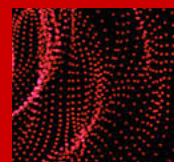




Key change

Spotlight on Singapore



Introduction

Singapore’s willingness to embrace digital innovation has been instrumental in its economic success story. A combination of strategic foresight, a highly skilled workforce, and wide-ranging government support has enabled businesses to transform themselves and unlock new opportunities with digital technology.

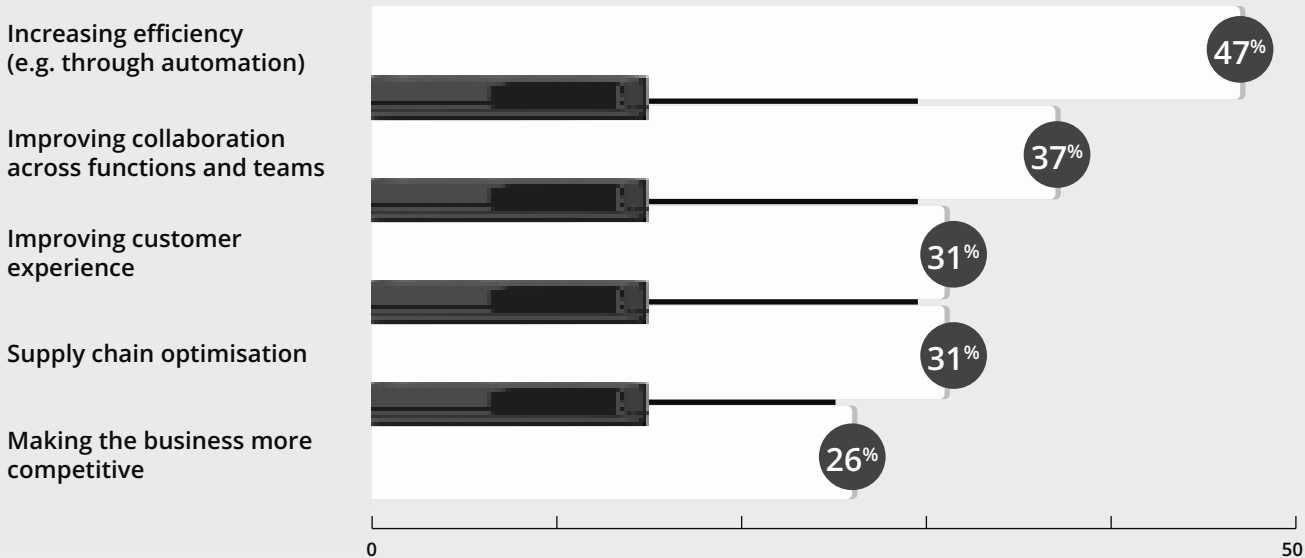
Now, Singapore’s businesses are striving to remain competitive internationally, despite the global headwinds of economic uncertainty and soaring inflation. For many, digital solutions will be key to sustained profitability and growth, whether through enriching the customer experience, improving productivity, or creating new business models.

Soon Chong Lim, Group Head of Global Transaction Services at DBS Bank in Singapore, sees digital transformation as a strategic initiative that offers many benefits to businesses.

“Digital transformation is an opportunity to introduce new revenue models, reduce layers of middlemen, bundle services and to lower cost through new modes of payments,” he says. “It can also reduce lags in establishment of contract, in approving transactions and settlement, and provide more data, forecasts and insights to management. Seen from this perspective, the potential to improve cashflow realisation and financial management is immense.”

New research by DBS – which surveyed 1,200 senior executives worldwide, including 100 based in Singapore – sheds light on the ambitions, successes, and lingering concerns of the city state’s business leaders as they attempt to make the most of digital in the current operating environment.

Efficiency is the top objective for transformation in Singapore



Priorities for transformation

Singapore is seen as the most competitive market in Asia and one of the most competitive in the world.¹ As a predominantly services-based economy, its leading firms must remain lean and agile if they are to stay ahead of the competition.

In this environment, organisational and operational efficiency are paramount. This need to maintain a cutting edge helps explain why survey respondents in Singapore are more likely than the global average to describe organisational efficiency, such as that enabled by robotic process automation (RPA), as the most important goal of digital transformation (47% in Singapore, compared with 37% worldwide).

¹ www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness/

Transformation leaders in Singapore

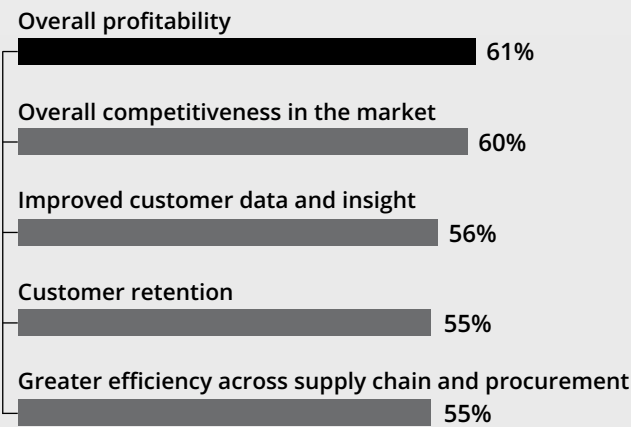
The research by DBS identifies a select group of ‘transformation leaders’ that consistently outperform the global average when it comes to digitalising their customer engagement.

In addition, we identify a ‘developing’ category of businesses that are currently excluded from the leader group but show potential for high performance down the line. At the other end of the scale, the transformation laggards are approaching the necessary improvements in an unmethodical and inefficient fashion.

In Singapore, one in 10 respondents falls within the transformation leader group, with a further 31% making the ‘developing leaders’ list. This suggests that the country’s overall proportion of transformation leaders may expand in the years to come, provided management teams can overcome the challenges currently restricting their progress (see next section).

Another promising sign in terms of the overall health of transformation activity in Singapore is that around six in 10 respondents in the country are satisfied with the contribution that digital transformation is making towards profitability and competitiveness.

Digital has boosted profitability and competitiveness in Singapore



In Singapore, 10% of respondents are transformation leaders



Strategic challenges to overcome

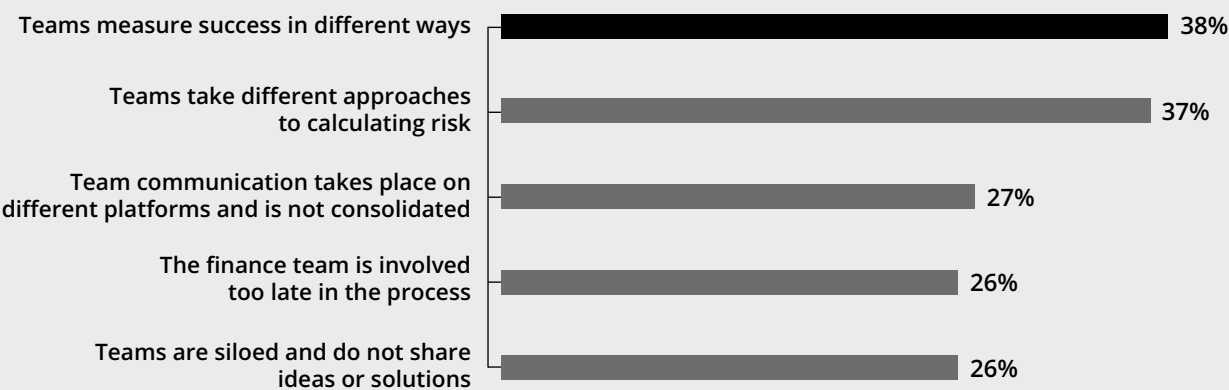
When asked which challenges are holding back their transformation programmes, respondents in Singapore are noticeably more likely than the global average to say that an unclear organisational strategy is to blame (45% in Singapore vs. 33% on average).

One indication of the source of confusion is the perception gap between Singaporean front-office and back-office teams in terms of identifying success and quantifying the acceptable level of risk in achieving it. This disparity may partly be explained by talent shortages, which is identified as the second-most common barrier to success.

Executives are looking for greater strategic clarity



Teams differ on how to measure success and approach risk



Harmony in the back office

DBS's research explores the growing roles of Singapore's treasury and finance teams in enabling change and innovation. In this section, we detail some of the transformation and technology trends that the research brings to light.

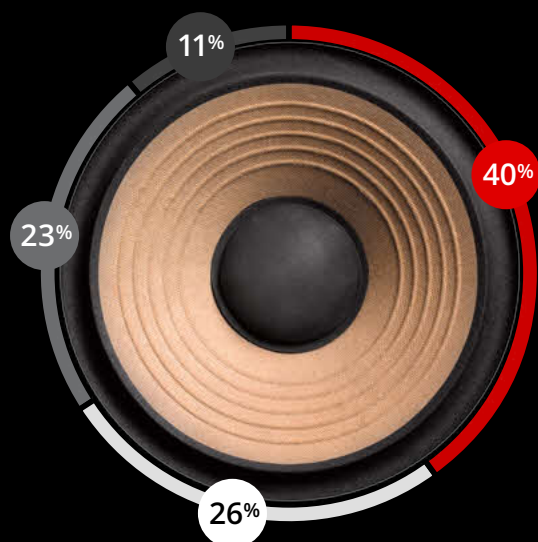
Singaporean businesses are notably more likely than the global average to prioritise advanced analytics (53% vs. 46%) and real-time payments (40% vs. 32%). Interest in these technologies reflects Singapore's position as a strategic hub for global transactions; these tools will prove integral to the city state's maintaining this status.

"Singaporean respondents say their most important technology overall is cloud, although they are less likely than the global average to say this (61% vs. 67%). This may suggest that they have already made investments in this technology, and now see it as less of a priority."



Cloud is the most important technology for treasury and finance

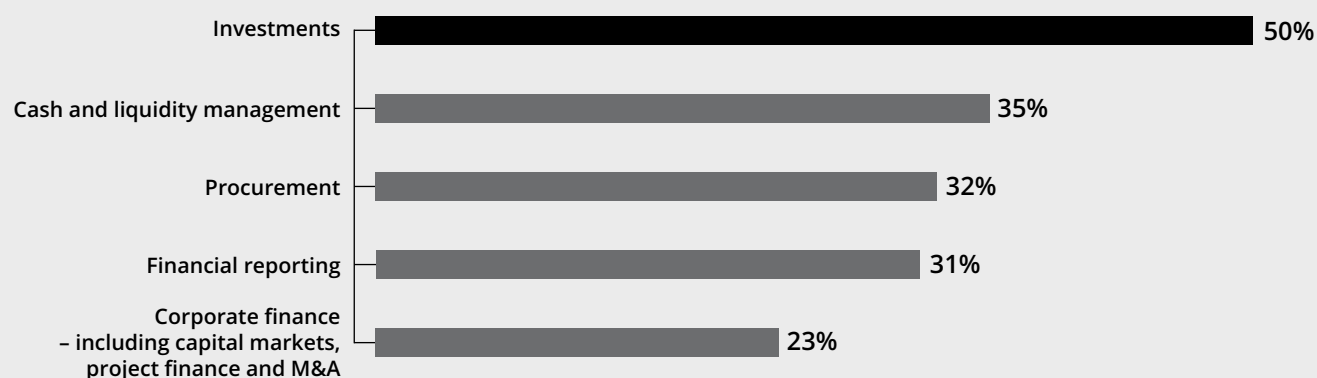




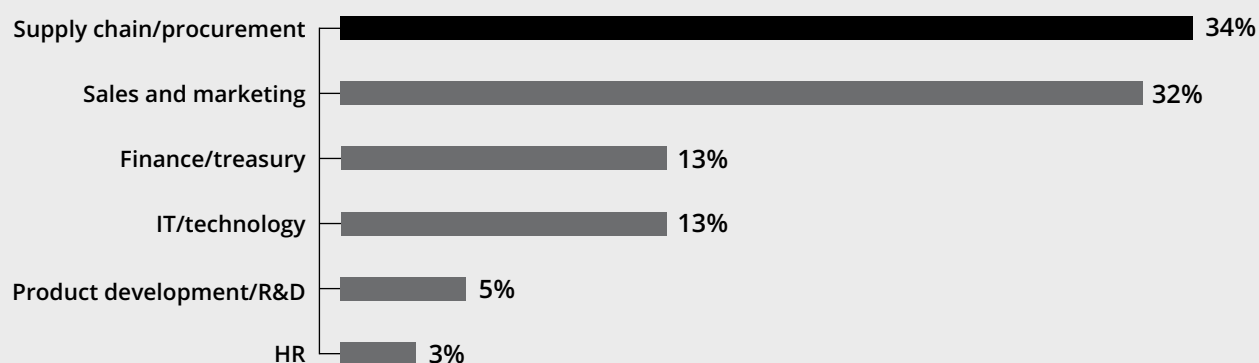
Singaporean treasurers prefer working with banks on treasury transformation

- Partnering with banks
- Partnering with consultants
- Partnering with fintechs
- Partnering with a combination of the above

Treasury teams are prioritising the digitalisation of investment activity



Commercial teams want to see the transformation of the supply chain and sales and marketing functions



Immediate actions

Our findings present a snapshot of digital transformation trends in Singapore. At a high level, we would recommend the following immediate actions:

Crystallise your strategic vision

Singaporean respondents believe that the development of a shared strategic vision is the most important element of a culture that supports digital transformation. Respondents acknowledge that, by extension, their greatest challenge is lack of clarity in organisational strategy. As a top priority, senior leaders should seek to communicate a clear transformation strategy to their organisations, as well as explaining the rationale behind it.

Embolden treasury

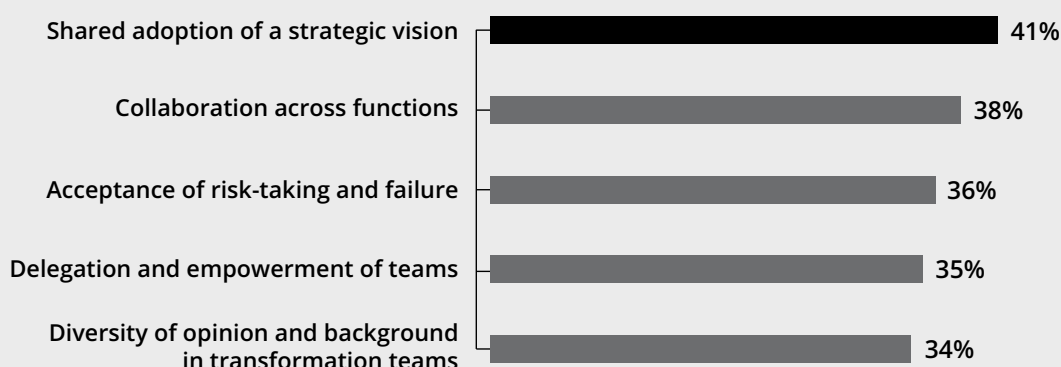
Businesses in Singapore say their back-office and front-office teams often take conflicting approaches to calculating risk. As finance and treasury teams play a more prominent role in digital

transformation, they should review their levels of risk compared to that of customer-facing functions, with the aim of reaching strategic alignment and unified organisational purpose. In our research, 47% of finance and treasury teams acknowledge that the attribute they most need among employees is risk acceptance.

Embrace radical innovation

Singapore has made undeniable progress in digital transformation, particularly in terms of efficiency. Companies should now ask themselves how the more radical end of transformation might open new opportunities for growth. Emerging technology, for example, is creating new business models and possibilities for customer engagement. As Singapore's start-ups pioneer this new technology, the city state's corporates should use their resources and market positioning to make sure that they, too, capitalise on the latest advances in digital.

Singaporean cultures are built on a shared vision





This report was produced by FT Longitude, the specialist research and content marketing division of the Financial Times Group. The views expressed in this report are those of DBS.

© Copyright 2023