

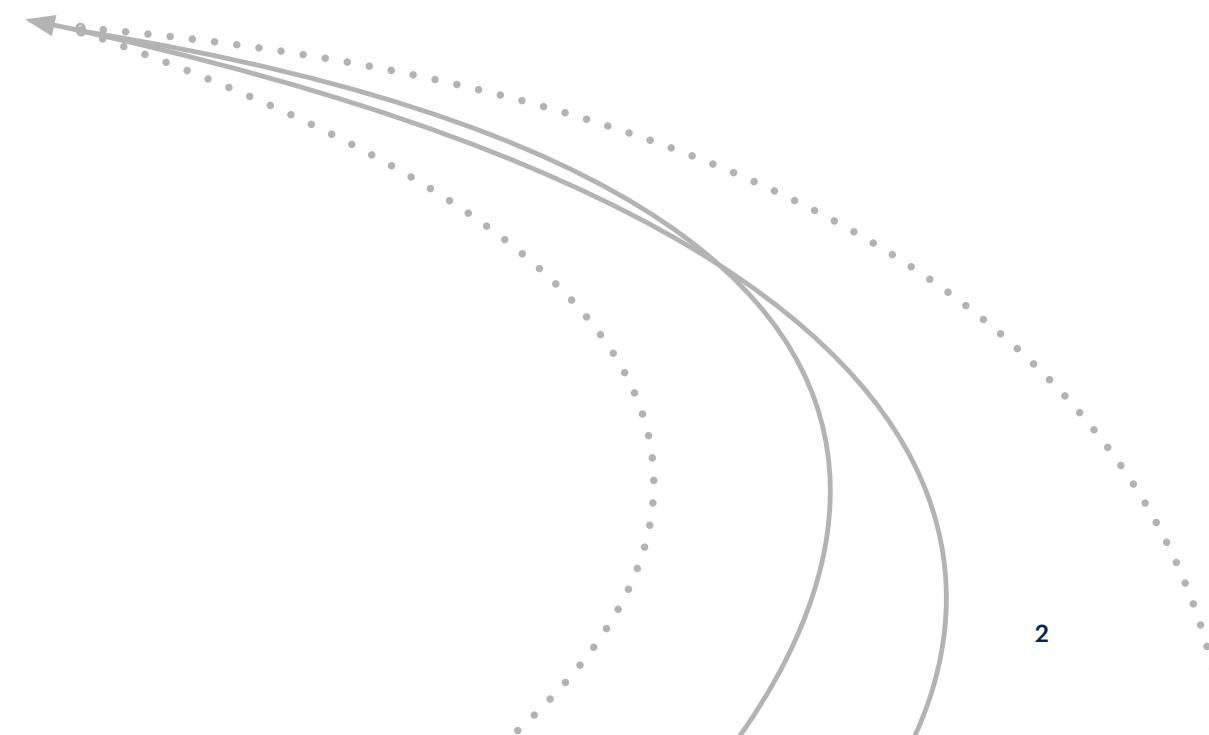
# 2021 CIO Agenda: A Southeast Asia Perspective



COVID-19 was a performance catalyst for many Southeast Asian enterprises. Beyond the pandemic, CIOs must leverage external buyers' willingness to purchase and funding of new business initiatives to improve business performance, increase customer engagement and make strategic IT organization changes.



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## Overview

### Key findings

- Fifty-four percent of Southeast Asian CIOs report their digital initiatives are mature, versus 48% of the global respondents.
- Southeast Asian CIOs are more likely (85%) than global top performers (76%) to have increased the strength of the relationship with their CEOs during the pandemic.
- Improvements in customers' willingness to purchase their products/services and the ability to fund new business initiatives for a majority of Southeast Asian respondents present excellent opportunities for CIOs to make strategic changes in their organizations.

### Recommendations

Southeast Asian CIOs seeking to evolve their role should:

- Maximize business performance gains by adapting their organization's digital initiatives for different rates of recovery expected in emerging versus mature Asian economies.
- Strengthen the CEO relationship and become a formal leadership team member by increasing the postpandemic customer engagement through new digital products and services.
- Overcome IT skill set challenges by aggressively funding, training and incubating digital skills internally while increasing the provisioning for distributed workforce solutions.

### Survey Objective

The 2021 Gartner CIO Survey was conducted to inform CIOs on how to prosper in the post-COVID-19 world.

## Data Insights

Southeast Asia followed closely behind China to face the social and economic fallout of COVID-19 in 2021. Even as forecasts point optimistically toward China's economic recovery in 2021, global trade tensions still persist and might present yet unknown disruptions. To exit the pandemic in a strong manner, Southeast Asian CIOs still require innovation and transformation to improve their business performance to remain competitive and drive long-term viability for their enterprises.

Southeast Asia continues to be the setting for dualistic recovery scenarios in postpandemic 2021. The emerging economies (such as Indonesia, the Philippines, Vietnam, Malaysia and Thailand) versus mature economies (Singapore) demand different approaches for CIOs operating across the region. As a whole, the region will rebound economically in 2021, led by the real GDP growth of emerging Asia, which is projected to grow by up to 6.8%, more than the 3.5% expected in the mature economy of Singapore.

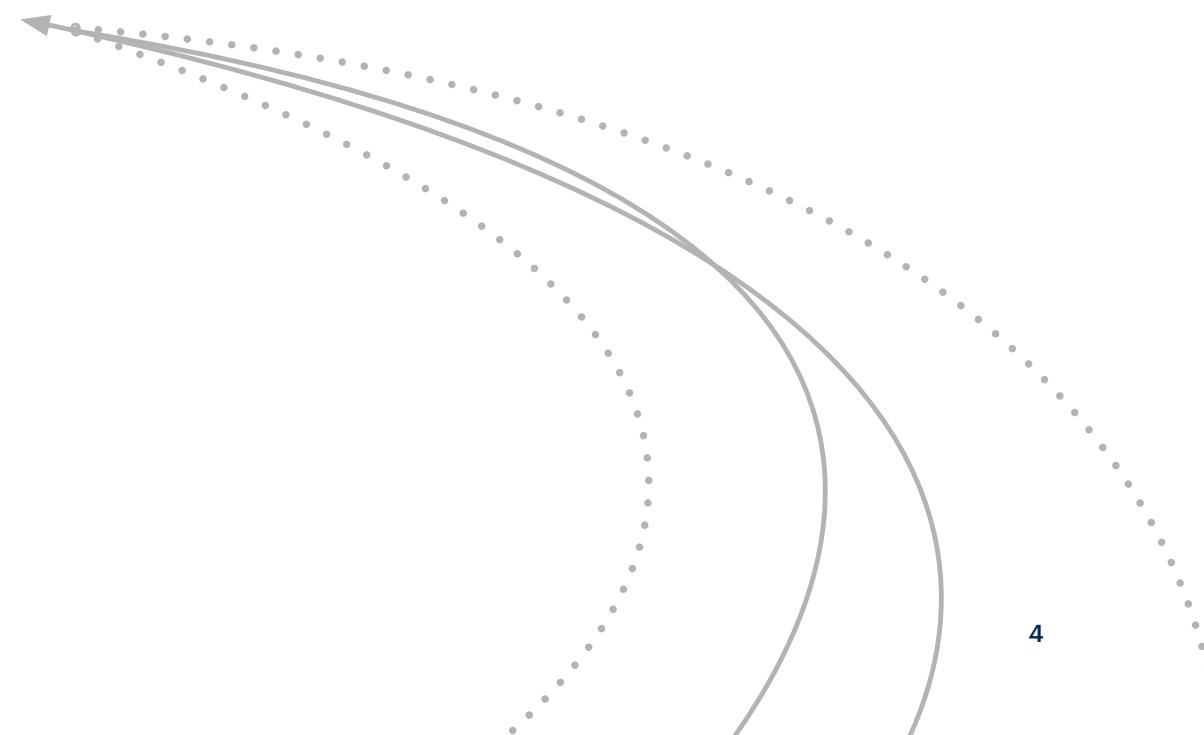
## COVID-19 Impact on Business Metrics

Southeast Asia is perched at an important juncture in time. The COVID-19 pandemic has left emerging economies in the region grappling with the economic impact of declining GDP growth for 2020. That said, the Southeast Asian region has also proven to be resilient. Southeast Asian enterprises were largely able to close the gap with global top performers during this period, especially those with sufficient IT infrastructure and digital connectivity.

Over half (54%) of Southeast Asian enterprises report that their business performance, relative to competitors, is ahead of projections, despite the global COVID-19 pandemic (see Figure 1). While this might look like a somber

proportion compared to the 100% of top performers (see Note 1), where superior business performance was a key condition, it is nonetheless a positive bellwether for Southeast Asia.

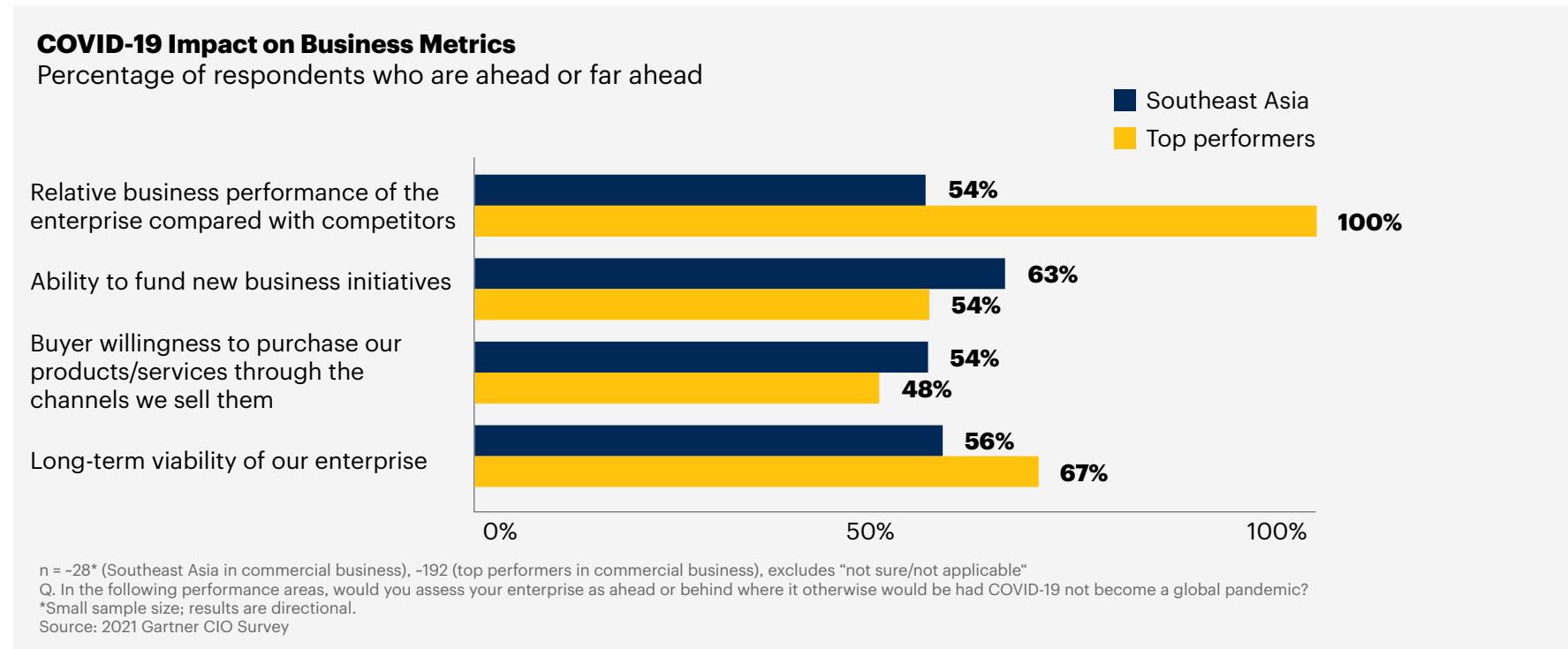
COVID-19 acted as a performance catalyst for many Southeast Asian organizations in 2020. A slightly larger percentage of Southeast Asian CIOs reported an improvement in buyers' (customers') willingness to purchase, compared to the top performers. Coupled with the improved ability to fund new business initiatives (63% of Southeast Asian CIOs versus 54% of global top performers), Southeast Asian CIOs are positioned to accelerate digital transformation and reinforce their role to extend influence in their organizations. Needless to say, the time for Southeast Asian CIOs to act is right now.



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Figure 1. COVID-19 Was a Performance Catalyst for Over Half of Southeast Asian Organizations

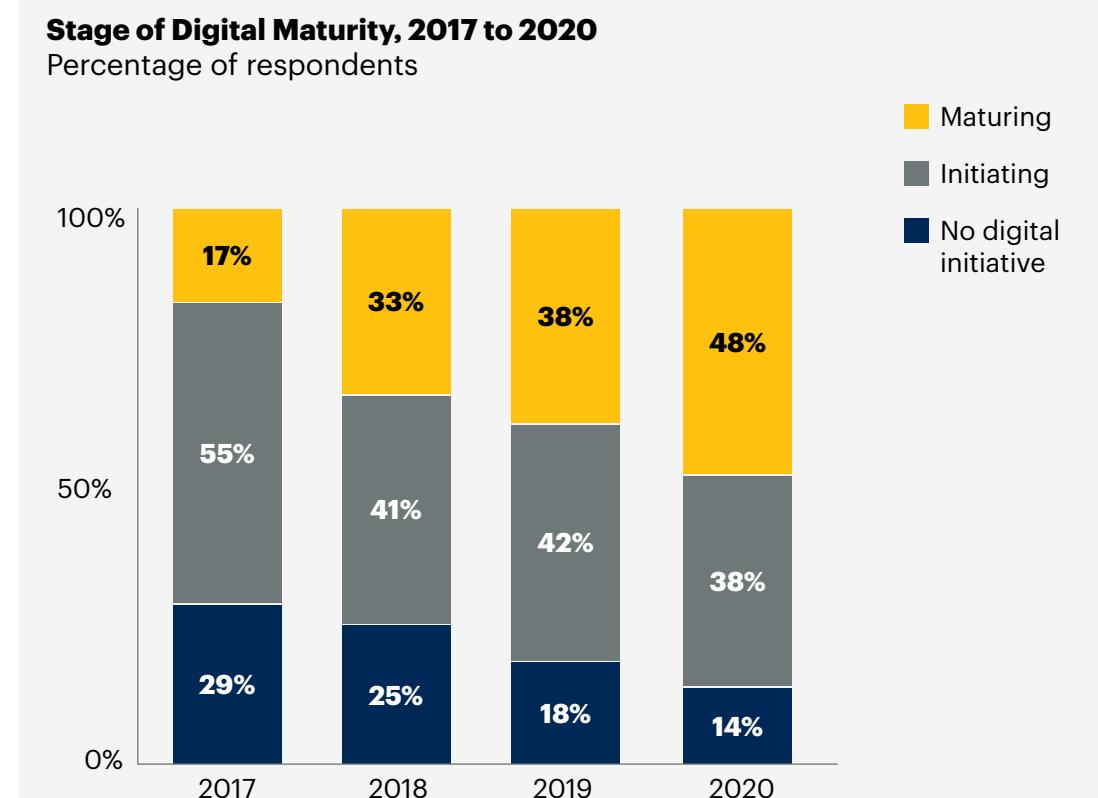


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## Digital Is Advancing

The 2021 Gartner CIO Survey indicates close to half of all enterprises show accelerated growth in the maturity of their digital business. Globally, the proportion of digital mature organizations increased by 10 points year over year from 38% to 48% in 2020 (see Figure 2).

Figure 2: Globally, Digital Business Maturity Advancing Rapidly



n = 2017 (3,025); 2018 (3,102); 2019 (1,070); 2020 (1,877)

Q: Which of these best describes the stage of your organization's digital initiative — i.e., your organization's digitalization efforts?

Source: Gartner CIO Survey (2018–2021)

Notes: Dates on the chart reflect year of data collection, not the cover year of the report; numbers may not sum to 100% due to rounding.

No Digital Initiative = No Digital Initiative, Desire/Ambition; Initiating = Designing, Delivering; Maturing = Scaling, Harvesting/Refining.

In Southeast Asia, a larger percentage of respondents reported their enterprises; digital initiatives are more mature than among global peers (see Figure 3). These are encouraging indications, as over 31% of organizations are scaling up their digital businesses. Meanwhile, close to a quarter (23%) of organizations are in the process of refining or optimizing their digital businesses and seeking out new opportunities.

Southeast Asian CIO respondents track well ahead of the global trends of digital maturity. There are macro trends fueling the higher levels of maturity, including:

- Consistent economic growth of ASEAN (see Note 2) countries with fastest-growing GDP per capita income in Southeast Asia

- Strong regional collaboration in ASEAN, which ensures market openness and strong supply chain
- World's fastest-growing internet region, growing 11% YoY in 2020, totaling over 400 million people
- Foreign direct investments (FDI) to the region that have been on an increasing trend, from U.S. \$21.8 billion in 2000 to reach U.S. \$160.6 billion in 2019

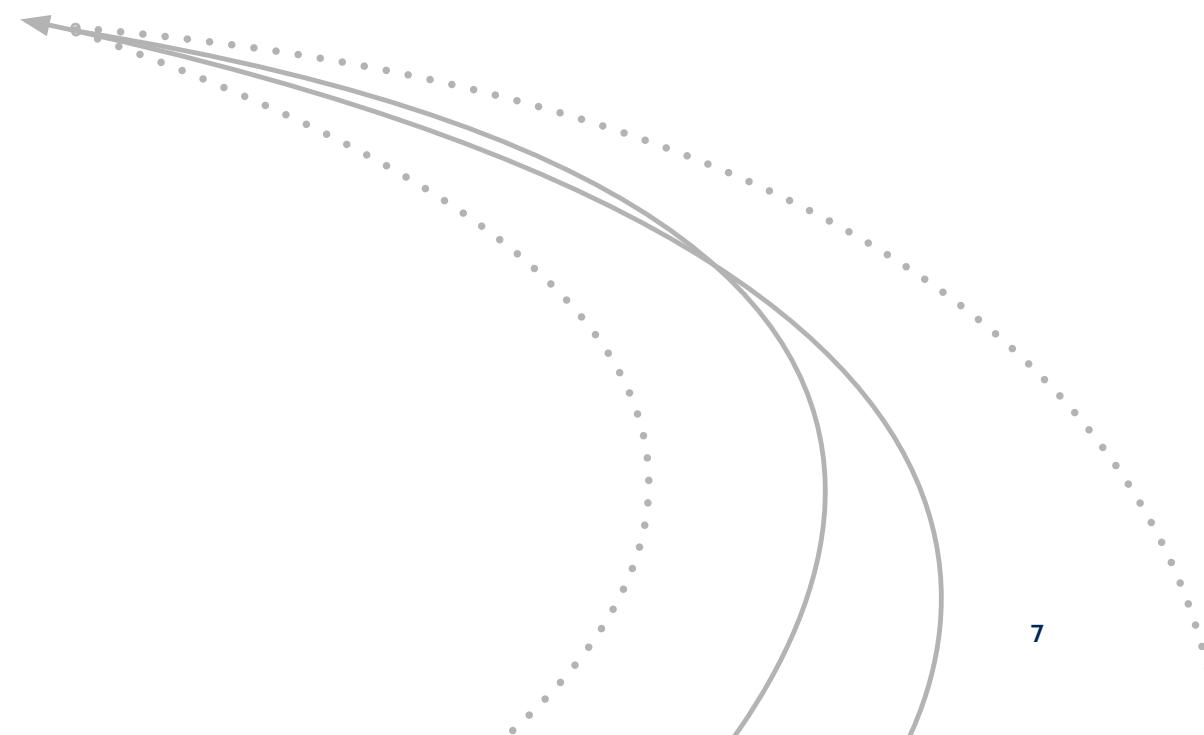
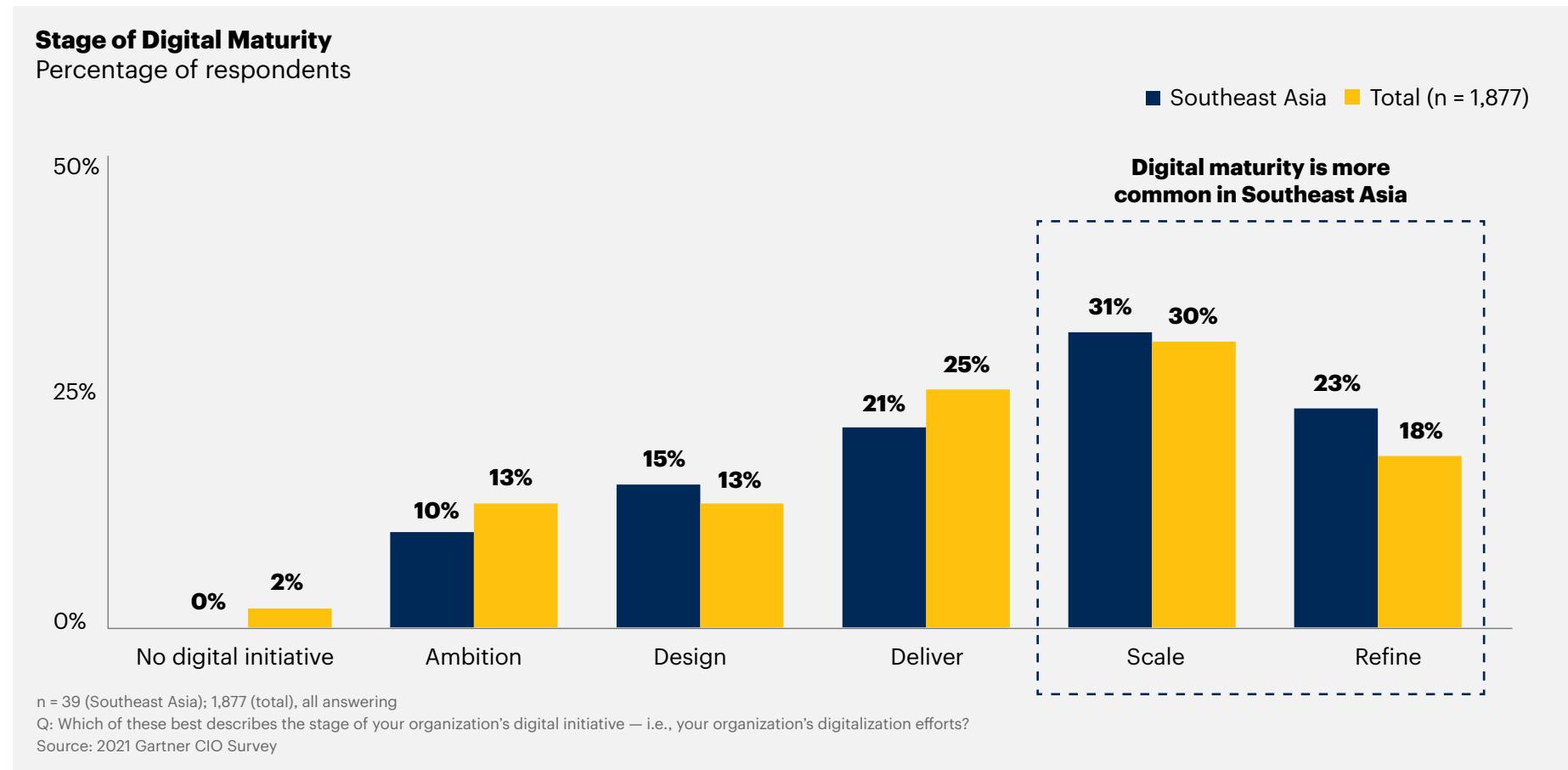
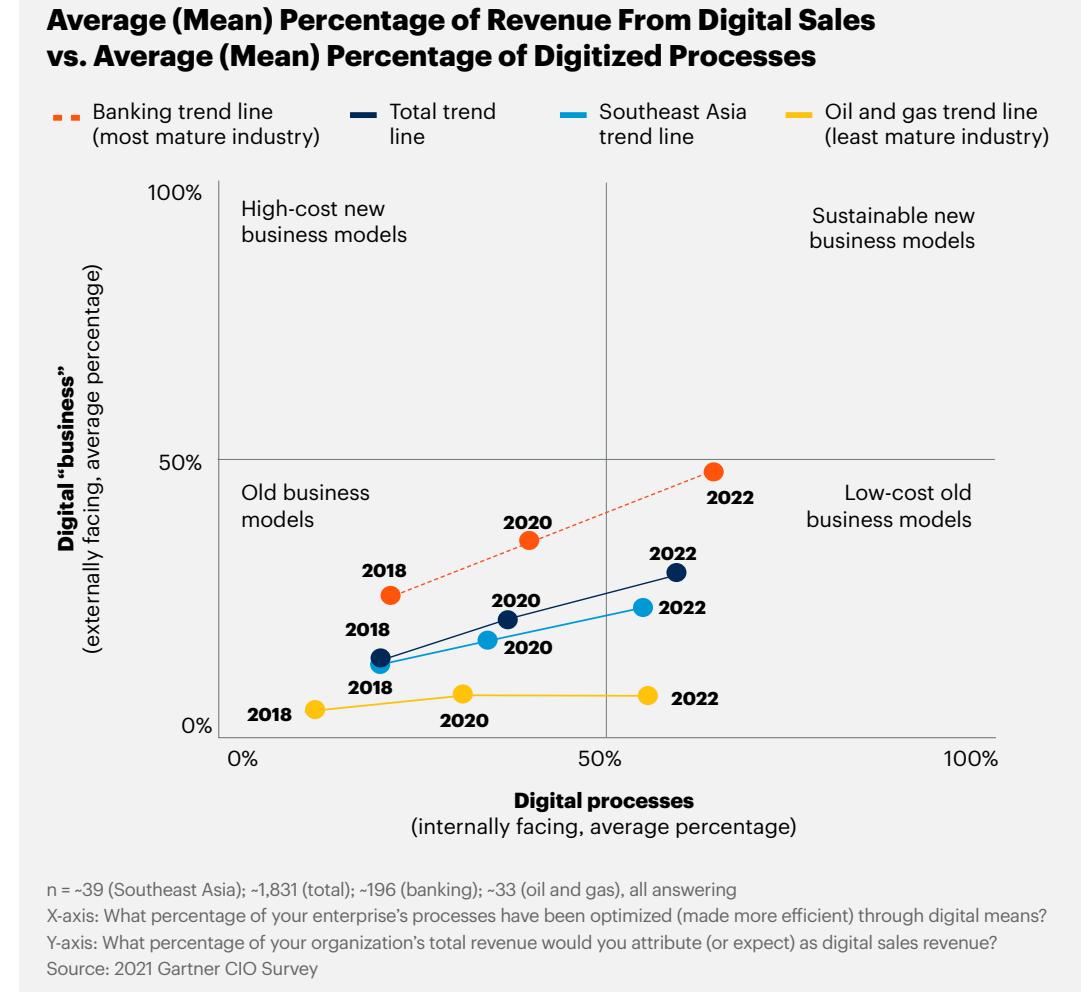


Figure 3. Digital Maturity in Southeast Asia Is Higher Than Global Peers



The digital journey plot shows Southeast Asian enterprises are tracking slightly ahead of the global trend in digital sales and digitized processes (see Figure 4). Southeast Asian enterprises have a higher proportion of digitized processes; on average, 42% have been optimized. To set the Southeast Asian results in context, this is higher than the average for the global banking industry (40%), which is the most mature industry in terms of digital processes. In 2020, an average of 25% of revenue as digital revenue was achieved in Southeast Asia, slightly more than the global trend line. This means Southeast Asian CIOs can accelerate their digital initiatives to close the gap on truly mature industries like banking, which on average earned 33% of its revenue as digital revenue.

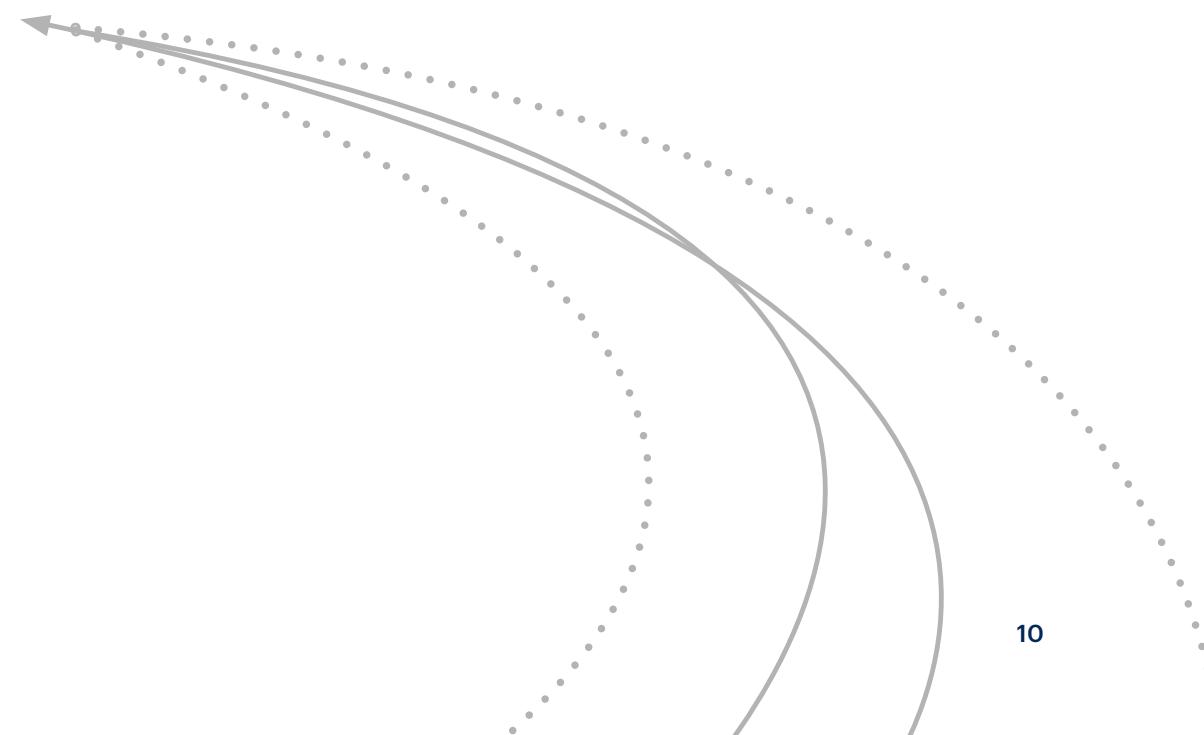
Figure 4. 2021 CIO Agenda: Digital Journey Plot for Southeast Asia



## **The CIO Position Has Been Elevated — Keep the Momentum Going**

The role of Southeast Asian CIOs has certainly been put in the spotlight due to COVID-19. The pandemic continues to provide an abundance of challenges which create new opportunities for CIOs to contribute to strategic business changes. This momentum needs to be maintained to further elevate the roles of CIOs in their organizations. Figure 5 shows that 85% of all Southeast Asian

CIOs report that relationships with their CEOs were strengthened during this period. An overwhelming 92% of Southeast Asian CIOs report that they saw an increase in requests for “higher value, strategic things” from business leaders, significantly higher than the 75% of the top performers who reported this increase.

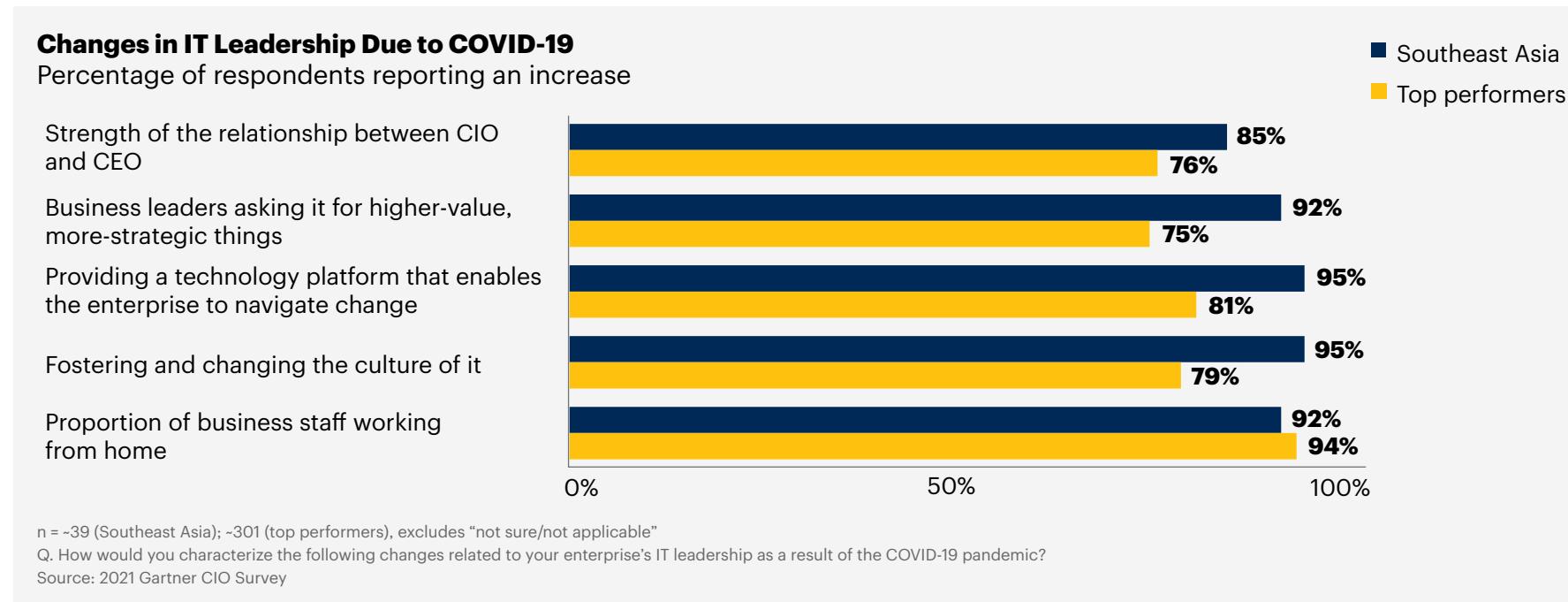


In supporting the unprecedented increase in business staff working from home, Southeast Asian CIOs can further their newfound strategic importance to their organizations. CIOs need to plan for the high percentage of organizations that will continue their “work from home” policies to pivot to a more agile “work from anywhere, anytime” permanently.

### Recommendation:

- Expand distributed workforce proficiencies by presenting a suite of SaaS-based team and personal productivity applications for their organizations in the coming year (see “Collaborative Work Management in the New Work Nucleus”).

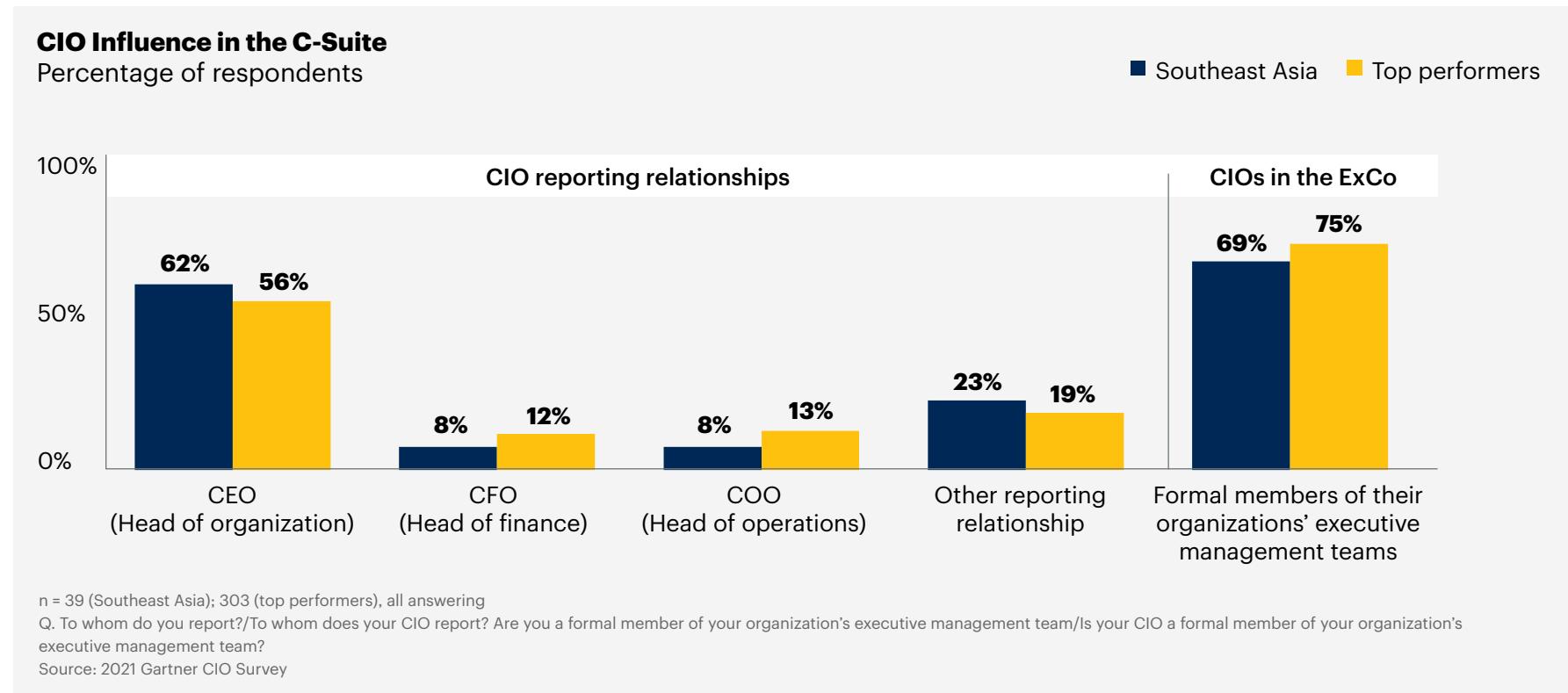
Figure 5: CIOs Are Contributing to Strategic Changes



Sixty-two percent of Southeast Asian CIOs report directly to the CEOs in their organization, significantly more than the 56% for global top performers (see Figure 6). In contrast, a nearly similar proportion (69%) of these CIOs are actually represented in the executive management teams. This is yet another positive

development, and Southeast Asian CIOs must continue to leverage the hard-earned experience from dealing with the pandemic and ensuring business continuity to secure inroads at the executives' table.

Figure 6. CIOs Have More Influence



## 2021 Expectations: More Engagement, More IT Changes

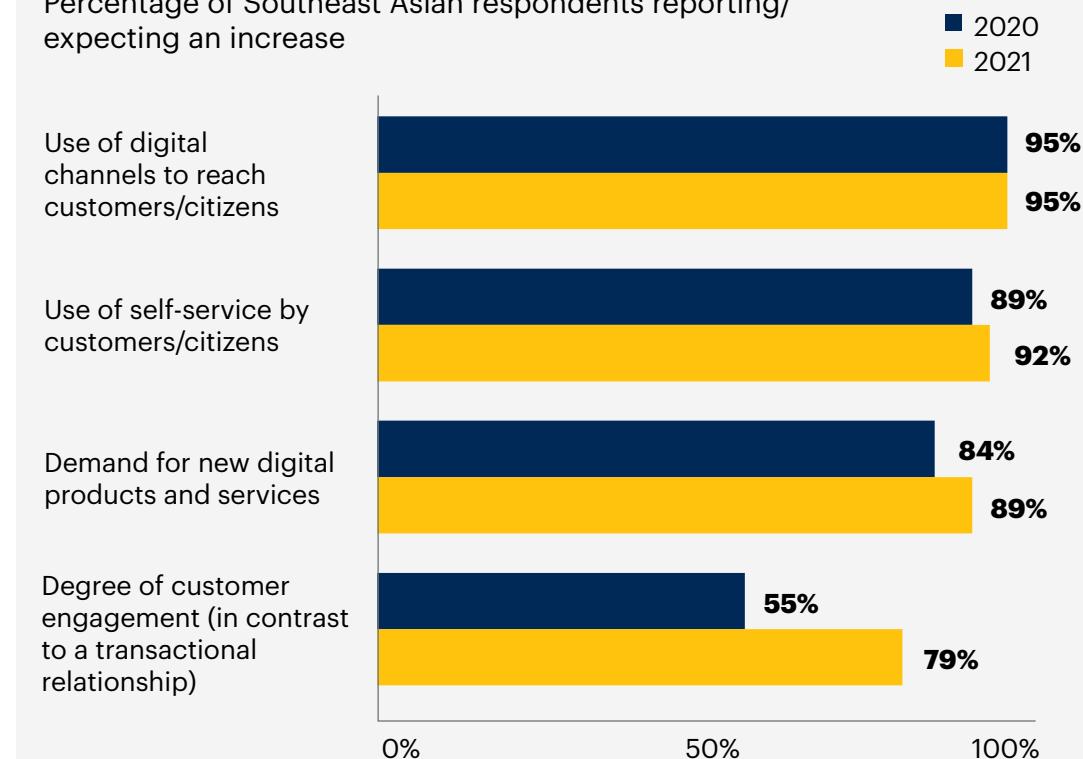
Southeast Asian CIOs, in general, are no strangers to the use of digital channels for customer acquisition. Organizations that have increased their use of digital channels to reach customers/citizens are 3.5 times more likely to be a top performer than a trailing performer.

Matching their efforts during the pandemic, 95% of Southeast Asian CIOs believe the use of digital channels to reach their customers will further increase in 2021 (see Figure 7). These heightened expectations are buoyed by high-profile events in Southeast Asia's ecosystem of digital channels, such as the issuance of four digital bank licenses and Zoom's data center expansion in Singapore, and Vietnam's startup hub attracting over U.S. \$400 million growth in investments for 2020. CIOs in Southeast Asia also expect the degree of customer engagement they will deliver in 2021 to further increase (79% expect an increase in 2021, up from 55% in 2020).

Figure 7. Southeast Asia's Top Performers Meet Customers' Needs Digitally

### Changes in Customer Engagement Due to COVID-19 and Expected in 2021

Percentage of Southeast Asian respondents reporting/expecting an increase



n = ~38 Southeast Asia, excludes "not sure/not applicable"

Q. How would you characterize the changes that have occurred in your enterprise as a result of the COVID-19 pandemic in each of these areas? vs How do you expect these aspects of your enterprise to change in 2021 compared with their status today?

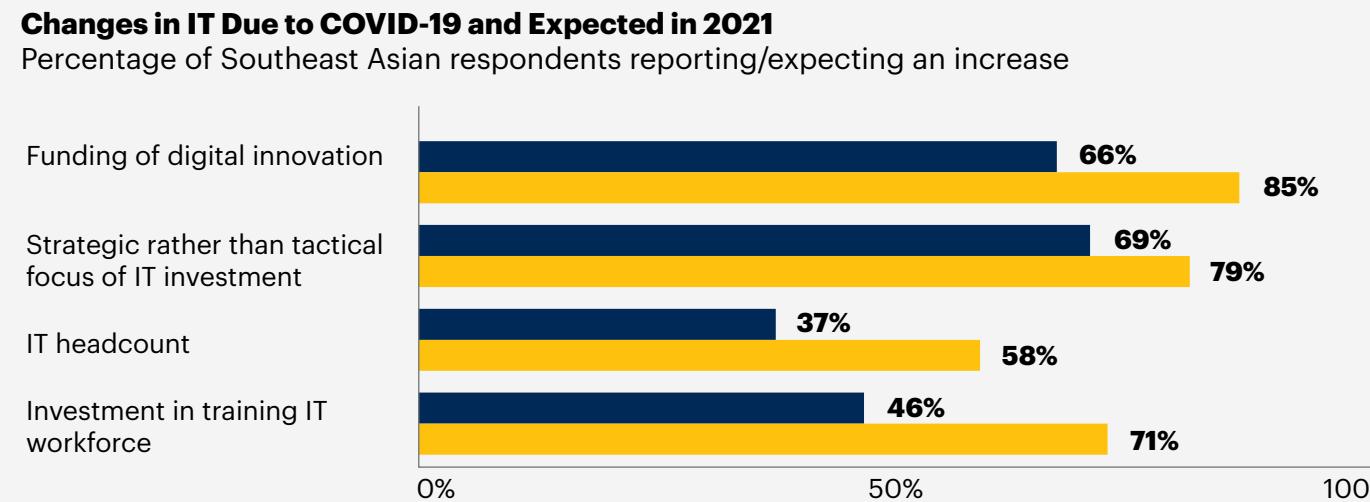
Source: 2021 Gartner CIO Survey

Not surprisingly, organizations that have increased their funding of digital innovation are 2.7 times more likely to be a top performer than a trailing performer. Southeast Asian CIOs, poised among the first organizations to exit the pandemic globally, demonstrate a strong willingness with 85% of them reporting an increase in the funding of digital innovation for 2021 (see Figure 8).

What directly impacts IT organizations is the dramatic expectations of Southeast Asian CIOs when it comes to the increases of IT headcount, and the investments envisioned in training the IT workforce. The region is divided by dualistic scenarios. Advanced, mature countries like Singapore face an

increasingly aging demographic and are forced to import IT talent in the short term and increase the digital dexterity of the workforce outside of IT. Conversely, countries in emerging Asia, like Vietnam, Malaysia, the Philippines and Indonesia are projected to increase their population of working age adults, but digital skills need desperate strengthening. While organizations might be able and willing to fund new IT headcount and skills training, the skills shortages will make this an ongoing challenge for IT leaders. CIOs will need to compose a dual-pronged digital dexterity approach — one for mature, one for emerging Asia, especially if their organization is operating across markets in Southeast Asia.

Figure 8: Disruption Put a Spotlight on Southeast Asian CIOs and IT



n = ~38 Southeast Asia, excludes “not sure/not applicable”

Q. How would you characterize the changes that have occurred in your enterprise as a result of the COVID-19 pandemic in each of these areas?

vs. How do you expect these aspects of your enterprise to change in 2021 compared with their status today?

Source: 2021 Gartner CIO Survey

## Recommendations:

- Reduce customer effort and deliver better customer experience by concentrating digital innovation funding to boost self-service through multiexperience (MX) design such that customers have a choice of touchpoints (for example, website, app, chatbot, virtual assistants) through multiple modes. For details, see “Transcend Omnichannel Thinking and Embrace Multiexperience for Improved CX”.
- Increase digital dexterity of the IT workforce through continuous learning programs that are focused more on both just-in-time (JIT) and on-the-job (OJT) training to increase digital business relevance (see Survey Analysis: Global Nations Reveal How Organizations Can Overcome Digital Dexterity Hurdles).
  - For emerging Asia — Determine first what talent and skills will be needed to deliver IT capabilities in the future so as to develop a strategic workforce plan (see How to Develop an IT Strategic Workforce Plan).
  - For mature Asia — Orchestrate and influence digital business ideas while building and expanding the organization’s technical and nontechnical digital foundations (see Future Paths for Technology Leadership in the C-Suite: How CIOs Are Redefining Their Role for Digital Business).

## Invest in Technologies That Support Digital Transformation and Cybersecurity

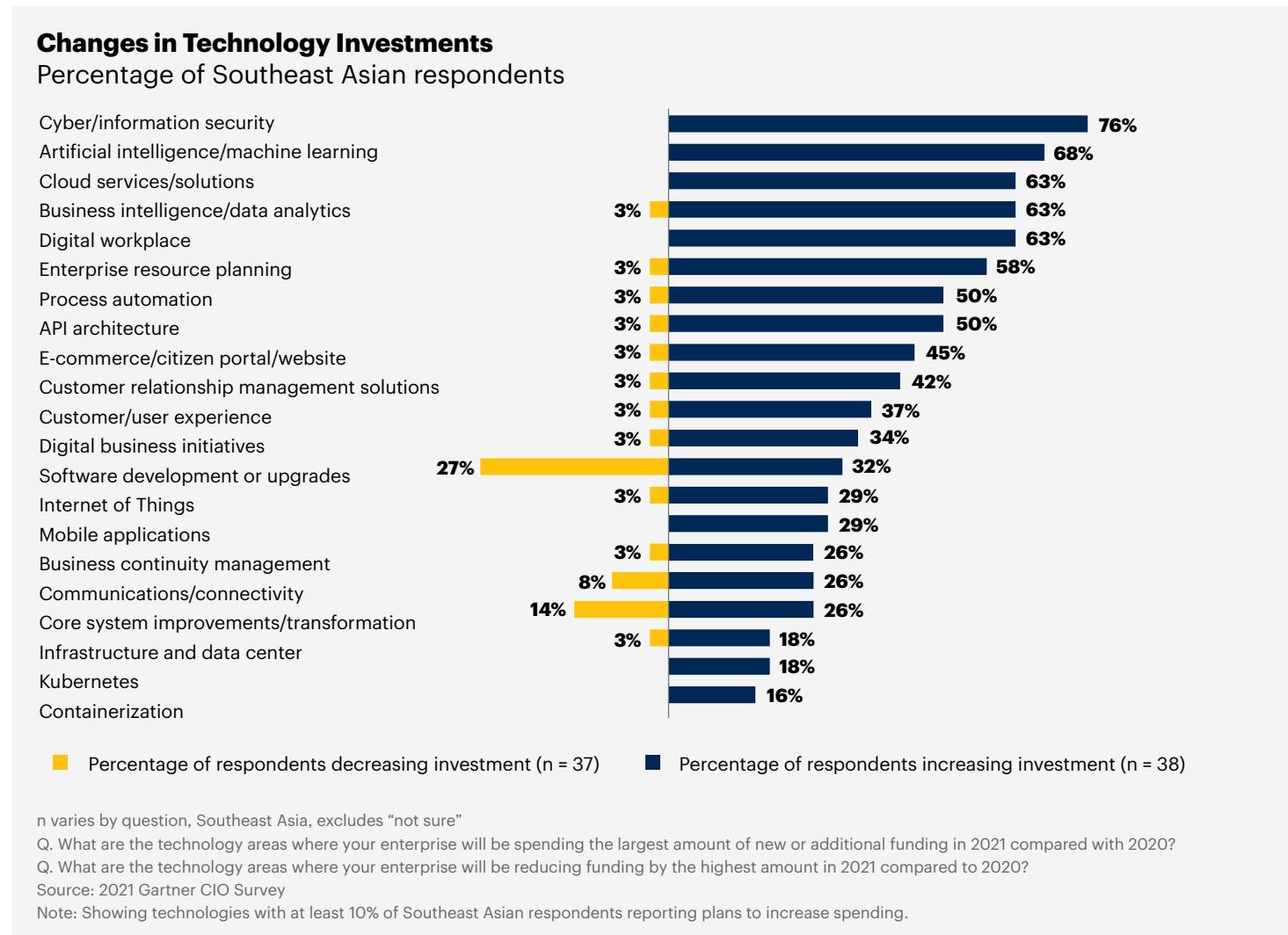
Investments in technologies can vary for a whole range of reasons. In this section, Southeast Asian CIOs expressed the technologies where they would invest more or reduce in 2021. Slightly different from their global peers, the

Southeast Asian CIOs picked the top three technology investment areas in descending order as cyber information/security, cloud service/solutions and AI/machine learning.

The topic of cybersecurity is even more difficult to navigate in Southeast Asia due to the many different national regulations and policies. What’s clear is that more CIOs (76%) in the Southeast Asian region than global top performers (62%) are increasing their investments in cybersecurity. While not directly in aid of digital transformation, CIOs struggle to know just how much cybersecurity is enough for their organizations. Overinvestments in this area are rarely frowned upon, so long as CIOs can develop capabilities to measure and report outcome-driven metrics through working with the chief information security officer (CISO).

Uncertainty caused by the COVID-19 pandemic has given cloud services and solutions the opportunity to prove themselves. They have delivered well, removing doubts for many organizations. Justifiably the second-ranked investment area, hybrid cloud computing continues to interest CIOs. Many CIOs need to deal with technologies they already own and operate, often within their own data centers. Sunk costs, latency requirements, regulatory and data residency requirements, and even the need for integration with noncloud, on-premises systems still hold some CIOs back. As part of the 2021 digital transformation, CIOs need to advance the use cases of cloud computing to deliver it at the point of need by using distributed cloud models (see “Top 10 Strategic Technology Trends for 2020: Distributed Cloud”).

Figure 9. Security, AI and Cloud Top 2021 Plans

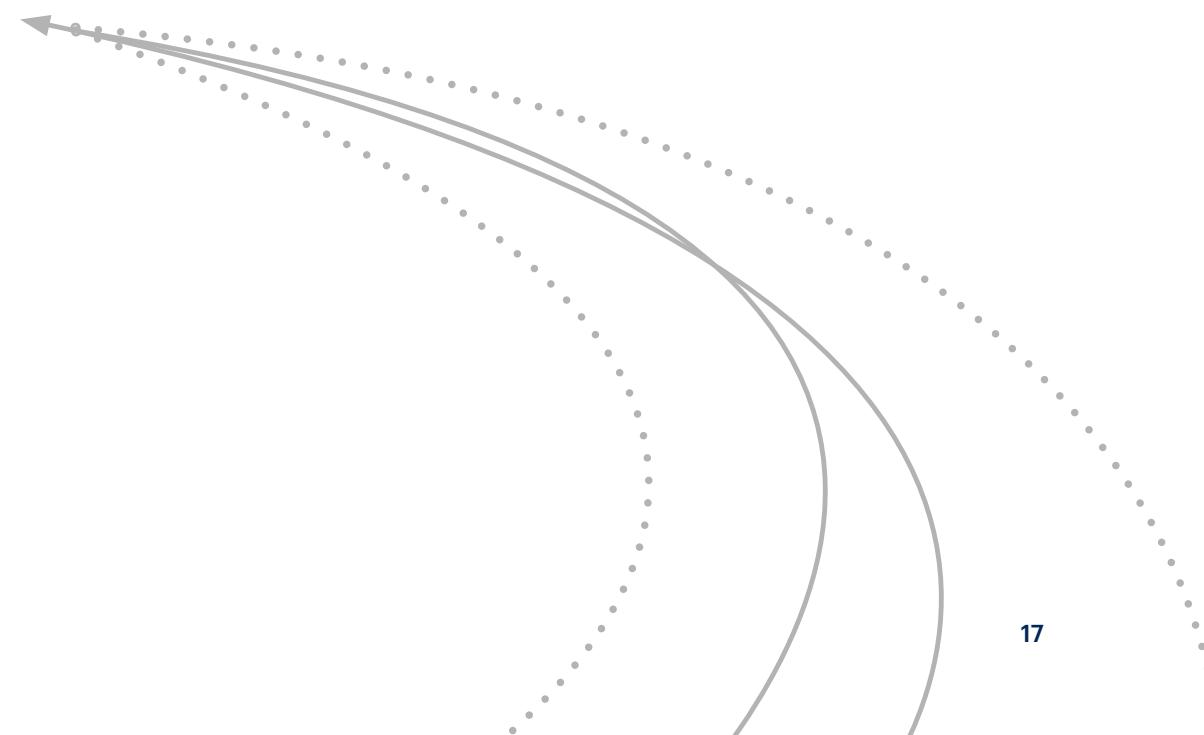


### **Recommendations:**

- Do not strive for “perfect” protection; collaborate with the CISO to develop optimized levels of cybersecurity measurement and reporting (see The CARE Standard for Cybersecurity) for your organization.
- Use distributed cloud models as a forward-looking opportunity to prepare for the next generation of cloud computing by targeting location-dependent use cases.

### **Additional research contribution and review**

Melissa Rossi Wood



## Note 1: Top, Typical and Trailing Performers

This report segments 2021 Gartner CIO Survey respondents based on self-reported IT and enterprise performance. This segmentation allows a group of digital leaders to be identified as a best practices group to contrast the performance of others.

**Top performers** — Respondents whose:

- Relative business performance compared with competitors is ahead of where it would have been had COVID-19 not become a global pandemic.
- Organization's digital initiative is in the scale or refine stages (the two top categories).
- Organization has already planned and implemented a new normal (post-COVID-19) strategy.

**Typical performers** — The cohort that performed too well to be included in trailing performers, yet not well enough to be included in top performers.

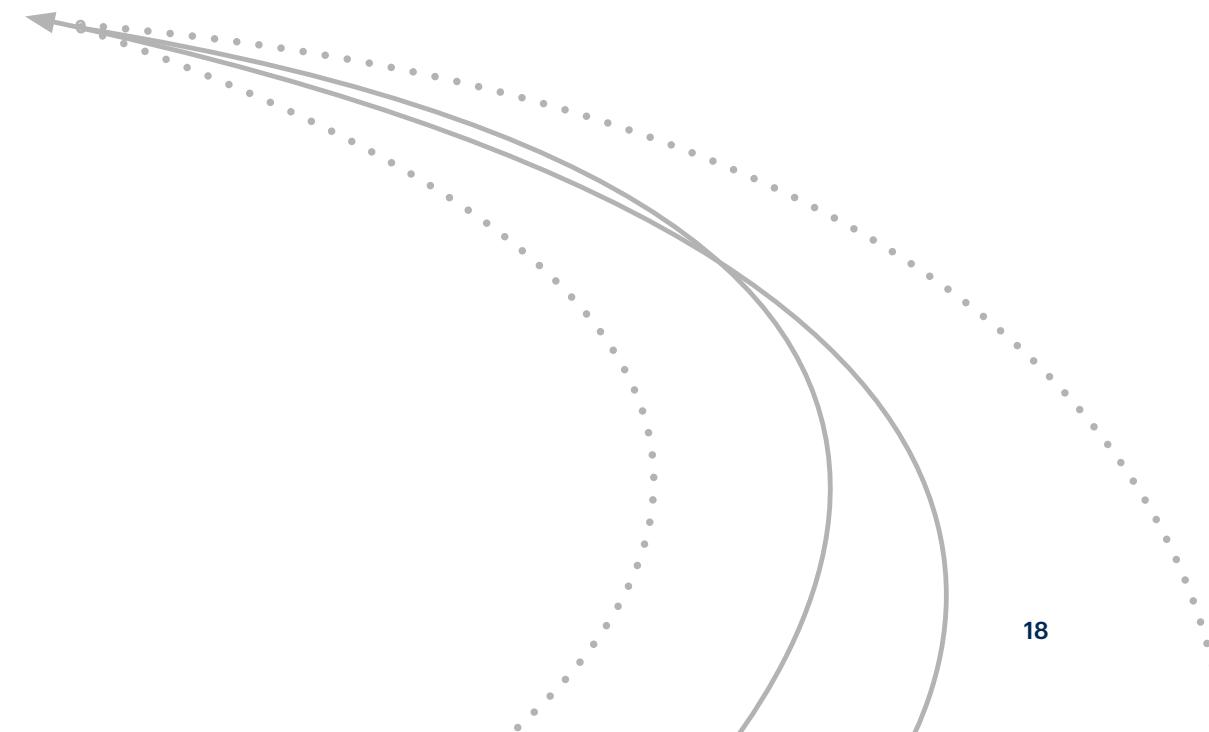
**Trailing performers** — Respondents whose:

- Relative business performance compared with competitors is behind or the same as where it would have been had COVID-19 not become a global pandemic.
- Organization has no digital initiative or is in the ambition stage (the two bottom categories).
- Organization has not already planned and implemented a new normal (post-COVID-19) strategy.

## Note 2: ASEAN

The Association of Southeast Asian Nations (ASEAN) is a regional grouping that promotes economic, political, and security cooperation among its 10 members: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. ASEAN countries have a total population of 650 million people and a combined gross domestic product (GDP) of U.S. \$2.8 trillion.

Our 2021 Southeast Asian CIO Agenda includes respondents from Indonesia, Malaysia, the Philippines, Singapore and Vietnam.



## Want to learn more?

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## Download additional resources

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[Rethink the IT Strategic Plan](#)

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[Guide to Aligning Digital Business and the Digital Supply Chain](#)

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