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# Look at Your Business from a Digital Lens:

Now Is the Time to Digitalize for SMBs

**SAMSUNG**

Research insights by



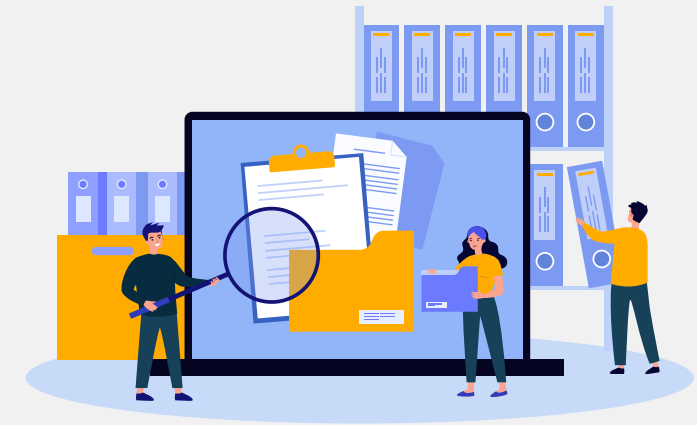
# Executive summary

The COVID-19 pandemic has spared no industry and proved most challenging for small and medium-sized businesses (SMBs) in the Asia/Pacific region. But SMBs that have taken the leap to digitalize their operations have not only thrived but also emerged stronger.

To better understand SMBs' digitalization journeys and level of maturity, Samsung commissioned an IDC survey of 800 SMBs in eight markets across the Asia/Pacific region, excluding Japan.

This report provides a snapshot of the key survey findings:

- **Traits separating the leaders from the pack:** The more digitally mature SMBs, also known as Digital Leaders, have invested in the right technologies, embraced process automation, and adopted effective long-term strategies.
- **State of digital maturity:**
  - Only **9%** of SMBs are digitally mature (advanced stages of 4 and 5).
  - Slightly over **90%** of SMBs are far from realizing their revenue growth goals.
  - While **44%** of SMBs have just started using digital technologies, **19%** are resistant to change and have made no effort to digitally transform.
- **SMBs' top challenges:** Adapting to customers' changing buying patterns and rising cost of operations.
- **SMBs' top business priorities:** Optimizing cost while pivoting to a new business model, followed by investing in the right technologies to ensure business continuity.
- **SMBs' top IT priorities:** Aligning IT to changing business needs, followed by data security.
- **What SMBs look for in a technology partner:** Offers business continuity measures and supports SMBs in their operational challenges to stay competitive and agile.



The gap is growing between SMBs that have been able to effectively adapt during the pandemic and those that have not.

According to IDC's Digital SMB MaturityScape Benchmark:



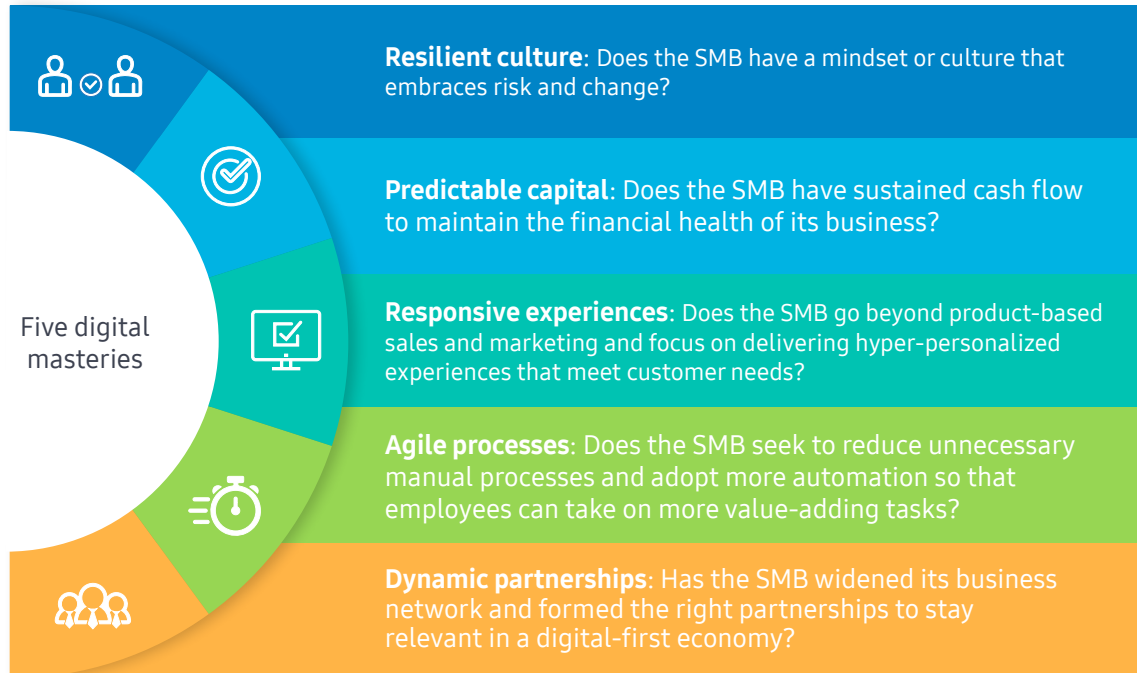
Only 9% of SMBs in Asia/Pacific are digitally mature and are in the digital leaders phase (stages 4 and 5); while a significant 91% are in the digital followers category

# The digital SMB maturity journey: tech mastery is the equalizer

The goal of every SMB today is to scale its operations, and digital technologies are the equalizer that will help it to grow its size, presence, and capabilities to compete in the digital-first world. How quickly an SMB matures in its digitalization journey, from Digital Indifferent to Digital Native, depends on how well it excels in the five masteries with the help of five capabilities.

## Five digital masteries form the foundation of the digital SMB

A digital SMB is data-driven, customer-centric, and highly automated. Digital SMB leaders continuously experiment and learn to deliver breakthrough solutions to create new markets.



## An SMB's digital maturity journey



### Five digital capabilities

Mastery in the five areas outlined on the left requires skillful execution of strategy, people, process, technology, governance, and data.



**Data:** Does the SMB make decisions on gut feeling or leverage data for more informed decision making?



**Governance:** Does the SMB have long-term digitalization plans and use the right metrics to drive the business forward?



**Processes:** Does the SMB adopt innovative procedures and systems to reduce inefficiencies and to improve engagement with customers, employees, and partners?



**Skills:** Does the SMB continuously seek strategic talent and skills to take its business to the next level?



**Technology:** Does the SMB aggressively leverage technologies to gain business agility and resiliency?

### SMB checkpoint

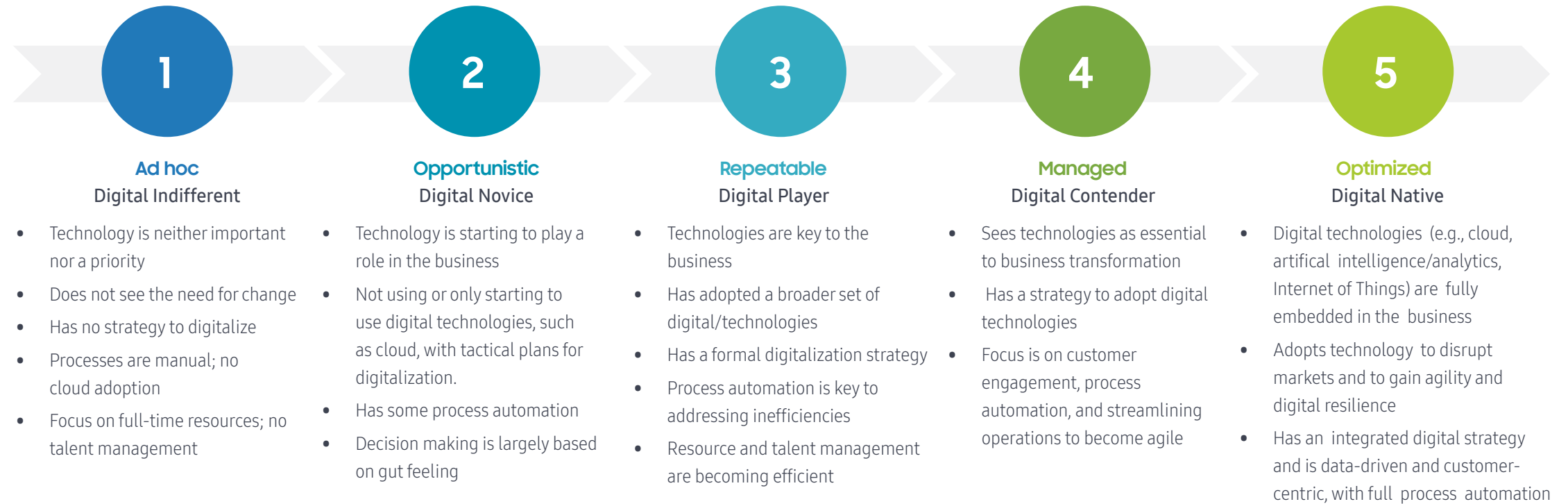
Does your business have a digital SMB mindset? Are you leveraging data in decision making or still relying only on gut-instinct?

# The digital SMB maturity journey: from indifference to digital native

A new breed of SMBs are setting the benchmark in terms of using digital technologies to enable new ways to connect, communicate, collaborate, and transact.

IDC's Digital SMB MaturityScape serves as a guide for SMBs to understand their digital readiness and maturity across five stages — Digital Indifferent, Digital Novice, Digital Player, Digital Contender, and Digital Native. Each stage builds on the level before and assesses SMBs' mastery in five areas.

## An SMB's digital maturity journey



# Most SMBs in Asia/Pacific are struggling to transform digitally

Slightly over 90% of SMBs are still far from meeting their revenue growth goals and are merely digital followers. Unlike digital leaders, which navigate change quickly, digital followers are challenged by inflexible management and lack the skills and cash flow needed to support their business expansion plans.

## Digital Followers

Digital followers are in the first three stages of maturity. They have difficulty transitioning from tactical planning to strategic thinking, and their digitalization approach is fragmented.

## Digital Leaders

Only 9% of SMBs have succeeded and flourished in the digital-first world as digital leaders.



While 44% of SMBs have just started using digital technologies, 19% are resistant to change and have made no effort to digitally transform.

### SMB checkpoint

Where is your business on the digital SMB maturity journey?

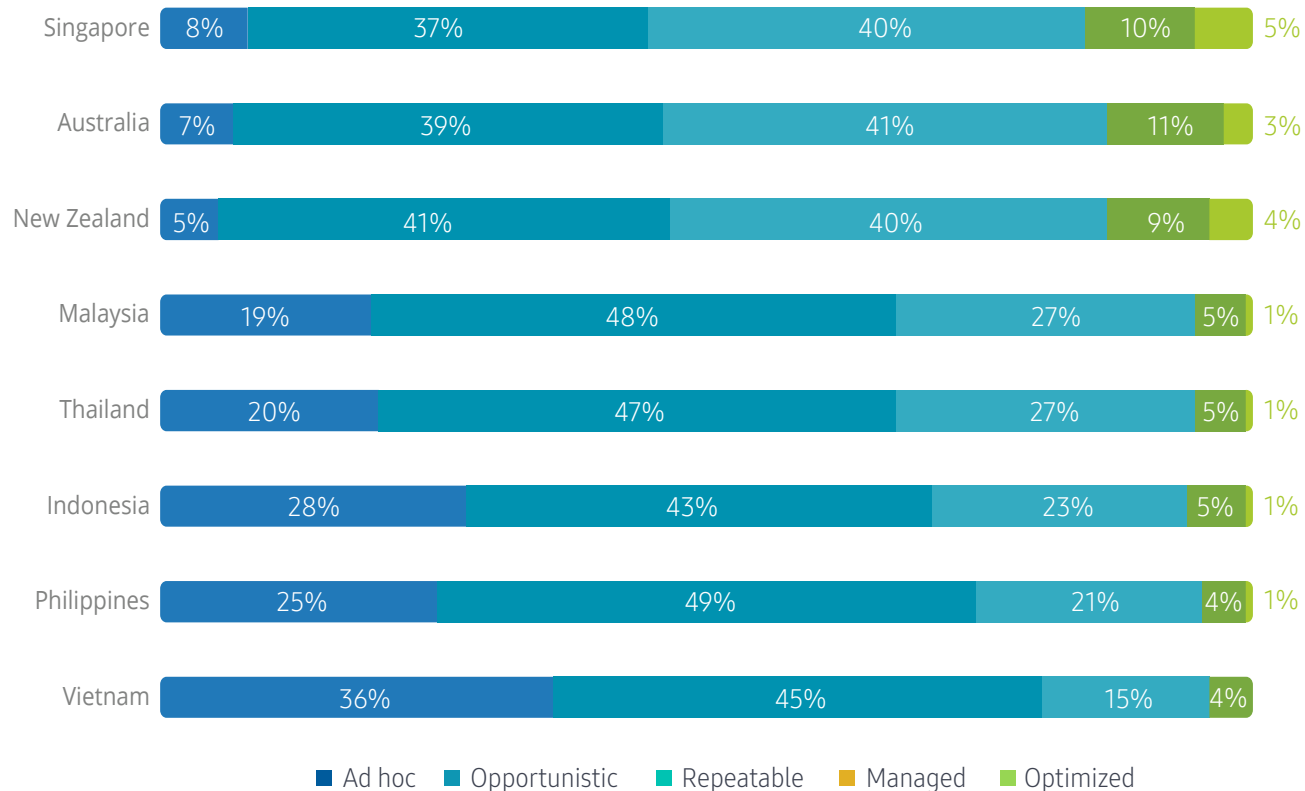
Note: All numbers in this document may not be exact due to rounding.

Source: IDC's APJ Digital SMB MaturityScape Benchmark Survey, 2021 (n =1,200)

# SMBs in Singapore, New Zealand, and Australia are ahead in digitalization

Looking at the overall digital maturity, SMBs in Singapore and ANZ are more digitally transformed than the other markets. Their strategic transformation efforts have paid off, building on successive stages of technology adoption as they strengthen digital talent and capitalize on strong government support for digitalization initiatives.

## Asia/Pacific digital maturity of SMBs in 2022 (country view)



## Case examples



**Singapore's Go Digital Transformation** (launched in 2017) is a program designed to support SMBs to strengthen their digital capabilities by providing advice on technologies throughout their digitalization journey.



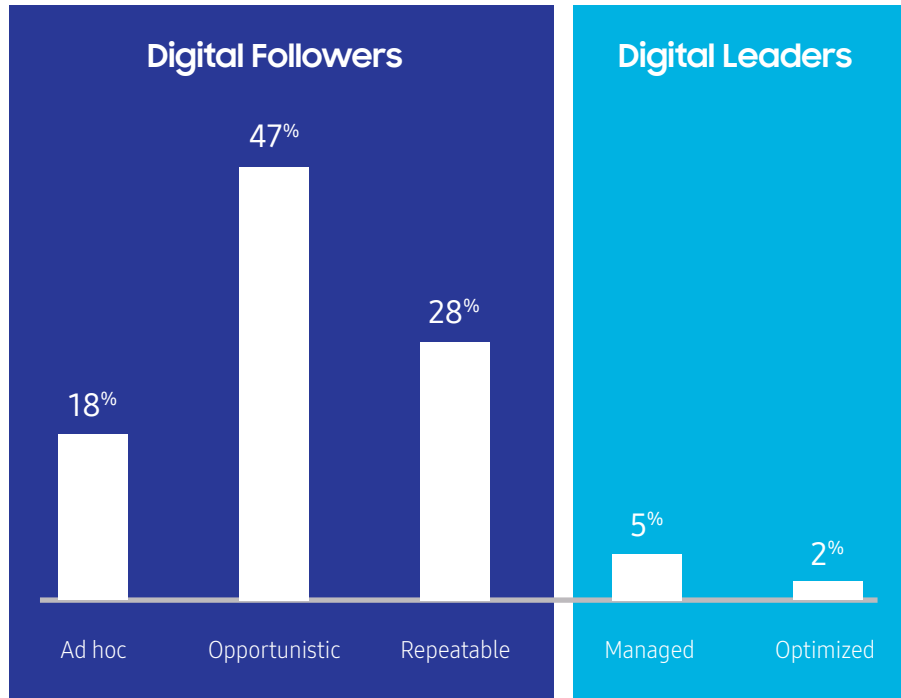
Similarly, **Government of New Zealand** supports small businesses through its Digital Boost program which supports SMBs with access to capital, strengthening data capabilities, and adoption of digital hardware and software.

# Digital transformation (DX) masteries: time to close the gap

SMBs succeed in moving the digital needle when they excel in the five tenets necessary to be a digital leader: resilient culture, predictable capital, responsive experiences, agile processes, and dynamic partnerships. In order to close the gap on the frontrunners, digital followers must track and measure their growth as well as bolster their initiatives around the five digital masteries.

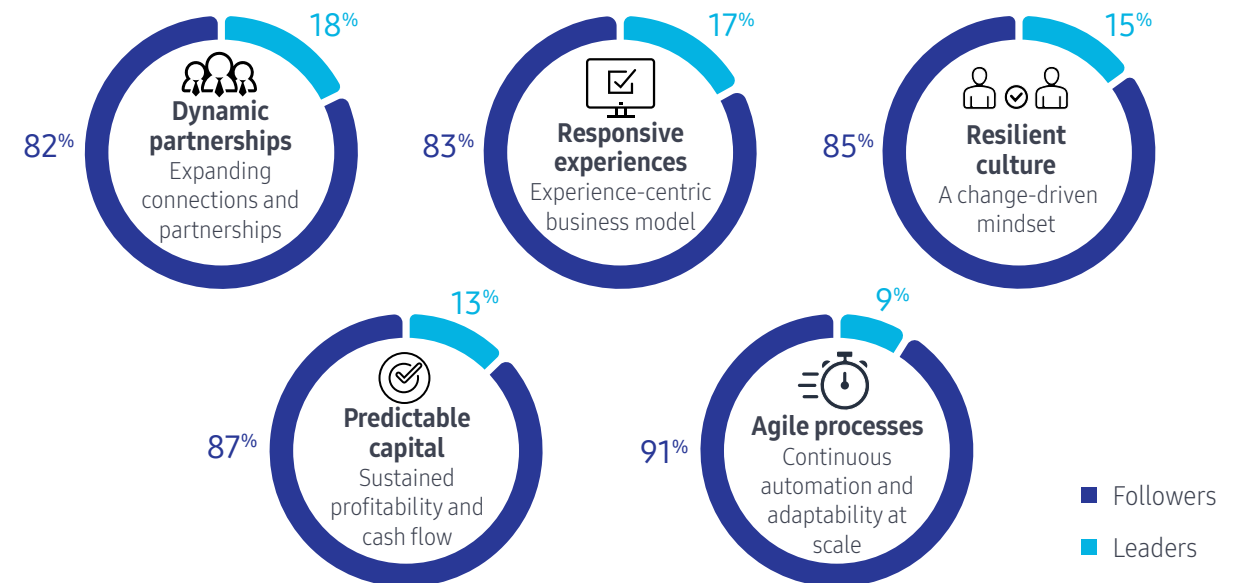
## DX masteries by maturity stage

Only 7% of SMBs are in the digital leader's phase.



## DX masteries' primary dimensions — leaders versus followers

SMBs need to master all the dimensions shown below to attain complete digital maturity. However, most SMBs are still in the digital follower phase. They are more successful in forming dynamic partnerships and delivering responsive experiences, with 17% or more SMBs in the leader phase. Implementation of agile processes is the area with least progress, with only 9% of SMBs in the leader phase.

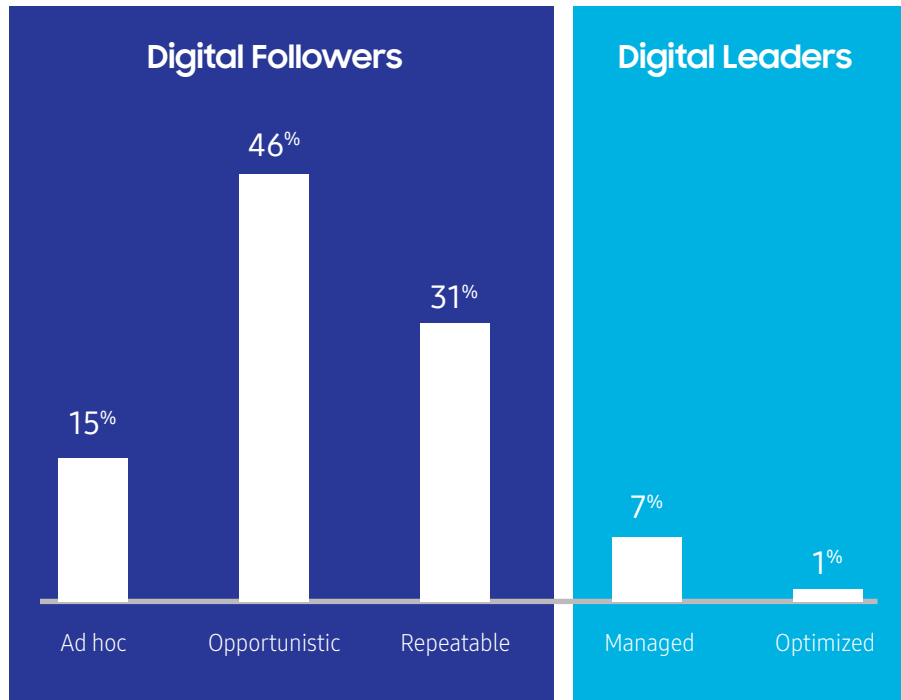


# DX capabilities: lead with better data proficiency

While SMBs focus on achieving mastery across the key primary dimensions, they require a skillful execution across a set of secondary capabilities: data, people, process, governance, and technology. Progress in these secondary capabilities will help SMBs narrow down their execution gaps and attain digital maturity.

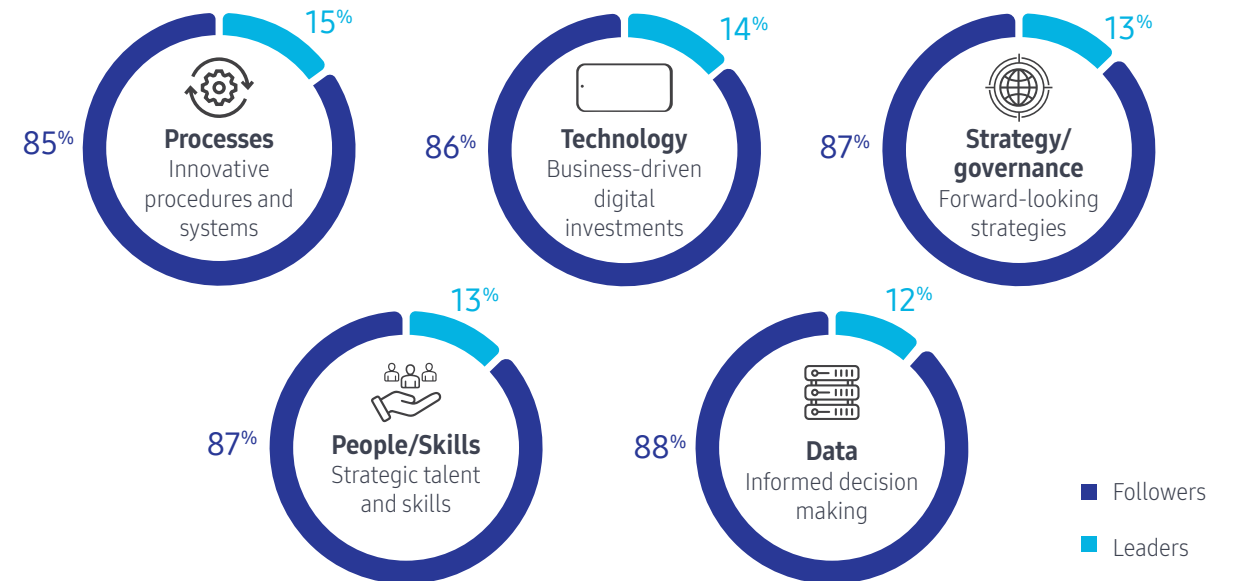
## DX capabilities by maturity stage

Only 8% of SMBs are in the digital leader's phase.



## DX capabilities across SMB maturity dimensions — leaders versus followers

SMBs in Asia/Pacific lag in leveraging multiple data sources and/or using data analytics for decision making and mostly rely on past experiences to make decisions. Availability of talent with data skills is also a concern for SMBs lacking data capabilities. While they are comparatively stronger in dimensions such as processes (with 15% of SMBs in the leader phase), they are much weaker in data capabilities.

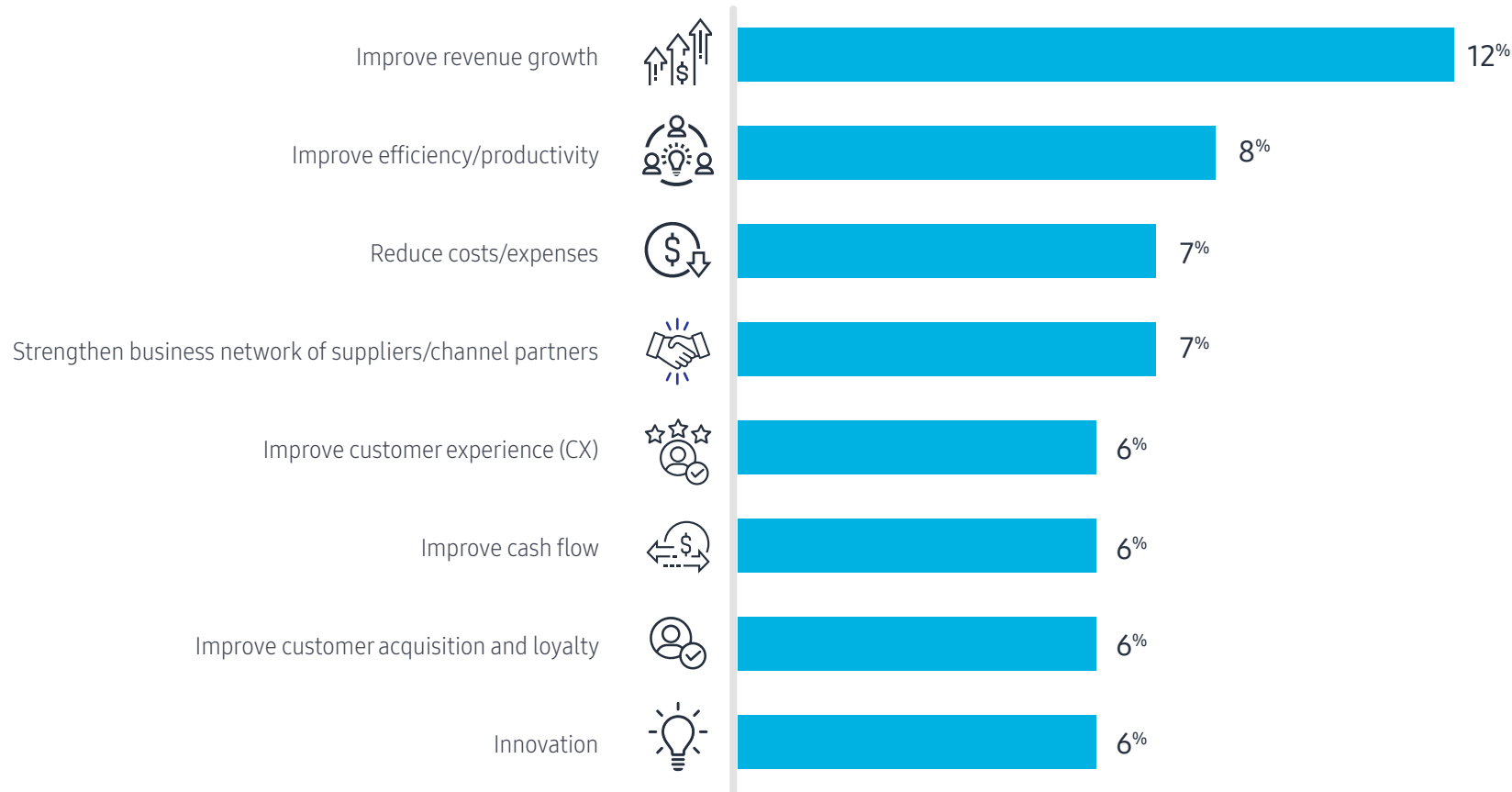




# Revenue growth top Asia/Pacific SMB priorities

With economic recovery being underway, SMBs understand that being productive and financially resilient is key, and are focusing on revenue retention, efficiency improvement, and cost optimization initiatives as their business priorities for the next two years.





## Top business priorities over the next 2 years



# Digital leaders focus on improved customer experience and strengthening business network of channel partners

Improving revenue growth is a key business priority for digital leaders as well as followers. While digital followers focus on reducing expenses and achieving efficiencies/productivity, digital leaders — with good results in driving efficiencies and productivity — focus on customer experience (CX), which is critical for competitiveness.

## Top 3 business priorities over the next 2 years by digital maturity

Digital Followers	Digital Leaders
 <p>Improve revenue growth</p>	 <p>Improve CX</p>
 <p>Improve efficiency/productivity</p>	 <p>Improve revenue growth</p>
 <p>Reduce costs/expenses</p>	 <p>Strengthen business network of suppliers/channel partners</p>

To achieve their business priorities of revenue growth, SMBs should focus on:

- ◆ **Cost optimization and revenue retention:** Streamline processes with the use of technology for better financial outcomes.
- ◆ **New revenue streams:** Focus on new industries and service types.
- ◆ **Seek financial assistance/OPEX model:** To better manage cash flows and working capital.

## From a country perspective



Singapore



New Zealand

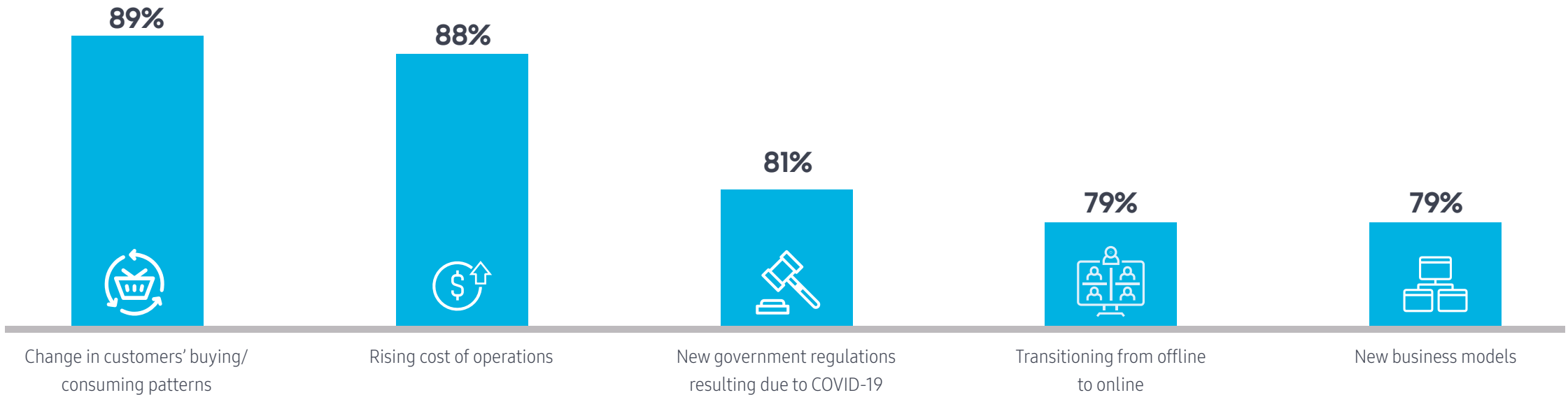
SMBs with high digital maturity that are focused on strengthening partner networks should identify new, disruptive products and services that can be delivered through the company's existing partnership model.

To enhance their capabilities, SMBs will rely on technology partners to scale their operations, reduce costs, augment capabilities, and expand their digital presence.

# Changes in customers' buying patterns top SMBs' business challenges

'Buy local', a shifting consumer trend during the pandemic, forced SMBs to rethink their marketing strategies. A technology partner that understands local markets — and has a model to help manage operational costs while delivering enhanced experiences — helps SMBs future proof their operations and increase agility.

## Top 5 business challenges faced by SMBs in Asia/Pacific









SMBs are generally slower than enterprises to adopt technology and have low process automation due to a lack of skills and capital funding. Often operating on lean resources, SMBs that do not streamline processes could face further challenges such as departmental silos, operational complexities, and lower productivity. In the initial stage of digitalization, SMBs start their journey right by identifying and prioritizing on the business areas, capabilities, and offerings that align with their digital ambitions.

# Rising cost of operations is a major challenge for digital followers

SMBs, irrespective of their digital maturity, must closely monitor consumers' buying patterns in order to grow revenue and improve CX. Digital followers also have to consider the increased cost of operations and look at technologies that can help them in better managing costs (CAPEX) and driving process efficiencies through automation.

## Top 3 business challenges faced by SMBs in Asia/Pacific

Digital Followers	Digital Leaders
 <p><b>89%</b> Change in customers' buying/ consuming patterns</p>	 <p><b>88%</b> Change in customers' buying/ consuming patterns</p>
 <p><b>88%</b> Rising cost of operations</p>	 <p><b>86%</b> New government regulations resulting due to COVID-19</p>
 <p><b>80%</b> New government regulations resulting due to COVID-19</p>	 <p><b>86%</b> Lack of relevant skill sets</p>

## From a country perspective

### Mature economies



SMBs in mature economies are focused on addressing changes in customer-buying patterns. This means revamping how they nurture customer relationships, finding ways to streamline processes, and automating their operations to stay relevant in a digital-first economy.

### Low digital maturity economies



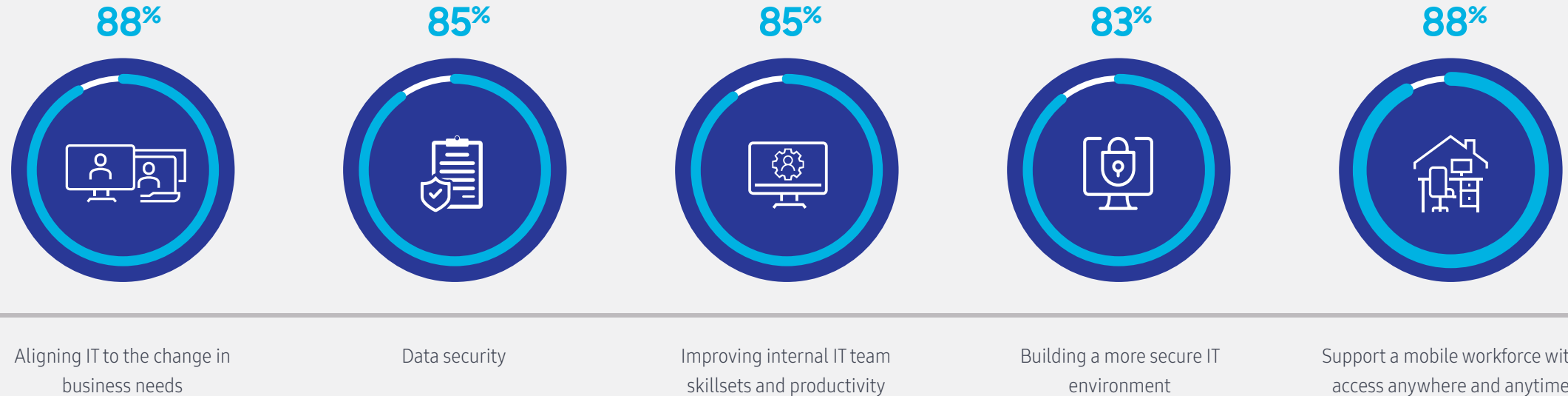
SMBs with low digital maturity are more concerned with rising cost of operations and are focused on addressing cost inefficiencies.

To effectively address their business challenges, SMBs will need to widen their business network by forming dynamic partnerships — one of the five masteries of digital SMBs. This key trait is what enables digital leaders to quickly adapt to the changing market landscape and gain resilience.

# Top IT priority for SMBs: Aligning IT strategies to changing business needs

Investing in technologies that provide mobility, scalability, agility, and security is part of SMBs' IT strategy, and it can act as a differentiator as they adapt to changing market conditions. To that end, technology providers play an important role in helping SMBs align their technology and business goals.







## Top 5 IT priorities of SMB companies in Asia/Pacific



# For digital leaders, supporting a mobile workforce is a priority, while digital followers focus on improving internal IT skills

IT strategies for the digital era take on increased importance as an integral part of an SMB's overall digital business strategy. Businesses today heavily depend on IT to better manage risk, improve financial performances, and marketplace competitiveness. **SMBs that invest in upgrading their IT infrastructure (including data security, mobility, and data skills) become more resilient and agile as they compete in the digital economy.**

## Top 5 business challenges faced by SMBs in Asia/Pacific

Digital Followers	Digital Leaders
 <p><b>87%</b> Aligning IT to the change in business needs</p>	 <p><b>91%</b> Aligning IT to the change in business needs</p>
 <p><b>85%</b> Data security</p>	 <p><b>88%</b> Support a mobile workforce with access anywhere and anytime</p>
 <p><b>85%</b> Improving internal IT team skillsets and productivity</p>	 <p><b>86%</b> Data security</p>

Now more than ever, there is a greater focus to move fast to develop products that are relevant to current trends, support a mobile workforce, and strengthen security systems.

A majority of SMBs face the same security, management, and overall mobile worker enablement challenges as enterprises, but have fewer resources to address them.

Remote or hybrid working arrangements have made it even more challenging for SMBs, not only in terms of managing security and supporting a mobile workforce but also in managing the apps and data used on devices.



To efficiently manage these changes, SMBs require enterprise-class solutions around mobility and endpoint management, but delivered in the way smaller firms acquire, deploy, and manage IT management systems.

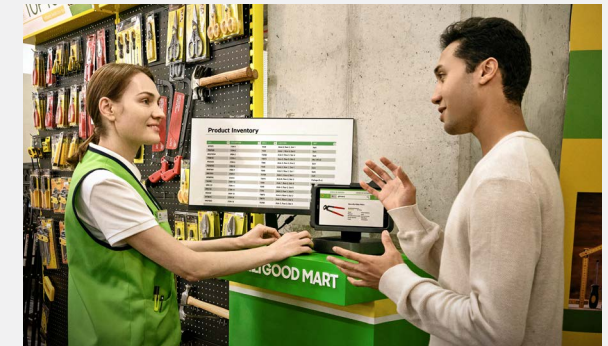
# IT needs to be at the forefront of helping industries navigate business change

With uncertainties heightened by the pandemic, IT needs to step up to better support the business. For example, in the event of supply chain disruption, SMBs in the distribution sector will have to align their processes to meet the changes in sales volume, customer requirements, or distributor capabilities. Similarly, SMBs in the manufacturing sector, with factories not operating at full-scale, will have to consolidate workflows leveraging technologies.

## Top IT priorities of SMBs (vertical view)

 Public	Aligning IT to the change in business needs	94%
 Media and telecom	Aligning IT to the change in business needs	93%
 Manufacturing	Aligning IT to the change in business needs	92%
 Construction	Support a mobile workforce with access anywhere and anytime	90%
 Financial	Manageability of fleet of devices	89%
 Utility and transportation	Data security	89%
 Services	Improving internal IT team skillsets and productivity	86%
 Distribution	Aligning IT to the change in business needs	84%

## Case examples



When faced with the pandemic, Commune, a homegrown Singapore design company of eco-conscious artisanal furniture, launched a unique customer experience with its Commune: in Motion augmented reality (AR) mobile app.

Combining the AR app with an enhanced cloud-based **customer relationship management (CRM)** system, Commune aimed to innovate its customers' furniture shopping experience and breathe new life into its industry.

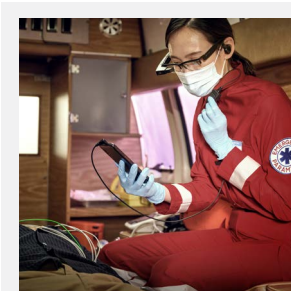
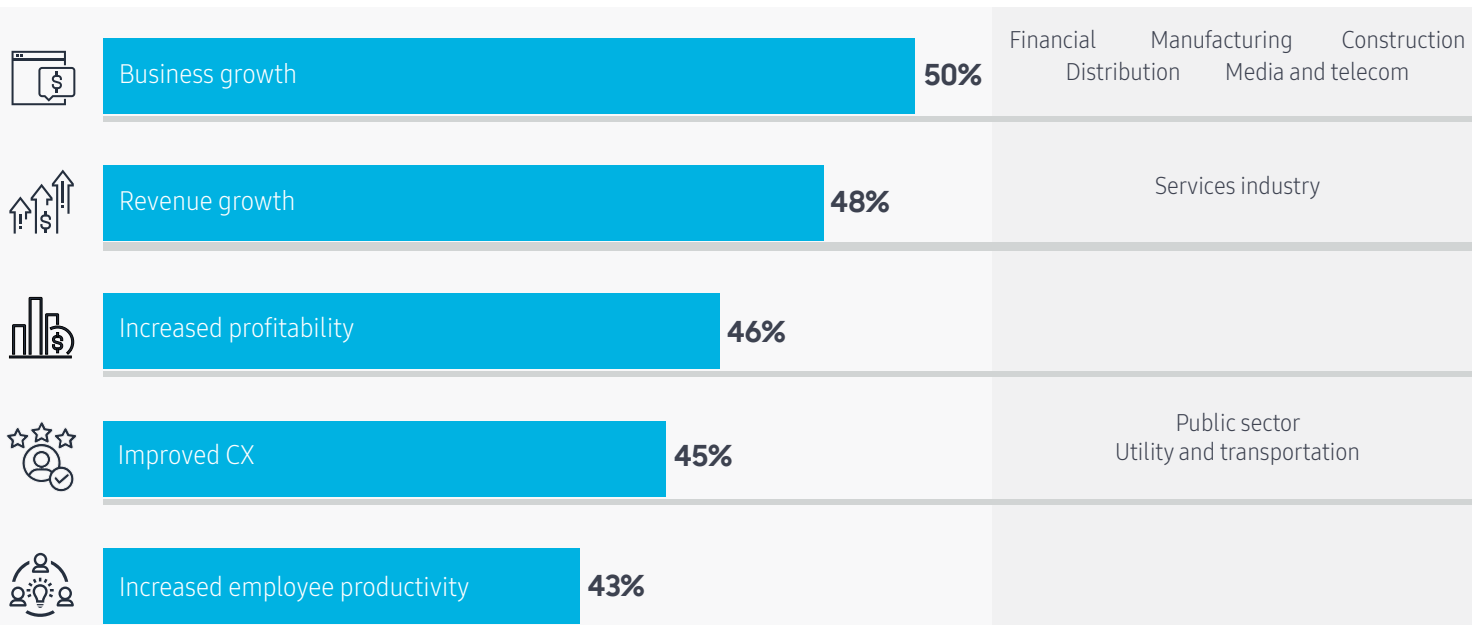
# SMBs invest in digital workspace for the digital maturity journey

SMBs can address their IT infrastructure gaps and deficiencies, and be more resilient, flexible, and agile by providing their workers with a digital workspace — an environment that is personalized for the user and proactively provides the specific resources that workers need for their tasks. A digital workspace\* can help improve a company's bottom line and positively influence CX and employee productivity.

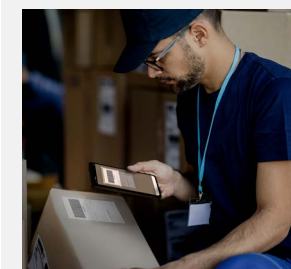
## Primary drivers of digital workspace investments

## Top drivers by vertical

## Case examples



Taiwan-based ShareHope Medicine rolled out a medical professional voice marketing platform and an integrated health information cross-domain authorization system to enhance its business growth.



Similarly, India-based LizMotors Mobility designed open source scalable and modular platforms to support advanced driver assistance systems, infotainment, creating value for its customers and partners.

\*Digital workspace is a personalized, secure, and device- and location-agnostic environment that provides workers with the resources required to effectively do their job, including frictionless access to data, technology, and collaborators.



# Drivers of digital workspace investments vary by maturity

With the shift to a hybrid work model, there is a growing imperative for SMBs to provide a seamless and secured integrated digital workspace experience. Digital workspaces can be instrumental in optimizing IT and operations, driving revenues, increasing profitability and employee productivity, but to see results, **SMBs (irrespective of their digital maturity) need to ensure that their workforce operates in agile, flexible, and secured work environments with technology as an underlying enabler.**

## Primary drivers of digital workspace investments by digital maturity



## From a country perspective

Financial resiliency in terms of business and revenue growth are among the top digital workspace investment priorities for SMBs in Asia/Pacific.

### Mature economies



Singapore



New Zealand

CX and productivity improvements are among the top priorities of mature economies.

### Low digital maturity economies



Thailand



Vietnam



Philippines

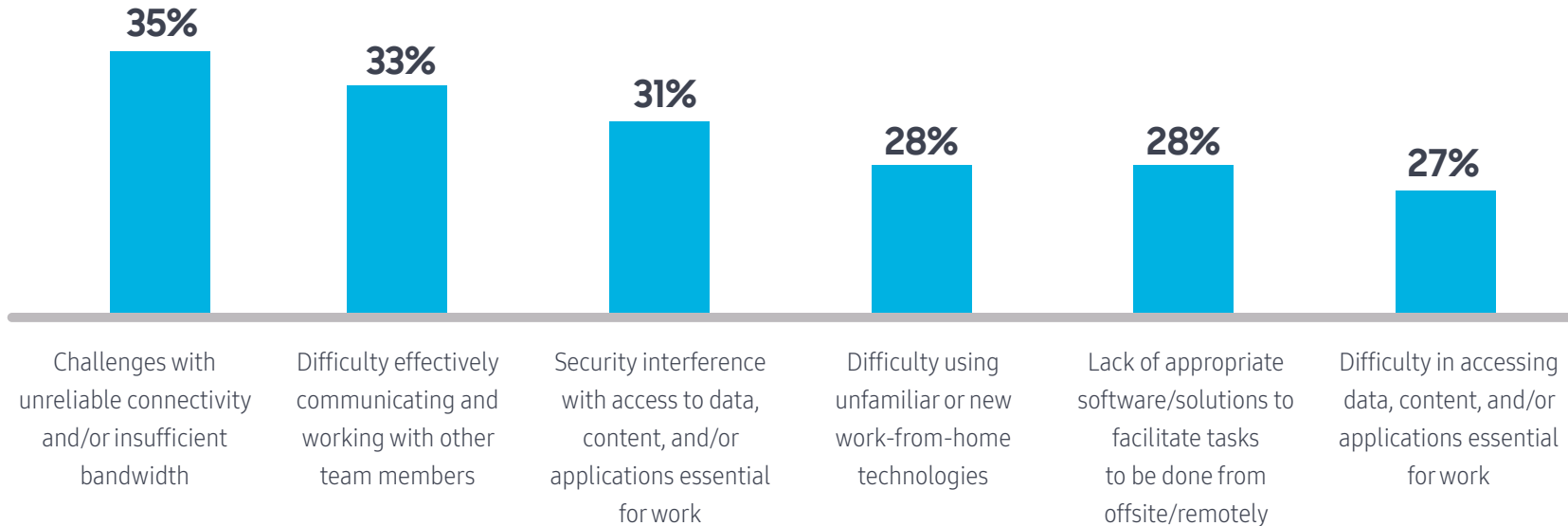
Countries that are yet to embrace digitalization are more focused on driving their bottom lines.

As SMBs chalk out their digital workspace investment plans for different regions, they will need reliable and adaptable tech vendors who can help them with scalable IT solutions and devices that suit their business needs.

# To support digital workspaces, SMBs should be ready for challenges of remote/hybrid working model

Unreliable connectivity, communication issues, and security interference in data access are the top challenges impacting the productivity of remote/hybrid workers.

## Top challenges impacting productivity of remote/hybrid workers



Keeping the maturity gaps in mind, and the digital workspace requirements, SMBs must choose a technology partner that:

- ◆ Has business continuity measures that SMBs can leverage
- ◆ Has platforms to help SMBs increase their presence and reach in other countries
- ◆ Provides a more efficient and secure means of interacting with customers
- ◆ Helps address security, communication, and other tech challenges impacting productivity of remote workers



# SMBs face diverse technology challenges in supporting remote workers and rely on technology partners when buying digitalization technologies

ASEAN companies cited security interference for accessing data and content as a top productivity challenge, while ANZ companies (which are generally neutral for most challenges) cited lack of solutions and unfamiliar technologies impeding remote work. Technology partners can play a vital role in empowering SMBs with relevant technologies and solutions that can effectively support the needs of their remote employees.

## Top challenges impacting productivity of remote workers (country view)

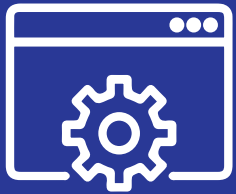


# Essential guidance

SMBs operate in an intensely competitive environment. In order to thrive in the digital-first world, they must future-proof their operations and increase agility. They cannot ponder over whether ‘to digitalize or not’, as the urgency to digitalize now is stronger than ever. SMBs that understand the value of transforming their business digitally and implement necessary technology changes will move closer to achieving digital maturity.

The following are IDC’s recommendations for SMBs as they plan their digitalization strategies:

1



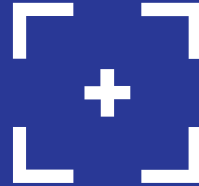
**Develop** a long-term digitalization strategy — Digital leaders rally around a single strategy, as opposed to trying to coordinate multiple and siloed efforts rooted across functions. Establish metrics/KPIs to measure success.

2



**Evaluate** the current state of your technology infrastructure and develop a companywide technology road map.

3



**Focus** on process automation and transformation, addressing inefficiencies and improving productivity rates. Ensure all core processes have been fully automated and assess which processes can be digitalized using technologies like artificial intelligence (AI) and robotic process automation (RPA).

4



**Invest** in digital technologies (such as advanced mobile devices, enterprise mobility management, cloud computing, analytics, RPA, and AI/ML) to gain a competitive edge and to future proof your business. Focus on driving innovation and overall business agility.

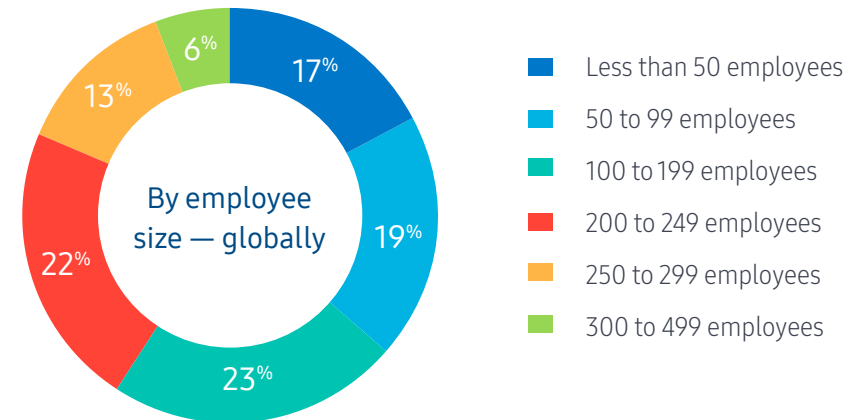
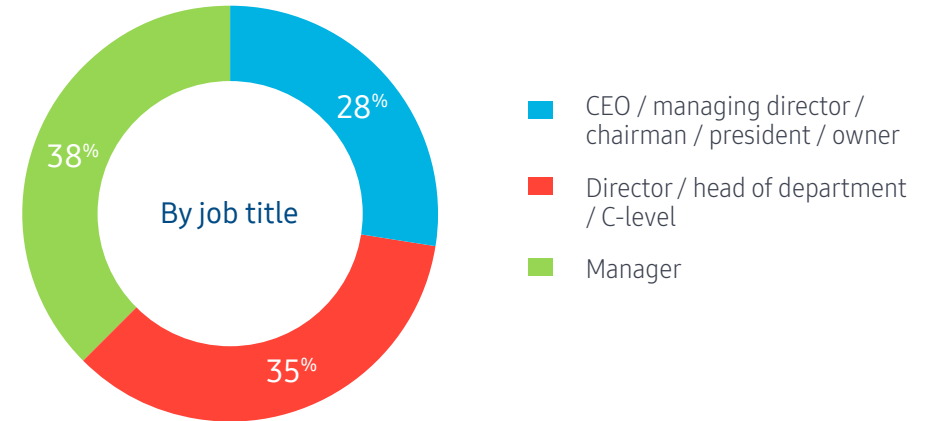
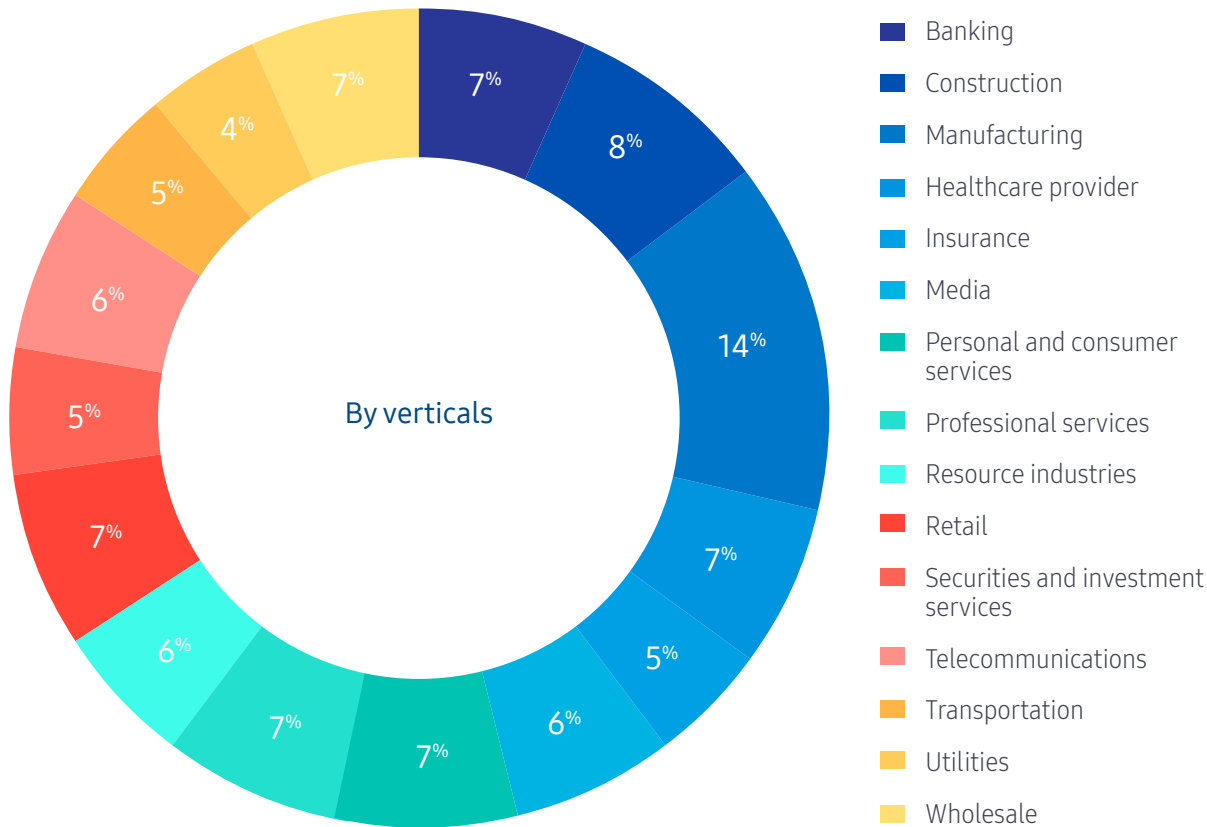
5



**Choose** the right technology partner(s) and work closely with them on your current and future digitalization plans.

# Methodology

Commissioned by Samsung, IDC conducted a survey to better understand the readiness of SMBs for the digital economy. IT and line-of-business decision makers across eight markets were posed questions on how far their companies have progressed in digitalizing and becoming a resilient business, where their companies stand in their digitalization journeys, and the gaps in achieving their business goals. The data was collected between October and December 2021.



# How SMBs can lead the way with Samsung

In order for SMBs to succeed and thrive in a digital-first economy and achieve business resiliency, they need to deploy forward-thinking practices, adjust their work environments, and widen their ecosystems. SMBs should move from a digital follower to becoming a digital leader. **91% of SMBs failed to move beyond the first three stages.**

SMBs should master in these business areas: dynamic partnerships, responsive experiences, resilient culture, predictable capital, and agile processes. We've broken down the research into 3 ingredients of success to be the forerunner of the digital scape:



**Agile mobile workforce, drivers of digital workspace investments**



**Reduce cost of operations**



**Better data proficiency and data security**

Finding the right technology partner is vital for SMBs to thrive and we at Samsung, aim to continue enriching mobile experiences for users and help businesses become digital leaders. From hardware to software to post-sales support, Samsung has the right solution for all your business needs:

## Samsung Knox

Equip your teams with a mobility solution powered by Samsung Knox — the complete suite of enterprise mobility solutions designed to keep your work phones, tablets, and wearables under IT control. It gives your workforce the freedom to remotely configure any number of devices tailoring them to your company's needs. It can be deployed directly to your workforce straight out of the box.

Samsung Knox secures your device in every layer and at all times — with both built-in and managed security. So you can focus on your business.

## One Connected Workspace

**Samsung DeX** — transforms your Samsung Galaxy device into a powerful workstation. And now Wireless DeX makes setting up a breeze. DeX is only available on selected Galaxy devices.

**Virtual workspace** — makes any place a secure workspace with VDI solutions from Citrix and VMware; and partnerships with Global Service Providers such as Microsoft.

## Purpose Built Devices

### Rugged Devices

To prevent operation costs from soaring, SMBs should ensure that devices do not need to be frequently replaced. Regardless of the size of your organization or industry, Samsung's rugged phones and tablets elevate the capability of every team member, enabling them to multitask on devices that are made to withstand real-world challenges.

### Enterprise Tech Supports End-to-End Operation (Post-Sales Support Services)

Having the right technology partner means getting the right support from end to end. Samsung Care+ for Business provides you with a suite of premium value-added services that ensure your devices are always functioning well. Got an issue with your device? Samsung provides a hassle-free process — no additional cost is incurred for repairs.

## Enterprise Edition

SMBs should leverage on technology partners that can provide security, business continuity, growth, and efficiency. This comprehensive package of mobile technology and services provides your business with more control, more choices, and more protection.



### Extended Security Support

Up to 5-year security maintenance release (SMR)\*



### Consolidated Knox Solutions —Knox Suite

Deploy, analyze, and manage operations remotely



### Ensure Business Continuity

Extended OS upgrade support for select Samsung Galaxy devices ensures that there's a minimum 2-year product life cycle\*

\*Available on selected Samsung Galaxy devices.

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