THRIVING IN UNCERTAINTY

# How Digital Agility Maximises Business Success

IDC

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# Taking the Leap: Leveraging Agility for Competitive Advantage in the Digital-First Economy

Asia/Pacific is moving towards an endemic approach to COVID-19. Along with it, organisations are also shifting digital transformation (DX) priorities to be more resilient against future disruptions, and to capitalise on market conditions that continue to be volatile, uncertain, complex, and ambiguous (VUCA). IDC research shows that organisations that are more agile are able to navigate through market disruptions by harnessing its people, financial, and technological resources to preempt and respond to change.

Yet, even though organisations overall have progressed in digital agility in the last 2 years, there is a widening gap between leading and lagging enterprises. This phenomenon can be attributed to the different approaches they adopt towards DX – a strategic approach vs a tactical one. With agility now a critical source of competitive advantage in the digital-first economy, organisations must change their approach if they want to hasten the pace of digitalisation to thrive in these uncertain times.

This IDC InfoBrief looks at the widening gap between digital agility leaders and followers, and explores how chief information officers (CIOs), chief human resources officers (CHROs), and chief financial officers (CFOs) can work together to narrow the gap.

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816)

**Responding to the pandemic, organisations accelerated their investments in digital technologies**

By end of 2022,

## AT LEAST HALF

of the Asia/Pacific economy will be based on or influenced by digital

Source:
IDC Worldwide
Digital Transformation
Predictions 2022 —
Asia/Pacific (Excluding
Japan) Implications

# Adapting to Stay Agile

## During the pandemic, organisations had to fast track their DX efforts in the midst of unprecedented disruptions.

Among those areas of the business that benefited most from DX initiatives were in customers, operations, and the workforce, with these DX programmes pushing the drive towards ecommerce, contactless operations, and remote work. The accelerated digitalisation has set the stage for the next phase of transformation in Asia/Pacific to a digital-first economy as organisations expanded the use of technology for value creation, and to achieve business outcomes.

### DX 1.0
**Experimenting with digital**

Digital innovation focuses on making an initial financial impact

### DX 2.0
**Digitalisation at scale**

DX enables new business model(s) – and moves beyond financials

### Digital-first
**Contextualisation and real time at scale**

Real-time, context-based decision making and value creation

As the region gradually recovers from the COVID-19 pandemic, it continues to face additional headwinds of geopolitical tensions, rising inflation, and supply-chain disruptions. Organisations are shifting DX priorities to be more agile and resilient against future disruptions, and enable them to capitalise on changed conditions.

## DX Priorities in 2022 Shift from Adaptation to Agility

Change in Rank (vs 2020)

| | DX Priority | Change in Rank (vs 2020) |
|---|---|---|
| 1 | Becoming data-driven | +1 |
| 2 | Improving customer experience | +4 |
| 3 | Developing an agile mindset and culture | +4 |
| 4 | Creating new business/operating model | = |
| 5 | Driving digital agility and resilience | NA[1] |

[1]Digital agility is a new option in the 2022 study
Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816)

# The Digital Agility Index: Defining and Measuring Digital Agility

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.

Since 2020, Workday and IDC have been working together to build a picture of the state of digital agility among Asia/Pacific organisations, assessing how they score in four dimensions. The scores are aggregated into the **Digital Agility Index (DAI)**. Through the DAI, we can track their agility progress, where the challenges lie, and to recommend actions for improvement.

**An agile organisation is** one where digital is business-as-usual. It has an adaptable workforce whose work is augmented by artificial intelligence (AI) and automated processes, and its business and operating models are supported by a modular and extensible digital platform. It is **one which is best positioned to capitalise on change**.
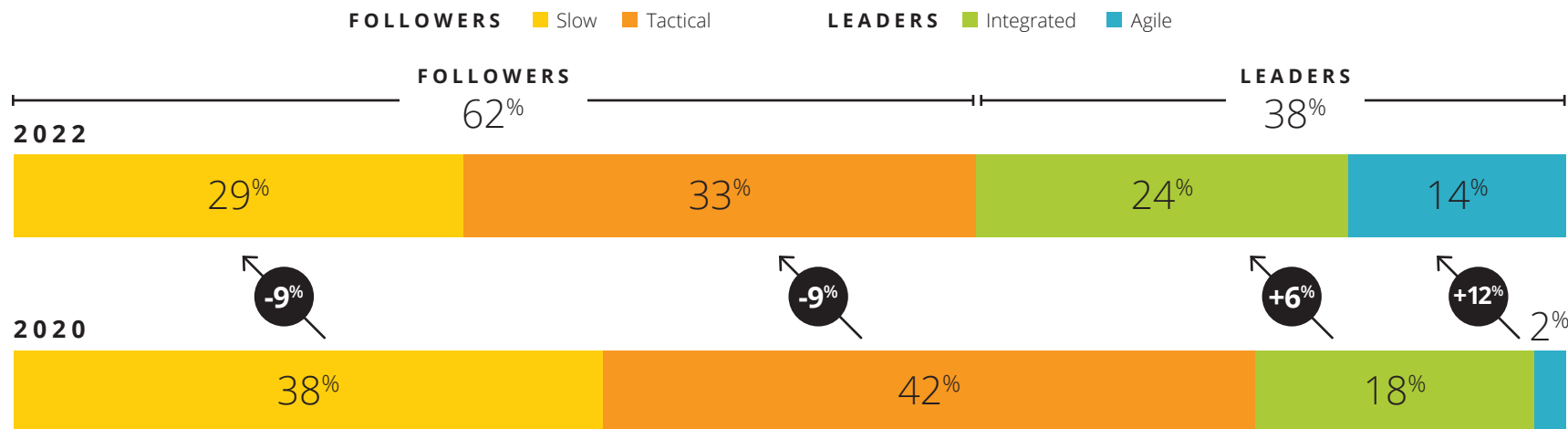
## DAI Dimensions

The four dimensions

## Digital Agility Maturity Stages

Based on their DAI score, oganisations fall into one of four digital agility stages which are progressive.

| | SLOW | TACTICAL | INTEGRATED | AGILE |
|---|---|---|---|---|
| **Organisation and Culture** | **Opaque monolithic** structure | **Standalone** digital teams and initiatives | **Centralised DX strategy and technology roadmaps** | **Digital business and operating model** with digital embedded enterprise-wide |
| **People and Capabilities** | **Lack digital savviness** and skills | Digital skills and mindset are **limited to those within digital teams** | Growing talent pool with a focus on **employee experience and digital workforce** | **Employer-of-choice** for digital talents |
| **Process and Governance** | **Lack insights** or **foresight** of the market environment | Decisions are **tactical** and **disconnected** from the extended organisation | **Data-driven decisions** based on shared data and measurements | **Autonomous processes** and AI-based **work augmentation** |
| **Technology** | **Legacy technologies** and lacking shared data | **Islands of technology innovations** with core systems still in legacy environment | **Integrated** digital technologies | Modular and extensible **digital platform** |

# Technology Adoption Drives Improved Agility

The pandemic accelerated technology adoption and the pace of DX in the region.

Between 2020 and 2022, **agility leaders** (those in the integrated and agile stage) **nearly doubled from 20% to 38%**. In 2 years, **18%** of Asia/Pacific organisations have made the leap to become agility leaders where technology adoption is integrated, and guided by an enterprise strategy and roadmap. This makes them more resilient against market shocks and disruptions, and better equipped to adapt and capture new opportunities in the evolving landscape. However, **the majority are still lagging in digital agility** with **62%** in the slow or tactical stages (i.e., **agility followers**). For these organisations, technology adoption is often driven by functional and line-of-business requirements as necessitated by immediate needs such as for ecommerce, safety measures, and remote work during the pandemic.

## Asia/Pacific Organisations Are More Agile...

**FOLLOWERS**  ■ Slow  ■ Tactical       **LEADERS**  ■ Integrated  ■ Agile

**FOLLOWERS** 62%                                                **LEADERS** 38%

**2022**

| 29% | 33% | 24% | 14% |

-9%    -9%    +6%    +12%

**2020**

| 38% | 42% | 18% | 2% |

## ...Driven by Increased Technology Adoption

DAI change across the 4 DAI dimensions (2022 vs 2020)

| Organisation and Culture | +0.1 | People and Capabilities | +0.2 | Process and Governance | +0.2 | Technology | +0.5 |

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific (2022: n=816, 2020: n=814)

# Pre-Pandemic DX Has Enabled Agility Leaders to Better Scale Digitalisation

## Markets Which Have Gone Through DX Prior to the Pandemic Show Greater DAI Score Improvements

Organisations in Australia and New Zealand (ANZ), and Singapore have upped their DAI scores by **between 0.5 and 0.9** since 2020 while others have advanced by a mere **0.1**. DAI score improvement signifies progress in agility attributes; for example, today, **40%** of ANZ organisations are operating over an integrated enterprise-wide technology architecture, compared with less than 10% in Indonesia, Malaysia, and Thailand.

| Markets | 2022 Rank | Rank change from 2020 | DAI change (2022 vs 2020) |
|---|---|---|---|
| AUSTRALIA | 1 | +2 ▲ | +0.9 ▲ |
| SINGAPORE | 2 | -1 ▼ | +0.7 ▲ |
| NEW ZEALAND | 3 | -1 ▼ | +0.5 ▲ |
| KOREA | 4 | - | +0.5 ▲ |
| HONG KONG | 5 | - | +0.3 ▲ |
| TAIWAN* | 6 | - | - |
| MALAYSIA | 7 | - | +0.1 ▲ |
| INDONESIA | 8 | +1 ▲ | +0.1 ▲ |
| THAILAND | 9 | -1 ▼ | - |

*Taiwan is only surveyed in 2022.
Source: IDC-Workday Digital Agility Index Survey Asia/Pacific (n=816, 2022; n=814, 2020)

## Industries with a DX Head Start Show More Agile Attributes

Both the Internet and ecommerce, and communications and media sectors, are digitally-affiliated sectors, while the BFSI sector is one of the traditional sectors that has been quick to embrace DX even prior to the pandemic. These factors gave these sectors a head start in scaling enterprise-wide DX during the pandemic. More than **40%** of organisations in these sectors operate a digital business model that can continuously adapt to evolving market needs, with at least **70%** of their people possessing digital skills. They have fully automated core and non-core processes, and/or have a fully integrated enterprise-wide platform architecture.

### Percentage of organisations by sector

Digital Agility Maturity Stages  ● Slow  ● Tactical  ● Agile

| | Industry | Digital Business Model | Digital Workforce | Autonomous Processes | Digital Platform Architecture |
|---|---|---|---|---|---|
| MOST AGILE | INTERNET AND ECOMMERCE | 41% ● | 52% ● | 48% ● | 31% ● |
| | COMMUNICATIONS AND MEDIA | 40% ● | 39% ● | 20% ● | 32% ● |
| | BANKING, FINANCIAL SERVICES, AND INSURANCE | 41% ● | 49% ● | 17% ● | 32% ● |
| LEAST AGILE | HEALTHCARE | 17% ● | 24% ● | 14% ● | 13% ● |
| | HOSPITALITY AND TOURISM | 13% ● | 16% ● | 2% ● | 7% ● |
| | MANUFACTURING | 11% ● | 8% ● | 3% ● | 5% ● |

# Functional, Tactical Approach to DX Limits Enterprise Agility

Across all agility dimensions, leading organisations have made greater progress than followers. Leaders have scaled DX enterprise-wide through cross-functional collaboration, and system and process integration.

From a functional perspective, leading organisations have a holistic view of their employees for workforce planning and talent development that is also aligned to finance in cost accounting and budgeting activities. Leaders are also leveraging predictive analytics so HR and finance can better anticipate change and respond accordingly. In short, **enterprise-wide functional integration and collaboration contributes to enterprise agility**. Conversely, followers lack these enterprise-wide capabilities and alignment and are less agile in adapting to fast-changing market dynamics.

**Agility Leaders Have Integrated Functional DX Across All Dimensions**

■ FOLLOWERS    ■ LEADERS

| | Organisation and culture | People and capabilities | Process and governance | Technology |
|---|---|---|---|---|
| Followers | 1.6 | 1.8 | 1.4 | 1.6 |
| Leaders | 3.3 | 3.4 | 3.0 | 3.3 |

| Departmental capabilities are coordinated enterprise-wide | Has enterprise-wide talent systems and policies | HR and finance processes are in sync for workforce planning | Integrated HR and finance platform with predictive analytics |
|---|---|---|---|
| 7% / 43% | 14% / 66% | 7% / 37% | 8% / 51% |

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: Leaders 309, Followers 507)

# The C-Suite's Agility Imperative

The need for digital agility drives new functional requirements in the digital-first economy.

**CIOs** must enable better business outcomes, agility, and resilience through the use of cloud-based technology to transform the enterprise into a digital business.

**CFOs** must enable better decision making, both at the strategic and operational level, while democratising business data and insights to ensure enterprise-wide alignment.

**CHROs** must use technology to cultivate an agile workforce based on a hybrid-first work model that adapts to different work environments, while enabling the workforce with the requisite skills to meet changing business demands.

The following sections drill into the functional requirements and challenges, and explore how CIOs, CHROs, and CFOs can deliver and contribute to greater enterprise agility.

## Agility Imperative In the Digital-First Economy

### CIOs

▶ **Resiliency**
*Operate in the storm*

▶ **Agility**
*Support growth*

▶ **Platform integration**
*Enable end-to-end processes*

▶ **Unlocking data**
*Drive with data*

▶ **Innovation**
*Innovate for business value*

▶ **Engaged employees**
*Elevate the experience*

### CFOs

▶ **Drive profitable growth**
*Playing offense*

▶ **Cost containment culture**
*Playing defense*

▶ **Maximise capital**
*Keeping score*

▶ **Ensure sustainability**
*Finishing strong*

▶ **Attract and retain talents**
*Fielding the team*

▶ **Digitalise finance**
*Equipping the team*

### CHROs

▶ **Hybrid workforce**
*Return to work*

▶ **HR service delivery**
*Servicing the workforce*

▶ **Skills**
*Upskilling the workforce*

▶ **Workforce optimisation**
*Allocating resources*

▶ **Employee experience**
*Energising the workforce*

▶ **Inclusion and diversity**
*Instil a sense of belonging*

# The CIO's Agility Imperative

**This section looks at the CIO's digital agility imperative, the widening agility gaps between organisations, and provides recommendations on how CIOs can close the gaps.**

In a digital-first economy, technology is a key differentiator, and every organisation must have the right technology leader in place. The role of the CIO must evolve beyond traditional IT risk management and operations to become a **digital orchestrator** and a **business transformation leader**.

This will include spearheading the transformation of the organisation's technology architecture to build resilience and ensure business continuity in the face of fluctuating demands. The CIO must also see to it that the architecture is agile in enabling new business models, and is extensible to support digital ecosystem participation.

Leading organisations are cementing their technology advantage with a cloud-first approach to automate IT operations and increase data federation. Hence, CIOs must accelerate cloud adoption and increase integration flexibility, while minimising technical debt.

## IDC Predictions

By 2023,

# 40%

of CIOs will be primarily measured for their ability to co-create new business models and outcomes through extensive enterprise and ecosystem-wide collaboration.

Source:
IDC Worldwide CIO Agenda Predictions 2022 — Asia/Pacific (Excluding Japan) Implications

# A Cloud-First Technology Roadmap Drives the CIO's Agility Agenda

The CIO of the future needs to focus on orchestrating digital initiatives to enable business transformation. The ultimate goal is to achieve business success by enabling an agile organisation. The agility imperative for the CIO is to use technology, with cloud as the primary tool, to achieve the following:

## The CIO's Agility Imperative

▶ **Resiliency** *Operate in the storm*
Deliver digital resiliency and business continuity at scale in times of rapid change

▶ **Agility** *Support growth*
Invest in solutions that are designed to accommodate rapid change, not technical debt

▶ **Platform integration** *Enable end-to-end processes*
Integrate and extend without adding risk, complexity, and costs

▶ **Unlocking data** *Drive with data*
Unlock data for the organisation while ensuring security and governance

▶ **Innovation** *Innovate for business value*
Adopt artificial intelligence/machine learning (AI/ML) innovations that deliver business value

▶ **Engaged employees** *Elevate the experience*
Create the technology foundation for engaged employees

However, lacking a strategic technology roadmap, many IT leaders are straddled with technical debt as years of investments have resulted in IT architectures that are risky, complex, and costly. Ad hoc point-to-point integrations across systems have created data siloes and reporting inconsistencies that impact decision making across the enterprise. Such an ad hoc approach also negates risk management and business continuity measures that had been implemented, with multiple points of failure and a lack of visibility into system dependencies and workload redistribution during times of fluctuating demand.

## Top IT Challenges

**1** 49%
**Choosing the right technology solutions that can help drive business agility avoiding technical debt.**

**2** 47%
**The lack of consistent integration across systems creates data, reporting, and business process issues that impact decision making.**

**3** 45%
**Delivering digital resiliency at scale to effectively respond to rapid changes and to capitalise on disruptions.**
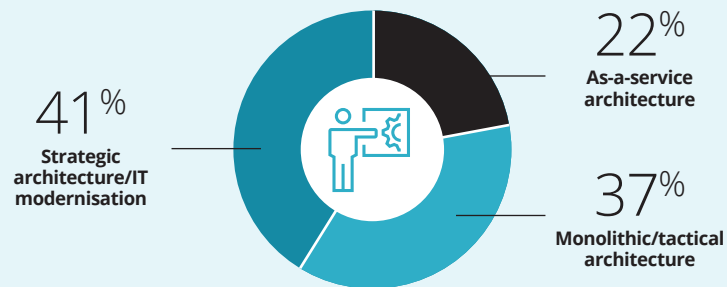
Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: IT respondents 270)

# Adopt **Agile Technology Architectures** to Support Business Growth

To support business growth, CIOs must establish an adaptive technology architecture based on composable services. A modular architecture enables IT assets reuse, and minimises the accumulation of technical debts as new digital products and services proliferate, thereby improving business agility. To achieve this, CIOs need to create a cloud-first roadmap based on an as-a-service architecture that spans the enterprise and its ecosystem to simplify process change and maximise code reuse.

Among Asia/Pacific organisations, **22%** are adopting an as-a-service architecture using application programming interfaces (APIs) and web services to speed up application development and keep pace with business change. Conversely, **37%** are still on monolithic architectures that require multiple changes across point solutions.

Comparing agility leaders and followers, **40%** of leading organisations are supporting business growth with an adaptive as-a-service architecture. On the other hand, half of agility followers' IT environments are based on monolithic architectures with tactical approaches in technology upgrades which could invite risks, complexity, and costs to the organisation.
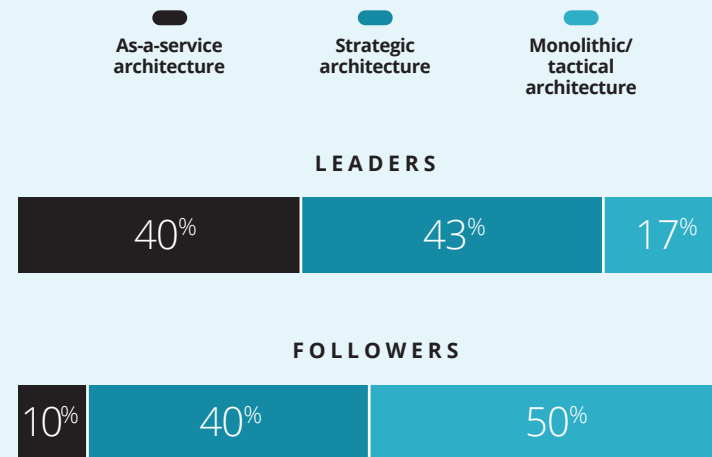
## IDC Predictions

By 2025,

## 75%

of CIOs will be forced to accelerate or enact formal technical debt management practices due to project delays or failures caused by unresolved technical debt.

Source:
IDC Worldwide CIO
Agenda Predictions 2022
— Asia/Pacific (Excluding
Japan) Implications

## How Organisations Architect for Business Agility

22%
**As-a-service architecture**

41%
**Strategic architecture/IT modernisation**

37%
**Monolithic/tactical architecture**

## Leaders Have More Agile Technology Architectures That Support Business Growth

- **As-a-service architecture**
- **Strategic architecture**
- **Monolithic/ tactical architecture**

**LEADERS**

| 40% | 43% | 17% |
|-----|-----|-----|

**FOLLOWERS**

| 10% | 40% | 50% |
|-----|-----|-----|

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: IT respondents 270)

# Maximise **Integration Agility** to Enable End-to-end Processes

To effectively connect the multiple moving parts of the enterprise and its ecosystem such that they act in unison, CIOs must maximise integration flexibility and enable end-to-end process efficiency and consistency, such as in source-to-pay, hire-to-retire, lead-to-cash, and idea-to-product. Using an infrastructure platform as a service (iPaaS) integration approach, CIOs can keep multiple stakeholders in sync, and simplify risk management, compliance, and governance efforts. Also, this will establish the technology foundation for richer decision making across functional boundaries through data federation and cross-functional data analysis.

Today, **22%** of organisations adopt iPaaS to augment their service-oriented architecture (SOA) to maximise integration agility both within and beyond the organisational walls.
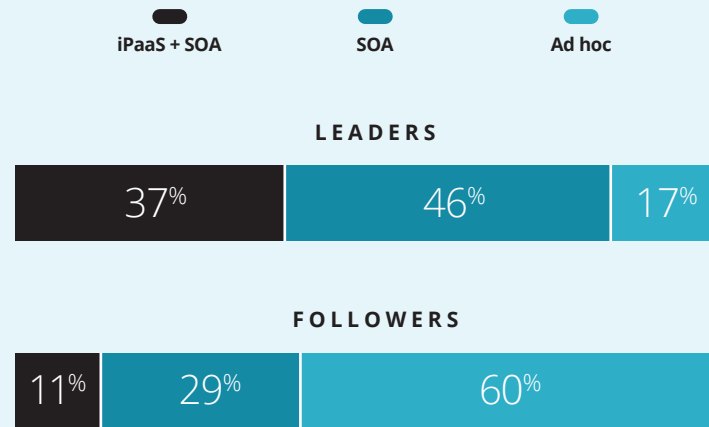
Comparing agility leaders and followers, **leaders adopt iPaaS** to maximise system integration flexibility. Conversely, most agility followers, at **60%**, approach system integrations in an ad hoc manner with point-to-point integrations that are driven by tactical requirements. This results in duplicated and often conflicting system dependencies.

**IDC Predictions**

By 2024,

# 60%

of CIOs will collaborate to harness industry ecosystem capabilities as a critical source of innovation, data sharing, differentiation, and cybersecurity risk management.

## How Organisations Integrate Applications and Data



- 21% **iPaaS + SOA architecture**
- 35% **SOA architecture using API service**
- 44% **Ad hoc integration**

## Agility Leaders Have Greater Integration Agility

- iPaaS + SOA
- SOA
- Ad hoc

**LEADERS**

| 37% | 46% | 17% |

**FOLLOWERS**

| 11% | 29% | 60% |

# Create a **Self-Managing, Self-Healing, and Self-Optimising Infrastructure** for Business Resilience

The cornerstone of a resilient organisation is a robust technology infrastructure that supports business continuity in times of rapid change, with the nimbleness to quickly recover from disruptions. This includes leveraging AI/ML to detect and preempt security threats, system outages, and network disruptions, as well as using the same technology to seamlessly redistribute workloads across a hybrid or multicloud environment for business continuity.

Today, **14%** of organisations are already leveraging automated intelligence capabilities to detect and predict IT issues as they occur and to proactively heal and optimise its infrastructure accordingly.

Comparing agility leaders and followers, **31%** of leaders are leveraging automation capabilities to preempt potential disruptions and the majority (**53%**) perform continuous scenario planning to manage disruptions. But for followers, **59%** fall back on static business continuity planning (BCP), resulting in delayed responses, and a prolonged period to recovery.

## How Organisations Ensure IT Resilience

14% **Automation capabilities to detect and predict potential issues**

44% **Continuous scenario planning using near-time measurements**

42% **Static IT BCP**

## Agility Leaders Are Better Equipped to Respond to IT Disruptions

● **Real-time & preemptive**   ● **Continuous scenario planning**   ● **Static BCP**

**LEADERS**

| 31% | 53% | 16% |

**FOLLOWERS**

| 3% | 38% | 59% |

**IDC Predictions**

By 2024, **40%** of CIOs will fail to effectively evolve IT's capability to deliver modern digital infrastructures, provide ecosystem tech governance, and support architecture-driven business outcomes.
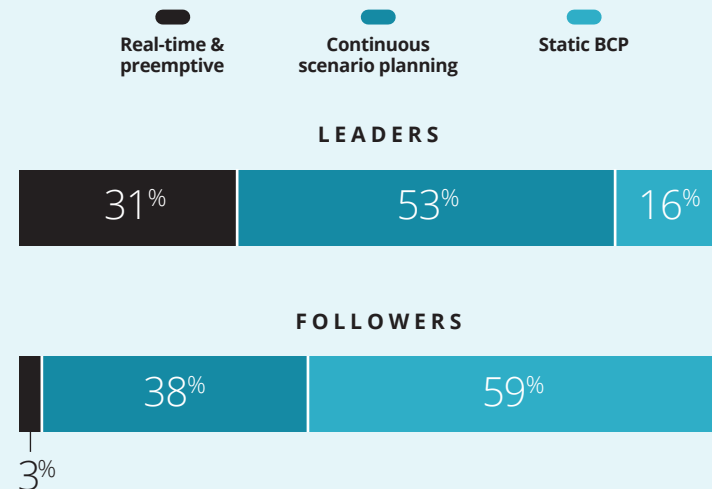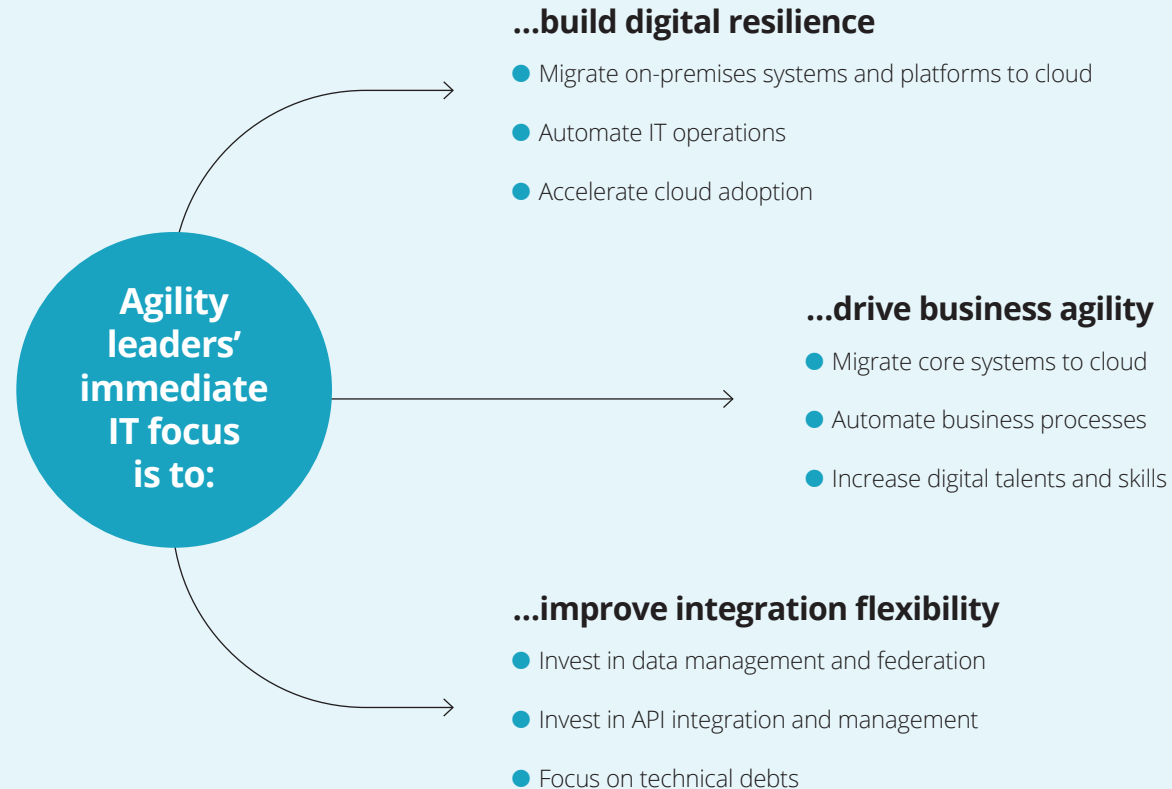
Source:
IDC Worldwide CIO
Agenda Predictions 2022
— Asia/Pacific (Excluding
Japan) Implications

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: IT respondents 270)

# How CIOs Can Close the Agility Gap to Drive Business Resilience, Agility, and Flexibility

For CIOs to be effective digital orchestrators and business transformation leaders, they need to do the following:

▶ Continue to execute their cloud-first technology roadmap and accelerate the migration of on-premises systems to the cloud. Combined with efforts to automate IT ops, these will increase the resiliency of their IT landscape.

▶ Extend their as-a-service architecture to drive better business agility. This includes migrating core business applications to the cloud and codifying business processes to drive process automation and reuse.

▶ Build upon their iPaaS and SOA platform architecture by investing in data management/federation and API integration and management solutions with a focus on core systems to reduce obsolescence and risk in their IT landscape.

**Agility leaders' immediate IT focus is to:**

**...build digital resilience**
- Migrate on-premises systems and platforms to cloud
- Automate IT operations
- Accelerate cloud adoption

**...drive business agility**
- Migrate core systems to cloud
- Automate business processes
- Increase digital talents and skills

**...improve integration flexibility**
- Invest in data management and federation
- Invest in API integration and management
- Focus on technical debts

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: IT respondents from agility leader organisations 76)

**CASE STUDY**

## AURECON

# IT Architecture Simplification and Data Integration Drives Business Agility

Aurecon is a multi-award-winning international company that offers design, engineering, and advisory services. With 5,500 consultants in over a dozen locations worldwide delivering projects across 12 industries, including the Square Kilometer Array project and a solar-powered, modular water treatment plant that brings clean water to remote communities, Aurecon's leadership team recognised the need to allow their people more time on clients and projects, and to leverage data to support decision making.

### GOALS

▶ Create a modern workplace that supports a world-class employee experience.
▶ Integrate and unlock data to support fact-based decisions.

### INITIATIVES

▶ **Simplified IT architecture** by deploying and integrating a suite of applications comprising HR, finance, and project management.
▶ **Consolidated and integrated data** across people, projects, and finance, enabling faster and more effective decision making. Consultants can drill down to project costs to make efficiency decisions, and also use aggregate data to establish where and why best practice is working.
▶ **Integrated human capital data**, enabling Aurecon to optimise project resourcing.

### BENEFITS

▶ Reduced the chart of accounts by 90%.
▶ Improved process governance and standardised master data.
▶ Consolidated and integrated multiple legacy applications.

"We've always had plenty of data, especially now we're getting more involved with digital engineering. Now we can use that data to support quality, fact-based decisions."

**Chief Finance Officer**
**AURECON**

Source: https://www.workday.com/en-us/customer-stories/a-h/aurecon-bring-employee-experience-to-life.html

# The CFO's Agility Imperative

**This section looks at the CFO's digital agility imperative, the widening agility gaps between organisations, and how CFOs can close the gaps.**

A lesson learned from the COVID-19 pandemic is that organisations must stay agile and resilient to survive shocks and thrive despite disruptions. The role of the CFO also needs to evolve to support the business – from being the custodian of finance and capital allocation to becoming the **arbiter of improved enterprise decision making**.

Timely, granular insights that inform decisions and actions about the where, what, and how of playing offensive and defensive in new market entry, as well as deepening market penetration, and maximising profits in mature segments, are key aspects of enterprise agility and business performance in the digital-first world.

To this end, agility leaders are extending their advantage through integrated and automated finance processes that deliver such timely and accurate insights. To close agility gaps, CFOs must leverage technology and accelerate finance digitalisation.

# Enabling Better Decision Making Underscores CFO's Agility Imperative

The CFO of the future focuses on enabling enterprise-wide decision making by democratising access to financial insights, business performance, and market opportunities. The agility imperative for the CFO is to help the business create a competitive advantage by enabling effective decision making to achieve the following:

However, finance leaders face key challenges that hamper their ability to proactively drive profitable growth opportunities in today's uncertain macro environment. The constant flux in the business landscape also makes long-term scenario planning difficult, testing their ability to achieve the goal of long-term enterprise resilience. Lastly, organisations that rely on manual processes for cost and cash management are unable to benefit from timely insights on how price volatilities impact profitability and cashflow. This is particularly the case with rising input costs, currency fluctuations, and supply chain disruptions.

## The CFO's Agility Imperative

▶ **Drive profitable growth** *Playing offence*

Quickly seize new market and M&A opportunities as soon as they develop, if not before

▶ **Cultivate a cost containment culture** *Playing defence*

Maintain market advantage by optimising cost, profit, and cash flow

▶ **Maximise capital** *Keeping score*

Allocate capital efficiently to maximise return on investment (ROI) on financial, human, and data assets, and knowing when to pivot

▶ **Ensure sustainability** *Finishing strong*

Perform financially, but also environmentally and socially. Be able to plan for long-term sustainability, risk management, and societal impact

▶ **Attract and retain talents** *Fielding the team*

Become the employer of choice for finance talent. Meet next-gen workers' expectation for digital tools to do their job

▶ **Digitalise finance** *Equipping the team*

Reduce legacy technology footprint and modernise finance without the disruption of existing ERP implementations

## Top Challenges to Finance Departments

**1** 55%
Identifying new growth opportunities while driving profitable revenue growth in a rapidly changing environment.

**2** 49%
Ensuring long-term enterprise resiliency.

**3** 45%
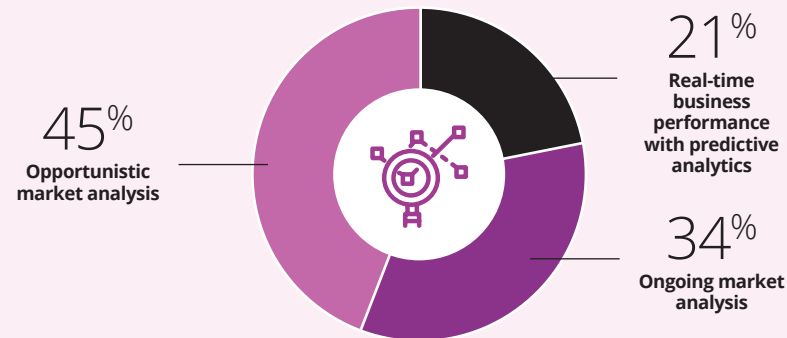Building a culture of cost containment for predictable cash flow.

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: Finance respondents 275)

# Drive Growth by Ensuring **Visibility into Real-time Business Performance** and Market Insights

To maximise business growth, CFOs must enable better market sensing based on an ongoing assessment of market trends, and must have real-time visibility into business performance. This will improve the organisation's time to decision for strategic investments, and allow it to keep tabs on those investments while remaining vigilant to market shifts.
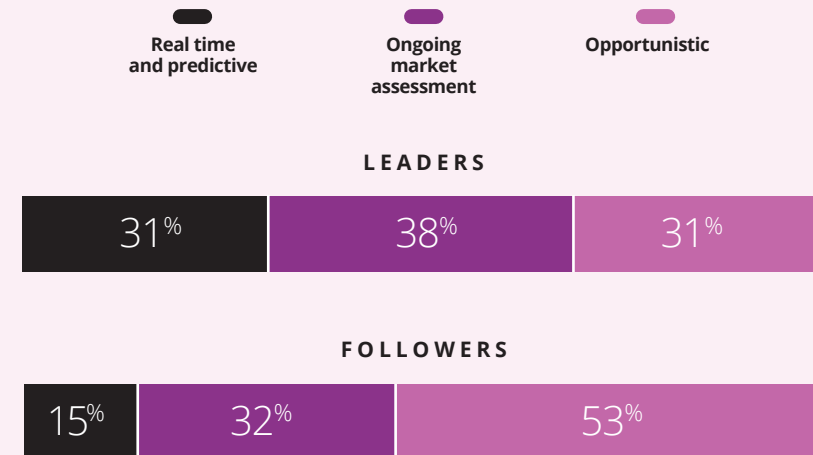
To this end, **21%** of organisations are informed by real-time business performance and market data, and leverage predictive analytics to anticipate opportunities. This information gives these organisations the first-mover advantage in times of rapid market changes.

Comparing agility leaders and followers, **one-third** of leading organisations keep a pulse on market opportunities through real-time and predictive analytics, but only **15%** of agility followers do the same. More than half of agility followers conduct selected market analysis on an opportunistic basis, resulting in missed opportunities.

## How Organisations Identify and Assess Market Opportunities

21% **Real-time business performance with predictive analytics**

45% **Opportunistic market analysis**

34% **Ongoing market analysis**

## Agility Leaders Have More Agile Technology Architectures That Support Business Growth

● Real time and predictive
● Ongoing market assessment
● Opportunistic

**LEADERS**

| 31% | 38% | 31% |
|---|---|---|

**FOLLOWERS**

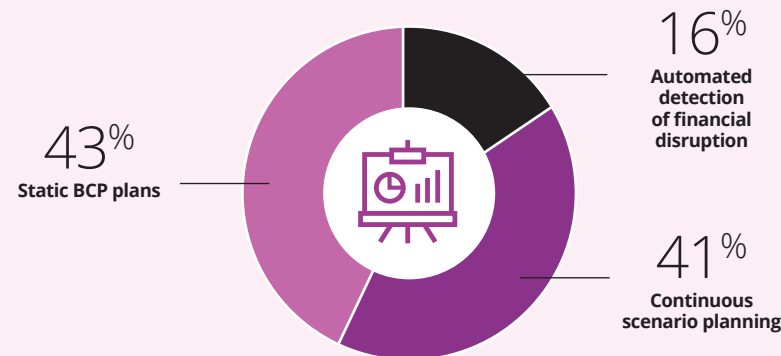| 15% | 32% | 53% |
|---|---|---|

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: Finance respondents 275)

# Build Enterprise Resilience Rooted on **Intelligent and Predictive Scenario Planning**

In today's connected world, disruptive events such as the COVID-19 pandemic and geopolitical tensions have de-stabilising effects on organisations. To build enterprise resilience, CFOs must develop capabilities to perform continuous scenario planning and enable predictive capabilities to better detect, if not preempt, disruptions and understand their impact on the enterprise. Organisations can then improve their risk posture and be among the first to effectively respond and recover from the disruptions.

On this point, **16%** of organisations have fully automated intelligence capabilities to detect and predict potential issues, so the CFO has better insights on how changes in macroeconomic variables such as interest rate hikes (e.g., corporate bond liabilities) and supply chain disruptions impact the enterprise's financial position and its risk posture. Another **41%** use continuous scenario planning with near real-time measurement.

Among agility leaders, **nearly one-third** build enterprise resilience grounded on intelligent and predictive capabilities, while most rely on continuous scenario planning to keep abreast of how economic events impact their enterprise. On the other hand, two out of three (**65%**) agility followers rely on static BCP plans that require contextualisation and updates when business continuity efforts are initiated. This means agility followers are often surprised by disruptive events and are also slower to respond effectively.

## How Organisations Ensure Enterprise Resilience

16% Automated detection of financial disruption

43% Static BCP plans

41% Continuous scenario planning

## Agility Leaders Are Better Prepared for Economic Disruptions

Automated detection　　　Continuous scenario planning　　　Static BCP

**LEADERS**

29% | 64% | 7%

**FOLLOWERS**

8% | 27% | 65%

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: Finance respondents 275)
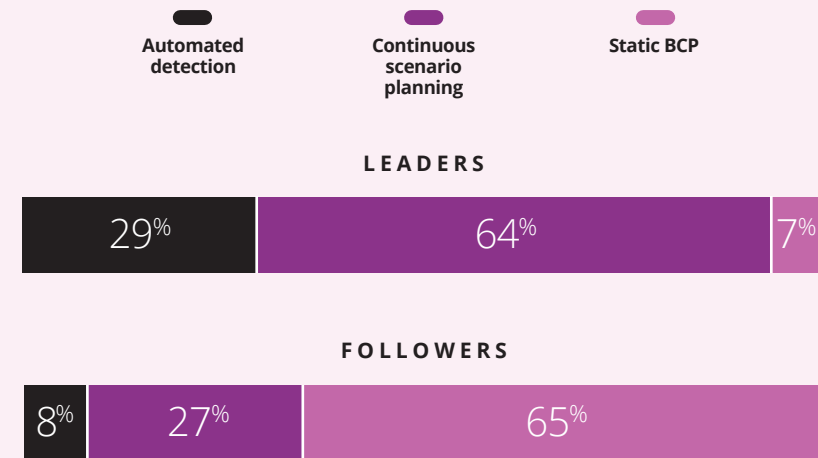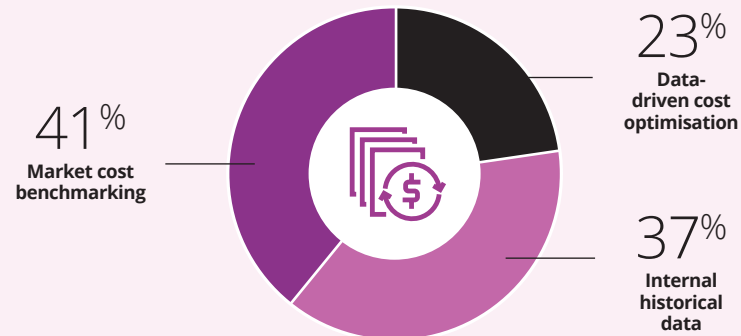
# Develop a Culture of Cost Containment by Promulgating **Data-Driven Cost Optimisation**

Developing a culture of cost containment will be of growing importance as inflationary pressures continue to increase for the foreseeable future. CFOs need to take a holistic cost management approach and proactively understand shifts in cost drivers to be effective in performing cost optimisation and in negotiating supplier contracts. Digitalising cost activities, such as in procure-to-pay (P2P) processes, will enable timely cost visibility and cost management. Organisations with data-driven foresight will be well-positioned to lock in favourable contract terms and pricing to mitigate inflationary effects

Today, **23%** of organisations have a data-driven cost optimisation strategy, and leverage enterprise-wide and ecosystem data that allows them to proactively identify cost optimisation opportunities.

Among agility leaders, **39%** take a data-driven approach to cost optimisation, enabling granular visibility into cost drivers that allows them to initiate cost optimisation strategies as price inflation cascades through their extended ecosystem. On the other hand, **almost half** of agility followers manage their costs based only on historical financial data and reports. As such, agility followers are often impacted by price increases before any cost management initiatives can be implemented, and when market prices are no longer as favourable.
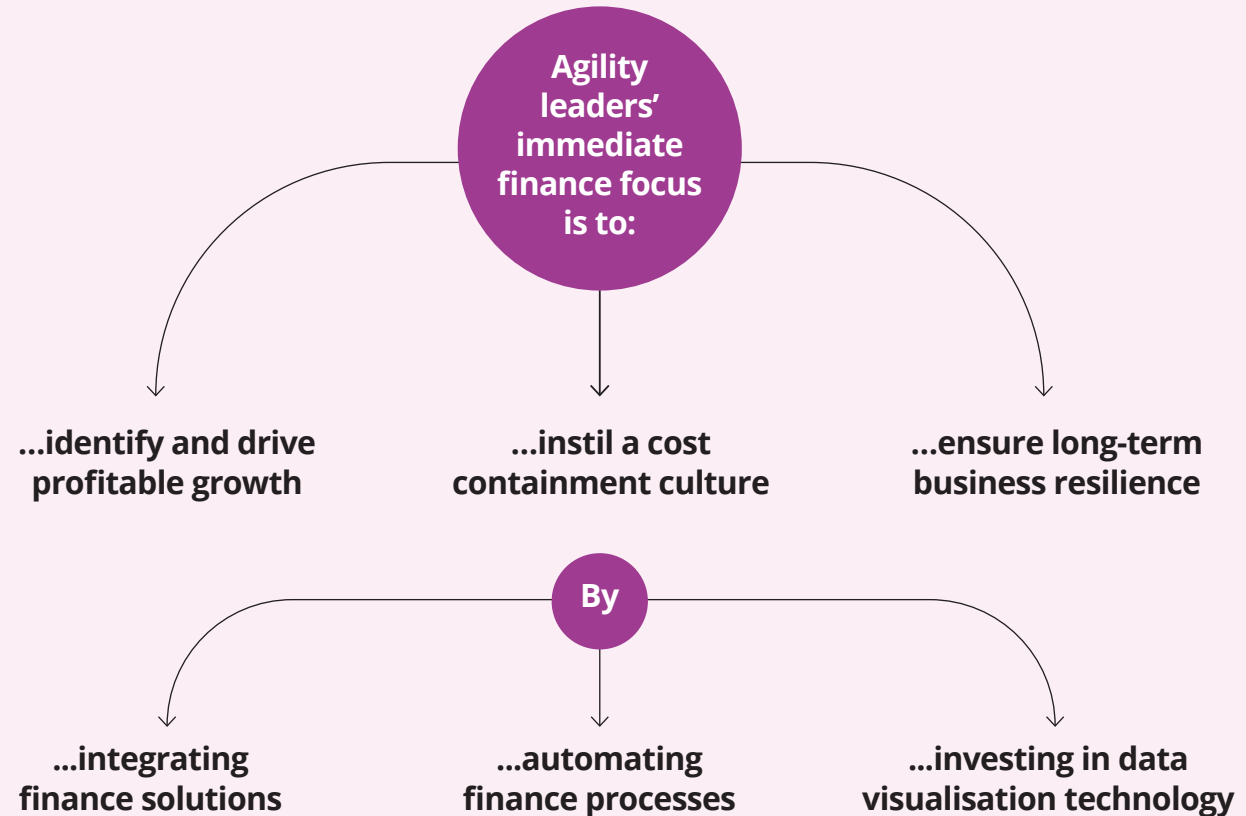
## How Organisations Manage and Optimise Cost

41% Market cost benchmarking

23% Data-driven cost optimisation

37% Internal historical data

## Agility Leaders Are More Proactive and Holistic in Cost Management

- Data-driven cost optimisation
- Market benchmarking
- Internal historical data

**LEADERS**

| 39% | 44% | 17% |
|-----|-----|-----|

**FOLLOWERS**

| 12% | 39% | 49% |
|-----|-----|-----|

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: Finance respondents 275)
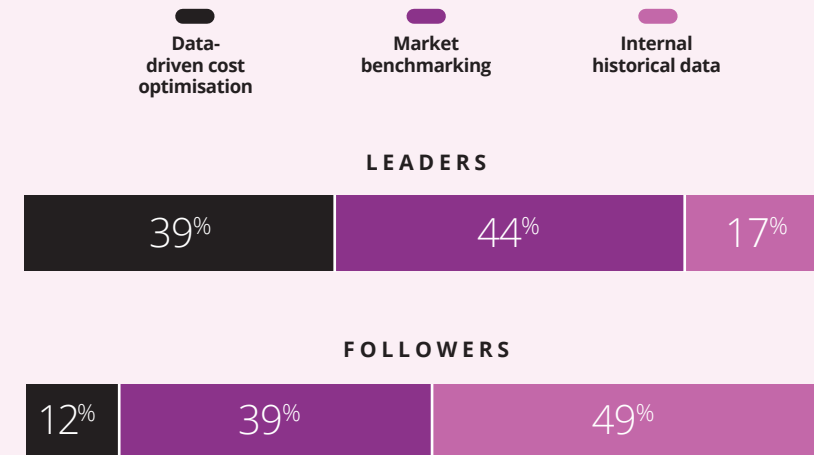
# How CFOs Can Close Agility Gaps to Drive Growth, Contain Costs, And Ensure Resilience

Leaders of agile organisations invest in financial system and process integration, process automation, and data visualisation and analytics to better capture and share intelligence about cost activities, business performance, and their markets.

Integrated financial systems, automated processes, and shared data help to democratise data-driven decision making. In so doing, it facilitates strategy alignment and effective execution across the enterprise; in other words, increased organisational agility.

**Agility leaders' immediate finance focus is to:**

...identify and drive profitable growth

...instil a cost containment culture

...ensure long-term business resilience

**By**

...integrating finance solutions

...automating finance processes

...investing in data visualisation technology

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: Finance respondents from agility leader organisations 94)

**CASE STUDY**

## First Sentier Investors

# Improved Decision Making Through Cloud-Based Financial Management Platform, Process Automation, and Analytics

Sydney-based First Sentier Investors is a global asset management firm with US$180 billion of investments from global investors, and has more than 800 employees in 11 offices across nine countries. When the company was acquired by Mitsubishi UFJ Trust and Banking Corporation (MUTB), a global financial juggernaut, the CFO had only 6 months to stand up an all-new financial management platform to ensure continued client confidence in their competence and performance to handle their investments, while also providing stability to a new global organisation.

### CHALLENGES

▶ Need for a secure yet globally accessible and scalable financial management platform to support new global organisation structure.

▶ Legacy general ledger designed only to support cost-based accounting.

▶ Risk and data integrity issues from using spreadsheets for consolidated financial reports.

▶ Future proofing technology investments that enable regular but non-disruptive updates and upgrades, specifically in process redesign and automation.

### INITIATIVES

▶ **Migrated financial systems** to configurable cloud-based finance management platform with customisable process flows and automation that transforms business event data into accounting entries.

▶ **Deployed adaptive planning software** built over integrated financial, workforce, and operational data to synchronise and align cross-functional reporting.

▶ **Overlaid analytic tools** over finance management platform to turn data into insights and democratise insights access across the enterprise.

### RESULTS AND BENEFITS

▶ Completed financial systems overhaul in less than 12 months.

▶ Increased data trust, global accessibility, and synchronicity through a single source of truth across business functions.

▶ Empowered finance teams with greater autonomy through analytics, budgeting, and forecasting tools to ensure that operational risks are contained.

▶ Catalysed process redesign and automation to better capture opportunities and drive cost efficiency.

Source: https://blog.workday.com/en-us/2021/increasing-finance-operations-efficiency-first-sentier-investors.html

"…we now have all the numbers we need at our fingertips and can trust their integrity. This lets us really start to drill into the data, the analytics, the planning, and the forecasting so we can deliver more guidance to the business than we could before."

**Chief Financial Officer**
**FIRST SENTIER INVESTORS**

# The CHRO's Agility Imperative

**This section looks at the CHRO's digital agility imperative, the growing agility gaps between organisations, and how CHROs can close the agility gaps.**

An enterprise needs a digital and agile workforce to succeed in its business transformation. In the intensifying war for talent, the role of CHRO must evolve beyond managing human capital to cultivating an agile workforce that can keep pace with change.

The COVID-19 pandemic has made the hybrid workplace a permanent fixture for most enterprises. This shift in work culture requires CHROs to take a multi-faceted approach to employee experience, professional development, personal well-being, and workforce productivity. To do so, the role of the CHRO must be one of a **people cultivator for the workforce of tomorrow** – one who is digitally-savvy, adaptable, and purpose-driven.

Agility leaders are steps ahead of their peers in exploiting technology to better engage, develop, and empower their workforce through a hybrid-first approach.

# The Hybrid-First CHRO: Cultivator of an Agile Workforce

The CHRO of the future adopts a hybrid-first work model that supports what is needed to cultivate an agile workforce. This includes enabling a workplace that boosts productive work while scaling HR services in a way that meets employee expectations in a hybrid work environment. The CHRO is also focused on upskilling the workforce to aid business transformation.

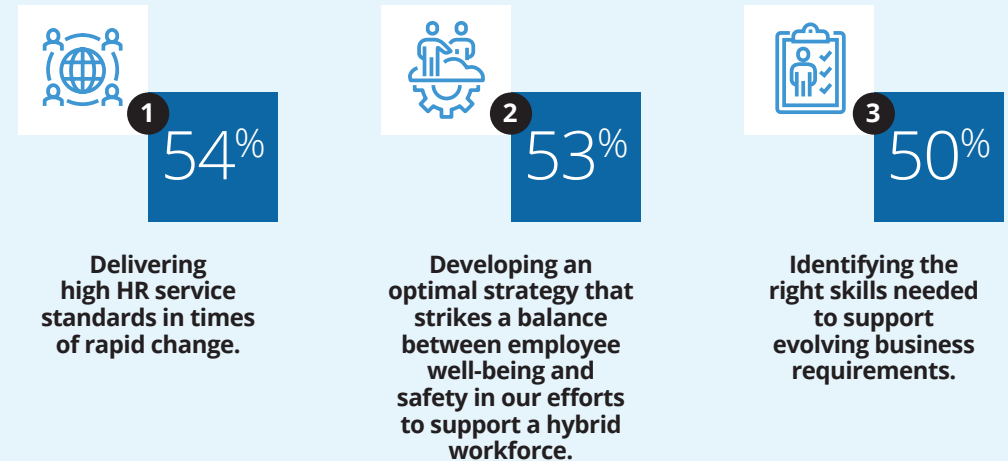The agility imperative for the CHRO can be summarised as follows:

However, 2 years into the pandemic, HR leaders are still challenged in delivering experience-oriented services that facilitate remote work, and in enabling collaborative workspaces for the hybrid workforce. Organisations are still encumbered by the mindset that the physical workplace should remain the predominant mode of work and this mentality restricts workforce agility. At the same time, training programmes that lack a focus on holistic talent and skill development fall short of meeting new business requirements driven by DX acceleration.

## The CHRO's Agility Imperative

▶ **Hybrid workforce** *Return to work*
Develop an optimal return to workplace strategy that balances employee satisfaction and onsite operational needs.

▶ **HR service delivery** *Servicing the workforce*
Scale HR service support while meeting employee experience expectations in a hybrid work model.

▶ **Skills** *Upskilling the workforce*
Develop skills inventory and needs to guide talent strategy to manage the career development of employees.

▶ **Workforce optimisation** *Allocating resources*
Sense and respond swiftly to dynamic business demands with remote workforce and staff redeployment.

▶ **Employee experience** *Energising the workforce*
Meet and exceed employees' need to feel engaged, empathised, embraced, empowered, and energised.

▶ **Inclusion and diversity** *Instil a sense of belonging*
Cultivate a sense of belonging through a systemic and accountable approach from goal-setting to goal-getting.

## Top Challenges for HR Departments

**1 — 54%**
**Delivering high HR service standards in times of rapid change.**

**2 — 53%**
**Developing an optimal strategy that strikes a balance between employee well-being and safety in our efforts to support a hybrid workforce.**

**3 — 50%**
**Identifying the right skills needed to support evolving business requirements.**

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: HR respondents 271)

# Balancing Workforce Flexibility Through **Hybrid-First Work Models**

Accustomed to remote working during COVID-19 lockdowns, employees' call for work flexibility is growing louder as the Asia/Pacific slowly emerges from the shadow of the pandemic. The traditional standard working hours and work practices are no longer in sync. CHROs need to adopt a hybrid-first work model and be a champion of diversity, equity, and inclusion (DE&I). Doing so will result in more engaged employees, enable the organisation to attract and retain talent, and, in the long-run, develop an agile workforce that is attuned to, and embraces the organisation's business transformation initiatives.
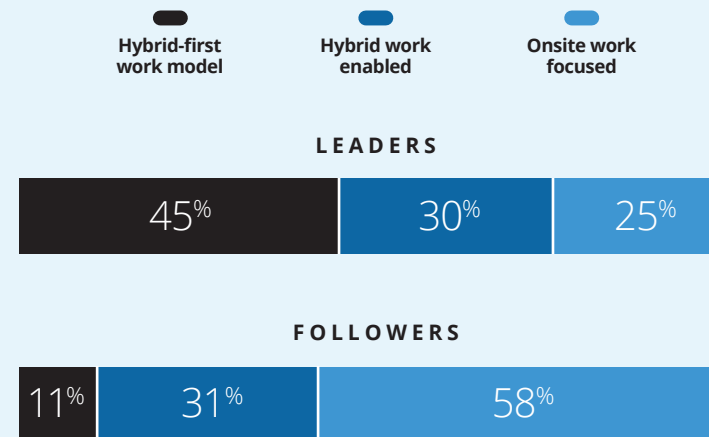
The good news is that **55%** of organisations in Asia/Pacific are already adopting a hybrid-first work model or are enabling their employees to perform hybrid work.
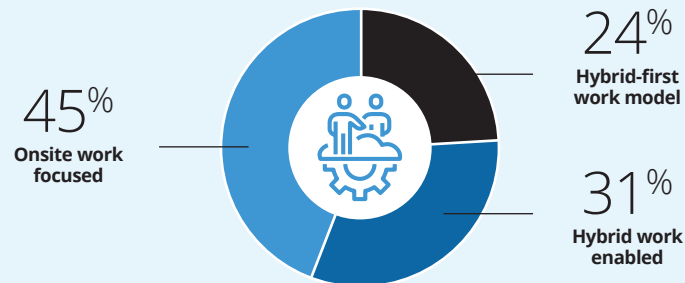
Taking a close look at agility leaders, **45%** of them have already adopted hybrid-first models and another **30%** are hybrid-work enabled. Conversely, **58%** of followers remain focused on onsite work, particularly in the manufacturing, hospitality, and education sectors. These followers see remote work as temporary that will pass with the loosening of COVID-19 measures. However, such broad-brushed onsite approaches and restrictive employment terms reduce the organisation's attractiveness as an employer of choice, and limit the pool of talent sources that are critical for business transformation.

**IDC Predictions**

By 2023, digital transformation and business volatility will drive

# 55%

of A2000 organisations to deploy remote or hybrid-first work models, redefining work processes and engaging diverse talent pools.

Source: IDC FutureScape: Worldwide Future of Work 2022 Predictions — Asia/Pacific (Excluding Japan) Implications.

## How Organisations Enable Hybrid Work Models

24%
**Hybrid-first work model**

45%
**Onsite work focused**

31%
**Hybrid work enabled**

## Agility Leaders Are More Inclined Towards Being Hybrid-First In Workplace and Workspace Design

- **Hybrid-first work model**
- **Hybrid work enabled**
- **Onsite work focused**

**LEADERS**

| 45% | 30% | 25% |
|-----|-----|-----|

**FOLLOWERS**

| 11% | 31% | 58% |
|-----|-----|-----|

# Scaling HR Service Delivery by Embracing **Hybrid-First Employee Experience**

As hybrid becomes the default mode of work, CHROs play a pivotal role in helping employees stay engaged and productive by proactively tackling hybrid-first work challenges through strategic employee experience (EX) initiatives. They must be able to scale HR services while meeting employee expectations for personalised and intuitive support experiences, while at the same time, be adept at reinventing traditional EX programmes to address the needs of workers facing remote and hybrid work challenges.

To this end, **20%** of organisations have an integrated HR service delivery strategy where EX platforms provide a unified and intelligent workspace – one that incorporates employee listening, provides access to resources such as mental well-being tools, and offers insights and analytics around employee engagement.
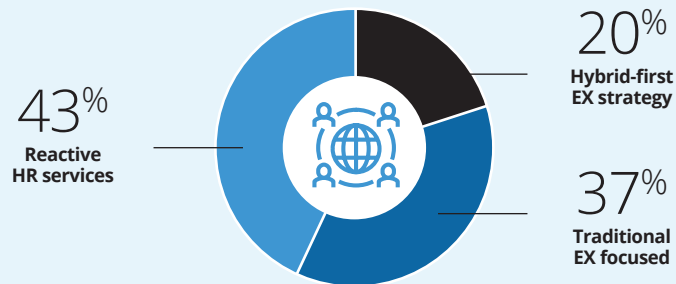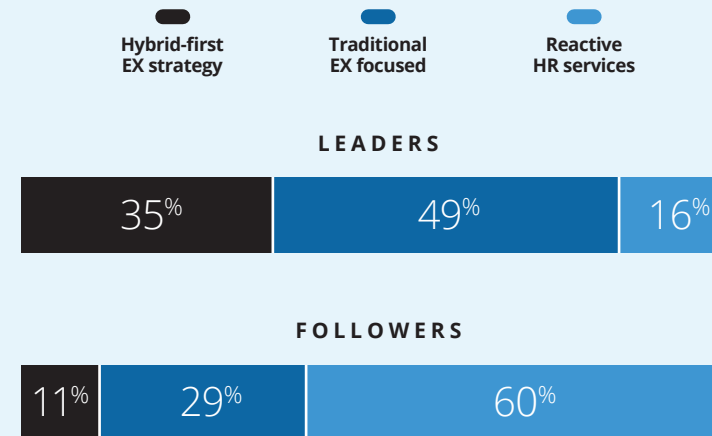
Comparing agility leaders and followers, **35%** of leaders take a proactive approach in addressing new hybrid work challenges, while another **49%** are in the process of evolving traditional EX programmes and services to meet the challenges of new workforce realities. Conversely, **60%** of agility followers are still reactive in handling their workforce's challenges, resulting in lower productivity and workforce disengagement.

### How Organisations Enable Hybrid Work Models



43% Reactive HR services

20% Hybrid-first EX strategy

37% Traditional EX focused

### Agility Leader Are More Proactive in Addressing Hybrid-First Work Challenges

- Hybrid-first EX strategy
- Traditional EX focused
- Reactive HR services

**LEADERS**

| 35% | 49% | 16% |

**FOLLOWERS**

| 11% | 29% | 60% |

**IDC Predictions**

By 2023, **50%** of A2000 businesses will deploy AI and ML-enabled platforms to support the entire employee life-cycle experience from onboarding through to retirement.
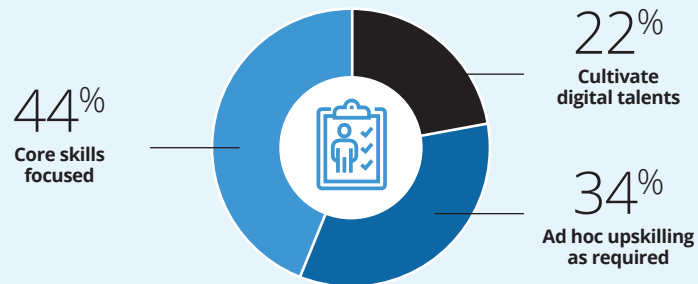
Source: IDC FutureScape: Worldwide Future of Work 2022 Predictions — Asia/Pacific (Excluding Japan) Implications.

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: HR respondents 271)

# Enabling Business Transformation By **Cultivating Skills and Talents**

Organisations with a digital workforce are more agile in executing business transformation initiatives. But those undergoing DX are often hampered by a lack of digital skills. Indeed, skills shortage is often cited as the top DX challenge, and resolving the issue has become a C-suite priority. Here, the CHRO must take the lead in nurturing a culture of continuous learning and building an agile workforce through strategic skills development programmes.

However, **only 22%** of organisations have a holistic talent management strategy that proactively engages the workforce, and leverages data and analytics to identify potential training needs and growth areas for the long term. Beyond digital skills needed for DX initiatives, talent strategy also extends to digitally-enabled work such as in security, use of remote collaboration tools, and accessing data and resources remotely for the extended workforce.
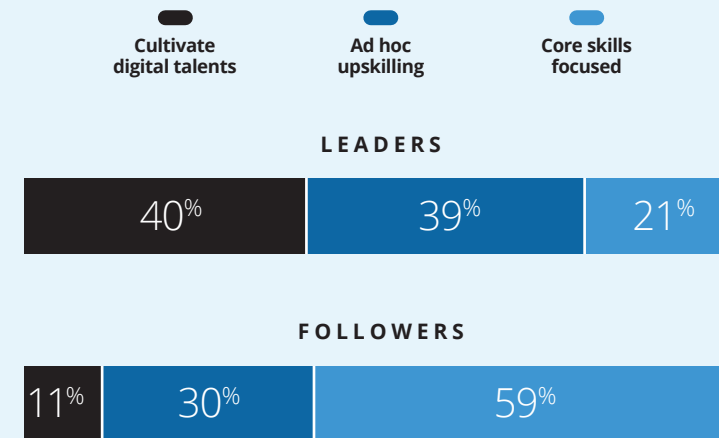
Comparing agility leaders and followers, **40%** of leaders are cultivating the required skillset for the long term, and another **39%** can provide ad hoc upskilling as and when required. Conversely, only **11%** of followers take a similar approach in talent investments, with more than half (**59%**) providing training that focuses only on core skills requirements. This lack of a strategic approach to skills and talent development will put a wrench in the works for business transformation initiatives, and will in the long run affect business performance.

### IDC Predictions

DX-related IT skills shortages will affect

# 90%

of organisations by 2025, costing over $3.4 trillion in APEJ through 2025 due to delayed product releases, reduced customer satisfaction, and loss of business.
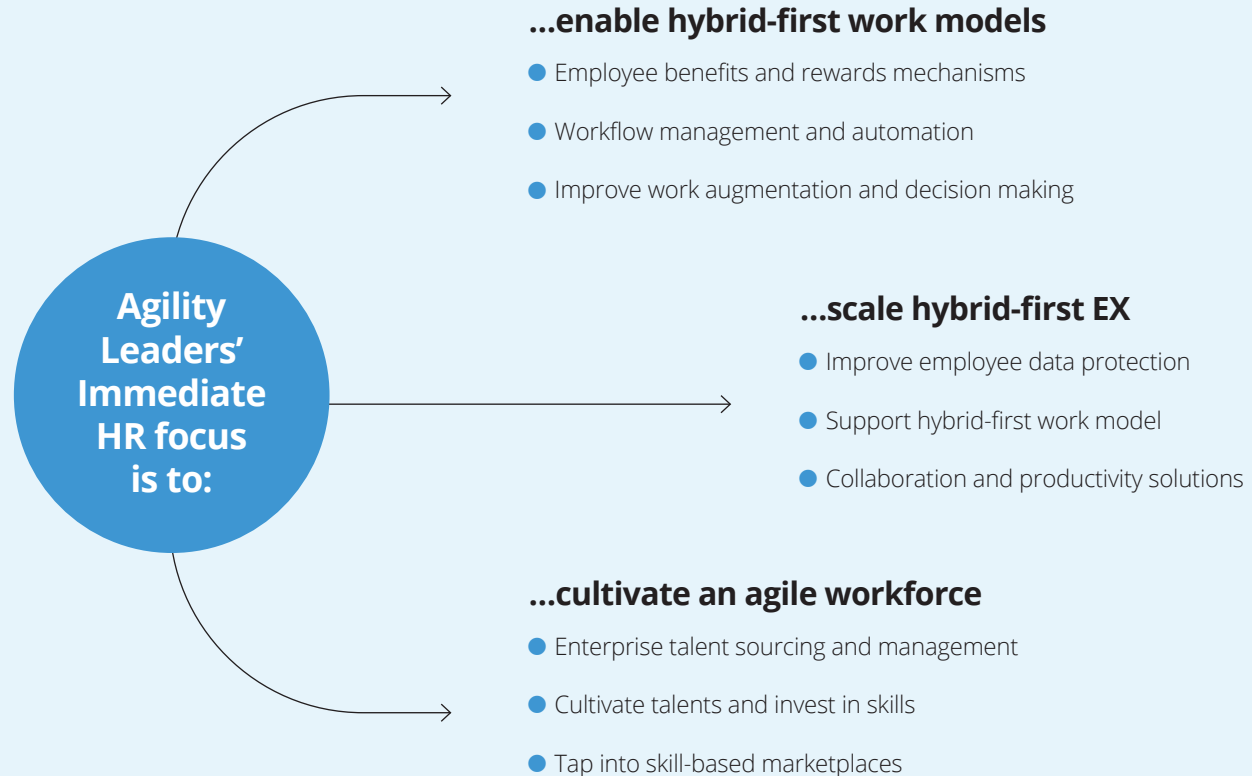
Source:
IDC FutureScape:
Worldwide Future of
Work 2022 Predictions
— Asia/Pacific (Excluding
Japan) Implications.

## How Organisations Upskill Talents

22% **Cultivate digital talents**

44% **Core skills focused**

34% **Ad hoc upskilling as required**

## Agility Leaders Take a More Proactive Approach in Cultivating Digital Talents

Cultivate digital talents        Ad hoc upskilling        Core skills focused

**LEADERS**

| 40% | 39% | 21% |

**FOLLOWERS**

| 11% | 30% | 59% |

# How CHROs Can Close Agility Gaps to Enable Hybrid-First Work Models, Scale HR Services, and Cultivate a Digital Workforce

Agility leaders are enabling hybrid-first work models by investing in technology to support remote work processes and making employee benefits mechanisms more accessible.

At the same time, they are reinventing work processes and improving decision making by stepping up workflow automation. In scaling hybrid-first EX, leaders are investing in data protection, collaboration and productivity solution technology (such as in employee engagement, voice of employees), along with people analytics to understand employee needs and align EX with hybrid-first work models.

Lastly, agility leaders are also investing in enterprise talent sourcing and management, skill development, and tapping into skill-based marketplaces to nurture an agile and digital workforce.

**Agility Leaders' Immediate HR focus is to:**

**...enable hybrid-first work models**
- Employee benefits and rewards mechanisms
- Workflow management and automation
- Improve work augmentation and decision making

**...scale hybrid-first EX**
- Improve employee data protection
- Support hybrid-first work model
- Collaboration and productivity solutions

**...cultivate an agile workforce**
- Enterprise talent sourcing and management
- Cultivate talents and invest in skills
- Tap into skill-based marketplaces

Source: IDC-Workday Digital Agility Index Survey Asia/Pacific, 2022 (n=816: HR respondents from agility leader organisations 102)

**CASE STUDY**

## HKBN

# Integrated Cloud-Based HCM Solution Supports Hybrid Work, Develops Skills, and Enhances Employee Engagement

HKBN Group is an integrated telecom and technology solutions provider headquartered in Hong Kong with operations spanning Hong Kong, Singapore, Malaysia, mainland China and Macau. With about 6,000 employees, many of whom are shareholders of the company, managing their development became challenging as the number of HR systems multiplied through business acquisitions. The company needed better tools to transform HR practices, empower its workforce to develop new skills, and continue to engender a sense of ownership.

### CHALLENGES

▶ Transforming HR practices to better align business objectives across all HKBN entities.

▶ Managing talent development using multiple HR and talent systems where the workforce has no remote access.

### INITIATIVES

▶ **Consolidated HR systems** to an integrated cloud-based human capital management (HCM) application suite.

▶ **Digitalised engagement and ownership program**. Implemented dashboards to gain a comprehensive view of employee ownership by function or group to identify and formulate more effective and targeted engagement strategies.

▶ **Established skills inventory and optimised workforce allocation**. This includes the creation of talent development tracking and dashboards to ensure its skills inventory is aligned with customer needs. Employee certifications are tracked so that the right resources are allocated to the right projects, such as in meeting the public sector's requirement for supplier certifications.

### BENEFITS

▶ Supported remote workforce with go-live of cloud-based HCM solution during COVID-19 pandemic

▶ Closely aligns talent development with business needs

▶ Improves decision making using talent analytics

▶ Provided HR services for both onsite and field engineers with hybrid-first work model



"We believe that we've been connecting pretty well with our talents, but without a world-class system, we won't be able to keep up the pace, especially as we continue to grow."

**Former Chief Talent and Purpose Officer**
**HKBN**

Source: https://www.workday.com/en-us/customer-stories/a-h/hkbn-transforms-talent-management-in-a-rapidly-changing-world.html

# Closing Digital Agility Gaps to Capitalise on Change
## Moving Beyond Tactical to Integrated DX

To close agility gaps so that the organisation is adaptable to, and capable of capitalising on, change, the CIO, CFO, and CHRO must come together as a digital dream team to move DX initiatives away from a tactical to an integrated approach.

▶ **Align cross-functional DX.** CHROs, CFOs, and CIOs must work with the DX office to align, coordinate, and budget for cross-functional digital initiatives.

▶ **Integrate digital talent management.** CHROs must work with CFOs and CIOs to identify talent gaps and strategise a holistic talent acquisition, training, and retention plan.

▶ **Integrate HR and finance processes and automation.** CFOs and CHROs should audit existing HR and finance processes and work with the CIO to identify process gaps that require further integration so as to enable more seamless HR and finance consolidation and reporting workflows.

▶ **Include HR and finance requirements in the technology roadmap.** CIOs must work with CFOs and CHROs to design and envision a modular platform architecture that is extensible to core HR and finance systems to better support cross-functional requirements.

## CIOs
### Becoming a Business Transformation Leader

▶ **Build business resiliency** and continuity at scale by accelerating the pace of cloud migration, and investing in the automation of IT operations to detect and fix anomalies.

▶ **Drive business agility** using as-a-service architecture to accommodate rapid changes, simplifying change through modular cloud services, and minimising technical debts.

▶ **Improve integration flexibility** by investing in data management and integration, and API management solutions.

## CFOs
### Improving Enterprise Decision Making

▶ **Drive profitable growth** by discovering and anticipating market opportunities quickly. Integrate financial systems for consolidated workflow, reporting, and market analysis to identify opportunities and monitor performance.

▶ **Instil a culture of cost containment** to maximise profits and cashflow. Integrate point applications with core finance systems and leverage data visualisation and analytics to keep tabs on volatile cost drivers.

▶ **Ensure long-term resilience** using dynamic scenario planning, measurements, and risk management to anticipate change over a longer time horizon. Leverage AI/ML and finance process automation for continuous scenario planning.

## CHROs
### Cultivating an Agile Workforce

▶ **Enable a hybrid-first work model** for both onsite and remote employees, leveraging work augmentation and collaboration technology.

▶ **Scale hybrid-first employee experiences** by delivering HR services in a way that enables the workforce to meet the challenges of new realities of hybrid work.

▶ **Cultivate an agile workforce** by developing skills inventory and development needs to guide the talent strategy. Invest in talent management, sourcing, and learning solutions to inform and execute strategy.

# Are you a **digital leader** or **follower?**

In an increasingly uncertain and rapidly evolving environment, being digitally agile is the new competitive advantage.

Workday is a leading provider of enterprise cloud applications for finance and human resources, helping customers adapt and thrive in a changing world. Workday applications for financial management, human resources, planning, spend management, and analytics have been adopted by thousands of organizations around the world and across industries—from medium-sized businesses to more than 50% of the Fortune 500.

To find out more about how we can help your organisation leapfrog the digital agility gap, visit our **WEBSITE**.

For the Workday story and key milestones, please read **OUR STORY**.

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