

# No let-up in tech upgrades at S'pore firms in 2023

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Local businesses are expected to keep up a steady pace of digitalisation in 2023, say technology providers.

Demand for cloud adoption and data applications remains, even with economic growth forecast by the Government to come in at or below 2.5 per cent, compared with 3.8 per cent in 2022.

Not only are businesses strengthening their supply chain tracking and forecasting capabilities, merchants have seized new opportunities in e-commerce since the Covid-19 pandemic.

Demand is also boosted by new possibilities unleashed by technological leaps such as the launch of artificial intelligence-powered chatbot ChatGPT, as well as sustainability reporting needs. What used to be just good public relations is gaining traction as a strategic business goal.

"Increasingly, our customers are coming to us saying: 'How can I use this for sustainability or ensuring that I am being more sustainable?'" said Mr Luke Anderson, managing director of machine learning and artificial intelligence at Amazon Web Services (AWS).

Businesses here are doubling down on investments in areas such as data integration, he said.

The same trend is seen by enterprise software provider SAP, which is cautiously optimistic despite a global slowdown in tech sales.

Mr Scott Russell, SAP executive

board member, said: "When the pandemic happened, there was a heavy investment in technology – in the ability to manage your workforce remotely, ability to manage the supply chain, ability to connect to your customers in a remote and digital way."

With those measures in place, businesses are looking at old processes with a new lens, he said. For instance, adding on the supply chain resiliency they had built up during the pandemic.

"They are now wanting to understand the details of their supply chain at the transparency level," he said.

"Can I tell my customers exactly where and which raw material has it been sourced from? What energy was used, how much reuse was done?"

"Many companies don't record the right information about their sustainability and non-financial data. That is going to continue, but regulators and financial markets are going to expect more."

For many companies here though, a challenge is data integration – the aggregation of different sources of data to arrive at, in tech terms, a single source of truth which all levels of an organisation rely on to make business decisions.

An AWS-commissioned report by Deloitte Consulting in 2022 showed that more than half, or 56 per cent, of 501 Singapore companies polled were at the bottom two of five levels of data maturity – basic or intermediate – when measured using six metrics: Strategy, people, data, machine learning,

process and technology.

Out of 12 data points such as financial reports, call centre recordings, external research, supplier information, videos or images and organisational data, most local companies tap only four.

Lack of funding, data security and lack of data talent were cited as the top causes for the lack of data maturity.

Businesses are passing on the chance to use data for better outcomes, the report said. "For example, video analysis can be used to understand customer trends in retail settings. Facial recognition can improve security."

Mr Sujith Abraham, the Asean general manager of Salesforce – a leader in customer relationship management solutions – said local clients often bring up their struggles with data.

"Today, 71 per cent of consumers expect every interaction to be personalised and to have their needs met instantly," he said.

"Yet, an overwhelming 90 per cent of organisations still cite data silos as an ongoing challenge and are unable to get real-time insights out of their data."

Even as consumers tighten their belts amid rising costs in 2023, he said, businesses need to invest to consolidate and automate workflows across their technology capabilities if they wish to trim costs and raise productivity.

There is also the sustainability push, he added. "As consumers choose to support greener businesses, an in-depth view of customer behaviours and preferences helps businesses to allocate re-



The newly launched Republic Polytechnic-Shimadzu Sustainable Technology & Analytical Research Laboratory. Sustainability reporting is driving business investments in tech, and what used to be just good public relations is gaining traction as a strategic business goal. ST PHOTO: CHONG JUN LIANG

sources adequately to prevent wastage and reduce carbon footprint."

Mr Gregory Francis, managing director of technology consultancy Access Partnership, expects small and medium-sized enterprises (SMEs) to get more out of data as cloud computing and big-data analytics become more accessible.

Unfortunately, it will be a relentless race to keep up with rapid updates.

"The volume and variety of data available to them will continue to expand. Larger businesses may be able to add to their data manage-

ment capabilities, but smaller businesses will also need to rely on an ecosystem of data and analytics service providers," Mr Francis said.

Singapore has been ranked among the big spenders on technology per capita, with the Government – a leading consumer of tech services – paying \$12.6 billion for technology in the four financial years leading up to June 2022.

But SMEs – which account for 99 per cent of enterprises here and produce 44 per cent of the gross domestic product – also remain a big market for tech providers such as AWS, SAP, Microsoft, Google

and Salesforce with the rise of the cloud.

The aggregated security, server space and solutions offered on subscription plans give SMEs access to solutions that they are unlikely to get without full information technology (IT) teams and developers.

To raise adoption of their tools, big companies have partnered local institutions and the Government to train specialists in their applications, and offer free online training on their applications.

The shortage of data talent and the hurdle of funding could be mitigated with funding and training schemes from Enterprise Singapore, SkillsFuture Singapore and Workforce Singapore, said SGTech.

The IT trade association with more than 1,000 members said the challenge is getting senior managers aware of the schemes and how to use them.

It also urged firms to be thoughtful about data integration, saying: "There needs to be careful consideration regarding which data would be the most meaningful."

In the Deloitte study, 71 per cent of Singapore companies said they expect to move up the data maturity ladder in the next five years.

Deloitte executive director Christopher Lewin said: "Some of it will be smooth, some of it will be messy, but it will happen for sure."

But with advances such as ChatGPT and in the cloud, he added: "In five years' time, it will be a whole other scale. Everything will have shifted."

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