The Future of Businesses and Jobs in Asia Pacific’s Digital Economy

By Manish Bahl

The Center for the Future of Work
The Work Ahead is a research series providing insight and guidance on how business – and jobs – must evolve in an economy of algorithms, automation and AI.

Asia Pacific businesses are investing more in digital than their counterparts around the world – and unlocking far greater rewards. Seizing the full gamut of digital opportunities, however, will require a dedication to a digital-first approach and commitment to a changed mindset that embraces collaboration, new skill acquisition and a rethinking of the man-machine relationship, our latest research report reveals.
THE WORK AHEAD IN ASIA PACIFIC

The digital era has ushered in one of the most important business transformations of the century, and Asia Pacific is poised to reap the economic rewards. The region will account for over 53% of the global Internet population by 2020.\(^1\) Fully capitalizing on digital could add an estimated US$1 trillion to Southeast Asia’s gross domestic product (GDP) over the next 10 years, and boost overall output in the next decade an impressive 40%.\(^2\) Any way you slice it, the region’s digital story is all about growth – massive growth.

Similar to previous work – and life-changing economic upheavals, the accelerated pace of digital will have profound regional implications on businesses, jobs and people. It’s not a stretch to say that digital’s impact on all personal and professional levels will provide enormous new opportunities – and risk – for every business and individual.

To understand the changing nature of work, commerce and success in the dynamic digital economy, we surveyed more than 2,000 executives globally (300 in Asia Pacific). This report – part of Cognizant’s Center for the Future of Work series “The Work Ahead” – builds on research conducted for us by Roubini ThoughtLab, a leading independent macroeconomic research firm founded by renowned economist Nouriel Roubini. To gain the perspective of next-generation business leaders and those who have grown up during the digital age, we also included MBA students in our study.

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These insights and our analysis offer a detailed view of the huge leaps digital has made in a short period of time and the great value businesses have already generated from ideas and technologies that represent the future. We have also uncovered a “digital dichotomy” among Asia Pacific businesses – bullish vs. fearful – and the practical scenarios that leaders must heed to succeed in the digital economy. Whether your organization is at the peak of its digital journey, has not yet started or is somewhere in the middle, this report provides valuable insights into the future of your work, much of which is playing out right now in the Asia Pacific region. What’s happening in Asia Pacific could serve as a preview of changes that will come to other regions.
In the years leading up to 2018, digital transformation will put US$5.9 trillion in revenue up for grabs for companies across Asia Pacific industries. The “Digital Asia” opportunity is equivalent to seven times the combined revenues currently generated by S&P 500 companies in Asia Pacific. Despite all the digital hype, progressive business leaders are cutting through the noise and unlocking huge amounts of value from digital; the future of their work – and yours – is hardly in the future at all now.
Asia Is Speeding Down a Digital Highway

In our study of 300 companies with combined total revenue of about US$660 billion across the Asia Pacific region, we found that digital has moved from potential to mainstream status. No longer just another channel, digital has become the channel to master. Companies are digitizing every aspect of their business, building new revenue models, reaching new customers and making big money doing so. The companies we surveyed are making on average US$263 million a year by leveraging digital technologies. Most compelling is that 97% of them started as brick-and-mortar enterprises and only recently turned the digital revolution in their favor.

Approximately 12% of the net revenue of the Asia Pacific companies surveyed was driven by digital during the last year, compared with the global average of 4.6%. Our regional respondents predict the percent of revenues derived from digital will nearly double by the end of 2018 (see Figure 1). In dollar terms, respondent executives expect digital to deliver US$142 billion in net revenue per year. That’s a total economic impact of approximately US$425 billion projected by 2018 across all companies studied in the region. This means that if digital were a separate country, it would create an economy equivalent to a little more than the GDP of Thailand in just a three-year timeframe.³

### Figure 1

Asia’s Digital Highway: No Speed Limit, Stop Signs or Slowdown In Sight

Senior executives from 300 companies in Asia Pacific project that overall revenue impact of digital transformation will almost double by 2018.

Despite the double-digit revenue growth projections, however, business leaders at large and small companies feel strongly that they are not yet fully leveraging the power of digital and are leaving money—lots of it—on the table. These leaders believe they could unlock an additional US$38.4 billion in revenue over the next year if they could take full advantage of digital. That’s an average increase of another US$128 million per surveyed company.

At companies big and small, business leaders are embracing new thinking to capture growing digital opportunities before their competitors do. This includes McDonald’s, which now allows customers in China to build their own burgers using kiosks, and plans to launch 150 customized burger stores in 2016 alone.4 Another example is mFish, a local mobile app that identifies the best fishing locations for Indonesian fishermen.5 Meanwhile in Singapore, Swipe helps consumers choose the right credit card to get the best deals (discounts, rewards, air miles, etc.).6 There’s no getting around it—the region is being redefined by digital.

If you are on the digital sidelines, it’s time to jump into the express lane. It’s not either/or anymore—the digital freeway is open, and how fast you navigate it is up to your organization.

The Rules of Business Have Changed Forever

The traditional elements of mass production and wealth creation—capital, labor and raw materials—are being redefined by digital, creating new value for businesses. Not surprisingly, various industries are struggling to keep pace with the change.

For instance, recognizing that its traditional business was shrinking, Singapore Post set up a separate e-commerce business unit, acquired businesses to boost its global presence, and launched new digital solutions to succeed in the “new” economy.7,8,9 From traditional conservative companies to progressive enterprises, all are looking to leverage digital to compose their future. Making money with digital is not rocket science, but it does require a change in mindset, organizational structure, investment priorities and overall business approach. If your organization commits to a digital-first approach, it has a real chance of capitalizing on the opportunities that digital unleashes.

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5 mFish case study, ToneHome, http://www.tonehome.com/mfish
From ‘Gradual’ to ‘Sudden’ Revenue Transition

In the digital world, market changes that used to require decades to unfold now happen in weeks and months. In Asia Pacific, new digital consumers seem to be born, literally, every minute. Every second, five people join the online world for the first time in the region. This translates to 2.2 billion Internet users — slightly fewer than the combined population of the U.S. and Europe — and over 53% of the global Internet population by 2020. The basic measures of business success (i.e., revenue per employee and gross margins) no longer look the same with digital as a driving force. As more consumers adopt digital, sudden revenue growth (or loss) happens quickly (see Figure 2).

By the end of 2018, digital will — on average and across all industries studied — influence US$330.8 billion in gross revenue. This number is up from US$263 million per company today, which is a jump of more than 400% according to respondents’ estimates, highlighting the sudden and massive revenue change across industries.

The Accelerating Pace of Digitally Fueled Growth

Digital will increase revenues on average by over 13.6% for individual companies across industries, touching almost every aspect of a company’s strategy and operations.

Beware of Going Pseudo Digital

Being digital means going beyond revamping your website, increasing your social media followers or tweaking existing services and rebranding them as “digital.” Your customers are savvy, and digital lip service efforts can be spotted a mile away, leaving you open to competitors that embrace digital more fully. Businesses need to inject digital into the very core of what they do and how they interact and transact with customers, partners and employees. This means digitizing processes to super-charge profitability. (For a full treatment of what it means to “be” vs. “do” digital, see our Cognizant article, “Being Digital: Making Digital Real and Rewarding.”)

The best way forward is to fine-tune your organization’s products and services for the digital consumer. Your work is to apply smarter tools to remake your operating model and the ways in which your customers use, buy and consume what you’re selling. If you are a bank, ask why business needs to be conducted as it has for the past several decades. What if the physical infrastructure were to become entirely virtual? This what-if approach gave birth to the concept of all-digital Digibank, which went on to disrupt the banking sector in India. Challenging the status quo principles of your own business will help you imagine a future business model. And if you can imagine it, you can execute it.

Digital’s onslaught is already impacting your work and your business. But knowing how to handle the change is critical. Seizing digital opportunities requires new ways of work, responsibilities, skills and attitudes. The key to success is to first recognize digital as the key financial performance indicator, and then develop a strategy to get there. In this section, we’ll explore how Asia Pacific businesses are approaching digitization and how they are capitalizing as a leader (go forth, invest wisely and use technologies to reduce costs).
The More You Invest, the More You Make

For businesses in Asia Pacific, digital is here and now, but it also represents the future of money. Preparing for that eventuality takes vision and a solid strategy. Significant investments are required to win new markets, innovate and improve efficiencies, manage maintenance costs during the transition, initiate internal change, set out a digital roadmap, provide interdisciplinary company training, hire third-party consultants and possibly acquire companies while attracting digital-savvy talent. Whatever your organization’s vision, it will need to act, knowing that the competition — as well as new well-funded digital entrants — are set to convert your customers and quickly change market dynamics.

Our research shows that Asia Pacific leaders are set to heavily invest in digital initiatives. Respondents said their organizations are applying an average of 15% of their total revenue — compared with the global average of 11% — toward digital each year (see Figure 3). They will spend, in total, almost US$120 billion on digitization in 2016 alone; in 2020, this figure will increase by about 93% to US$232 billion. The data crystallizes the notion that a dollar spent on digital will deliver greater value than spending it elsewhere.
Asia Pacific respondents expect huge returns — an average of 116% by 2018 — on their digital investments. The digital wave is creating a hard reset in IT investment to keep pace with market direction. One CIO of a large manufacturing company recently told us that until a few years ago, 95% of his IT budget was locked up for the next five years; now, however, that has dropped to 50% to allow for investments in rapidly evolving digital technologies.

Oracle’s co-CEO Mark Hurd summed it up perfectly in a published report: “Consumer IT spend has grown five times in a decade. Companies’ IT spend in that timeframe is flat — and 82% of their spend is on maintenance; only 18% on innovation. Consumers are innovating. Companies are not. Companies have to keep up.”

Reassess What You Measure

It’s a no-brainer by now that digital investment is directly linked to a company’s revenue growth. But remember — the increased viability of digital will also attract sharks and small fishes. Your organization’s competitors are also investing in digital (heavily and faster, in many cases). So how will your organization keep the enormous ROI afloat? By positioning the customer experience as its “true north.”

The fundamental question to ask: Does your product/service “talk” to customers directly, or does your marketing department have to spend millions of dollars to create fancy brochures and advertisements to communicate what you do? The real purpose of your product/service is to provide convenience to customers, be useful, simplify their lives and put them in control of things.

To put it in perspective, the fast rise of third-party payment platforms such as Alipay (China), Paytm (India) and Mint Wireless (Australia), among others, reflect how success is measured in a digital world. In fact, Alipay is the largest online payment processor in the world today. It recently hit US$100 billion in transactions in less than a year, with zero branches, while DBS Bank in Singapore took 50 years to reach this milestone.

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Your Back Office Is a Digital Sweet Spot

Of all our study findings, the most prominent is the cost impact of digital in Asia Pacific, especially when compared with the global average. While digital is actually costing companies in other regions (see Figure 4a), executives across industries in Asia Pacific said digital is helping to reduce costs — particularly through process automation in the back office — by 4%. In fact, respondents expect these cost benefits to more than double to 9% by 2018. In dollar terms, this equates to USUS$94.4 billion in cost savings across the organizations surveyed (see Figure 4b).

Digital's Huge Cost-Cutting Impact - Asia Pacific vs. Global

Asia Pacific is realizing an average of 4% cost savings as a result of digital, and expects this to increase to 9%.

Cost-Cutting Impact by Industry in Asia Pacific

Retail will achieve the largest cost reductions by 2018 as a result of going digital, followed by financial services, healthcare, manufacturing and insurance.

Source: Cognizant Center for the Future of Work, 2016
The cost savings reaped by digitizing back-office operations to eliminate inefficiencies varies by industry. While the trend is most noticeable in retail, where digital transformation is a do-or-die proposition, all sectors will be impacted. Through its “Mine of the Future” project, for example, Rio Tinto, Australia’s large mining company, is generating millions of dollars in cost savings across various business functions through autonomous technologies such as driverless trucks, drones and trains.14

Convert Savings into the New Money

How much money can your organization save from greater digital investments? Well, no one knows exactly, as there are too many variables. A better question is what to do with the savings. Automation reduces costs and frees cash to fuel innovation, and your organization’s initial savings should be reinvested into the business to improve customer acquisition and retention activities, and to build and strengthen its technology platforms. The technology platform is the most substantive advantage a company can create (anyone can copy Google’s interface, but no one can replicate its search algorithm).

Investing savings to stay relevant and future-focused is a fundamental (and smart) move. Leaders who don’t use technology to reduce costs and then reinvest in digital will never be able to pay for the innovation needed to win in the new economy.

Last-Mover Disadvantage: Laggards Pay 160% Penalty for Inaction

If your organization is waiting for digital technologies to prove themselves or has adopted a wait-and-see approach to automation, it is probably a “laggard” (see Methodology on page 29 for our definition and identification of leaders and laggards). As Bob Dylan famously said, “he not busy being born is busy dying;”15 this philosophy is especially true in today’s fast-changing world. Truly innovative companies are born and reborn. They are always open to – or developing – ideas to create new value.

Companies behind the digital curve pay a big price. If you doubt the power of leaders over laggards, consider the “laggard penalty” – the difference in both cost and revenue performance achievable through proper use of digital technologies. In economic terms, a digital laggard today is, on average, 8.3 percentage points worse off than a digital leader (see Figure 5). In sum, this “penalty” equates to US$194.4 billion for the Asia Pacific respondents surveyed. This means each laggard is losing almost US$79 million a year for not keeping up with the digital competition. The laggard penalty is exponential; it builds over time.

15 “It’s Alright, Ma (I’m Only Bleeding) song lyrics. Source: http://bobdylan.com/songs/its-alright-ma-im-only-bleeding
Ignore, Defend and Then Go Under

The consequences of a laggard mentality are clearly visible in the music, travel, publishing and taxi industries. The slower these businesses changed their business models in response to digital forces, the larger the market gap that opened for more forward-thinking competitors. Retailers spent millions of dollars setting up physical stores, but some assumed their mobile app could be created with a tiny budget. This “spray-and-pray” approach usually produces limited or no results.

Leaders, on the other hand, turn market threats into opportunities. Instead of competing against digital startups, leaders collaborate with them. Today, laggards, on average, face a total economic impact of approximately 4.9% of all costs and revenue. Leaders’ impact is about 13.2%. That means leaders have a 160% advantage over laggards when it comes to digital. They see value in competition; an example are the banks in Australia investing in financial technology (fin-tech) startups to develop future solutions. For instance, National Australia Bank and Westpac have established multi-million-dollar innovation funds to support fin-tech startups in the country.17

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Technologies of the Future: Fact, Not Fiction

We now turn our attention to the new digital technologies that power business success. Our analysis suggests there are two types: technologies that enable digital innovation and those that drive a sea change in value generation.

The sharp rise of artificial intelligence

We asked Asia Pacific executives about the new technologies they believe will have the maximum impact on their business over the next five to 10 years; AI was regarded as the most impactful (see Figure 6), followed by wearables, drones, 3-D printing and blockchain. Respondent interest in AI grows through 2020, showing an increase of 143%. However, the allure of AI starts to decline after 2020 through 2025. The key is to latch onto new technologies in the early phase of their disruption so that when (if) they become mainstream, businesses are equipped with the infrastructure and experience to ride the wave.

AI initiatives are blossoming across the region. Neat, a Hong Kong-based startup, applies AI to consumers’ personal data management, with its debit card and payments app designed to help people stick to their personal budgets and savings goals;18 nuTonomy, creator of the world’s first fully autonomous taxi service, plans to debut thousands of driverless taxis in Singapore over the next few years.19 Even so, these are still the early days of AI, and it pays to be cautious. The first step is to decide how your organization will leverage the underlying technology.

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18 Neat website, http://www.neat.hk
"There will be so many sensors, so many devices, that you won't even sense it," said Eric Schmidt, executive chairman of Alphabet, at the 2015 World Economic Forum. "It will be all around you. It will be part of your presence all the time." 20

You don’t need to be a geek to understand that the IoT will produce a tectonic shift in the way we live, work and run businesses. In fact, 67% of our Asia Pacific respondents mentioned that this technology will have a significant impact on their business by 2020. What’s important to note is that these regional respondents are almost doubly bullish about the impact of IoT than the global average of 35% (see Figure 7). And their confidence continues to grow with time—the percent of regional respondents who believe in the IoT’s strong impact grows to 71% by 2025.

Third-party research supports our respondents’ confidence. According to IDC, IoT in Asia Pacific is set to explode to 8.6 billion devices by 2020, growing from a current annual market of US$250 billion to US$583 billion in 2020.21 The proactive push from regional governments is creating the required infrastructure to support IoT initiatives. For instance, the Singapore government’s Smart Nation Vision is already in the build phase, and is aimed at improving government operations, service delivery, healthcare, the environment and public transportation.22 The Malaysian government anticipates that the IoT will contribute US$2.49 billion to the country’s GDP by 2020, and the government launched the National IoT Strategic Roadmap in July 2015 to support the vision.23 It is certain that the region’s next decade of business advancement will be driven by the IoT.

Sensors/IoT Powers Business Advancement

Leaders from every industry, every company type, of every age all noted that sensors and the IoT will be the number-one driver of business change between 2015 and 2025.

Source: Cognizant Center for the Future of Work, 2016

Percentage of senior executives who believe that sensors and the IoT will have a large to very large impact on business.

Figure 7

The Vulnerability of Things

There’s one catch. The IoT remains a work in progress when it comes to standardization, and presents persistent data privacy and security risks. More connected devices mean exponential growth in the amount of personal and sensitive data generated. A single security breach on one device could infect an entire network, considering that multiple devices are interconnected on a home or business network. Alarm bells are already ringing with recent reports of cyberattacks launched through connected refrigerators and malicious e-mails sent via household appliances. Even connected toys are not safe – VTech, a Chinese toy manufacturer, admitted that 6.4 million kids were affected by a massive data breach.

As the IoT takes shape, consumer trust will be more important than ever – and harder to achieve. Asia Pacific respondents are significantly behind their global counterparts in prioritizing cybersecurity for their business. Although 56% agree that cybersecurity has a moderate to large impact on their businesses, the global average stands at 72.5%, indicating that Asian leaders may be naive to the coming threats that result from large-scale IoT deployment.

Over the next 10 years, the picture improves, but regional respondents still appear to lag in strengthening cybersecurity. Only 31% of Asian leaders foresee greater impact of cybersecurity on their business, compared with the global average of 60%. Cyberattacks are estimated to cost businesses as much as US$400 billion annually – larger than the GDP of roughly 160 of the 196 countries in the world. This is frightening; IT departments and CIOs/CISOs who have not kept up with security standards in the region will fall behind in ways that will be nearly impossible to make up in the dynamic digital security landscape. The IoT security role within IT departments will be a reality soon, if it isn’t already.

Hardly a week goes by without distressing news of automation displacing humans from the workforce. Automation is a disruptive force that is transforming every industry, raising profound questions about the work that people do and the future relationship between man and machine.

Our survey respondents expressed fairly significant concern about the future of their jobs due to the impact of digital. In this section, we will share how survey respondents across Asia Pacific view the impact of digital on their jobs and work. We’ll also paint the picture for those who want to build a successful future for themselves and their companies in our fast-changing world.
While Asia Pacific business leaders expressed bullishness about the value of going digital, they feel less positive about what digital means for the future of their jobs. On average, only 40% of Asia Pacific respondents feel that digital will help them work faster, lead better, communicate better and collaborate more effectively, while also improving job satisfaction (see Figure 8). In fact, they are less than half as likely as their global peers to believe that digital will help them collaborate more effectively (and gain a career advantage). Strikingly, only 21% believe digital will give them a personal career advantage and improve their job satisfaction.

The competitive culture of many Asia Pacific organizations might explain why this data differs from that collected in the other regions. With a huge influx of new employees into the workforce, individuals must compete harder for promotions; as a result, it's not surprising that our respondents view their co-workers as competitors and tend to shy away from collaboration. Collaboration – the key mantra of work in the digital era – conflicts with the hyper-competitive nature of businesses in times when Asia Pacific economies are expected to deliver slower growth than in the past.28

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**Job Security: It’s ‘Me’ vs. ‘All’**

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**Figure 8**

Percentages represent the differences in responses between Asia Pacific and global executives.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Asia Pacific average</th>
<th>Global average</th>
<th>Percentage Difference</th>
</tr>
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<td>Improve my productivity</td>
<td>-27%</td>
<td>100%</td>
<td>-27%</td>
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<tr>
<td>Help me work more efficiently</td>
<td>-29%</td>
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<td>-29%</td>
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<td>Give me a personal career advantage</td>
<td>-37%</td>
<td>60%</td>
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<td>Improve my job satisfaction</td>
<td>-20%</td>
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<tr>
<td>Help me collaborate with others more effectively</td>
<td>-36%</td>
<td>60%</td>
<td>-36%</td>
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<tr>
<td>Allow me to be more creative and innovative</td>
<td>-33%</td>
<td>80%</td>
<td>-33%</td>
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<tr>
<td>Help me work faster</td>
<td>-27%</td>
<td>100%</td>
<td>-27%</td>
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<tr>
<td>Help me communicate better</td>
<td>-24%</td>
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<tr>
<td>Help me lead and manage people better</td>
<td>-28%</td>
<td>60%</td>
<td>-28%</td>
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</tbody>
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Source: Cognizant Center for the Future of Work, 2016

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You Can’t Win the Digital Game Alone

Digital is inherently collaborative and is about equalizing power structures through the democratization of information. Whether management likes it or not, leaders who recognize that collaboration is the key to business success will be more in demand in the digital workplace. And while many leaders believe they can achieve collaboration by simply installing collaboration software, that is not the case. Collaboration is not about platforms or technology; it is really about engaging people in a shared journey that can transform the business from the bottom up and break down internal silos.

Business leaders need to lead by example; for example, they should spend at least 20% of their time on ensuring collaboration at work – one full day of their “regular job” per week. Yes, that’s right. With the magnitude of ongoing change, this is the minimum investment your organization must make. Fostering collaboration is a work skill that will be in great demand in the near future, and your organization must be ready.

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The Future of Work: Adapt

No matter the company size, the work performed by employees will be far different in 2020 than today, and even more so in 2025. The ongoing shift has implications for how companies work internally, engage with customers and manage enabling technologies (see Figure 9).

Asia Pacific respondents said their organizations are reluctant to leverage machines to augment job effectiveness. The services sector jobs that were largely immune during the last stage of globalization are now at risk – thanks to advancements in robotics and high-end engineering. Concerns continue to grow as many Asian countries experiment with robots as waiters, which could result in the significant loss of restaurant jobs. For instance, Hajime restaurant in Bangkok, Thailand, solely uses robot waiters to take orders and serve customers.29

Regional respondents believe leaders must acquire technical skills to stay competitive, as well as work harder, and for more hours, to beat the “bots.” We believe this view reflects cultural sentiments. In many Asian organizations, the pervading belief is that if you are not spending at least 12 hours a day at work, you are not productive. By spending more hours at work, these employees believe, you can be more visible and feel more valuable. Spending fewer hours at work is seen as lazy and underperforming.

Here Be Bots

Regional leaders are not yet leveraging the power of automation for their own benefit. Machines may help improve productivity, but they aren’t producing the ideas that move businesses forward. Instead, machines can extend the activities individuals do well for greater efficiencies. In short, in the future, people need to work in tandem with machines to help their organizations succeed.

For instance, Panasonic is offering Ironman-like suits, or exoskeletons, which allow industrial workers to enhance their physical strength and reduce the strain associated with factory or warehouse-type work. The company is making other variants of the suit to assist care workers and nurses in moving patients from beds to wheelchairs. In an aging society like Japan — where almost 30% of the country’s population will soon be age 65 or older — bots are already functioning as caretakers. In fact, bots will soon be doing tasks that are virtually impossible for humans to accomplish, such as providing the power of speech to those who are deaf and mute.

The Killer Business Skill of the Next Decade: Be a Better You!

Analytical and global operating skills are already vital for business success (see Figure 10), but in the coming years, these traits will become even more central to maintaining organizational relevancy for the work ahead. As Alphabet’s Eric Schmidt rightly notes, “the biggest issue is simply the development of analytical skills. Most of the routine things people do will be done by computer, but people will manage the computers around them, and the analytical skills will never go out of style.”[31]

Machines will certainly assume certain rote and repeatable tasks that can be automated, but in the future, as today, human skills that require constructive thinking (such as teaching, creating art, performing R&D and comforting patients) will always be in demand. Innovation, leadership and strategic thinking will also be critical and can’t be replaced with robot technology.

Even with these work parameters showing the continuing value of human work in the digital age, Asia Pacific respondents placed relatively lower importance on these skills. This is a red flag, as it shows that many Asian employees and businesses have not yet fully thought through how to take advantage of the opportunities — and mitigate the risks — produced by new waves of technologies.

Meeting the Digital Challenge With Human-Infused Skills

By 2020, senior executives project that employees will need to improve their performance in these areas to be successful in the future.

Relevant skills in Asia Pacific’s digital business environment (Top six shown below)

Unlearning 65% of the Past

If you think a 15- to 20-year-old educational degree or certification will get you through the storm of digital disruption, you better prepare for an early retirement. Only 35% of Asia Pacific respondents — compared with the global average of 60% — feel they need to be more focused on learning skills to access and apply new information from different data sources. The early sign of this growing disconnect is already visible; a recent report by The Organization for Economic Cooperation and Development highlights the fact that skill shortages have become a growing problem for employers and are most pronounced in Japan and India than elsewhere.32

Changing business models often translate to skill set imbalances. Robots and machine learning are likely to replace specific human tasks rapidly over the next five to 10 years, challenging workers to focus on new skills and adjust to rapid changes in core job skill sets. This trend requires organizations to acquire and nurture the skills not only required today but that fit tomorrow’s needs. Moreover, the future of your career will not be determined by your last job title, but will be based on the new skills you can develop for the work ahead.

While Asia Pacific represents the next big digital opportunity, widespread uncertainty about the future of jobs and work within the region also displays the downsides of digitization. In this final section of the report, we will uncover the “dark side” of digital and the reasons behind respondents’ negative views of the changes it may bring to employees’ personal and professional lives.
Headlines like “robots will steal your job” can breed uncertainty and even hysteria about the changes digital can bring. Our research reveals that Asia Pacific respondents are greatly concerned that people will lose their jobs to robots (see Figure 11). Indeed, recent research confirms that automation will have a huge global impact on low-skilled IT and business services jobs, with India being the most affected. Estimates indicate that India is set to lose 640,000 low-skilled positions by 2021.33 Increased automation will eliminate the low labor cost advantage of many emerging Asian economies.

Asian respondents also revealed concerns that privacy breaches and exposure to fraud and theft will become commonplace. Our earlier research shows that 65% of consumers surveyed across Asia Pacific are already concerned about how and where their personal data is stored, and more than 90% of them are concerned about online data privacy.34 The sense of having minimal control over their data is one of the main causes of consumers’ growing concern.

Digital Fear and Loathing

Executives cite various concerns with the move to a more digital world, and the greatest concerns revolve around jobs, the security of personal information and data fraud and theft.

Source: Cognizant Center for the Future of Work, 2016


Fear is an inevitable consequence associated with anything new and unfamiliar. When the “information highway” opened back in the early 1990s, it caused a wave of fear over eroding data privacy and control, intrusion and hacking. In spite of all the concerns about companies tracking our information online, few people swore off the Internet entirely. Instead, smartphones and social media have become permanent fixtures in many of our lives. Every new technology introduces new risks, but they rarely halt the broad adoption of game-changing innovations. Once new technology is assimilated, we stop blaming the technology for its perceived downside. However, we have yet to reach this assimilation stage with advanced automation.

The World Economic Forum estimates there will be as many as four new roles for each redundant role in ASEAN alone because of digital, putting the region in a far more positive position than other areas of the world in which technological change may result in net losses to jobs. Intelligent machines will only increase our quality of life, serving civilization as either equals or grateful partners. The fear around digital signals a tremendous opportunity for Asia Pacific business leaders to innovate and change technology perceptions. Leaders that fail to invest in digitization due to fear will inflate counterproductive perceptions and encourage decisions that are detrimental to business.

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A Widening Gap with the Future Workforce

For this study, we also interviewed MBAs across the Asia Pacific region, asking these respondents for their perspective on what work will look like in 2020. Strikingly, this future workforce voiced a contrary attitude to that of executives already well-established in their careers. MBAs are clearly focused on contributing to more meaningful areas of business commerce; for example, they typically have greater levels of empathy and collaborative skills than their older colleagues (see Figure 12).

One area where views seem more aligned between older and younger respondents is work satisfaction. Both MBAs and current business leaders feel that work satisfaction will improve by 2020; however, we believe this seemingly similar response hints at a disconnect between the future workforce and its future employers. For today’s leaders, work satisfaction is all about business growth, while the future workforce views digital as a driving force shaping the future of our society, jobs and work.

The Future Workforce Speaks Out

Executives are more concerned about the future of work, while MBAs are excited for the positive impact of digital, highlighting the widening disconnect between the two.

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Positive impacts of digital

Negative impacts of digital

Stress levels  Loyalty to the company  Empathy and support among colleagues  Job commitment and engagement  Opportunities and advancement  Work satisfaction  Ability to contribute more meaningfully

Figure 12

Shun the Company of the Past

It’s time executives asked themselves a pointed question: Why should the future workforce join your company? To succeed in today’s world, companies need a tribe of people fiercely devoted to the company’s digital mission. Companies that genuinely put customers and employees first are not just surviving; they are thriving. Prioritizing people requires changing the management culture, which is still hierarchical and authoritarian in many Asia Pacific organizations.

You can’t transform a company and still hope to retain the same organizational structure. Business leaders should emphasize empathy and humanity to bridge the gap with the next generation of leaders who value this focus. They can take inspiration from companies making a stronger connection with their workforce. Flipkart, an Indian e-commerce company, offers employees a child adoption allowance, which can be applied to expenses incurred, such as legal or agency fees.36

36 “Flipkart Offers Rs. 50,000 Allowance to Employees for Adoption,” The Hindu, July 13, 2015, http://www.thehindu.com/business/industry/flipkart-offers-allowance-to-employees-for-child-adoption/article7417388.ece
Digital’s impact on revenue growth opportunities is already changing the competitive landscape, but most individual companies have only scratched the surface of the possibilities of becoming “truly digital.” Ultimate success will require an open mind, perseverance and courage. You have the power to choose whether digital transformation works for or against you and your organization.

By making wise decisions about how to embrace technology, you can expand your business and increase ROI — but only if you’re clear on why you’re going digital in the first place. Digitization is an enabler of more efficiency, productivity and profitability, and to master the digital world, you’ll need to be firm in your mission, focused on the user experience and flexible when overcoming the inevitable missteps that occur along the way.
Methodology and Demographics

We conducted a worldwide survey between December 15, 2015, and January 28, 2016, with 2,000 executives across industries (300 in Asia Pacific) and 150 MBA students at leading universities around the globe (30 in Asia Pacific). The Asia Pacific executive survey was run in seven countries (Japan, China, India, Australia/New Zealand, Malaysia and Singapore) in English, Japanese and Chinese. We used telephone interviews for both executives and MBAs. The study was conducted with research and economic support from Roubini ThoughtLab, an independent thought leadership consultancy (see Figure 13).

Decision Makers across Industries

![Figure 13](source: Cognizant Center for the Future of Work, 2016)

Leader vs. Laggard Calculation

Digital leaders were identified based on their responses to three questions:

- What percentage of your company’s revenues today is invested in all technologies – including your central IT budget as well as spend by business units throughout your firm?
- Please estimate the percentage impact of using digital technologies on revenue and costs over the last financial year for your organization.
- How does your company compare with other firms in your industry in applying digital technologies to transform business strategies, processes and services?

“Leaders” account for 18% of the Asia Pacific sample and achieved scores of 35 or more; “laggards” account for 10% of the sample and achieved scores up to 15. The “average” group accounted for 72% of the sample.
About the Author

Manish Bahl is a Cognizant Senior Director who leads the company’s Center for the Future of Work in Asia Pacific. A respected speaker and thinker, Manish has guided many Fortune 500 companies into the future of their business with his thought-provoking research and advisory skills. Within Cognizant’s Center for the Future of Work, he helps ensure that the unit’s original research and analysis jibes with emerging business-technology trends and dynamics in Asia Pacific, and collaborates with a wide range of leading thinkers to understand how the future of work will take shape. Manish most recently served as Vice-President, Country Manager, with Forrester Research in India.

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