

APAC's digital revolution offers salvation and opportunity for business

Asia-Pacific edition of our global C-suite survey,
Leading in a Digital-First World

Preface

The importance of investing in a digital future dawned on the Asia-Pacific (APAC) region long before the COVID-19 pandemic.

Even before the public health crisis, which forced many companies globally to re-examine established business models in an attempt to overcome traditional barriers to growth, businesses in Asia-Pacific were looking at innovative ways to integrate digital technologies and processes into their operating model to fuel growth and build a competitive edge. Owing to this foresight, they have driven economic recovery and accelerated the digital revolution in the region at a lower cost and faster clip than firms elsewhere.¹

Countries in APAC have succeeded by deploying technology effectively and ramping up recruitment to bring in skilled resources while upskilling existing teams to support their digital-first operations.²

This comprehensive approach to digital, which considers both technology and people, has worked to benefit APAC leaders. The latest Tata Communications' survey of 750 C-suite executives, 200 of which are in the APAC region, finds that business leaders there are on a par with leading counterparts globally when it comes to digital maturity - especially when compared with the leading digital-first firms, which we call the 'Digital Trailblazers.'

Here, we identify how these leaders have helped their organisations become Digital Trailblazers and explore how others can improve to reach this status by focusing on three areas:

01 The digital-first operations

02 Hyperconnected ecosystems

03 Digital trust across the region's business value chain

How we assess the digital maturity

Tata Communications' new research reveals why some firms are performing better than the rest.

The survey assessed the characteristics and performance of companies at different stages of the journey to becoming digital-first organisations. Out of 750 global respondents, 200 were based in the APAC region. Countries constituting the APAC region in the survey include China and Hong Kong, Japan, and Singapore.

Confronted with rapid change, many have raced to establish a digital-first operating model that connects employees, customers, partners, and suppliers in a way that is:



Secure



Seamless



Trusted

Some organisations have struggled with this transition. Others have made faster progress and are already benefitting from their digital advantage.

The research highlights three distinct groups of organisations who have had varying degrees of success with their digitalisation programmes:

- **The Digital Trailblazers**, have established mature digital-first operating models. They scored the overall performance of their digital operating model either 9 or 10 on a scale of 1 to 10.
- **The Digital Migrators**, have made partial progress to digitalisation. They scored the overall performance of their digital operating model either 7 or 8 on a scale of 1 to 10.
- **The Digital Aspirants**, are still at the early stages of the journey and scored their digital operating models 6 or fewer on a scale of 1 to 10.

¹ <https://www.ft.com/content/2356928b-d909-4a1d-b108-7b60983e3d22>

² <https://www.ft.com/content/9f05ad6e-5cc1-43fd-8dca-8daac9636cf0>

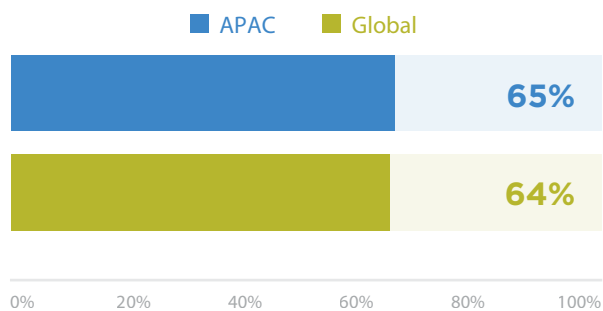
APAC businesses are winning on digital

On digital-first

The success of their digital-first operations is a hallmark of firms that generated significant revenue in the face of disruption last year; 65% of firms in APAC were successful in this respect, putting them just ahead of the global average (64%).

APAC businesses are leading global competitors on digital-first

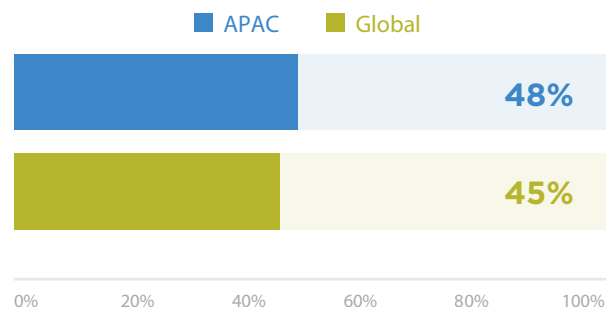
Success with digital-first operations



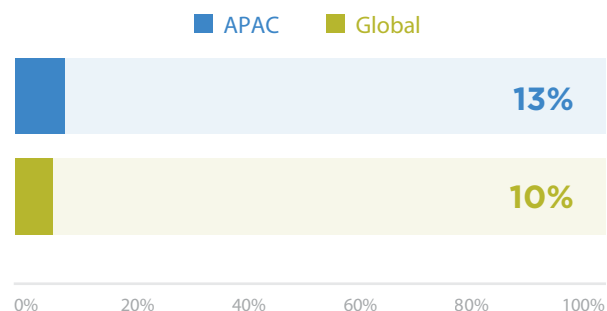
Given the pre-pandemic investment in digital made by businesses in the APAC region, it's little wonder that a proportion of firms similar to the global average emerged as Digital Trailblazers. Data suggests that APAC's very best digital operators lead the race to digital globally: 13% are Trailblazers in APAC vs. 10% globally. Significantly, they are ready for further digital transformation, as 48% of respondents across APAC expect to be Trailblazers in the next 12-24 months.

APAC businesses lead today and are ready for further transformation tomorrow

Proportion who expect to be Digital Trailblazers in 12-24 months



Proportion who are Digital Trailblazers today



The data reflects a significant effort towards digitalisation in the region - analysts expect 65% of the region's GDP to be digitalised by 2022, for example³, but we need to overcome some challenges to make this implementation a success.

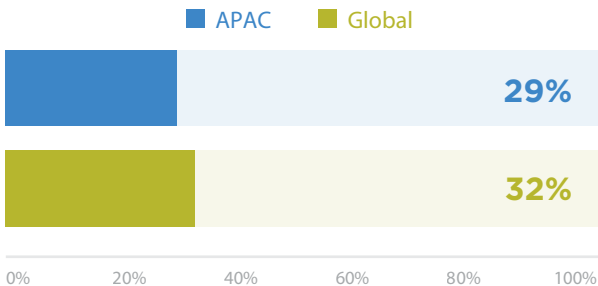
The foremost hurdle business leaders across APAC must contend with is disparate approaches to transformation. Just 36% say they have had success in introducing new digital business initiatives, while just 34% have successfully implemented a concerted digital-first transformation of the entire organisation instead of merely digitalising processes in a silo.

³ <https://www.idc.com/getdoc.jsp?containerId=prAP46972820>



APAC executives need to take an integrated approach to digitalisation to transform their businesses

Success reinventing processes for digital-first approach



An integrated approach cannot be arrived at simply through technology adoption; it also requires skilled employees to operate that technology and analyse results.

Fortunately, steps are in process to ensure this integration takes place. Research from Microsoft, published in March, shows how they have worked to equip almost six million people across APAC with digital skills during the pandemic. Ahmed Mazhari, Microsoft Asia President, emphasised the importance of this by stating that "reskilling needs to be at the centre of our economic reset."⁴

On hyperconnectivity and trust

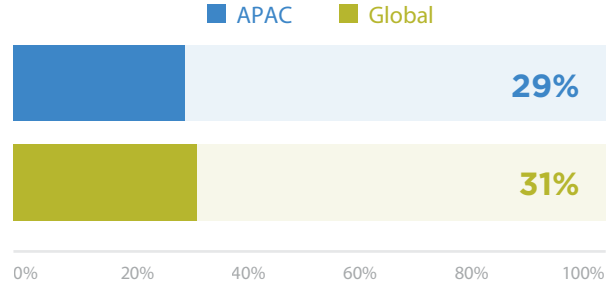
The digitalisation of operations is not the only factor that distinguishes the Digital Trailblazers from their counterparts. The former are also implementing strategies and tools that drive connectivity to augment experiences for those in the value chain. In short, they are ensuring success by becoming hyperconnected.

Here, APAC business leaders rate their success levels reasonably high. In terms of digital customer experience or agility to respond to demands from the ecosystem, APAC firms report levels of success in line with those of the Digital Trailblazers. If we dig deeper into these perceptions, and we find that APAC executives see their firms falling behind in enabling employees to work productively from anywhere and providing secure and trusted digital interactions.

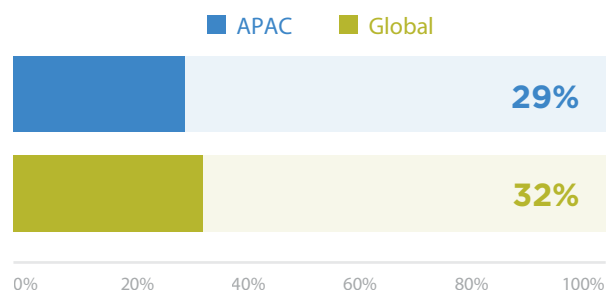


Improving connectivity in APAC can improve outcomes for both the workforce and external stakeholders

Success enabling workforce to work productively anywhere



Success establishing secure and trusted interactions for partners and suppliers



Trust is an area that executives in APAC will need to address specifically. Despite the region being one of the busiest in digital, with its retail sector handling more significant volumes of digital transactions than North America or Europe pre-pandemic⁵, few consumers expect their personal data to be processed reliably.⁶

This matters because digital trust drives digital economies; however, APAC firms have proven their ability to match competitors globally while emerging strongly from the pandemic. Due to shrewd investment in digital infrastructure, unlocking future value will come about only through measured approach security, privacy, and trust.

Ready to make a difference

There is much to be gained in the APAC region. It's business leaders are relatively confident about their current standings, and their expectations of where they will be in 12-24 months indicate even greater confidence.

What should they do to maintain this confident momentum? APAC firms should concentrate on a few specific areas to take performance to the next level, with 34% citing points related to connectivity within their organisations and employee collaboration and engagement as a critical area for further enhancement; a similar proportion is looking at digitalising currently offline processes.

⁴ <https://news.microsoft.com/apac/2021/03/31/close-to-6-million-people-across-asia-pacific-acquire-digital-skills-during-covid-19/>

⁵ https://www.unescap.org/sites/default/files/Embracing%20E-commerce_0.pdf

⁶ <https://news.microsoft.com/apac/2019/04/16/low-consumer-trust-in-asia-pacific-should-we-be-ok-with-it/>

There is also an emphasis on balancing progress with improving the total cost of ownership and promoting internal collaboration, suggesting that APAC organisations aim for a sustainable digital revolution. Around 4 in 10 (41%) prioritise reduced costs to their companies, for example, compared to just 31% in Europe.

It is a revolution that will need to be considered within the context of new ways of working. Nikhil Batra, Associate Research Director at marketing intelligence firm, IDC, suggests that "The hybrid way of working will be the way forward in APAC." This marks a shift from the remote-working culture that has dominated during the pandemic.

A recent IDC report finds the region's businesses are exploring cutting-edge solutions, with one⁷ in four of Asia's top 2000 firms is planning to deploy by 2022 data-based and visualisation technologies that support conference calls in hybrid work settings.

"When people started realising that [the pandemic] is not something we will get over in another few months time," he says, "that's when the nature of investments [began to change]."

Batra expects to see the continued use of video conferencing and virtual workspaces and a growing emphasis on tools and strategies that support security of remote access, connectivity, and data management. If APAC businesses can get these elements in order, more of them will move up to Digital Trailblazer status.

APAC already has its Trailblazers - technology giants such as Alibaba, Tencent, and Grab have proven that they deserve this status. As indicated at the beginning of this report, even before the pandemic injected urgency into digital, governments had established incentives that give a new impetus to companies in their shift to digital-first. One example is a grant scheme in Singapore designed⁸ to help companies shift to digital operations by offering to fund a significant portion of the costs involved.

As the rest of the world attempts to produce a more significant number of Digital Trailblazers, they stand to benefit by learning from their APAC counterparts.

Three steps to maturity

To increase their digital maturity, we recommend that APAC businesses:



Find out more about how organisations plan to become digital-first in our global report at digitalfirst.tatacommunications.com

⁷ <https://futurecio.tech/idc-says-the-hybrid-working-model-to-define-the-future-of-work/>

⁸ <https://www.ft.com/content/c59cc1b6-a4cc-484e-b76b-407cdd4341b4>

