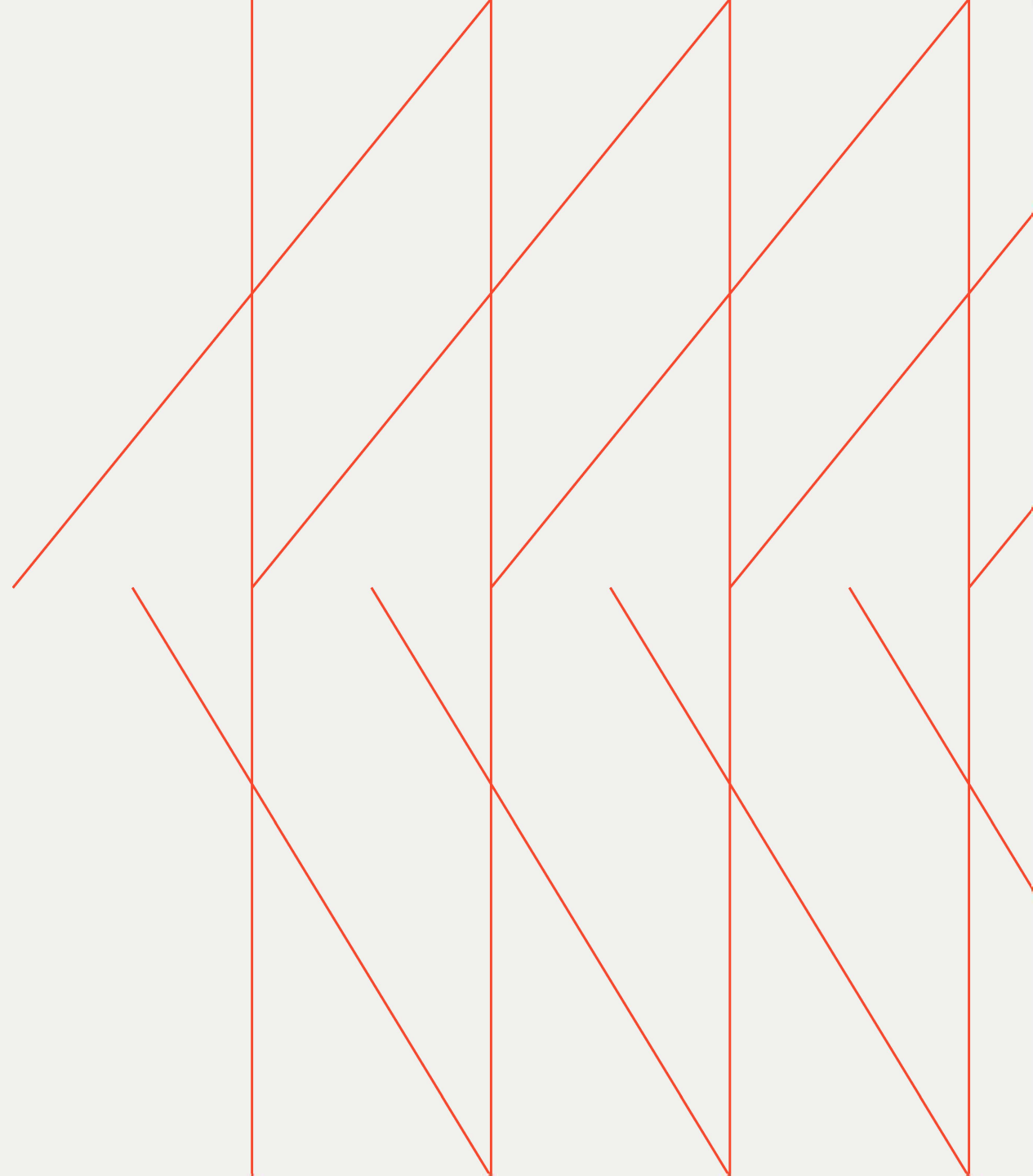


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# The Asian Sentiment

Uncovering Key Trends in Asia Pacific,  
at the intersection of Humanity and Technology

February 2023



# The Asian Sentiment | Executive Summary

**The Asian Sentiment** report provides executive leaders with an in-depth view of the evolving economic, digital and social landscape of the region. From projected economic growth to the thriving ecosystem of startups, from adoption of new technologies and the state of digital transformation, to ESG and sustainability, the report captures key insights which will equip CXOs to accelerate their digital agenda and chart an inclusive growth path for their organizations

## Method

- We integrated our own primary research with multiple industry recognized data sources, to paint a vivid picture of an increasingly complex scenario.
- [Economist Impact](#) was engaged to conduct a survey of 350 leaders across Australia, China, India, South Korea, Singapore, Indonesia and Malaysia. Topics ranged from opportunities and threats to investment areas across business, technology, talent and key non-business outcomes.
- We leveraged secondary sources and reports from reputed sources including Ecosystem, McKinsey, IMF, AT Kearney, EY, Forrester, Gartner, IDC, and others.
- Overall, we distilled 100+ sources and 50+ data points to arrive at the eight trends

## Introduction

Asia is projected to play an increasingly prominent role in the coming years, with 7 of the top 10 largest economies in the world by 2030, a thriving ecosystem of startups, and faster adoption of disruptive technologies, such as AI, Edge, IoT.

But Asian companies – and Asian countries, as systems – are still lagging on digital transformation compared to their western peers, highlighting the need to accelerate on technology investment & digital agility. All this, while addressing a structural skills gap, and making sustainability real.

We have identified 8 key trends that are fundamentally impacting companies operating in Asia, with clear takeaways for the progressive leaders that are aiming to fast-track successful digital transformation initiatives.

# The Asian Sentiment | 8 Key Trends

At the intersection of humanity and technology, looking at a wide range of economical, social and technological indicators, we uncovered 8 key trends that are fundamentally impacting enterprises operating in the region. We know how to tackle each of them.

01

## Emerging Superpower

By 2030, Asia Pacific will have 7 of the top 10 largest economies, contributing 47% of global GDP

02

## Disrupt, Or Be Disrupted

The region is home to a fast-growing number of unicorns' (391 the latest count), that are thriving on huge consumption class and growing digital adoption

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## Accelerating New Tech

In Asia Pacific, new technologies (such as AI, robotics, IoT) are expected to contribute close to 40% of total technology investments by the end of 2023 v. 26% worldwide, and growing at 18%

04

## Lagging Digital Transformation

62% of organizations still lag in digital agility despite increased technology adoption

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## Enterprise-Wide Tech Strategy

Enterprise technology spending driven by priorities such as cybersecurity and risk management (50%), cloud computing (42%), mobility (39%) and IT automation

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## Talent, Beyond The Hype

In Asia Pacific, there is a projected talent deficit of 47 million workers by 2030, building a case for focus on retraining employees, fostering a culture of inclusion, and enabling the best employee experience

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## Sustainability, Make It Real

Sustainability is high on agenda for Enterprises in Asia Pacific but only 26% have appointed sustainability leaders

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## Authentic ESG

Asia is lagging on economic equality indicators. Addressing these will be essential to build a more inclusive society and a catalyst for further, stronger growth

# #1 | Emerging Superpower

By 2030, Asia Pacific will have 7 of the top 10 largest economies, contributing 47% of global GDP.<sup>1</sup>



## Insights

- Asia Pacific is home to 60% (4.7B) of the world's population in 2022<sup>2</sup>, contributing about 39% (\$37T) of the worldwide GDP, which is projected to become 47% by 2030<sup>1</sup> GDP at Purchasing Power Parity (PPP).
- Asian consumers are predicted to contribute for half of the growth in global spending over the next ten years, creating a \$10T potential.<sup>3</sup>
- In terms of GDP, by 2030:
  - China will be at the helm (from #2 today): with planned investments of \$1T in renewable energy, water supply network and urban infrastructure<sup>4</sup>
  - India will rank #3 (from #6 today): focus on building infrastructure - the National Infrastructure Pipeline initiative with \$1.5T spend during 2020-25<sup>5</sup>; \$1.9B to AMRUT and Smart Cities mission<sup>6</sup>
  - Three ASEAN countries will be in the top 10 (Indonesia from #16, Vietnam from #41, Thailand from #26) - ASEAN has planned spending of around \$323B towards Industry 4.0 & economic integration<sup>7</sup>
  - South Korea #7 (from #10): Aggressive spending plan of \$518.4B towards economic recovery<sup>8</sup>
  - Australia #10 (from #13): Government committed \$210.2B as direct economic support towards industries and workforce<sup>9</sup>

## Imperatives

- Being authentically rooted, with a deep understanding of consumer behavior, country dynamics and social priorities, will be essential to capture local consumption and build an organization which can adapt to change, and respond faster to local needs.
- Optimize existing operations and regional production networks, shift to Industry 4.0 and fully digitized supply chains to capture the growth opportunities.

## Kyndryl

- ❑ Kyndryl has a footprint of more than 40K employees in Asia with skills and expertise to build future-ready enterprises that are aiming to capture growth opportunities across the region.
- ❑ With a culture of being flat (empowering local teams to make decisions), fast (cultivating simplicity everywhere), focused (on delivering outcomes), restless (to continuously learn and innovate), empathetic (to serve with trust and transparency) and devoted (to shared success) – Kyndryl is a trusted partner in digital transformation, with the scale of global expertise and depth of local insights.

## #2 | Disrupt, Or Be Disrupted



Asia is home to a fast-growing number of unicorns' (391 the latest count), that are thriving on huge consumption class and growing digital adoption.<sup>10</sup>

### Insights

- There are 391 unicorns in the region (27% of the global).<sup>10</sup>
- In Q3'22 Asia overtook<sup>11</sup>:
  - US, with 2,890 funding deals (37% of all deals)
  - Europe, in mega-round funding (with 44 deals valued \$8.2B)
- Asia has 11 out of the top 30 ecosystems in the world<sup>12</sup>:
  - India has over 60,000 startups, making it the third-largest startup ecosystem, with total of 108 Unicorns<sup>13</sup>; 44 added in 2021 alone<sup>14</sup>
  - Seoul entered the global top 10 ecosystems for the first time in 2022
  - Singapore has close to 4,000 startups, over 220 VCs, and over 200 accelerators, minting 11 new unicorns in '21
  - Furthermore, Hong Kong, Jakarta and Kuala Lumpur are among the most relevant emerging ecosystems in the region
- Key government sponsored initiatives to boost digital innovation:
  - India Stack: Encouraging digital ecosystem through Open Network for Digital Commerce, Open Credit Enablement Network<sup>15</sup>; In 2022, the Unified Payments Interface monthly transaction volumes crossed 7B<sup>16</sup>
  - Make in India – \$6B in Nation Research Fund over five years<sup>17</sup>
  - Singapore government to spur innovation by committing \$19B in the five years to 2025 plan- AI, robotics, IoT, Web 3.0, sustainability<sup>18</sup>

### Imperatives

- Focus on technology led innovations around platforms, digitally enabled business models and super apps.
- Deconstruct your business model and value chain to identify areas to build, partner with - or acquire - industry disruptors. Drive emerging technologies and business model assessments with a structured Corporate Venture program.

### Kyndryl

- ❑ Kyndryl has 3,000+ (and growing) patents and continuously invest to evaluate / incubate emerging technologies, and patent high value IP.
- ❑ Kyndryl is scouting and partnering with late-stage startups to scale across our global footprint and deliver disruptive client benefits. Currently managing a portfolio of 200+ startups in the discovery stage, 50+ under active due-diligence and 60+ already on-boarded (in areas such as: ESG and Sustainability, Web3.0, Blockchain, Deep-Data Analytics, Advanced Robotics and Automation, Security).

## #3 | Accelerating New Tech

In Asia Pacific, new technologies (such as AI, robotics, IoT) are expected to contribute close to 40% of total technology investments by the end of 2023 v/s 26% worldwide, growing at 18%.<sup>19</sup>



### Insights

- Asia Pacific is ahead of the rest of the world with respect to investments in new technologies.
- As per IDC, AI, robotics, IoT and blockchain are expected to contribute close to 40% of total technology investments by the end of 2023 v/s 26% worldwide; growing at 18% annually.<sup>19</sup>
- Other key emerging technologies to explore are - distributed cloud, secure access service edge (SASE), edge computing and multiexperience development platforms.<sup>20</sup>
- Macro drivers for growth in emerging technologies:
  - Digital India initiative towards digital transformation of manufacturing sector through AI, IoT and robotics has the potential to generate \$1T in economic value by 2025, up from \$200B in 2021<sup>21</sup>
  - Singapore: Digital capabilities are labelled as 'first priority' by the government with focus on AI, cloud, cybersecurity, automation and 5G<sup>22</sup>
  - Korea: Government to catalyze emerging tech growth through Digital New Deal- data, 5G, AI, digital twins and others<sup>23</sup>; Government is also targeting 6G and fully autonomous driving technologies<sup>24,25</sup>

### Imperatives

- Continuously scout and selectively adopt emerging technologies that fit into the business model. Drive integration with existing tech stack; understand the regulatory and compliance landscape.
- Build the sustainable enterprise of the future by innovating with AI, 5G, Edge, & other leading-edge technologies to:
  - Extract insights locked in your data throughout the enterprise
  - Develop enterprise AI with data platform foundation
  - Integrate IOT/edge with current technologies to maximize value

### Kyndryl

- ❑ [Kyndryl Vital](#) co-creation studio, design-led methods guide customers, ecosystem partners and Kyndryl's technical experts on a journey to define desirable futures first then work backward into real solution.
- ❑ Kyndryl is innovating with a broad ecosystem of partners & alliances:
  - ❑ [Kyndryl Edge Innovation Lab](#) with Vodafone
  - ❑ [Elastic and Kyndryl partnership](#) in data observability, search & insights across cloud and edge computing environments
  - ❑ [Nokia and Kyndryl](#) global network and edge computing alliance

## #4 | Lagging Digital Transformation

62% of organizations in APAC still lag in digital agility despite increased technology adoption.<sup>29</sup>



### Insights

- Only #3 countries (Singapore, Hong Kong and Korea) are among the top 10 in the 2022 Digital Competitiveness Index.<sup>26</sup>
- Across Asia Pacific, 1.9% of GDP is spent on technology v/s 5.2% in USA, and 3.2% in Europe.<sup>27</sup>
- Overall technology spending in Asia Pacific is still limited to 19% of WW tech spending.<sup>27</sup>
- 90% of companies are increasing their IT budgets across key technology pillars to support digital transformation; still 62% of organizations were unable to make the pivot towards digital agility\* and resiliency.<sup>28, 29</sup>
- Low digital transformation is inhibiting enterprise growth - Technology obsolescence is the top business threat as identified by one-fourth of businesses in the region.<sup>28</sup>

\*Digital agility is the ability of an organisation to rapidly adapt to business disruptions by leveraging digital capabilities to not only restore business operations but also capitalise on the changed conditions.

### Imperatives

- Assess and accelerate tech investment and adoption, bring the discussion at the board level, aligning CEO and CFO on the business case for increased tech investment.
- Modernize IT for agility and growth by accelerating transformation to cloud and hybrid environments, enhancing employee productivity in hybrid workplaces, measuring and improving customer experiences, transforming enterprise applications and modernizing infrastructure.

### Kyndryl

- ❑ [Kyndryl Consult](#) accelerates digital transformation by aligning business outcomes with the technology that drives them.
- ❑ Kyndryl is partnering with both MNC and local champions in the country:
  - ❑ Co-creating with [Bangalore International Airport Limited \(BIAL\)](#) the new “Airport in a Box” platform
  - ❑ [Accelerate digital initiatives in AIA in China](#)
  - ❑ Deploy and support new core banking system in [Suryoday Bank](#)

## #5 | Enterprise-Wide Tech Strategy



Enterprise technology spending driven by priorities such as cybersecurity and risk management (50%), cloud computing (42%), mobility (39%) and IT automation.<sup>30</sup>

### Insights

- Building strategic resilience: 25% of enterprises are redesigning decision-making to become future ready; agile for faster process transformation; scale digital adoption to shorten time to market and enhance product development to meet the evolving market needs.<sup>28</sup>
- Close to 90% of the enterprises in Asia Pacific are planning to increase investments in cloud infrastructure, AI/ automation, data management & analytics, cybersecurity, workforce collaboration tools and IT infrastructure to support digital transformation.<sup>28</sup>
- Technology priorities<sup>30</sup>:
  - Integrated security and resiliency across the business has become more important than ever, being the #1 priority for 50% of the companies
  - Deploying Cloud initiatives (42%), along with Digital Workplaces (39%), will be critical to enable exceptional customer and employee experiences
  - Intelligent IT automation and management will be critical to reduce complexity and free up resources for higher value-added work

### Imperatives

- Build secure and resilient businesses by enabling cyber-resilience across the organization.
- Have a clear technology roadmap focused on business outcomes and aligned to the enterprise of the future vision.
- Scale intelligent IT automation and management by providing open, frictionless, personalized and unified digital experience.

### Kyndryl

- ❑ [Kyndryl Bridge](#)- an open platform, with integrated AIOps and automation solution, offering real time, analytics based actionable insights across platforms for secure, intelligent and resilient businesses.
- ❑ Kyndryl is partnering with:
  - ❑ [Bank of Ayudhya](#) in Thailand to help become a digital banking leader
  - ❑ [LOTTECARD](#) in Korea to adopt cloud native technologies
  - ❑ [National Stock Exchange](#) in India to enable 24/7 resilient operations



## #6 | Talent, Beyond The Hype



In Asia Pacific, there is a projected talent deficit of 47 million workers by 2030, building a case for focus on retraining employees, fostering a culture of inclusion, and enabling the best employee experience.<sup>31</sup>

### Insights

- Asia Pacific hosts the world’s largest tech talent hub:
  - 7 of top-10 countries globally<sup>32</sup>
  - 76% of the world’s STEM graduates are in Asia<sup>33</sup>
- Addressing the skills gap will be the number one priority:
  - By 2025: APAC workers requiring digital skills will grow over five-fold, from 149M to 819M; average worker will need to learn seven new digital skills<sup>34</sup>
  - 40% of enterprises will re-train existing talent
  - Demand for digital talent in India by 2024 will become 20X the supply, forcing ~50% of companies to invest in re-training existing talent<sup>35,28</sup>
- Other workforce considerations<sup>28</sup>:
  - 37% to address gender pay gap and to offer better workforce culture
  - 87% have introduced formal plans to retain employees and striking balance towards return-to-work plan ( ~60% plan to implement 2/3 days of remote work plan)
  - 50% of organizations in 2025 will have deployed a digital employee experience strategy, up from 5% in 2020<sup>36</sup>

### Imperatives

- Make workforce strategy a CEO priority, using a wide range of levers from re-skilling / up-skilling to fostering a culture of inclusion, collaboration and engagement.
- Perfect the hybrid work model, enabling exceptional employee experiences that foster creativity and improve productivity.

### Kyndryl

- ❑ Kyndryl is making significant investments both in talent development (over 26000+ hyperscaler certifications and 28% of employees are cloud-certified) and culture transformation.
- ❑ [Singapore Airlines](#) entrusted Kyndryl to transform the digital workplace experience for its employees worldwide – managing the end-to-end life cycle of employee mobile and laptop devices through deployment, management, disposal, and refresh, as well as implementation of virtual desktop infrastructure.

## #7 | Sustainability, Make it Real

Sustainability is high on agenda for Enterprises in Asia Pacific but only 26% have appointed sustainability leaders <sup>39</sup>



### Insights

- Today, no countries from Asia Pacific feature in the Top 25 for Sustainable Development Index.<sup>37</sup>
- The region includes 13 of the 30 countries most vulnerable to impacts of climate change; the region could see an additional 7.5 million people fall into poverty due to climate impacts by 2030.<sup>38</sup>
- 83% of enterprises across Asia Pacific have clear plans to incorporate sustainable business practices and reducing climate impact; 83% are also developing plans to build sustainability into supply chains.<sup>28</sup>
- Only 26% of the Fortune Global 200 in Asia-Pacific have appointed a sustainability lead at director, VP or executive level (vs. 81% in EMEA, and 92% in North America).<sup>39</sup>
- About 90% of consumers in Asia-Pacific are willing to pay more for sustainable products but a lack of information and availability are holding them back.<sup>40</sup>
- The investment required to meet the Sustainable Development Goal targets in APAC by 2030 is estimated at \$1.5 Trillion from 2016 to 2030.<sup>41</sup>

### Imperatives

- Pivot on a strong CIO + CSO alliance, enabling company ambitions with technology solutions and process improvements to make clear progress in your journey toward net-zero.
- Build inherently transparent supply chains to provide full visibility of carbon emissions, tracking & monitoring of progress; leverage AI/ML models and modernize operations for sustainable manufacturing.
- Establish commitments and regularly and transparently communicate progresses.

### Kyndryl

- ❑ Kyndryl has set net zero target by 2040; will also obtain 100% of its purchased electricity through renewable sources and reduce our global carbon emissions by 50% in 2030.
- ❑ Kyndryl has already enabled the annual generation of 18,000 MWh of solar capacity and will grow the renewable energy component to 75% for data centers within the coming years.
- ❑ Sustainability solutions ranging from smart data center & facility management, to data & AI consulting and data platform / AI services.

## #8 | Authentic ESG



Asia is lagging on economic equality indicators. Addressing these will be essential to build a more inclusive society and a catalyst for further, stronger growth.

### Insights

- In Asia Pacific, there is only one country (Australia) among<sup>42,23,44</sup>:
  - Top 25 for Happiness Index WW
  - Top 25 for most Livable Cities
  - Has >30% Women in Corporate Board
- Bridging economic inequality is among the top 3 non-financial goals, stemming from the organizational focus on renewing economic growth, improving social inequality and social impact of the businesses.<sup>28</sup>
- Diversity and Inclusion (36%) is a priority for enterprises in Asia Pacific, as they realize the benefits of an inclusive culture- fostering creativity, innovation, increased employee trust and transparency<sup>28</sup>:
  - India: 30% of leaders have identified improving corporate culture, economic equality and reshaping the role & rights of women as key to non-business goals
  - China: 50% of organization plan to prioritize diversity and inclusion as part of workplace consideration
  - Singapore: ~40% of organizations have rated Employee safety, health, and well-being as a key focus areas

### Imperatives

- Make ESG a core element of your strategy.
- Authentically tackle the country most relevant issues – be it discrimination (of any kind), financial inclusion, mental health; be a catalyst for growth while building a more inclusive and equitable society.
- Leverage ESG to safeguard businesses from future risks.

### Kyndryl

- ❑ Kyndryl will publish its first [Environmental, Social and Governance](#) report in 2023, and is a technology partner for leading organizations that are building a more inclusive society, such as:
  - ❑ [CreditAccess Grameen](#) (pioneering financial inclusion in India)
  - ❑ [Dr LalPath Labs](#) (making healthcare more accessible across India)
- ❑ Launched five Kyndryl Inclusion Networks (KINs) for Women, Black, Hispanic, LGBTQ+, and PwD/Neurodiversity.

# Engage with Kyndryl

## kyndryl consult

**Kyndryl Consult** accelerates digital transformation by aligning business outcomes with the technology that drives them – all underpinned by decades of mission critical experience and a shared culture of continuous modernization.

## kyndryl vital

**Kyndryl Vital** is the open and collaborative experience that's needed to solve today's complex real-world business problems.

## kyndryl bridge

**Kyndryl Bridge** is an open integration platform that delivers IT solutions by leveraging Kyndryl's core strengths, data-driven insights and expertise, to create an uninterrupted path between a digital business and the technology that delivers it.

Read our customer transformation stories → [read here](#)

Chat with a Kyndryl expert for a 30-minute strategy session at no cost → [book a consultation](#)

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**Note from the Authors:**

This Asian Sentiment report is the outcome of in-depth primary and secondary research conducted locally, with the aim of sharing how technological advancements will impact Asian firms over the next few years. We welcome your feedback.