THE PROMISE OF DIGITAL Transformation (DX) IN ASIA PACIFIC’S LEADING INSTITUTIONS
IDC PREDICTION: BY 2018
1/3 OF THE TOP 20 MARKET SHARE LEADERS IN VARIOUS INDUSTRIES WORLDWIDE WILL BE SIGNIFICANTLY DISRUPTED

We also see major disruption across various industries:

- **Financial Services** 18.0%
  Incumbents will face the greatest disruption in areas where the highest customer friction (inconvenience) meets the largest profit pools such as payments and money transfers.

- **Oil and Gas** 15.1%
  Revenues will be disrupted by competitors who can more effectively manage and extend their assets, change their revenue mix, and modernize their processes through technology.

- **Utilities** 29.0%
  Smart meters, solar technology, and batteries are totally changing the role of the grid as a natural monopoly, driving the requirement for business model change among all players.

- **Telecommunications** >15%
  Telcos were among the first to see disruption from new technologies and over-the-top players. Telcos will continue to see revenues at risk, and more disruption might leave them with high capex and low margin businesses.

- **Manufacturing** 18%
  Robotics, Internet of Things and Cognitive Systems will create the factories of the future with integrated applications that can support dynamic production shop floor scheduling, planning and operations.

- **Retail** >25%
  As external market pressures continue to grow, consumer behavior shifts, and more innovative online retail channels emerge, the retail landscape is expected to see just one dominant department store per market or none at all.

- **Government** 17.5%
  Emergence of Smart City initiatives, crowdfunding, peer-to-peer models and changes to framework agreements will mean even public sector is at risk of disruption.

- **Transport** 14.2%
  Transport providers will deliver service more efficiently with intelligent automation and smart networks. This will empower travelers by offering them great (more and better) choices.

- **Education** 24%
  Next-generation classrooms, Massive Online Open Courses (MOOCs), online peer learning and collaboration, and distance e-learning will bring about rapid digital disruptions.

- **Hospitality** 10.9%
  Mobility, changes to customer behavior, and concepts of the shared economy and preference-matching disrupt traditional business models.
MORE BORN-IN-ASIA DISRUPTORS ARE TAKING A BITE OF THE BUSINESS…

… BUT THERE IS MIXED CONFIDENCE BY “TRADITIONAL COMPANIES IN ASIA PACIFIC” IN THEIR ABILITY TO TAKE CONTROL

Sentiment of Asian companies versus “Uber-like” competitors

- 47%: Difficult to compete with these digital disruptors
- 27%: Confident in winning against these digital disruptors
- 23%: No impact to industry, no disruptors in industry
- 3%: Plan to be disruptors themselves

Sentiment of Asian Companies in their ability to fight back, relative to their peers

- 43%: Ability to fight at par with peers (not better, not worse)
- 21%: Ability is slightly better than peers
- 30%: “We are best in class”
- 6%: Not sure

COMPANIES IN ASIA PACIFIC HAVE TO INNOVATE AND TRANSFORM

% of respondents who believe that “innovation is extremely important to drive business”

Companies from less mature markets are more compelled to undertake DX, underscoring the great potential for hyper-disruption in the region’s nascent, developing markets.

AS THEY TRANSFORM, THEY ARE SEEING GREAT CHALLENGES...

57% Transforming culture

53% Lack of skills and resources

50% Cross-team collaboration

40% Risk management and compliance

AND ORGANIZATIONAL ROADBLOCKS TO CHANGE

Security Issues
Legacy Infrastructure and Systems
Complexity of Change
Management stuck on “what they know”
Information Silos
Manual Processes

A more open, collaborative culture has to take root before true innovation happens in the enterprise. Other changes worth considering: Fail-Fast, Agile, improved line-of-business and IT alignment.

It is difficult for companies to execute on Digital Transformation (DX) for so many reasons, but primarily because the technologies that support DX are so new. An organization will have difficulty in finding staff with skills and experience in running programs of work supporting the 3rd Platform of IT (Cloud, Big Data Analytics, Social Business, Mobility) and a new set of innovation accelerators such as Cognitive Systems, Internet of Things, Robotics, Augmented & Virtual Reality, 3D Printing, and Next Gen Security.

WHAT ARE COMPANIES IN ASIA PACIFIC DOING IN DIGITAL TRANSFORMATION?

1. **Involving business in strategic IT initiatives**
   - 53.3% of enterprises believe that in strategic IT projects, business funds the projects and works jointly with IT.
   - CXOs believe that more and more IT projects will be funded by lines of business, while IT focuses on sourcing for new expertise (e.g. application programming interfaces, DevOps, etc.).

2. **Investing in what brings the greatest bang for the buck**
   - 63.3% of enterprises focus on customer-facing applications and the omni-experience.
   - Customer engagement strategies are increasingly reliant on actionable insights-on-the-go.

3. **Staying ahead of peers in 3rd Platform capabilities**
   - 36.6% of enterprises believe they are on par with peers in big data.
   - Quality and actionable data is the ultimate ingredient for innovation in customer experience: timely, personal, relevant and meaningful.

4. **Focusing on internal capabilities**
   - 60% of enterprises are focusing on employee productivity.
   - The network approach allows transparent process and data sharing from different sources around the clock, and throughout the enterprise.

**Source:** IDC Industry Insights-AVAYA ATF Survey, 2016

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DIGITAL TRANSFORMATION (DX) IN ASIA PACIFIC ENTERPRISES WILL RESULT IN TWO BIG BENEFITS

**DX improved customer satisfaction**
- Customers expect the enterprises to improve service availability that enable 24-hrs access.
- Modern and connected enterprise resource planning and treasury management systems allow corporates to move away from screen-based to machine-to-machine communication.
- Alerts, notifications and transparent data visualization (dashboards) provide actionable insights on the go.

**DX improved employee productivity**
- The rise of e-tailing is reshaping demand for good and services, and the Internet creates pricing transparency and better matching of buyers and sellers.
- Network-based approaches and open application programming interfaces (APIs) are crucial to efficiently build and manage customer interactions.
- With the right big data capabilities in place, banks can analyze this information to reduce the risks and errors.

DX ALLOWS COMPANIES TO RESPOND TO THE NEW TERMS OF CUSTOMER SATISFACTION AND EMPLOYEE PRODUCTIVITY

Exceptional customer experience is now defined as...

- Hyper-personal
- Supportive of Instantaneous Delivery
- Always Available
- Omni-channel
- Greater Self-Service
- “Same Experience, Different Devices”
- Responding to Need for Product Info
- Transparent

Exceptional employee engagement is now defined to have...

- Employee Connection to Corporate Mission
- Enterprise-wide Collaboration
- Improved Workspace
- Flexible Work Schedules
- New Types of Roles for the Third Platform
- Innovation Cells
- Transparency
- Agility to Respond to New Market Dynamics

THE BENEFITS OF DX CAN BE SEEN IN MANY SECTOR THAT ARE BECOMING SMARTER THAN EVER

Workplace
Transform the workplace to drive efficiencies and enhanced productivity
- Improved visitor experiences by automating guest entry / exit
- Streamline complex activities eg. multiple video conferencing
- Manage employee and guest network access to maintain security

Financial Services
Next-Gen Communications Solutions for Banking Deliver Consistent, High-Quality, Multichannel Customer Experiences
- Create Personalized Customer Experiences
- Increase Productivity and Profitability
- Attract and Retain More Customers

Healthcare
Improve the Patient Experience with Advanced Communications and Collaboration
- Flexible, Mobile Options for Patients
- Enhanced Collaboration for Care Teams
- Crisis Management

Hospitality & Gaming
Delivering a Personalized Guest Experience: Keep Guests and Staff Connected With Integrated Communications Technology
- What Guests Want: BYOD and Mobility
- Personal Attention
- Always On Access
- High definition security video wherever and whenever you want, simply and efficiently

Government
Create a Secure Future for Your Community and Jurisdiction with Advanced Communications and Collaboration Solutions
- Multichannel Emergency Interaction Center
- Streamline Processes to Better Serve Constituents

Education
Transform and Improve the Educational Experience with Advanced Communications and Collaboration Solutions
- Video Learning
- Mobile Learning
- Campus Safety

Networking Operations
Simplified and secure Network infrastructure reduces operational expenses, improves Data security (Compliance, Regulations, BYOD) and enables Businesses to be more agile.

Source: Avaya, 2016

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THE DX JOURNEY FOR COMPANIES IN ASIA PACIFIC WILL REQUIRE A NEW LEVEL OF PARTNERSHIP- AND ECOSYSTEM-BUILDING…

Vendors and Service Providers of Choice will have to be able to:

- Move beyond traditional commodity-sell to a software-and-services proposition that supports the unique DX journey of their clients.
- Offer easy and cost-effective technology deployments through "as-a-service" models.
- Respond to the requirements, conditions, and rules of business that are distinct across various industries and across various markets.
- Embrace the unique DX roadmap of every organization, building a trusted partnership towards the organization’s intended business outcomes.

...AND THE MOST CREATIVE USE OF NEW TOOLS AND CAPABILITIES SUCH AS

- Modular Applications
- Seamless Omni-channel
- Real-time Analytics
- Wearable IoT
ESSENTIAL GUIDANCE FOR YOUR DX JOURNEY

As you face digital transformation (DX), you will need to design your organization’s DX agenda according to your context – your industry, your market, and the competitive dynamics around you. Your DX journey is your own. You need to follow your own roadmap, and your choice of intent, speed and timelines. However, there are best practices from other organizations’ experiences that you can learn from.

- **Master the integration and management of hybrid and multi-cloud environments**, as you continue to **shift to a cloud-architected, everything-as-a-service portfolio**.

- **Establish strong executive leadership** (a Chief Digital Officer, a tech-savvy COO and/or a market-savvy CIO) to achieve a balance between encouraging rapid, distributed innovation and the growing need for governance and integration of DX initiatives.

- **Accelerate your organization’s transition to the new innovation platform**: focus on investments in 3rd Platform tools and skills, usually acquired “as a service” from partners.

- **Re-architect your marketing, sales, service, and delivery capabilities to personalize even more the interactions and offerings for your expanding customer base** (a paradox worth noting). To succeed, you need to continuously harvest, analyze and act on data about your customers.

- **Expand your network of ideas and innovation** – to include more lines of business, a younger generation of staff, open innovation partners, service providers, and other 3rd Platform vendors.

- **Connect to third-party Smart Industry solutions**, industry platforms and communities to scale up your ability to drive your own innovations into the marketplace, and to leverage innovations from others.

- **Re-align your supplier and partner networks**, picking players who are leaders in the 3rd Platform and DX, and are able to credibly offer as-a-service solutions. New vendor propositions arise even as new entrants disrupt, traditional players consolidate, and critical capabilities shift.