Cisco APAC SMB

Digital Maturity Index

Foreword

Digital transformation is no longer just a vision for businesses. It is a reality. An increasing number of companies across Asia Pacific are adopting technology, or gearing up to do so, and going digital.

The region's Small and Medium Businesses (SMBs), especially, are looking to harness the power of technology to overcome key challenges, unlock new avenues of growth and scale rapidly when required. Technology is also a great equalizer for SMBs as it empowers them to compete effectively with larger competitors.

However, the SMB sector is also highly complex. Businesses in different industry sectors face different challenges and have unique growth opportunities, which then vary from country to country.

To succeed, it is important to understand the challenges and opportunities for SMBs in different industry sectors and countries, and the kind of technologies and solutions they can embrace to address those and unlock long term growth.

To better understand these, Cisco commissioned a research with International Data Corporation (IDC) to look at the state of digital adoption of SMBs across the region. The results put a spotlight on the state of digital maturity of SMBs in the region, revealing the key drivers of their digital transformation, the challenges they face, as well as their key technology investments.

The digitalization of SMBs is critical to the region's overall growth. SMBs are the lifeblood of every economy in Asia Pacific. According to the Asian Development Bank, SMBs account for more than 98 percent of all enterprises and make up about 60 percent of the national labour markets in the region.

The transformation of SMBs has only just begun – many companies are still in the planning stage. The next three to five years that are the most exciting ones to watch, as increased investments by SMBs in digital transformation will truly propel Asia Pacific economies to the next stage of growth.

About the Cisco APAC SMB Digital Maturity Index

The Index, developed by IDC, is based on a survey of 1,340 SMBs across the 14 major economies in Asia Pacific: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Thailand, Taiwan and Vietnam.

SMBs from multiple industries including Financial Services, Manufacturing, Construction and Resources, Public Sector, Services, Infrastructure, Retail and Wholesale, were surveyed.

IDC developed a framework to help SMBs clearly assess their current capabilities and establish goals that work to synchronize business objectives with IT needs.

Each SMB was surveyed on four dimensions of digital transformation: strategy and organization, processes and governance, technology, and people and skills.

Each dimension targets an essential aspect of digital transformation and can be assessed independently as a measure of the relative maturity of a specific aspect of business functionality and performance, providing goals for SMBs to target on their digital transformation journey.

Taken together, the four dimensions provide an all-encompassing and balanced approach to the challenges and success around an SMB's digital transformation.

Taking into account their responses to the four dimensions, the SMBs are classified into four stages of digital maturity:
- Stage 1: Digital Indifferent
- Stage 2: Digital Observer
- Stage 3: Digital Challenger
- Stage 4: Digital Native

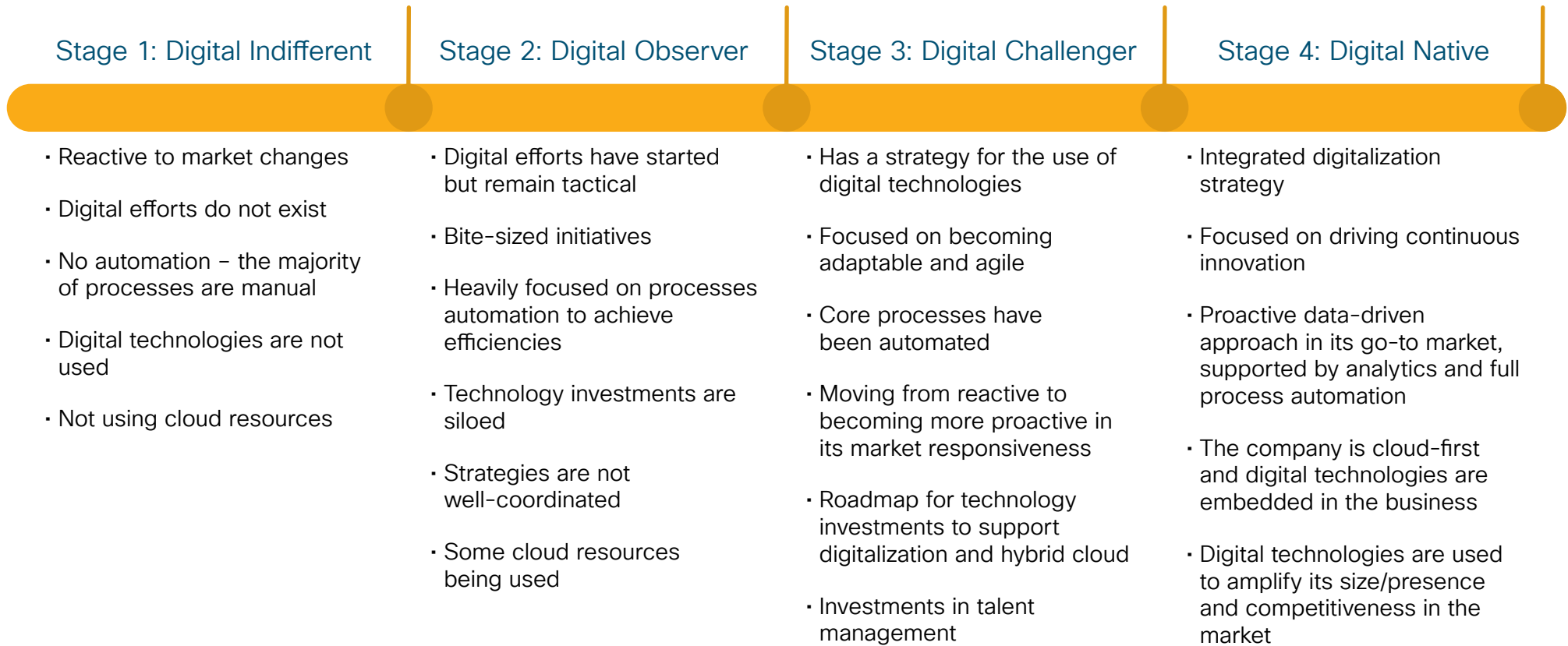# Cisco APAC SMB Digital Maturity Index:
The four dimensions

Source: IDC–Cisco SMB Digital Maturity Index 2019

- How is the company approaching digitalization?
- What is their digitalization strategy?
- Is the organization ready to execute?

Strategy and Organization

Processes and Governance

- What's the level of automation, standardization and process transformation?
- Which processes are most automated?

- Does the company have the right skills and capabilities to source, manage and retain the right talent?
- Is it tapping into other sources?

People and Skills

Technology

- How mature is the company in leveraging key digital technologies to increase its competitiveness?

Figure 1: APAC SMB Digital Maturity Index – The four dimensions of analysis

Cisco APAC SMB Digital Maturity Index:
The four stages of digital maturity

Stage 1: Digital Indifferent	Stage 2: Digital Observer	Stage 3: Digital Challenger	Stage 4: Digital Native
· Reactive to market changes · Digital efforts do not exist · No automation – the majority of processes are manual · Digital technologies are not used · Not using cloud resources	· Digital efforts have started but remain tactical · Bite-sized initiatives · Heavily focused on processes automation to achieve efficiencies · Technology investments are siloed · Strategies are not well-coordinated · Some cloud resources being used	· Has a strategy for the use of digital technologies · Focused on becoming adaptable and agile · Core processes have been automated · Moving from reactive to becoming more proactive in its market responsiveness · Roadmap for technology investments to support digitalization and hybrid cloud · Investments in talent management	· Integrated digitalization strategy · Focused on driving continuous innovation · Proactive data-driven approach in its go-to market, supported by analytics and full process automation · The company is cloud-first and digital technologies are embedded in the business · Digital technologies are used to amplify its size/presence and competitiveness in the market

Source: IDC-Cisco SMB Digital Maturity Index 2019

The majority of SMBs across Asia Pacific have embraced digitalization

The Asia Pacific region is digitalizing rapidly, driven by improved internet access and growing smartphone ownership.

According to IDC, by 2021, at least 60 percent of Asia Pacific GDP will be digitalized. This will be driven by digitally enhanced offerings, operations, and customer relationships across all industries.

This presents an enormous opportunity for businesses that are able to ride this digital wave. The good news is more than 60 percent of SMBs in Asia Pacific have started to embrace digitalization, which puts them in a good position to be able to leverage the opportunity.

The alarming bit is that 39 percent of SMBs surveyed do not have digital efforts in place at all. These businesses are at greatest risk. They will likely face a hard time keeping pace with their competitors in the industry. At worst, these companies may not exist in a few years.

39%

61%

Have not embraced digitalization

Have embraced digitalization
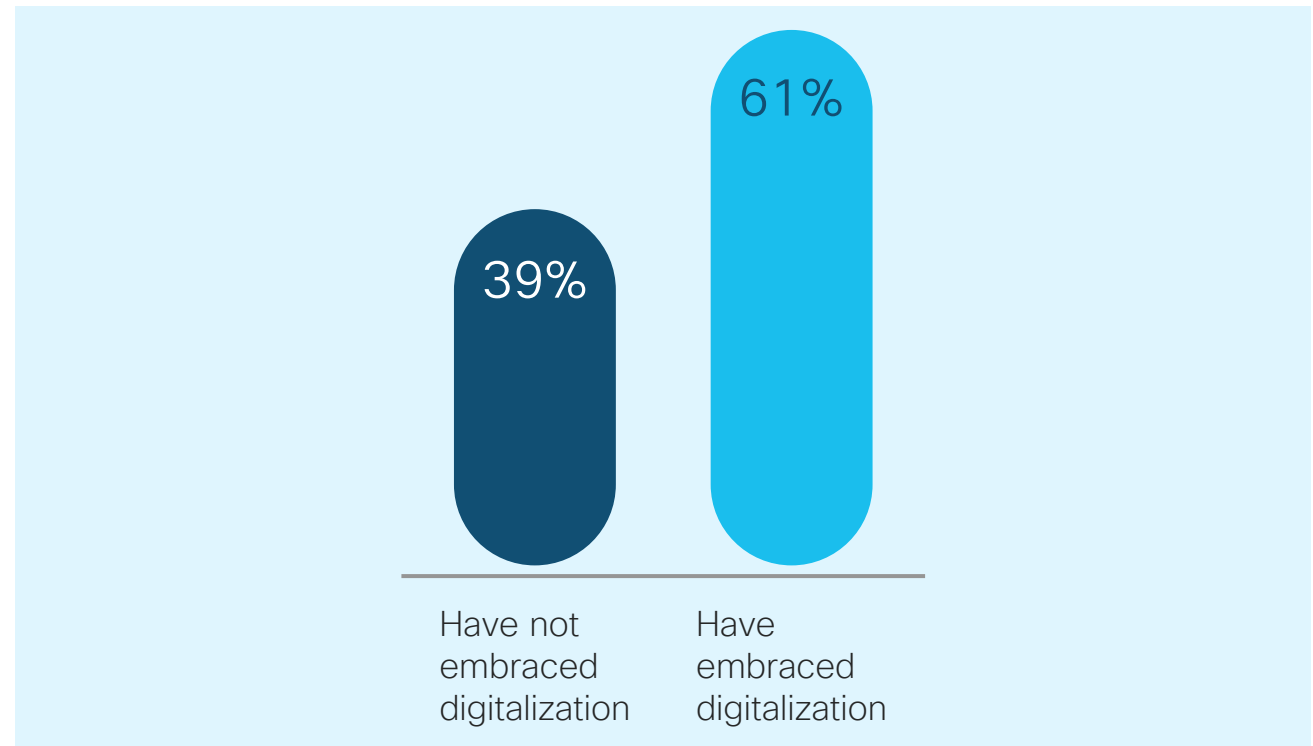
Figure 2: SMBs in APAC which have embraced digitalization

Source: IDC-Cisco SMB Digital Maturity Index 2019

Business imperatives are driving digital transformation of SMBs

Transform or be left behind. This is the stark reality for SMBs.

The rise of the digital economy is already creating "born in the cloud" companies, those based entirely on a digital business model. They are redefining customer experience and expectations, disrupting sectors and in some cases creating entire new ones, while capturing investment and funding opportunities.

Not surprisingly, 43 percent of SMBs surveyed say they are digitalizing as they recognize that they face a real danger of being left behind if they do not transform.

Another key driver is customer demand. Increased smartphone ownership, coupled with the advent of consumer apps, has created an environment where customers now expect they can get what they want, when they want and where they want it, all at their fingertips. Customers are now demanding the same level of service from SMBs as well.

SMBs also recognize that being digital will enable them to become more agile as they bring new products and services to market, and keep them relevant to their customers amid growing competition.

What are your business drivers/triggers to transform digitally?

Survival: 43%
We recognize our competition is transforming and must keep pace.

Reactive: 39%
Our customers are demanding we change the way we do business.

Disruption: 38%
We seek to digitally transform to bring new products and services to the market.

Wait and see: 22%
We currently do not see digital transformation as key to our business.

Figure 3: Responses to the question "What are your business drivers/triggers to transform digitally?"

Source: IDC–Cisco SMB Digital Maturity Index 2019

SMB technology investments are focused on scalability and security

One of the greatest advantages of technology is that it helps small businesses scale quickly without requiring huge upfront investment in IT infrastructure.

It is not surprising then that Cloud, which allows businesses to build mass-scale computing power and minimize IT requirements and physical storage, is the top technology that SMBs across the region are investing in.

As SMBs become more digital, and as their applications and data are stored in the cloud, keeping them secure has become increasingly important. SMBs clearly recognize this as Cybersecurity is among the top technologies they are investing in.

This is also important as SMBs are often part of supply chains of large global companies, who are increasingly demanding their partners and suppliers have the right Cybersecurity protocols in place.

Finally, for a successful digital transformation companies need the right IT infrastructure in place – both hardware and software. SMBs are investing in upgrading their IT infrastructure to meet their evolving needs, including hardware updates like networking, storage and servers.

In which technologies is your company planning to invest on to address your digital transformation requirements? (Top 3)

Technology	%
Cloud	13%
Security	13%
Upgrade IT Infrastructure Software	10%
Upgrade IT Infrastructure Hardware	9%
Artificial Intelligence (AI)	9%
Analytics	8%
Internet of Things (IoT)	8%
Upgrade Enterprise Applications	7%
Mobility	5%
Blockchain	4%
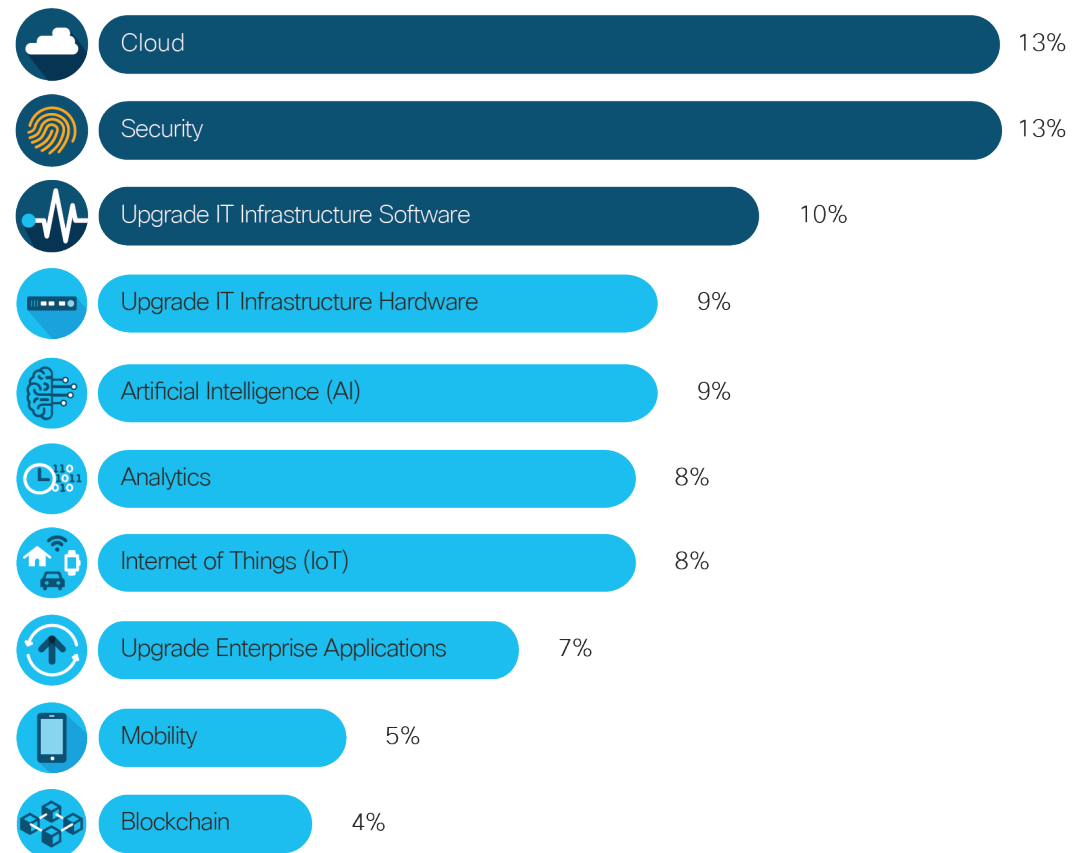
Figure 4: Responses to the question "In which technologies is your company planning to invest on to address your digital transformation requirements?" (Top 3)

Top 3 digital technology investments for SMBs in APAC

Financial Services Institutions

12.6%
Cloud

12.2%
Upgrade IT
INFRA hardware

12.2%
Security

Public Sector

14.9%
Security

14.2%
Cloud

10.7%
Upgrade IT
INFRA software

Infrastructure

15.2%
Security

13.6%
Cloud

11.3%
Upgrade IT
INFRA hardware

Manufacturing

11.5%
Security

11.4%
Cloud

11.1%
Upgrade IT
INFRA software

Retail & Wholesale

13.1%
Cloud

12.9%
Security

11.7%
Upgrade IT
INFRA hardware

Services

13.7%
Cloud

11.5%
Security

10.5%
Artificial
Intelligence

Figure 5: Response to "In which technologies is your company planning to invest on to address your digital transformation requirements? (Top 3)" by industry

Overall Digital Maturity of SMBs in APAC
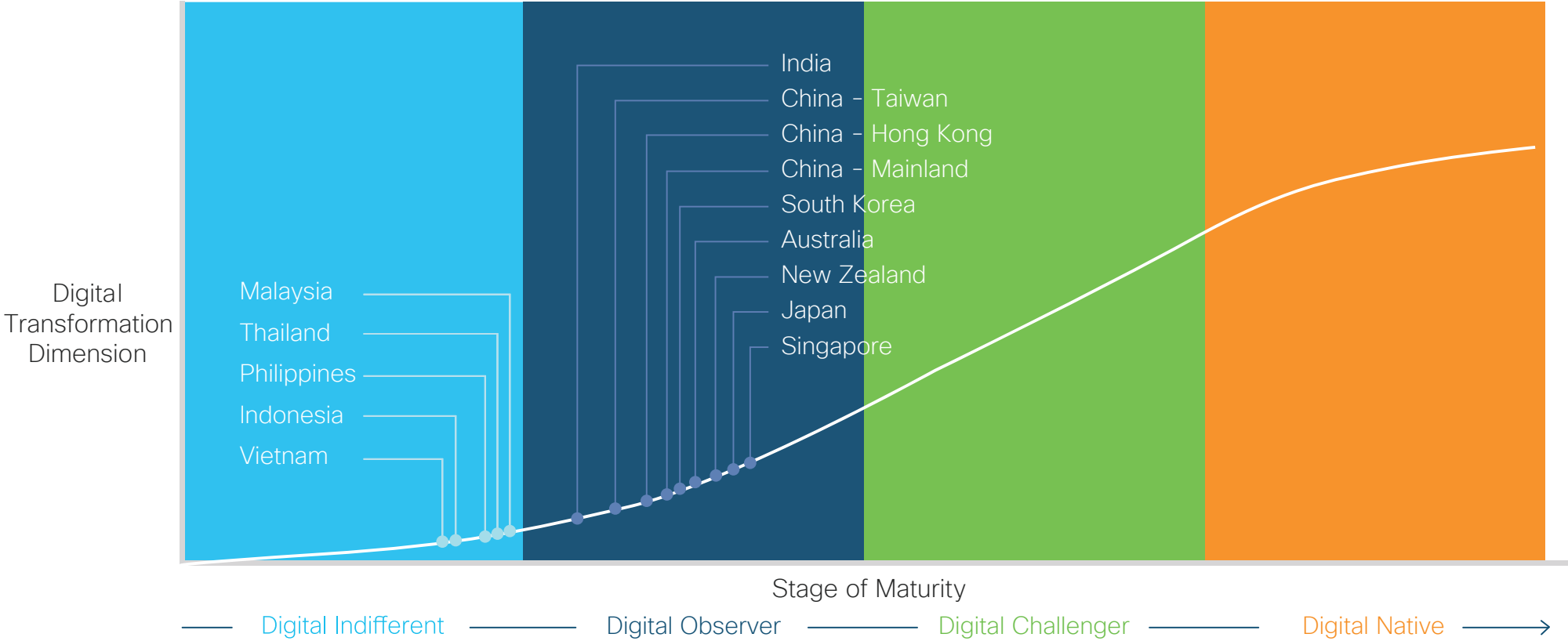
Figure 6: Stage of maturity by countries or regions (in APAC)

Source: IDC–Cisco SMB Digital Maturity Index 2019

Roadblocks: SMBs feel the pinch in global talent war

One of most critical factors to a successful digital transformation is having the right talent in place. This is on multiple fronts: from technology specialists, to data analysts and those with highly specialized skills in areas like Cybersecurity.

As digitalization gathers pace, companies are vying to attract and retain talent with the right skill sets. This has triggered a war for talent across the globe and Asia Pacific is no different.

SMBs in the region are being impacted by this and cited lack of digital skills and talent as their top challenge. This is particularly prevalent in China, with 24 percent of SMBs rating it as the biggest hurdle to digital transformation. From an industry sector standpoint, SMBs in financial services are the least concerned with inadequate skill sets, although this is a key concern among those in infrastructure.

The other major hurdles they listed are lack of insight into operational and customer data and having a robust IT platform. The latter is being addressed by the SMBs as the survey highlighted they are investing in IT infrastructure upgrades.

17% Lack of digital skills and talent within my organization

14% Lack of insight into operational and customer data

14% Lack of a robust IT platform to enable digital transformation

13% Lack of budget/commitment from management

12% Lack of digital mindset/cultural challenges in the organization
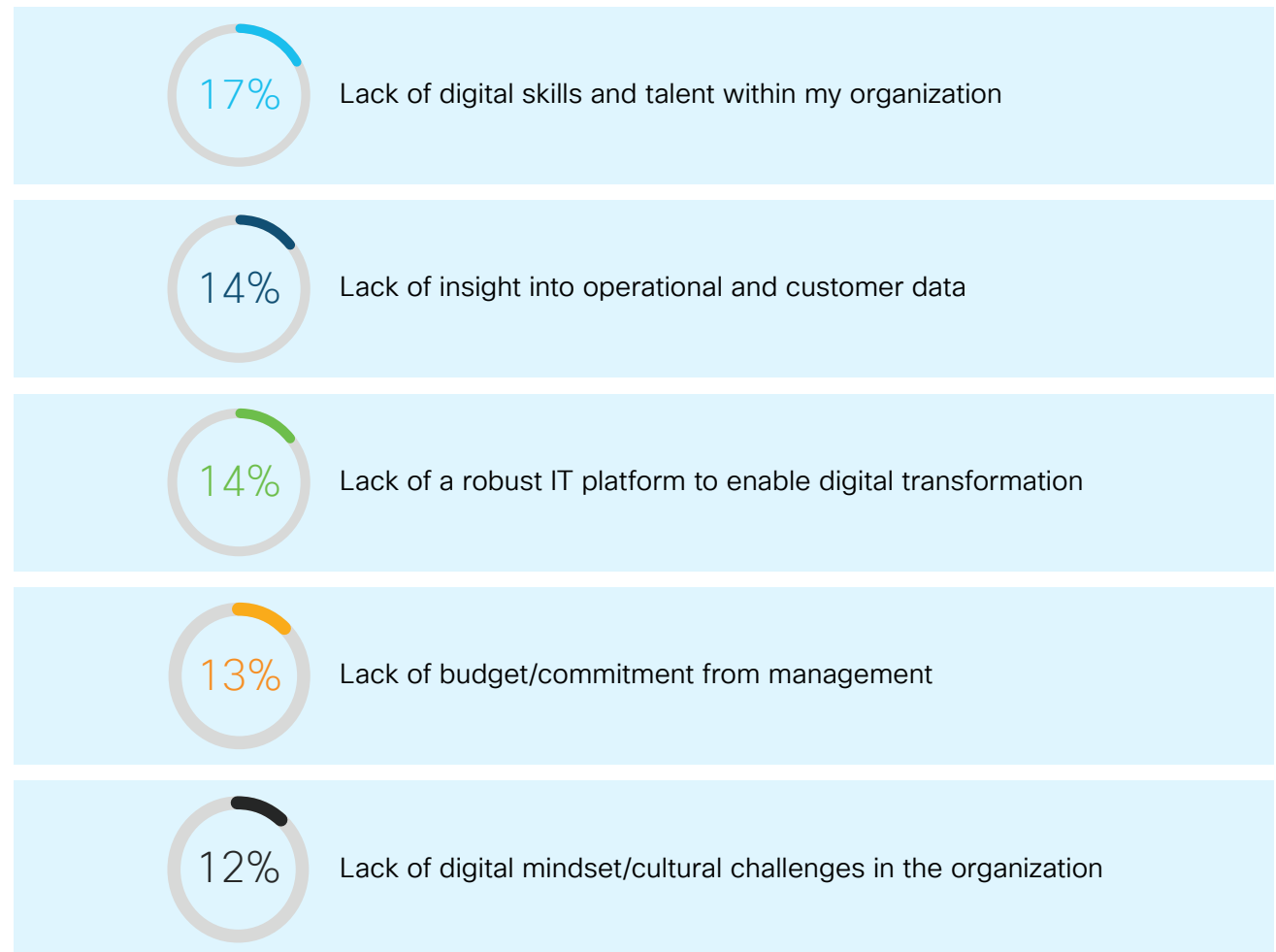
Figure 7: Top 5 digital transformation challenges for SMBs in APAC

Source: IDC–Cisco SMB Digital Maturity Index 2019

Top digital transformation challenges of SMBs in APAC (By Industry)

SMBs in infrastructure services industries are the most challenged with the lack of skills. Conversely, Financial Services Institutions (FSIs) are the least impacted of all.

Legend:

- Lack of digital skills and talent within my organization
- Lack of insight into operational and customer data
- Lack of a robust IT platform to enable digital transformation

Financial Services Institutions (FSI)
- 14%
- 13%
- 12%

Infrastructure
- 21%
- 15%
- 13%

Manufacturing
- 17%
- 14%
- 16%

Services
- 16%
- 15%
- 15%

Public Sector
- 16%
- 12%
- 12%

Retail and Wholesale
- 18%
- 14%
- 11%

Figure 9: Top 3 challenges in digital transformation (by industry)

Source: IDC–Cisco SMB Digital Maturity Index 2019

12

Government initiatives are driving SMB digitalization

Governments in Asia Pacific recognize the importance of SMBs for their economies. They also understand that the advent of the digital economy has increased the need for change across business organizations.

For governments, focusing on digital transformation among all organizations, including SMBs, creates a competitive economy in today's global marketplace. Digitally-enabled businesses, improved technology infrastructure and a skilled talent pool are vital foundations to increase economic growth as well as social inclusion.

Governments that are leading on this front are the ones that are approaching digital transformation holistically. They are addressing key areas, such as funding support, regulations and access to talent and subject matter experts, thereby creating a conducive environment where SMBs can collaborate, innovate and grow.

For their part, SMBs understand that they do not need to make this journey alone, and there is government support, either through grants or policies, available. The

37.2%
Yes, I am aware but we have not taken part in these initiatives yet

50.8%
Yes, I am aware and my company has already benefited from this

12.0%
No, I am not aware
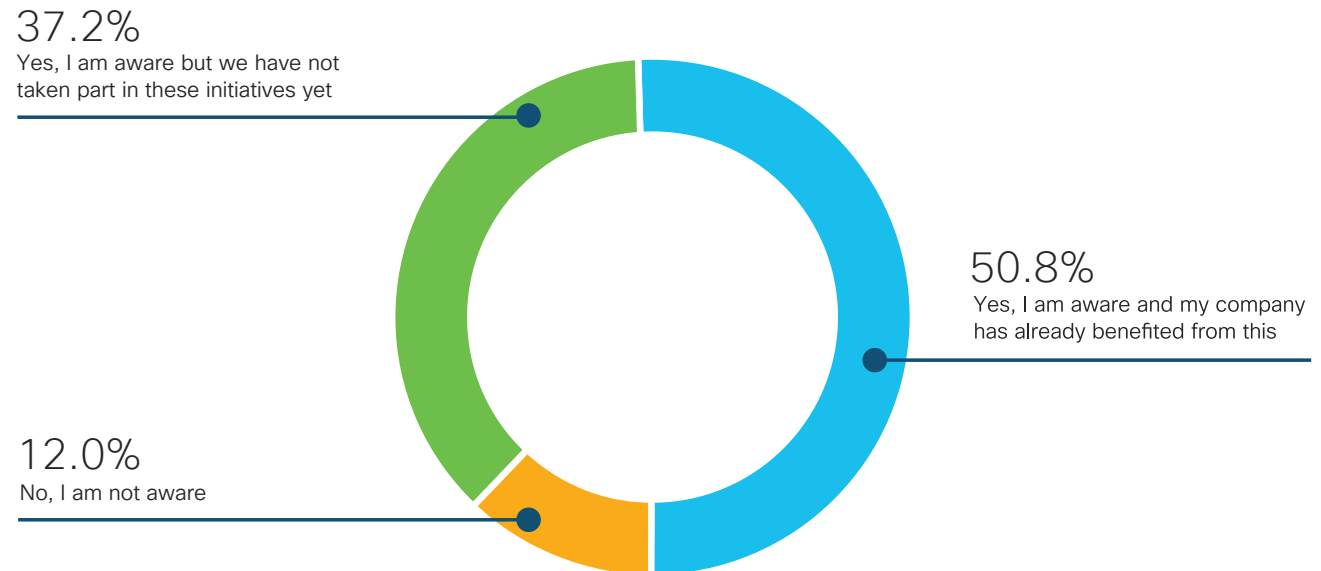
Figure 10: Response to "Are you aware of the government-supported/funded initiatives to support SMBs in your country?"

Source: IDC-Cisco SMB Digital Maturity Index 2019

IDC survey done for the Index also reflects this reality. Among the respondents, 51 percent of SMBs across the region say they have benefited from government-funded initiatives in their countries, and another 37 percent say they are aware of these initiatives but have not yet used them.

Awareness of government initiatives to support SMBs in APAC

37.2%
Yes, I am aware but we have not taken part in these initiatives yet

50.8%
Yes, I am aware and my company has already benefited from this

12.0%
No, I am not aware

Green bar chart (Yes, aware but not taken part):
AUS	IND	IDN	JAP	KOR	MYS	PHL	PRC	SIN	THA	VNM	HKG	TWN	NZL
33%	25.5%	27%	55%	60%	45.7%	42.9%	19.5%	52.9%	32.9%	30%	52.9%	50%	34.3%

Blue bar chart (Yes, aware and benefited):
AUS	IND	IDN	JAP	KOR	MYS	PHL	PRC	SIN	THA	VNM	HKG	TWN	NZL
46%	71%	66%	31%	14%	48.6%	41.4%	73%	41.4%	55.7%	64%	34.3%	35.7%	34.3%

Orange bar chart (No, not aware):
AUS	IND	IDN	JAP	KOR	MYS	PHL	PRC	SIN	THA	VNM	HKG	TWN	NZL
21%	3.5%	7%	14%	26%	5.7%	15.7%	7.5%	5.7%	11.4%	6%	12.9%	14.3%	31.4%

Figure 11: Response to "Are you aware of the government-supported/funded initiatives to support SMBs in your country?" and breakdown by countries or regions

14

Conclusion and Recommendations

The digital transformation journey for SMBs is an important one and the stakes are high. Done right, it presents a unique opportunity for SMBs to leverage technology and bring about disruptive innovation. However, for them to succeed there are a few key things SMBs need to keep in mind:

Digital transformation is a journey
It is not a sprint but a marathon. SMBs should constantly access their maturity across the four dimensions, and prioritize key initiatives to address gaps.

Invest strategically
SMBs need to have a well-defined digital transformation strategy and roadmap. They need to use this as a guide to make strategic technology investments, ones that help them address their key challenges and leverage specific growth opportunities.

Embark on process automation and digitalization
SMBs should look to gain efficiencies through process automation by leveraging relevant technologies. They should establish policies to standardize processes. As the organization matures in their digital transformation journey, they should leverage data and digital technologies to transform processes, increase innovation rates and gain agility.

Secure buy-in
Change can be difficult, so SMBs need to ensure buy-in from employees and senior management. They need to identify digital champions within the organization and bring them in early to the process. They should leverage these champions to catalyze a culture of change by encouraging collaboration, sharing success stories, and taking calculated risks.

Find a trusted partner
Many SMBs find it difficult to execute on their digital transformation strategy. SMBs should look for an experienced technology partner that brings consultancy and project management services, on top of technology know-how. When deciding, it is important to find partners with experience working with and within the SMB ecosystem.

Australia

Cisco APAC SMB Digital Maturity Ranking: 4th

Investments
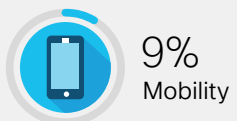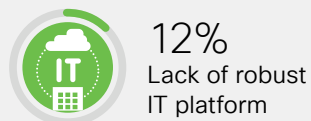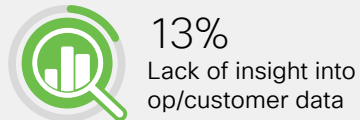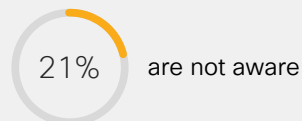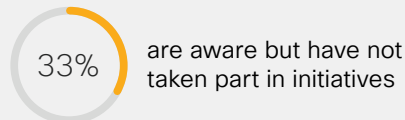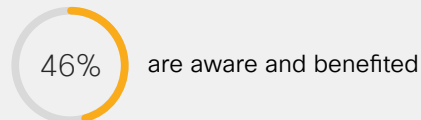
- 16.5% Security
- 14.8% Cloud
- 9% Mobility

Challenges

- 17% Lack of talent
- 13% Lack of insight into op/customer data
- 12% Lack of robust IT platform

Awareness of Government Support

- 46% are aware and benefited
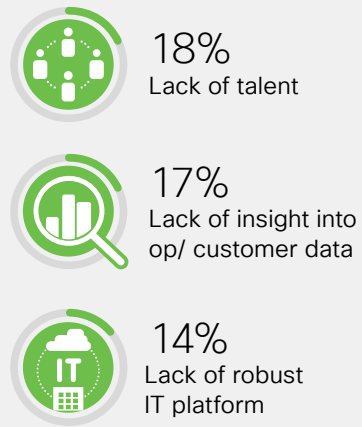- 33% are aware but have not taken part in initiatives
- 21% are not aware

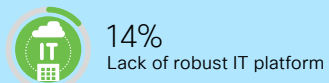## Regional APAC Trends Average

Top Investments

- 13% Cloud
- 13% Security
- 10% Upgrade IT Software

Top Challenges

- 17% Lack of talent
- 14% Lack of insight into op/customer data
- 14% Lack of robust IT platform

Awareness of Government Support

- 50% are aware and benefited
- 37% are aware but have not taken part in initiatives
- 12% are not aware
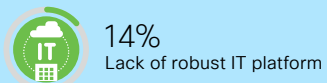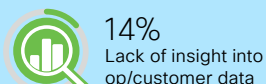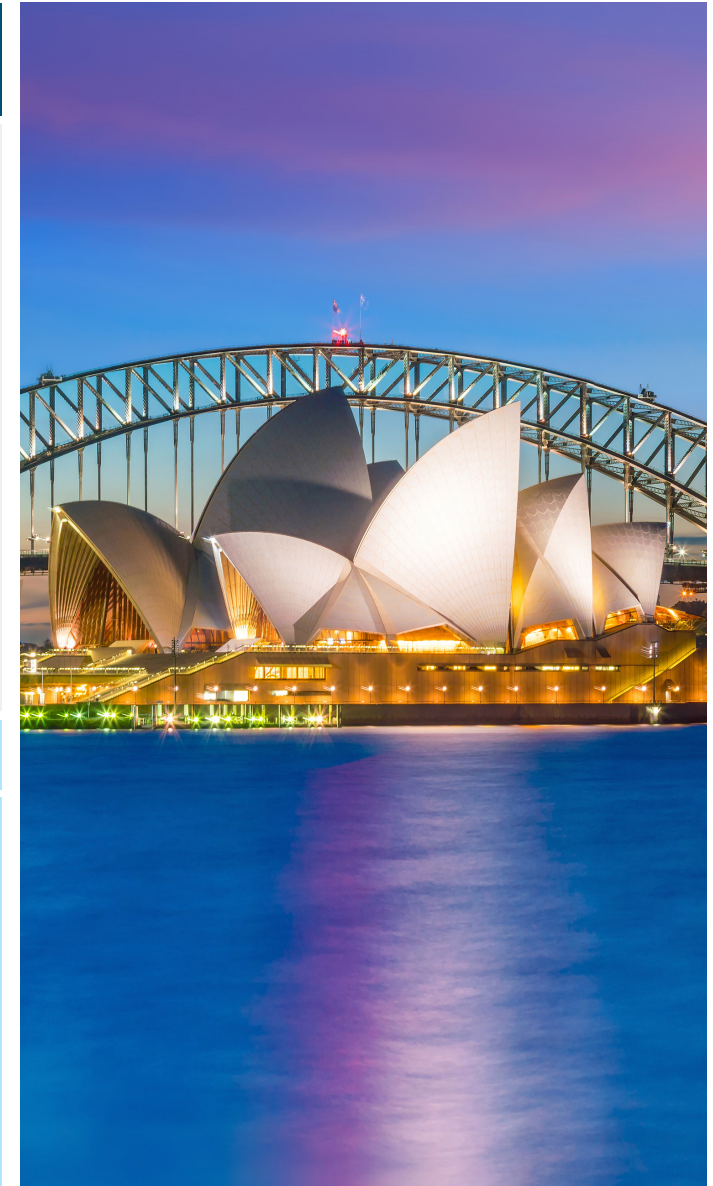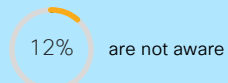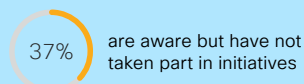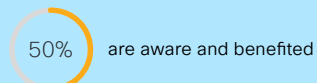
China - Mainland

Cisco APAC SMB Digital Maturity Ranking: 6th

Investments
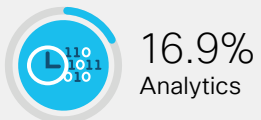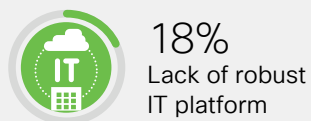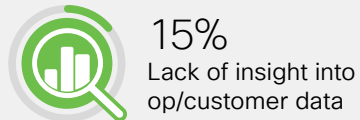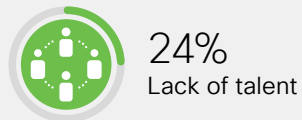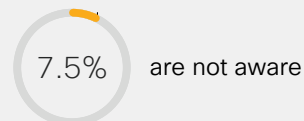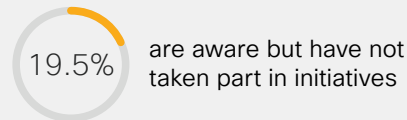
16.9% Analytics

13.4% Artificial Intelligence

12.6% Cloud

Challenges

24% Lack of talent

15% Lack of insight into op/customer data

18% Lack of robust IT platform

Awareness of Government Support

73% are aware and benefited

19.5% are aware but have not taken part in initiatives

7.5% are not aware

Regional APAC Trends Average

Top Investments

13% Cloud

13% Security

10% Upgrade IT Software

Top Challenges

17% Lack of talent

14% Lack of insight into op/customer data

14% Lack of robust IT platform

Awareness of Government Support

50% are aware and benefited

37% are aware but have not taken part in initiatives

12% are not aware
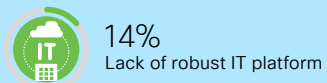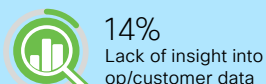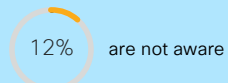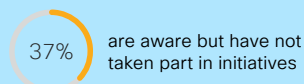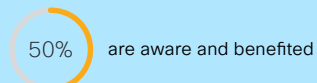
China - Hong Kong

Cisco APAC SMB Digital Maturity Ranking: 7th

Investments

15% Analytics

11.4% Upgrade IT Hardware

10.2% Artificial Intelligence

Challenges

19% Lack of talent

14% Lack of insight into op/customer data

11% Lack of robust IT platform

Awareness of Government Support
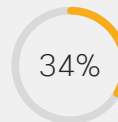
34% are aware and benefited
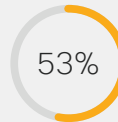
53% are aware but have not taken part in initiatives
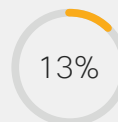
13% are not aware

Regional APAC Trends Average

Top Investments

13% Cloud

13% Security

10% Upgrade IT Software

Top Challenges

17% Lack of talent

14% Lack of insight into op/customer data

14% Lack of robust IT platform

Awareness of Government Support

50% are aware and benefited

37% are aware but have not taken part in initiatives

12% are not aware

18

Japan

Cisco APAC SMB Digital Maturity Ranking: 2nd

Investments
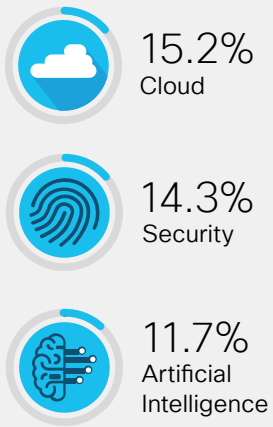
- **15.2%** Cloud
- **14.3%** Security
- **11.7%** Artificial Intelligence

Challenges

- **18%** Lack of talent
- **17%** Lack of insight into op/ customer data
- **14%** Lack of robust IT platform

Awareness of Government Support

- **31%** are aware and benefited
- **55%** are aware but have not taken part in initiatives
- **14%** are not aware
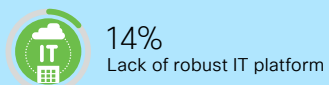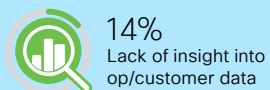
Regional APAC Trends Average

Top Investments

- **13%** Cloud
- **13%** Security
- **10%** Upgrade IT Software

Top Challenges

- **17%** Lack of talent
- **14%** Lack of insight into op/customer data
- **14%** Lack of robust IT platform

Awareness of Government Support

- **50%** are aware and benefited
- **37%** are aware but have not taken part in initiatives
- **12%** are not aware

India
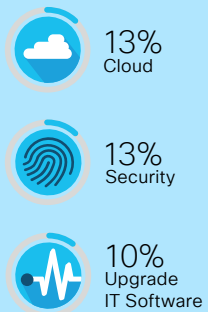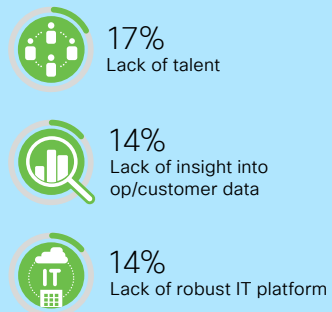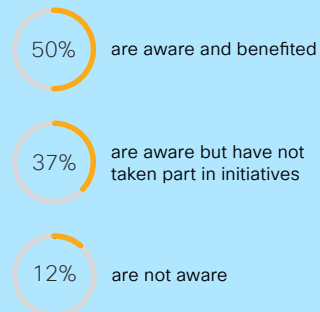
Cisco APAC SMB Digital Maturity Ranking: 9th

Investments
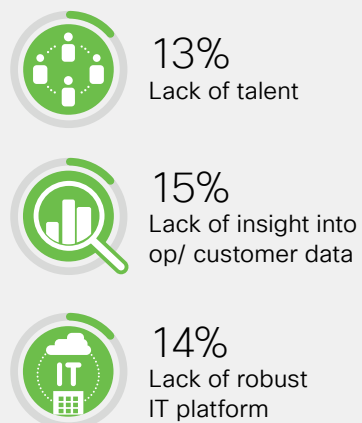
- **14.4%** Cloud
- **13.8%** Security
- **10.9%** Artificial Intelligence

Challenges

- **13%** Lack of talent
- **15%** Lack of insight into op/ customer data
- **14%** Lack of robust IT platform

Awareness of Government Support

- **71%** are aware and benefited
- **26%** are aware but have not taken part in initiatives
- **3.5%** are not aware

Regional APAC Trends Average

Top Investments

- **13%** Cloud
- **13%** Security
- **10%** Upgrade IT Software

Top Challenges

- **17%** Lack of talent
- **14%** Lack of insight into op/customer data
- **14%** Lack of robust IT platform

Awareness of Government Support

- **50%** are aware and benefited
- **37%** are aware but have not taken part in initiatives
- **12%** are not aware

Indonesia
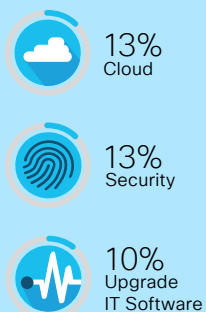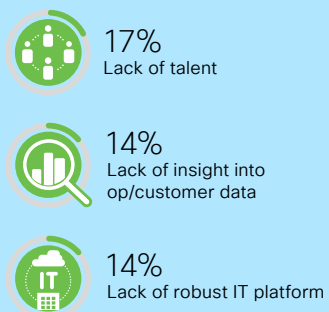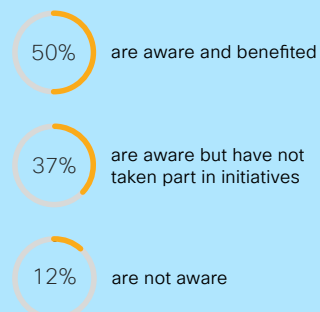
Cisco APAC SMB Digital Maturity Ranking: 13th

Investments
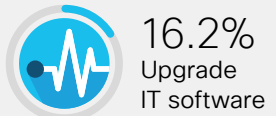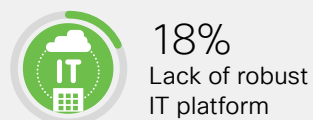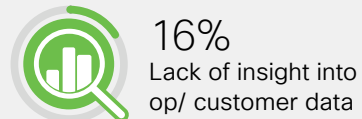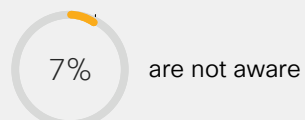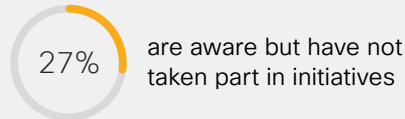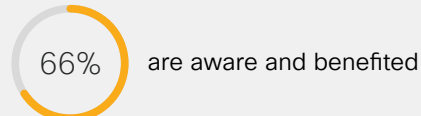
16.2% Upgrade IT software

15.8% Security

12.7% Upgrade IT Hardware

Challenges

12% Lack of talent

16% Lack of insight into op/ customer data

18% Lack of robust IT platform

Awareness of Government Support

66% are aware and benefited

27% are aware but have not taken part in initiatives

7% are not aware

Regional APAC Trends Average

Top Investments

13% Cloud

13% Security

10% Upgrade IT Software

Top Challenges
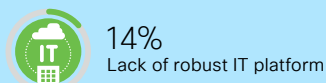
17% Lack of talent

14% Lack of insight into op/customer data

14% Lack of robust IT platform

Awareness of Government Support

50% are aware and benefited

37% are aware but have not taken part in initiatives

12% are not aware

Malaysia
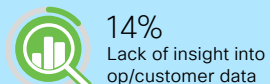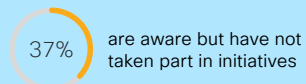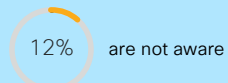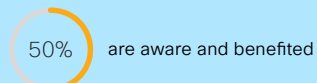
Cisco APAC SMB Digital Maturity Ranking: 10th

Investments
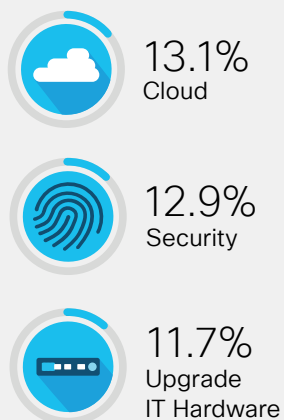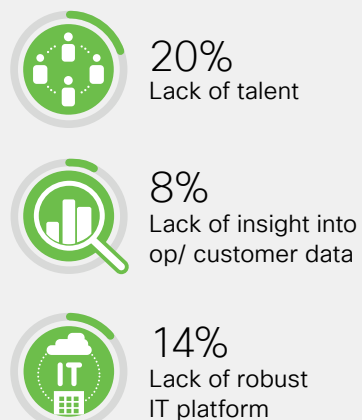
13.1% Cloud

12.9% Security

11.7% Upgrade IT Hardware

Challenges

20% Lack of talent

8% Lack of insight into op/ customer data

14% Lack of robust IT platform

Awareness of Government Support

49% are aware and benefited

46% are aware but have not taken part in initiatives

5.7% are not aware

Regional APAC Trends Average

Top Investments

13% Cloud

13% Security

10% Upgrade IT Software

Top Challenges

17% Lack of talent

14% Lack of insight into op/customer data

14% Lack of robust IT platform

Awareness of Government Support

50% are aware and benefited

37% are aware but have not taken part in initiatives

12% are not aware

22
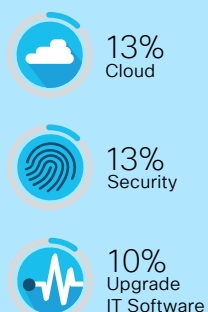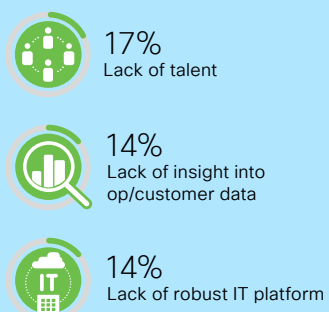
New Zealand

Cisco APAC SMB Digital Maturity Ranking: 3rd

Investments
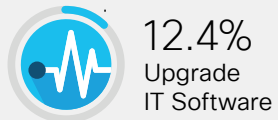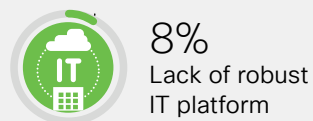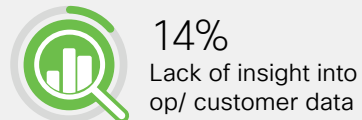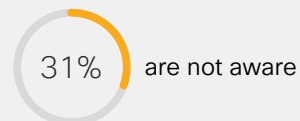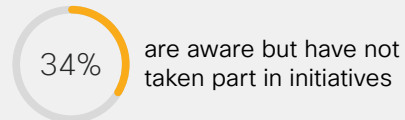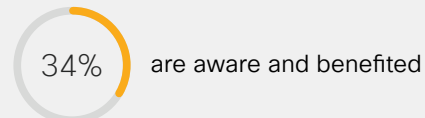
- **16.8%** Cloud
- **12.4%** Upgrade IT Software
- **11.9%** Security

Challenges

- **16%** Lack of talent
- **14%** Lack of insight into op/ customer data
- **8%** Lack of robust IT platform

Awareness of Government Support

- **34%** are aware and benefited
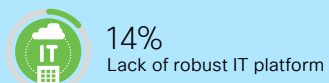- **34%** are aware but have not taken part in initiatives
- **31%** are not aware

Regional APAC Trends Average

Top Investments

- **13%** Cloud
- **13%** Security
- **10%** Upgrade IT Software

Top Challenges

- **17%** Lack of talent
- **14%** Lack of insight into op/customer data
- **14%** Lack of robust IT platform

Awareness of Government Support

- **50%** are aware and benefited
- **37%** are aware but have not taken part in initiatives
- **12%** are not aware

23

Philippines
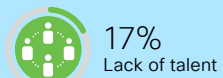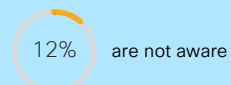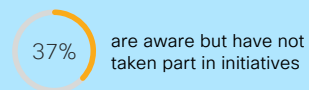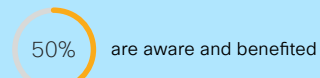
Cisco APAC SMB Digital Maturity Ranking: 12th

Investments
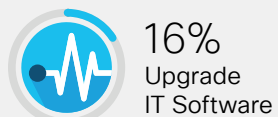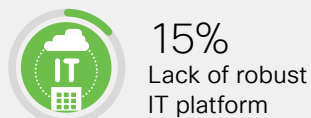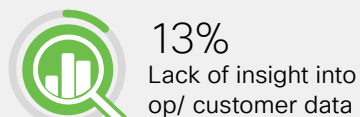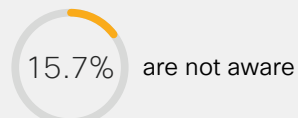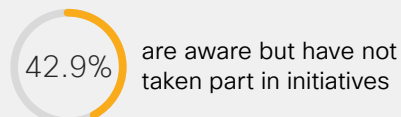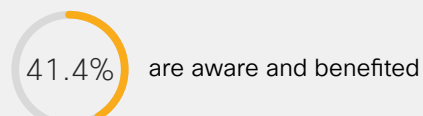
- **12.4%** Upgrade IT Hardware
- **16%** Upgrade IT Software
- **11.9%** Security

Challenges

- **13%** Lack of talent
- **13%** Lack of insight into op/ customer data
- **15%** Lack of robust IT platform

Awareness of Government Support

- **41.4%** are aware and benefited
- **42.9%** are aware but have not taken part in initiatives
- **15.7%** are not aware

Regional APAC Trends Average

Top Investments

- **13%** Cloud
- **13%** Security
- **10%** Upgrade IT Software

Top Challenges

- **17%** Lack of talent
- **14%** Lack of insight into op/customer data
- **14%** Lack of robust IT platform

Awareness of Government Support

- **50%** are aware and benefited
- **37%** are aware but have not taken part in initiatives
- **12%** are not aware
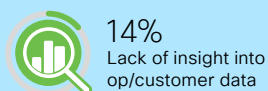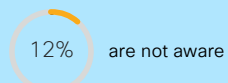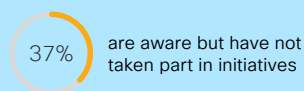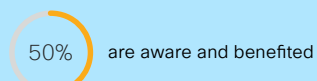
Singapore

Cisco APAC SMB Digital Maturity Ranking: 1st

Investments
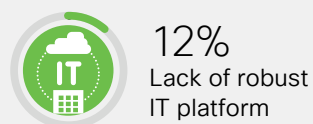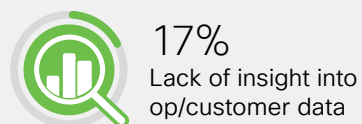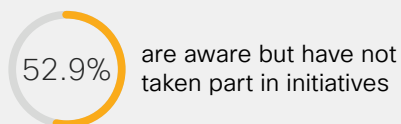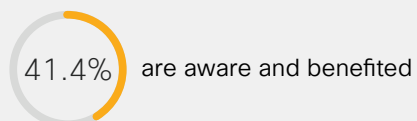
- **16.7%** Security
- **12.9%** Cloud
- **11.2%** Analytics

Challenges

- **17%** Lack of talent
- **17%** Lack of insight into op/customer data
- **12%** Lack of robust IT platform

Awareness of Government Support

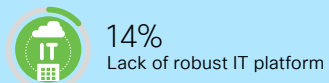- **41.4%** are aware and benefited
- **52.9%** are aware but have not taken part in initiatives
- **5.7%** are not aware

Regional APAC Trends Average

Top Investments

- **13%** Cloud
- **13%** Security
- **10%** Upgrade IT Software

Top Challenges

- **17%** Lack of talent
- **14%** Lack of insight into op/customer data
- **14%** Lack of robust IT platform

Awareness of Government Support

- **50%** are aware and benefited
- **37%** are aware but have not taken part in initiatives
- **12%** are not aware
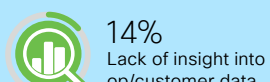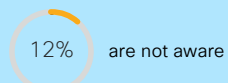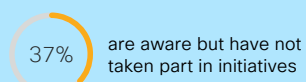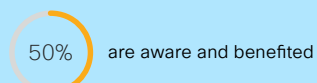
South Korea

Cisco APAC SMB Digital Maturity Ranking: 5th

Investments
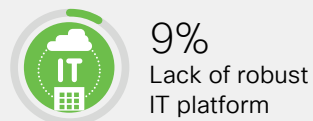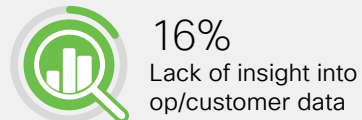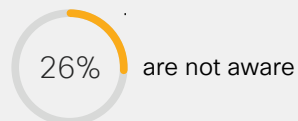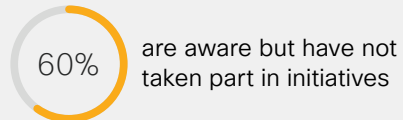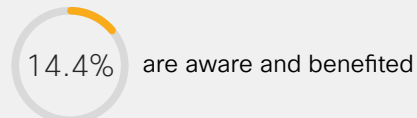
- **16.5%** Cloud
- **13.7%** Security
- **10.8%** Upgrade IT software

Challenges

- **19%** Lack of talent
- **16%** Lack of insight into op/customer data
- **9%** Lack of robust IT platform

Awareness of Government Support

- **14.4%** are aware and benefited
- **60%** are aware but have not taken part in initiatives
- **26%** are not aware

Regional APAC Trends Average

Top Investments

- **13%** Cloud
- **13%** Security
- **10%** Upgrade IT Software

Top Challenges

- **17%** Lack of talent
- **14%** Lack of insight into op/customer data
- **14%** Lack of robust IT platform

Awareness of Government Support

- **50%** are aware and benefited
- **37%** are aware but have not taken part in initiatives
- **12%** are not aware

26
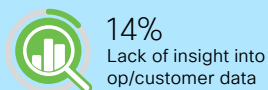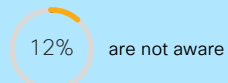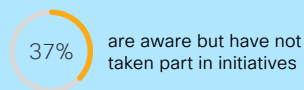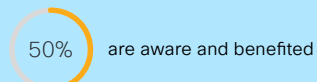
China – Taiwan

Cisco APAC SMB Digital Maturity Ranking: 8th

Investments
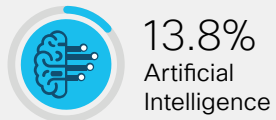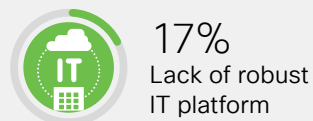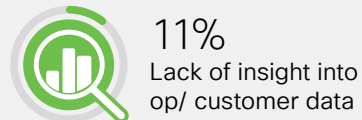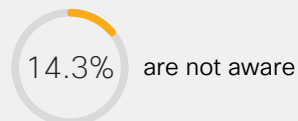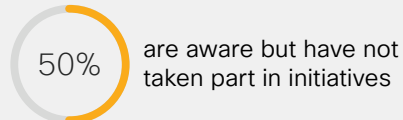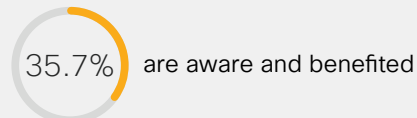
14.3% Internet of Things (IoT)

13.8% Artificial Intelligence

11.9% Upgrade IT software

Challenges

18% Lack of talent

11% Lack of insight into op/ customer data

17% Lack of robust IT platform

Awareness of Government Support

35.7% are aware and benefited
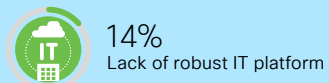
50% are aware but have not taken part in initiatives

14.3% are not aware

Regional APAC Trends Average

Top Investments

13% Cloud

13% Security

10% Upgrade IT Software

Top Challenges

17% Lack of talent

14% Lack of insight into op/customer data

14% Lack of robust IT platform

Awareness of Government Support

50% are aware and benefited

37% are aware but have not taken part in initiatives

12% are not aware
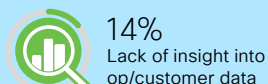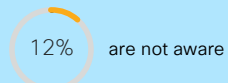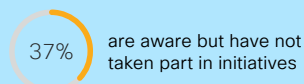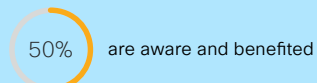
Thailand

Cisco APAC SMB Digital Maturity Ranking: 11th

Investments
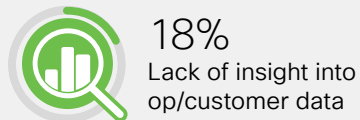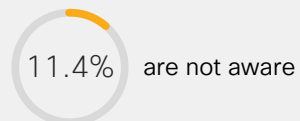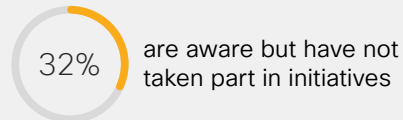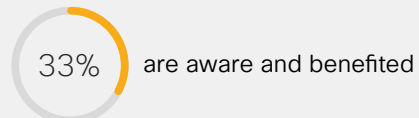
- **13.3%** Internet of Things (IoT)
- **12.1%** Upgrade IT hardware
- **11.7%** Security

Challenges

- **18%** Lack of talent
- **18%** Lack of insight into op/customer data
- **10%** Lack of robust IT platform

Awareness of Government Support

- **33%** are aware and benefited
- **32%** are aware but have not taken part in initiatives
- **11.4%** are not aware

Regional APAC Trends Average

Top Investments

- **13%** Cloud
- **13%** Security
- **10%** Upgrade IT Software

Top Challenges

- **17%** Lack of talent
- **14%** Lack of insight into op/customer data
- **14%** Lack of robust IT platform

Awareness of Government Support

- **50%** are aware and benefited
- **37%** are aware but have not taken part in initiatives
- **12%** are not aware

28
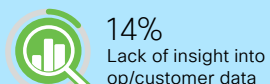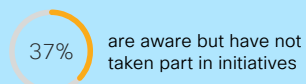
Vietnam

Cisco APAC SMB Digital Maturity Ranking: 14th

Investments
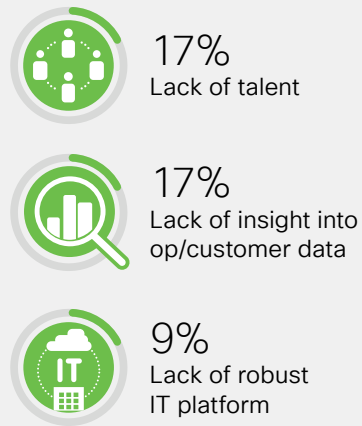
- **18%** Cloud
- **12.7%** Security
- **10.7%** Upgrade IT Software

Challenges

- **17%** Lack of talent
- **17%** Lack of insight into op/customer data
- **9%** Lack of robust IT platform

Awareness of Government Support

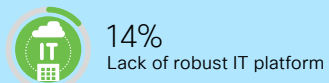- **64%** are aware and benefited
- **30%** are aware but have not taken part in initiatives
- **6%** are not aware

Regional APAC Trends Average

Top Investments

- **13%** Cloud
- **13%** Security
- **10%** Upgrade IT Software

Top Challenges

- **17%** Lack of talent
- **14%** Lack of insight into op/customer data
- **14%** Lack of robust IT platform

Awareness of Government Support

- **50%** are aware and benefited
- **37%** are aware but have not taken part in initiatives
- **12%** are not aware

29
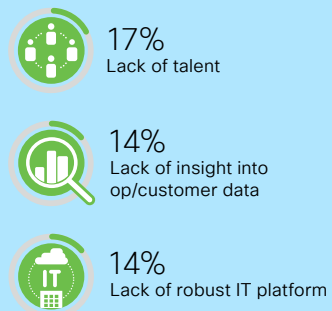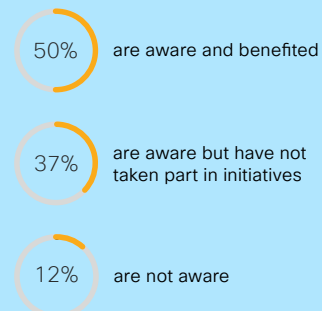
Appendix

Survey Methodology

IDC conducted an online survey between November 2018 and January 2019 with small and medium-sized businesses that employ 50–499 employees. More than 1,300 decision makers and influencers involved in shaping their organization's digital strategy participated.

1340 respondents

36% — 51% — 13%

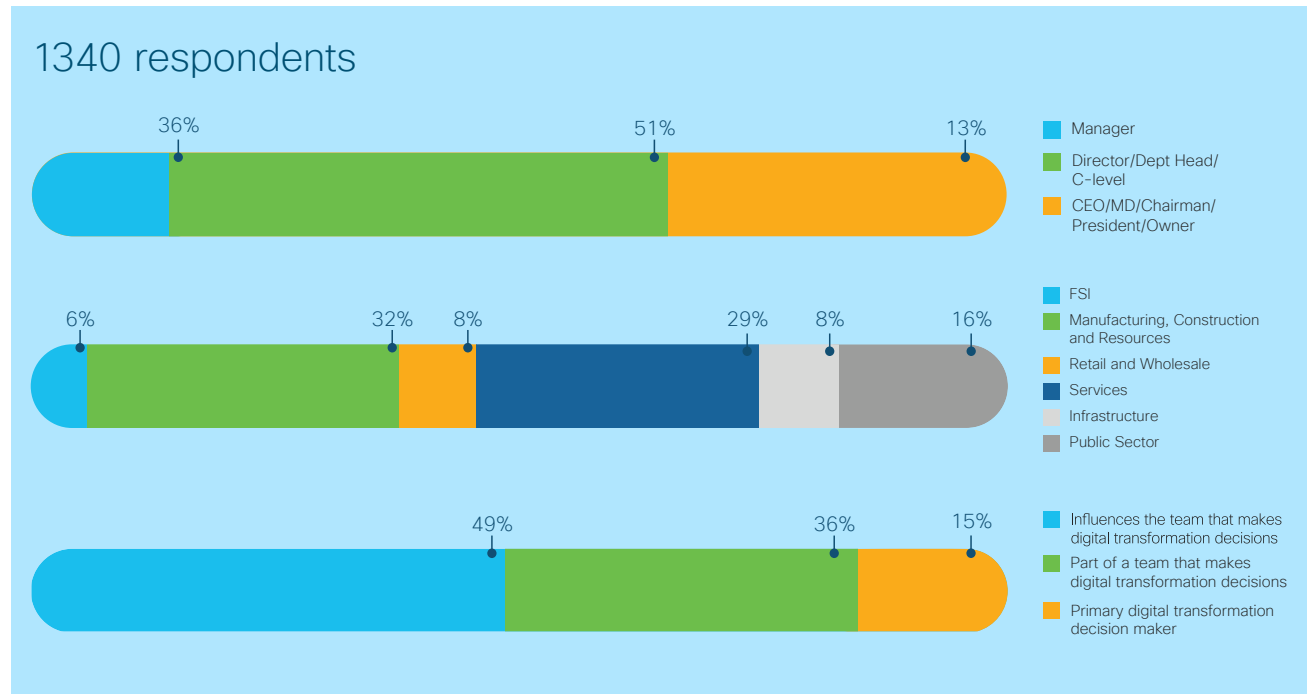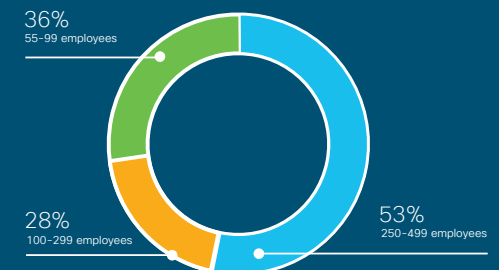- Manager
- Director/Dept Head/C-level
- CEO/MD/Chairman/President/Owner

6% — 32% — 8% — 29% — 8% — 16%

- FSI
- Manufacturing, Construction and Resources
- Retail and Wholesale
- Services
- Infrastructure
- Public Sector

49% — 36% — 15%

- Influences the team that makes digital transformation decisions
- Part of a team that makes digital transformation decisions
- Primary digital transformation decision maker

14 countries and regions

Australia	n=100	China - Mainland	n=200
India	n-200	Singapore	n-70
Indonesia	n=100	Thailand	n=70
Japan	n=100	Vietnam	n=50
South Korea	n=100	China - Hong Kong	n=70
Malaysia	n=70	China - Taiwan	n=70
Phillipines	n=70	New Zealand	n=70

61% of respondents in Asia Pacific are engaged in Digital Transformation

36% 55-99 employees

28% 100-299 employees

53% 250-499 employees

30

Cisco APAC SMB Digital Maturity Index

	Stage 1: Digital Indifferent	Stage 2: Digital Observer	Stage 3: Digital Challenger	Stage 4: Digital Native
Strategy and Organization	· No digital efforts exist or only starting with digital initiatives · Reactive to market changes, mainly focused on efficiencies · No strategy to transform or to leverage digital technologies to support digitalization and/or improve competitive advantage	· Digital efforts in progress but tactical · Company is aware of the importance of developing a digitally-enhanced business to compete · Bite-sized/ad-hoc initiatives, but automation/efficiency is still the main driver for technology adoption	· Digital initiatives tied to the company's strategy · Company is focused on becoming adaptable and agile. Enhancing business and operating models · There is a strategy for the use of digital technologies, but efforts are short-term focused	· Holistic and integrated strategy to digitally innovate is in place. The goal is to transform our market, enhance/expand our operations and CX · Proactive approach to go to market, and business and operating model strategies are digitally driven · The right technologies and capabilities are in place to compete in the marketplace
Processes and Governance	· Majority of processes are manual · No process management · Decision-making based on gut-feeling · Decisions are reactive and tactical	· Working on standardizing processes and setting some performance metrics · Focused on process automation and addressing inefficiencies · Data is used to improve decision-making in certain business areas only. · Ideas identified following market changes and competitive moves	· All core processes are automated and productivity rates improving · Processes strategy and roadmap in place, but focused on optimization · Organization is moving toward proactive process management · Analytic models used to support decision making, but not fully integrated	· Full process automation; agile process-centric approach. Significant strides made in process transformation · Processes aligned to the organization's strategy, focused on continuous improvement and process excellence · Complex analytic models have been developed · New business approaches continuously generated

Cisco APAC SMB Digital Maturity Index

	Stage 1: Digital Indifferent	Stage 2: Digital Observer	Stage 3: Digital Challenger	Stage 4: Digital Native
Technology	· Tech investments are tactical · Done little to no work in applying technologies to compete differently · On-premises resources mainly · Spreadsheets-centric · No platform standards in device management	· Technology investments are siloed, and strategies are not well coordinated · At early stages in automating different activities within operating areas but have more work to do · Some cloud resources being used · Very limited use of analytics tools, Focused on the use of reporting tools	· A roadmap for technology investments exists to support digitalization · Increasing focus on driving innovation with digital technologies · Company is using hybrid cloud approaches. · Standardized mobile platforms	· System selection focused on leveraging digital tech for competitive advantage · Cloud-first – key technologies are integral to the company · Advanced and integrated management of devices · Company committed to using digital technologies. Broad adoption of analytics
People and Skills	· Lack of digital skills, workforce is not ready to compete in the digital marketplace. · Organizational change is only a response to competitive threats · Failure is discouraged	· The company is making tactical investments in acquiring digital skills · Risk-averse leadership governs an inflexible organizational structure that permits only ad-hoc approach to implementing digital initiatives	· The company is making strategic Investments in sourcing, managing, and retaining the right talent, particularly digital skills · Becoming more flexible and agile, change is spoken about, but there is still work to do	· The company has the right digital skills. Talent is a top priority and a competitive differentiator · Leadership culture adapts quickly to the evolving market changes · General approach is to build internal talent before hiring from outside. But talent is sourced wherever available