



Accelerating technology

**Transformation on the road to
recovery**

September 2021

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Foreword

Businesses today are faced with overwhelming challenges and uncharted waters arising from the impact of the COVID-19 pandemic. Businesses navigate their financial and operational challenges in these unprecedented times while addressing the needs of their stakeholders. Many businesses are attempting their best to emerge from the pandemic stronger and managing the crisis with a spirit of re-strategising their plans, changing business models and accelerating digital transformation.

Technology has become an important mechanism for businesses and a critical success factor to enhance their value and maintain the continuity of businesses. Many believe that integration of technology makes a product or service increase its market competitiveness. The emerging and established technologies, such as artificial intelligence, augmented and virtual reality, big data analytics, cloud, cybersecurity, mobile technology, payment gateways, robotics, social collaboration, and many other technologies are changing the way in which businesses consume information technology resources, share knowledge and access products and services. These technologies are now rapidly reshaping businesses and have become a 'new normal'.

In these challenging times, customer behaviour has changed significantly and the way of interacting has also evolved due to the pandemic. Some businesses might have migrated to digital platforms and their employees who are working remotely are agile in adapting to the changes to a certain degree. However, most businesses may have just started their first phase of digital transformation and will increase their use of technology over time. The uptick in the use of technologies is here to stay even post-pandemic where customers expect to be connected anytime, anywhere and to keep up with this, businesses must embrace technology in order to provide an unmatched customer experience. In addition to reducing time-consuming and repetitive work, leveraging on the emerging and established technologies to run businesses will place them on the right track to recovery.

As part of MICPA's effort to prepare our members to be future fit professional accountants, we wish to highlight that professional accountants have a role to play in this area and need to be agile in adapting to the new normal in which they communicate and collaborate and shaping new working approaches.

Professional accountants, as trusted advisers to businesses they work with and for, are expected to be cognisant of emerging and established technologies, consider cost benefit perspectives of technologies, assess the implications to the finance function of businesses and advise employers and clients effectively. Tomorrow's professional accountants can be both dedicated accounting professionals as well as subject matter experts in the extended areas. Their ultimate role is to take steps in leading the way to the road to recovery. They need to react in agile and decisive ways. As the recovery unfolds, they will therefore be able to continue to succeed in their markets as more predictability and stability returns.



Dr Veerinderjeet Singh
President of MICPA

Unprecedented change and disruption. Since the COVID-19 pandemic erupted in Malaysia in March 2020, organizations had no choice in becoming future-ready immediately. Business priorities quickly shifted towards business survival, customer expectations moved swiftly to online experience and employees' experience moved quickly towards health and safety with added emphasis towards mental health management. Every government around the world focused efforts and resources towards saving lives and livelihoods. What started as an epidemic quickly evolved to be a global pandemic.

As Corporate Malaysia moves towards a new reality, we observed organizations are re-setting priorities and focusing on how their future business will look like. How will technology and data drive change and investment decisions? Status quo won't cut it. People will be replaced if they don't upskill and reskill themselves. While it's easier said than done, doing nothing isn't the solution.

Business leaders are now pressured to contemplate difficult questions to ensure business sustainability. Questions such as how will their organization and talents become future relevant? What will the new reality look like, especially when taking into account how consumer behaviors are changing to want it fast, cheap, at quality, safe and secure? How will their organization respond to demand changes? One thing is for sure: no one has a crystal ball to glimpse what the new economy will look like.

In today's age of technology and data, organizations need to connect digitally not just with their customers but with their employees and suppliers too. To build resilience, businesses must now move away from reactive to be more strategic about securing their future.

Customer experience and brand loyalty is the new corporate battleground. Many organizations have had to accelerate and augment their existing operating models to maintain continued transactions and commercial cadence with their customers. This in turn has created more digitally savvy consumers that demand easy and effortless interactions.

Keeping this in mind, technology has certainly played a pivotal role in helping to level the playing field and providing digitally transformed companies with a vital edge.

In the near future, businesses will need to mesh two separate playbooks—one they've used this past year to survive the crisis and a new one to help lead the company into the post-pandemic future. Top of mind is to design a fully connected and consistent customer experience from the front office, middle and back office. At KPMG, we identify this concept as 'Connected. Powered. Trusted.'

Now is the time for a measured, practical, and informed approach to achieve long-term gains, and I hope this publication will help you transform your organization to thrive in the new reality.



Datuk Johan Idris
Managing Partner
KPMG in Malaysia

Trends in technology transformation

By Alvin Gan, Head of Technology Consulting, KPMG in Malaysia

At this point of writing, the COVID-19 pandemic continues to have far-reaching implications for business and the wider society. For better or worse, the crisis has indefinitely brought changes to our lives and forced businesses from most sectors to reset or at least take a different approach towards running their business. While many thought 2021 would be a recovery year, this did not materialize as such. Instead, many are now looking towards 2022 for a return to 'normal'. KPMG conducted the 2021 CEO Outlook Pulse Survey which identified that only a startling 6% of Chief Executive Officers (CEOs) in Asia Pacific anticipate a return to normal in 2021, with 59% expecting normality to resume in 2022. Significantly, 35% of leaders say that their business has changed forever.

As a result, the pandemic prompted many organizations to rethink their existing strategies – one prominent theme being the business leaders' commitment to digitization. In fact, as companies move from crisis mode and attempt to normalize operations, shifting their focus to differentiating themselves through their digital connectivity with customers and cybersecurity issues. Based on the same survey, 85% of business leaders report that the digitization of their operations and creation of a next-generation operating model, have accelerated by a matter of months, up from 35% in August 2020. A sizeable majority of leaders have reported acceleration of new digital business models and revenue streams and to develop a seamless digital customer experience.

Many turn to technology as the key enabler in adapting to the new normal. Based on the Harvey Nash/KPMG CIO Survey, below are the 4 distinct categories of companies' business technology strategies:

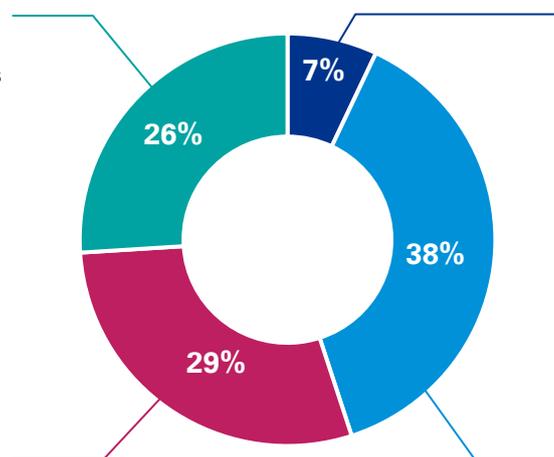
Which of the following best describes the overall focus of your organization's business technology strategy?

Modified business-as-usual mode

Organizations seen as daily essentials that will suffer during the consumer slowdown but recover more quickly as consumer demand rebounds.

Surge mode

Organizations whose business model has changed along with how their customers want to interact with them. They will recover along a protracted path, requiring capital reserves to transform operating models and to meet new consumer expectations.



Hard reset mode

Organizations that struggle to recover due to 'permanently' lowered demand for their offerings, insufficient capital to ride out extended recession, and/or poor digital transformation execution.

Transform to re-emerge mode

Organizations whose business model has changed along with how their customers want to interact with them. They will recover along a protracted path, requiring capital reserves to transform operating models and keep up with new consumer expectations.

The pandemic has permanently accelerated digital transformation and the adoption of emerging technologies. Business need to become leaner and more efficient in their operations with technology being the key enabler. Investment in emerging technology to enhance the customer experience as well as operational efficiencies such as cloud technology, automation technologies encompassing machine learning and artificial intelligence found a strong growth compared to previous years. While many businesses are committed to using technology to advance their business strategy, it is also introducing a vastly increased cyberattack surface through the rapid scaling of cloud-based software, remote access from personal devices, and the management of vast amounts of data and documents across a complex technology environment. Therefore, it is no surprise that security and privacy have become the most important investment in the new reality.

Closer to home, we are also observing these global trends emerging in the local scene. The Government of Malaysia and regulators have introduced policies and frameworks to incentivize the market related to aforementioned emerging technologies. The illustration below highlights recent major headline policies launched in Malaysia to advance into a digital-enabled economy:

MyDIGITAL Based on the Malaysia Digital Economic Blueprint 2021, this initiative is expected to run in three phases to transform into a technological-advanced economy by 2030. It is a holistic approach encompassing investment of approximately RM51 billion in digital connectivity (fiber optic and 5G), digital infrastructure (cloud and cybersecurity) as well as digital skillsets and talents in making Malaysia a digitally driven economy.	Digital Bank License Bank Negara Malaysia (BNM) has released a policy introducing digital banking license with financial inclusion as the primary objective. Digital banks will have to utilize emerging technology such as cloud and intelligent automation to design its products around customer needs and the financial inclusion agenda.
5G DIGITAL National Berhad (“DNB”), a special purpose vehicle (“SPV”) has been established by the government to implement Malaysia’s 5G network and infrastructure across the whole nation. In the MyDIGITAL blueprint, an investment of RM15 billion is to be invested in the rollout plan, creating approximately 150,000 job opportunities. As per the MyDIGITAL blueprint, an investment of RM15 billion is to be invested over 10 years, creating approximately 150,000 job opportunities.	IR 4.0 The national 4IR policy was officially launched on 1st July 2021 to support emerging technologies which are necessary tools to achieve a more sustainable and holistic economy, complimenting the Malaysia Digital Economic blueprint. The policy clearly outlines 4 policy thrusts and various targeted strategies to ensure coherence in the digital transformation journey.

Did You Know?

In August 2020, MySejahtera – a mobile application was made mandatory for all businesses in Malaysia to enable the check-in feature as part of the Malaysian Government’s effort to manage the COVID-19 contagion. The multi-purpose application intended for individuals to assess health levels, discover hotspots, seek health facilities, receive latest updates materials from the Ministry of Health (MOH). It adopts a web based QR scanning function where users will be given a digital identity. The app conducts contact tracing by leveraging data in locations, demonstrated practices in centralized data collection where data in transit is encrypted, protected, and governed by the National Cyber Security Agency (NACSA).

Source: mysejahtera.malaysia.gov.my

In this thought leadership, we explore the subject of digital transformation acceleration across companies, specifically the adoption of emerging technologies, customer experience, cloud technology, cybersecurity, intelligent automation as well as considerations on people across the connected enterprise.

Customer experience in the new reality



The Six Pillars of Customer Experience



Customers are the lifeblood of every organization – they are the drivers that enable the business to exist, grow and thrive. The customer relationship strategy was traditionally built on an operational and transactional approach whereby organizations were designed based on a customer-facing model (i.e. sales, customer service etc.) to foster relationship with customers. In this digital era, data-driven insights has been leveraged in the evolvement of customer relationships to enable organizations deliver tailored customer experiences with relevant, empathetic, and real-time interactions. To maintain competitiveness, businesses must meet customer expectations and provide bespoke experiences to build brand loyalty.

Research from KPMG shows that customers prefer brands that provide customer experience – or CX. CX-driven organizations are more likely to stand-out in the competition and can masterfully leverage The Six Pillars of customer experience in the new reality.

These pillars help organizations strategize how well their CX is delivered by assessing from angles such as customer engagement, product and services offering, communication channels and more. With constant improvement in data analytics, artificial intelligence, and robotic process automation, companies can more deeply understand their customers to deliver CX that is responding to their customer needs.

A connected enterprise for the new reality

The pandemic has shifted consumer behavior. As consumers shift their lifestyle and spending towards online channels, organizations need to start strategically re-engaging with their customers. As a result, many organizations see the needs of connecting their front, middle and end office to deliver The Six Pillars of customer experience in new reality. A connected enterprise that align customer experience can realize 2 times higher CX impact and enjoy a higher level of synergy through enabling the **Eight Core Capabilities**, where each capability has a mutually beneficial, self-re-enforcing effect.

Where to begin?

What was previously regarded as 'great customer experience' is no longer good enough. To start building a customer-first operating model, executives may incorporate the below elements into a CX strategy and roadmap to deliver an enhanced CX experience:



Capability of harnessing data and analytics

Leverage on AI and business intelligence tools to generate a 360 multi-dimensional view of actionable insight which allows you to understand your customers more deeply.



Experience-centric

Leverage on customer insights and technology to deliver an impactful and integrated experience that is responsive to the evolving customer needs.



Seamless interactions

Leverage on connected enterprise operating model and integration technology to enable organizations to engage customers at multiple touchpoints and provide an integrated customer experience across omni-channel.



The new reality consumer



expect companies to keep them and other customers safe



are willing to pay more for ethical retailers



prefer buying from and into the brands whose actions align with their beliefs and values



expect firms they deal with to provide e-commerce services



say the environmental and social practices of a company has an impact when choosing to buy from them



are focused on saving rather than spending



Value and price are becoming equals for customer loyalty

Organizations need to rethink their business and operating models. The consumer's search for value for money is a fundamental change in purchase priorities and will be prevalent for 12 months or more.



Consumers have become more digitally savvy

Organizations will need to invest in new digital methods of communication and payments. Prioritizing digital security will be key.



Trust becomes multi-dimensional

Integrity and trust are anchored in an organization's purpose and sets an ethical standard that the business must live up to. Firms who have demonstrated resilient, moral principles and a commitment to humanity, the environment and social aims are those that consumers are gravitating towards.

How to succeed in the new reality

- 1 Keep close to what your customers want
- 2 Do things in an agile way
- 3 Build in resilience
- 4 Keep it human
- 5 Make use of new technologies

Source: Customer experience in the new reality, KPMG International, October 2020

Knowing the evolving customer

Widespread and immediate changes brought on by COVID-19 forced businesses to change how they engaged with the marketplace, their customers, employees, partners and how they operate. As we move towards recovery, what is certain is that focusing on customer needs will be a lighthouse for staying and remaining relevant.

According to the third edition of KPMG's Me, My Life, My Wallet, this is what's truly driving behavior and choices, and how this is set to change as the customer of tomorrow emerges:

Top 4 most trusted sectors



Data protection is top of mind for consumers



Customer expectations are changing



Source: Me, My Life, My Wallet: Third Edition, KPMG International, January 2021

More customers are going digital

69% say they are shopping more online since COVID-19

76% rated e-commerce/online purchases as 'important' or 'very important'

44% are using different technologies, e.g. mobile apps or voice activated devices

38% consider it very important for a company to have a website

When asked about expectations around digital experiences:

44% of respondents wanted more voice interaction

58% placed importance on the ability to use mobile devices in stores

Source: Me, My Life, My Wallet: Third Edition, KPMG International, January 2021

Keeping up with the evolving customer

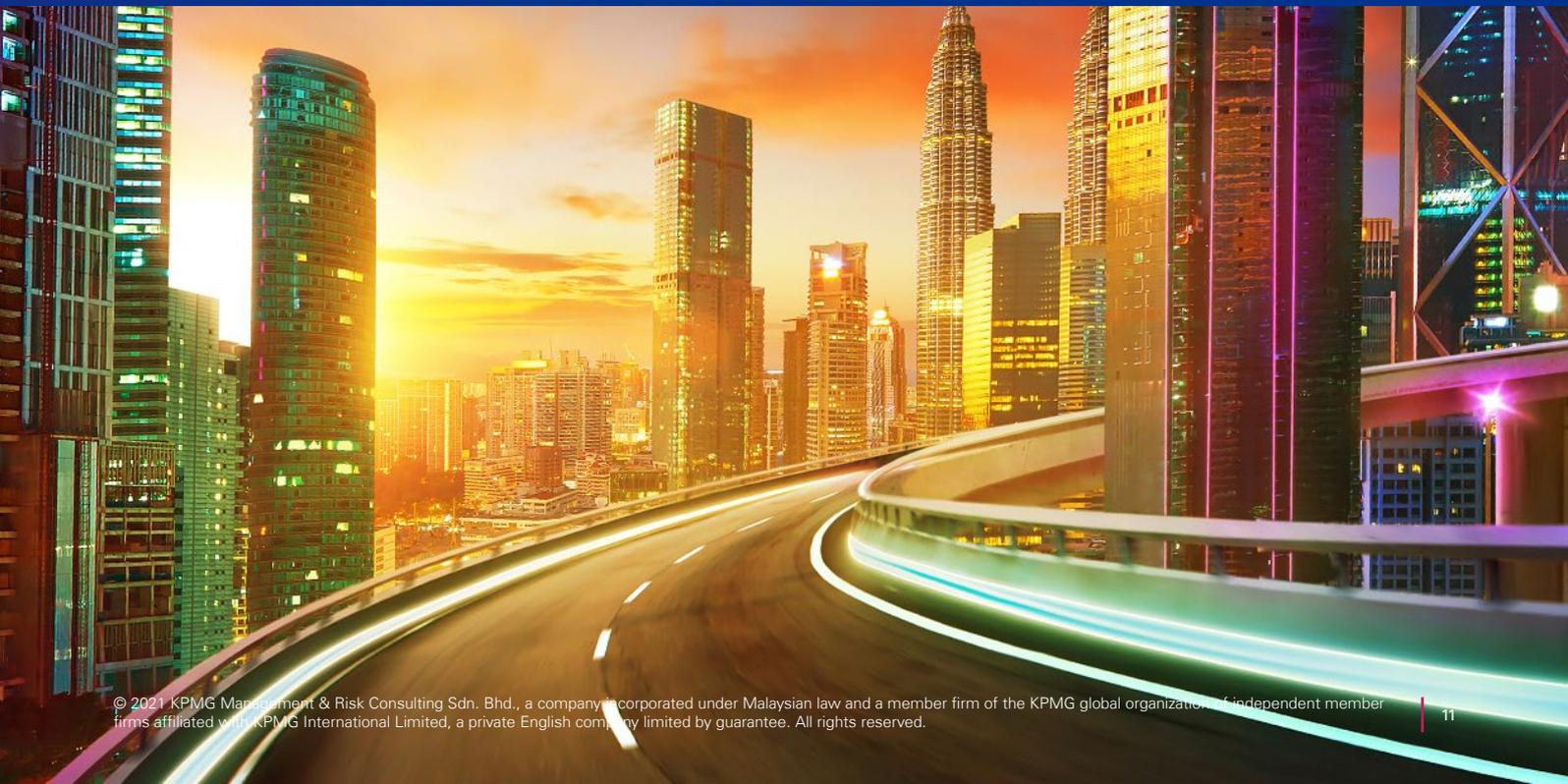
81% of the over-75s now use a smartphone since COVID-19

67% of the over-75s shop online more than they did previously, and 44% have used new technology for the first time

64% of Millennials are looking for more advanced technology, virtual and augmented reality, in store digital apps and the use of robotics

33% of Generation Z consumers want to be the first to use new technology

Source: Me, My Life, My Wallet: Third Edition, KPMG International, January 2021





Everything on the Cloud?

Cloud is no longer considered an ‘emerging’ technology, which is the case as recently as five years ago. Cloud is the foundational enabler of new technologies such as AI and automation, IoT, Application Programming Interface (API), advance analytics, blockchain, and augmented reality. Besides new technologies, cloud could also enable the modernization of today’s technologies such as data warehousing, data centers, virtual machines, and business reporting. Adoption of cloud enables organizations to deliver new products and services swiftly and be able to scale the IT infrastructure flexibly.

Cloud computing ranked **3rd** most important technology investment post covid.



Large-scale SaaS platform implementation in 2020.



Distributed cloud implementation.

Cloud policies and landscape in Malaysia

Following the global trend of policies to accelerate the transformation into a technologically advanced economy, multiple initiatives have been introduced in Malaysia by the government and for regulators to facilitate cloud adoption. The MyDIGITAL initiative announced by the Prime Minister in February 2021 has given conditional approval to four Cloud Service Providers (“CSP”) – Microsoft, Amazon, Google and Telekom Malaysia – to build and manage hyperscale data centers and cloud services in Malaysia. With the digital infrastructure in place, the government plans to spearhead the growth of the cloud industry by adopting a cloud first-strategy in the public sector – moving 80% of its services to cloud by 2022 – and in turn incentivize the private sector to transition to the cloud. In addition to the MyDIGITAL initiative, Bank Negara Malaysia has released the licensing framework for digital banks in Malaysia, aiming to utilize innovative and emerging technology such as cloud solutions to promote financial inclusivity among the unserved and underserved segments.

Where to begin?

When organizations are embarking on a cloud adoption journey, a series of operating layers must be considered to develop a comprehensive cloud strategy and implementation. It is imperative to acknowledge that it will require change in the organization, specifically in people and skills, technologies and processes. As such, leaders must ensure that the whole organization is agile, aligned and informed to successfully transition into a cloud-integrated organization.



Assess

Establish cloud vision and strategies enabled with digital leadership and agile workforce, business case and roadmap and perform cloud suitability and architecture assessment.



Design

Build an enterprise cloud program which entails elements such as performance management, people and skills, sourcing, capabilities, services and processes, organization and governance and technology.



Implement

Kickstart a cloud migration program which includes app migration and integration, cloud management and operations, and DevOps.

What's in it for organizations considering cloud adoption?

In a survey conducted by KPMG, more than half of the organizations that are considered digital leaders have responded that they have invested in cloud and have realized the benefits of cloud adoption. Although cloud is an enabler for organization's digital transformation, it is just as important to assess the risks that comes with cloud adoption. Some of the realized benefits and some potential considerations through adopting cloud are as illustrated:

Benefits

Improved agility & responsiveness: Remain competitive by responding quickly to marketplace changes and customer demands.

Enabled product development/innovation: Fuels experimentation and move quickly from idea to production aligned with product revenue and profitability goals.

Cost-efficient: Allows start-ups to scale their IT infrastructure based on real-time demand and be charged on the pay-as-you-go model without having to invest largely on IT infrastructure.

Data center modernization & renewal: All systems of engagement can easily integrate with core systems of record build technical trust throughout the organization.

Potential Consideration

People & culture impact: Technology leadership often misunderstands the needs of their people as disruption from cloud delivery ripples through the organization.

Data loss & privacy: Data leakage or access risks due to multitenancy or unauthorized data access by CSP due to less centralized visibility into services in use throughout the enterprise.

Management alignment: Fragmentation of operational processes & tools that would lead to sliced automation instead of Enterprise DevOps.

Cloud governance: Insufficient controls on the people, process, and technology associated with the cloud infrastructure, security, and operations.

Did You Know?

A South East Asia ("SEA") courier company which focuses on supporting the last mile delivery for ecommerce business opted for cloud adoption as part of its business solution. In order to dynamically integrate with large number of drivers and merchants, the company provided a cloud-based API for merchants to integrate with and upload orders in bulk. The cloud platform allows the company to leverage on cloud computing capabilities and save cost on IT infrastructure, totaling up to 57% of cost savings and be able to scale flexibly according to the demand of the business. As a result of being able to scale up swiftly and cost-efficient, they became the fastest growing courier company in SEA and attracted hundreds of million of investment from investors across the world.

Source: frontier-enterprise.com

Zero-Trust:

Verify everything, trust nothing

What is Zero-Trust?

The surging pace of the digital revolution, digital tools and technologies have impacted the way we live. Today, many businesses are leveraging digital tools as a medium to interact with consumers and collaborate with different stakeholders. This has resulted in wider spread of users accessing data and information, which may lead to a greater security risk exposure. The Zero-Trust security model is about knowing your data, where it is and facilitating access to it. This enables strict reviews and provides visibility of traffic logs, which helps organizations gain greater control to protect their data and detect malicious activity. Zero-Trust's robust security framework helps to manage risks and essentially safeguard the digital assets and build a higher level of trust with users.



69%

of employees say WFH should continue post MCO¹



83%

increase in cybersecurity incidents reported during the first two months of MCO in 2020 compared to the same period in 2019²

¹ Source: The work-from-home revolution, KPMG Management & Risk Consulting, June 2020

² Source: Reported Incidents based on General Incident Classification StatisticsMycert.org.my

The effects of Covid-19 – Stronger call for Zero-Trust

Following the spread of Covid-19, many countries experienced movement control restrictions which resulted in organizations migrating to a remote working arrangement. Fortunately, technology has been a silver lining for many organizations and plenty of digital tools can be deployed overnight to ensure business continuity. However, cybersecurity incidents are on the rise as well due to the increased reliance on the digital space to operate. In Malaysia, an increase of 83% in cybersecurity incidents was reported during the beginning of the MCO in 2020 as compared to the same period in 2019. Internationally, several severe cybersecurity incidents involving high-profile companies were reported in 2020.

Below are a few common risks that may expose organizations to security threats:

- **Outdated security framework:** A security framework that is not designed for remote working is more vulnerable to security threats such as phishing and malware.
- **Lack of security testing:** IT's priority may shift to respond to the business continuity crisis without allocating adequate time and resources to perform security testing.
- **Weak 'human firewall':** With more employees able to access work content anywhere anytime, the human risk factor is a crucial element that may cause cyber incidents with far-reaching consequences.
- **Bring-your-own-device (BYOD):** Many organizations may adopt the BYOD policy to enable remote working. However, the lack of a formal implementation of a device management strategy may cause data breach risks, particularly when workers connect to insecure networks.



How Zero-Trust works?

The Zero-trust model leverages 3 key drivers to spot atypical activities and prevent unauthorized access of information:

Device management – Devices are configured with endpoint detection and response capability that helps to improve the visibility of devices risks to mitigate cyber threats

Zero-Trust Network – Leverage on the proxy, network micro-segmentation, and software-defined-perimeter (SDP) to enable micro-virtualization (isolates applications from the operating system) and micro-segmentation (reduce the number of users per network segments).

Data Security –Implement data encryption, classification, and protection wherever the data may be – whether at rest, in transit, or in-use.

Source: Verify everything. Trust nothing, KPMG International, 2021

The increasing amount of cybersecurity incidents raises the urgency to implement the Zero-Trust model that helps to enable secure ways to collaborate in cyberspace. Mitigation of cybersecurity threats has been prioritized to become the strategic focus at the national and organizational levels. Zero-Trust could be the answer to enhance the security in the new borderless world and become a new security norm.

Where to begin?

The attributes of Zero-Trust can only be realized when the right foundations and approach are in place:



Evaluate

Assess current IT security framework maturity and identify what are the weak spots and threats.



Enable

Design, configure and implement key solutions that are building blocks of Zero-Trust journey.



Reinforce

Monitor, control and, reinforce security protocols. Ensure continuous integration and/or onboarding of assets into Zero-trust solutions.

Did You Know?

In 2018, one of the top media providers in Malaysia experienced a cyberattack. The said company's servers were hit by ransomware and disrupted most of the in-house digital services such as email corresponded. It was learned that the ransomware attackers demanded financial compensation from the company to regain access to its email system.

Source: The Edge Markets, 2018

Intelligent Automation (IA) From human to digital



What is Intelligent Automation (IA)?

IA represents the overall umbrella of technologies that companies can embrace to automate both transactional and knowledge-based business processes. There are 3 ranges on the spectrum, namely basic process automation, enhanced automation, and cognitive automation. We are past the curiosity stage and into a meteoric rise, in line with Malaysia's National 4IR Policy. From robotic process automation (RPA) to machine learning (ML) and artificial intelligence (AI), businesses seem to have found ways to revolutionize their underlying processes as they continue grappling with the pandemic. Among key drivers of implementation is the need to reduce costs, improve productivity and speed to sustain through such pressing times. With the borders still shut to both foreign and domestic workers, productivity issues call for potential automation to cushion the impact.



of businesses to automate business processes over the next 6-12 months as an impact from COVID-19, particularly on its customer engagement model.



of business leaders foresee a creation of new workforce model with human workers augmented by automation and AI.

To date, IA has delivered a plethora of benefits to businesses globally – from increased quality and reliability of data and processes to greater traceability of controls and auditability in real time. For example, with RPA implementation, it reduces labor-intensity of processes and reduced cycle time whereas implementation of AI brings better insights into data. It is predicted that the overall IA spending by businesses will reach US\$ 232 billion by 2025, compared to an estimated US\$ 12.4 billion in 2018 – showing a rapid increase in demand. Like a double-edged sword, concerns faced by business leaders are on security and privacy considerations. The lack of proper procedures, authentication controls and non-compliance may put businesses at risk.

Source: KPMG Digital Transformation Study Wave II Full Global Findings

To counter these risks, secured authentication, clear segregation of duties and secure application integration needs to be taken note of on a strict basis. Not only that, reskilling the workforce needs to take place at every level of the organization. The Malaysian Investment Development Authority (MIDA) is putting all efforts towards ensuring the workforce in the country is equipped with the necessary skills and knowledge. The authority has partnered with Axiomtek to spearhead the nation's small and medium enterprises to embrace advanced technologies such as AI, moving up the value chain and to realize the full benefits of cutting-edge technology (MIDA, 2020). To further spur automation, the Ministry of International Trade and Industry (MITI) launched the Smart Automation Grant (SAG) to encourage local industry players to embrace the technology. The nation is showing great interest and striving to achieve a fully digitalized nation by 2030.

Preserving the human element

The creation of a new workforce model post-pandemic is apparent. With intelligent automation in place, this will free humans to focus on higher-value, more rewarding and less repetitive tasks. IA will upskill the Malaysian workforce, paving the way for the creation of high skilled jobs. Rather than replacing entire jobs, this technology-led transformation will affect how organizations perform daily tasks and apply skills. The human element is imperative and will be kept.



Where to begin?

It is worth noting that IA, while enabled by technology, is a business issue and opportunity. Rather than pursuing a series of technology investment projects, it is about reinventing the business to achieve greater deliverables.



Strategy

Assess current-process-state and conduct diagnostic and IA opportunity assessments.



Design

Facilitate the selection and management of technology that is best suited to your business, and assessments on monitoring and sourcing of the appropriate tools.



Implementation

Verification of IA opportunity, design, build, and testing.



Governance

Center of excellence for management and a continuous development of processes.

Automation in action

A multi-national biopharmaceutical company was exploring RPA opportunities to allocate resources more efficiently, cut down labor-intensive and time-consuming processes, and the reliance on Microsoft Excel desktop-level procedures. KPMG partnered with the client to create functional and innovative designs for future state processes based on consideration of industry leading practices through automation. As such, there were significant reductions in manual effort to perform mundane processes from 1 day to 1 hour and improved accuracy of transactions by eliminating elements of human error.

As we progress even further in IA, businesses are now rapidly changing the way they produce, work, and deliver. In view of this, we can expect companies to be even more aggressive in terms of adoption. IA is no longer a myth, it is here to stay and to transform businesses.

First step into automation

Whilst everyone recognizes the impact that IA will bring, few are unsure how best to address their automation journey and where to start. We may start small by preparing a proof-of-concept (PoC) use-case to identify opportunities for basic RPA automation (Class 1) to operate on the present layer of business applications without interfering with the underlying IT architectures. Tasks such as data entry and data collection can be done through Class 1 RPA. Businesses can adapt Class 1 RPA before maturing into more complex processes through enhanced and cognitive automation, and eventually establishing an IA Centre of Excellence.

People, people & people



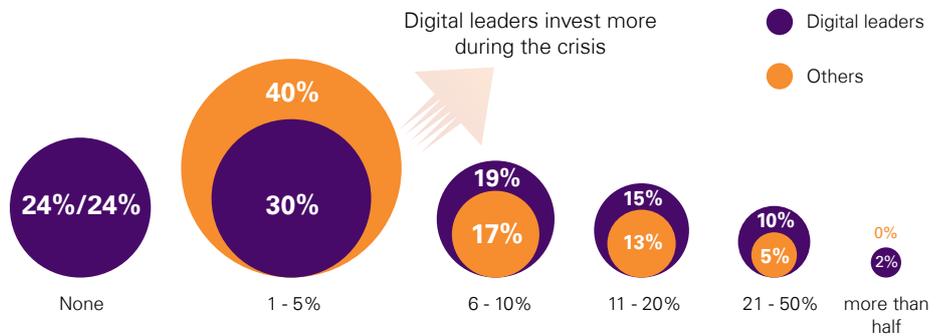
Digital transformation starts with connecting the people elements

With the introduction of new technology and accelerated digital transformation initiatives, it is imperative to note that the full benefits of technology may not be reaped without considering the human factors. By incorporating digital leadership, agility in the workforce, and a sound talent competency strategy into the overall business transformation plan, organizations would be able to better align the business and human resources needs.

Leading change in disruptive times

In this digital age, there is no longer a business strategy and a technology strategy. There is just strategy, with technology driving it. There is a clear importance of technology in driving growth and reducing risk in the boardroom, but technology also needs to be in the hands of people that create value, so the growth of business-managed IT is an important development.

A growing digital divide



Source: Harvey Nash/ KPMG CIO Survey 2020

Agile workforce

Adapting to relentless change will require a new approach to managing the workforce, yet worryingly, KPMG research found less than half (**40%**) of HR leaders are preparing to update their workforce plan and rethink traditional job roles.

Source: Rise of the humans 2, KPMG International, October 2017

Digitalization forces organizations to place flexibility and time-to-market at the core of their business model. Hence, there is a need for the leadership team to foster an agile culture in the organization. This culture matters because it is the people that will make digital transformation happen. They are just as crucial as the customer. It is essential that they are empowered through a culture of agility and innovation that allows them to take responsibility for decisions and keep things moving quickly. They need to understand and buy into the digital vision and, at the same time, be given the right levels of support throughout the changes that might affect their day-to-day roles.

Transformation does not happen overnight



Having the ambition to shift to an agile way of working is not enough. We find that how an organization applies agile principles and approaches is also instrumental to the success of its efforts. We recognize that different organizations have different levels of agile maturity and ambition. This may range from agile at IT to scaling towards business functions, and agile at the enterprise level. Not every organization will be completely digital, requiring agility at the enterprise level. Hence, organizations need to set a clear agile ambition at the start of their journey and clearly articulate their vision and mission based on an understanding of their current position.

Leadership teams must recognize that the transformation requires a different organizational approach. From our observation of many businesses, work happens in functional silos such as Marketing, Finance or HR – but for digital transformation to be a success, there is a need to break down the barriers between functions and create integrated teams in a boundary-less approach that create a looser, more flexible and networked organization. These teams will be driven through a product or experience owner structure, i.e. one that is based around the product or experience being created or delivered rather than the traditional functional model. However, it can't just be a creative free for all. The right balance must be struck that enables people to work and experiment in innovative ways, but still retain a clear structure and protects investments.

Shaping the workforce of the future

In enabling the above, we observed that the modern work has never been more disrupted. Technology and automation, remote and hybrid working models, changing business models, customer expectations and now the pandemic are forcing new ideas around what the workforce needs to be able to do and when. Hence, building talent competency strategy will be critical for organizations to navigate through these uncertain times and thrive in the new reality.

In the KPMG 2020 HR New Reality Pulse Survey, HR executives say that approximately 35 percent of employees are expected to be reskilled and that 39 percent are likely to continue to work remotely. With advances in digital platforms, automation and artificial intelligence, the skills companies require will change and have implications for individual career paths. Against this backdrop, the HR function can drive competitive advantage over medium and long term for organizations by shaping the workforce for the future and create a differentiated experience for their employees.

Where to begin?

An aligned and empowered workforce will enable the organization to deliver long-term values and will be twice as likely to succeed. Start your workforce transformation journey today:



Discover

Use an insight-driven approach to analyze existing workforce competency gap and define the vision.



Design

Build a target workforce model that aligns with your future business strategy. Create a credible and consistent employee experience that enhances the value chain.



Sustain

Allocate adequate resource training and upskilling programs to enable agile and resilient workforce capabilities that keep you current.

67% of CEOs

believe acting with agility is the new currency of business.

Source: 2019 Global CEO Outlook, KPMG International



3 in 5 HR leaders believe if the HR function doesn't modernise its approach, it may become irrelevant.

Source: KPMG 2020 HR New Reality Pulse Survey, KPMG International

Views from the top

Based on a survey of 500 CEOs in 11 key markets around the world, KPMG's 2021 CEO Outlook Pulse Survey provides a timely snapshot of CEOs' views, attitudes and priorities during this period of unprecedented disruption.

Technology underpins nearly every change triggered or accelerated by COVID-19 and has only reinforced the importance of driving digital transformation to make organizations more resilient, agile and customer-focused.

When asked about the potential long-term impact on their companies:

68% | intend to continue building on the use of digital collaboration and communication tools

61% | say their customer engagement and queries will be done predominantly via virtual platforms, e.g. chat bots, social media, telephone or the website

Fast-tracking digital transformation

A vast number of leaders have experienced digital acceleration across various scopes of their operations:

Digitization of operations and the creation of a next-generation operating model



Progress accelerated by a matter of months



Progress sharply accelerated years in advance of where they expected to be

Creation of new digital business models and revenue streams

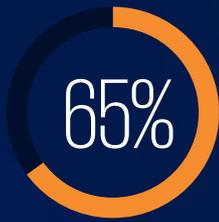


Progress accelerated by a matter of months



Progress sharply accelerated years in advance of where they expected to be

Creation of a seamless digital customer experience

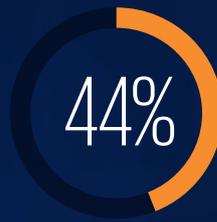


Progress accelerated by a matter of months



Progress sharply accelerated years in advance of where they expected to be

Creation of a new workforce model, with human workers augmented by automation and artificial intelligence



Progress accelerated by a matter of months



Progress sharply accelerated years in advance of where they expected to be

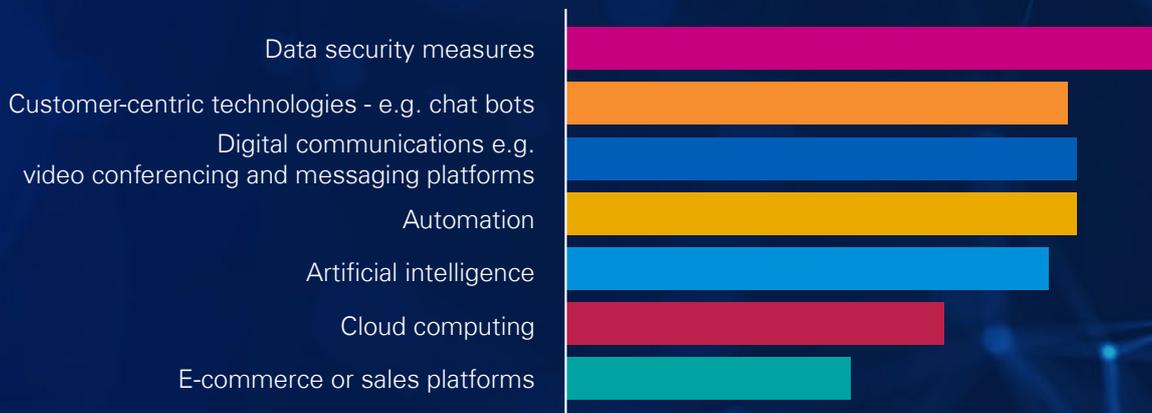


8 in 10

CEOs believe that public-private partnerships in upgrading of infrastructure around digital and innovation is critical for business continuity

Technology investment picks up

CEOs in Asia Pacific see the value in investing in technology, splitting their focus on both existing and emerging tech. (n=110)



The top reasons for the increase in investments:



Prioritizing technology investments due to pandemic implications



Investing in these technologies will ultimately help save costs

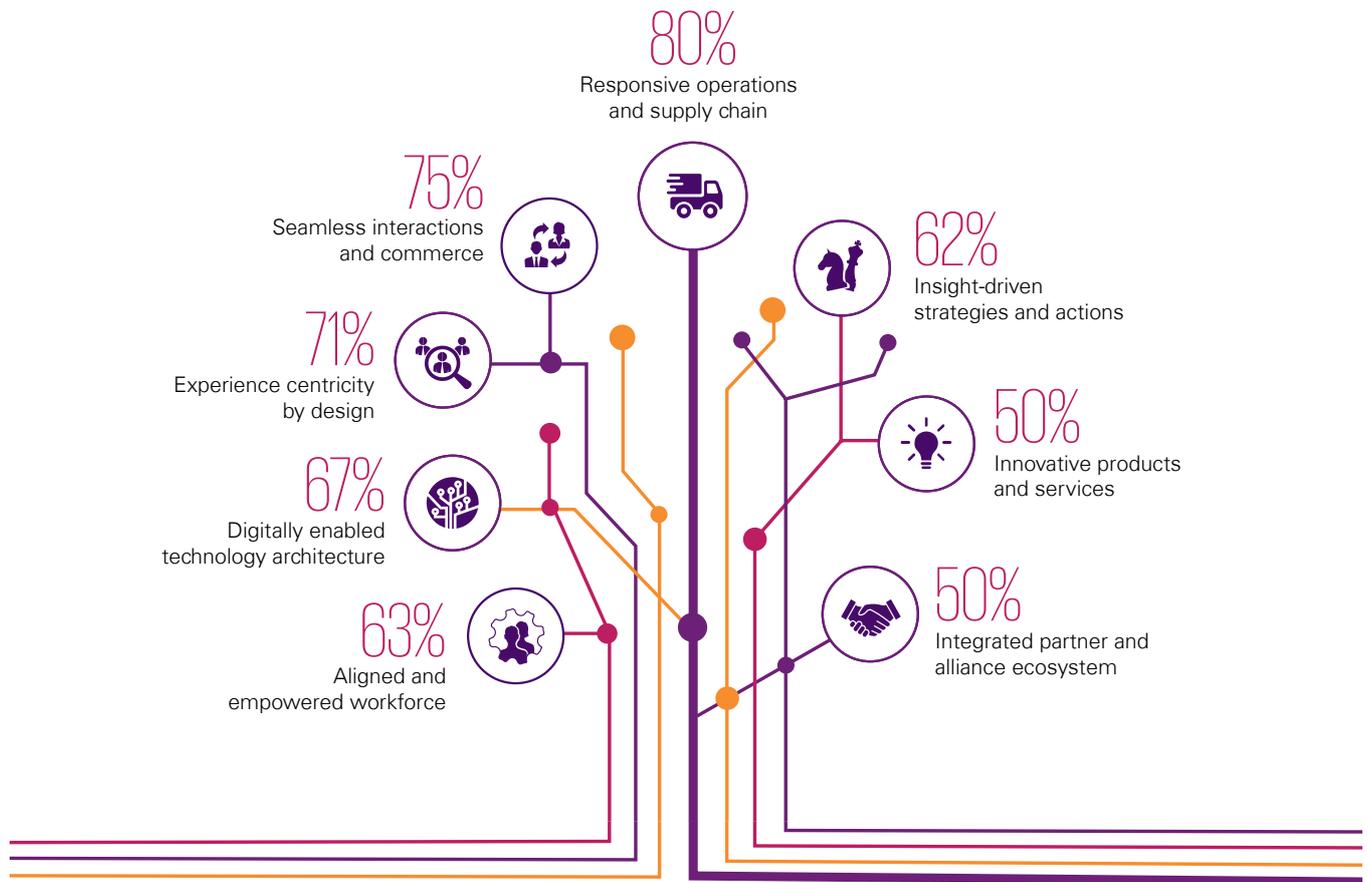


Customers are more open to these measures since the pandemic

Going digital, faster

KPMG has identified **8 key capabilities** inherent in a connected enterprise, where functional silos are broken down, and every part of the organization is focused, and works together, to meet customer expectations, create business value and drive sustainable growth. Evolving into a digitally connected enterprise can increase resilience to future shocks and disruption and give companies the speed and agility to adapt to changing customer demands.

Digital transformation priorities across the eight capabilities of a connected enterprise*



*Proportion of respondents rating this capability a 'top' or 'high' priority

Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, September 2018

Five actions you can take now



#1 Operations/supply chain

Invest in real-time, predictive models, rethink the roles of each player in the supply chain, and introduce a more collaborative relationship with suppliers, to increase innovation and flexibility.



#2 Customer

Put your customers first — at the heart of strategy. Become insight driven — know your customers at a deep and profound level. And practice customer foresight — to anticipate customer needs and become organized around the customer and able to meet the customer wherever they are.



#3 Digital acceleration

If you're not digitally transforming at pace, the chances are you'll be left behind. Converge digital with broader strategy, to swiftly adopt new technologies and flexible, modular — in some cases virtual — organizational structures.



#4 Ways of working

Focus on the capabilities you need in a future connected enterprise, and plan how to access these resources via permanent, gig economy or other partnerships, while investing in upskilling — especially in digital skills. Rethink the balance between physical and virtual assets and human resources, embracing automation.



#5 Resilience

Consider the technologies that can get you closer to the customer, and help you manage a constant, heightened risk environment, particularly cyber security, governance and ethics. Your technology investments should be aligned with your wider strategic goal of customer centricity — which means focusing on the eight capabilities of a connected enterprise.



Setting your priorities right

The impact of the pandemic has called for business leaders to rethink and reassess their priorities. Building a solid technology foundation through data governance is key. With advent of emerging technologies due in part to the National Fourth Industrial Revolution Policy (4IR), the Malaysian Government is preparing Malaysians to embrace 4IR through several policy thrusts, in order to equip the rakyat with necessary knowledge and skillsets, by forging a connected nation through digital infrastructure development, future-proofing regulations in parallel with technological changes, and by accelerating 4IR technology innovation and adoption.

The new digital business demands arising from emerging technologies creates massive challenges for companies. Having clean data, knowing its content and classification, correctly aggregating it across different levels and having a clear view who is accessing the data set and for what purpose is proving difficult, due to the volume, various data sources, unclear or non-existent responsibilities and decentralized company structures.

On top of that, there are several areas to which businesses need to think about when it comes to embracing digital technology:



Getting your employees ready

As discussed previously, digital acceleration means having an agile workforce and the right talent under the right leadership. As a start, assessing the short and long-term needs based on the digital strategy in terms of talent development plan will get your business ready for any adoption of technology. Chief Information Officers (CIOs) are now looking beyond traditional ways of obtaining the digital talent they need, either through pursuing small acquisitions of companies specifically for their technical skills or leveraging on centers of excellence.



Putting your customers first

Having a customer-centric business now is more important than ever, as customers are getting more demanding. Through an 'outside-in' perspective, business leaders are able to gain a wider view of their environment whilst creating engaging experiences wherever the customer may be. Businesses should start to view customers as assets that should be protected.



Invest in digital capabilities and security

The fact that digital transformation requires a set of new IT capabilities is inevitable. Legacy systems or outdated technology needs to be replaced in line with the company's digital strategy. Through embracing new IT capabilities – such as cloud computing, not only can businesses achieve a competitive advantage but also build cost-efficient agile operations. A Zero-Trust and robust security framework are also crucial to protect organization from emerging tech and cyber risks.

What is Data Governance?

Data Governance layers a management structure on top of data to assure data is identified, registered, categorized and continuously managed. Its function is to be the decision-making instance on data ownership, data maintenance throughout the data's entire life cycle, data quality and data compliance. It also specifies and controls the rules concerning the usage, access, aggregation, and flow of data.

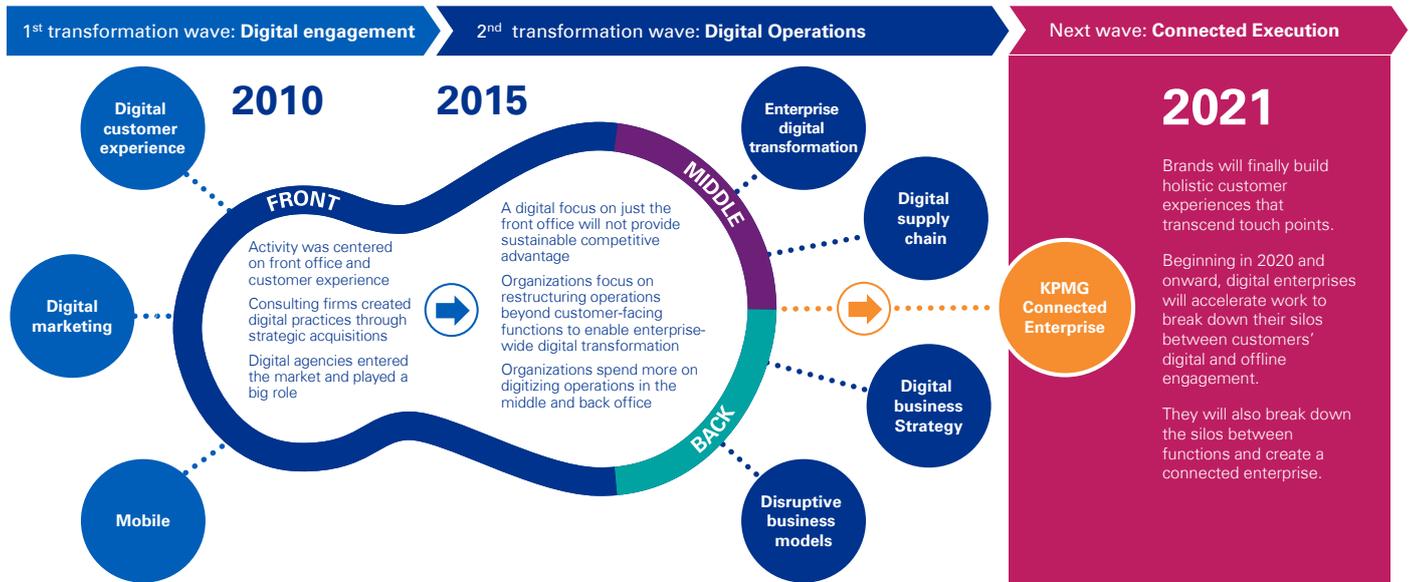
Data Governance brings substantial benefits to companies in different areas, such as:

- Common business terminology helps users quickly find relevant data for their purpose
- Users know what degree they can trust the data available
- Manual management is substituted with automation (in terms of categorization, access, deletion etc.)



Final thoughts

COVID-19 has been a catalyst for digital transformation – globally and here at home. It has compelled organizations, regardless of their operating model, to immediately leverage new technologies and ways of working. Organizations now need to imagine their future and position themselves for the new reality. At KPMG, our approach is to harness technology in building a connected enterprise. That’s an enterprise where your front, middle and back offices are aligned. An enterprise where you’re more connected with your customers, employees and business partners. An enterprise that enables you to respond quickly to market signals and pivot to seize opportunities as they arise.



To create a truly customer-centric business requires an approach that is founded on three key attributes.

First, organizations need to think ‘outside in’ and look at everything they do from the customer’s perspective and understand the economic implications. This means connecting what is happening externally with changes that need to be driven internally.

Secondly, businesses must use these insights to satisfy customer wants in order to create engaging experiences throughout the customer lifecycle. This also means aligning these experiences across third parties and suppliers to make it seamless for customers to interact with them.

Finally, every business must ensure that the entire organization – front, middle and back – is aligned to deliver on its brand promise and customer expectations. This means breaking down silos to become a customer-centric, digitally enabled business truly engineered for profitable growth. A focus on these three components distinguishes winning organizations. It makes them connected: to their customers, to their partners, and between teams and functions within. ●

Contact Us

KPMG in Malaysia

Datuk Johan Idris

Managing Partner

E: jjidris@kpmg.com.my

Chan Siew Mei

Head of Advisory

E: siewmeichan@kpmg.com.my

Adrian Lee

Deputy Head of Advisory

E: allee@kpmg.com.my

Alvin Gan

Head of Technology Consulting

E: alvingan@kpmg.com.my

Eric Ong

Head of Data & Analytics

E: ericong@kpmg.com.my

The Malaysian Institute of Certified Public Accountants (MICPA)

Dr. Veerinderjeet Singh

President

E: micpa@micpa.com.my

Novie Tajuddin

Chief Executive Officer

E: novie@micpa.com.my

Chiam Pei Pei

Director

E: peipei@micpa.com.my

kpmg.com.my

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