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ASEAN CEOs positive about growth and transformation

Singapore CEOs banking on technology and innovation to push for growth

A majority of CEOs in ASEAN believe they can navigate through a more challenging environment in the next few years even as economic growth is expected to moderate. These findings come from the KPMG 2016 Global CEO Outlook study released today.

Part of the challenge they are facing comes from the changing business landscape. While 83 percent of top executives believe the next three years will be more critical to their industry than the previous fifty, they are confident in their company's growth prospects. The figure is higher than the global average, where 72 percent felt likewise.

Unlike their global counterparts (69 percent), a smaller proportion of ASEAN CEOs (38 percent) were concerned about a number of critical emerging issues such as cyber security risks and the need to master advanced data analytics.

Highlights of the study

KPMG's 2016 Global Outlook study brings to light ASEAN CEOs' expectations for business growth, the challenges they face and their strategies to chart organisational success over the next three years.

"ASEAN is enjoying a golden period with its robust growth rates and significant consumer base capturing the world's attention. For leaders in ASEAN, it is critical to build support for reforms that will last well beyond their own time in office; reforms that will strengthen political stability, raise living standards and leave foreign investors feeling confident about ASEAN's future," says **Tham Sai Choy**, Chairman of KPMG's Asia Pacific region.

The vast majority of ASEAN CEOs are confident about future growth over the next three years, with:

- 85 percent feeling confident in their own company's growth,
- 70 percent confident in their home country's growth,
- 91 percent confident in the growth of their industry and
- 64 percent confident about the global economy.

Almost half (47 percent) say their company's annual top-line growth over the next three years will be between 2 and 5 percent. The primary sources of growth are expected to be from new products (36 percent), new customers (28 percent), new markets (19 percent) and new channels (17 percent).

Top priorities and concerns

The top strategic priorities over the next three years revolve around having a:

- Stronger client focus or to better meet customer needs (28 percent).
- Stronger marketing, branding and communications (26 percent).
- Implementing disruptive technology (23 percent)
- Ensuring KPIs are fit for purpose and accurately measured (23 percent)
- Digitisation of business (21 percent)

"These CEOs understand that their organisations need to be disruptors – and it's now or never for them to do so," says **John Veihmeyer**, Chairman, KPMG International. "Despite today's global geo-political uncertainty and disruptive market and social forces, the CEOs we've spoken to are focused on growth, by strengthening their capabilities today and readying their businesses for a very different future, through transformation, advanced technology and more specialised talent.

Some of the most pressing concerns among ASEAN CEOs are:

- Whether their organisation is keeping current with new technologies (85 percent)
- Whether their organisation is staying on top of what's next in services/products (85 percent)
- The impact of global economic forces (83 percent)
- How Millennials and their differing wants/needs will change their business (81 percent)
- Customer loyalty (79 percent)

ASEAN CEOs are also keeping a close watch on the competition, even those that may not be traditionally seen as their rivals. A total of 34 percent are concerned that new entrants are disrupting their business models while 34 percent of CEOs also believe that their company is not disrupting their industry's business models enough.

ASEAN CEOs stake future on transformation, technology and talent

To address the concerns of a shifting business environment, ASEAN CEOs are not sitting still. A majority,

- 60 percent of CEOs said their company will likely be transformed into a significantly different entity in the next three years.
- 74 percent also felt that their company's core competencies will transform significantly over the next three years.

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Adopting technology is another means by which these CEOs are banking on to spur growth, as it is one of the top areas of investment over the next three years:

- 28 percent of CEOs said significant resources will be invested in improving data analysis capabilities and
- 28 percent said cyber security solutions will be a key focus.

A growing number of CEOs plan to increase talent, in line with expectations of economic and revenue growth:

- 89 percent expect to increase their headcount over the next three years while
- 76 percent intend to do so within the next 12 months.

Singapore CEOs more bullish in growth prospects, transformation and technology

CEOs in Singapore are significantly more upbeat about their country's economic growth over the next 12 months, with 88 percent expressing confidence compared with their ASEAN (57 percent) and global (73 percent) counterparts.

Top leaders here also have a heavier focus on innovation, as 63 percent of CEOs described the drive towards successful innovation as being very important to them, compared with 40 percent for ASEAN CEOs and 40 percent for global CEOs.

A greater percentage of Singapore CEOs (19 percent) have cited technology as having the biggest impact on growth over the next three years, higher than their regional (8 percent) and global (12 percent) counterparts.

"It is especially noteworthy that Singapore CEOs are ahead of the pack in recognising the business opportunities being thrown up by the technological developments happening around us," added Mr Tham, "The ability to drive transformational change belongs to these CEOs, who are seizing opportunities to reinvent entire industries, create new markets and solve long-standing problems, all part of inspiring confidence in the future."

Notes to editors

About KPMG's 2016 Global CEO Outlook survey

The survey targeted 1,268 CEOs in 10 key markets (Australia, China, France, Germany, India, Italy, Japan, Spain, UK and US). In addition to the countries analysed in the main report, CEOs in other regions and countries around the world were also surveyed, including 53 from ASEAN (Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam). The survey was conducted between March 15 and April 29, 2016.

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To view additional information about the study, please visit www.kpmg.com/CEOoutlook. You can also follow the conversation @KPMG on Twitter, using the hashtag: #CEOoutlook

About KPMG in Singapore

KPMG in Singapore is part of a global network of professional services firms providing Audit, Tax and Advisory services. Our website is located at kpmg.com.sg.

The KPMG network operates in 155 countries, with 174,000 people working in member firms around the world. In the ASEAN region, member firms operate across all 10 countries of this regional grouping providing professional services supporting the growth, compliance and performance objectives of our clients.

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