

Data ready. People ready. AI outcomes delivered.

Why 76% of Australian leaders
say they're not AI-ready.



Data in order. AI in motion.

Artificial intelligence (AI) doesn't fail because of technology. It fails when the foundations aren't there.

Meanwhile the urgency to succeed is real. Australian spending on AI is projected to hit \$3.6 billion in 2025¹, yet around 95% of generative AI pilots are failing². The difference between those that languish and those that succeed comes down to one thing: strong foundations across data, governance and culture.

There are two simple, consistent lessons we've seen across successful AI projects: first, focus on getting your data in order. Second, start acting *now*. Without the two, AI will give you more noise than answers. That message comes through again and again in our conversations with our customers and partner network. Different industries, different priorities, but the same starting point: trusted data and a sense of urgency to act.

The best results don't always come from having the biggest data set. They come from having a clear, realistic view of your data model - where it is, how mature it is and how it's managed so your team has the confidence to use it. From the outset, even in the pilot stage, you need to be clear on where the value will come from, how you'll measure ROI and how you'll manage risk. Once those basics are in place, AI stops being an experiment and starts solving real problems.

While data management and data model maturity are important, you also need the freedom to experiment. For some, that means nurturing your "mad scientists", the developers who thrive on testing new ideas and pushing boundaries. Others will partner to achieve the same outcomes. Both paths are valid, as long as experimentation is coupled with the discipline to move beyond pilots. That means a shared understanding of ROI, strong governance and the right controls to protect the business.

The key lesson here is that AI success comes when everything is in balance: sound data management, the maturity of the model and the freedom to explore and the rigour to scale safely.

¹ https://www.techbusinessnews.com.au/news/australian-spending-on-ai-to-reach-36b-in-2025#google_vignette

² <https://fortune.com/2025/08/18/mit-report-95-percent-generative-ai-pilots-at-companies-failing-cfo/>

Balance first, then act fast.

The organisations we're seeing pull ahead with AI started with the data they already had, and they're improving it as they go. Waiting for the perfect moment to act only costs you opportunities and increases the risk of being left behind.

Another key takeaway has been that AI success depends heavily on the people who work with it. Technical skills matter, but so does making sure the insights are clear enough for anyone in the business to act on. That's when AI becomes part of everyday decision-making, not just a side project in the lab.

This report brings together what we've heard and what we've seen first-hand, both in our own programs and in the work we do with customers. You'll find practical examples, advice on where to start and ways to keep your program focused on the results that matter.

If there's one thing to take from the pages ahead, it's this: now is the time to get your data in order and move with AI. Starting now means you learn faster, deliver value sooner and steer clear of costly dead ends and wrong turns.

Naran McClung

Head of Azure and Consulting
Macquarie Cloud Services



The gap between AI hype and data reality.

Australian organisations are racing to try AI, but many are hitting a wall. In 2025, 76% of Chief Data & Analytics Officers (CDAOs) say their data isn't ready for AI³. Without a solid data platform, promising AI pilots stay pilots, and value stays locked away.

The ambition is there. Boards and leadership teams want results now, putting CIOs under pressure to “do something with AI”. But for most, the data foundations just aren't there. According to ADAPT, only 1% of CDAOs have a fully integrated data environment, and maturity in core areas like data quality and master data management is still below 25%³.

This is why so many AI initiatives stall. It's not because the technology fails, but because the data, governance and culture aren't up to the task. And when that happens, the cost isn't just wasted investment. It's also the risk of missed opportunities and dead ends that take even longer to unwind.

If your data is spread across disconnected systems, or it's not well governed, AI will just amplify the problem. You'll get more results, but they won't be the right ones. The fastest path to scale is often to fix that foundation.

It's also why the biggest opportunity for most organisations isn't always in new tools or big budgets. It's in unlocking the value in the platforms and data you already have - we'll discuss this in more depth later in the report.

Only 1%

of CDAOs have a fully integrated data environment.

AI ambition vs data readiness

76%
not ready

1%
fully integrated

³ ADAPT Data & AI Edge Survey, May 2025 (licensed for use by Macquarie Cloud Services)



You can't wait for perfect data. You have to start with what you've got. Focus on the sources you trust the most, get some early wins and then keep improving from there.

Angela Fox

Senior Vice President & Managing Director, Dell Technologies ANZ

Catch the conversation in our Cloud Reset podcast

Start where you are, but don't stay there.

Too many AI pilots stall because the data underneath isn't ready. That doesn't mean stopping; it means going in with eyes open. AI outcomes depend on data, but they don't have to wait for perfect data. Start with the data you've got, focus on trusted sources, prove value quickly and improve as you go.

You can (and should) start exploring generative AI use cases while you build a stronger data foundation. The key is knowing the trade-offs, and making smart calls early about where to focus your effort. Choosing the right entry point matters; it lets you prove value fast, while also containing cost and reducing risk. For some organisations, that means claiming some early, quick wins through the technology stack you already have, by switching on tools you're already paying for but haven't yet used. Others might need to connect critical data sources, bring governance into line, or tackle reporting bottlenecks before AI can make a real impact.

The key is to start, and to keep moving. There's no single right way in, as long as you're building the foundations for scale. At Macquarie Cloud Services, we've run pilots where multiple AI agents were trained on separate data sources and trained to work together (similar to the architecture behind our own Security Operations Center (SOC) Optimiser, which we'll explore later). It proved you can deliver results without a centralised, mature data model. However, it also showed the trade-offs: each agent has to be individually managed and maintained. Over time, that's more complex and harder to scale, and it drives higher cost and greater risk compared to building on an integrated, AI-ready data foundation.

If you're serious about outcomes, your data needs to be part of the plan. So does finding the right managed service partner to meet you where you are.

Next, now, soon (and beyond): How we're innovating with AI.

There's no shortage of hype about AI. The difference at Macquarie Cloud Services is that we're actually using it: in production, with customers and internally, every day. Some of it's already embedded in how we run. Some of it's rolling out now. Some of it's on the horizon. Here's what it looks like.

Now: Faster security response

Our Security Operations Centre (SOC) has scaled quickly, from managing 40 incidents a day in 2021 to nearly 1,000 across dozens of customers today.

Even with skilled analysts, response times averaged 96 minutes in the early days. That's too long when every minute matters. We knew we could do better.

Enter the SOC Optimiser: a layered system of machine learning, deep learning and generative AI. It works as a digital twin for Tier 1 analysts, by filtering noise, classifying incidents and generating auditable reports. All data is pseudonymised, so no customer information ever leaves its environment.

Today, it's mission-critical for how we keep our customers safe.



**Fast response time
of just 4 minutes**



**False positives reduced
by more than 80%**



**Improved resolution time
of just 15 minutes**

> **Next: Smarter service revolution**

Our engineers already resolve thousands of service tickets every year, but some of the routine ones take time that could be better spent on proactive work for customers.

We're getting ready to roll out an "AI sidecar" for our Hosting Management Centre. It will pull the right knowledge at the right

time, in each engineer's voice, and over time will triage and resolve common issues automatically (always with human oversight).

- ✓ Faster resolution times on everyday tickets
- ✓ Consistent answers across the team
- ✓ Engineers free to focus on proactive work

> **Soon: Deeper customer insights**

Our account executives already know their customers inside out, but keeping up with dozens of accounts and hundreds of contacts in a growing business leaves little room for real-time insight.

We're building a Teams-based app that centralises account data and uses AI to highlight what matters most. From market announcements to missed check-ins or competitor moves, it gives our people on the frontline the context they need, right when they need it.

- ✓ Smarter, better-timed customer conversations
- ✓ More personal engagement
- ✓ Earlier visibility of risks and opportunities

We're just getting started. The way we use AI today will keep evolving, all with the same focus: better outcomes for our customers. Watch this space for more.

Doing AI the right way

We've learnt a few things about making AI work in the real world. If you're running your own experiments, here are the guardrails worth putting in place:



01

Mask the sensitive stuff.

Pseudonymise data so nothing personal leaves your environment.

02

Check the homework.

Audit and test models often. Accuracy can slip if you don't.

03

Keep people in play.

Always have a human-in-the-loop until the AI proves it can be trusted.

04

Transparency is key.

Tell people where AI is used and how; no black boxes.

Doing AI the right way: Lessons from the field.

We've learnt a few things about making AI work in the real world, both from our own data journey and from running customer programs. If you're running your own experiments, here are the guardrails worth putting in place:



- **Start with a clear vision.** Define what you want data to deliver across the business.
- **Map the value.** Prioritise high-value use cases that solve real headaches.
- **Engage stakeholders early.** A program only sticks if it's owned beyond IT.
- **Mask the sensitive stuff.** Pseudonymise data so nothing personal leaves your environment.
- **Check the homework.** Audit and test models often. Accuracy can falter if you don't.
- **Keep people in play.** Always have a human-in-the-loop until the AI proves it can be trusted.
- **Be upfront.** Tell people where AI is used and how; no black boxes.
- **Stay outcome-driven.** Keep attention on results, not tech for tech's sake.

To find out more about how we're doing it, head to our website



Invest a little, not too much to start with, and learn by doing, not from the theory or the paperwork.

Peter James

Technology Investor and Director

Catch the conversation in our Cloud Reset podcast

Making the leap from raw data to gold standard.

When it comes to thinking about data readiness, we like the medallion model because it's simple. Three layers: bronze, silver, gold. Each one makes your data more useful and more trustworthy. And most importantly, you don't have to fix everything at once.

Most organisations are still in bronze. That's raw, disconnected data coming from multiple systems in different formats. You can use it, but it's slow work to find it, prepare it and then decide if you trust it. The cost of doing things at this stage often shows up in wasted time and rework, and the risk is that poor-quality inputs drive poor decisions.

Silver is where the hard work starts to pay off. The data is structured and consistent. Duplicates are gone, governance is in place and it's easy to access in a secure, managed way. You can rely on it for accurate reporting and analysis. At this stage, risk drops sharply because controls are in place, and costs fall as reporting and analytics become repeatable instead of manual.

Gold is the top tier. It's clean and well-governed, with the context you need to understand and trust it. You know where it came from, and you can put it straight to work in analytics, dashboards or AI models. This is where AI scales smoothly, because the foundation is already there. It's also the point where cost efficiency is maximised, because you're not paying for fixes or workarounds. You're building once, using many times.

The trick is to move up a level at a time. You don't need to get to gold straight out of the blocks. Pick the areas that matter most, lift them and keep moving.

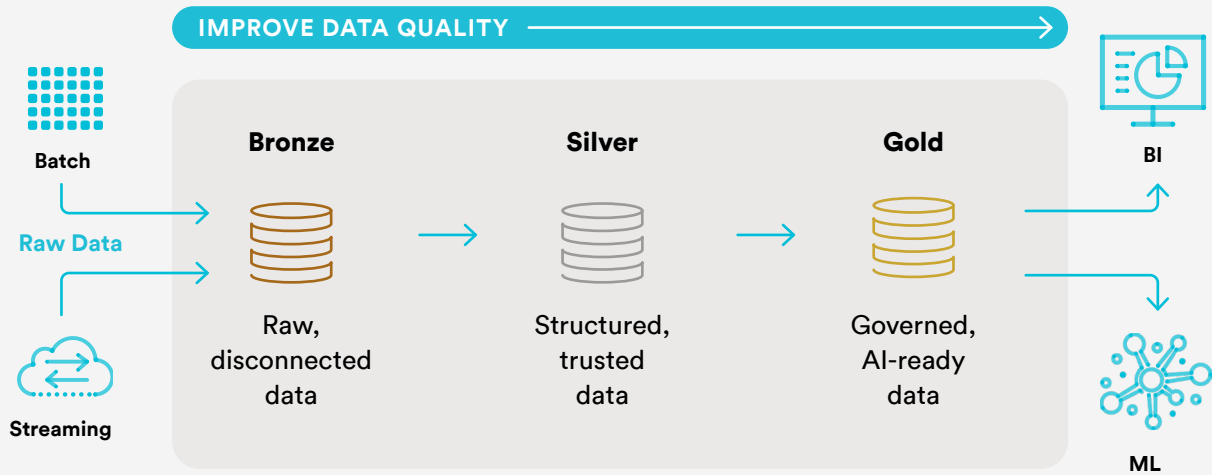
That's how we run our Managed Data Platform service: using Microsoft Fabric to take customers from raw, scattered data to AI-ready foundations at a speed that fits their priorities. It's the same staged discipline we talked about in an episode of our Cloud Reset podcast, *The Discipline Behind AI Success* - catch the replay [here](#).

What makes data AI ready?

- Clear governance, ownership and policies
- Accessible to those who need it (and no one else)
- Secure from source to consumption
- Structured enough to act on

How data gets elevated

The Medallion Architecture



Bronze:

Your starting point – data as it exists today, often scattered across systems and formats.

Silver:

Data that's been organised and made consistent, and is reliable for day-to-day reporting.

Gold:

Data that's clean, secure and ready to power advanced analytics and AI.



AI-ready is a people thing.

Technology is only part of the AI equation.
The bigger challenge is skills, leadership and
finding ways to make AI part of the day-to-day.

The skills shortage is real, and it's not just about engineers. Many organisations already have untapped AI talent. (We like to think of them as the “digital tradies” who keep systems running and the “mad scientists” who push the boundaries.) The opportunity is to channel that capability into orchestrating AI alongside systems, and to build a culture of skills development across the business.

In the next wave, leaders will also be managing AI agents alongside people, and they will need teams who can connect the right data, tools and processes to make that work. If they don't, there are two clear risks: AI that never leaves the lab, or AI that creates outcomes no one can interpret or trust. Both cost time and credibility.

The most confident organisations aren't necessarily those with data-literate executives. They're the ones where decision-makers are given the right data in a form they can act on, and where someone owns the job of making sure that happens. In those businesses, the Chief Data & Analytics Officer has a seat at the table, and data is presented in ways that both technical and non-technical leaders feel confident using it. That reduces the risk of “gut feel” decisions and speeds up value delivery.

That's where the right managed service partner can bridge the gap: putting structure and speed around your data, and building the capability your teams will need tomorrow, while delivering outcomes today.



It's not about everyone becoming a data scientist. It's about giving people the confidence to use AI in their role.

Steven Worrall

Former Managing
Director ANZ, Microsoft

The new roles AI-ready orgs are creating

- Data domain custodians
- Agent orchestration leads
- AI product owners

Catch the conversation in our
Cloud Reset podcast

Final takeaways.

The organisations winning with AI aren't the ones waiting for the stars to align. They're the ones moving now. They're making the most of the data they've got and learning as they go, even while they're building the foundation to scale.

That's been our biggest takeaway from our conversations with Australia's tech industry leaders and the work we're doing with customers every day: start where you are and make it real. And always keep building.

At Macquarie Cloud Services, we can meet you anywhere on that journey: whether you're connecting your first data sources, getting them to a trusted state, or building out AI-ready foundations in Microsoft Fabric. The goal is the same: quick wins you can scale, with governance in place from day one so success is repeatable.

If you're ready to take the next step, we'd love to hear from you.

[Book a consult call](#) with one of our data experts.

Turn insights into impact.



Contact us or scan the QR code to start the conversation today.

1800 004 943

Final take away tips: Getting started.



- Pick a quick win that matters.
- Target high-friction or repetitive work.
- Show tangible gains: time saved, risk reduced, happier customers.
- Prove it fast, aim for visible impact in weeks.

Want more data and AI perspectives?

Explore the **AI for 2030** series of our Cloud Reset podcast on YouTube, featuring conversations with senior technology leaders on the future of AI and data.



About Macquarie Cloud Services.

Macquarie Cloud Services, part of ASX-listed Macquarie Technology Group, is Australia's most recommended cloud service provider, with an industry-leading Net Promoter Score (NPS) of 90+. For over 30 years, we've helped organisations transform with sovereign cloud, data, AI and cyber security solutions.

As the only Microsoft partner in Australia holding Azure Expert MSP accreditation, MISA membership and EA Security Accelerate program membership, we combine global proof of our Microsoft capability with trusted security expertise. We partner with customers to modernise data platforms, accelerate AI adoption, simplify architecture and strengthen governance, helping them build the right foundations for long-term success.



1800 004 943
macquariecloudservices.com

