

# Innovation All Eyes on Asia



salesforce

# Introduction

This report reveals what Asia's innovation landscape looks like through the perspective of key IT decision makers within the region. As economists predict a slowdown of economic growth in 2017 and beyond, the need for companies across all sectors to embrace innovative technologies and keep their competitive edge razor-sharp is set to become even more pertinent.

The report relies on findings from YouGov's research survey conducted in December 2016 to uncover the state of innovation in Asia. It examines the role that innovation plays in Asia's companies, how they are adapting to innovative technologies in order to achieve their business goals, as well as the hurdles that hinder organisations from harnessing opportunities in innovation to their maximum advantage. It also compares attitudes towards innovation between among eight countries in Asia.



- 2** Introduction
- 3** Executive Summary
- 4** Innovation: What Asia Thinks
- 7** Asia seen as Leading the Path in Innovation
- 9** Culture: Key Driver of Innovation within Organisations
- 12** What's holding Asia back from Innovation
- 13** Is Asia Ready to Embrace Innovation?



# Executive Summary

Innovation, according to Asia's movers and shakers, is seen as "the process of creating new and novel solutions to fulfil unmet customer needs."

It is perceived to have far-reaching benefits; 81% of respondents in Asian companies view technological innovation as critical to fueling revenue growth while 78% say they adopt the latest technological advances as part of a long-term strategy to ensure the competitiveness of their businesses.

Asia is perceived as dominating the global scene for innovation (77%) today; it is trailed by America (64%) in the second spot. This is largely due to an overwhelming number of respondents that indicated Japan, Korea and China as the top three countries that are driving innovation.

The fastest growing economic region in the world, Asia is also expected to lead innovation (81%) over the next five years; respondents also predict the gap in innovation between Asia and America to widen by 19% in this time period.

Culture is imperative for driving innovation within organisations. Companies perceived by employees to champion innovation are also seen to reap a myriad of benefits, such as sustained competitiveness in the long run.

87% of respondents who rate their companies highly for pro-innovation culture also express a high degree of interest in AI-powered CRM platforms that predict and automate CRM functions seamlessly.

Customer retention is a key strategic priority for Asia's companies; 70% of respondents viewed it as a top priority in the next 12 to 24 months.

# Innovation: What Asia Thinks

What is innovation within the corporate context? Is it about gunning down outmoded processes that have failed the test of time? Is it about bravery and challenging the status quo? Or does it simply boil down to strategically solving business problems with the application of ideas?



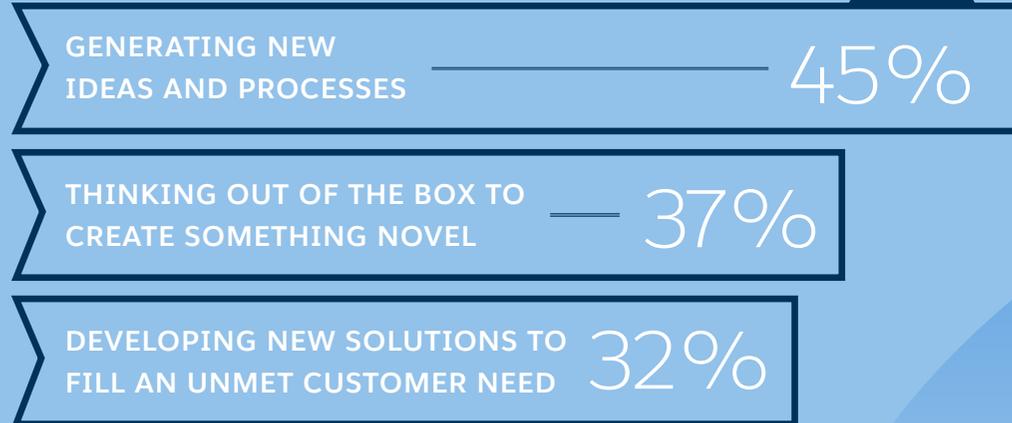
Figure 1: What innovation means to Asia's IT decision makers (Source: YouGov's Innovation Survey, December 2016)

According to the majority of over 700 key decision makers across eight markets (Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam) in Asia who responded to YouGov's survey, innovation is really about generating new ideas and processes (45%), thinking out of the box to create something novel (37%), and developing new solutions to fill an unmet customer need (32%).

In short, innovation is defined through the Asian lens as:

The process of creating new and novel solutions to fulfil unmet customer needs.

#### WHAT INNOVATION MEANS



In the current climate of ever-changing customer needs, building a truly customer-centric business is essential for success. Innovation opens up new opportunities for Asian companies to win at customer engagement. Rising above the competition to respond to the needs of customers, the use of technological innovation can give companies an additional edge by anticipating and predicting customer needs.

What innovation does for businesses in Asia, too, is perceived to come with far-reaching benefits:



**81%**  
of respondents see technological innovation as crucial in driving revenue growth.



**78%**  
consider the adoption of the latest technological advances as key to ensuring the competitiveness of the business in the long run.



**77%**  
agree that technological innovation has changed the way their company operates in a positive manner.

“

Innovation opens up new opportunities for Asian companies to win at customer engagement.



# Asia seen as Leading the Path in Innovation

The study reveals that Asia is viewed by most respondents as leading innovation within the global economy.

## 77% of Respondents Place Asia as World's Top Innovative Region

The majority of respondents see Asia as currently dominating the scene for innovation.

## America is a close second at 64%

Where innovation is concerned, America is viewed as a close second. Asia's aspirations to be the next Silicon Valley is ambitious. The onset of a slew of startups in Asia, particularly Southeast Asia, is possibly driving this sentiment.

## Asia Expected To Lead Innovation Over Next Five Years

The gap in innovation between Asia and America is predicted to widen significantly in the near future; 81% of respondents foresee Asia to take the lead in the adoption of technological innovations over the next five years, compared to just 49% of respondents who anticipate America to do so.

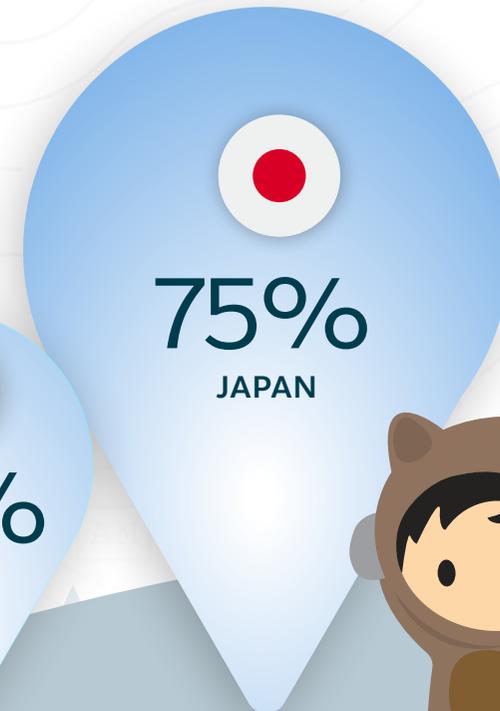


## Japan, Korea and China Viewed As Asia's Best-of-Class for Innovation.

Perceived by respondents as Asia's top three most innovative countries are Japan, Korea and China respectively. 75% of respondents placed Japan among Asia's top innovative countries, followed by 46% for Korea and 42% for China.

Japan has long been revered for its inventiveness and creativity, especially in terms of product innovations; an aura of innovation surrounds China too, thanks to its thriving startup scene.

“  
The heart of innovation is perceived by most respondents to beat the strongest within Asia.”



## Culture: Key Driver of Innovation within Organisations

Across the eight Asian markets, companies that empower staff to act in an innovative manner prove that companies with a pro-innovation culture within the organisation can significantly impact and cut across the core business in many meaningful ways.



**79% of Respondents Committed to Increasing Technology Spend Despite Tough Times.** The majority of respondents would increase their spend on technology, even in an under-performing economy.



**77% of Respondents Agree Technological Innovation has Transformed Their Company Operations Positively.** 80% of this group agree simulating technology innovation will be their company's top most priority in the next 12 to 24 months.



**74% of Respondents Say Their Companies are Highly Encouraging of Innovative Behaviour in Employees.** This group of respondents are also much more inclined to:

- **Invest in Increased Technological Expenditure Despite Economic Downturns:** Respondents are much likelier to agree that companies should still increase their spending on technological innovation spend, regardless of how well the economy fares – and even when the economy outlook is gloomy.

- **Reap the Benefits of Improved Company-Wide Operations with Innovation:** They are more inclined to agree that technological innovations have transformed the company's operations for the better.
- **Adopt Technologies to Drive Revenue Growth:** These respondents see the adoption of the right technologies as a driver of revenue growth.
- **Remain Competitive in the Long Run:** They view investing in the latest technologies as key to help the company stay competitive over the long term.



**Respondents Less Likely to Adopt Technological Innovation are Most Hindered by Cost Concerns, Tech Complexity and Lack of Talent.**

How can companies address the top two barriers to adopting technology and innovation: cost concerns (55%) and technological complexity (36%)? The right talent with the right skills definitely addresses the problem of managing technical complexity. Cost concerns will continue to plague organisations of any size, but as this study shows, investing in technology and innovation is key to remain competitive. With the appropriate and adequate training and development programmes, along with subsidies and funds from the government or company will address the third biggest barrier of a lack of talent (33%) with expertise. This can have a ripple effect in overcoming innovation barriers with cost savings as well as managing technological complexity.





**India Seen as Most Innovative Market.** Based on respondents' ratings of perceived innovation level, the markets were divided into those that are innovative, average and not innovative. The highest majority of respondents who perceive their home country as innovative hail from India (71%), followed by Singapore (34%), the Philippines (33%) and Indonesia (33%). On the contrary, the least innovative market, as viewed by those based there, is Malaysia (13%), followed by Hong Kong (19%), Vietnam (21%) and Thailand (24%).

**Singapore Faces Challenge of Widest Innovation Gap.** The biggest innovation gap, where respondents perceive their company as less innovative than their home country, is observed in Singapore (20%). India (18%) comes in at a close second. To bridge the innovation gap, companies may consider adopting technological innovation to improve their innovation level.

**Companies in India and the Philippines Perceived to be Most Innovative.** Across all surveyed markets, the highest percentage of respondents who saw their companies as innovative come from India (53%), followed by the Philippines (41%), Thailand (35%) and Indonesia (34%). Respondents in Hong Kong were the most critical of the level of innovativeness in their companies; 47% cited their company as not innovative, while 14% agreed companies here are innovative.

## What's holding Asia back from Innovation

Embracing innovation may appear to be a no-brainer for companies. From cost constraints to low return on investment, a number of barriers continue to exist for companies in Asia as they look towards the adoption of innovation such as cloud computing, enterprise apps and CRM technologies.



**High Costs, Technological Complexities and Lack of Talent Are Key Barriers That Deter Companies from Adopting new technology.** High costs, technological complexities (inability to keep up) and lack of talent are the three key hurdles faced by respondents. This signals a knowledge gap that can potentially be addressed by providing the appropriate training, or a funding to facilitate training and development programmes.

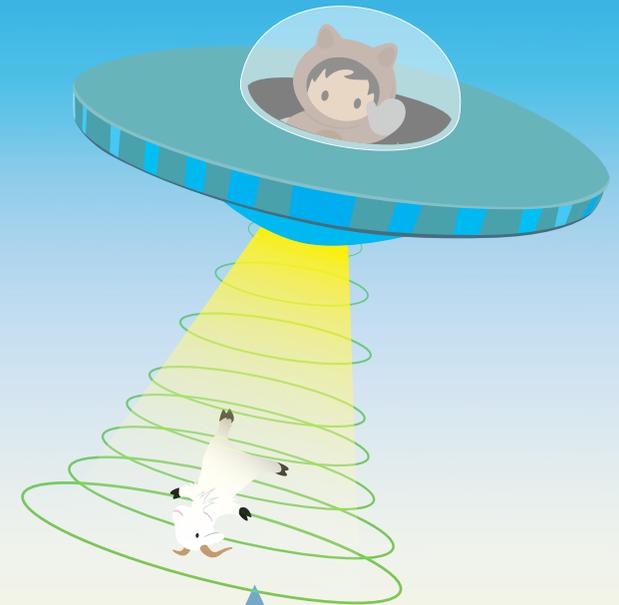
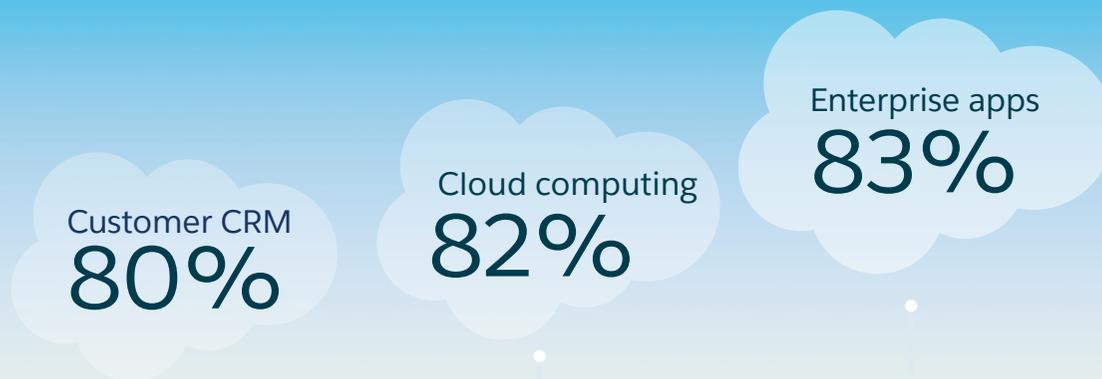


**Efficiency, Cost Savings and Increased Profits Are Key Motivations to Adopt new technology.** 67% of respondents cited their primary motivation to adopt new technologies as increased business efficiency and productivity, followed by 58% who wished for cost savings and to increase profitability (56%).

# Is Asia Ready to Embrace Innovation?

In the race for innovation, Asia's companies are taking to technological innovations. Here's a closer look at which technologies are gaining the most traction, and why.

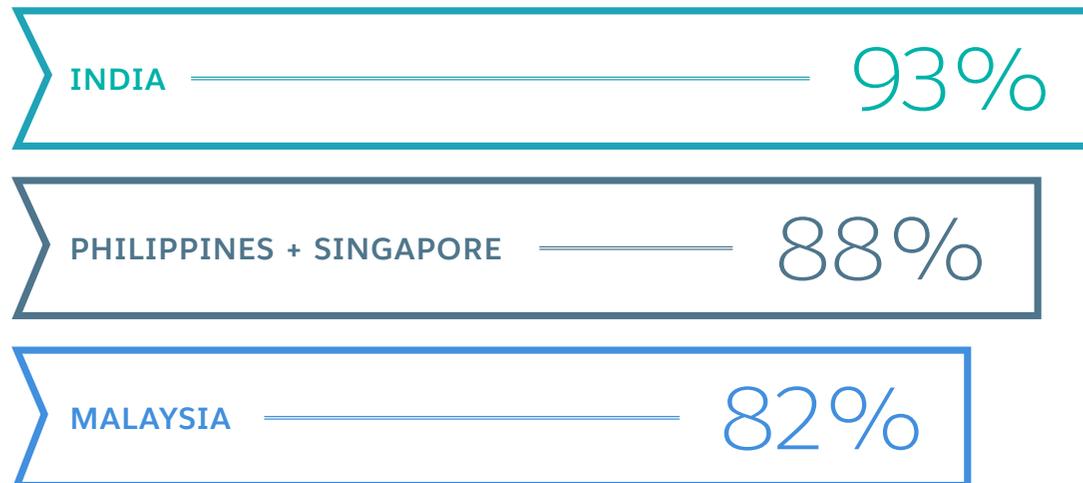
**Enterprise Apps, Cloud Computing and CRM Systems Seen as Hottest Technological Innovations.** The top 3 innovative technologies that placed the highest on the wish-list for respondents who are either looking to adopt, or already are in the process of adopting, are enterprise apps (83%), cloud computing (82%), and CRM systems (80%).



**Customer Retention Viewed as Key Priority in Near Future.** 70% of respondents viewed customer retention as a top strategic priority in the next 12 to 24 months; an overall average of just over half (53%) of all respondents say they are likely to adopt new technological innovations specifically to boost customer retention.

The markets that are most eager to adopt customer retention technologies are India (93%), Malaysia (82%), the Philippines (88%) and Singapore (88%). In contrast, Hong Kong (28%), Vietnam (14%), Thailand (16%) and Indonesia (5%) have a much more lukewarm reception towards the adoption of customer retention technologies.

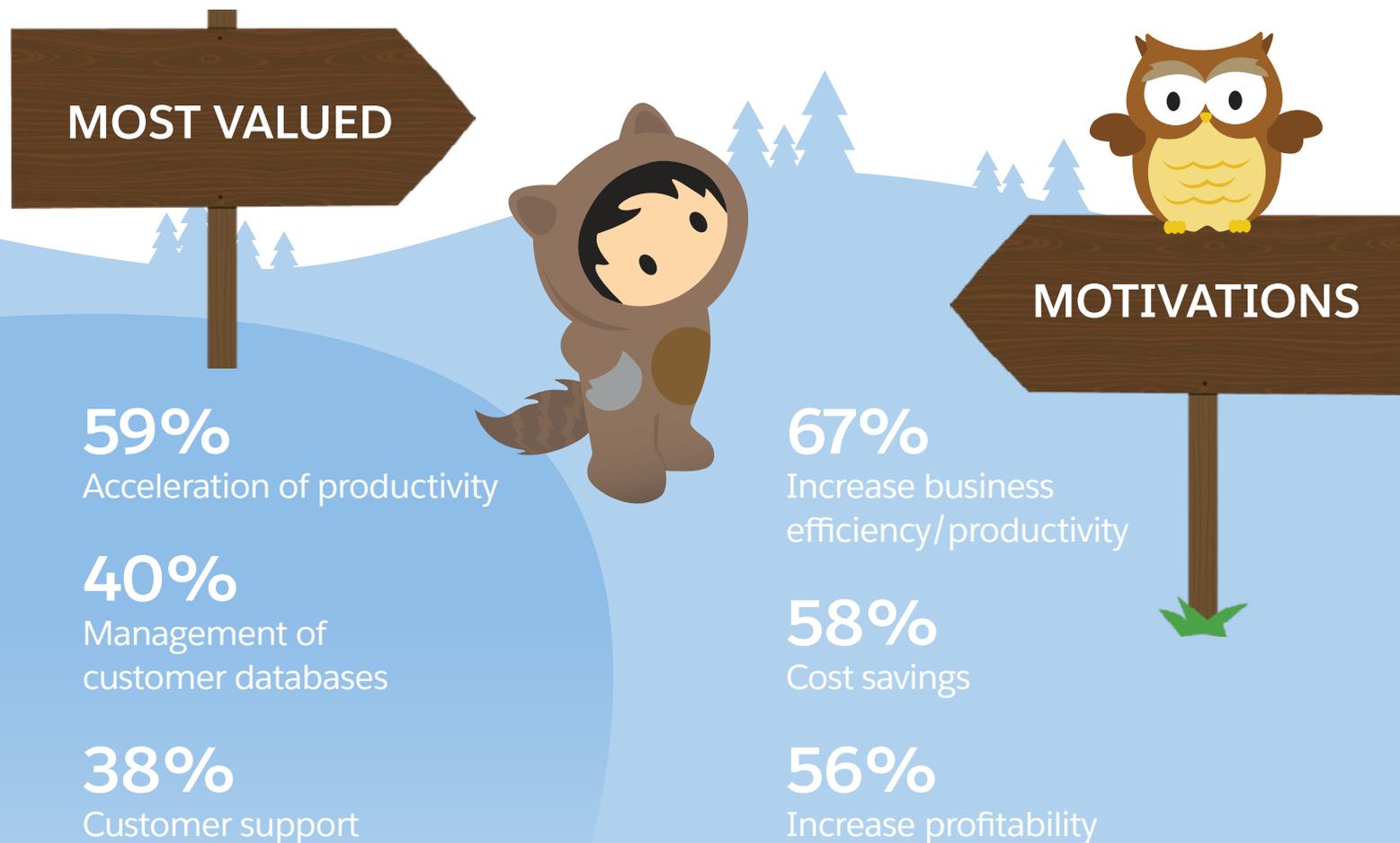
#### MARKETS MOST EAGER TO ADOPT CUSTOMER RETENTION TECHNOLOGIES



53%  
likely to adopt  
technology  
innovations that  
aid in customer  
retention

## Technology Seen as Invaluable Tool for Accelerating Productivity, Managing Customer Databases and Improving Customer Support.

While the acceleration of productivity (59%) is viewed as being most valuable in innovating with technology, the management of customer databases (40%) and having better customer support (38%), followed respectively in the second and third spots. The top motivations for adopting CRM systems are to increase business efficiency (67%), tap on cost savings (58%), and increase profitability (56%) for the company.



**Public-private Partnerships Expected to Drive Future Technological Innovations.** Across all the eight markets surveyed, over 1 in 3 respondents (35%) see public-private partnerships as the way to go for driving the adoption of technological innovations; this view is largely led by Southeast Asia markets.

**AI-powered CRM High in Priority for Pro-Innovation Companies.** 87% of respondents who rate their companies highly for encouraging innovation also find plenty of appeal in AI-powered CRM platforms.

“

87% of respondents who rate their companies highly for encouraging innovation also find plenty of appeal in AI-powered CRM platforms.



## Key Definitions

The following contains definitions of terms used throughout this report:

- **Enterprises** refer to companies with 1,000 or more employees.
- **Artificial intelligence** alludes to intelligent machines or software that is able to learn and perform tasks independently.
- **Big data analysis** is the examination of large data sets to uncover useful business information, market trends and customer preferences.
- **Cloud computing** is the use of remote servers hosted on the Internet to store, manage, and process data.
- **Customer relationship management (CRM) systems** are technologies that manage and analyse customer interactions and data.
- **Enterprise apps** are software aimed at enhancing productivity and efficiency within the company.



## Research Methodology

To understand how innovation is perceived by Asia's movers and shakers within the IT field, Salesforce commissioned YouGov in December 2016 to conduct a survey among 707 respondents across eight countries of Hong Kong, India, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam in the region. A soft quota of 50/50 was set to enrol an even split of CTOs, CIOs and IT decision makers from general businesses and enterprises within the sample; all 707 respondents were recruited via YouGov's proprietary panel and surveyed over a week-long period between 21 - 28 December 2016. The survey asked questions about the respondents' perceptions of innovation, as well as their attitudes towards and adoption of innovative technologies. The findings compiled from the study were instrumental towards the development of a clearer view as to how innovation is viewed in Asia.

## About Yougov

Central to YouGov is a global online community where millions of people and thousands of organisations engage in conversations about their beliefs, behaviours and brands. With its deep research expertise and broad industry experience, the company develops technologies and methodologies for collaborative decision making. YouGov publishes a number of syndicated reports such as the annual Global Survey of Wealth & Affluence, and its custom research specialists conduct a full spectrum of quantitative and qualitative research tailored to meet its clients' specific needs.

# About Salesforce

Founded in 1999 in San Francisco, Salesforce is the #1 CRM Company and fastest-growing top 10 software company in the world. Singapore clinched top spot for “Best Companies To Work For” for two years in a row and we are Fortune’s “Most Admired Software Company” for the past three years and one of Fortune’s “Best Companies to Work For” for the past eight years. Salesforce has been named one of Forbes’ “Most Innovative Companies” for the past six years and recently named “the innovator of the decade” by the magazine.





CONNECT TO YOUR CUSTOMERS  
IN A WHOLE NEW WAY



The information provided in this e-book is strictly for the convenience of our customers and is for general informational purposes only. Publication by salesforce.com does not constitute an endorsement. Salesforce.com does not warrant the accuracy or completeness of any information, text, graphics, links, or other items contained within this e-book. Salesforce.com does not guarantee you will achieve any specific results if you follow any advice in the e-book. It may be advisable for you to consult with a professional such as a lawyer, accountant, architect, business advisor, or professional engineer to get specific advice that applies to your specific situation.

© 2017 salesforce.com, inc. All rights reserved.