



Feb 10, 2020 16:18 PST

Navigating the Digital Transformation Journey

Digital transformation is a vital process for companies seeking to participate in the digital economy. In Southeast Asia, many small and medium-sized enterprises (SMEs) are slowly proceeding on that journey. In an Epson survey of SME decision-makers in six ASEAN member countries, three out of four reported that they have embarked on the digital transformation journey. One in five of these respondents said they have incorporated digital transformation into several departments and business activities.[\[1\]](#)

While SMEs are generally aware of the value digital transformation adds to business performance and its role in sustaining growth, Epson found that many of these organisations are reluctant to make further investments in new technology citing cost and an overall lack of knowledge and skills as key reasons. In light of these concerns, how can SMEs be encouraged to continue their digital transformation journey?

Digital adoption in Southeast Asia and Philippines

Every facet of businesses' operations, from the factory floor to the sales floor, has the potential to be impacted by digital transformation. The pace of these technological changes, noted as the top business challenge for three in 10 respondents to our survey, is leaving many SMEs unsure of where to start transforming their business. Additionally, as EY notes, more than half of SMEs in Southeast Asia have digitalization programs that are generally unaligned with business strategies and or have multiple strategies running parallel.[\[1\]](#)

A key aspect of enabling SMEs to digitize is improving connectivity to support the adoption of new technologies.[\[2\]](#)

The Philippines is ranked 15th in the Asia Pacific region for its ICT development. The government's response to ICT development, digital economy transformation, and Industry 4.0 have been favorable with moderate financial and institutional support compared to other Asian countries. The country has considerable potential to expand the scale and scope of service delivery across the value chain. Recent technology advancements are having a significant impact on the growth and structure of the country's IT-BPM services as well as its prospects for developing ICT hardware and other industries.[\[3\]](#)

Educating businesses about the benefits of digital transformation

Another important way to encourage SMEs along the digital transformation journey is through education. Governments throughout Southeast Asia have led the way in encouraging adoption of digital technologies among SMEs through education, offering incentives and creating technology incubators to develop businesses' capabilities.

However, research of SMEs in China, Indonesia and Japan found that many did not appear to see the value in increasing spending on sales, marketing, customer service, or e-commerce tools.[\[4\]](#)

This provides some evidence to support the need for industry to step in to share insights and relevant industry case studies with business owners to help them visualise how adopting a new technology can improve business processes. For example, [Epson's B2B Ignite educational event](#) demonstrates ways that practical innovations can reduce SME's impact on the

environment.

New technologies can help companies achieve better business outcomes as well as lower operational costs. SMEs need technologies that are faster, more reliable and produce a higher quality end result to be competitive in today's environment. These products must also integrate seamlessly with existing technologies without impacting operations and be easy for employees to use.

While SMEs tend to concentrate on the upfront cost of upgrading technology, it is also important to consider the total cost of ownership. For example, newer ink tank printers allow companies to print more with refillable ink tanks, and significantly reduce operating costs compared to laser printers.

Smart multi-function environmentally-friendly printers can provide data to deliver insights on office usage, coupled with a subscription-based printing solution, can help companies reduce cost, improve productivity and operate more sustainably.

Ensuring the success of technology upgrades

The digital economy presents significant opportunities for the ASEAN region. In order for SMEs to reap the benefits of their digital transformation investments, employees need to be at the center of the digital transformation effort. This means making sure that they are fully trained on how to use new technologies and that solutions selected are meant to improve their jobs. SMEs in particular often cannot afford the downtime that may result from adopting new technologies so it is important to adopt solutions that will have minimal downtime and extensive customer service assistance.

With SMEs accounting for between 89 percent and 99 percent of ASEAN enterprises^[5], it is of tremendous importance for these organizations to be included in the digital transformation reshaping business in the region. Work is still required in the region to educate business owners, but many international programs and collaborative efforts between industry, government and academia are helping to bridge the gaps.

^[1]EY: Redesigning for the Digital Economy, [https://www.ey.com/Publication/vwLUAssets/EY-smes-in-southeast-asia-redesigning-for-the-digital-economy/\\$FILE/EY-smes-in-southeast-asia-redesigning-for-the-digital-economy.pdf](https://www.ey.com/Publication/vwLUAssets/EY-smes-in-southeast-asia-redesigning-for-the-digital-economy/$FILE/EY-smes-in-southeast-asia-redesigning-for-the-digital-economy.pdf)

^[2]OECD: Southeast Asia Going Digital: Connecting SMEs, <http://www.oecd.org/going-digital/southeast-asia-connecting-SMEs-note.pdf>

^[3] Mitra, Raja Mikael: Digital Transformation and Industry 4.0 in Southeast

Asia,

https://www.kas.de/documents/288143/4843367/panorama_digital_asia_v5_a_Mitra.pdf/2309433a-f1dc-5c59-18be-20375225ea67

[4]Accenture: APAC SMBs: Realizing the platform opportunity,
<https://www.accenture.com/us-en/insights/software-platforms/apac-smbs-realizing-platform-opportunity>

[5]IFAC: SMEs as the Backbone of Southeast Asia's Growing Economy,
<https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/smes-backbone-southeast-asia-s-growing>

[1] SMEs striving for Digital Transformation amidst many hurdles,
<https://www.epson.com.sg/digital-transformation>