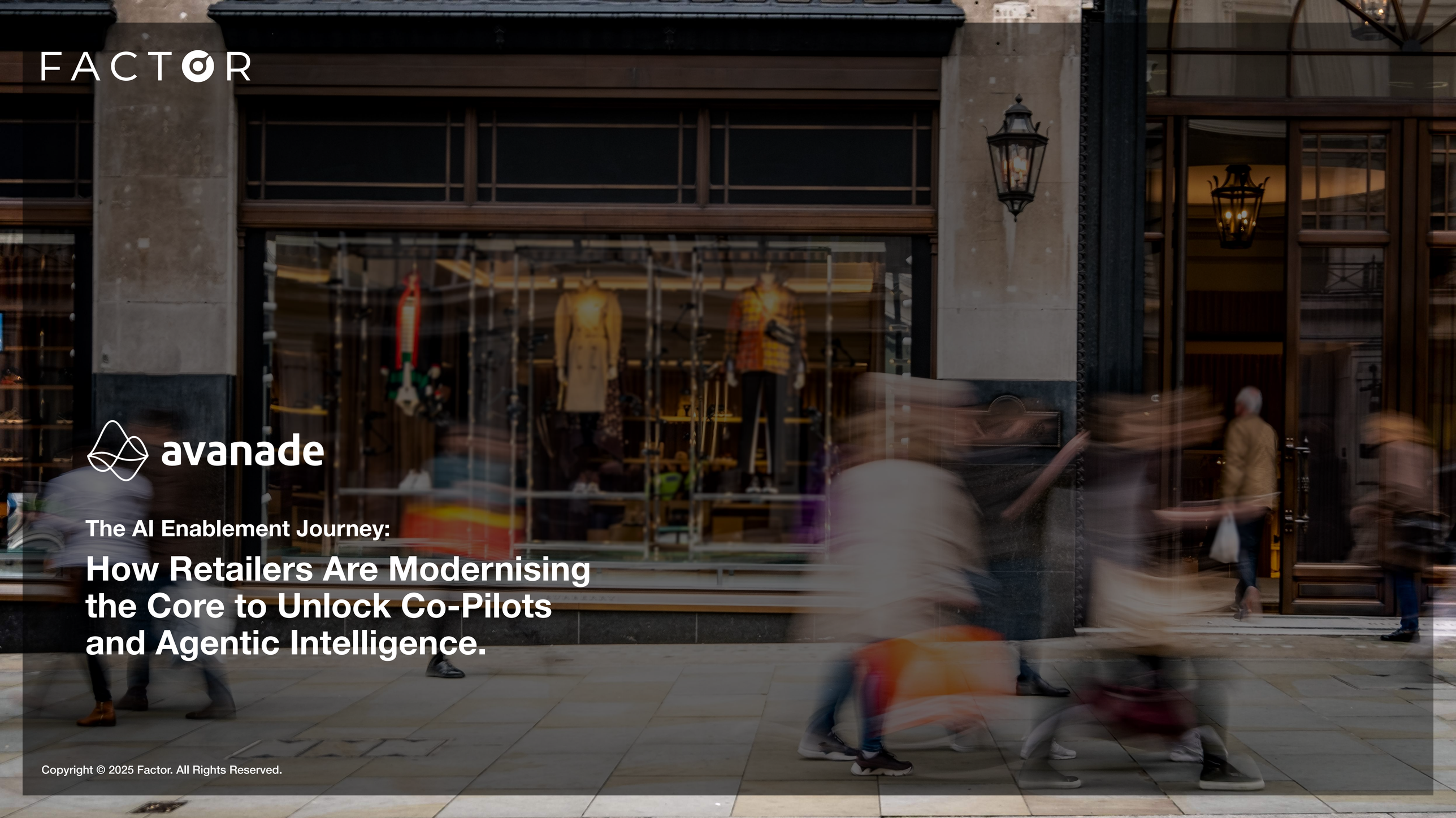

FACTOR

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The AI Enablement Journey:

How Retailers Are Modernising the Core to Unlock Co-Pilots and Agentic Intelligence.

Introduction

Retail in Australia and New Zealand (ANZ) is at **an inflection point**. After a turbulent 2024, characterised by sticky inflation, elevated interest rates and subdued consumer confidence, the sector is preparing for renewed growth from mid-2025 as economic conditions ease. At the same time, digital adoption and artificial intelligence (AI) are reshaping the rules of engagement: 42 % of Australian shoppers now consider themselves omnichannel buyers, preferring online channels for competitive pricing and delivery speed, and 85 % regularly switch between physical and digital stores.

Health-and-wellness spending rose 8.8 % in 2024 and is forecast to climb another 10 % in 2025, while electronics and home furnishings are expected to grow 6 % as consumer confidence rebounds.

These structural shifts create both urgency and opportunity. **Legacy enterprise resource planning (ERP) platforms, often 15-20years old**, cannot deliver the real-time data, seamless customer experiences and unified governance needed for **AI co-pilots and agentic intelligence**. Our surveys of CFOs, data-and-AI leaders and CIO/CTO respondents reveal common pain points: **fragmented data, manual processes, skills gaps and limited integration maturity**. Yet they also reveal appetite for change: finance and technology leaders rank AI enablement, data quality and co-pilot use cases among their highest priorities. The journey to an AI-first retail core therefore demands a strategic framework - modernising foundational systems while delivering incremental value through finance co-pilots, demand planning and real-time margin control.

This report synthesises quantitative surveys, round-table conversations and external research to offer ANZ retailers a playbook for modernising the core and unlocking AI-driven value. It combines economic context (2024 headwinds and 2025–26 outlook), leadership insights and technology guidance with case studies and practical roadmaps.

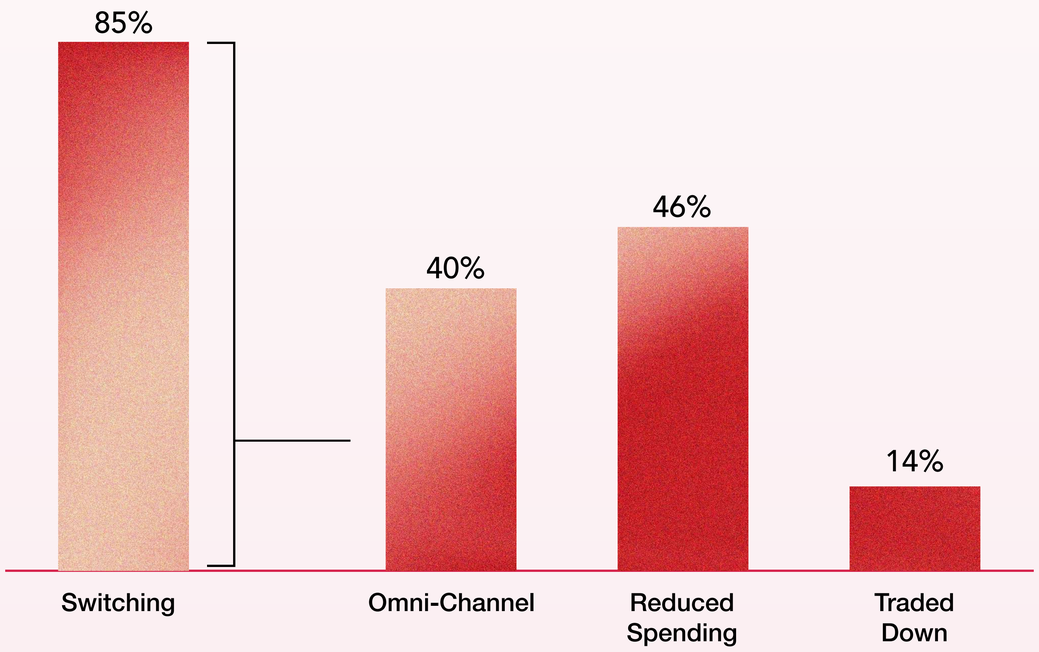
Figure 1

On average across consumers

85%

switch regularly between in-store and online channels

Consumer behaviour shifts in Australian retail, 2024



Market context

A turbulent 2024 and cautious optimism for 2025-2026

‘24 A year of resilience and recalibration

In 2024 inflation remained sticky and interest rates stayed high, prompting many consumers to tighten their spending. Factor Research notes that this led to a stalled recovery in the second quarter of 2024, compelling retailers to scrutinise operations and optimise costs. Concurrently, the Australian government’s sustainability reporting framework came into force on 1 January 2024. Large businesses (revenue > AU$500 million) must now disclose climate risks and ESG metrics, with the framework extending to companies above AU$200 million and AU$50 million over the next three years. These obligations highlight the need for integrated data governance and reliable reporting.

Consumer behaviour also evolved. Seamless-commerce report found that 40% of Australian shoppers are omni-channel, favouring online shopping for competitive pricing and delivery speed. Retail’s 2025 consumer survey shows that 85% of consumers switch regularly between in-store and online channels. Nearly half (46%) reduced their spending and 14% traded down to private-label products, highlighting the importance of value and flexibility. Besides, social commerce surged, particularly among Gen Z, as consumers used social platforms for product discovery.

2025 Growth resumes amid continued caution

What's happening now:

The Australian Retail Outlook 2025 has proven broadly accurate in its cautiously optimistic forecasts. After a sluggish 2024, Australia's economy has grown about 2.1% this year, supported by easing inflation, gradual interest-rate relief and improving consumer confidence. Discretionary categories have rebounded: spending on electronics and home furnishings is up roughly 6%, while health-and-wellness outlays, which rose 8.8% in 2024, have climbed a further 10%. Hybrid retail models that blend online and in-store experiences have expanded by around 15%, with 85% of shoppers now moving fluidly between channels. Retailers have accelerated technology investment, AI-driven recommendations now influence about 40% of purchases, and autonomous delivery and hyper-local fulfilment have helped trim logistics costs by roughly 12%. Together these trends mark a year where recovery, consumer adaptation and emerging technologies have converged.

Despite the stabilising macro environment, cost-of-living pressures continue to shape household behaviour. Morningstar's mid-year 2025 retail outlook shows that real household incomes have improved and inflation remains within the Reserve Bank of Australia's target range. Analysts expect that the rate cuts anticipated before year-end could further boost consumer confidence and retail activity heading into fiscal 2026. The savings rate has already normalised, sitting above 5% after having dropped below 2% during the crisis, giving households slightly more flexibility. Even so, the rebound remains uneven: hardware and takeaway meals have outperformed other categories as construction activity and sentiment strengthen (Morningstar 2025 Chart of the Week).

6% higher spending on electronics and home furnishings

15% rise in hybrid (online + in-store) shopping behaviour

40% of all purchases now influenced by AI recommendations

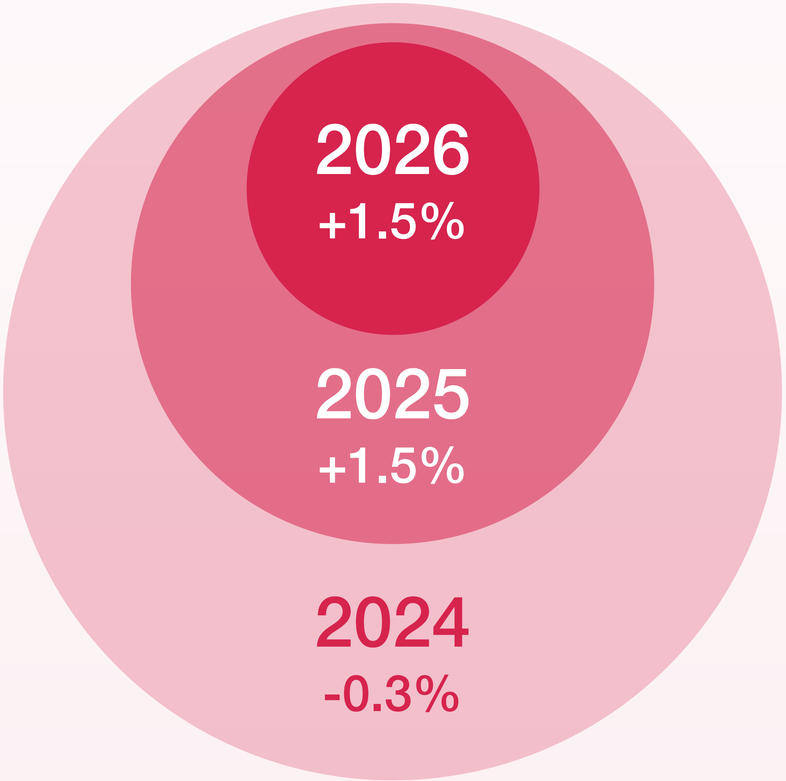
2026
and Beyond
Structural Shifts and Technology Acceleration

2026 and beyond - structural shifts and technology acceleration

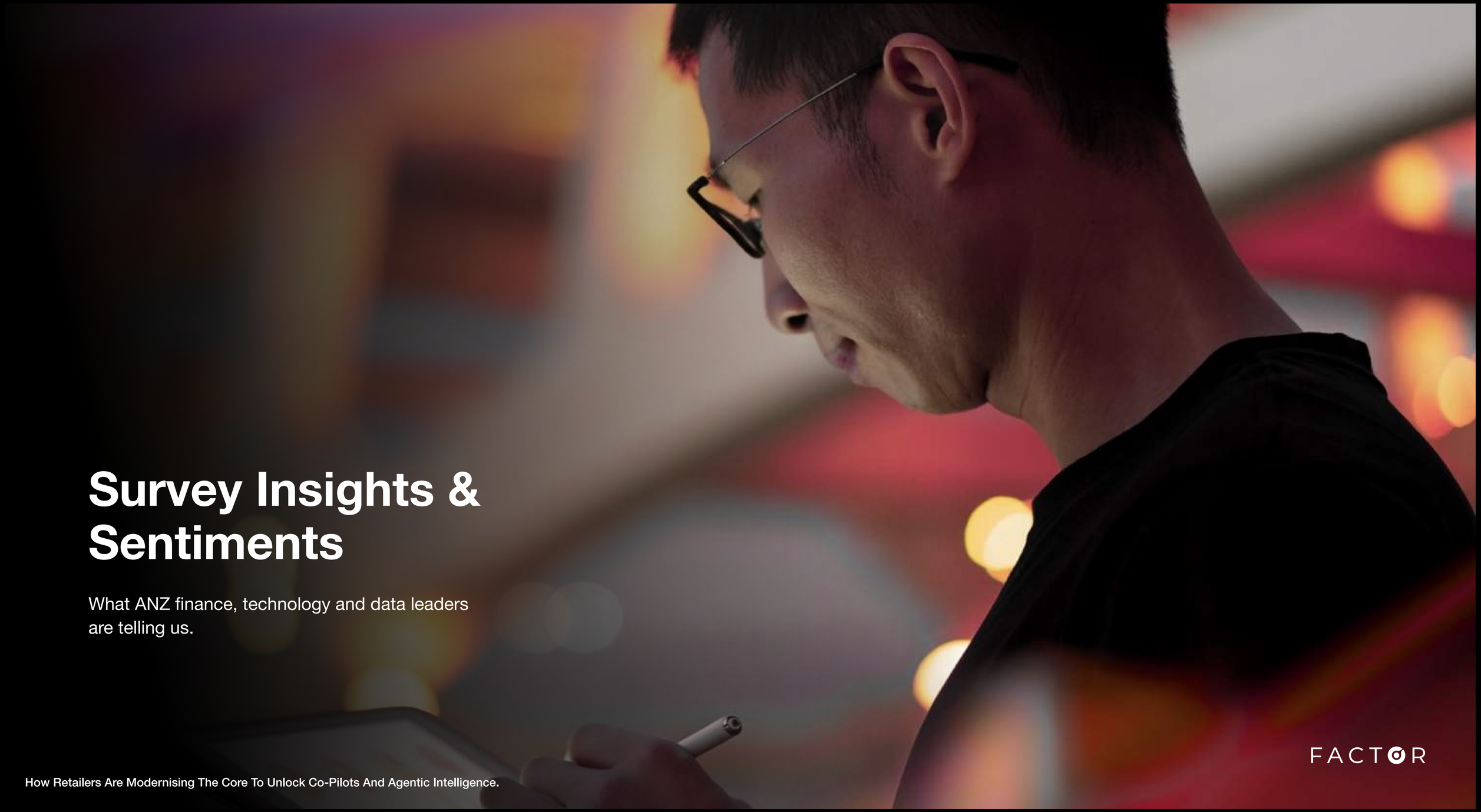
Looking beyond 2025, the macro environment is expected to stabilise rather than boom.

The Reserve Bank of Australia's August 2025 statement notes that growth among Australia's major trading partners is likely to slow in the second half of 2025 and into 2026 as higher tariffs and global policy uncertainty take effect. At home, labour market supply and demand are projected to remain roughly in balance, and underlying inflation is expected to stay near the midpoint of the 2-3 % target. Year ended GDP growth should pick up gradually as anticipated rate cuts feed through, but the recovery is unlikely to be dramatic. In this environment, retailers must continue to prioritise margin management, operational efficiency and disciplined investment.

These macro conditions heighten the importance of technological acceleration. As retailers move from stabilisation to growth, data driven capabilities will increasingly define competitive advantage. Industry analysts forecast that by 2026, AI analytics will evolve from simple automation toward "enterprise aware" augmentation, enabling natural language queries across disparate data sets and delivering actionable insights to nontechnical users. Retail media networks are expected to become sophisticated ecosystems that leverage transaction data for hyper-personalised marketing, while AI enabled supply chain and computer vision systems will enhance forecasting accuracy, detect loss and automate workforce scheduling. To capitalise on these trends, retailers must invest in robust data architectures, cloud native platforms, event driven integration, metadata management and modular services, that can scale to support the next generation of copilots and agentic AI.



Real Retail Growth in 2024 vs 2025 vs 2026



Survey Insights & Sentiments

What ANZ finance, technology and data leaders are telling us.

FACTOR

How Retailers Are Modernising The Core To Unlock Co-Pilots And Agentic Intelligence.

Sentiment: Finance in retail

Finance leaders in the retail sector are grappling with ageing systems, manual processes and fragmented data. Many CFOs described the desire for automation, better cashflow visibility and more time for business partnering. The top priorities for the next 12 months fall into three broad categories:

Our insights draw on perspectives from leaders across IT, Finance, Data, Operations and Technology in Australia and New Zealand's retail landscape. Representing sectors from apparel and luxury to food, beverage and consumer goods, these leaders share a collective view of how their organisations are navigating AI enablement. Their voices reveal where retail is today, its priorities, pain points and progress, and what will define maturity in the years ahead.

Cloud Adoption Maturity

- 39% – Mostly unified middleware layer
- 37% – Point-to-point integrations
- 25% – Fully integrated real-time flows

FACTOR

Revenue growth and profitability: About one third of respondents selected this as their principal objective. CFOs are focused on supporting commercial teams through sharper pricing and margin analysis while maintaining competitiveness.

Cost reduction and operational efficiency: Roughly 27 % of finance leaders prioritised streamlining workflows, eliminating manual tasks and improving working capital management. Automation projects that free the finance team to act as business partners and shorten the time to close are a key element of this effort.

Talent development and retention: Just under a quarter of respondents cited upskilling and retaining finance talent as critical. This reflects recognition that digital transformation initiatives such as ERP upgrades, automation and AI require a workforce comfortable with analytics and technology.

Initiatives like integrated planning and scenario analysis, lightweight budgeting tools for non finance users and smooth ERP implementations sit within these broader goals. Nearly half of respondents emphasised digital transformation milestones, such as completing ERP rollouts or modernising core platforms, which enable both growth and efficiency.

Figure 2

The CFO in Retail

27%

Site cost reduction
& operational efficiency
as top priority

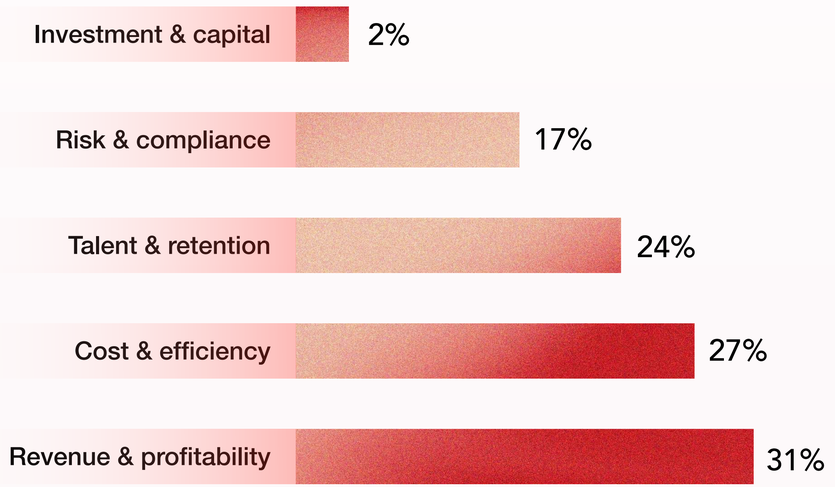


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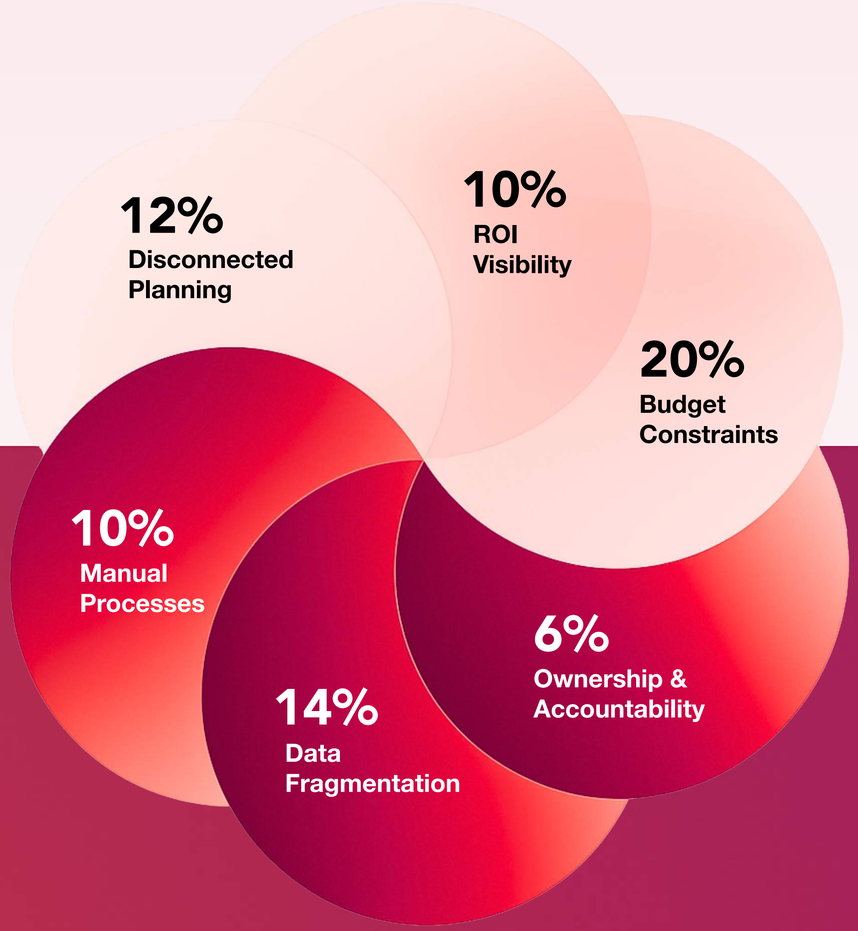
Figure 3

Sentiment: Finance in retail

CFO Operational Pain Points

These pain points represent the most persistent friction areas within enterprise finance functions.

Addressing them requires unified platforms, data governance, and automation to enable responsive, insight-led decision-making.



Constrained investment slowing transformation velocity.

Fragmented architecture driving duplication and inefficiency.

Manual reconciliations consuming finance capacity.

Pressure for measurable ROI on technology and automation spend.

Ownership gaps between finance and business units.

Need for real-time insight to steer cost, risk and growth.

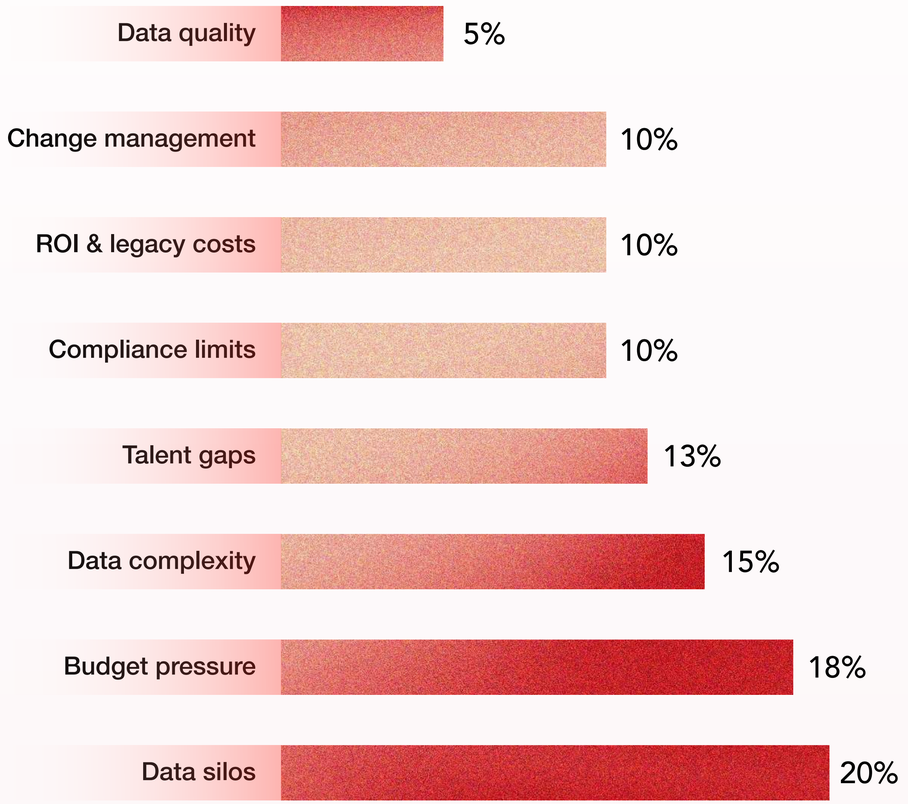
FACTOR

Figure 4

The Data Leader in Retail

20%

Site data silos as the number 1 Inhibitor in retail



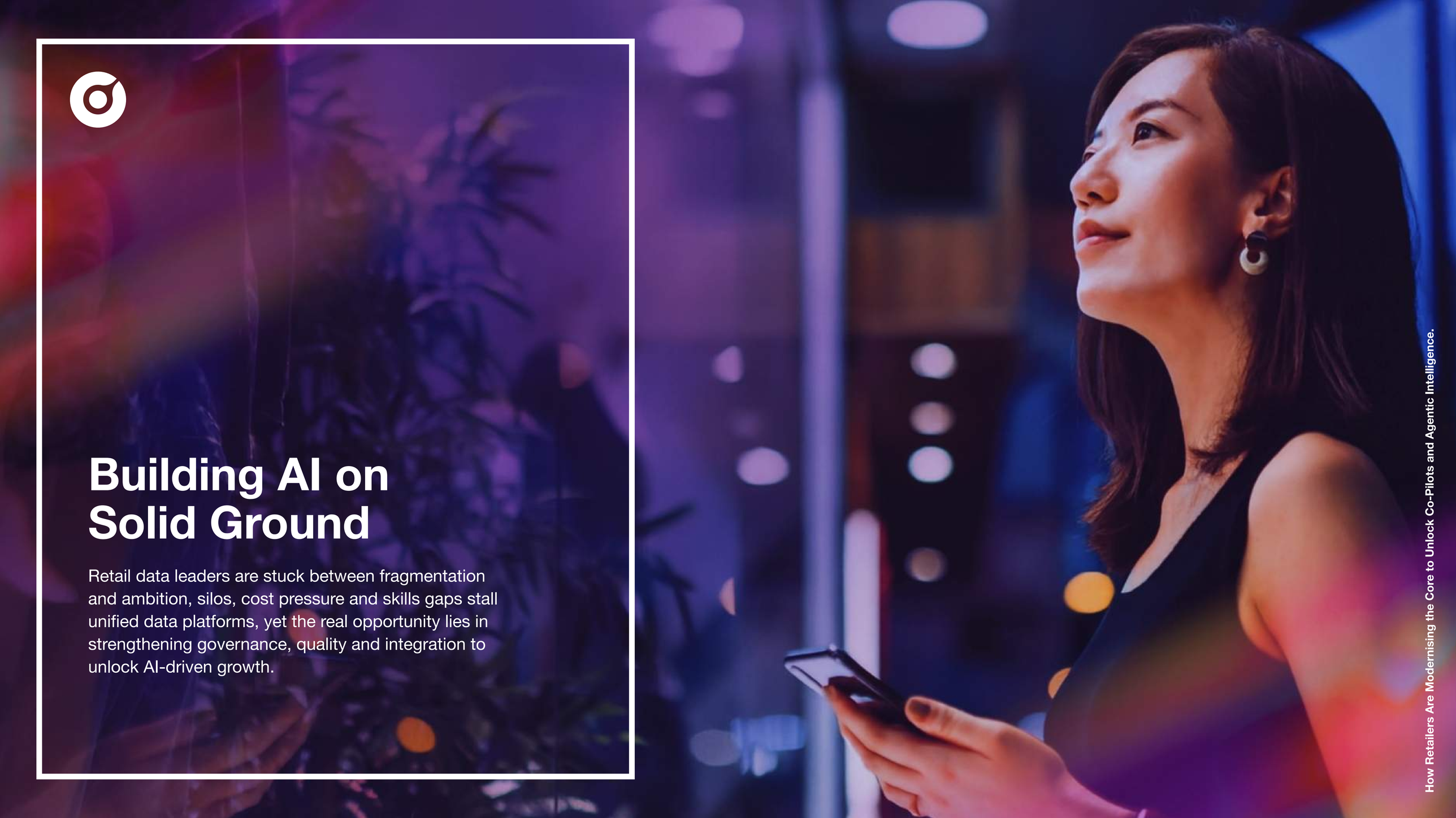
Sentiment: Data & AI in retail

Data leaders across ANZ retail are explicit about both their stumbling blocks and their aspirations. **The biggest obstacles are data silos and integration gaps** (around 20% of responses) and **budget constraints and cost pressures** (about 18%). These two issues together make it difficult to build unified, scalable data platforms and justify continued investment. Complexity of data management came next at 15%, while skills and talent shortages were highlighted by roughly 13% of respondents. Smaller but still significant proportions cited regulatory and compliance constraints, difficulty proving ROI, and translating technical benefits into business value (each around 10%), with low data quality and lack of observability mentioned by about 5%. The picture that emerges is of data and AI programmes hampered by fragmentation, tight budgets and a lack of skilled people.

These barriers map directly to where leaders want to focus their efforts. The top areas of interest are AI/ML and advanced analytics (29% of responses), data governance and quality (21%) and cloud platforms and integration (13%). Secondary interests include operational automation, AIOps, self service data activation and predictive analytics (each around 8%). This alignment suggests that leaders recognise the need to build strong foundations, governance, quality and integration, while simultaneously pushing ahead with AI enabled use cases.

Building AI on Solid Ground

Retail data leaders are stuck between fragmentation and ambition, silos, cost pressure and skills gaps stall unified data platforms, yet the real opportunity lies in strengthening governance, quality and integration to unlock AI-driven growth.



Sentiment: Data & AI leader's interests

Surveyed organisations sit at varied points on the maturity curve. Roughly 29% describe themselves as data aware (using data regularly but not exclusively), another 29% are at an early stage or unsure, and just over one fifth each are data driven or data adjacent. In other words, only a minority feel they have truly embedded data in their decision making processes.

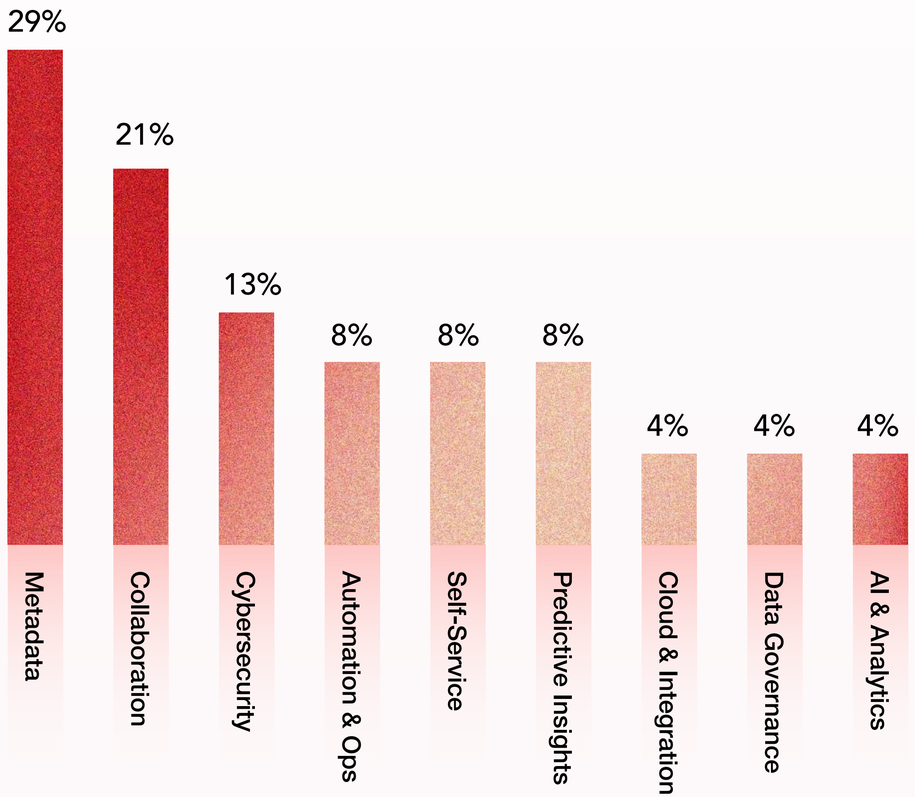
Key Factor

The real opportunity is not more AI experiments but making AI operational. That means fixing fragmented data flows, automating governance, and wiring analytics directly into decision cycles. The leaders pulling ahead are treating AI as an execution layer on top of clean, connected data, not a side project in a lab.

Figure 5

3 in 4

Data leaders are prioritising Advanced Analytics, Governance and Cloud Integration, signalling a decisive pivot from managing data to activating intelligence.



Sentiment: Data & AI leader's maturity distribution

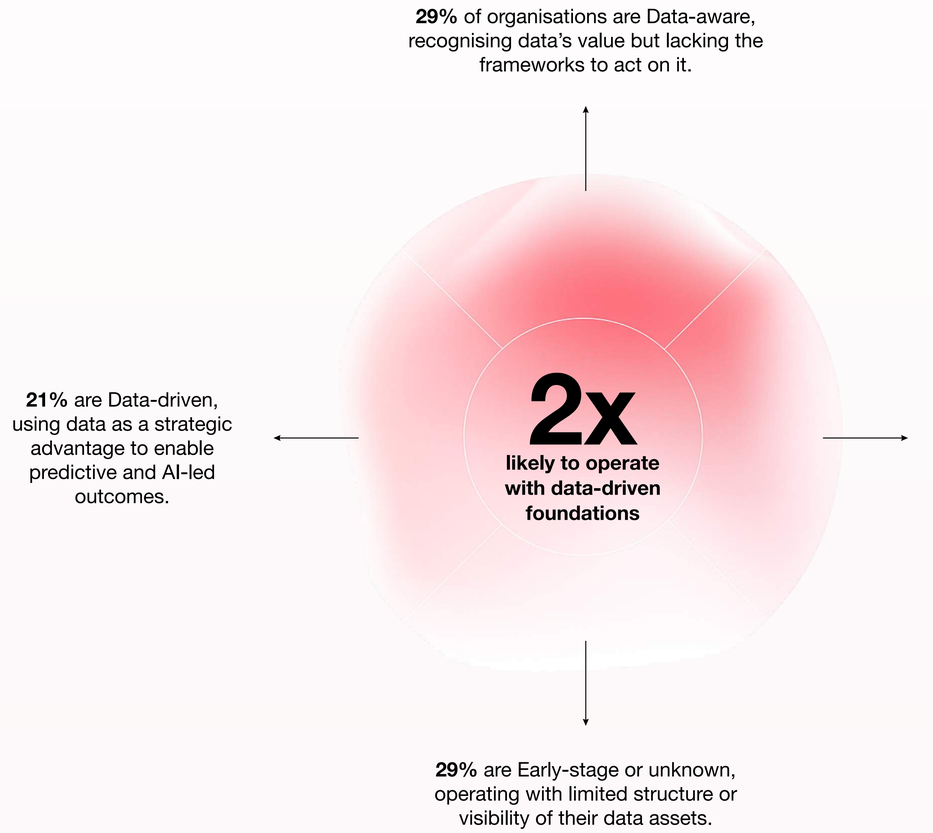
To move the needle, data leaders see three priorities. First, invest in integration tooling and data governance frameworks: without a single source of truth and clear accountability, AI initiatives will founder. Second, allocate budget to areas with measurable business impact, such as reducing data ingestion costs or improving forecast accuracy, and communicate those wins to build organisational support. Third, tackle the skills gap by developing internal talent and cross functional data literacy programmes. Respondents also emphasised the importance of metadata visibility, lineage tracing and robust quality controls to build trust in AI driven insights. With these foundations in place, organisations will be better positioned to pursue more advanced use cases like customer personalisation, demand forecasting and conversational AI.

Key Factor

Focus less on chasing the next AI use case and more on earning the right to scale. Strengthen data foundations, show measurable business wins, and invest in skills that turn governance into growth.

Figure 6

High-performing retailers are twice as likely to operate with data-driven foundations, yet most remain early in their journey.



Source: Factor Research analysis based on CIO Survey, N = 305.

Figure 7

Sentiment: Clear shift in IT investments in retail

Our IT Executive surveys show that cost optimisation remains the overriding driver for technology investment in retail. Nearly four in ten respondents put it at the top of their agenda, emphasising the need to free up capital for innovation while managing margin pressure. AI and machine learning adoption comes next, cited by roughly a quarter of leaders; they see advanced analytics as essential for personalising customer experiences and automating routine processes. Digital transformation and data driven decision making follow close behind at just over 15%, while only about one in ten prioritise a shift to cloud or hybrid adoption. Taken together, these priorities reveal that modernisation is less about chasing the latest trend and more about making technology pay its way, generating savings today while laying the groundwork for tomorrow's AI capabilities. It's notable that most CIOs rate their organisations' AI readiness as "moderate" (around 80%), indicating a gap between ambition and execution.

38.5%

of CIOs say cost optimisation is their leading investment driver.

23.1%

are prioritising AI and machine learning adoption to unlock new efficiencies.

15.4%

are advancing digital transformation and data-driven decision-making.

7.7%

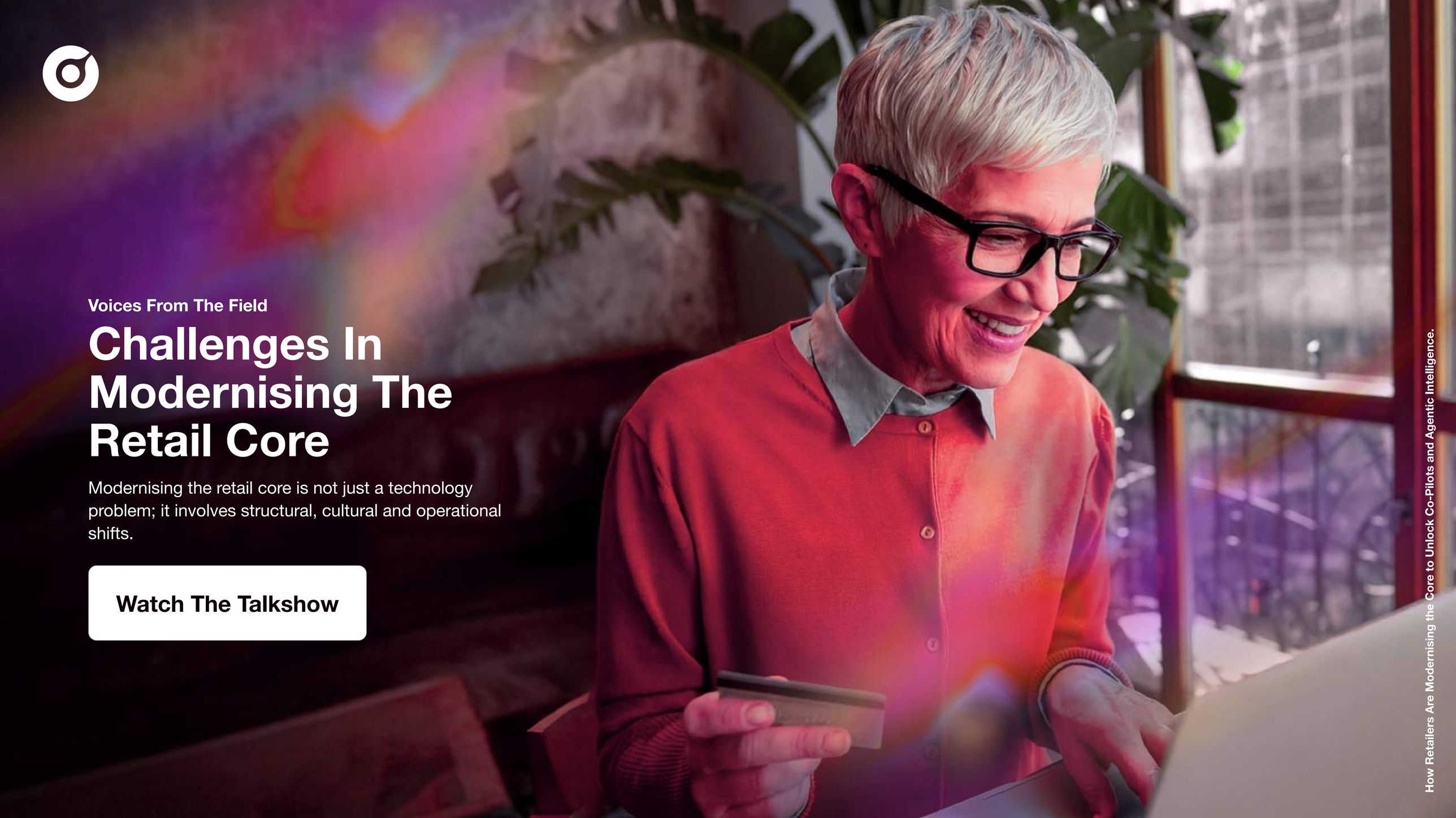
continue to focus on the shift to cloud and hybrid models.

Connecting finance, data and technology perspectives

Across all three surveys, a shared aspiration emerges: ANZ finance, data and technology leaders want to move beyond fragmented, manual systems toward a unified, AIready core. CFOs speak of a need for cashflow visibility, automation and more time for business partnering; data leaders emphasise the importance of trusted, scalable platforms; and CIOs focus on composable architectures that accelerate insights. These ambitions converge on the same outcome: a single, integrated foundation that supports realtime decisionmaking. Yet each group also identifies obstacles, data silos, integration gaps, budget constraints and skills shortages, that cut across functional lines. The way forward is therefore inherently collaborative: aligning roadmaps, establishing joint governance and coinvesting in platforms and talent. Without that crossfunctional commitment, the most promising AIenablement strategies will struggle to get off the ground.

> **“The Stakeholders in Retail Share One Ambition”**

To build a unified, AI-ready foundation that powers real-time decisions. The shift from fragmented systems to connected, intelligent platforms is the breakthrough that will redefine visibility, agility and performance across the enterprise.



Voices From The Field

Challenges In Modernising The Retail Core

Modernising the retail core is not just a technology problem; it involves structural, cultural and operational shifts.

Watch The Talkshow

How Retailers Are Modernising the Core to Unlock Co-Pilots and Agentic Intelligence.

Modernising the retail core is not just a technology problem; it involves structural, cultural and operational shifts.

1 Aging ERP systems and fragmented architectures

Retailers still depend on outdated ERPs and tangled integrations that block real-time visibility and scale. Standbags CTO John Khoury says their back-end systems are “not connected, not modern and not scalable”, despite heavy front-end investment.

2 Data quality and governance gaps

Poor data undermines decisions and compliance. Microsoft’s Sarah Carney calls data the “lifeblood of AI” and warns that inertia is the biggest risk. Retail leaders cite silos, inconsistent definitions and manual pipelines as persistent blockers.

3 Cultural resistance and skills shortages

Teams cling to spreadsheets and manual approvals. Grendons Advisory’s Luke Brennan says poor data forces “spray and pray” inventory planning. Shortages in data engineering, AI and change management deepen the gap.

4 Investment constraints and ROI justification

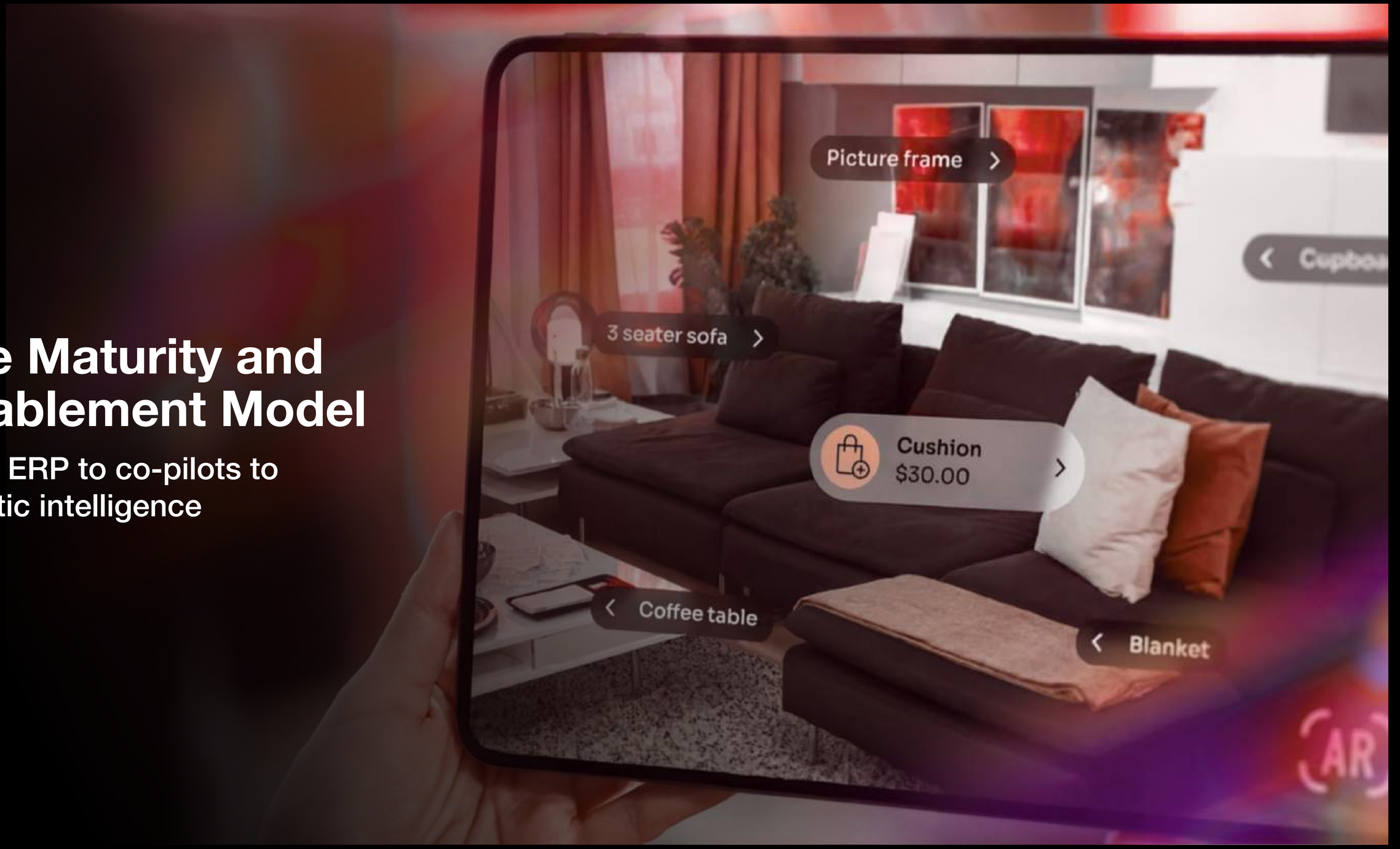
Modernisation stalls when benefits are unclear. CFOs and CIOs face transformation fatigue and tighter budgets. Success now hinges on proving margin, capital and risk gains.

5 Compliance and sustainability pressures

New ESG and privacy mandates demand accurate, auditable data. Retailers must modernise systems to track emissions, labour and supply-chain metrics while meeting rising cyber-security standards.

The Maturity and Enablement Model

From ERP to co-pilots to agentic intelligence



The maturity and enablement model: from ERP to co-pilots to agentic intelligence

We propose a three-stage model for the AI-enablement journey:

Foundational Modernisers

ERP modernisation and data unification

Organisations at this stage focus on replacing end-of-life ERP systems, consolidating data platforms and establishing master data governance. The goal is to create a single version of the truth, reduce manual effort and improve compliance. Success metrics include shortened time to close, automated reconciliations and improved data quality.

Accelerators

co-pilots and AI-assisted workflows

Once the core is unified, retailers can deploy AI co-pilots across finance, supply chain and merchandising. Examples include finance co-pilots for cash-flow forecasting, adaptive forecasting engines for demand planning and real-time margin control. The focus shifts to predictive analytics and decision support, leveraging machine learning and generative AI to augment human expertise. Key enablers are orchestration platforms, API-driven integration and modular microservices.

Pioneers

Agentic intelligence and autonomous operations

At the frontier, retailers experiment with agentic AI, systems that can autonomously initiate actions based on goals and constraints. This includes autonomous procurement agents that negotiate with suppliers, adaptive pricing engines that optimise margins, and self-healing supply chains that adjust in real time. Pioneers also explore new revenue streams (e.g., data monetisation, retail media networks) and invest in quantum-resistant cyber security.

Figure 8

AI readiness criteria

Across these the stages, AI readiness hinges on three pillars:

Data architecture

Unified data models, event-driven integration, metadata management and lineage tracing are essential to feed co-pilots and agents. Without high-quality, accessible data, AI outputs will be unreliable.

Workflow orchestration

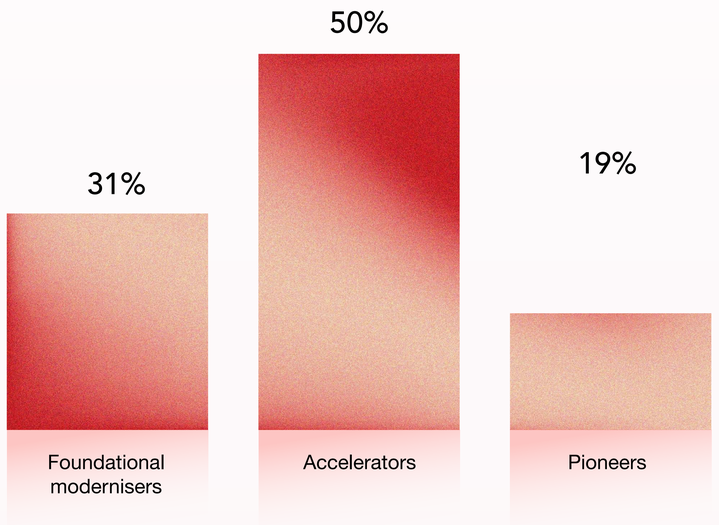
Retail processes must be modular and orchestrated through APIs and event hubs. This allows co-pilots to intervene, automate tasks and surface insights in context. Composable architectures and low-code tooling accelerate iteration.

Governance and ethics

Robust governance, including roles, policies and ethics frameworks, ensures AI applications are transparent, auditable and aligned with regulatory requirements. Data privacy, ESG reporting and cyber-security are integral.

Distribution across AI enablement pathways

Most retailers remain in the acceleration phase, scaling AI use cases but still dependent on unified data foundations and governance to sustain momentum.



High-impact use cases and commercial value

Modernising the core unlocks a spectrum of AI-enabled use cases. We highlight three with measurable ROI:

Supply-chain demand planning

Accurate demand forecasting reduces stockouts, markdowns and waste. Global examples highlight the impact: Albert Heijn's AI-driven inventory management reduced food waste by 250,000 kg and improved on-shelf availability, while SPAR Austria achieved 90 % inventory accuracy through AI-enabled forecasting (Microsoft 2025 Retail Ready: Agentic AI Built for the Future of Retail). In the ANZ context, grocery retailers face similar complexities—from extreme weather to shifting consumer preferences and promotional cycles. AI models combining historical sales, weather, promotion and mobility data can optimise store-level orders. Finance co-pilots can then quantify working-capital savings, aligning supply-chain decisions with cash-flow goals.

Finance co-pilots and cognitive automation

AI co-pilots are reshaping finance operations through automated invoice matching, anomaly detection, cash-flow forecasting and scenario planning. Generative models can summarise financial performance and recommend actions, such as adjusting payment terms. By reducing manual reconciliations and shortening close cycles, finance teams release capacity for strategic partnering. In our survey, retail CFOs ranked "automation for efficiency" and "cash-flow and working-capital management" among their top priorities—signalling strong appetite for these capabilities.

Real-time margin control and dynamic pricing

Margin erosion remains a persistent concern for retailers. AI can track input costs (commodity prices, freight), competitor actions and demand elasticity, allowing finance and merchandising teams to adjust prices dynamically to protect margins while sustaining growth. Roundtable participants noted the ongoing tension between top line revenue and profitability; dynamic pricing, underpinned by AI-driven scenario analysis, helps reconcile these aims by continuously testing price points and discount levels to maximise both revenue and margin.

Figure 9

The real prize is not smarter predictions;

It is closing the loop between demand, supply and margin in real time. The retailers pulling ahead are not just automating tasks; they are wiring finance, data and operations into a single adaptive system where every decision learns, every process self-corrects and every pound of working capital works harder.

The survey results from the last Wave of Change series from Factor reveals a clear pattern in how technology leaders see AI transforming retail. The greatest potential lies in creating more personalised and connected customer experiences, using data to anticipate needs, tailor offers and respond in real time. Behind this is a growing focus on predictive analytics and demand forecasting, where AI helps retailers sense demand shifts earlier and fine-tune inventory decisions. Many are also prioritising automation across finance, supply chain and merchandising, using AI to streamline back-office workflows and improve margin control. Together, these priorities signal a shift from reactive analysis to proactive AI-enabled decision making that balances customer experience with operational agility.

Areas where AI will have the biggest impact.

Retail CIOs see AI's greatest near-term value in elevating customer experiences, with predictive analytics and automation close behind.

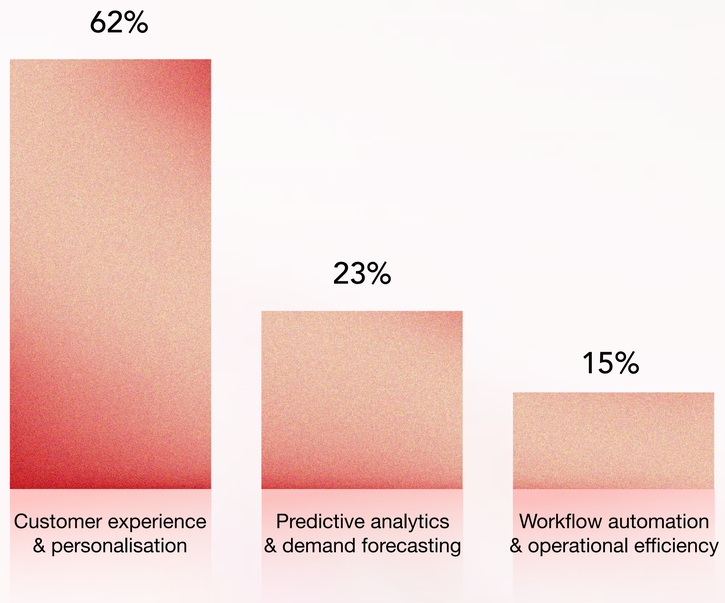
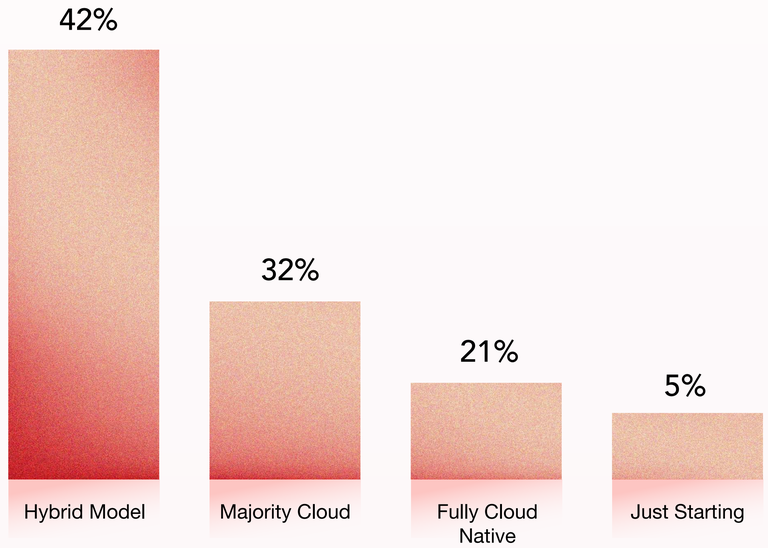


Figure 10

Data and architecture foundations

Achieving the above use cases requires robust technical foundations

Figure 10 shows where ANZ retailers sit on their cloud journey. Despite progress, only around one-fifth of finance teams are fully cloud-native. Most (42 %) operate in hybrid environments, while about a third have moved the majority of workloads to the cloud. Incremental modernisation remains the norm, with many still managing on-premise systems and integration challenges. As Section 6 highlights, unified data architectures, event-driven integration, lineage tools, composable microservices, and strong security are essential foundations for AI-first finance and operations.



Unified data platform

Adopt a cloud-native data lakehouse or warehouse for structured and unstructured data. Use ELT pipelines, change data capture and event streaming for real-time accuracy. Apply master data management to maintain golden records and avoid duplication.

Event-driven integration

Replace batch interfaces with event hubs like Kafka and APIs. Event streams enable real-time actions such as triggering replenishment or alerting finance when cash-flow forecasts deviate.

Metadata and lineage management

Use catalogues and lineage tools to track data flows, transformations and dependencies. This improves trust and speeds up root-cause analysis.

Composable microservices

Shift from monolithic systems to modular microservices so individual capabilities like pricing or promotions can evolve independently and integrate easily via APIs.

Security and privacy

Use zero-trust architectures, data-loss prevention and encryption. As AI models access sensitive data, techniques like differential privacy and federated learning are essential.

Figure 11

Leadership and cultural transformation

Technology alone will not deliver transformation

Storytelling and communication

Leaders should link technical gains to business outcomes, showing how modernisation cuts risk, frees capital and drives growth. Early wins build momentum.

Empathy and people-centric change.

Respondents cited resistance to change as a key challenge. Culture shifts need empathy, coaching and data literacy, empowering staff through automation and upskilling.

Agile experimentation

Leaders should use 30-, 60- and 90-day cycles, measure results and adapt. Inaction, warns Microsoft's Sarah Carney, is the biggest risk.

Cross-functional collaboration.

Finance, tech and data leaders should co-own roadmaps through shared governance and joint committees to align priorities and balance cost, risk and innovation.

Essential leadership qualities for today's CFOs

33% People-centred leadership & stakeholder engagement

33% Adaptability & change management

10% Business partnering & strategic insight

10% Communication & coaching

25% Technology & data fluency

FACTOR

Pathways to AI-first Retail

Building on our maturity model and leadership insights, we outline three archetypal pathways that organisations can follow. Each reflects different starting positions and risk appetites. Retailers may start in one path and transition as capabilities mature.

Pathways to AI-first retail

Foundational modernisers

CHARACTERISTICS

Legacy ERP, fragmented integrations, limited automation. Finance teams spend significant time on manual reconciliations; data teams struggle with silos and inconsistent definitions.

STRATEGIC ACTIONS (2025-26):

Deploy AI co-pilots in priority domains. Start with finance (cash-flow forecasting, scenario planning) and supply chain (demand forecasting, inventory optimisation). Ensure co-pilots can integrate with existing tools via APIs.

Invest in event-driven architecture and orchestration platforms. Adopt an integration platform that supports event streaming, API gateways and low-code automation. This enables co-pilots to trigger actions in downstream systems.

Develop AI literacy and ethics frameworks. Train teams on how to interpret AI outputs, embed AI ethics guidelines and build feedback loops to refine models.

Outcomes: Reduced manual effort, improved data quality, shorter time to close and stronger compliance. Foundation laid for AI experimentation.

Accelerators

CHARACTERISTICS

Unified data platform and modern ERP in place; some automation already exists. Leaders are ready to deploy co-pilots and predictive analytics.

STRATEGIC ACTIONS (2025-26):

Deploy AI co-pilots in priority domains. Start with finance (cash-flow forecasting, scenario planning) and supply chain (demand forecasting, inventory optimisation). Ensure co-pilots can integrate with existing tools via APIs.

Invest in event-driven architecture and orchestration platforms. Adopt an integration platform that supports event streaming, API gateways and low-code automation. This enables co-pilots to trigger actions in downstream systems.

Develop AI literacy and ethics frameworks. Train teams on how to interpret AI outputs, embed AI ethics guidelines and build feedback loops to refine models.

Outcomes: Faster decision-making, improved forecasting accuracy and more strategic finance and supply-chain functions. Organisation builds confidence in AI and data-driven culture.

Pioneers

CHARACTERISTICS

Advanced AI capabilities, strong data governance and composable architectures. Organisation experiments with autonomous agents and new business models (e.g., retail media networks).

STRATEGIC ACTIONS (2025-26):

Explore agentic intelligence. Pilot systems that can autonomously negotiate procurement contracts, optimise pricing or manage promotions based on high-level goals.

Monetise data and ecosystem partnerships. Build retail media networks, share data with suppliers and cross-industry partners under strict governance, and develop new revenue streams.

Invest in quantum-resistant security and ethical AI auditing. As AI decisions become more autonomous, ensure models are interpretable and aligned with values.

Outcomes: With differentiated customer experiences, new revenue streams and operational resilience, retailer becomes a data and technology leader in the region.

Actionable next steps

To translate strategy into action, we recommend the following steps:

Align finance and technology roadmaps. Convene CFO, CIO, CDO and business leaders to agree on a shared vision for modernisation. Use the maturity model to assess current state and prioritise investments.

Secure leadership sponsorship and funding. Develop a business case that quantifies benefits (e.g., reduced working-capital requirements, improved forecast accuracy, compliance readiness). Use early wins to build momentum.

Establish a data-governance framework. Define data ownership, quality metrics and accountability. Adopt tools for cataloguing, lineage and metadata to improve trust and accelerate troubleshooting.

Invest in people and culture. Launch data-literacy programmes, cross-functional rotations and AI upskilling. Communicate transparently about the purpose of automation and emphasise that technology augments, not replaces, human judgement.

Design for composability. When selecting new platforms, favour open APIs, event streaming and modular services. This future-proofs investments and allows incremental adoption of co-pilots and agents.

Experiment with co-pilots. Identify two or three use cases, cash-flow forecasting, demand planning, margin control, and develop proof-of-concepts. Measure outcomes and refine.

To Factor in

ANZ retailers stand at the cusp of an AI-enabled future. The turbulence of 2024 exposed the fragility of legacy systems and galvanised leaders to seek efficiency, resilience and new growth. Consumer expectations for seamless, personalised experiences and ethical practices are rising, while sustainability obligations and cyber-threats demand robust governance. As economic conditions improve from 2025 onward, retailers that modernise their core, embrace AI co-pilots and cultivate data-driven cultures will gain a decisive advantage.

The AI enablement journey is not linear; it requires vision, persistence and collaboration. Finance, technology and data leaders must co-design roadmaps, invest in people and process, and choose technologies that balance quick wins with long-term flexibility. By focusing on data unification, workflow orchestration and governance, retailers can unlock powerful co-pilots today and prepare for agentic intelligence tomorrow. Those that seize this moment will not only survive but thrive in an increasingly digital, AI-first world.

FACTOR

About Factor

Factor is a research and executive engagement organisation for senior enterprise leaders. It empowers executives with the clarity, peer connections and strategic tools they need to lead with confidence.

About Factor Research

Factor Research delivers evidence-based insight for enterprise technology and business leaders. Drawing on thousands of first-party data points from executive surveys, interviews and advisory sessions, it translates market sentiment into actionable intelligence.

Factor's analytical models underpin its full product suite, from the CIO Priority Radar and Maturity Assessment Builder to the Factor Index and KPI & Budget Benchmarker. Together, these tools give executives a consistent, comparative view of performance, capability and opportunity across their enterprise and peer landscape.

avanade

About Avanade

Avanade is a consulting and technology services firm focused on helping enterprises modernise, optimise, and innovate through Microsoft's ecosystem. Its strength lies in combining strategy, design, and deep technical delivery across Azure, Dynamics 365, and Microsoft 365 platforms. The company works extensively with large organisations to improve performance through data, AI, automation, and secure cloud operations, often leading transformation programmes that integrate modern workplace, analytics, and sustainability goals. Avanade positions itself as both a strategic advisor and a delivery partner, blending Accenture's consulting expertise with Microsoft's technology stack to deliver measurable business outcomes at enterprise scale.

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