

Digital Transformation in Singapore

2019-2020



Contents

3 Executive Summary

4 Quantitative Findings

4 *The Singapore Context of Digital Transformation*

7 *The Company Content - Digital Mindset & Impact*

10 *Key Challenges on the road to Digital Transformation*

11 Qualitative Findings

11 *Digital Transformation Opportunities in Singapore*

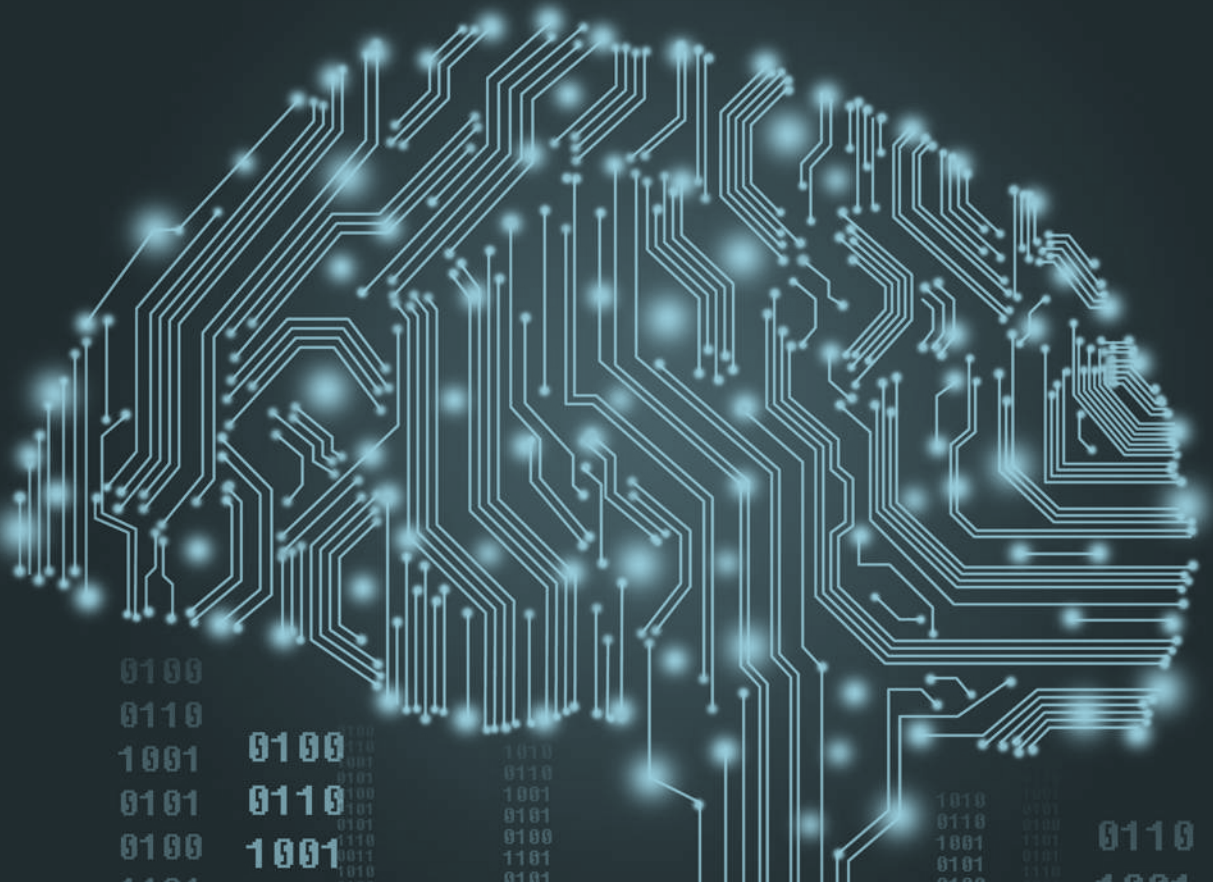
11 *Digital Transformation Challenges in Singapore*

11 *Identified Areas of Opportunity to Improve Digital Transformation in Singapore*

- Raise Awareness
 - Develop Capacity
-

12 Recommendations from the EuroCham Digital Economy Committee Members

13 Conclusions



Executive Summary

This study, conducted by the European Chamber of Commerce in cooperation with the Center for Creative Leadership, surveyed 100 senior leaders from European organisations in Singapore to assess their rate of digital transformation.

The impetus for digital transformation is being driven by the demand for greater efficiency and customer centricity. Two-thirds of respondents believed Singapore is ahead in its digital preparedness.

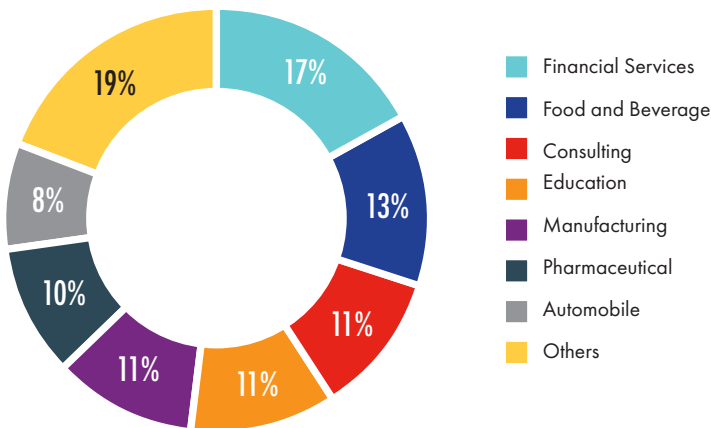
Despite the majority of respondents asserting that a cohesive digital transformation strategy is imperative, 43% of European companies surveyed reported the absence of a well-defined strategy within their organisations.

Some of the cited barriers to digital transformation include a lack of understanding and awareness at senior leadership level, a lack of resources, and a dearth of human capital with the requisite skills.

This study recommends a concerted development of human capital to support and enhance digital transformation as well as initiatives to increase awareness and knowledge of digital transformation at senior management levels.

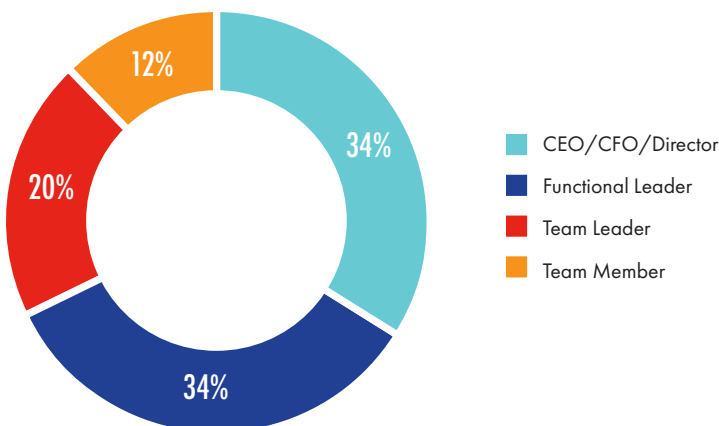
SURVEY RESPONDENT DEMOGRAPHICS:

Industry



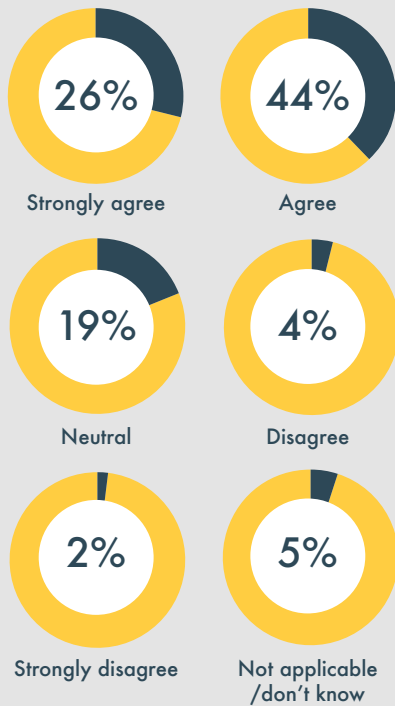
For this study, 100 senior leaders from Singapore-based European organisations were surveyed. Their responses represent a broad and balanced range of sectors on the topic of digital transformation. While we received the highest percentage of responses from the Financial Services industry, no one industry dominated.

Role within Organisation



The majority of respondents hold senior positions, with 34% at C-Suite level and 54% either a Functional or Team Leader. This provides an indication as to the credibility of responses on the progress and adaptation of digital transformation within the participating organisations and the wider context in Singapore.

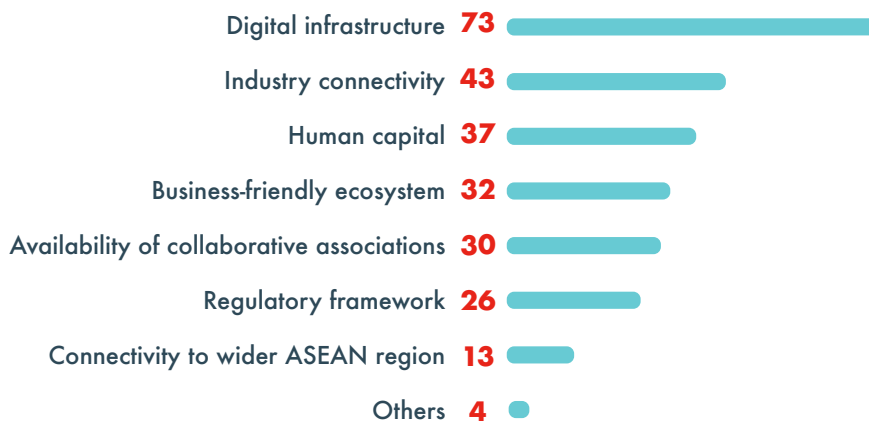
DIGITAL TRANSFORMATION: THE SINGAPORE CONTEXT



Singapore provides a better basis to engage in digital transformation than its counterparts in APAC.

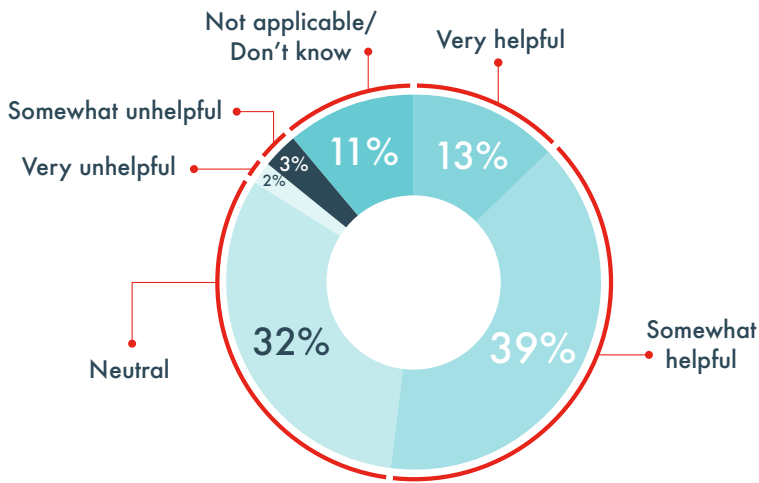
Singapore is viewed favourably as a country with an environment in which to pursue digital transformation initiatives. More than two thirds of those surveyed affirmed that Singapore provided a better basis to engage in digital transformation than other countries in the region.

WHAT ARE THE MAIN DRIVERS OF DIGITAL TRANSFORMATION IN SINGAPORE?



The positive sentiment expressed by respondents towards the ease of digital transformation in Singapore is driven largely by the presence of digital infrastructure and industry connectivity. These are key building blocks for driving digital transformation initiatives. The human capital and ecosystem components were seen as less powerful drivers. One respondent stated there is a “lack of human capital with a flexible mind, with an ability to think out of the box, inventively reacting to changing situations.”

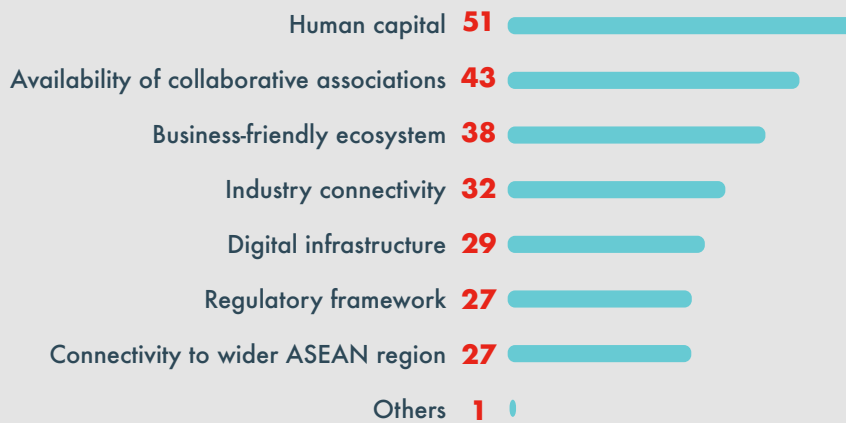
HOW HELPFUL HAS THE DEVELOPMENT OF A REGULATORY STRUCTURE FOR DIGITAL TRANSFORMATION BEEN IN SINGAPORE?



Respondents indicated an overall positive sentiment towards Singapore’s advancement in digital transformation. However, it is evident that initiatives by the Singapore Government such as Smart Nation, e-Government Action Plan or Infocomm Media 2025 have been only “somewhat helpful” in the development of a regulatory structure for digital transformation.

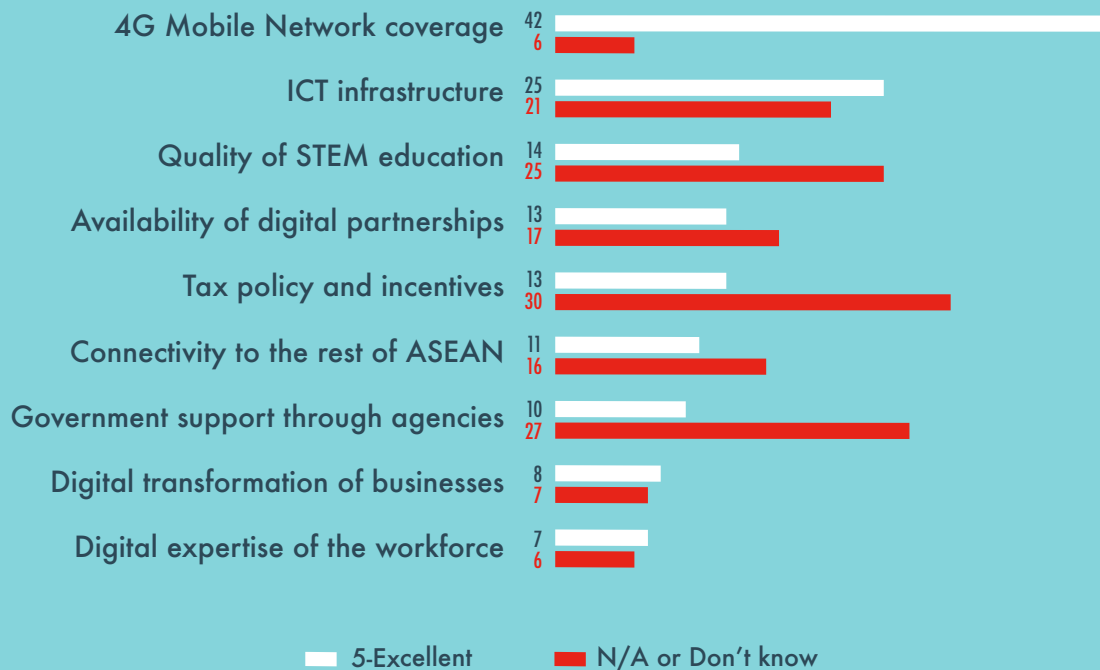
One respondent asserted that “The exact policies, incentives and mechanisms available to the industry from the Singapore Government on preparing and benefiting from digital transformation aren’t well understood and it seems there is scope for raising this awareness.”

What could be improved to induce companies to engage in digital transformation in Singapore?



Another area identified for improvement on the country-wide context of encouraging digital transformation in Singapore is the human factor. The availability of human capital with the capacity to engage in the enhancement of digital transformation was identified as the primary inducement for companies to engage in digital transformation. The absence of a digital transformation community of practice through a network of collaborative associations was highlighted as an additional area for improvement. Both of these points were underscored by a perceived need for a more “Business-friendly Ecosystem” and better “Industry connectivity.”

Aspects of the Singaporean Digital Ecosystem



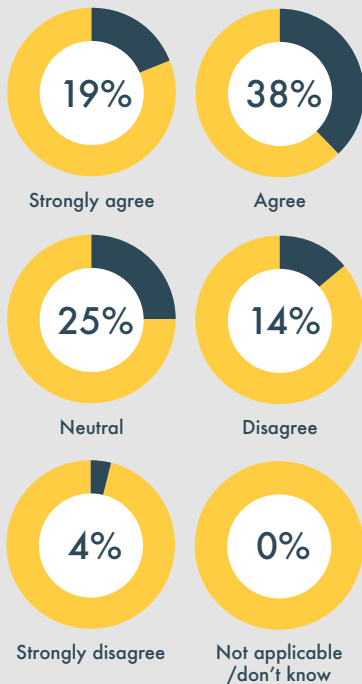
Respondents were asked to reflect on the aspects of the Singaporean digital ecosystem which best facilitate digital transformation. The digital infrastructure of Singapore is a factor overwhelmingly cited as a key enabler of digital transformation. The presence of broad 4G mobile network coverage and associated ICT infrastructure are the underpinning factors of this sentiment. It is evident from the responses that awareness of government impact and support initiatives amongst European organisations is low and this has a knock on effect on the potential enhancement of digital transformation. The contention was also made that “Regulatory requirements are increasing time to market compared to EU norms.”



THE COMPANY CONTEXT: DIGITAL MINDSET AND IMPACT

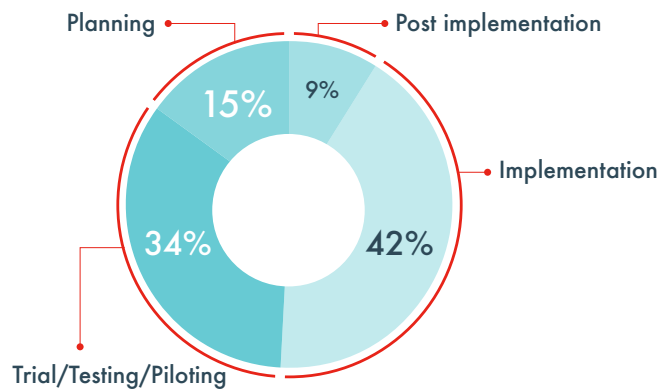
Of the European organisations operating in Singapore who responded to the survey, more than half reported having a coherent digital transformation strategy.

My organisation has a coherent digital strategy.



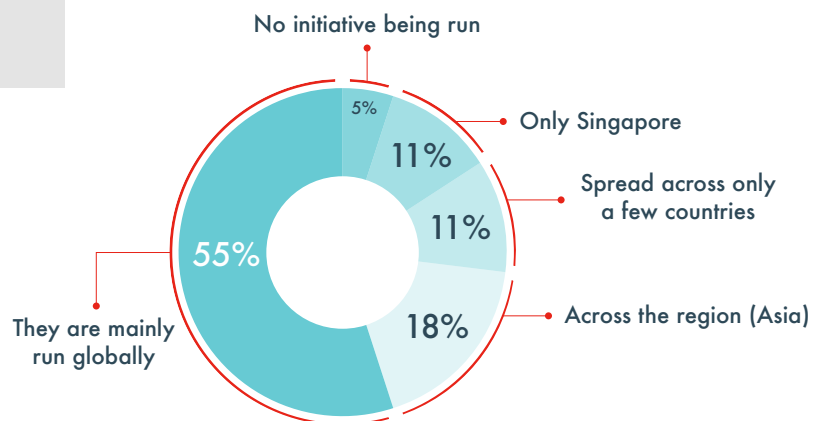
The digital transformation initiatives referenced by responding organisations are primarily global (55%) or regional (18%) in scope.

HOW WOULD YOU DESCRIBE THE STATE OF DIGITAL TRANSFORMATION IN YOUR COMPANY?

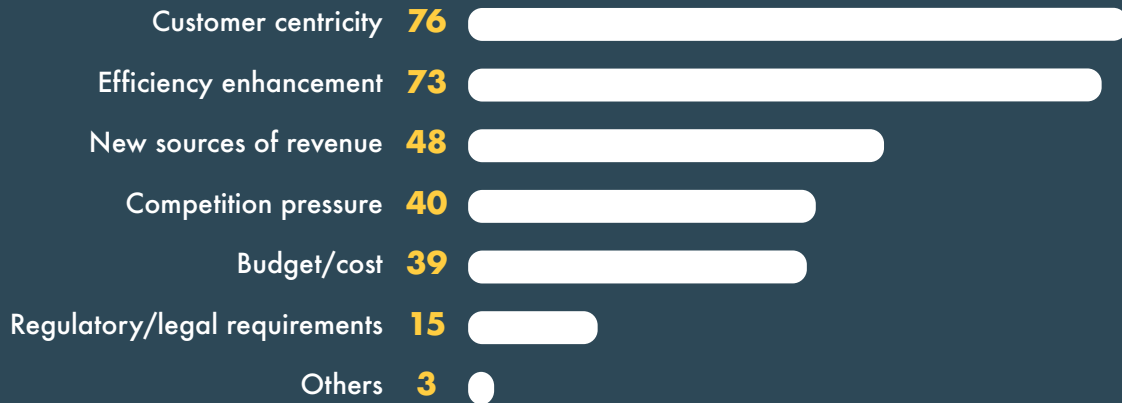


Against the backdrop of digital transformation strategy adoption, respondent companies acknowledged they were at different stages of the process. Just over 40% of respondents reported they were in the implementation phase and just under 10% in the post-implementation phase. Slightly more than a third of companies identified themselves as being within the piloting phase of digital transformation, with 15% still planning to embark on it.

WHAT IS THE SPAN OF DIGITAL TRANSFORMATION INITIATIVES IN YOUR COMPANY?

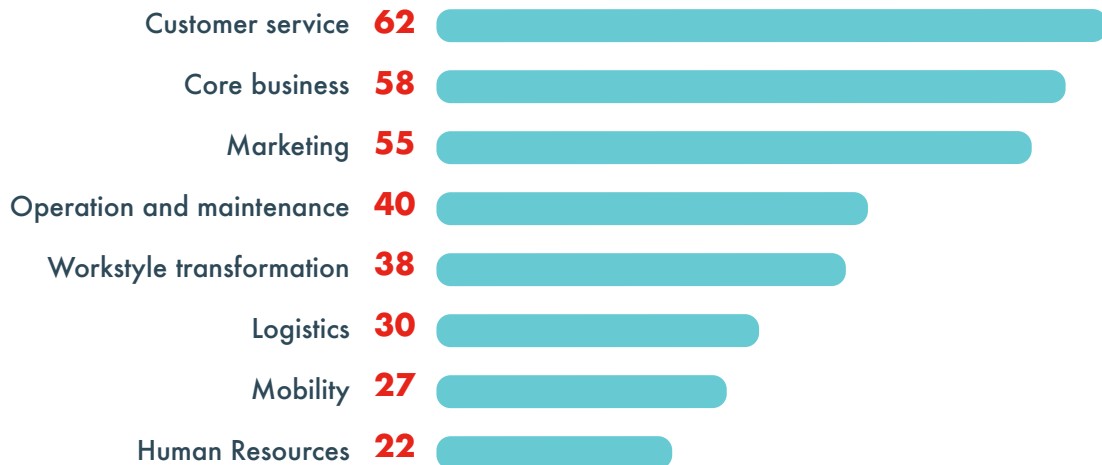


WHAT ARE THE KEY DRIVERS OF DIGITAL TRANSFORMATION IN YOUR ORGANISATION?



Responses highlight that the impetus for digital transformation by companies is driven by the demand for organisations to be more customer-centric and to enhance efficiency. Securing new sources of revenue and “competition pressure” were identified as additional drivers.

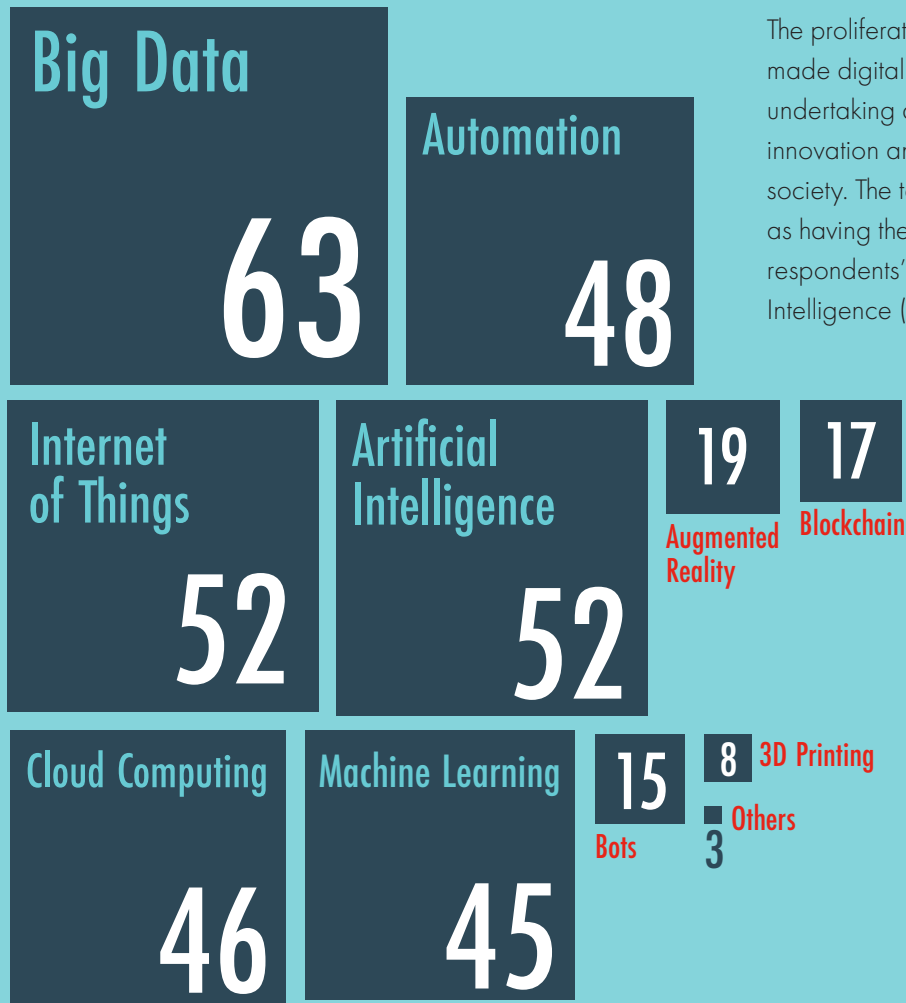
WHICH BUSINESS AREAS IN YOUR ORGANISATION ARE BEING IMPACTED THE MOST BY THE DIGITAL TRANSFORMATION INITIATIVES?



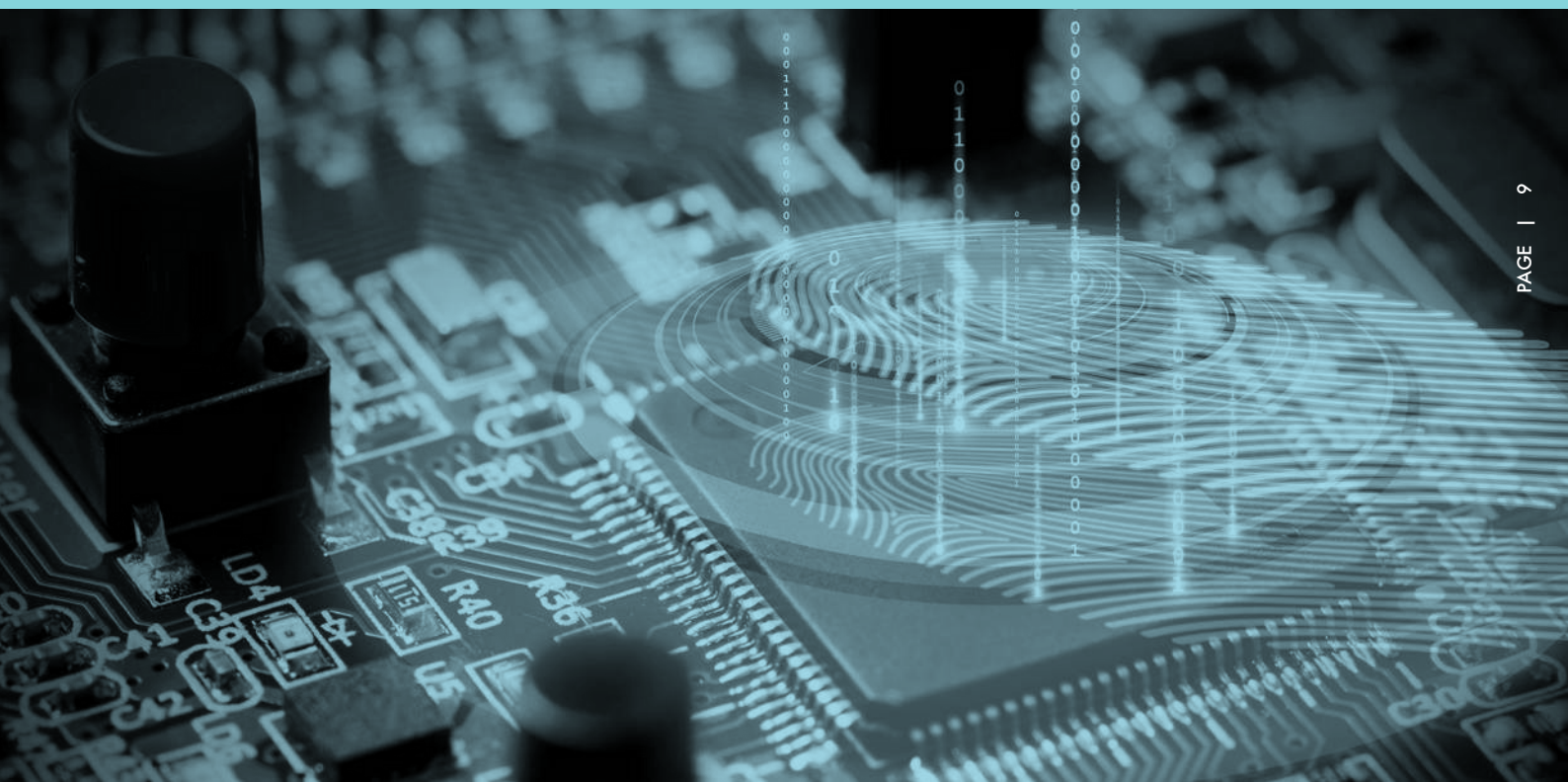
The connection between impetus and impact is inherent to digital transformation. That is to say there is a direct correlation between the drivers of digital transformation and the outcomes it delivers.

Customer service, core business, and the marketing functions have been the greatest beneficiaries of digital transformation initiatives within the surveyed organisations. Perhaps not surprisingly, Human Resources was the function which the least impact was attributed to.

Which technologies have had/are having a significant impact on your business?



The proliferation of new technologies has made digital transformation a multi-faceted undertaking and one that must keep pace with innovation and disruption in business and wider society. The top three technologies identified as having the most significant impact on respondents' businesses are Big Data, Artificial Intelligence (AI) and the Internet of Things (IoT).



KEY CHALLENGES FOR COMPANIES IN THEIR DIGITAL TRANSFORMATION INITIATIVES



WHAT ARE THE BIGGEST BARRIERS TO DIGITAL TRANSFORMATION IN YOUR BUSINESS?

The significant opportunities of digital transformation initiatives can be beset by as many challenges. European companies were asked to reflect on the biggest barriers to digital transformation in their businesses. The most cited barrier of “too many business priorities” suggests that digital transformation is not yet perceived to be “mission critical” for many of the businesses surveyed. This would explain why the second barrier of “budget” is an issue for those championing digital transformation initiatives within their organisations. But perhaps the core reason for the foregoing barriers is a purported “lack of knowledge” about the needs and benefits of digital transformation amongst the key decision makers in the organisation.



WHAT TACTICS WILL HAVE THE HIGHEST ROI IN MEETING DIGITAL TRANSFORMATION ASPIRATIONS IN YOUR ORGANISATION?

Respondents were asked to reflect on the tactics resulting in the highest return on investment in delivering digital transformation within their organisations. The importance of having a “clear digital strategy/roadmap” was stated an important differentiator of success. “Involving customers in the digital transformation journey” was determined by respondents to be another route to successful implementation.

Linking back to the barrier of a perceived lack of knowledge about digital transformation within surveyed organisations, respondents strongly recommended “educating and training employees” and also “attracting required digital transformation talent and to enhance capabilities, especially at top leadership levels”.

Qualitative Findings

DIGITAL TRANSFORMATION OPPORTUNITIES IN SINGAPORE

- Singapore is one of the best places to involve in digital transformation due to the available resources and platforms. The strong promotion to go digital might be one of the driving forces.
- Singapore has a solid development, although competition from other countries in the region should not be underestimated.

DIGITAL TRANSFORMATION CHALLENGES IN SINGAPORE

The Country Context

- Identified areas of opportunity to improve for Singapore: human capital with a flexible mind, with an ability to think out of the box, and ability to have strategic and innovative thinking.
- On the level of the national digital ecosystem: Digital initiatives in Singapore are driven as a marketing outreach, with companies having the latest apps, but in the background there are still a lot of processes that are manual and paper based.
- Regulatory requirements are increasing time to market, compared to EU norms.

The Company Context

- Lack of awareness at leadership levels regarding the importance of digital transformation.
- Lack of digital transformation strategy.
- Shortage of budget and availability of resources from head office.

IDENTIFIED AREAS OF OPPORTUNITY TO IMPROVE DIGITAL TRANSFORMATION IN SINGAPORE

Raise Awareness

- The exact policies, incentives, mechanisms available to the industry from the Singapore Government on preparing and benefiting from digital transformation isn't well understood and it seems there is scope for raising this awareness.

Develop Capacity

- Attract required digital transformation talent and enhance capabilities, especially at top leadership levels.
- Up-scale the current workforce to be more efficient along with the digital initiatives.
- Raise the bar on connectivity to the external community, creating a wider network of web-based relationships.

Recommendations from the EuroCham Digital Economy Committee Members

Recommendations

1. Better communication around the government impact and incentives to international businesses rather than just local companies.
2. More efforts around reskilling and freedom of movement for labour - visas etc.
3. Provide more opportunities for leaders to get together or dedicate time to digital transformation.
4. More financial support for international startups or non-local owned businesses to set up here.

Comments

“Singapore is ahead in digital preparedness for business, ahead of many other countries in the region and the world. Infrastructure is excellent and an important building block.”

“Building on many of the comprehensive and forward looking plans to accelerate Digital within Singapore, like the Digital Blueprint, will create great value for Singapore and businesses operating out of Singapore to have plans that will accelerate the connectivity to the rest of ASEAN. Driving digital regulatory frameworks across the region can, for example, reduce digital trade barriers in the ASEAN region and boost regional trade.”

“The exact policies, incentives, mechanisms available to the industry from the Singapore Government on preparing and benefiting from digital transformation isn't well understood and it seems there is scope for raising this awareness.”

“There is a mixed bag of reasons which are barriers to adoption/change. One of these reasons is identified as human readiness. This is an important area to enable this digital transformation momentum to be continued.”



Conclusions

- 1.** Customer centricity and efficiency have pushed more than half of the European companies to drive digital transformation initiatives at the global level.
- 2.** Having a clear digital strategy or roadmap to enhance digital transformation initiatives at the company level is a key differentiator of success.
- 3.** The presence of advanced digital infrastructure is a key enabler of digital transformation in Singapore.
- 4.** The development of human capital to support and enhance digital transformation is essential for further development.
- 5.** It is imperative to increase awareness and knowledge of digital transformation at senior management levels and amongst government institutions to drive the digital transformation agenda.





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