

Pandemic sparks digitisation drive among Asian firms

Digitisation is no longer nice-to-have, but must-have

Asian businesses also believe it pays to know their suppliers' suppliers

COVID-19 has forced Asian corporates to confront their business resilience in an unprecedented way, underlining the urgent need for greater digitisation in particular. This is according to HSBC's [Navigator](#) report, **Building Back Better**, a survey of more than 1,400 Asian companies published today.

The global pandemic has also driven business to rethink how they can inject more transparency and traceability into their supply chains. COVID-19 has exposed weak links in supply chains, and companies are shifting from a just-in-time model to just-in-case when it comes to managing their stock.

The pandemic has precipitated the worst global recession since the Great Depression, and in the months of April and May, *Navigator* spoke with more than 1,400 businesses from seven major Asian economies. The survey reveals that Asian companies felt more prepared to weather the challenges from the first six months of 2020. Over half of companies in Asia indicated they were as well prepared as they could be, far more so than firms in the rest of the world. The higher level of preparedness stands Asian firms in good stead as and when the world comes out of this public health crisis.

How prepared did they feel?

	Asia	Rest of the world
As well prepared as could be	55%	38%

Going digital

Regarding future ways of working, Asia is more likely than the rest of the world to believe that digitisation of trade and payment processes will become standard practice over the next 1-2 years. In these areas HSBC has been leading the way in applying technologies such as blockchain and APIs in digitising trade and payments processes.

Development priorities in the next 1-2 years:

	Asia	Rest of the world
Digitisation of trade processes	40%	22%
Digitisation of payments processes	38%	25%

Tim Evans, CEO of HSBC Vietnam, indicated: "The COVID-19 pandemic has forced businesses into an unprecedented crisis, however amongst the hardship it has become increasingly apparent that technology is the ultimate solution to help businesses - and entire economies - survive periods of extended social distancing. Those companies that have invested and built their strategies around digitalization

are the ones most set up to navigate the real-time challenges, to adapt and prosper in today's dramatically reshaped world. We are seeing companies in Vietnam harnessing the power of technologies to respond at pace."

Rethinking supply chains

In addition to underlining the benefits of digitisation, COVID-19 has shone a spotlight on the vulnerability of a company's supply chain. According to *Navigator*, 54% of Asian companies say they will increase the transparency and traceability of their supply chains. Meanwhile, over one-third of Asian firms will review supply chain partners to ensure they are able to weather future challenges.

Changes to supply chains:

	Asia	Rest of the world
Improve transparency and traceability	54%	22%
Review supply chain partners	37%	25%

Tim commented: "In Vietnam, the EVFTA ratified in June 2020 placed increased importance on businesses redesigning their supply chains to meet the EU's requirements and take full advantage of the opportunities the trade deal offers. At the same time, COVID-19 has served as a warning signal for many to diversify their supply chains to protect from concentration risk on one specific market. A trend we are seeing is businesses closely monitoring their supply chains to ensure their operations are more resilient and less susceptible to disruption from external shocks."

Resilience – and the barriers to resilience

When asked to describe a resilient business, Asian companies say that the top three characteristics are being agile, being customer-centric, and acting in a sustainable manner. Meanwhile, when asked to name the top barriers to resilience, Asian companies cite financial factors such as having sufficient cashflow and managing the cost of working capital.

Tim concluded: "Vietnam's effective COVID-19 containment measures to date and, gradual yet prudent reopening has enhanced its attractiveness as a business destination. The time is ripe for Vietnamese businesses to take stock of their situation, address their weaknesses, and start considering how they organise themselves to take advantage of the opportunities that come their way. With the right digital capabilities, Vietnamese companies can help the country accelerate back to historic growth levels."

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Note to editors:

[HSBC Navigator](#)

The Navigator survey is conducted on behalf of HSBC by Kantar. It is compiled from responses by decision-makers at 2,604 businesses, ranging from small and mid-market

firms to large corporations, across a broad range of sectors. The respondents hold influence over their company's strategic direction and represent a broad range of roles: including c-suite, finance, procurement, supply chain, sales and marketing. A total of 14 markets were surveyed between 28 April and 12 May 2020.

- Americas: Canada, Mexico, USA
- Asia: Australia, Hong Kong, India, Indonesia, mainland China, Malaysia, Singapore
- Europe: France, Germany, UK
- MENA: UAE

Results have been weighted to be representative of each market's international trade volume (World Trade Organization data for 2017-2018).

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