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Consulting by Fujitsu

Data sovereignty in the AI era:

Australia's path from risk management to strategic advantage

Australia is approaching a critical inflection point in its AI journey. Ambition is high, board attention is strong, and expectations around trust, security and accountability are among the highest globally. Yet research shows that Australia's ability to scale AI confidently is being constrained by gaps in data and AI sovereignty execution.

New Uvance Wayfinders research signals that data sovereignty has moved rapidly from a technical concern to an executive priority. Our new global survey, inclusive of 100 Australian executives finds that 63% of Australian leaders say it now features in board-level discussions, driven by rising cyber threats, geopolitical uncertainty and heightened public scrutiny. 80% believe strong data sovereignty is essential to scaling AI.

However, conviction is outpacing capability. Only a minority of organisations have sovereignty embedded by design, and many are struggling to translate governance intent into operational reality. This gap between belief and readiness is now shaping Australia's AI productivity, risk posture and competitive position.

Definitions

Data and AI sovereignty

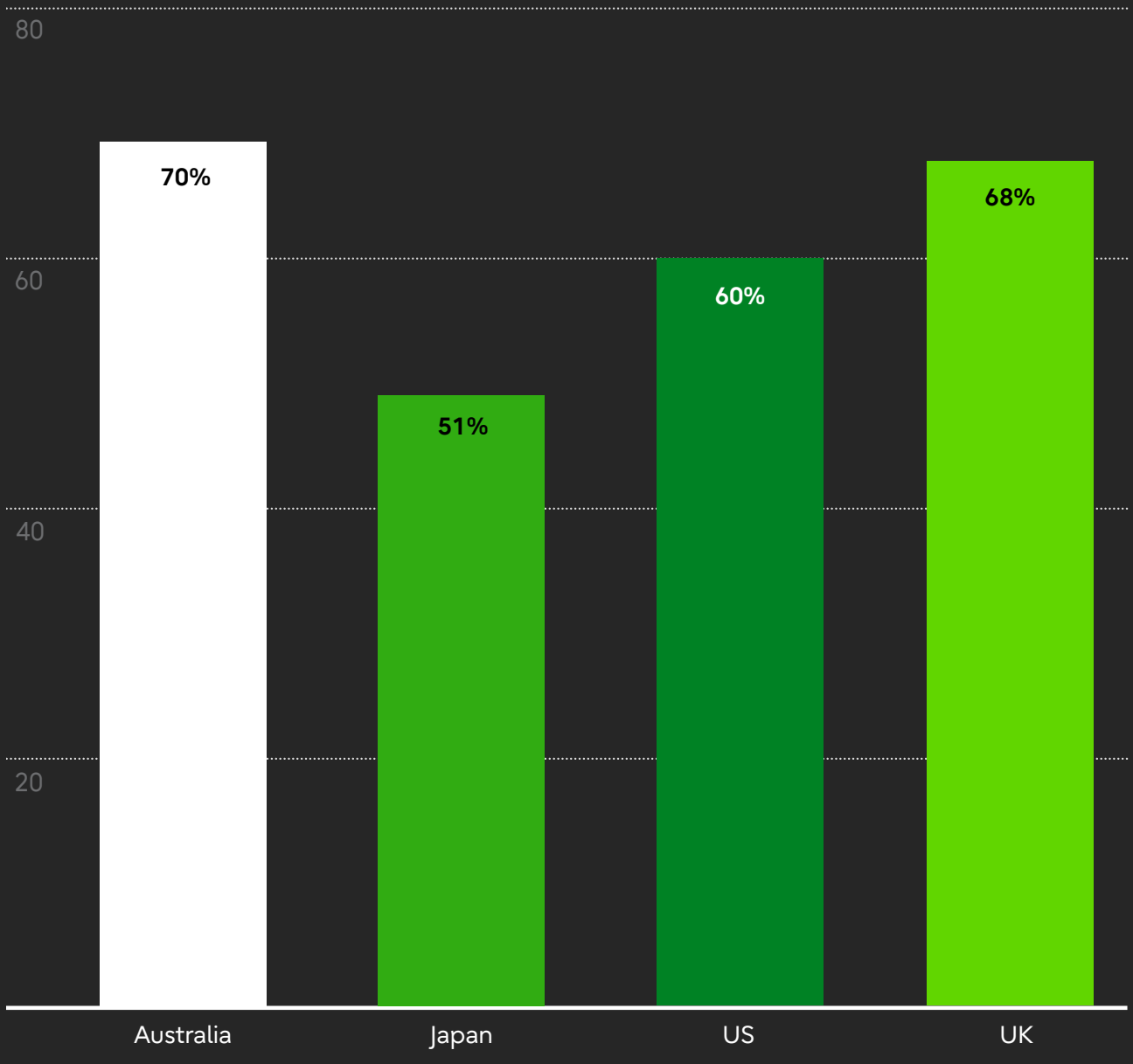
Control over data: where it lives, how it's used, and who can access it. Sovereign AI extends this concept to the AI systems that use that data to give an organisation's ability and control over how these models are trained, deployed and updated.

Model autonomy

An organisations' ability to switch between AI model providers without losing control of the underlying data workflows or decision-making logic that power AI systems.

Sovereignty enters the AI era in Australia

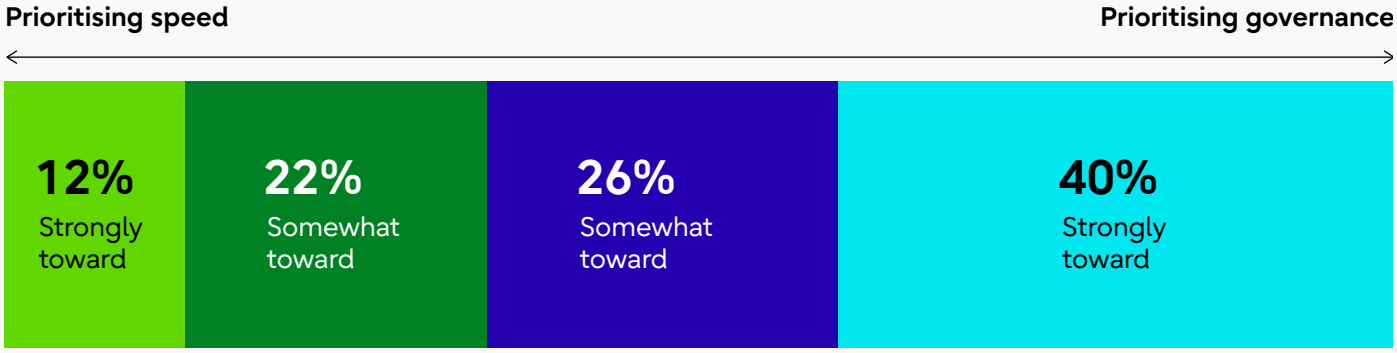
AI is exposing the limits of traditional, compliance led data sovereignty models. As AI adoption accelerates, Australian organisations are being pushed to share data more widely across platforms, vendors and partners than their current sovereignty frameworks comfortably support. 70% of Australian leaders say AI is forcing ecosystem data sharing beyond existing controls – a higher level of pressure than seen in the US or Japan.



Q5b: To what extent do you agree with the following statement: AI is forcing us to share data more widely across partners and platforms than our current data sovereignty capabilities comfortably support.
Footnote: Total respondents n=400

This is elevating sovereignty decisions from IT teams to executive leadership. While Australia is not a "move fast and break things" market, its preference for control comes with trade-offs. Two thirds of organisations prioritise governance over speed, and only a third lean strongly toward rapid AI experimentation. Caution is sensible in a highly regulated environment, but without strong foundations it can quickly turn into inertia.

AI experimentation



Q: In practice, when trade-offs arise in decisions involving data use and AI, which way does your organisation typically lean in the following situations?
Footnote: Australian respondents n=100

At the same time, sovereignty in Australia is reshaping enterprise strategy. Vendor selection, technology investment and AI architecture decisions are increasingly influenced by sovereignty considerations, signalling a shift from compliance obligation to strategic lens.

The confidence and capability gap

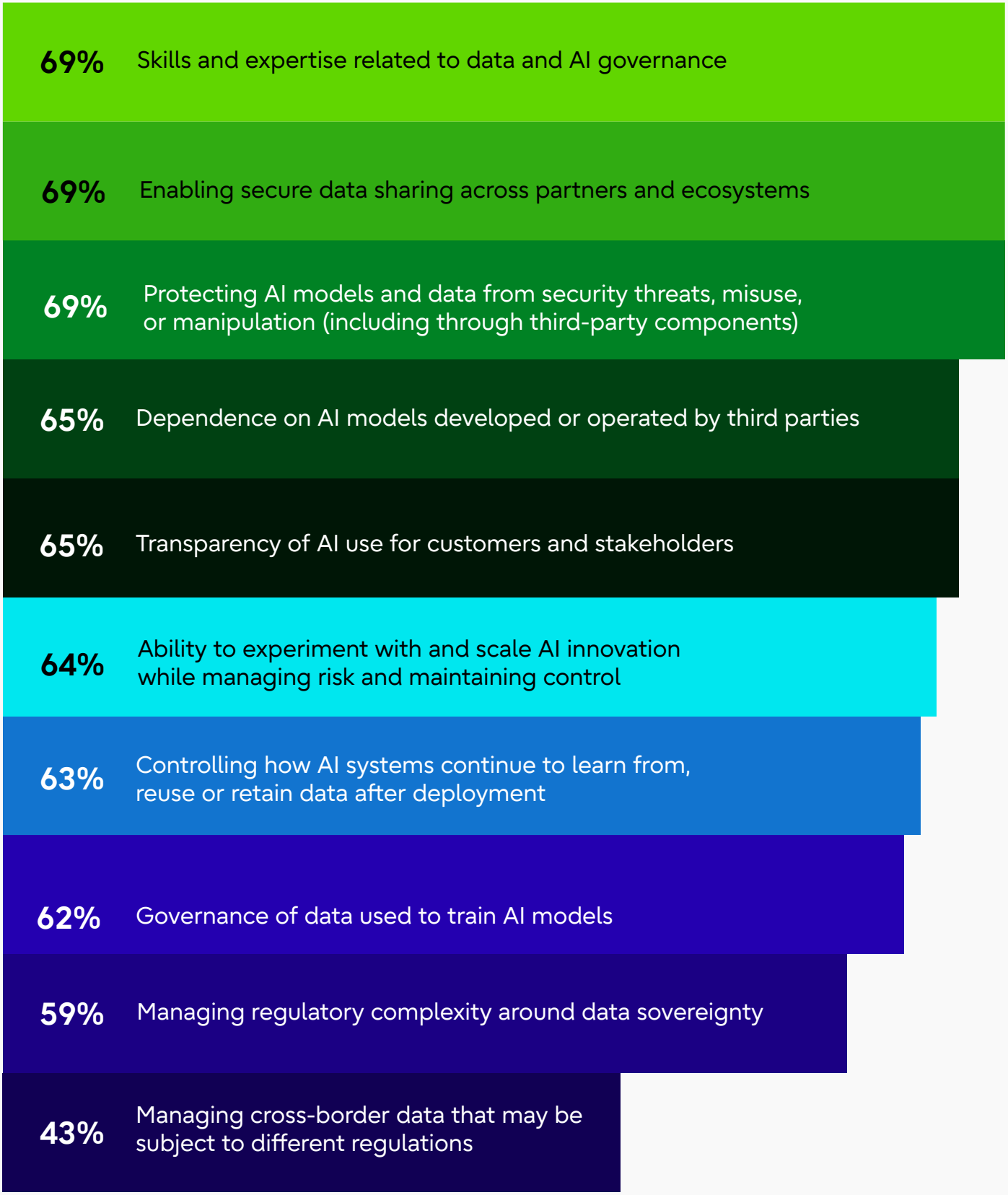
Despite strong governance instincts, Australia faces a clear confidence gap when it comes to execution. Compared with global peers, Australian organisations report disproportionately high levels of friction across core areas of data and AI governance.

Skills shortages are the most acute constraint. 69% of leaders cite gaps in data and AI governance capability, limiting organisations' ability to operationalise policies, assure AI systems and respond to rising accountability expectations. Data transparency and lineage remain inconsistent, eroding trust in AI outputs and slowing adoption.

Operational complexity compounds the issue. 69% percent struggle with secure data sharing across partners, 65% find transparency obligations challenging, and nearly seven in ten say protecting AI models and data from misuse or manipulation is difficult. Only 7% are confident they have effective controls over how AI systems continue to learn from or reuse data after deployment.

The result is hesitation: slower experimentation, fragmented AI deployment, and uneven confidence across industries.

Organisations are struggling to operate within the AI ecosystem



Q: As AI usage increases, how challenging are the following areas? Fairly/very challenging
Footnote: Australian respondents n=100

What is really holding Australia back?

Three foundational barriers are limiting Australia's ability to turn sovereignty into AI advantage.

1 Data readiness

Many organisations lack consistent data quality, lineage and governance across legacy and modern environments. Without trusted data inputs, confidence in AI outputs remains low

2 Skills and operating models

Australia's enterprise landscape often lacks the scale to sustain specialised governance, assurance and responsible AI roles. Accountability for sovereignty is still split between technical and business functions in many organisations.

3 Ecosystem friction

Australia's economy depends on complex public-private and supply-chain ecosystems. Yet secure, interoperable data-sharing frameworks have not kept pace with AI use cases, creating tension between innovation and control.

Until these foundations are addressed, governance instincts alone will not deliver AI at scale.

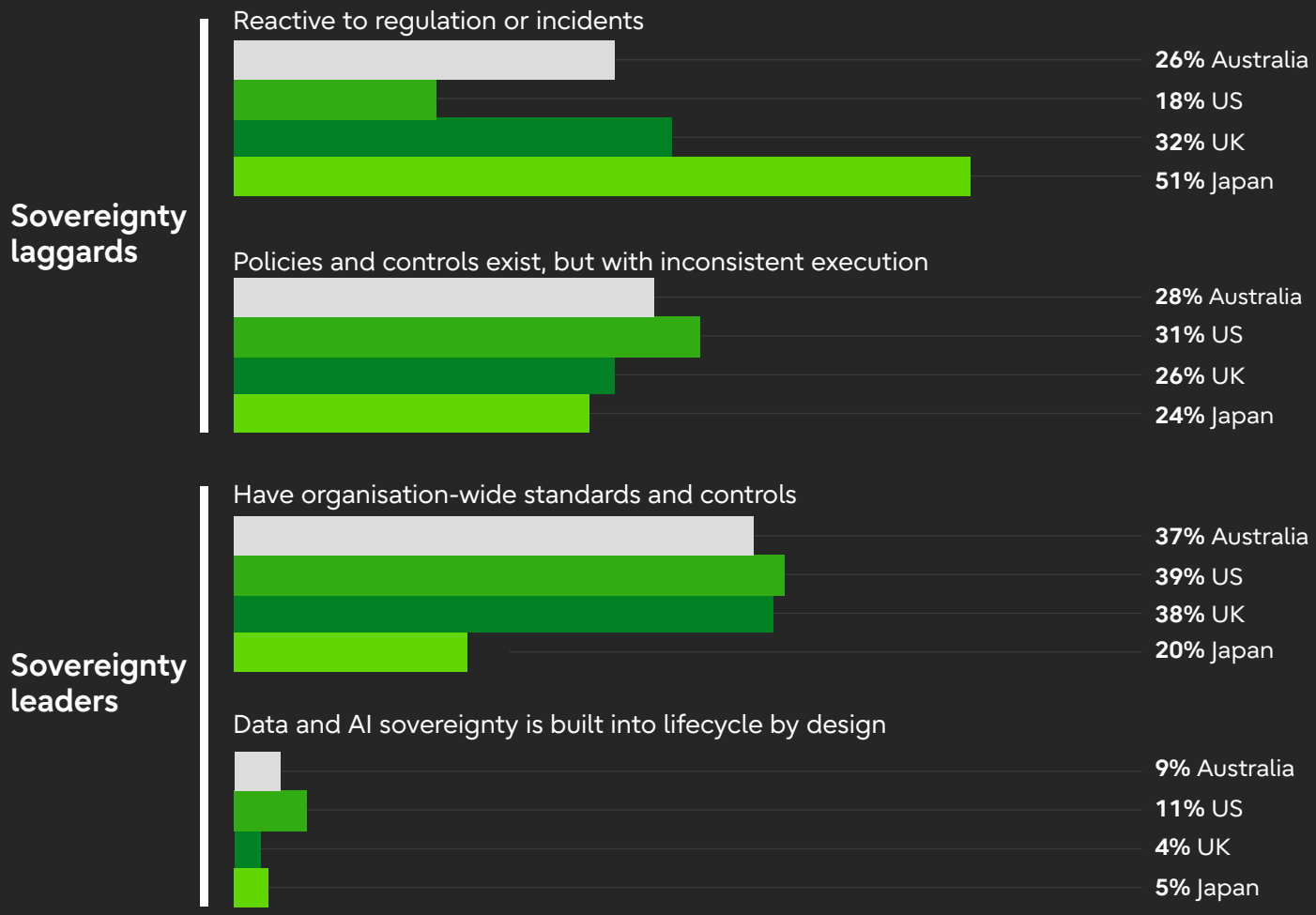
Sovereignty frontrunners turn data controls into performance

Organisations with mature data and AI sovereignty frameworks are building trust and enabling collaboration.

Sovereignty frontrunners are organisations that have moved beyond ad-hoc or reactive controls and established mature approaches to data and AI sovereignty. In this research, they are defined as organisations in the top two maturity tiers: those with organisation-wide standards and controls and those where sovereignty is built into platforms and AI lifecycles by design.

Notably, in Australia, 46% of organisations fall into these two leading tiers: 37% report organisation-wide standards and controls, while 9% say data and AI sovereignty is built in by design. This places Australia as a significant contributor to global sovereignty leadership, accounting for around 28% of all sovereignty leaders globally, despite representing just one quarter of the total survey sample.

Organisations' current approach to data and AI sovereignty



Q1b: Which statement best reflects your organisation's current approach to data and AI sovereignty?
Footnote: Total respondents n=400

Characteristics of sovereignty frontrunners

This leadership position is likely shaped by Australia's high-exposure environment: 69% of Australian executives say geopolitical tensions have increased the importance of sovereignty, and 63% say high-profile incidents have made the reputational impact of getting it wrong more visible. At the same time, AI is forcing the issue operationally: 70% say AI is pushing them to share data more widely across partners than their current controls comfortably support.

Additionally, for Australian frontrunners, customer trust is not viewed as a compliance outcome, but a strategic objective. Their governance models are designed to protect trust while enabling collaboration and innovation at scale. This shift is critical in a market where AI-driven data sharing is accelerating faster than traditional controls can keep up.

While only 9% say sovereignty is built in by design today, the organisations that are ahead are already demonstrating stronger frameworks and clearer ownership, positioning them to scale AI with more confidence and control. This suggests alignment with the future state but also highlights how much opportunity remains untapped.

The frontrunner playbook for sovereign AI

To turn data and AI sovereignty from a compliance obligation into a strategic advantage, sovereignty frontrunners must act across four reinforcing priorities.

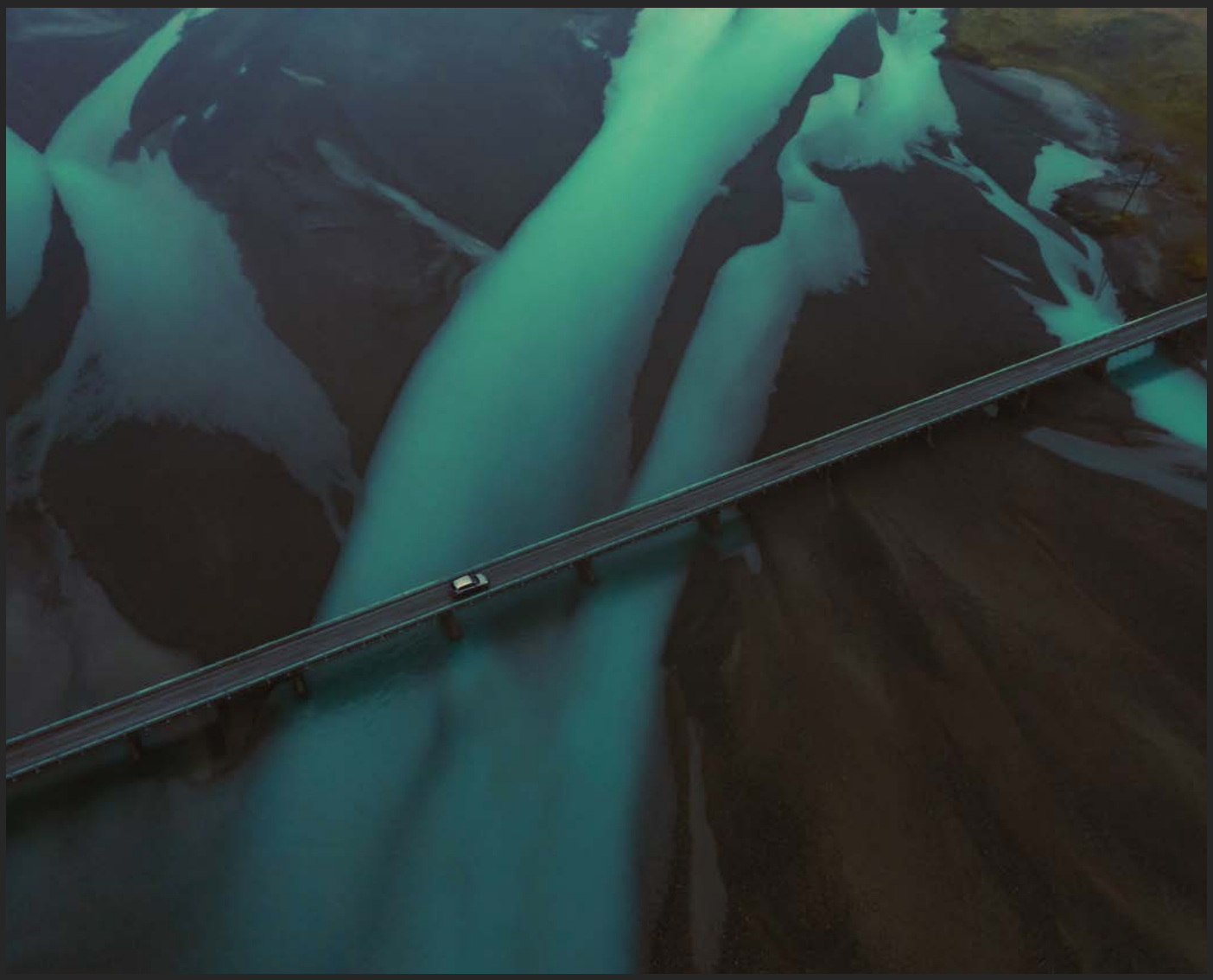
1. **Make data and AI sovereignty a business priority, not a compliance function**
   Change the way you think about data and AI sovereignty. Sovereignty frontrunners treat data and AI sovereignty as a business-wide capability, not a technical or compliance function. It actively shapes executive decision-making around technology investment, vendor selection, partnerships, and long-term growth. Frontrunners move earlier because leadership alignment reduces friction between innovation, risk, and trust.

2. **Fix the data foundations and enable secure ecosystem sharing**
   Sovereignty frontrunners invest heavily in data foundations. They prioritise transparency, lineage, auditable training data, consistent access controls and enforceable quality standards. Crucially, they design these foundations to support secure data sharing across ecosystems, retaining visibility and authority while collaborating with partners, platforms and supply chains. This directly addresses one of Australia's most persistent barriers to scaling AI.

3. **Build sovereignty into platforms and AI lifecycles by design**
   Leaders design sovereignty into architectures, platforms and AI lifecycles upfront, rather than relying on policy overlays after deployment.
   This includes sovereign-by-design architecture patterns, clear ownership, model risk tiering, and assurance checkpoints embedded across the AI lifecycle. This step is critical in Australia, where only a small minority have sovereignty built in by design today, but where governance-first instincts are already strong.

4. **Measure trust, not just compliance**
   Finally, frontrunners measure the impact of sovereignty on customer trust and business outcomes, not just regulatory adherence. They track how data governance and AI behaviour influence trust, adoption, collaboration and performance, and use these insights to adapt decision-making.

When executed together, these shifts turn governance from a brake into an enabler.



Conclusion

Australia does not lack ambition when it comes to AI; it lacks the capabilities and confidence to industrialise trust. The research paints a consistent picture: Australian leaders believe data and AI sovereignty is essential, yet too many organisations remain stuck between early governance and scalable execution.

Strong regulation, high expectations of privacy and a governance first mindset should be Australia's strategic advantage, not its constraint. By strengthening data foundations, closing skills gaps and embedding sovereignty into architecture and operating models, Australia can move from cautious adoption to confident control.

Sovereign AI is not about moving fastest. For Australia, it is about moving with clarity, accountability and trust – and using these strengths to unlock sustainable AI-driven productivity. Done well, data and AI sovereignty will define not just how Australia manages risk, but how it competes and leads in the AI era.

About the research

In February 2026, Uvance Wayfinders surveyed 400 senior business leaders based in Australia, Japan, the UK and the US. They represented technology and IT, finance, strategy and operations equally and were from companies across the following sectors: financial services; manufacturing; energy, resources and utilities; logistics and supply chain; retail and consumer goods; healthcare and life sciences; the public sector, government and defence; technology and telecommunications; and professional services. About half (53%) of companies had between 1,000 and 4,999 employees, 20% had between 5,000 and 9,999 employees and 28% had more than 10,000 employees. Percentages throughout this report may not sum precisely due to rounding.

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