with smaller businesses having less access to resources, knowledge and talent, it follows that they reported a lower usage of emerging technologies, especially robotic process automation (RPA).

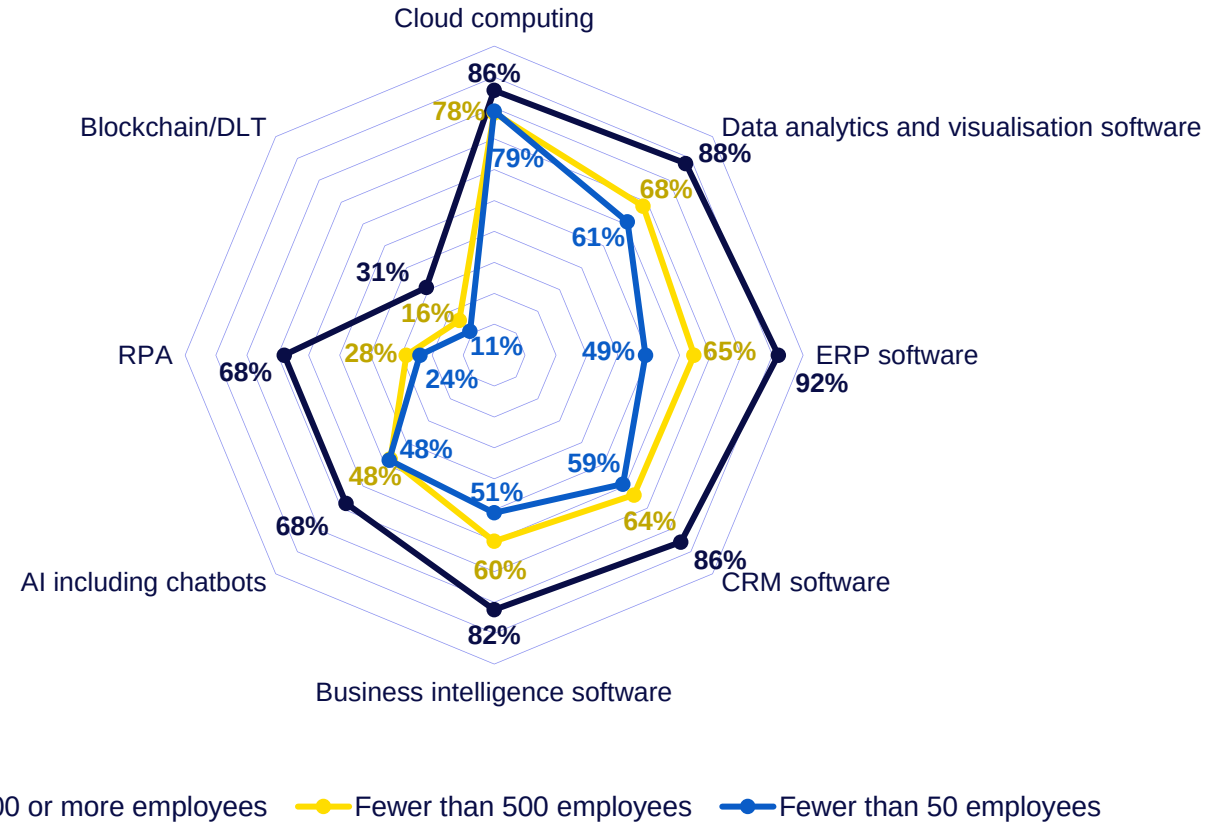
On the other hand, larger companies with more data assets reported a higher usage of data-driven technologies such as AI, RPA, business intelligence software and data analytics and visualisation software.

Technologies use in the past 12 months



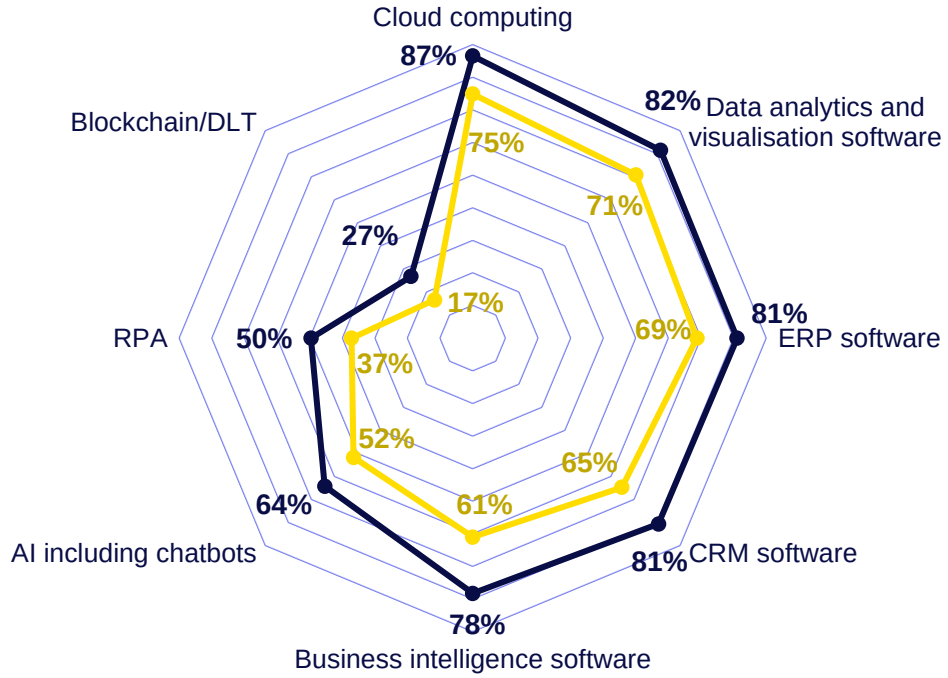
Technologies use in the past 12 months – by size and performance

Size



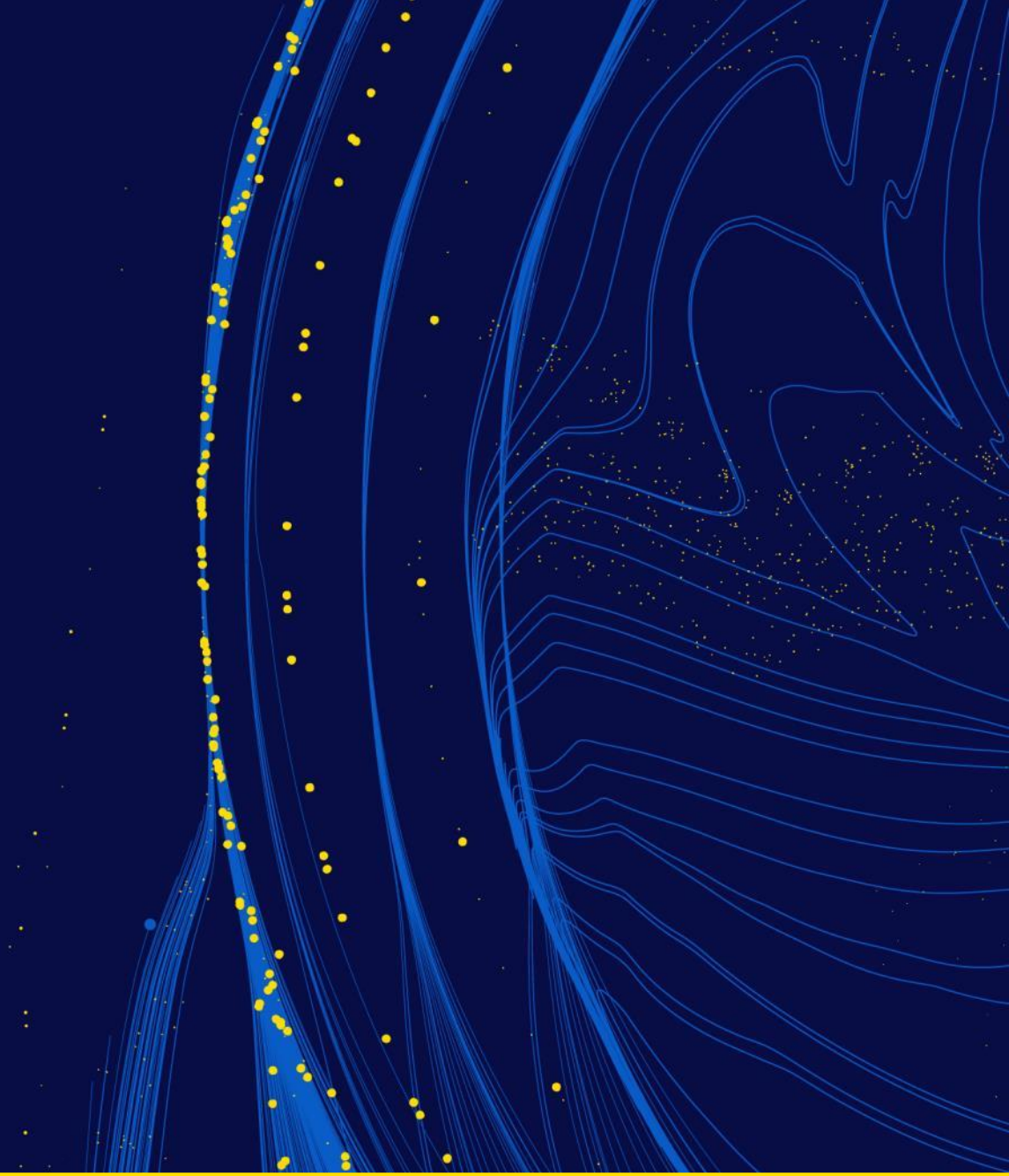
500 or more employees | Fewer than 500 employees | Fewer than 50 employees

Performance



Profitability increased | Profitability remained largely the same or shrank

Drivers and challenges to technology adoption



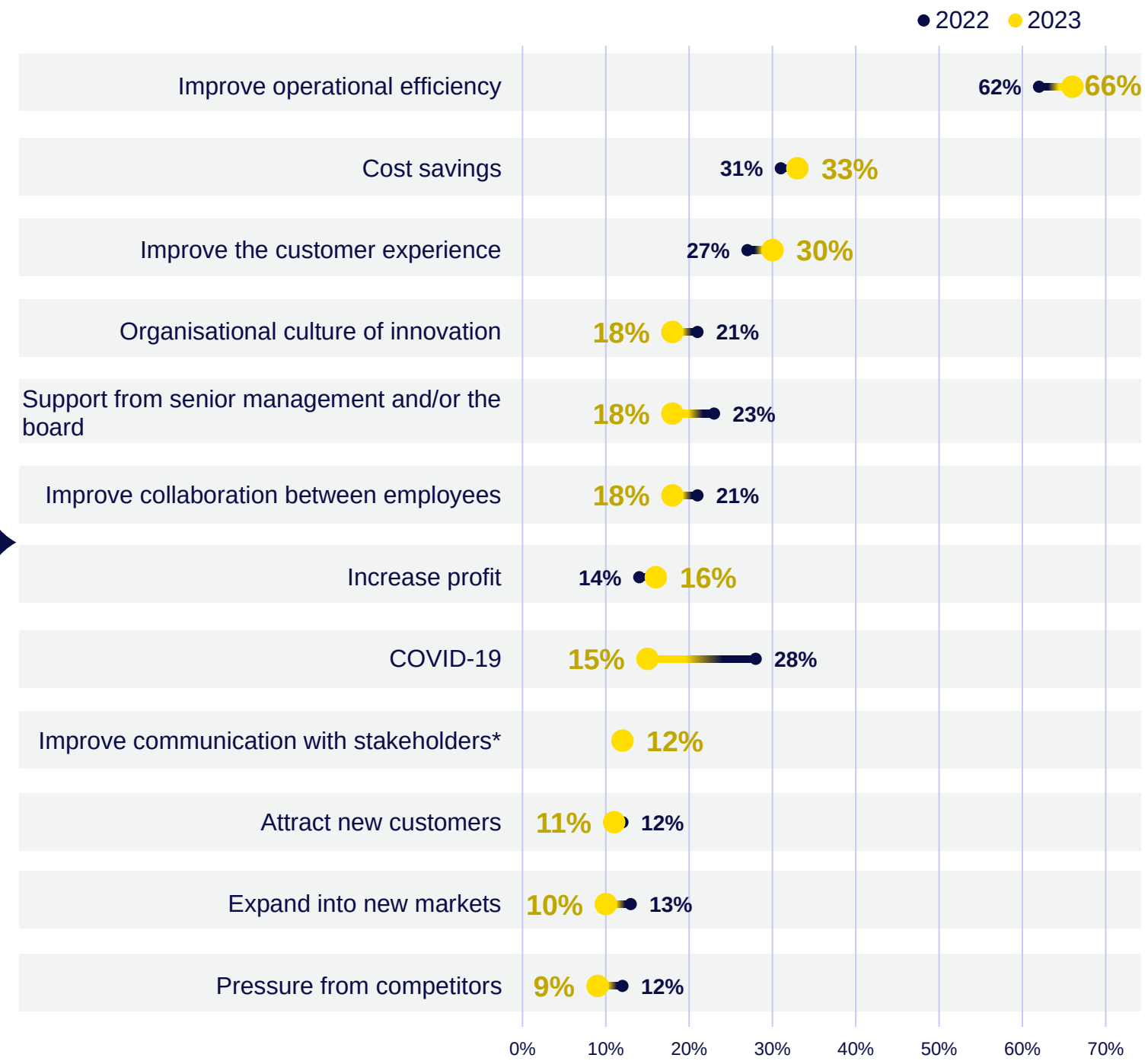
DRIVERS OF TECHNOLOGY ADOPTION

Key drivers of technology adoption

Increasing operational efficiency remains by a significant margin the most important driver of technology adoption. This reflects the productivity gains technology can deliver.

For those making a business case to invest in technology, the findings show that their focus should be on showing how the technology:

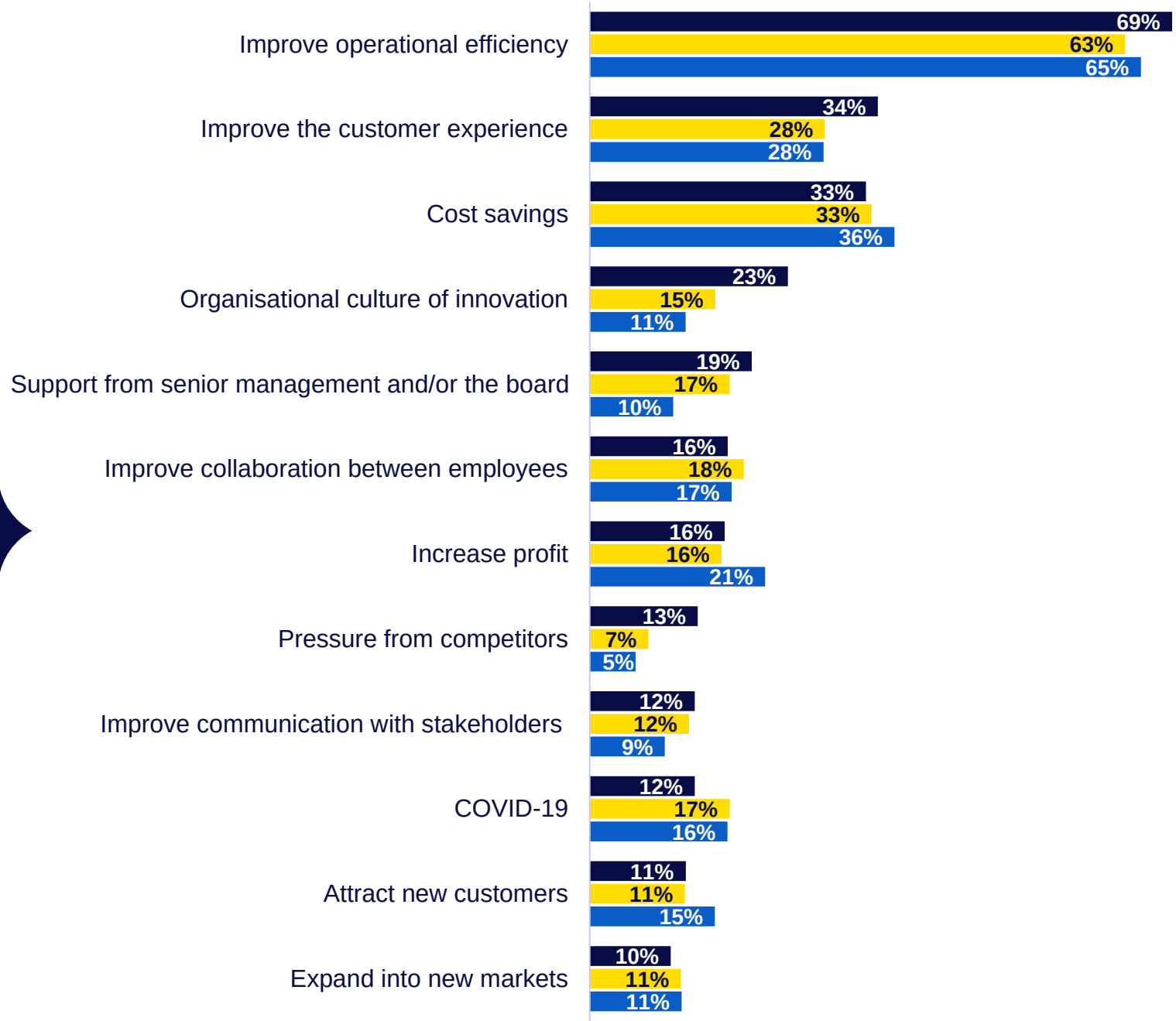
- improves business efficiency
- reduces costs in the long run
- improves the customer experience.



Note: (*) New option in 2023

Key drivers of technology adoption – by size

A comparatively greater proportion of respondents from larger businesses chose “organisational culture of innovation” and “pressure from competitors” as factors to adopt technology than respondents from smaller businesses.



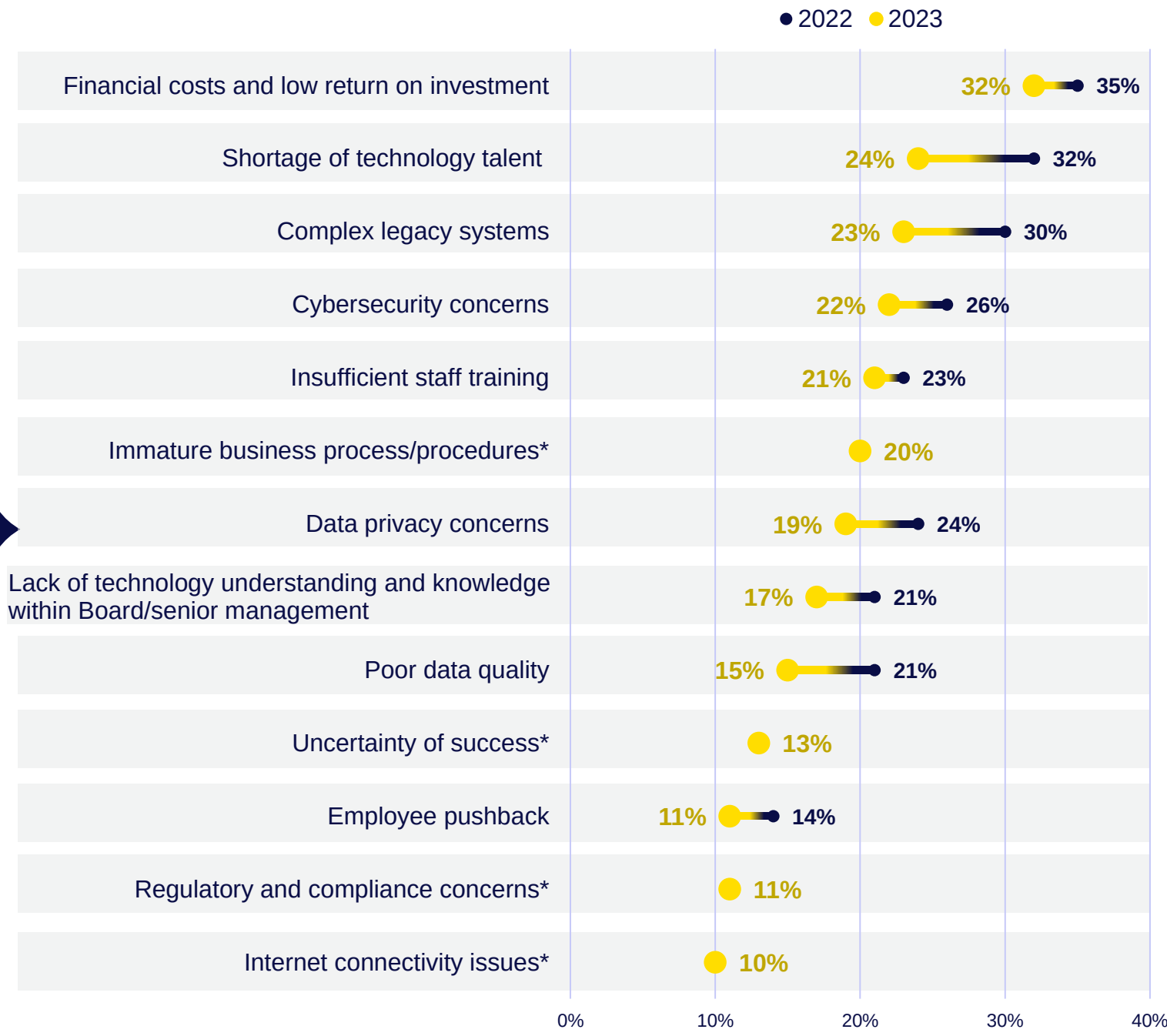
CHALLENGES TO TECHNOLOGY ADOPTION

Key challenges to technology adoption

The main barriers to technology adoption remain financial costs, shortage of technology talent and issues with replacing legacy systems.

There were noticeable decreases in the percentage nominating “shortage of technology talent”, “complex legacy systems”, “poor data quality” and “data privacy concerns”.

This suggest that businesses have made progress in addressing these barriers to technology adoption. This could be due to improved strategies, investments to improve talent development and retention, data privacy, and change management.

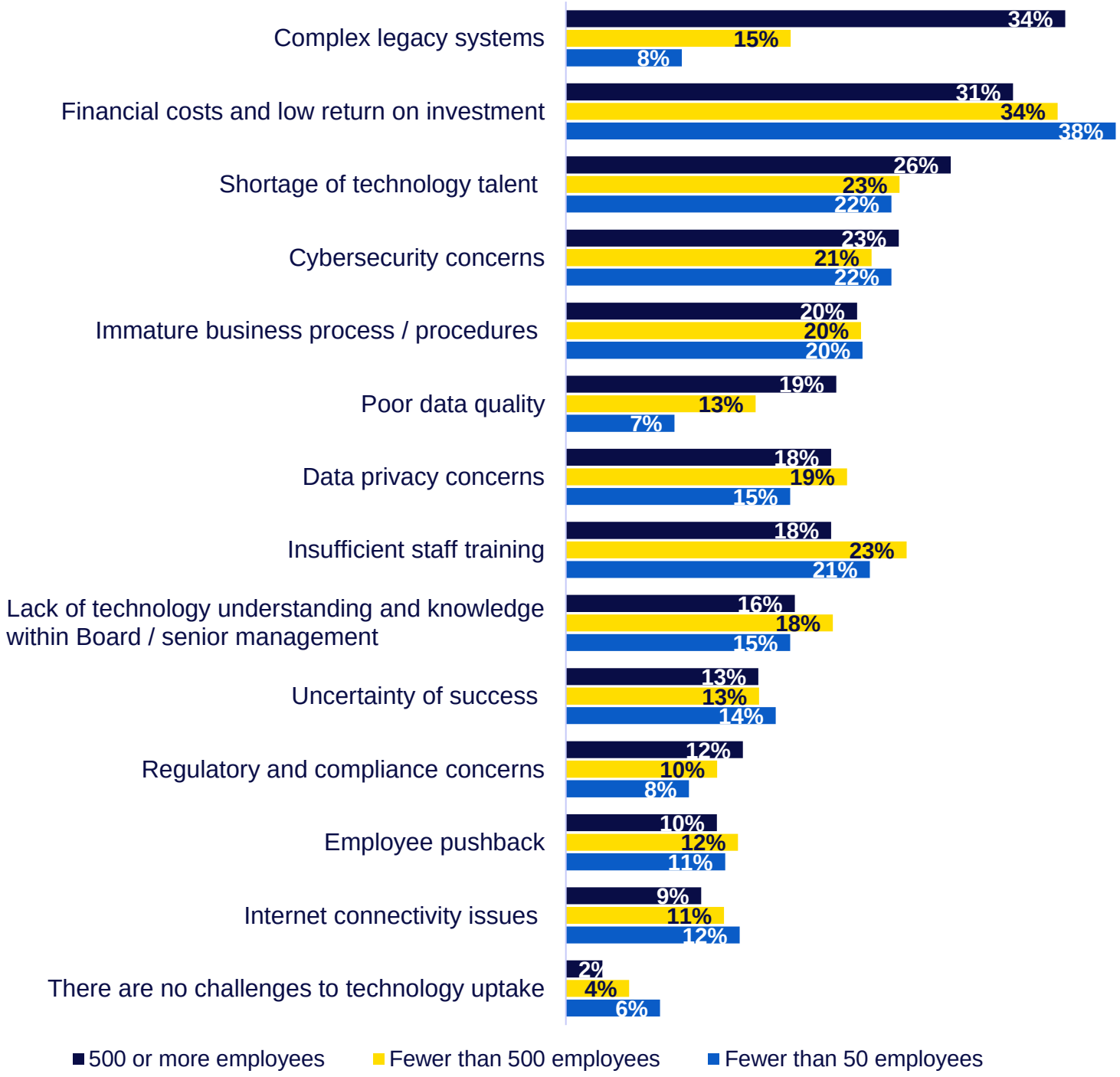


Note: (*) New option in 2023

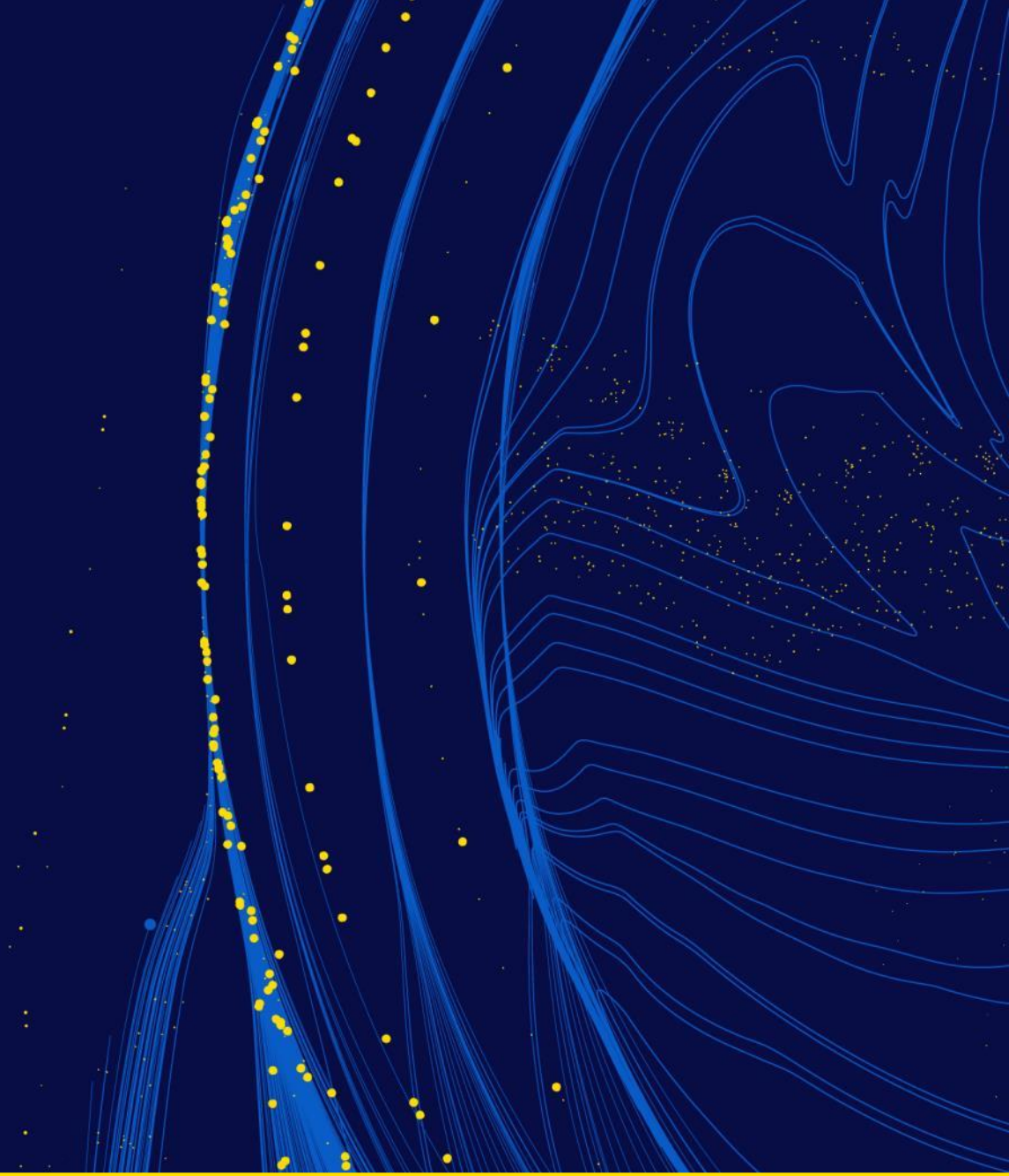
Key challenges to technology adoption – by size

Respondents from larger businesses were substantially more inclined to nominate “complex legacy systems” as a challenge to technology adoption than respondents from smaller businesses.

Costs and the potential for a low return on investment remain important challenges to technology adoption, regardless of business size.



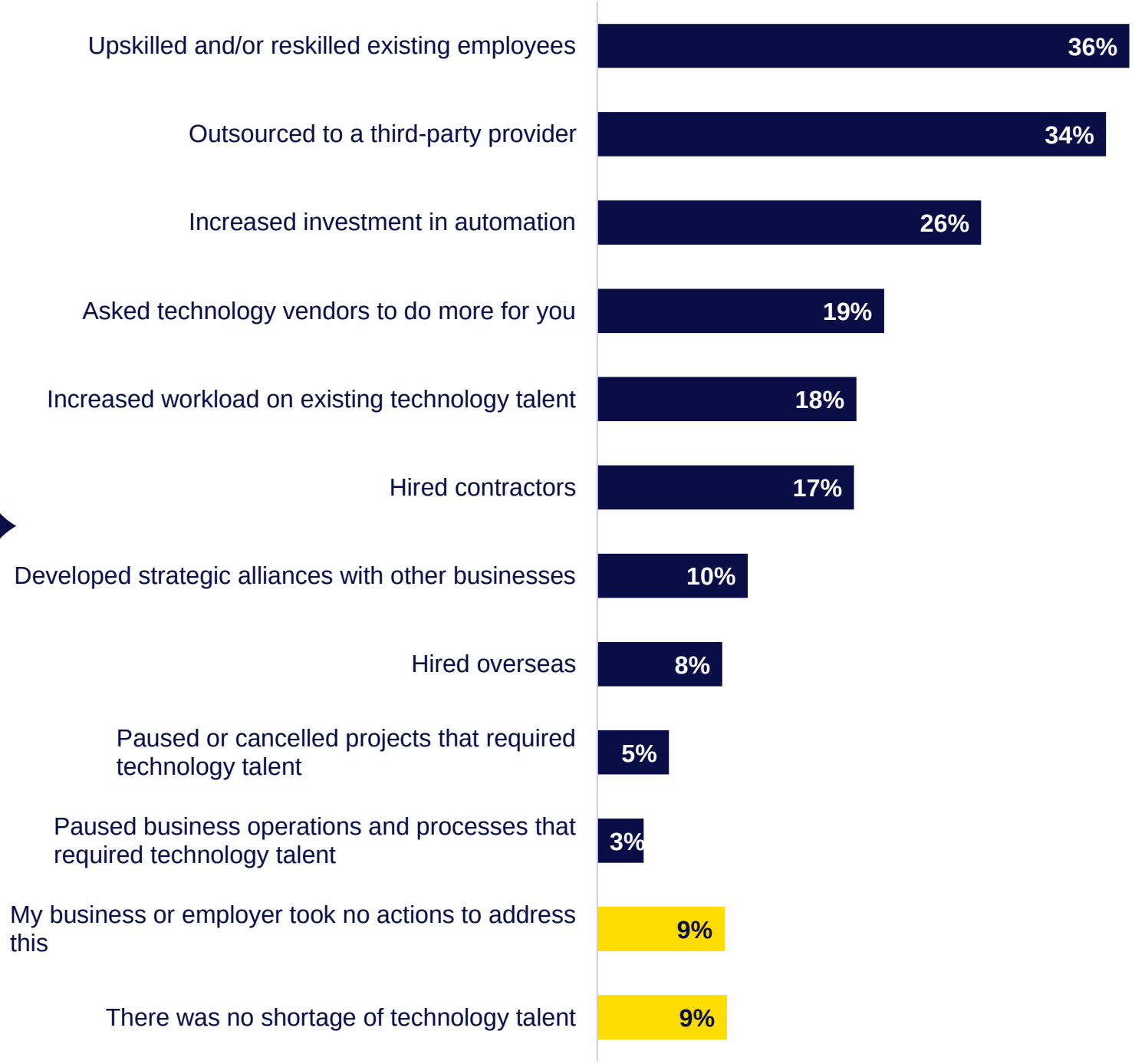
Technology skills shortage



Actions businesses undertook to address a shortage of technology talent

A lack of talent with technology skills is one of the bigger challenges to technology adoption. In response to this, businesses have adopted a variety of strategies. The most popular actions were upskilling and reskilling existing employees, outsourcing their technology skills requirements to third parties and increasing their investment in automation – which should over time reduce their need for technology talent.

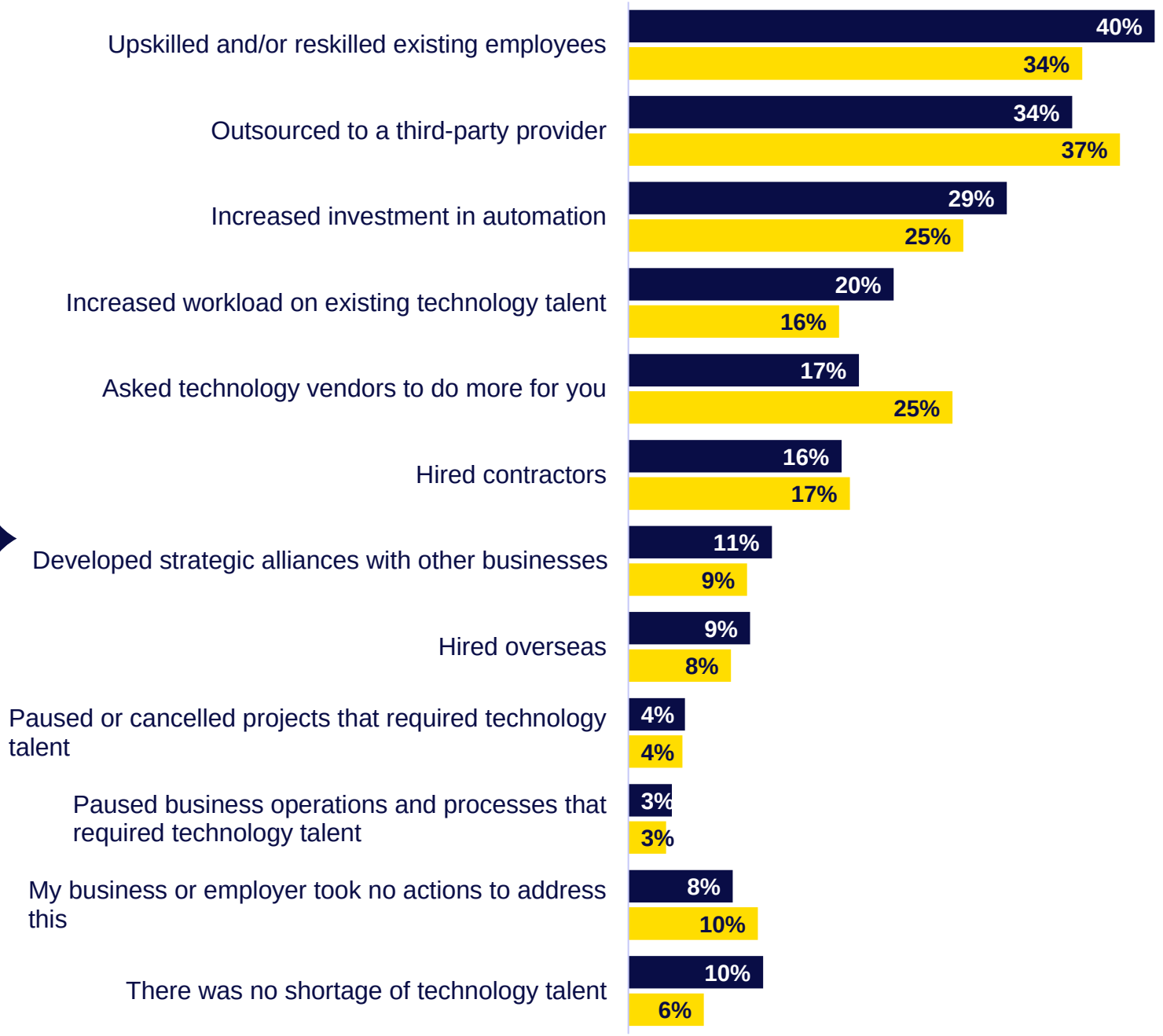
It is pleasing to see that only a small percentage of respondents (five per cent) said their business paused or cancelled projects due to a shortage of technology talent. This shows that they are finding ways to deliver technology improvements in this environment, although they may be pairing back what they are delivering.



Actions businesses undertook to address a shortage of technology talent – by performance

Respondents from businesses that reported their profitability increased demonstrated a slightly higher inclination towards building their technology talent from within by upskilling and reskilling existing employees.

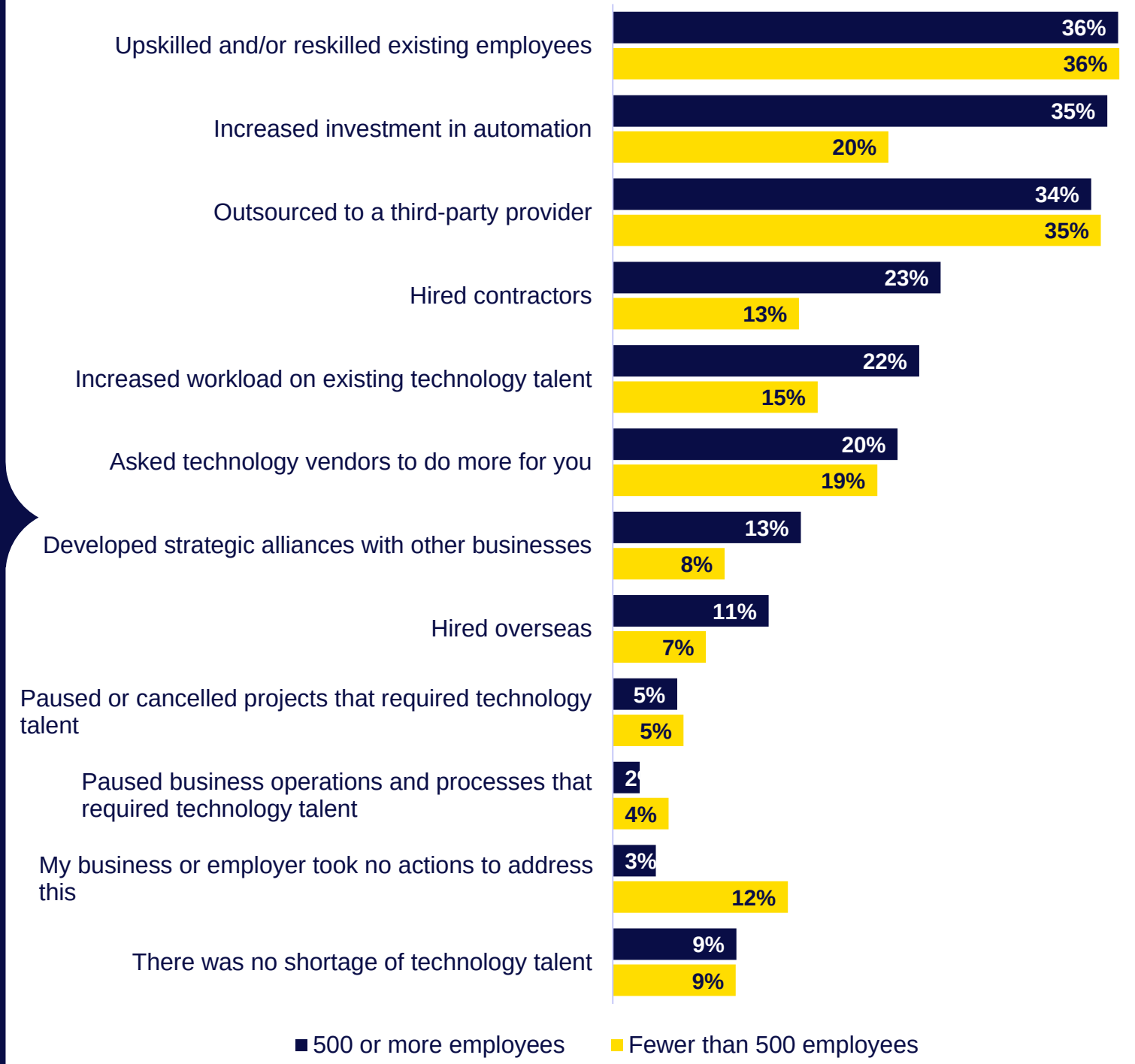
On the other hand, respondents from businesses that reported their profitability remained largely the same or shrank had a higher percentage that sought external assistance such as relying on vendors and third parties.



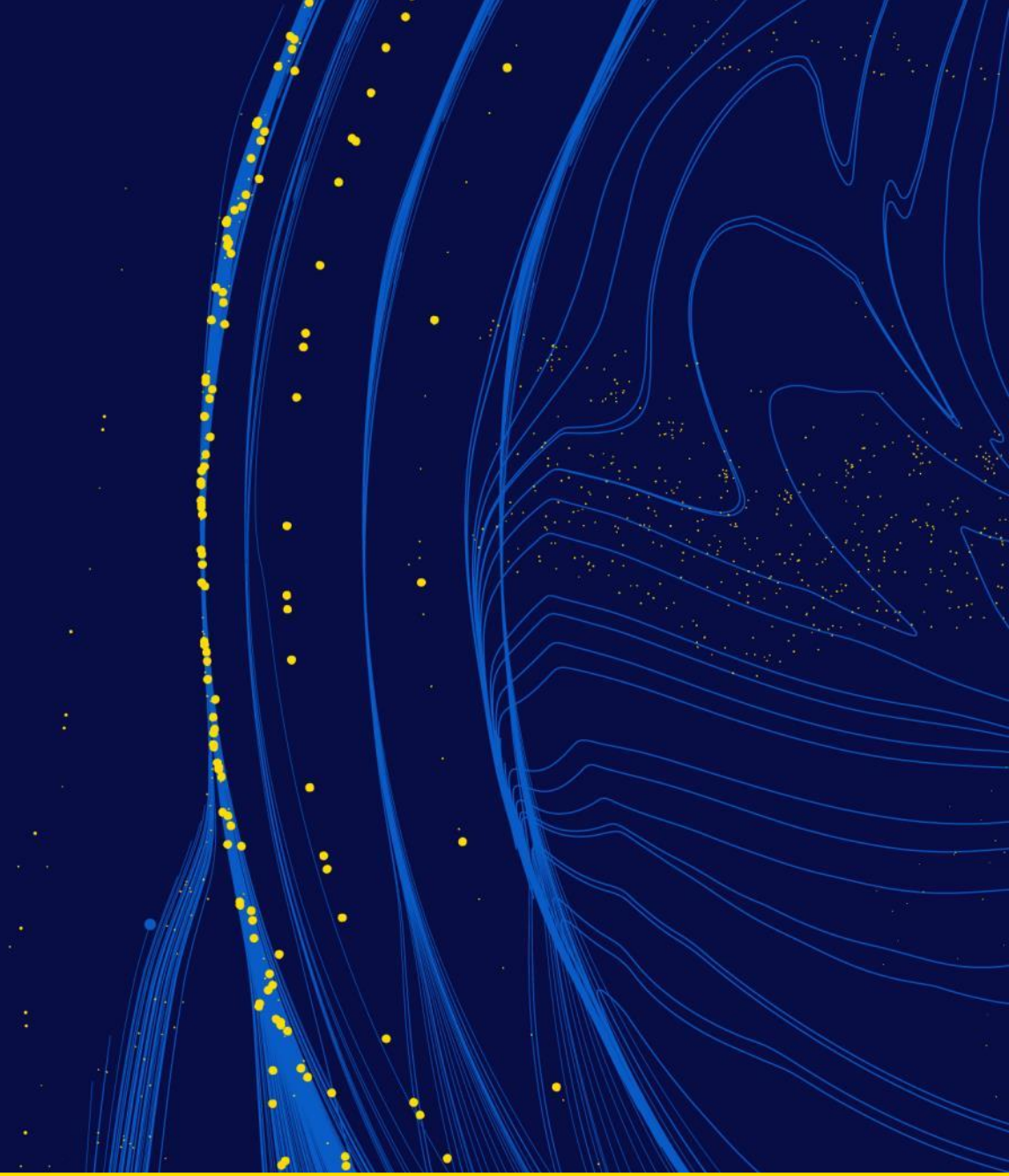
Actions businesses undertook to address a shortage of technology talent – by size

Reflecting the significantly lower adoption of RPA, respondents from smaller businesses had a noticeably lower percentage that reported that they had used automation to fill their skills gaps than larger businesses.

However, it's worth noting that while there are some variations in the action undertaken by businesses of different sizes, there are also similarities. Both large and small businesses recognise the importance of upskilling and reskilling employees and outsourcing to third party providers.



Cybersecurity



Key results for cybersecurity

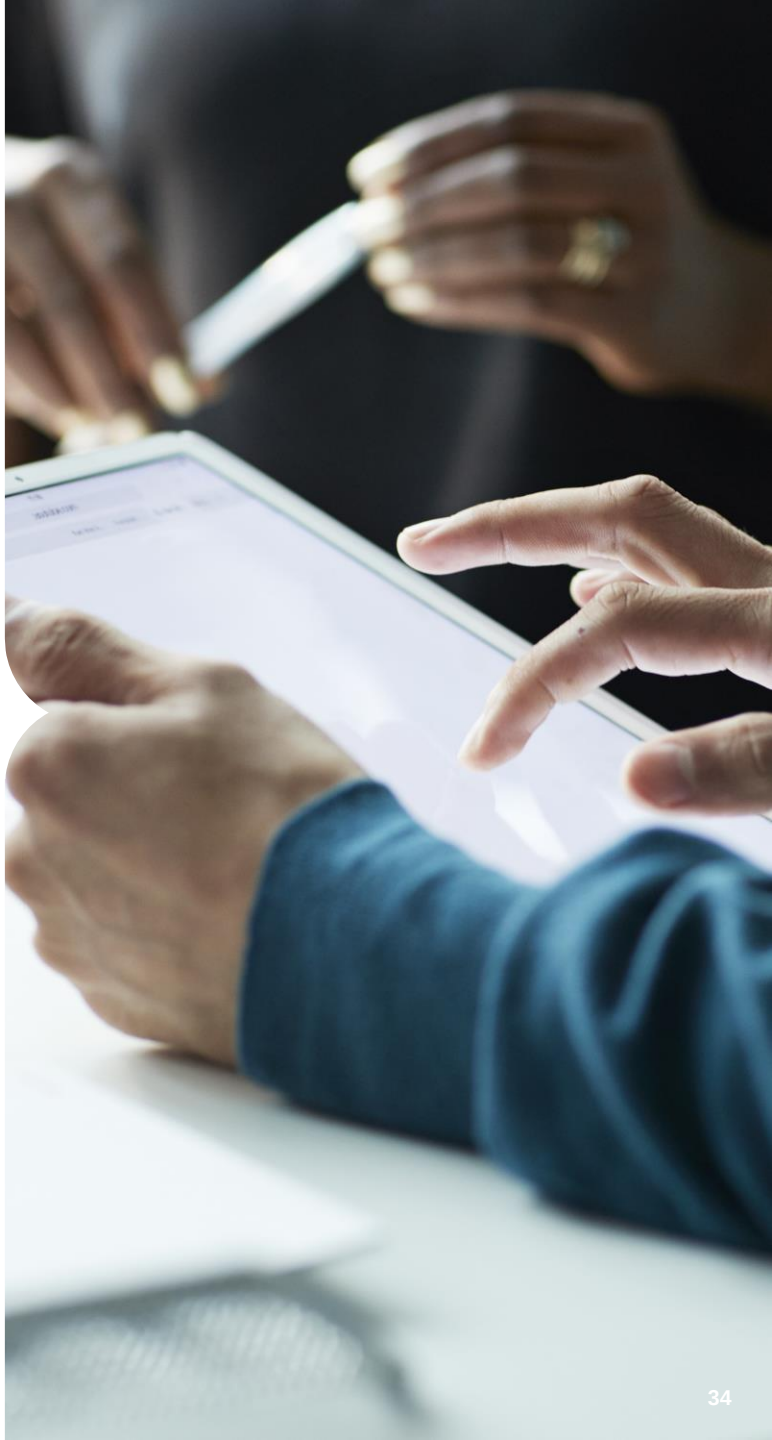
Nearly half of respondents rated their business' cybersecurity proficiency as "above average" or "excellent".

Respondents from businesses that reported their profitability increased rated their employer's cybersecurity proficiency higher compared with respondents from businesses that reported their profitability remained largely the same or shrank.

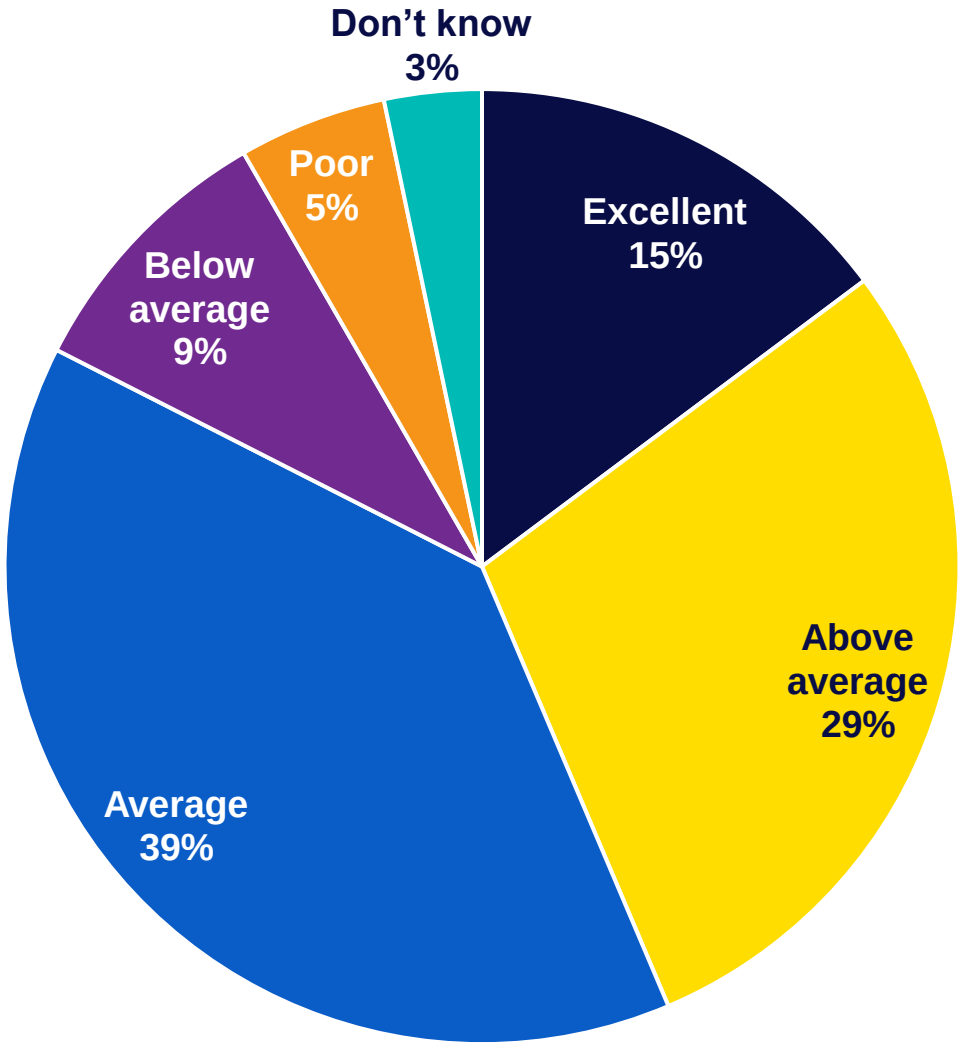
A substantially higher percentage of respondents from larger businesses rated their employer's cybersecurity proficiency as "above average" or "excellent" than respondents from smaller businesses. This suggests that larger businesses may be better at communicating their cybersecurity processes to employees.

On the other hand, cybersecurity may not be a top priority for smaller businesses. As first steps, small businesses should consider instilling cyber risks awareness among all employees through education and training.

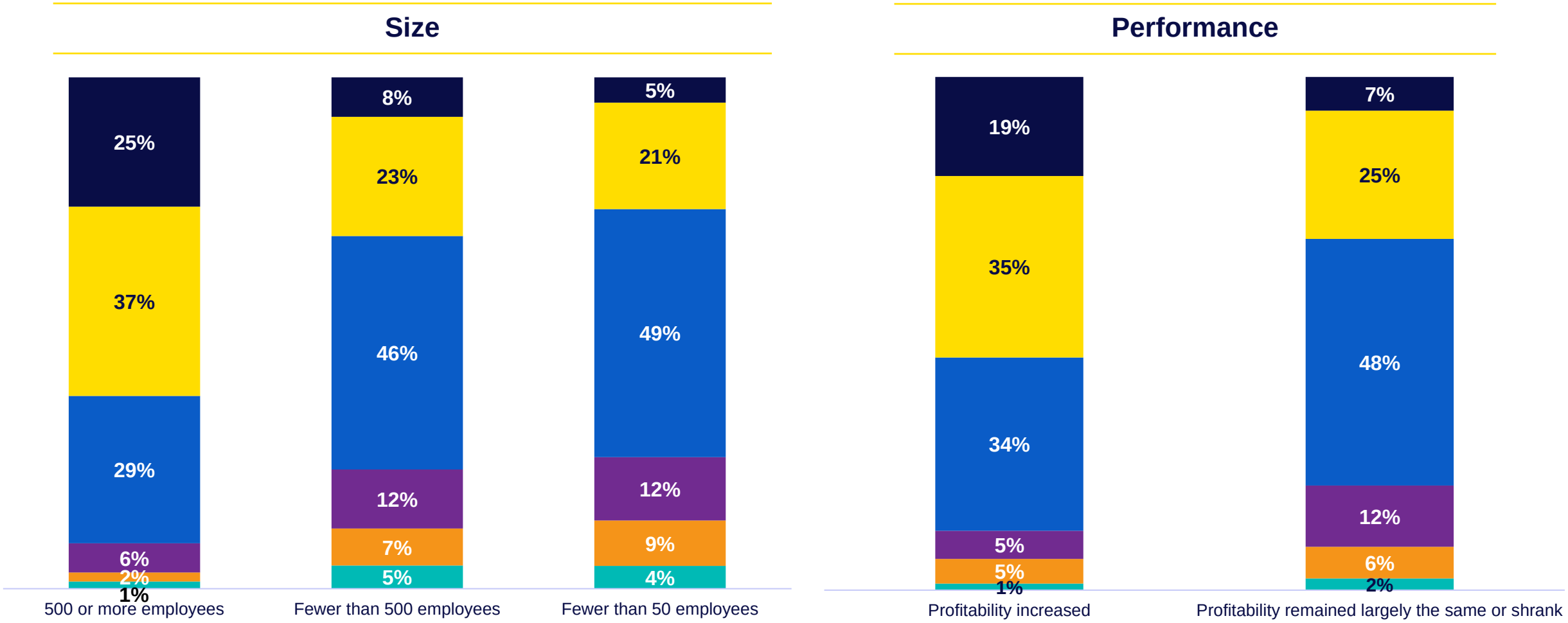
Engagement with CPA Australia members involved in helping small business with cybersecurity indicates that such businesses can overestimate or underestimate their cybersecurity proficiency. They generally follow up such results with further questions to gauge the level of knowledge on cybersecurity to gain a fuller understanding of their proficiency.



Cybersecurity proficiency in businesses

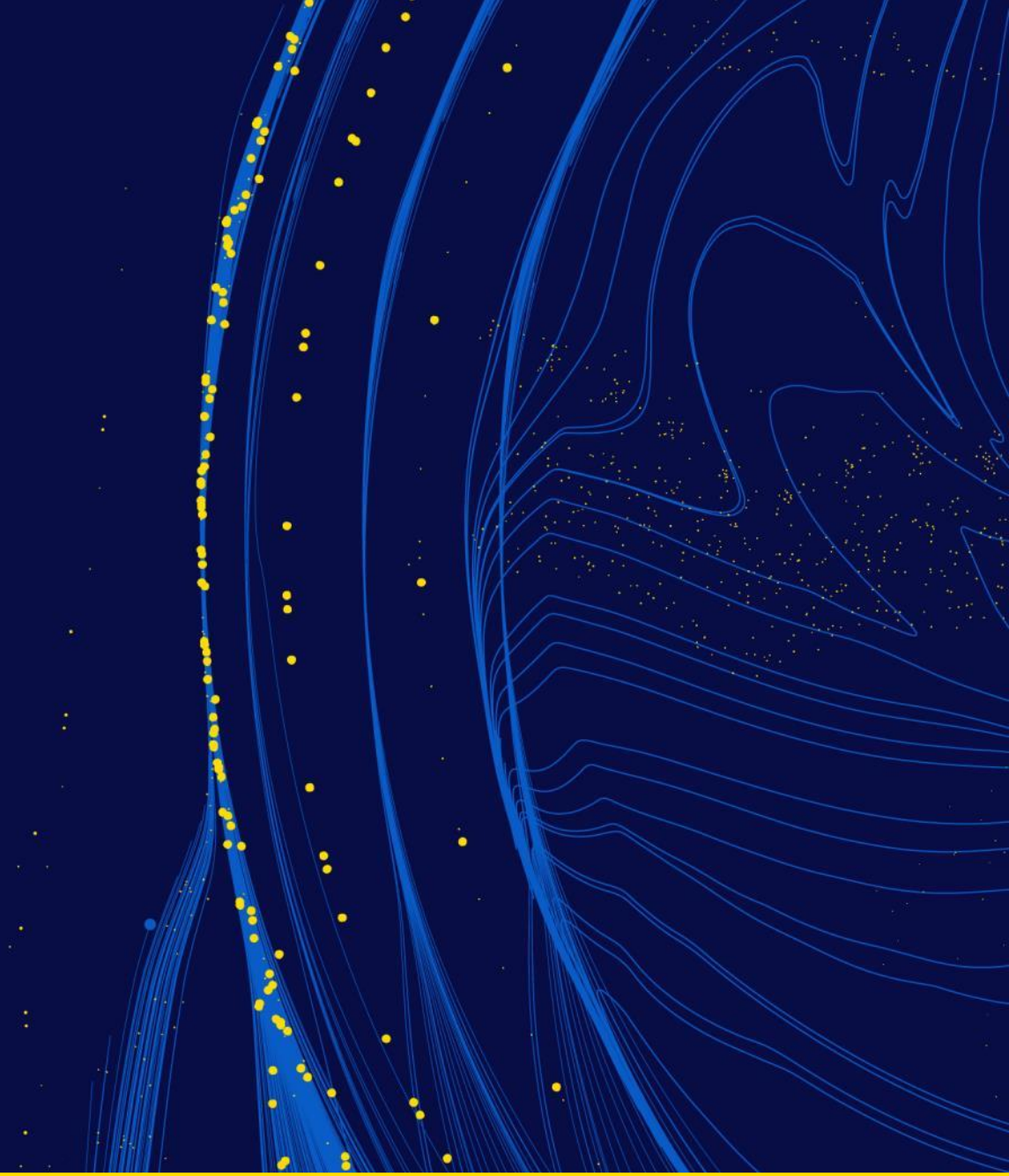


Cybersecurity proficiency in businesses – by size and performance



Note: Responses may not add up to 100 per cent due to rounding.

Technology expectations in the next 12 months

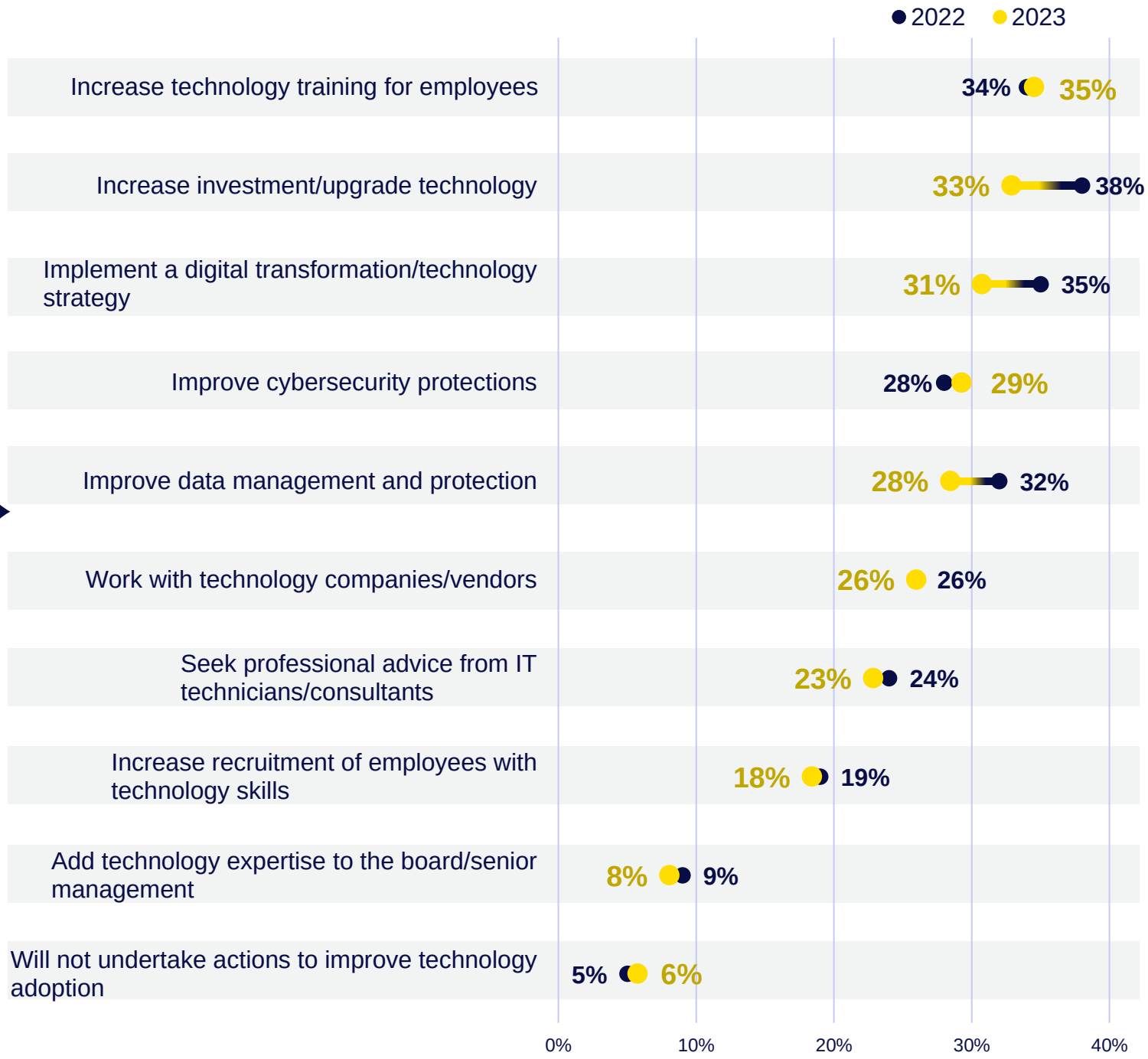


EXPECTED TECHNOLOGY INITIATIVES

Technology initiatives businesses will take in the next 12 months

There was a slight decline in the percentage of respondents expecting their business to adopt each of the listed technology initiatives in this survey from the previous survey. This may be due to businesses:

- having less need to invest in technology in the next 12 months due to bringing forward technology investments into earlier years because of the pandemic.
- delaying or cancelling technology investment due to a weakening economy and/or higher costs.
- prioritising other areas of their operations over technology-related initiatives and investment.

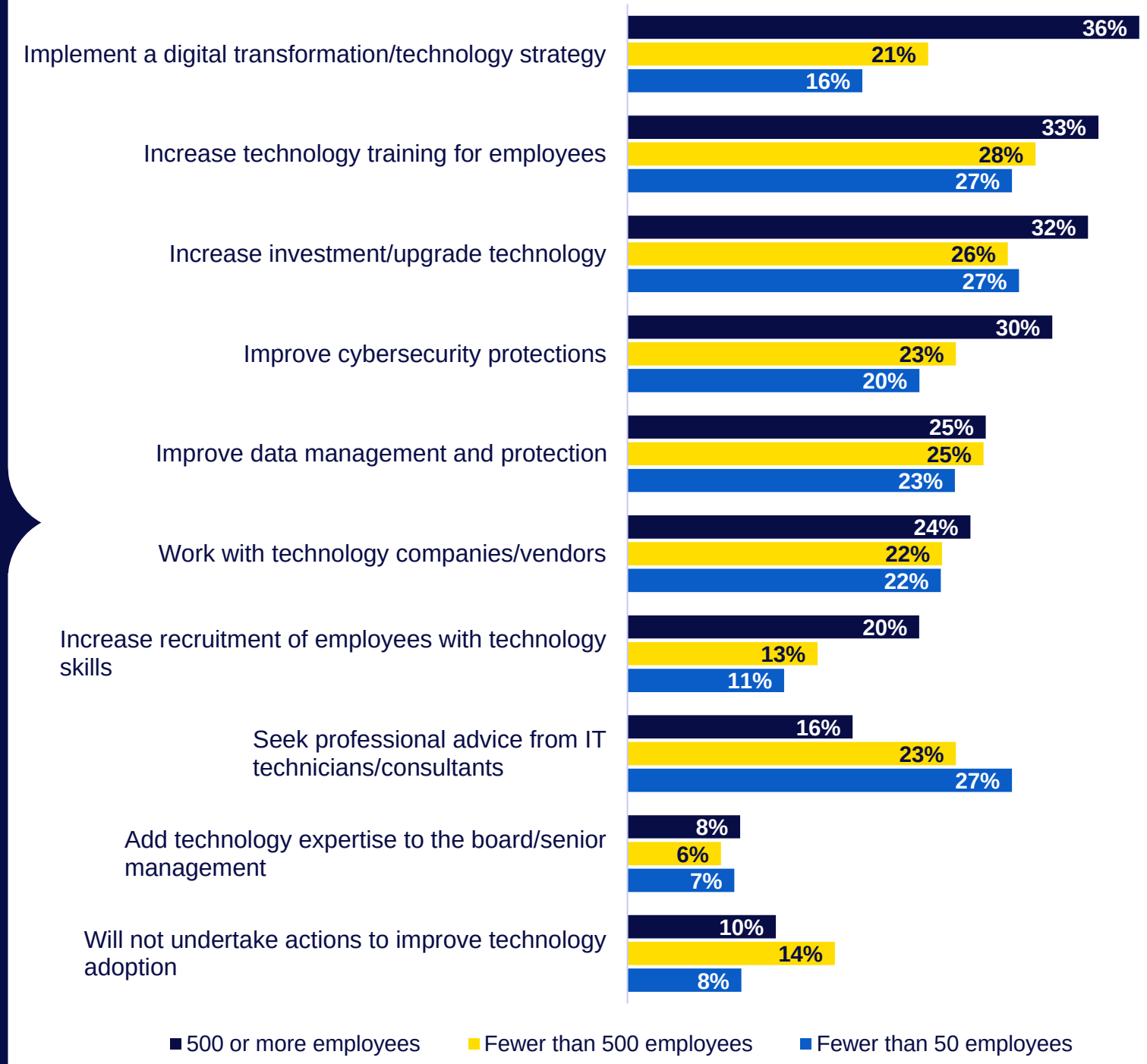


Technology initiatives businesses will take in the next 12 months – by size

Results by business size followed a similar pattern to earlier findings. A higher percentage of respondents from larger companies expect their business to take various technology actions in the next 12 months than respondents from smaller companies.

Of note, 36 per cent of respondents from larger businesses believe their company will implement a digital transformation or technology strategy, which is notably higher than respondents from smaller companies.

It would be advantageous for companies, particularly smaller organisations, to reach out to external advice to support technology adoption.

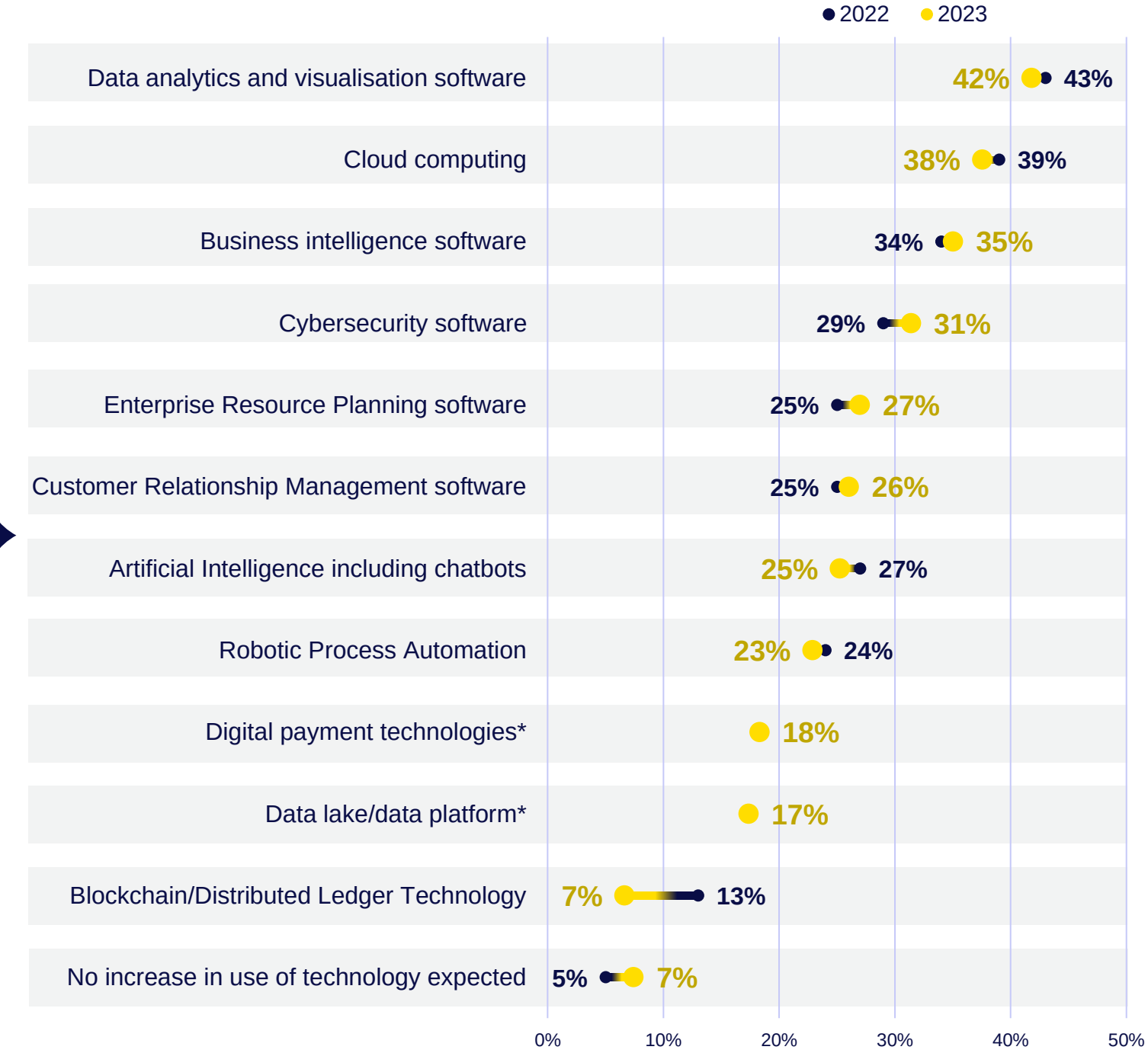


EXPECTED INCREASE IN USE OF TECHNOLOGY

Technologies businesses expect to use more in the next 12 months

Data analytics and visualisation software, cloud computing and business intelligence software continue to be the most popular technologies respondents expect their business to use more in the next 12 months.

Due to the attention given to AI over the year, we would have expected a greater number of respondents anticipating an increase in the use of that technology. It may be that businesses are still working out how best to apply that technology into their operations. Very few businesses expect to increase their use of blockchain technology.

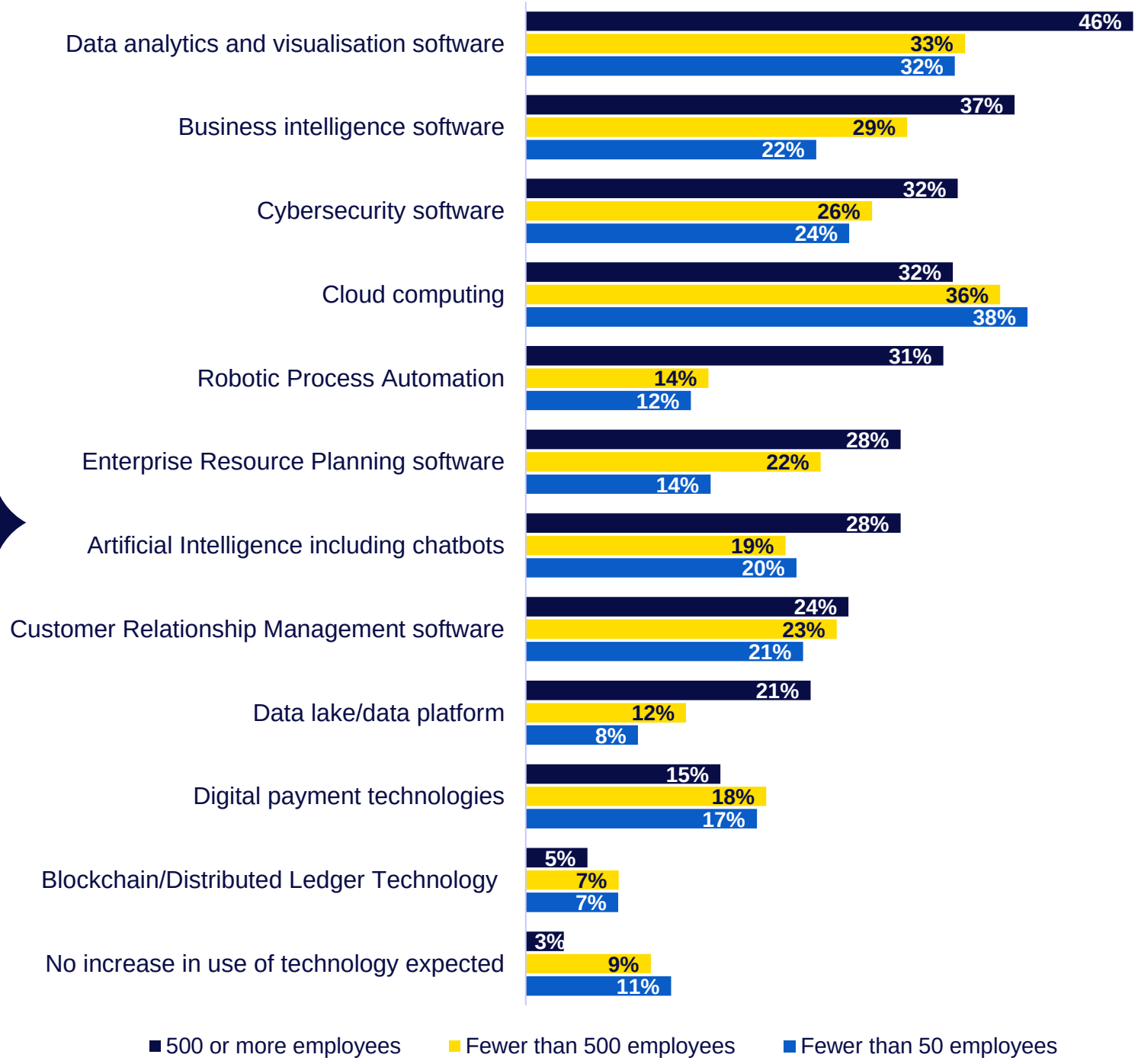


Note: (*) New option in 2023

Technologies businesses expect to use more in the next 12 months – by size

Variations in technology preference were observed by organisations of different sizes. Substantially more respondents from larger companies expect to increase the use of data-driven technologies such as AI, RPA, business intelligence software and data analytics and visualisation software.

On the other hand, smaller businesses are more focused on expanding the use of tools that will enhance productivity, such as cloud computing.



THE IMPACT OF ARTIFICIAL INTELLIGENCE ON ACCOUNTING AND FINANCE PROFESSIONALS

The impact of AI on accounting and finance jobs in the next 12 months

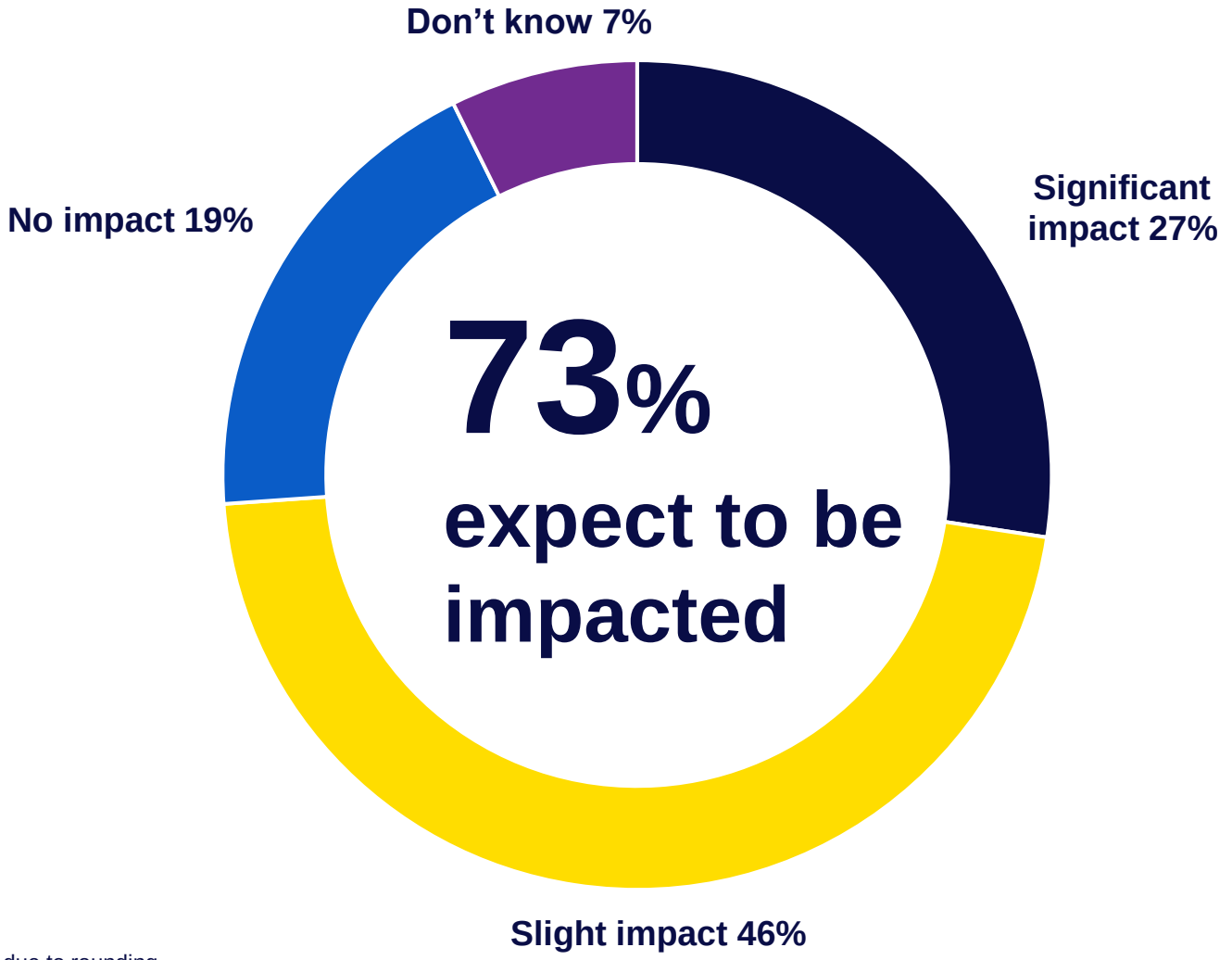
Despite only 25 per cent of respondents saying that their business will increase its use of AI in the next 12 months, 73 per cent of respondents said the technology will have an impact on their job in the next 12 months. This indicates AI may have a larger impact on the accounting and finance profession than other areas of work.

Many respondents (46 per cent) expect a slight impact. This suggests that respondents anticipate AI will complement their existing job function.

Overall, respondents from businesses that reported their profitability increased or larger businesses have a higher percentage anticipating that AI will have a significant impact.

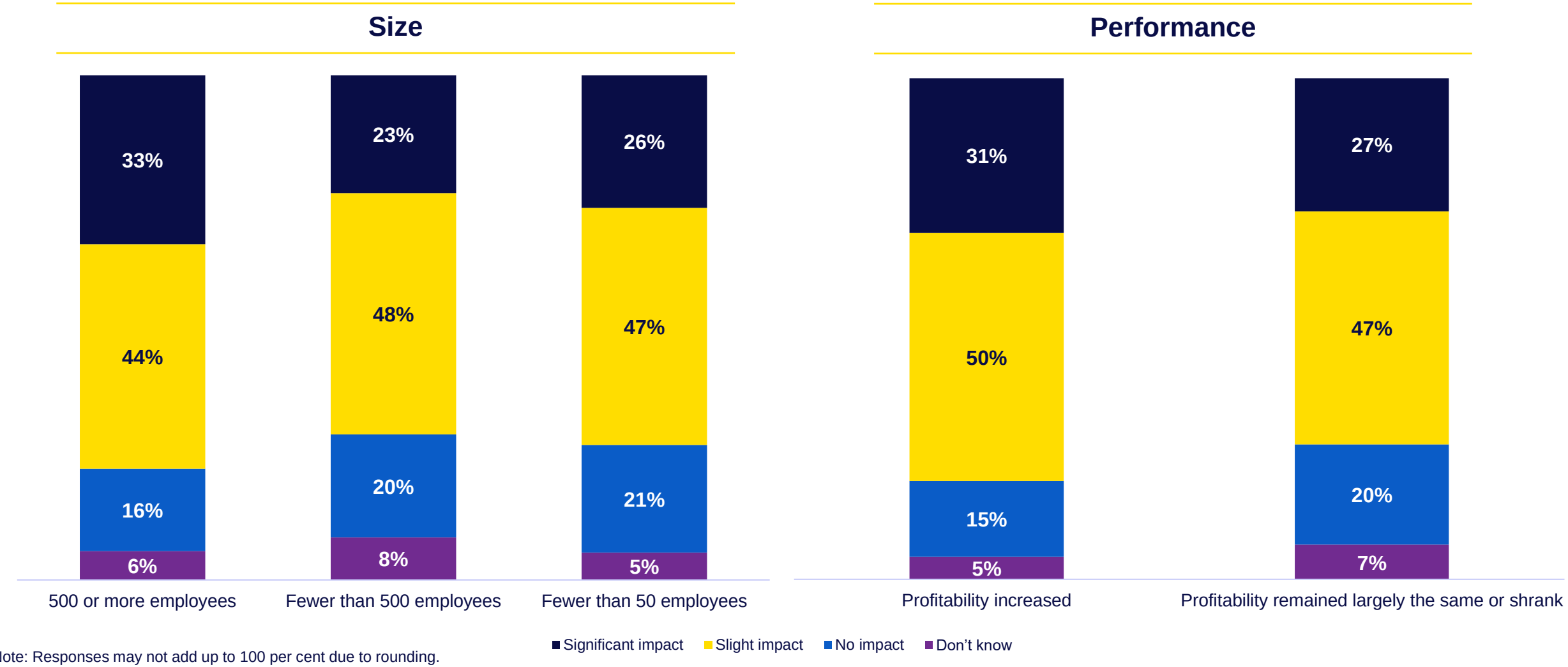
As AI advances, organisations need to be cognisant of the technology's opportunities, risks and limitations. This will include awareness of the potential for productivity gains as well as inherent biases and ethical challenges.

The impact of AI on accounting and finance jobs in the next 12 months



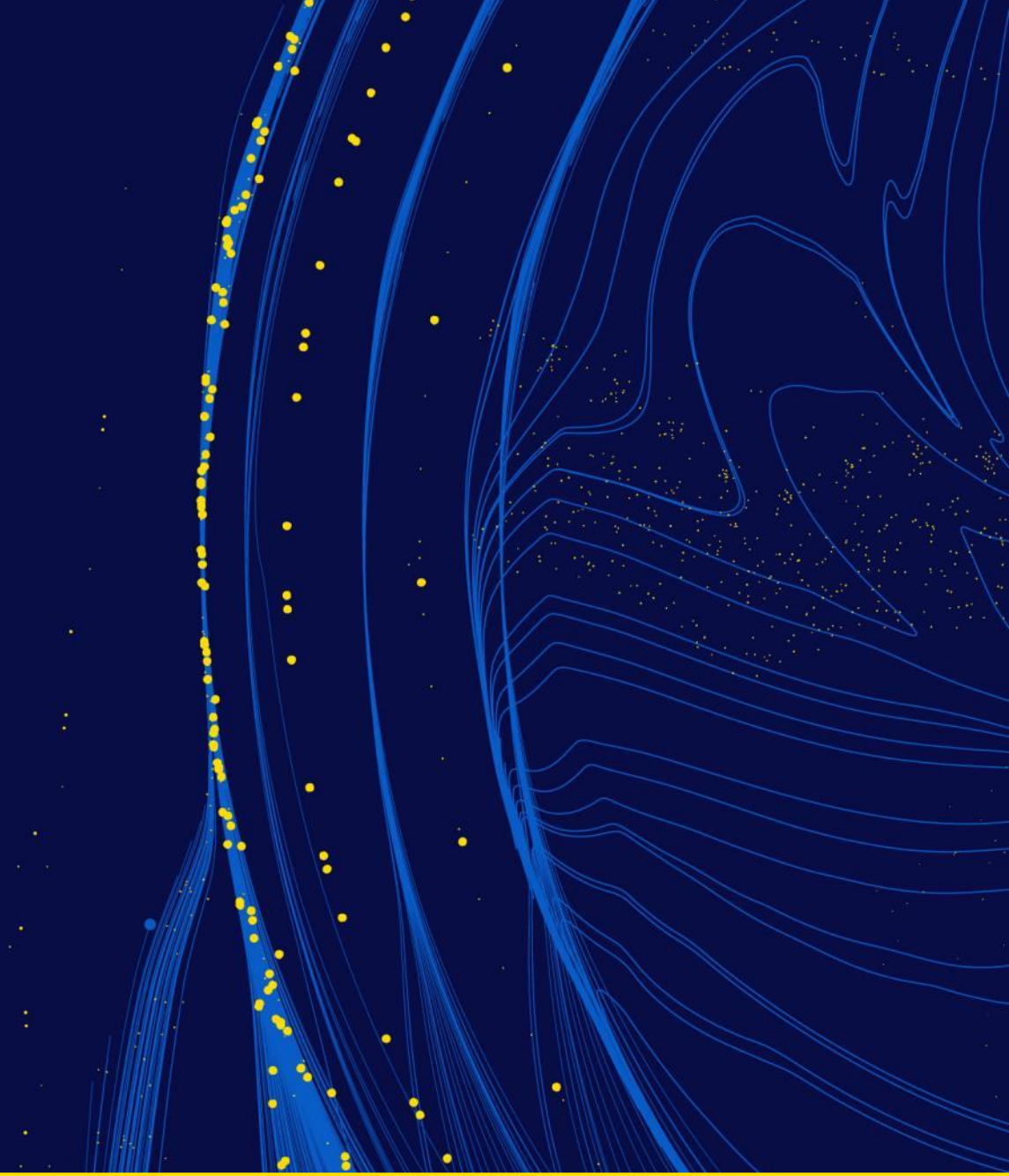
Note: Responses may not add up to 100 per cent due to rounding.

The impact of AI on accounting and finance jobs in the next 12 months – by size and performance



Note: Responses may not add up to 100 per cent due to rounding.

Recommendations



Recommendations

Business strategy

- Develop and implement a digital transformation strategy to improve productivity and enhance the customer experience.
- Implement and regularly review data governance policies and procedures to ensure data quality, security and privacy. This should include policies for destroying data you no longer need and limiting data collection to what is essential.
- Identify areas where AI can enhance operational efficiency, lower costs and/or improve the customer experience. Be cognisant of AI risks such as misleading data, inherent biases or ethical challenges.

Business operation

- Invest in technology tools and software that turn quality data into valuable and actionable insights, such as data analytics and visualisation software. Small businesses could consider intelligent automation and software-as-a-service (SaaS) applications.
- Automate repetitive processes such as through RPA tailored to the business' needs.
- Prioritise and regularly review technology initiatives based on their potential return on investment (ROI), relevance and effectiveness.

Risk management

- Allocate appropriate resources to raise employees' data governance and cybersecurity awareness.
- Implement measures to mitigate the risks of cybersecurity incidents. Businesses could refer to mitigation resources from the Australian Cyber Security Centre, such as their Essential Eight.

Talent support

- Provide upskilling or reskilling training to employees to improve the effectiveness of the technology tools and software deployed.