



PwC and CPA Australia **State of Digital 2018 Report**

About this report

The State of Digital 2018 survey was conducted online from July 27, 2018 to September 7, 2018. Members of CPA Australia and clients from PwC Singapore were invited to participate in the survey.

The results shared in this report are based on the responses of 120 CEOs, CFOs, VPs, Directors and Finance Professionals from more than 13 industries in Singapore including:

- *Aviation*
- *Automotive*
- *Consumer products and retail*
- *Education*
- *Electronics/Manufacturing*
- *Energy/Utilities/Mining*
- *Financial services*
- *Government agencies*
- *Health industries*
- *Hospitality/Travel & leisure*
- *Real estate*
- *Technology*
- *Telecommunications*

About PwC Singapore

Creating value for our clients, people and communities is at the heart of PwC. With a common purpose to build trust in society and solve important problems, we are a network of firms in 158 countries with more than 250,000 people who are committed to delivering quality in assurance, advisory and tax services. Our highly qualified, experienced professionals help organisations solve their business issues as well as identify and maximise the opportunities they seek. Our industry specialisation allows us to co-create solutions with our clients for their sector of interest.

PwC Singapore has been recognised as Best in Audit Services (CFO Innovation Awards 2017, 2015); Graduate Employer of the Year (Singapore's 100 Leading Graduate Employers Award 2011-2017); People & Talent Award (Biennial Singapore Accountancy Awards 2018); Best Practice Award (Biennial Singapore Accountancy Awards 2016, 2015); and Best Tax Advisory (HFM Awards Asia 2015).

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity.

About CPA Australia

Founded in 1886, CPA Australia is one of the world's largest professional accounting bodies representing more than 160,000 members working in 125 countries around the world.

CPA Australia advances its members' interests through education and knowledge exchange, the development of professional networks, advocacy in relation to policy, standards and regulation and the promotion of value of CPA Australia members to employers, government, regulators and the public. The world-renowned CPA designation is synonymous with professional credibility and international portability. CPA Australia has been operating in Singapore for 64 years, having arrived in this market in 1954 under the auspices of the Colombo Plan.

For more information, please visit cpaaustralia.com.au

State of Digital

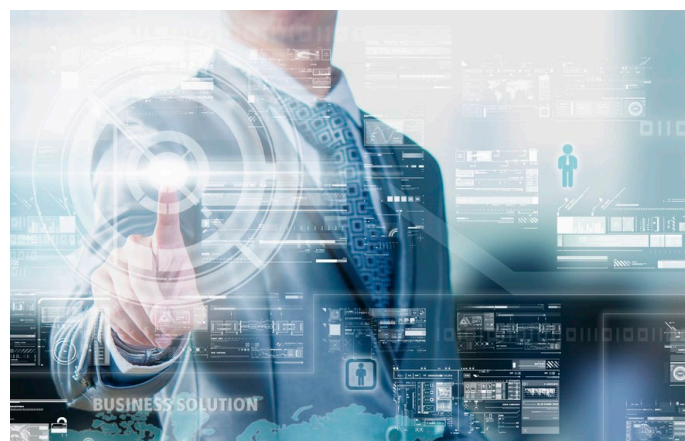
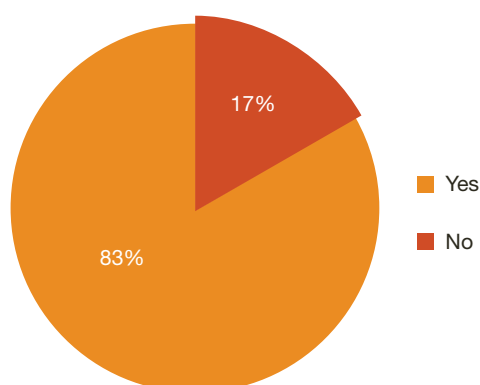
Digital Transformation Health Check

In Singapore, the speed of change and disruption brought about by the reshaping of industries continues to gather momentum. This trend will only increase as new emerging digital technologies continue to impact businesses. It is against this backdrop that business leaders in Singapore have made digital transformation a top priority.

In response to these trends, CPA Australia and PwC carried out a joint survey of executives in Singapore to assess the current impact of disruption on their organisations and develop a sense of what the future could look like.

From this survey, we found that many organisations in Singapore are developing plans

Is your organisation in the midst of a transformation journey or has been through a transformation?

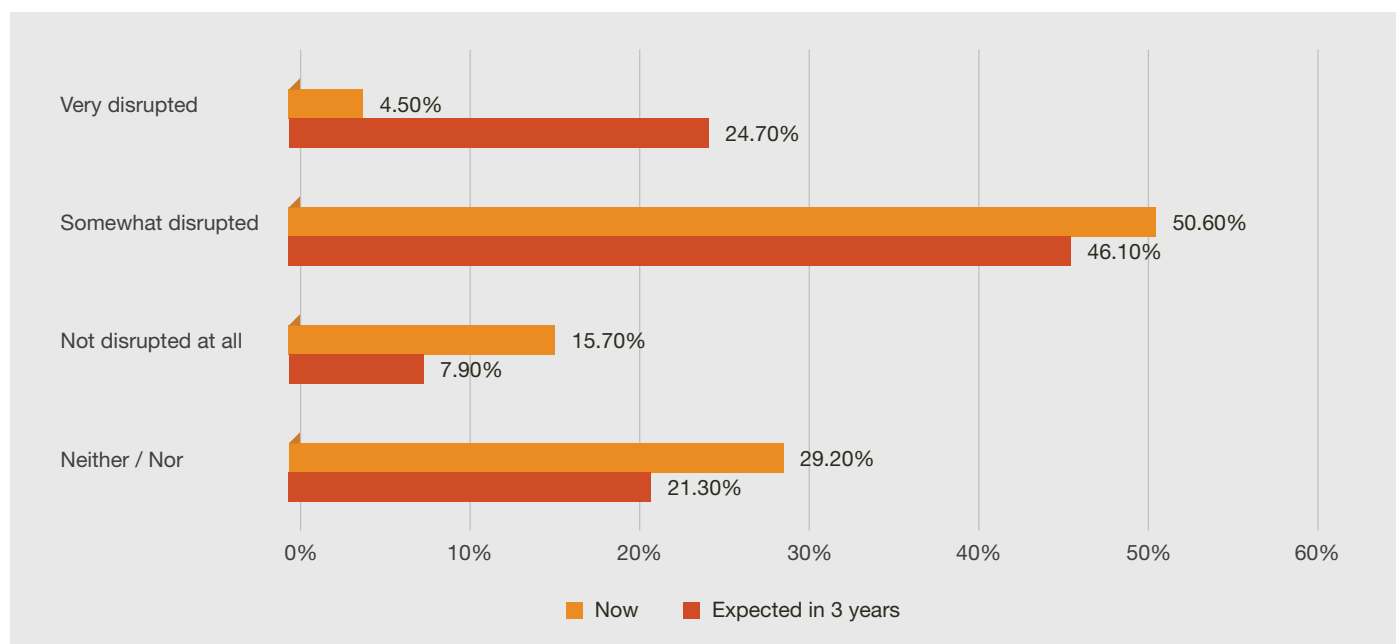


to address both the challenges and opportunities arising from the impact of digital disruption. 83% of respondents indicate that their organisation has either been through a transformation journey or is in the midst of one. They also expect significant investments in transformation initiatives over the next 3 years and beyond.

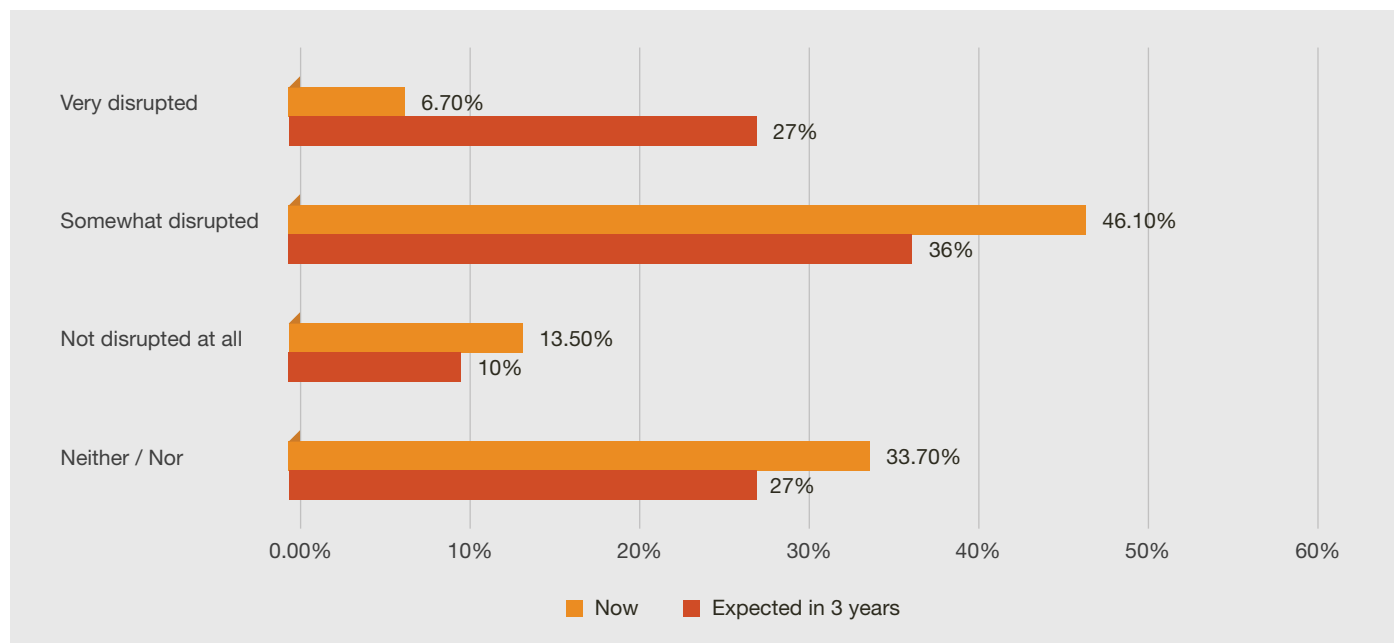
One clear observation was that the impact of disruption is no longer constrained to competitors within their own industry sectors, but increasingly being felt from players outside their industry.

Whilst significant disruption is being experienced from competitors within their own industry sectors, 53% of executives say they are also currently being disrupted by players from outside their industry. This number increases to 63% of executives expecting disruption from outside their industry 3 years' from now.

How much is your organisation being disrupted by players within your industry?

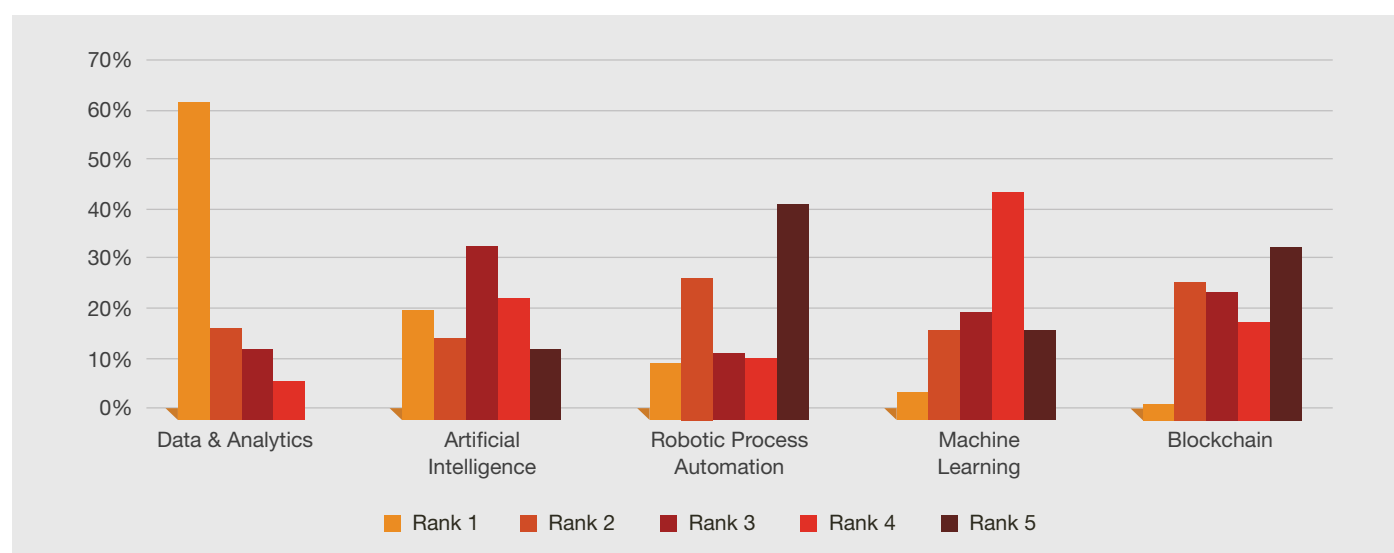


How much is your organisation being disrupted by players outside of your industry?



To prepare themselves for the future, organisations are investing to be ready for change and enhance their competitive positioning. The top priority identified for investment was to enable enhanced use of data and analytics to support the business—62% of executives identified this as their top priority. This was followed by plans to invest in increased use of machine learning and artificial intelligence solutions. Greater use of automation, particularly through use of robotic process automation, was also identified as an area of interest to drive greater productivity and effectiveness of organisational workflows.

In order of priority, please rank from 1—5 which of the following technologies your organisation is investing in/planning to invest in?

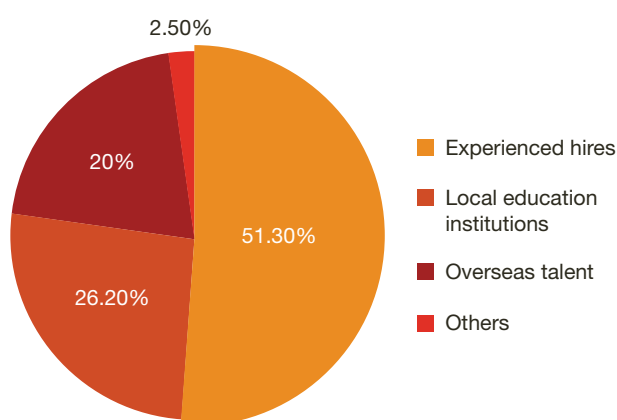


The People Factor

To optimise the use of technology, the people agenda is also top of mind for business leaders, and the “war for talent” is a priority for all organisations surveyed. In this age of disruption, specialist technology and digital skills are in demand, with 50% of executives surveyed indicating they are currently hiring new talent with digital skills.

It is interesting to note that more than half of these new digital hires are being sourced from local experienced hires, rather than directly from educational institutions or from overseas.

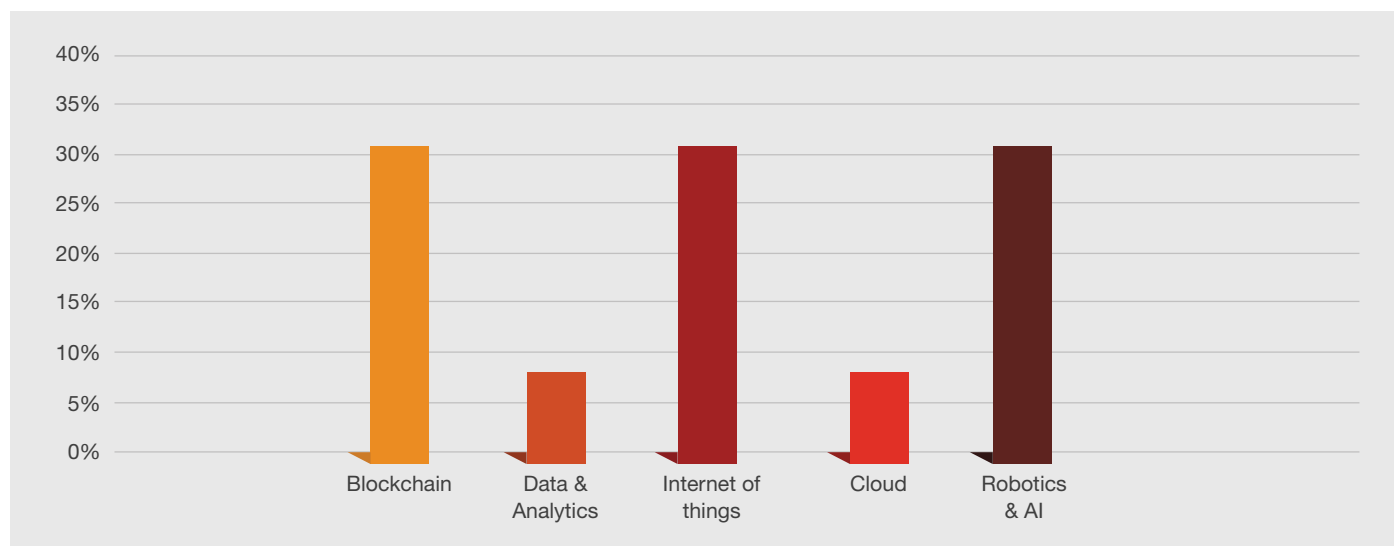
Where are you sourcing new talent?



Furthermore, around 60% of organisations surveyed have digital enablement initiatives under way as they seek to upskill their existing employees. These include providing training and development programs to enhance a wide variety of different digital capabilities. The following areas were identified as priority areas for training and upskilling:

Technology Areas	%
Data and analytics	33.5%
Robotics and AI	22.6%
Internet of things	18.7%
Cloud	15.5%
Blockchain	9.7%

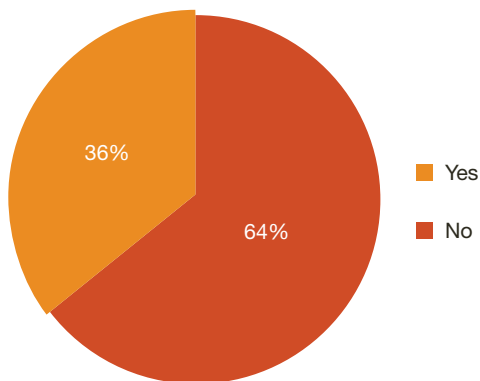
Which areas represent the greatest training need for your organisation?



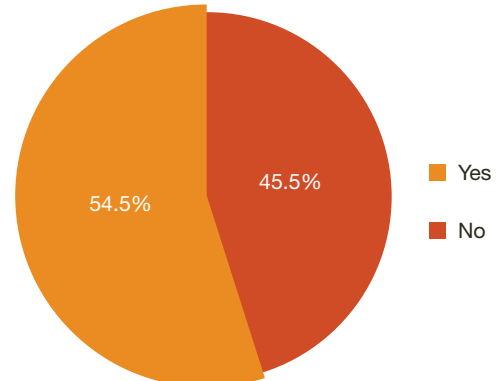
With so much change and transformation under way, agile and effective leadership will be more important than ever. However, organisations are still evolving their approach and considering the leadership roles that will be important for their future. Only 30% of organisations surveyed in Singapore have appointed a Chief Digital Officer (CDO) for instance. More organisations may appoint CDOs in future given the importance of effective leadership to drive successful digital transformation for organisations.

In terms of assessing their own progress, 64% of the organisations surveyed have not benchmarked their organisations' digital readiness against competitors. Significantly, 73% of those who haven't undertaken benchmarking do not have a current plan to do so in the immediate future. Similar responses applied to assessing the specific digital readiness of their leaders and workforce.

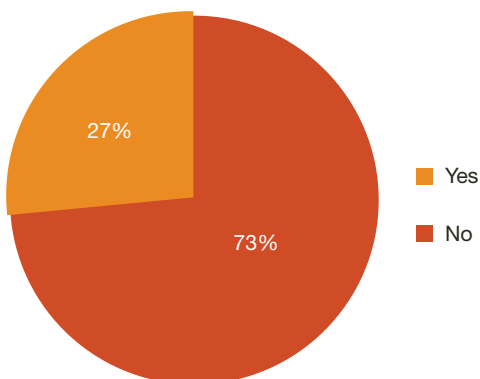
Have you benchmarked your organisation's digital readiness with others in the industry?



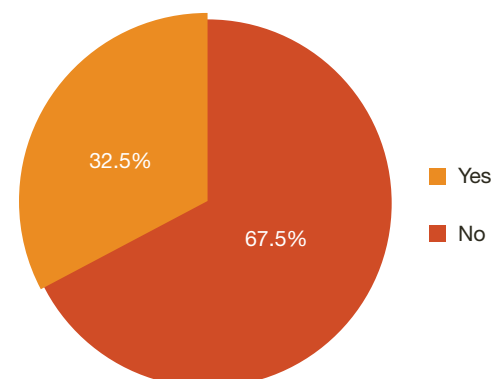
Have you fully communicated your organisation's digital vision with your teams?



If no to above, is there a plan to benchmark your organisation's digital readiness with others in the industry in the next 12 months?



If no to above, is there a plan to fully communicate with your organisation's digital vision with your teams in the next 12 months?



On the question of developing a compelling vision and organisational leadership, it was also found that there is much to be done. Only 55% of executives surveyed have communicated their organisations' digital vision to their teams and 68% of those who have not communicated a vision do not have plans to do so. Once again, we expect more progress to be made communicating the organisational vision in future years.



The Digital Journey Ahead

Just as all industries will be disrupted by emerging technologies and new business models, so will the role of finance professionals across all sectors. Increasingly, we will see organisations enabling this change through:



Automation

With the automation of business processes, less human intervention is required, resulting in greater efficiencies and productivity. Adoption of Robotic Process Automation (RPA) will become more prevalent, for instance.



Real time reporting and monitoring

Adoption of business intelligence tools and cloud platforms provides real-time visibility into business and financial risks, allowing for faster remediation and facilitating real-time reporting with management.



Adoption of Cloud

Cloud-based systems facilitating more flexibility and agile approaches to deploy technology.



Enhanced use of data and analytics

Data can provide real-time insights to businesses. However the challenge is not in collecting data, but rather, to identify the data you need that can help deliver value and insights and maximise that value for the business.



An evolution of the role of financial professionals, enabled by advancing technology

As digital technology accelerates the pace of change, it is crucial for employees to be equipped to identify, access and manage innovation to create value.

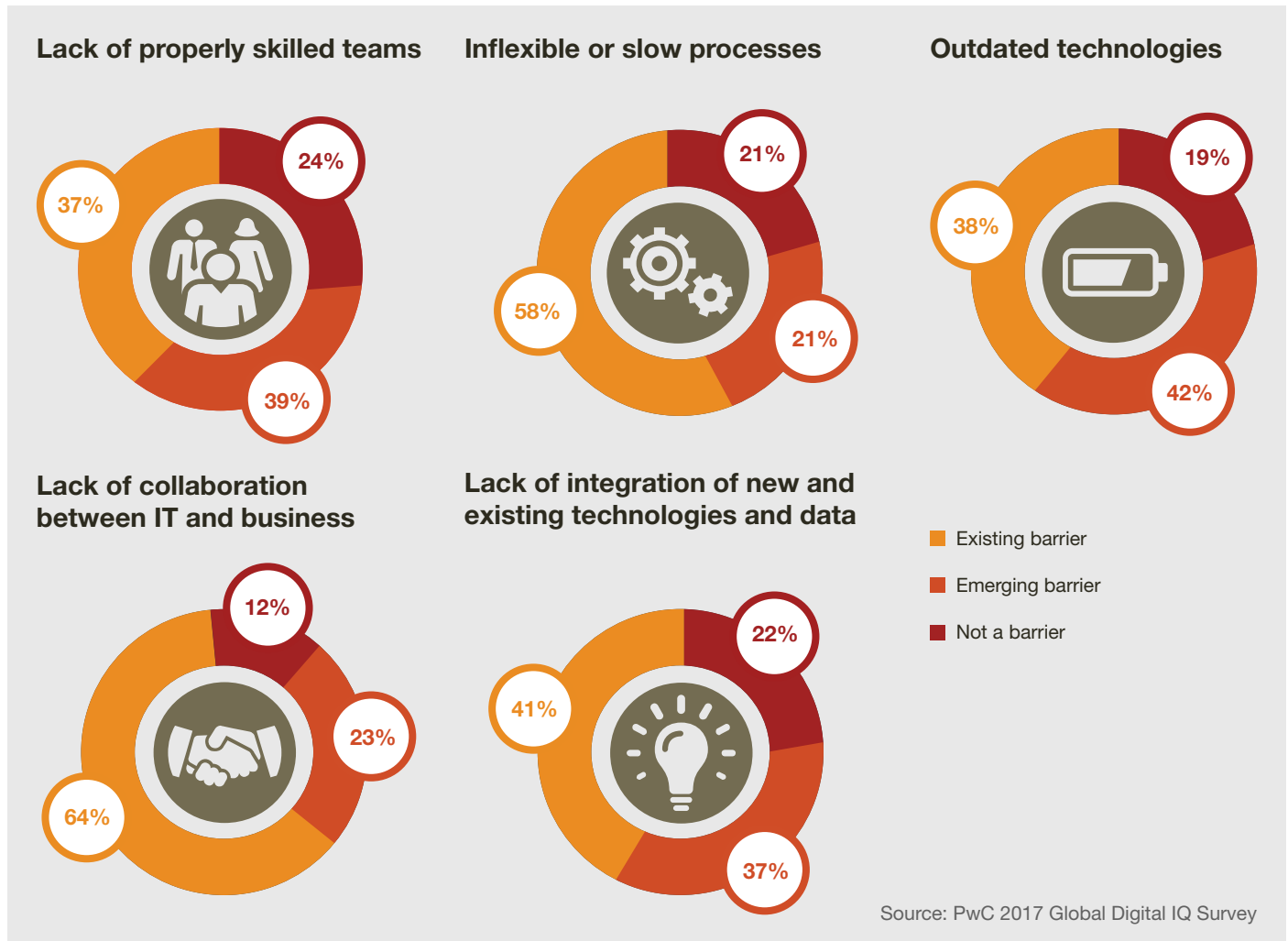
Examples include:

- Leadership & Culture: Appointing innovation champions to spearhead innovation, deploy and incubate new ideas and scale the benefits across the organisation.
- Upskilling employees' with new skills and competencies to prepare for and embrace new technology and better address associated risks.

What's stalling digital transformation efforts?

The journey in digital transformation may not always be smooth-sailing. A number of factors may create challenges for businesses to go digital. PwC's 2017 Global Digital IQ Survey highlights the top barriers that could stall transformation efforts.

How would you characterise the following obstacles to achieving expected results from your digital technology initiatives?



Digital Tools

Whilst technology advancement provides great opportunities for the finance function to evolve, it will require new investments in technology as well as new policies, procedures and practices to be introduced. This is a major change initiative for most organisations. More importantly, further investment in the right leadership and talent development will be essential to manage and drive these changes.

Many companies are also developing and deploying new digital tools to ease the transition to be a digital-led organisation. This is enabling employees and management to embrace the digital movement, increase work efficiencies and inculcate a digital mindset and culture.

With a vision to digitalise the workforce, some examples of digital tools being deployed to support leading organisations' digital agenda include:

- **Organisational readiness:** Digital Maturity Indices are being used to assess and benchmark the status of systems, processes, people and technology to embrace digital change. This helps any organisation to review their current status and make better decisions about where to invest for most impact. Our experience is that organisations that have studied their digital maturity have been able to move ahead with greater confidence and accelerate their digital transformation efforts.
- **Individual digital readiness:** Digital Fitness – learning platforms that provide bite-sized content, covering topics from business to consumer insights and technology, that is personalised according to the individual's digital fitness score and progress. This encourages learning on the go and helps educate and elevate employee's digital knowledge. Understanding all of the most recent technology and digital developments is a challenge to all, particularly those without deep technical skills. These tools enable tailored learning to enhance the confidence of teams and support a more innovative culture.
- **Innovation crowdsourcing:** Platforms for employees to suggest and post their ideas, allowing them to collaborate with other individuals to refine ideas before choosing those to implement. This helps create a culture of intrapreneurs where staff are able to create and implement positive changes. These tools capture the best “wisdom of the crowd” and enable the workforce to be inspired to make a real impact for the organisation. It is important, however that good ideas selected for development are followed through and teams are provided the necessary time and support to implement them successfully.
- **Personalised enablement apps:** Allowing employees control over their work environment through booking of seats and meeting spaces, as well as syncing up calendars and organisation's contacts all through the app. This is about developing an agile, flexible and empowered workforce.

It is evident that change and disruption are on the rise. This is an opportunity for finance professionals to step in to play a major role in helping organisations adapt and even “thrive” in a digital world and embrace the finance function of the future.





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