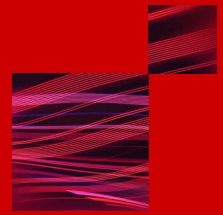




Key change

Spotlight on Taiwan



Introduction

Taiwan is a technology powerhouse. An essential hub in the global supply chain, it is home to more than nine-tenths of the manufacturing capacity for the world's most advanced semiconductors.¹ And it is using its hardware and semiconductor expertise to develop competitive smart city solutions for the international market,² as well as digital health solutions.³

In recent years, Taiwan has also become known for using innovation to benefit its citizens. During the Covid pandemic, for example, it pioneered new digital solutions such as a real-time map showing mask availability in pharmacies and a robust contact tracing system.⁴

So Taiwan has a growing reputation for technology leadership on a global scale, but are its individual businesses unlocking the opportunities of digital transformation? New research by DBS, which surveyed 75 senior executives in Taiwan, finds clear ambition but no shortage of challenges. Here, we shed light on their digital priorities, successes and lingering concerns.

- 1 <https://www.bcg.com/publications/2021/strengthening-the-global-semiconductor-supply-chain>
- 2 <https://futureiot.tech/taiwan-eyes-leadership-in-smart-city-solutions-development/>
- 3 <https://www.healthcareitnews.com/news/asia/taiwan-heart-digital-transformation-and-innovation-apac>
- 4 <https://asiasociety.org/switzerland/taiwans-first-digital-minister-i-was-asked-write-my-own-job-description>

Priorities for transformation

Widespread adoption of 5G is helping Taiwanese businesses to improve operational efficiency and build on their technological capabilities.⁵ The island also saw the launch of its Ministry of Digital Affairs (MoDA) in 2022, which is responsible for driving cross-sectoral transformation and enhancing digital resilience.⁶

By establishing a business environment that is supportive of innovation, Taiwan’s economy is becoming increasingly competitive.⁷ This inevitably puts pressure on its businesses to keep up with local as well as international rivals, and helps to explain why a top priority for Taiwanese companies is to use digital technology to improve efficiency. By automating processes and streamlining operations, they can enhance productivity, cut costs and become more competitive.

In DBS’s research, improving customer experience comes close behind efficiency as a driver of transformation, and is another sign that Taiwanese companies are focused on improving their competitiveness – in this case, by deepening market engagement and satisfaction. Competitiveness is further supported by a culture that prioritises fast decision-making, which is the cultural attribute that Taiwanese businesses see as most essential to transformation.

Goals: Efficiency is the top objective for transformation



Corporate culture: The ability to take decisions quickly supports digital success



5 <https://www.trade.gov/country-commercial-guides/taiwan-information-and-telecommunications-technology>
 6 <https://moda.gov.tw/en/majorpolicies/368>
 7 <https://www.taipeitimes.com/News/biz/archives/2022/06/16/2003779946>

Transformation leaders in Taiwan

DBS's research identifies a select group of 'transformation leaders' that consistently outperform the global average when it comes to digitalising their customer engagement. These companies are not just pursuing strategic or radical transformation plans – they are also carrying them out extremely well.

We also identify a 'developing leaders' 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 from the leaders, the 'transformation laggards' are taking a haphazard and inefficient approach to the improvements they need to make.

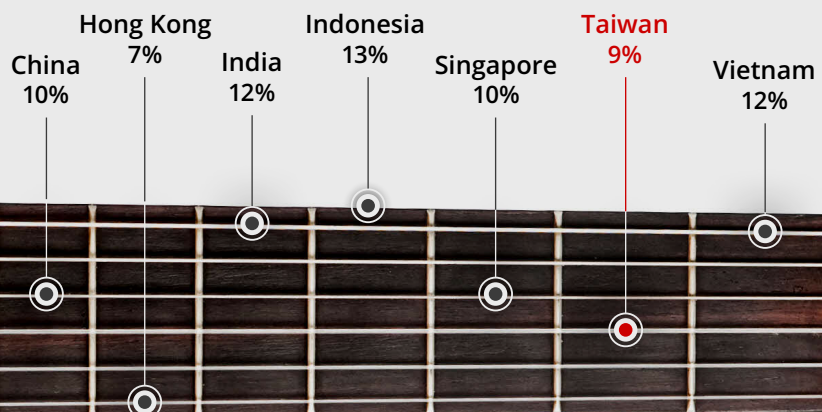
In Taiwan, 9% of respondents fall within the transformation leader group, while a further 27% are classed as developing leaders. This suggests that the country's overall proportion

of transformation leaders could expand in the years to come. Twenty-eight per cent, meanwhile, are transformation laggards.

Successes: Digital has boosted supply chain efficiency



In Taiwan, 9% of respondents are transformation leaders



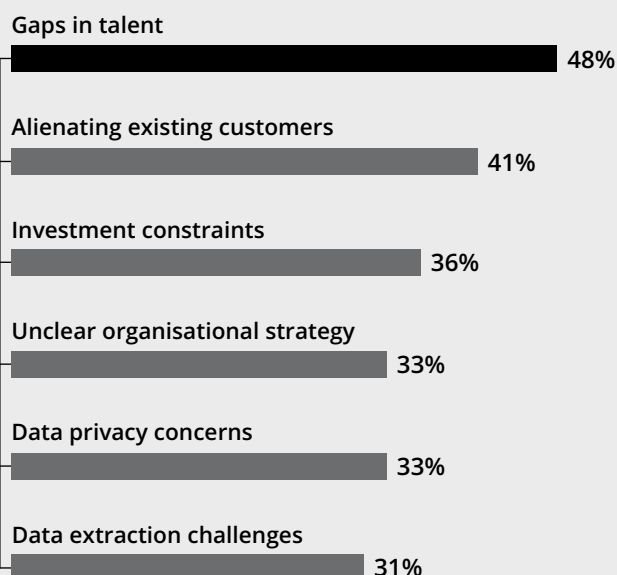
Strategic challenges to overcome

Asked which barriers are holding back their digital transformation activity, nearly half of Taiwanese companies say gaps in talent.

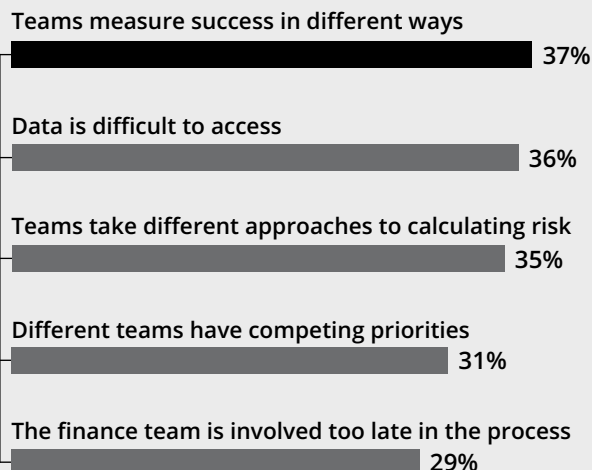
Taiwan's skills shortage is a complicated issue to resolve. With one of the world's lowest birth rates and an ageing population, it may struggle to fill its growing number of tech vacancies. This has provoked the National Development Council of Taiwan to launch an overseas recruitment initiative to attract 100,000 foreign professionals by 2030.⁸

Another transformation challenge faced by Taiwanese businesses relates to collaboration in the back office, and specifically how the different functions involved in transformation measure success and calculate risk. The top three challenges flagged by respondents are all related to data and how it is used and interpreted, which suggests that this is an area where executives should focus attention.

Change barriers: Gaps in talent are an obstacle to transformation



Collaboration challenges: Teams differ on how to measure success



8 <https://www.theasset.com/article/46742/taiwan-to-open-borders-lure-foreign-tech-talent>

Harmony in the back office

The DBS research explores the growing role that treasury and finance are playing in enabling change and innovation. Here, we go through some of the transformation and technology trends affecting Taiwan's finance and treasury teams.

Cloud technology is seen as the most important tool for transformation in the back office – it is identified by 70% of Taiwanese respondents. Advanced analytics and APIs are also gaining traction, which correlates with respondents' interest in improving efficiency and their need to use data more efficiently.

Sylvia Tao, GTS Head at DBS Taiwan, emphasises that digital innovation is increasingly seen as a prerequisite for treasury teams to operate successfully.

"Most business agree that digital transformation is inevitable, especially post pandemic," she explains.

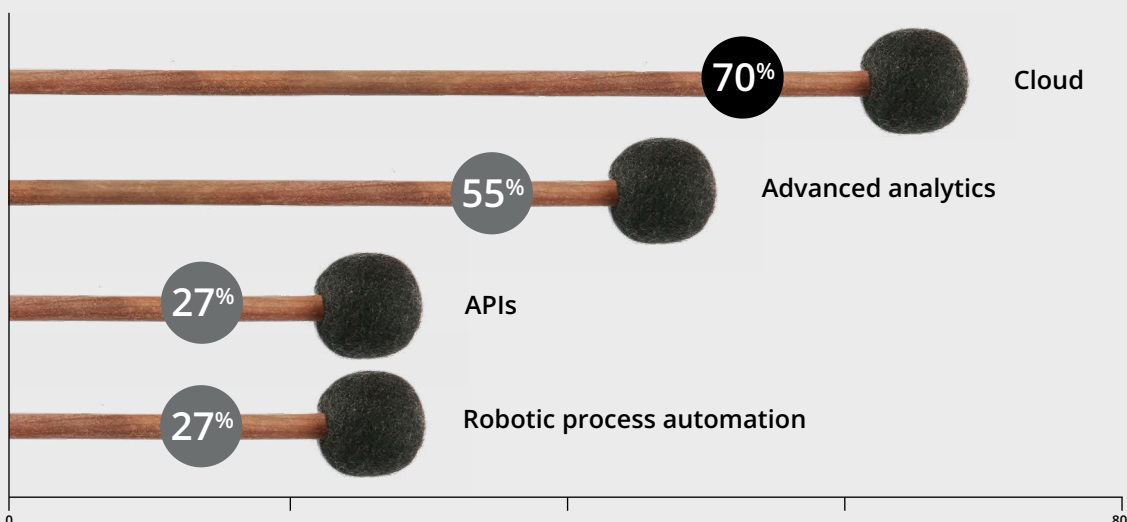
"Digital solutions such as data analytics, APIs, and robotic process automation are usually adopted when it comes to financial digital transformation."

Businesses are also looking to transform treasury through partnerships with external companies. Among Taiwanese respondents, the most popular form of partnership is with banks (chosen by 36%), followed by a combination of partnerships with banks, fintechs and consultants.

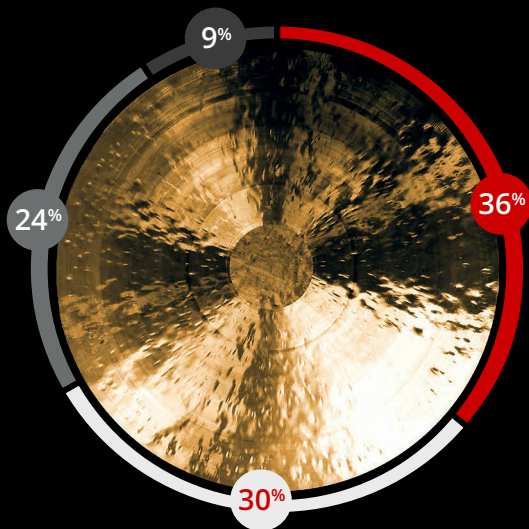
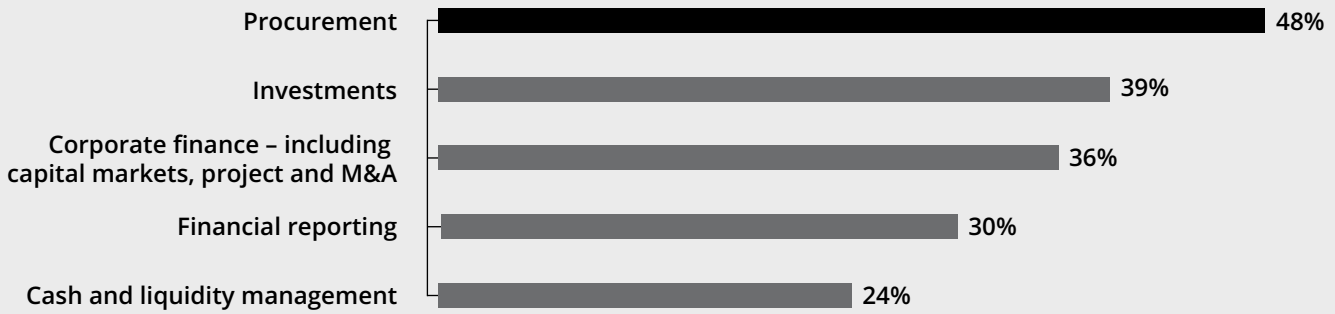
As Tao advises, selecting the right partnerships can be the key to setting businesses on the right path to digital transformation.

"DBS Group is a pioneer of digital transformation and has introduced innovative digital solutions and products," Tao reveals. "In Taiwan, we customised 35 APIs for local businesses to help them increase operational efficiency and pave the way to a successful digital transformation."

Technology: Cloud is the most important tool for treasury and finance



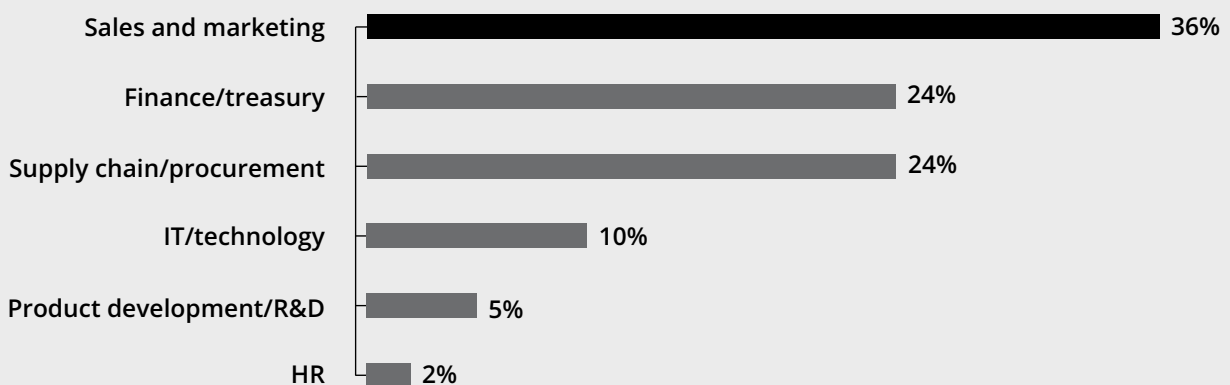
Treasury transformation: Digitising procurement is the priority



Taiwanese treasurers prefer working with banks on treasury transformation

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

Commercial priorities: Commercial teams want to see digitalisation of sales and marketing



Immediate actions

Our findings are a snapshot of digital transformation trends in Taiwan. At a high level, we recommend that businesses on the island take these immediate actions:

Prioritise digital-first decision-making

Slow decision-making caused by high risk-aversion could be stalling digital innovation. Over half of Taiwanese commercial respondents (52%) believe that finance and treasury teams are more worried about the risk of investments failing than they are about the risk of not investing in technology, which is higher than the 41% average among global respondents. Respondents also acknowledge that the ability to make decisions quickly is the most important cultural attribute of a successful digital transformation.

Bolster internal collaboration

Challenges arise when finance and commercial functions work together towards transformation. For Taiwanese respondents, the most common barrier is teams measuring success in different ways, and having the data needed to secure consensus on measuring success and acceptable risk. In response, companies should review interactions between different business functions to identify points of conflict and ensure that their priorities are in sync. They should also identify and remove data silos.

Update skills profiles and strategies

Asked what is holding back their digital transformation activity, about half of Taiwanese respondents blame

gaps in talent. At the same time, 51% say that they urgently need to update the skills profile within treasury to align with its wider role in growth and transformation. As well as diversifying recruitment strategies, business leaders should ensure that skills profiles are aligned with current requirements and, if necessary, bring in external providers that understand the expertise specific to treasury and to digital transformation.



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