

SINGAPORE, 22 May 2018

## Singaporean CEOs optimistic about growth but reality beckons

- *CEOs in Singapore prefer organic growth to leveraging strategic alliances and ecosystems*
- *While ready to lead digital transformation, many struggle with competing demands*
- *The promise of data analytics models yet to gain traction in corporate Singapore*
- *Cyber threats are the top risk many CEOs are worried about no matter how well prepared.*

KPMG's Global CEO Outlook 2018 reveals that in Singapore, 77 percent of Chief Executive Officers (CEOs) are confident about the global economy and 92 percent about their company prospects. Eighty-eight percent also see disruption as an opportunity, and cyber security was seen by 42 percent as their biggest threat to growth.

This latest Global CEO Outlook reveals that globally, 67 percent of CEOs are bullish about the global economy (up 2 percent from 2017), and 90 percent about their company prospects.

Tempering this optimism is a sense of realism that the world faces many global economic uncertainties, and 55 percent of CEOs globally expecting under 2 percent in top-line growth over the next 3 years. Singaporean CEOs are more cautious, at 73 percent with similar expectations.

The Global CEO Outlook surveyed 1,300 CEOs this year, providing their insights into the expectations of CEOs to business growth, challenges and strategies for the next 3 years.

"Never before in the history of commerce have CEOs faced challenges on so many fronts – from economic malaise to geopolitics, digital disruption to cyber threats," said Mr **Ong Pang Thye**, Managing Partner, KPMG in Singapore, "Driving growth in an uncertain world will require constant innovation, investing in ecosystems as well as keeping an eye open for unexpected threats."

### Investing in ecosystems and a digital workforce for growth

Globally and across ASEAN, driving growth through strategic alliances was the preferred option. Unlike their global peers, more Singaporean CEOs ranked organic growth above forming strategic alliances, and 42 percent of them did not think organic growth would hinder prospects.

However, where Singaporean CEOs are leading their global peers is in undertaking a number of actions relating to innovation and collaboration to drive growth. Three-quarters (73 percent) intend to collaborate with innovative start-ups and 62 percent will increase investment in disruption detection and innovation processes.

Singaporean CEOs are largely consistent with their regional peers when looking at the importance of workforce capabilities to support growth. Six in 10 (58 percent) see cyber security as important.

A similar proportion cited sustainability (climate change) expertise. Other high priority capabilities are emerging technology specialists (54 percent) and digital transformation managers (54 percent).

### **Making digital transformation a personal crusade**

CEOs are embracing the digital agenda like never before, taking personal ownership for driving digital transformation.

Singapore CEOs are confident about their personal ability to lead business transformation (58 percent), although less confident than CEOs (72 percent) globally.

Yet, few Singapore CEOs (38 percent) were confident that their existing leadership team was adequately equipped (Globally, 44 percent). Half of them surveyed also believed that their company boards had very demanding expectations of investment returns on digital transformation.

Proportionately more Singaporean (62 percent) than global CEOs (30 percent) struggled with concurrently transforming both the digital and non-digital aspects of their business. Only 50 percent of Singaporean CEOs were confident of understanding expected returns from technology investments, in contrast to global CEOs (79 percent).

Said Mr Ong “Singapore CEOs are under a lot of pressure to drive growth. Unlike their global peers who are more receptive to forming alliances, Singapore CEOs will face more challenges in driving organic growth by doing it alone.”

### **Data analytics makes slow progress in driving decision-making**

Despite advances in data analytics, 54 percent of Singapore CEOs do not expect to increase the use of predictive models over the next 3 years, similar to the views of 49 percent of CEOs globally.

Confidence in data analytics is lacking, cited by 46 percent of Singapore CEOs. However, as artificial intelligence advances, many (54 percent) believe that it could improve the capabilities of their data analytics.

Many CEOs (58 percent) are also admitting that over the last 3 years, they have sometimes ignored the insights of their data analysis models, preferring to rely on their own experience or intuition. This trend is pervasive, with 67 percent of CEOs globally admitting the same.

'KPMG in Singapore' describes KPMG LLP, KPMG Advisory LLP, KPMG Corporate Finance Pte. Ltd., KPMG Advisory Services Pte. Ltd. and KPMG Services Pte. Ltd.

KPMG LLP (Registration No. T08LL1267L) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A). KPMG Advisory LLP. (Registration No. T10LL1646J) is a limited liability partnership registered in Singapore. KPMG Advisory Services Pte. Ltd. (Registration No: 198301769C), KPMG Services Pte. Ltd. (Registration No. 200003956G), KPMG Corporate Finance Pte. Ltd. (Registration No. 198500417D) are Singapore incorporated companies. Each has its address at 16 Raffles Quay, #22-00 Hong Leong Building, Singapore 048581 and is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity.

Data sources that CEOs trust for strategic decisions have also shifted, with 85 percent of them saying that they trust information from their own social networks (social media) over other sources. As a data source, social media also ranked highest among ASEAN and global CEOs.

Independent information providers (77 percent) came in as second most trusted in Singapore, with traditional media trailing at 69 percent, followed by open-data from government agencies (65 percent), and government-commissioned research (50 percent).

“While data analytics is hugely important, many struggle with data collection and making sense of these data to create insights and value. With CEOs having to make big decisions, their experience and intuition is still valuable,” said Mr Ong.

### **Cyber threats return to being the most prominent risk CEOs worry about**

In Singapore, the top risks cited this year stemmed from cyber security, operational risk, environmental, territorialism (protectionism), regulatory and talent risk.

Half of all Singaporean CEOs believe that becoming a victim of a cyber attack is not a question of ‘if’ but ‘when’. Their confidence level of preparedness was generally lower than the confidence level felt by global (and ASEAN) CEOs.

Also half of Singaporean CEOs stated that they were ‘well’ to ‘very well’ prepared for a future cyber attack and could contain any cyber attack on their strategic operations. However, just 31 percent of Singaporean CEOs were confident of identifying a cyber threat.

Rather surprisingly, the importance of having a strong cyber strategy was only cited by 38 percent of Singapore CEOs, when compared to CEOs (55 percent) globally.

“A strong cyber strategy is important for a company in building trust with key stakeholders,” commented Mr Ong, “I’m surprised it is not considered more highly when our survey also reveals that ‘Protecting customer data’ was ranked by 69 percent of Singaporean CEOs as their most important responsibility to their customers.”

### **Other highlights from the Global CEO Outlook 2018**

Among Singaporean CEOs:

- **62 percent prioritised expanding into emerging markets**, with the Asia-Pacific and Central/South-America being the likely focus. Australasia and North-America were preferred destinations for the 35 percent prioritising expansion into developed markets.
- **88 percent see disruption more as an opportunity than a threat**. However, 58 percent cite significant challenges in transforming their business and 50 percent are overwhelmed by the time available to make progress.

\*KPMG in Singapore’ describes KPMG LLP, KPMG Advisory LLP, KPMG Corporate Finance Pte. Ltd., KPMG Advisory Services Pte. Ltd. and KPMG Services Pte. Ltd.

KPMG LLP (Registration No. T08LL1267L) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A). KPMG Advisory LLP. (Registration No. T10LL1646J) is a limited liability partnership registered in Singapore. KPMG Advisory Services Pte. Ltd. (Registration No: 198301769C), KPMG Services Pte. Ltd. (Registration No. 200003956G), KPMG Corporate Finance Pte. Ltd. (Registration No. 198500417D) are Singapore incorporated companies. Each has its address at 16 Raffles Quay, #22-00 Hong Leong Building, Singapore 048581 and is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity.

- **50 percent struggled to link their growth strategy to the wider societal purpose** for their organisation, which is higher than CEOs across ASEAN (28 percent) and globally (37 percent).

“Singaporean CEOs lead their peers in driving innovation and collaboration, yet many prefer organic growth. They believe in digital transformation, but struggle with confidence in predictive analytics, feeling confident in their cyber security or managing its impact,” said Mr Ong.

He added, “Growing Pains describes the challenges faced by our CEOs searching for growth through new business models and technologies, but at the same time facing unfamiliar risks and challenges. No matter what the growth strategy is, staying agile will be important.”

###

#### Note to editors

#### **About KPMG’s 2018 Global CEO Outlook survey**

The survey covers 1,300 CEOs in 11 key markets (Australia, China, France, Germany, India, Italy, Japan, Netherlands, Spain, UK and US). A third of the companies surveyed have more than US\$10B in annual revenue, with no responses from companies under US\$500M. The survey was conducted between 22 January and 27 February 2018.

*NOTE: some figures may not add up to 100 percent due to rounding.*

#### **About KPMG in Singapore**

KPMG in Singapore is part of a global network of professional services firms providing Audit, Tax and Advisory services. With 200,000 people in the network working together to deliver value in 154 countries and territories, we offer a globally-consistent standard of service based on professional capabilities, industry insight and local knowledge.

In the ASEAN region, KPMG member firms operate across all 10 countries. Our industry focus helps KPMG firms’ professionals develop a rich understanding of clients’ businesses and the insight, skills and resources required to address industry-specific issues and opportunities.

For more information, visit [kpmg.com.sg](http://kpmg.com.sg).

#### **For further information, please contact:**

Selina Lim  
External Communications  
Tel: +65 6507 1509  
Email: [selinalim@kpmg.com.sg](mailto:selinalim@kpmg.com.sg)

Kelvin Lee  
External Communications  
Tel: +65 6507 1534  
Email: [kelvinlee1@kpmg.com.sg](mailto:kelvinlee1@kpmg.com.sg)

‘KPMG in Singapore’ describes KPMG LLP, KPMG Advisory LLP, KPMG Corporate Finance Pte. Ltd., KPMG Advisory Services Pte. Ltd. and KPMG Services Pte. Ltd.

KPMG LLP (Registration No. T08LL1267L) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A). KPMG Advisory LLP (Registration No. T10LL1646J) is a limited liability partnership registered in Singapore. KPMG Advisory Services Pte. Ltd. (Registration No: 198301769C), KPMG Services Pte. Ltd. (Registration No. 200003956G), KPMG Corporate Finance Pte. Ltd. (Registration No. 198500417D) are Singapore incorporated companies. Each has its address at 16 Raffles Quay, #22-00 Hong Leong Building, Singapore 048581 and is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity.