
THE IMPACT OF TECHNOLOGY DISRUPTION AND DIGITAL TRANSFORMATION ON BUSINESSES IN APAC

On a hazeless evening of October 29th, 2015, Dr Fraser Thompson joined Odgers Berndtson's Quarterly Business Affairs at the sky-high City Space bar in Singapore's Swissotel The Stamford to discuss how technology disruption is transforming the business landscape in Asia Pacific.

Setting the scene for the discussion, Andie Rees, the Managing Director of Odgers Berndtson in Singapore, recalled the massive impact that the invention of the horse collar and the iron plow had on society in terms of increased food production, productivity and population growth. Today, new disruptive technologies are still impacting our lives but at a significantly faster pace and on an unprecedented scale.

Dr Thompson echoed that sentiment and added that disruptive technologies are requiring businesses to rethink their growth models and strategies. As a result, the companies with cultures that enable innovation and risk-taking will be better equipped to adapt and change, while the companies that have been historically

very successful, but lack the will to adapt to a new business environment, will be left behind.

The business landscape in Asia is also facing demographic headwinds. Dr Thompson noted that Singapore and Thailand are both experiencing slowdowns in population growth while China and Japan are facing even bigger demographic challenges. As the pace of population growth slows in the region, countries and companies will need to increase productivity at a faster rate in order to maintain economic and bottom line growth. Dr Fraser noted that technology will be a key driver of this increase in productivity as we shift away from a primarily employee-driven growth model.



The Speakers and Facilitators:



Dr Fraser Thompson

Director of AlphaBeta
Senior advisor to McKinsey & Company

Dr Fraser Thompson is Director of AlphaBeta, an economic strategy firm based in Singapore and Australia, and a senior advisor to McKinsey & Company. Fraser was previously a Senior Fellow at McKinsey Global Institute, where he led work on the Asia-Pacific region and on topics such as productivity, natural resources, and obesity. Fraser has also worked as a consultant at McKinsey and for The World Bank, and as a tutor at Oxford University in the areas of Development Economics, International Trade and Finance, Microeconomics and Industrial Organization. Fraser received a Doctorate and Masters in Economics from the University of Oxford, where he studied as a Rhodes Scholar.

Dr Thompson identified some key disruptive technologies that he predicts will play a major role in transforming APAC's business landscape. He grouped them into four broad categories:

- IT and how we use it, e.g. mobile internet, cloud technology, the Internet of Things;
- Machines working for us, e.g. advanced robotics, autonomous cars, 3-D printing;
- Rethinking energy systems, e.g. energy storage solutions;
- Changing the building blocks of things, e.g. advanced materials, next generation genomics.

Dr Thompson further argued that the way technology is evolving in Asia Pacific is different from what we are seeing in other parts of the world. This, in turn, is resulting in unique challenges for businesses in the region. In Southeast Asia specifically, disruptive technologies are having a disproportionate impact when a lack of traditional infrastructure creates the opportunity for digital leapfrogging. For example, Myanmar does not have an extensive network of retail bank branches so the adoption of mobile money platforms has taken place there at a much faster pace than it has in more developed

economies. Dr Thompson pointed out that Asia is not just importing these technologies from abroad – there are some really interesting home-grown companies in SE Asia that are operating in a variety of sectors.

Notably, technology disruption is not just affecting low-skill production work. Increasingly, technological innovation is enabling the automation of activities that we once thought were inherently creative and human – like writing news stories. So, on many levels, technology is fundamentally changing the way businesses formulate their growth strategies, the way they work and who they hire. Worryingly, Dr Thompson referenced a recent McKinsey survey that found that while many CEOs identified disruptive technologies as the number one challenge they are facing, only 50% said they are taking action in this area and less than one-third said they have confidence that their strategies will work.

Dr Thompson concluded that against this backdrop, businesses need to address whether they have the right people in place to help navigate the changing technological landscape and to move the company in the right direction. No industry is immune from the impact of disruptive technologies. How companies rise to meet the challenges – and leverage the opportunities – that new technologies pose for their businesses will make all the difference.

