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LEADERS DIALOGUE: ASIAN SENTIMENT 2023

State of Digital Transformation in Asia

FEBRUARY 2023



Shift in Global Market Focus

Today, Asia is home to nearly 60% of the world's population and accounts for 39% of the global GDP. As the region's importance continues to grow (7 out of the top 10 economies is expected to be from the region, contributing to 47% of the global GDP by 2030), investment in Asia is a key priority for governments and large corporations around the world. With more investments, come more opportunities and optimism.

At the Leaders Dialogue: Asian Sentiment 2023 conversation, Ecosystem Founder and Chairman, **Amit Gupta**; **Ahmed Mazhari**, President of Microsoft Asia; **Padmashree (Paddy) Santosh**, VP & Global Head of Learning, Diversity and Organisation Effectiveness at Olam Agri; and **Luca Destefanis**, Head of Marketing APAC at Kyndryl discussed where Asia is leading and lagging behind when it comes to tech-led transformation and innovation.

Since the start of this millennium no region has transformed more – there have been significant paradigm shifts in Asia and the perception that innovation starts in the US or in Europe and percolates through to Asia after a time lag, has been shattered. Asia is constantly demonstrating how dynamic, and technology focused it is.



Amit Gupta

Founder & Chairman
Ecosystem



Asia Demonstrates a “Disrupt or be Disrupted” Mindset

Asia has emerged a unique market – differentiated by a strong spirit of innovation, vibrant startup ecosystem, and propensity to leverage technology to transform. Today it represents a ‘disrupt or be disrupted’ mindset more than any other part of the world.

Companies in Asia, are driving innovation at scale and developing solutions where none existed. They have been disrupting areas such as retail commerce; media and entertainment; microfinance and financial inclusion of the unbanked and the underbanked; and digital healthcare for universal access. Many of these innovations enable economic progress and societal inclusion.

Today the world can learn lessons from Asia on how to transform at scale – and faced with the current economic uncertainties, more such lessons will emerge in 2023.

Asia has actually turned a disadvantage into an advantage. It has now developed a mindset that enables global digital progress.



Ahmed Mazhari

President
Microsoft Asia



The Need for Innovation is Encouraging Corporate Venturing

Asia's spirit of innovation is also manifested in its vibrant startup ecosystem – there are about 400 unicorns based in the region. This has forced larger organisations to be innovative to remain relevant to local markets. Actively funding, acquiring, and partnering with innovative startups give corporates an opportunity to retain an edge.

Corporate venturing will continue – in fact, organisations will approach it as a cross-functional effort. It will be important to integrate the newer solutions into the larger portfolio and eliminate the chances of isolating either the startups or internal business units.

Another area where corporate venturing will be beneficial is in building ESG capabilities.

As organisations set their ESG targets, they will want to partner with companies that are aligned with their vision and accelerate the rate of impact.

It has become imperative for corporates to constantly evaluate their business models and value chains; and acquire, co-create with, and form partnerships with innovative disruptors.



Luca Destefanis

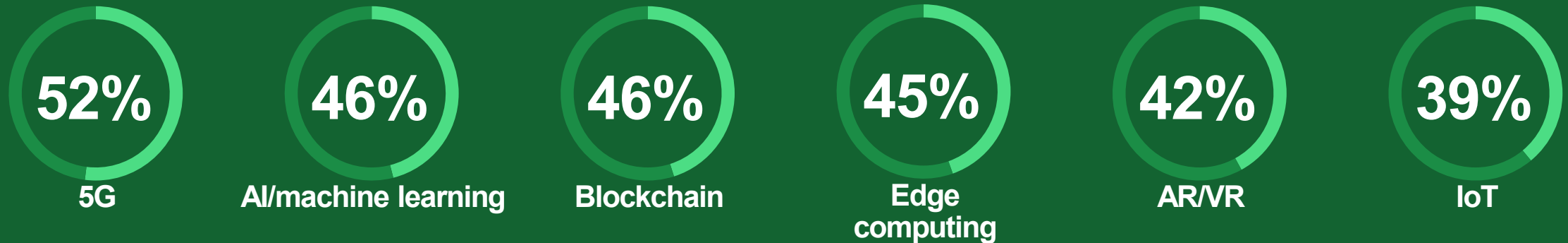
Head of Marketing, APAC
Kyndryl



There is a Growing Interest in Emerging Tech

Given that innovation is a key business priority, organisations in Asia are starting to re-assess the role of emerging technologies. They are also realising that given the digital skills shortage, they may not have the right internal capabilities. Many organisations are looking to engage with their technology partners to evaluate how 5G and IoT can bring better convergence to their IT/OT environments; blockchain can improve traceability and transparency; data can be analysed at the edge for real-time insights; and mixed reality can improve experiences for both customers and employees.

ORGANISATIONS EXPRESS INTEREST IN EMERGING TECHNOLOGIES





Yet Organisations Might be Scratching the Surface

Despite being at the forefront of innovation and a deep interest in leveraging technology, many organisations in Asia can achieve more through their digital transformation efforts. The need to transform is almost always driven by business – such as accelerated revenue, improved customer and employee experience, and the need for greater business resiliency.

However, these outcomes can only be driven when backed by the right tech strategy and a holistic view of the tech environment.

In Asia even organisations that claim to be have digital transformation as a key priority, do not focus enough on data strategy, consolidation of IT environments and cyber-resiliency.

WHAT ORGANISATIONS CONSIDER THE KEY PILLARS OF DIGITAL TRANSFORMATION

48%



Data & AI Strategy

46%



Infrastructure Modernisation

43%



IT Operations

Source: Ecosystem Digital Enterprise Study, 2022



Outcome-Led Transformation Will be the Key

The success factors of transformation are:

- **More technology conversation driven at the Board and CEO levels.** This will lead to a constant evaluation of the strategic impact of technology adoption.
- **A focus on modernisation of the IT estate.** This includes accelerating the transition to hybrid environments and re-assessing application and infrastructure to increase agility and empower growth.
- **Implementing scalable, intelligent IT automation.** This must focus on simplification and efficiencies, cost reduction, and most importantly, freeing up employees to pursue more strategic initiatives.
- **Building a resilient enterprise.** Driven by both business and technology leaders, this will enable better risk mitigation and create differentiation and competitive advantage.

It is imperative for organisations to make their transformation **outcome-led and not technology-led.** Technology is only a means to an end



Luca Destefanis

Head of Marketing, APAC
Kyndryl

About Ecosystem



e c o s y s t m

Ecosystem is a Digital Research and Advisory Company with its global headquarters in Singapore. We bring together tech buyers, tech vendors and analysts onto one integrated platform to enable the best decision-making in the evolving digital economy. Ecosystem has moved away from the highly inefficient business models of traditional research firms and instead focuses on research democratisation, with an emphasis on accessibility, transparency, and autonomy.

Ecosystem's research originates from its proprietary "Peer-2-Peer" platform which allows Tech Buyers to benchmark their organisation in "real-time" against their industry or market peers. Ecosystem's broad portfolio of advisory services is provided by a team of Analysts from a variety of backgrounds that include career analysts, CIOs and business leaders, and domain experts with decades of experience in their field.

About Kyndryl

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Kyndryl (NYSE: KD) Kyndryl (NYSE: KD) is the world's leading Managed Service provider with Data & AI expertise across on-premises, cloud, hybrid IT, and multi-cloud environments. We help customers optimize value in a hybrid cloud world. Kyndryl's Data & AI services are designed around our customers and delivered on the platform that best meets their needs. We design, build, manage and modernize the complex, mission-critical information systems that the world depends on every day. Kyndryl's nearly 90,000 employees serve over 4,000 customers in more than 100 countries around the world, including 75 percent of the Fortune 100 companies. For more information, visit www.kyndryl.com