



Your
**Complete Guide to
Digital Transformation**
in Asia Pacific



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Digital Transformation | Setting your Strategy

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We're only at the very, very beginning of this next generation of computing and I think that every industry leader will be the one that transforms first. I don't care what industry you're talking about.

—Kim Stevenson, CIO, Intel

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The world is going digital. Everyone has a device that they rely on. Many people have sets of devices. Some are for play; some are for work. It's these very devices that make our lives easier. They allow us to accomplish tasks faster and more enjoyably. It is these factors, along with an increase in revenue, which motivates businesses to make digital transformations within their operations. This is especially true when it comes to the latest in Artificial Intelligence (AI) and the Internet of Things (IoT).

Unfortunately, the transformation in and of itself is not easy or fast. All too often, the process of transformation can be costly rather than profitable. It is for this reason that organisations need to create a comprehensive digital transformation strategy, to move them quickly through the process and to a positive end result. However, before the strategy can be formed, organisations need to develop a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis of digital transformation they intend to make.

The following are what you need to consider when setting your strategy:

THE TECHNOLOGY

The beneficial use of Artificial Intelligence (AI) and Internet of Things (IoT) is the end goal of digital transformation. Therefore, leadership needs to think long and hard about the products or technology they want to move toward. There is no point in putting the effort in a transition that will end in the use of a poorly made product or a product that just doesn't serve the needs of the business. Because of how hard vendors tend to sell their platform, product, software, or hardware, it can be difficult to sift through all of the noise.

So before you do anything else, you need to figure out what it is you need and be precise. Leadership needs to work with IT to explain the needs, budget, and timeline so that they can work together to find an appropriate IoT or AI solution.

It can also be a good idea to take a look at what the organisation already has in place. In other words, do an audit of the existing infrastructure. Find out how well it actually serves the business, if it should be overhauled, or if it could simply be amended. It's also a good idea to check and see if the existing framework has been divided into silos—if so, digital transformation is necessary.





THE CUSTOMER EXPERIENCE

Whether you're in the B2B or B2C market, this should matter. The frustrating aspect of technology—AI and IoT included—is that it is constantly changing. It can be difficult to keep up with. For businesses who want to connect with their customers on a deeper level, it is essential to know their preferred communication methods. Although there is no replacement for real-human interaction, it is unrealistic to assume that humans can handle so many customer interactions. It is also not the best option if your goal is to raise company profits. It is therefore imperative that you have an AI in place to help you automate certain communications. Here are just two ways that your AI can help:

- **ONLINE:** The problem with the customer service automation in the past was that it did not work. The voice recognition always got it wrong, the operator options never had all of the necessary options to direct customers to where they needed to go, and it was very glitchy. With AI, automated customer service works, and it works well. The fact is that many customers now prefer it. Customers can now order everything with their smartphone. Starbucks is one retailer that is taking advantage of this. They have a barista app that takes customers' orders and gives them loyalty points for using their app. It has become so popular that a quarter of Starbucks' sales come through the app.
- **IN-STORE:** While much of the time, consumers want to be able to purchase and receive everything they want and need with their smartphone or tablet, some of the time they want to see a real person and go into a real store. Businesses can take advantage of this. Smart stores allow retailers to gain valuable information for each customer's shopping journey. They can analyse where hot spots are in the store, how long customers remain in a store, and what their priority is when they come in. With this information, stores can be improved; layouts can be bettered, and the staff will be enabled into how they can better serve customers to increase satisfaction with their entire shopping experience. These smart stores can even sync with customer devices as they walk through the door so that they can receive promotional information and be notified of any upcoming events.

THE PROCESS

After you have decided on the IoT and AI technology that you're transforming for, you need to keep in mind one simple fact: Transformation is a process. This process needs to be planned out. It needs to be budgeted for. It needs to be clear to all. The best way to do that is to ensure that you emphasise visibility, clarity and accountability into your digital transformation strategy.

The team that is leading the transformation needs to work together with senior leadership to figure out ways to hold themselves accountable for the project's success. The only way to accomplish this is to create a clear and very visible plan that can be measured. But there's no one cut and dry way to measure digital transformation success. It depends on the organisation, the scope of transformation, and so much more. To get started, make your strategy and then examine it to find out how you can track progress, find bottlenecks, benchmark performance and test assumptions. Make all of these measurements as clear, tangible and quantifiable as possible.

Whether you are implementing IoT into the workplace or changing the devices that your workforce uses, make sure you get digital transformation right.

[\(See page 12 for the planning phase\)](#)



Digital Transformation | The Benefits

If a company wants to maintain profits and customers, as well as keep employee satisfaction high and stay competitive, embracing the latest technology is non-negotiable. The truth is, staying on the forefront of this technology does not have to be so difficult. It simply takes a commitment to digital transformation.

The Benefits

Digital transformation is not just for appearances. It is not just so that clients and the competition see you using the latest technology. Companies undergo digital transformations because it actually helps them. It helps them in quite a few very tangible ways. Here are just a few of those benefits:

1. INCREASED PROFITS

When digital transformation is successfully completed, a business runs a little bit better. Customers' needs are attended to faster, back office operations run a little bit more efficiently, and business decisions are made more strategically. All of this leads to more profits and more savings. To put it simply, when every aspect of a company is improved, increased profits are inevitable.

It is more than just a perception that digital transformations help profits. Recent research has shown that companies that undergo digital transformation successfully will have a 12% higher market valuation than their competitors, along with being more than **25% more profitable**.

2. STREAMLINING

In every business, there are inefficiencies. There are processes that are outdated and cause bottlenecks. It could be basic data entry, or it could be reporting that is required to go through a single department. Generally speaking, though, it is a legacy process that creates a bottleneck. The best way to reduce this friction and eliminate bottlenecks, as well as save money, eliminate errors and create more time for the entire workforce, is with digital transformation. This means utilising better software, embracing automated workflows, and implementing more streamlined processes.

This increased efficiency not only applies to the business processes, but it also applies to the development of new services and products. The development process, when partnered with digital transformation that encourages streamlining, will get a company's newest offerings out to the public faster. The latest software and systems make the sign-off of new services or products, as well as their campaigns more efficient—and businesses know this. **Over 70%** of those in the financial services sector see legacy technology as a hurdle that is only holding them back.





3. HAPPIER CUSTOMERS

Customer satisfaction is at the root of business success. Customers will no longer just accept whatever is thrown at them. Customers have too many options. Businesses have too many competitors. If customers do not perceive that they are gaining value from sticking with a brand, they will happily switch to another. To create more value for the customer, digital transformation is necessary.

Due to technology advancements, such as mobile options, customers expect simplicity. They expect that their interaction with a company will be easy. Legacy processes do not allow for this. They are clunky, confusing, glitchy and time-consuming. No customer has the patience for this. So, both sides of the coin can have a strong impact on customer loyalty. If a company holds onto an old system that is inefficient, customers will leave. However, if they lead their competitors in bringing a better tool, strategy, and customer platform forward, customers will notice and appreciate the effort. Businesses that do this are proving to the customer that they value them and their time. Proof of digital transformation positively affecting customers can be seen through retail bank customers. An [EY survey](#) found that the number one way to win, grow and retain a customer base was through providing a great customer experience.

4. INFORMED DECISIONS

As more data from customer interactions and market trends are recorded, more valuable insights can be gained from this data. However, the problem that many businesses are facing is the fact that there is simply too much data for on-staff data analysts to sift through. Meaningful information is being lost. This is precisely where digital transformation comes in. The latest tools and systems can compile and analyse this data in a matter of minutes. This means that businesses can react faster and make any necessary changes that will give them an upper hand in the market.

With the best, data-driven information, companies can make more informed decisions, like how to optimise spending on ads, how to prioritise sales leads, how to improve employee performance and the most effective methods of communication with customers.

5. LARGER REACH

In past decades, gaining a larger reach without a major investment was impossible. New storefronts had to be opened up in different locations or magazines had to be mailed out to faraway destinations. With the right digital transformation, someone on the other side of the world can be reached with little to no investment. This is the type of reach that is necessary if a business wants to see significant growth. They need to have a platform where potential customers can easily find them and buy what they want—whenever they want and from whatever device they prefer.

Companies that choose to undergo digital transformation will also see their reach extend because their brand will gain a better reputation. More and more companies are beginning to see the link between digital relevance and brand reputation. In 2011, **only about two-thirds of bank executives** placed brand reputation at the top of their list. This number is now up to four-fifths and growing.

If Asian businesses do not tap into the power of digital transformation soon, they are going to start seeing problems. Asia has around half of the internet users in the world. In the next decade, about a third of **Southeast Asia's GDP** will be derived from industries like cloud technology, 3D printing, and robotics. Unfortunately, one of the big problems is that many of these companies, if they refrain from truly undergoing digital transformation, will be crushed by their own weight.

Digital Transformation Part 1 | The Planning Phase

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*It's no longer the big beating the small,
but the fast beating the slow.*

—Eric Pearson, CIO, International Hotel Group

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The evidence is mounting. Digital relevance is a must for every business in every industry. It does not matter the sector. It does not matter the company size. If a business has clients or customers, those individuals expect digital competency from the brands that they work with. They expect to be able to communicate with and buy from business platforms with ease, in addition to the ability to interact with the company at any time of day or night, from anywhere in the world, and on any device that they prefer. In order to provide this type of service, businesses need to be digital to their core, and they must undergo a comprehensive digital transformation.

THE STEPS TOWARDS DIGITAL TRANSFORMATION

Digital transformation is not a simple process that can happen overnight. It takes careful consideration, planning, and patience. The best place to start is with a comprehensive roadmap so that company leadership, as well as the entire workforce, can know what to expect from the process. Every organisation's digital transformation will look slightly different, but they all follow a similar path from planning to implementation to analysis.

Once a business decides that digital transformation is necessary, the next step is to design that transformation. The strategy for every company, as previously stated, may look different, but the framework will be uniform across all organisations.

THE FRAMEWORK

The first pillar in any digital transformation framework is a strong digital strategy. As precisely as possible, the digital strategy needs to be defined. This definition will help leaders make informed decisions, as well as set a direction for the entire organisation and raise awareness among the workforce.

The second pillar is a clear innovation model. This model should utilise the best practices to help drive a stronger organisational culture and innovation. It is in this model that digital business value can be found by including processes like agile solution development.

The third pillar that should be implemented in the framework is an IT operating model and the most appropriate tools. Within this model, collaboration and agility are key. Any IT operating model should encourage the incubation of new procedures and strategies.

Finally, the fourth pillar that needs to be planned out is a platform model. In terms of both technical aspects and commercial aspects, the right platforms need to be delivered. Organisation-wide transformation should be the priority of these platforms, but innovation should also be placed high on the list. Any relevant digital business model requires a combination of these two characteristics to change and adapt when necessary.

READINESS ASSESSMENT

Before making any moves, a company must assess their readiness for their digital transformation journey. This assessment's purpose is to help leaders identify what additional support is needed, including everything from the available tools and clarity of the models to the leadership in place and the culture of the organisation. The assessment should concentrate on bringing a clear focus to the essential success factors, namely the platform, IT operations, the innovation model, the digital strategy and the leadership structure in place.

At its core, this assessment is simply a high-level conversation that technology leaders and the rest of the organisation's leaders should have before the implementation of a digital transformation strategy begins. The conversation needs to look beyond a vague estimation of the organisation's status quo. It should focus on how mature the organisation is in each of the five aspects and look at practical, tangible, measurable ways that the maturity can be elevated.



Here's where to start with your assessment:

1. THE PLATFORM

The **first factor** that should be assessed for readiness before digital transformation, but after the strategy framework has been developed, is the platform. The organisation needs to identify what its relationship is to the platform business models that are currently available, both for their size of the business and for their industry. Leadership needs to decide whether they want to own their own, partner with professionals to develop a new platform together or join a platform that is already available in the marketplace. The pros and cons of each option should be detailed and discussed.

2. THE IT OPERATIONS

The **second factor** that needs to be addressed is the IT operations. The enterprise should look at how it supports a combination of their ongoing operations and innovative work. The levels of IT security, agility, reliability, and openness should all be measured. Leadership should also review how digital business innovation is driven. A good measurement of this is by looking at how the various teams leverage the current IT tools and skills. Finally, the IT roadmap needs to be analysed. Skill gaps should be identified and the necessary tools to close these gaps should also be explored.

3. THE INNOVATION MODEL

The **third factor** organisations should assess is the innovation model. The leadership team needs to measure to what degree they are able to leverage technology in a way that creates financial results and encourages innovation. This should be looked at from both a business processes point-of-view and a business model point-of-view, and it should then be compared to competitors' abilities. On a more myopic level, leadership should review how well the innovation model works for the entire organisation.

4. THE DIGITAL STRATEGY

The **fourth factor** enterprise leadership must review is the digital strategy. The risks and rewards of the strategy need to be clear. Additionally, the portfolio management approach used to evaluate these risks and rewards should be clear. Just as importantly, the transformation strategy should be defined in as much detail as possible.

5. THE LEADERSHIP

The **fifth, and final factor** is the leadership that is in place. It should be a priority to ensure that the CIO is the leader of the organisation's digital business innovation. The IT leadership should also be given key positions in the leadership of the strategy and its implementation. Finally, IT's drive needs to be assessed for readiness. The function and culture of this drive for digital business innovation need to be mature enough for implementation to move forward.



Digital Transformation Part 2 | Implementation

There is no escape. Technology and its ever-quickenning advancement are here to stay. Just as businesses that refused to set up websites or create social media profiles have slowly fallen by the wayside, businesses that refuse to adopt the latest technology will have the same fate. The newest technology may be an expense, and it may take time to learn and adjust to, but it was created to enhance efficiency, increase profits, and better the customer experience. Those who use it effectively will feel those effects, and those who choose to avoid undergoing digital transformation will see their relevance dissipate.

The Pilot

Once you have a solid plan in place and the organisation's readiness is assessed, it is time to move on to implementation. A good way to begin implementation is to start with a pilot. This way the strategy can be tested out first, and any kinks can be identified and resolved.

To get going, small amounts of resources should be shifted to the new digital initiative. This includes time being allotted to it, talent from the workforce being dedicated to it, and money being funneled into it. The team that is chosen for this pilot should be handpicked—the top talent. They should also be given lots of freedom, with oversight only in the sense of observation. The pilot is simply a place for learning and trial and error.

Once the pilot is up and running, analytics can be gathered. From this analytics and data, insights can be made that will improve the strategy. These improvements should be integrated, and the digital strategy can then be employed on a company-wide basis. But just because a pilot was completed does not mean that the digital transformation strategy is perfect. Continual tracking, analysis, and evaluation need to be made. This means that new metrics will need to be measured and new key performance indicators, which are more tailored to the new digital model, will need to be created.

With the implementation of digital transformation, there are two considerations that organisations of every size and in every sector, need to take into consideration as follows:



1. CULTURE

One of the most important but also most forgotten about aspect that helps to guarantee the success of digital transformation is organisational culture. A culture that is not accepting of digital change will struggle to transform successfully. For this reason, much thought, consideration, and effort need to be put into helping guide the organisation's culture in the right direction—a direction that is data driven and has a strong desire for continuous learning. The workforce should be excited about trying new systems and processes that are backed up by research and data. The experience of learning these new systems and processes should be fun and community-building, rather than seen as an annoyance and waste of time.

To develop this type of culture takes work. It does not happen overnight. It happens by creating trust. Trust only comes from leadership providing open lines of communication. The entire workforce needs to understand the big picture. They need to know what the digital strategy is, how it will affect them, and how it will benefit them. Leadership should often turn to them for advice, ideas, and suggestions. This type of communication and openness also creates value. The workforce will then feel that the organisation values them and what they do. Additionally, the individuals in the workforce will value the organisation and feel committed to it. All of this creates a culture where employees want to improve and strive to be involved in the best processes and systems that will benefit the organisation as a whole.

2. LEADERS

Another key to ensuring digital transformation success is appointing the right leaders. C-suite level individuals should obviously be a part of the leadership team, and so should several of the IT professionals. There should also be a few other key individuals on the team from the broader organisation. This might include experts from the marketing and advertising team or professionals from the finance department.

Wherever these professionals come from, they will need to have certain qualities. They will likely need to be willing to go above and beyond their job description. The implementation of the transformation will take time and effort, and this will be on top of their usual duties. It will also require the professionals who are involved to be innovative and creative. They need to be solution-oriented. Problems will occur, and they will need to be able to think outside of the box to fix them.

Additionally, the leadership team should be made up of people who work well in a team. Collaboration and communication are key to any transformation succeeding. Finally, the team members should all be respected members of the workforce. The team that is leading the digital transformation is asking their colleagues to learn new skills and put effort into an unknown and scary area. For the workforce to get on board with the change, they need to get along with, like, respect and admire the individuals who are leading them on this journey.

Digital Transformation in Asia Pacific

Over the past few years, while many of the world's organisations were undergoing digital transformations, the vast majority of enterprises in Asia refrained. But this avoidance of digital maturation seems to be over. Recent research in the region has shown some excitement over the idea of company-wide transformations. **86% of participants** in a recent survey of Asian companies said they have seen digital marketing budgets significantly increase over the past few years. More than half of the respondents noted that e-commerce had become more of a priority.

These are not the only numbers that are pointing to a flood of digital transformations pouring through Asian

companies. Many are forecasting that in the next year, 60% of organisations involved in the IT sector will be committing to multi-cloud architecture. But this cloud adoption is not stopping at the IT industry. The finance sector is also jumping on board with it, as well as many other industries throughout Asia. As it has been seen across the rest of the world, the movement to a cloud-first strategy is really the first step in making major digital transformations.

A good indication of why companies in the region are choosing to make this move now can be seen by taking a closer look at the individual countries. In Singapore, for example, over the last year, the amount of digital

consumers grew to **200 million**. That is a 50% increase from the previous year. When a larger snapshot is taken of Southeast Asia, a similar trend can be seen. 300 million more people have gotten a smartphone across the region in the last year. This is a massive jump in the digital world and organisations realise that they need to keep up with consumers. If consumers want to be more digitally immersed, companies need to provide that option for them. The only way to accomplish that is through a reboot of the company and its business strategy—it needs digital transformation.

Digital Transformation | Early Adopters in Asia Pacific

Countries across Asia have been outpacing the rest of the world on just about every business front. Business growth in this region is **double what it is in the rest of the world**, and their GDP is regularly trillions of dollars. However, in order to keep up this pace, the main area of improvement that they will need to address is productivity. The adoption of Artificial Intelligence (AI) and Internet of Things (IoT) is the most effective way of doing this. This adoption has already begun. It is being called the fourth industrial revolution.

Proof of this embrace of IoT and AI can be seen in the numbers. In the last quarter of 2016 alone, IoT revenues in Asia were at **\$8.2 billion**—a nearly 20% jump. Just about every segment within IoT saw this kind of growth. This type of growth is happening for a reason: IoT works. A recent Aruba study found that of the Asian companies that have adopted IoT strategies, nearly three-quarters have seen increased profitability and half have seen enhanced business innovation and efficiency.

When it comes to AI, a similar trend is happening. Some of the biggest companies in Asia are beginning to rely on this technology. China's Baidu depends on AI to be the principal pillar of every business endeavour it makes. Then there are companies like Alibaba and Tencent that are seeing AI more as a tool that improves their products. In short, when it comes to business use of AI in China, the goal is to use AI to improve services and products.



In other Asian countries, AI is still being utilised in the business world—just in different ways. Japan, for instance, is mainly harnessing the power of AI to improve factory and office efficiency. In South Korea, many organisations are implementing AI as assistants for customer service and call centres. Essentially, every Asian country is seeing the potential of AI and IoT—some just in different ways than others.

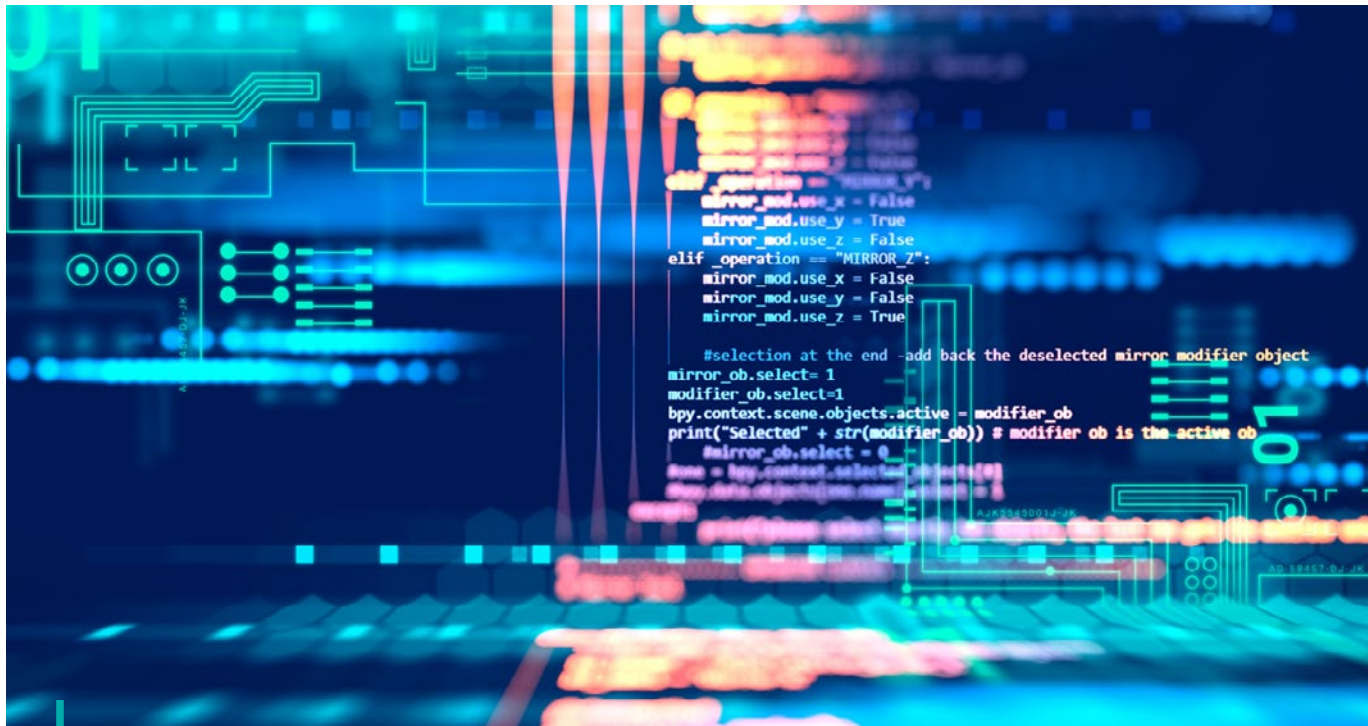
In regards to digital transformation, some organisations in Asia are getting it right. Astro, a Malaysian pay TV and content provider is becoming more digitally agile by moving the majority of their content online. Then there's the Singapore Land Transport Authority who is digitising all of their public facing services.

DBS Bank, a bank headquartered in Singapore, saw the need to create a more blended digital strategy for the Asian market, and now they are reaping the rewards. Due to the transformation, partnered with a move to cloud technology, DBS was able to **decrease their operating costs by an astounding 75%**—not to mention the improved customer experience and additional efficiency that the bank has seen.

Chief Marketing Officers (CMOs) across Asia also see the need for digital transformations in their organisations. Leaders in the industry, both international names like Heineken and Coca-Cola and local names like Go-Jek and Myntra, are pushing their organisations to make digital transformations.

The underlying reason that CMOs in Asia, across the board, are pushing for enterprise-wide digital transformation is that it will provide the most brand growth and is the most effective way to show marketing's ROI contribution to the business' growth.

It is because of this demand, not just from CMOs but also from other leadership that companies like Ogilvy & Mather are designing innovative digital transformation services. Their goal is to assist companies across Asia to make the transformation necessary that will allow them to thrive in the coming decades. Like Ogilvy & Mather, many companies are seeing the increased demand for digital transformation in Asia through recent research that found that **70% of Asian companies** have yet to start the transformation process.



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are you
waiting for...

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