



The APAC Transformation Vision: Balancing Digitalisation Ambitions with Cost Objectives

Trends to Track in the Developing Digital Economy
and What They Mean for Business

Published 2021

Index

03

Methodology

03

Executive Summary

04

Key Findings

04

Trends to Track in the Developing Digital Economy and What They Mean for Business

- ④ One year on: The state of digital transformation in today's world
- ④ Balancing the scales: Optimising cost and IT priorities towards the future of work
- ④ All eyes on APAC: What defines success in regional expansion ventures

10

Connecting Businesses in an Ever-Evolving Climate

11

Closing: The APAC Transformation Vision

11

Appendix

- ④ About Telstra Enterprise



Methodology

Telstra commissioned research to look at the digital transformation needs and challenges of business decision makers in the APAC region. We worked with Kantar, an independent market research company, to survey 420 business decision makers from various industry verticals spread across 7 markets in APAC, including Australia, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. The survey was conducted online from November 2020 to December 2020.

Executive Summary

We have seen a massive upsurge in digitisation efforts in the business world over the past year as organisations have looked to optimise business processes through technology and digitisation. Catalysed by the pandemic, we are observing widespread digital transformation across industries and organisations in the Asia Pacific (APAC) region. Most importantly, there's a need to acknowledge that the journey of transformation is still ongoing for many organisations.

In addition to accelerating digitisation ambitions, the pandemic has triggered a paradigm shift that is changing the way businesses are considering their IT priorities, cost management initiatives, and even plans for growth to new markets within and beyond APAC. For those seeking to increase information and communications technology (ICT) spend, top priorities include areas which will enable shifting modes of work, including cybersecurity, cloud infrastructure and services and remote working quality and uptime. When it comes to optimising costs, indirect cost management initiatives are becoming more prevalent.

Underpinning these re-calibrations is a desire for growth. Six in ten organisations continue to plan for market expansion – either within APAC or globally – despite the disruption brought about by the pandemic. When it comes to expanding in APAC, organisations have their sights on expanding to markets with strong growth potential and digital readiness. China, Japan and Singapore are cited as the top three markets identified for expansion.

Amid these shifts, common trends emerge. **Streamlining** the way we operate in the future of work and focusing on **value creation** will be the crux of what makes a good business great in the current – and future – business climate.

Digital Transformation and Why it Matters

Today, digital transformation (DX) is a leading strategic priority for almost every organisation around the world.

Businesses of all sizes are disrupting markets and industries with innovative new models, products, and services – or they are being disrupted by those that are. Digital technologies are at the heart of this new industrial revolution. Cloud computing, IoT, mobility, big data, artificial intelligence and more are changing the way we live our lives. In turn, these technologies are changing the way we choose to interact with each other, with businesses, and with other organisations.

Key Findings

The state of digital transformation

DX projects are seeing a rise in investment, with seven in ten (70%) businesses seeing an increase in DX project investments owing to the pandemic. And yet, the journey has only just begun – 55% of organisations have yet to fully implement and activate their DX strategy.

A desire for value creation

Cost management initiatives and new IT priorities are not at odds – but instead synergistic towards a goal of achieving greater value in the organisation. Versus direct cost-cutting measures, indirect means of managing cost are more popular. For instance, investing in services to prevent IT downtime, streamlining technology solutions, and exploring flexible financing options are cited as the top three cost management initiatives. Organisations simultaneously place emphasis on investing in the right areas for DX – 46% of organisations are even planning to engage external expertise to help with ICT design and management.

Staying connected is the future of work

Business leaders are committed to keeping their organisations and employees connected. This means a focus on areas which will allow the business to operate regardless of time and place, and in a manner that is streamlined and safe for all. Unified communications and collaboration, cloud computing, security and adaptive networks are all listed among top organisational priorities to enable various aspects of the business.

APAC expansion still important; technology will be key

With most organisations having their sights set on expansion in the current climate, supporting cross-border ventures will be essential. Investing in technology is considered key to succeed in expansion ventures.

Top ICT priorities that organisations plan to focus on following expansion into APAC markets include areas such as:

1. **Cloud infrastructure and services - 41%**
2. **Cybersecurity - 39%**
3. **Enhanced remote working quality and uptime - 35%**

Adopting a security-first approach is of particular note. As businesses continue their DX journey across borders and continue to invest further into the cloud, this opens up greater potential for security risks that will need to be mitigated by an IT approach that is secure by design.

Trends to Track in the Developing Digital Economy and What They Mean for Business

Trend #1



One year on: The state of digital transformation in today's world

Trend #2



Balancing the scales: Optimising cost and IT priorities towards the future of work

Trend #3



All eyes on APAC: What defines success in regional expansion ventures

Trend #1

One year on: The state of digital transformation in today's world

DX is a Journey

Spurred by the pandemic, businesses across APAC accelerated their journeys of transformation. This journey saw increased spending on DX initiatives, acted as a catalyst for internal reviews, and even accelerated the pace of organisational transformation in businesses around APAC.



There is a surging need for both new projects (39%) and a review of existing projects (37%) as a result of the pandemic.



DX projects are seeing a rise in investment, with seven in ten businesses seeing an increase in DX project investments owing to the pandemic.



More than six in ten businesses increased the pace of DX and innovation projects as part of their top pandemic recovery priorities.

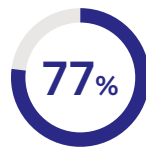
And yet, the journey has only just begun – more than half (55%) of organisations have yet to fully implement and activate their DX strategy.

This suggests that recovery was only the first step. While immediate reactions to the pandemic would have been focused on recovery and ensuring business continuity, the ongoing progress on the transformation front suggests that organisations have larger aspirations for DX.

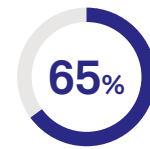
One thing is for certain: transformation initiatives are rolling out in waves. COVID-19 acted as a catalyst for businesses to take a step back and take a fresh look at areas including business continuity and the long-term development of the organisation.

What's driving DX?

When surveyed regarding the key drivers for the organisation's DX strategy, decision makers in APAC cited numerous factors. This ranged from improving organisational efficiency to cost management and value creation.



of organisations are spurred by a desire for increase adaptability and to accelerate the speed of change within their organisation



of organisations are motivated by cost, seeking to improve cost structure through savings



of organisations are focused on increasing top-line revenue streams



of organisations strive to deliver personalised customer experience

One thing is clear – it is not one factor that drives DX, but an amalgamation of numerous goals. A key consideration is that organisations will have to balance priorities between internal change, cost management and value creation.

Trend #2

Balancing the scales: Optimising cost and IT priorities towards the future of work

The Future of Work

Amid transformative shifts, organisational IT priorities are shifting to accommodate new modes of work. This means tapping into new digital projects to improve productivity and deliver value throughout the organisation.

With almost half of surveyed organisations planning to engage external expertise to help with ICT design and management, service providers will need to be prepared to deliver personalised and flexible IT solutions based on prevailing needs that can empower businesses in the future workplace.

During the pandemic, the top technological obstacles to business continuity were related to enhancing and securing an adequate level of connectivity and security to facilitate remote work.

Top three technological obstacles for business continuity during COVID-19

- 1 Securing IT spending for employees' connectivity and services
- 2 Implementing additional cybersecurity protection and compliance measures
- 3 Increasing VPN capacity to cope with more people working remotely

These struggles have translated into swift action to enhance IT infrastructure and scale up technological capabilities to accommodate new modes of work. For example, leading areas of focus include cybersecurity, cloud infrastructure, and solutions which enhance connectivity and the remote work experience. In particular, as many organisations venture onto uncharted paths along this journey, having adequate cybersecurity protection will be an important foundation to guard against potential enterprise risks.

Top five investment priorities for organisations with increasing ICT spends

1. Cybersecurity - 56%
2. Cloud infrastructure and services - 52%
3. Remote working quality and uptime - 50%
4. Applications and data - 49%
5. Wireless networks (e.g. 4G/5G) and related services - 45%

It is clear now, more so than ever, that solutions that are critical are those that keep employees connected to their work and the business connected to the employees. These include solutions such as enterprise security, adaptive networks, and cloud infrastructure.

Top ICT investment swings in the current business climate

When surveyed on how ICT investment priorities had changed as a result of the pandemic, these are the top investment swings by consensus:

- 1 Introducing networking solutions for remote workers
- 2 Accelerating roll-out and availability of online and digital services to customers
- 3 Accelerating the migration of workloads to cloud services to support remote workers with business continuity and compliance
- 4 Updating overall wide area network (WAN) strategy to address increase in traffic and changing profile
- 5 Rolling out standard ICT workspace solutions for remote workers (e.g., VDI, BYO, Security, UC&C, VPN)

The Question of Cost

Undercutting ongoing disruption, cost unsurprisingly remains a critical consideration in the modern business environment. In speaking with IT decision makers, we found organisations are not simply seeking to cut costs. We found that instead, priorities were exploring new ways to streamline processes and enhance operational efficiency.

Indirect cost management initiatives are more prevalent in the current climate – significantly more so compared to direct cost-cutting measures such as consolidating headcount or scaling back on engagements with external vendors.

Leading cost management initiatives

When surveyed on the top methods by which the organisation is managing costs in the current climate, these were the most popular methods cited by surveyed business leaders:



In comparison, these were the least popular:

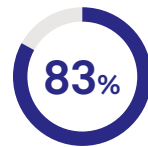


The emphasis on the indirect cost management route points to a preference for long-term value creation in the organisation, making the right investments and activating the appropriate initiatives to save costs long-term.

For example, businesses may seek to invest in services such as better networks and unified communication and collaboration technologies to reduce IT-related downtime for remote workers. Similarly, streamlining technology infrastructure via the adoption of solutions such as multi-cloud and dedicated data centres can reduce dependence on legacy infrastructure that will better allow organisations to scale into the future of work.

Forging Value-Centric Partnerships for Customers

At the heart of it all, delivering the best possible experience for customers remains, by consensus, a leading priority for the business.



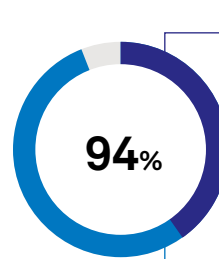
of IT decision makers consider accelerating the roll-out and availability of customer-centric digital services a top priority swing in the current climate.



of decision makers agree that customer experience (CX) functions are important to enabling and/or sustaining the organisation's business, and that investing in this is important for the business.

Emphasis on CX has seen an upward trend in recent years – a trend seemingly undeterred by COVID-19. Organisations are cognisant of the importance of this - having a robust business strategy incorporating CX is beneficial to the sustained growth of any business. Positive CX promotes customer retention and brand advocacy, which translates down the line into direct benefits such as revenue growth.

To that end, many organisations in the current climate consider working with external CX service providers essential.



44% of organisations are already using external CX expertise to enable service delivery and drive customer retention.

50% of organisations have plans to do so, which presents clear opportunities for CX-related partnerships in the current climate.

Trend #3

All eyes on APAC: What defines success in regional expansion ventures

APAC Expansion Plans Prevail



Six in ten organisations continue to plan for market expansion – either within APAC or globally – despite the disruption brought about by the pandemic.



More than half of the organisations planning for market expansion intend to execute plans for expansion within the next 12 months.



Gaining competitive in-market advantages (36%), increasing potential revenue (34%), and diversifying revenue streams (34%) are the leading drivers for market expansion.

The Keys to Connect in APAC

Businesses today share in the belief that technology is an enabler not only in the context of existing operations, but also when it comes to expansion to new markets. When it comes to expanding in APAC, organisations have their sights on expanding to markets with strong growth potential and digital readiness. For example, China (39%), Japan (32%) and Singapore (29%) are among the top markets identified for expansion by surveyed business leaders.



It's unsurprising that organisations look to China, Japan and Singapore for expansion. Each country has a track record of strong economic development and a positive outlook for further growth. What's potentially even more enticing is that each of these countries has a strong culture of innovation and collective willingness to embrace shifts in the technology landscape.

Oliver Camplin-Warner
CEO Telstra International

To succeed in new APAC markets, business leaders are aware of the need to prioritise investment in the right technologies and infrastructure that best tap into the strengths of target markets for expansion.

Top ICT priorities organisations plan to focus on following expansion to APAC markets include areas such as:

1. **Cloud infrastructure and services - 41%**
2. **Cybersecurity - 39%**
3. **Enhanced remote working quality and uptime - 35%**

Specialised ICT needs differ slightly by market, but one thing is clear: organisations will require the help of technology solutions providers that can cater to robust needs and deliver flexibility when it comes to meeting in-market needs.

Top 3 ICT priorities by market



China

- ⌚ Cloud infrastructure and services
- ⌚ Artificial intelligence
- ⌚ Internet of Things



Japan

- ⌚ Wireless networks & related services
- ⌚ Cybersecurity
- ⌚ Internet of Things



Singapore

- ⌚ Cloud infrastructure and services
- ⌚ Remote working quality and uptime
- ⌚ Cybersecurity



Australia

- ⌚ Cloud infrastructure and services
- ⌚ Remote working quality and uptime
- ⌚ Cybersecurity



Malaysia

- ⌚ Cloud infrastructure and services
- ⌚ Remote working quality and uptime
- ⌚ Cybersecurity
- ⌚ Applications and data



Korea

- ⌚ Cybersecurity
- ⌚ Applications and data
- ⌚ Cloud infrastructure and services



Hong Kong

- ⌚ Cloud infrastructure and services
- ⌚ Artificial intelligence
- ⌚ Cybersecurity



Indonesia

- ⌚ Cybersecurity
- ⌚ Applications and data
- ⌚ Cloud infrastructure and services
- ⌚ Remote working quality and uptime



Philippines

- ⌚ Cybersecurity
- ⌚ Cloud infrastructure and services
- ⌚ Remote working quality and uptime
- ⌚ Collaboration and communications



Thailand

- ⌚ Remote working quality and uptime
- ⌚ Cybersecurity
- ⌚ Cloud infrastructure and services
- ⌚ Wireless networks & related services



Vietnam

- ⌚ Cloud infrastructure and services
- ⌚ Cybersecurity
- ⌚ Wireless networks & related services
- ⌚ Applications and data



New Zealand

- ⌚ Cloud infrastructure and services
- ⌚ Cybersecurity
- ⌚ Wireless networks & related services

Connecting Businesses in an Ever-Evolving Climate

Businesses that are looking for expansion and growth across Asia should be backed by a dynamic network, access to cloud and a modern workplace to respond rapidly to business needs in local and global markets. This should be supported with data and analytics that will allow them to make the right business decisions. This should be enabled by enterprise security to build trust and ensure that data is kept private and protected.

More than ever, decision-makers looking for business growth across Asia and beyond are realising the necessity to empower their businesses. Telstra's purpose is to connect international businesses to Asia and to the world enabled by our people, innovative technology and partnerships.

We provide a wide range of products and services to enable a flexible and scalable IT environment and allow your business to respond and adapt operations amid rapid changes in the world.

Our solutions include:



Adaptive networks

A portfolio combining the best core network with cutting-edge technology and the know-how required to get your organisation moving quickly through the transformation process. This includes an SD-WAN offering that unlocks better performance, efficiency, security and access for clients, among other benefits.



Modern workplace

We connect people throughout and beyond the organisation and enhance employee experience with solutions that bring technology together in one place. This includes empowering a connected workforce by enabling secure collaborating, driving business automation with optimised costs, and helping organisations to move away from traditional office environments and toward spaces that mirror how we work and live – offering flexible, collaborative and increasingly creative places through technology.



Data centre & cloud transformation

Enables transformation from on-premise archaic monolith systems to a nimble and agile cloud model. By following an automation-first approach, we operate simpler, clearer, and faster digital services, giving clients access to flexible payment structures. We walk with clients end-to-end along their cloud journey, from accessing workloads and applications, to implementation of best-in-class visual and predictive analytics.



Security

At Telstra, security is embedded in everything we do – it's in our DNA. We solve security business challenges by tapping into the capabilities of our people, innovative technology, and partnerships.

Closing: The APAC Transformation Vision

Geraldine Kor, Managing Director, South Asia, Telstra



Our world has fundamentally changed in the wake of the pandemic. While we face many unknowns, businesses must remain bold and brave to not just survive, but thrive in the face of an uncertain future. There has never been a better time to learn, fail, and re-adapt as companies look to new opportunities. What matters is not the “new normal”, but readying ourselves for the *new* “new normal” to come, and being willing to re-imagine ourselves and discover the “art of the possible”.

The question for many businesses will not be one of *when* the future will arrive, but *how* we prepare for it.

We are experiencing an unprecedented technology revolution. Digital transformation is taking place at a prodigious pace, and the adoption of new innovations ranging from artificial intelligence and machine learning to robotics and Internet of Things is rapidly changing the way we live and work.

At Telstra, we are at the forefront of this change. We look beyond enterprise connectivity. We focus on how we can keep enterprises truly *connected* – to people, to their employees, to markets in APAC, and to the shifting tides of the world beyond. As we provide the bandwidth to support the emergence of new technological use cases around the globe, from 5G to cloud, we also look to explore the holistic use of technology as an enabler.

From security to modern workplace solutions, unlocking the future of work means that we support and guide our customers – and, in turn, their customers – on all technological fronts. To us, this is what it means to harness the power of technology to keep people and businesses connected, no matter the state of the world we live in.

Appendix

Telstra

Telstra is a leading telecommunications and technology company with a proudly Australian heritage and a longstanding, growing international business.

Today, we operate in over 20 countries outside of Australia, providing services to thousands of business, government, carrier and OTT customers. Telstra Enterprise is a division of Telstra that provides data and IP networks and network application services, such as managed networks, unified communications, cloud, industry solutions and integrated services. Telstra Purple, our new professional and managed services business in Australia, Asia and the UK, brings together people and innovative solutions to define and deliver a clear vision of our customers’ transformation journey, network foundation, and the protection they need to thrive.

Telstra’s global network includes more than 26 cable systems spanning over 400,000 kilometres, with access to multiple cable landing stations and more than 2,000 points of presence around the world. Our subsea cable network is the largest in Asia Pacific, with access to the most lit capacity not just in Asia, but also from the region to Australia, USA and Europe.

For more information visit www.telstra.com.

Disclaimer

All Rights Reserved.

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher, Telstra.

The facts of this report are believed to be correct at the time of publication but cannot be guaranteed. Please note that the findings, conclusions and recommendations that Telstra delivers will be based on information gathered in good faith from both primary and secondary sources, whose accuracy we are not always in a position to guarantee. As such, Telstra can accept no liability whatsoever for actions taken based on any information that may subsequently prove to be incorrect.



Contact your Telstra account representative for more details.

 tg_sales@team.telstra.com  telstra.com