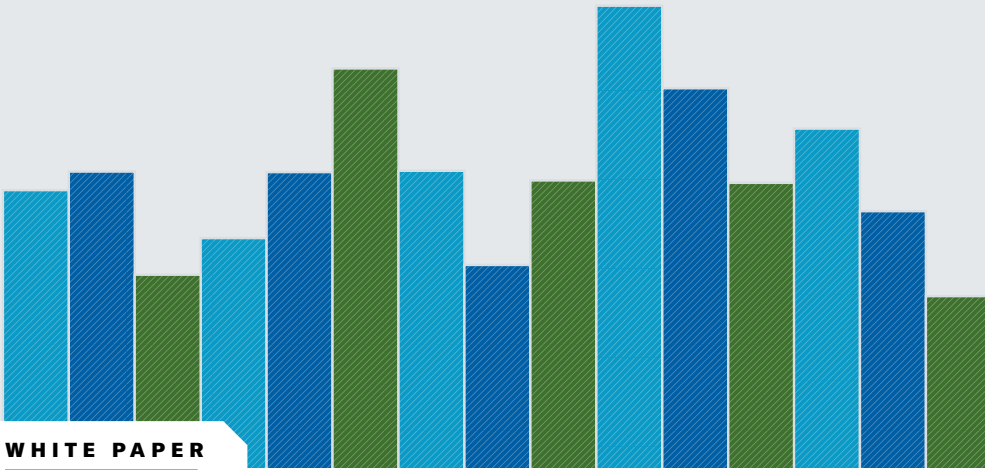


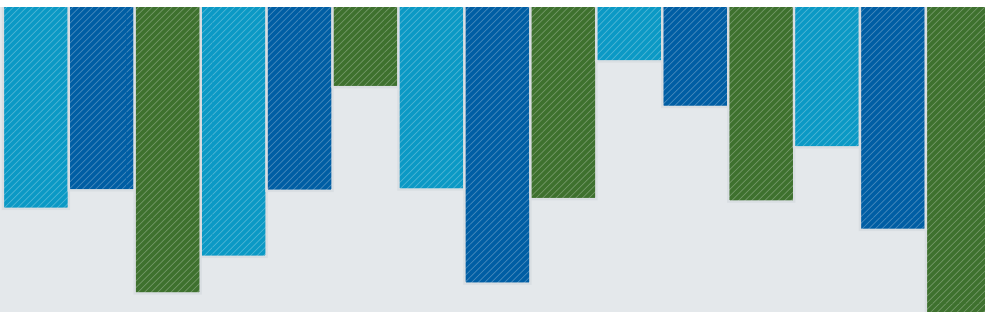


**Harvard
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ANALYTIC SERVICES



Transformation in the Cloud: Driving Enterprise Growth Across Asia Pacific



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Cloud today is about total business transformation. Whereas before the conversation was about the cost-cutting benefits of the cloud, more and more we see attention shifting to its more revolutionary outcomes. With the right mindset, the cloud can boost organizational resilience, unlock productivity, generate predictive insights, and power innovation.

Cloud momentum is building across Asia Pacific. Covid-19 has also opened our eyes to how interconnected our economies and workforces are, accelerating the adoption of cloud across a spectrum of enterprise applications. For businesses, the cloud is key to building companies that can adapt and grow in today's volatile world.

"The main question on the minds of business leaders is not *whether* to move to the cloud anymore, but *when* and *how*. Small and medium-sized enterprises are moving fast, and large enterprises are transitioning, too, but at a slower pace. For them, the task of digital transformation tends to be more complex, requiring careful planning," says Lagnajit Patnaik, regional director and head of cloud ERP CoE, at SAP Asia Pacific Japan. There's also the question about cloud security and hesitation to initiate the large-scale change needed to stretch the cloud's full potential.

Successful cloud adopters can attest to the all-hands-on-deck mentality needed for cloud adoption. Rather than approaching the cloud as a simple IT upgrade, organizations such as Zespri, Mahindra Logistics, Nissha, and Sampoerna Kayoe also focused on developing new skills among their workforces and changing hearts and mindsets with regards to cloud transformation. You'll see that the effort was well worth it; with close alignment of IT strategy and business goals on top of enterprise-wide engagement, these companies came out as more agile and future-proof organizations.

There is no universal approach to cloud transformation, but there are best practices that every aspiring cloud mover can strive toward. We've sponsored research by Harvard Business Review Analytic Services to gather the stories of successful cloud adopters across Asia Pacific to examine how they've leveraged the cloud for growth. We invite you to read this report and take these principles as a North Star on your own journey to becoming a cloud-enabled, thriving organization.

Transformation in the Cloud: Driving Enterprise Growth Across Asia Pacific

The benefits of cloud technology have matured beyond cost savings to include increasing organizational agility, resilience, and connectivity. The way so many companies were able to respond quickly to the Covid-19 pandemic is proof of those benefits, and the outbreak actually accelerated organizational commitment to cloud solutions. In fact, O'Reilly Media's 2020 global survey showed that 88% of organizations already use cloud and 25% plan to move all their applications to a cloud context in the next year.¹

In the Asia-Pacific region, leading organizations are leveraging intelligent technologies through the use of cloud services to advance operations, strengthen core functions and competencies, and make faster and better-informed decisions based on real-time data. Such businesses provide vivid evidence of the power of cloud technology to build organizational resilience and deliver enterprise growth. Effective cloud adoption goes far beyond an IT-led technology upgrade, however. Greater benefits can be realized through using technology as a catalyst for enterprise-wide transformation.

“Consistently, the three biggest motivations and drivers for embarking on cloud-transformation journeys are the needs for greater agility, scalability, and flexibility,” says Alex Hilton, CEO of the UK-based Cloud Industry Forum, a trade association that seeks to educate and inform end-user businesses and cloud providers.

HIGHLIGHTS

Companies in the Asia-Pacific region, across a variety of sectors and industries, **are at the forefront of exploring cloud's transformational benefits.**

There is no one-size-fits-all formula for embarking on a cloud-transformation journey—but **if the journey is tailored to an enterprise's specific goals and context, it can deliver tremendous impact.**

To capture benefits and overcome challenges, companies need to **approach cloud as an enterprise-wide transformation**, not simply as an IT upgrade.

¹ O'Reilly Media, "Cloud Adoption in 2020," May 19, 2020. <https://www.oreilly.com/radar/cloud-adoption-in-2020/>.



“We planned our tech roadmap to integrate our core business functions and, beyond that, to give us the flexibility to use different products to align with our customers’ needs,” says Yogesh Patel, CFO at Mahindra Logistics.

When approached as part of a strategic roadmap, cloud serves as the backbone for strengthening core functions such as finance, supply chain, and human resource management—leading to improved operational efficiency and productivity. In addition, expanding cloud services across the business network can pave the way for the transformation of the entire value-chain. Cloud also gives businesses the flexibility to quickly scale to meet new needs. Ultimately, cloud builds agile, responsive organizations by providing real-time predictive insights, and enables businesses to become increasingly proactive—at speed.

Every organization, and every industry, has different needs. There is no one-size-fits-all formula for embarking on a cloud-transformation journey—but if the journey is tailored to an enterprise’s specific goals and context, it can deliver tremendous impact. Often, IT issues—such as end-of-life hardware or expired data-center contracts—or efforts to contain costs act as triggers for considering large-scale technology changes. While these compelling events may begin a path of change, the organizations that reap the full benefits of the cloud approach technology as a way to redesign business processes and transform their organizations. Doing so takes more than investing in new technology. Indeed, successful transformation requires close alignment of IT strategy with overall business goals.

As a first step, businesses should evaluate the metrics and key performance indicators (KPIs) they wish to improve upon and plan their cloud transformation around clearly defined goals. “If cloud is approached as simply an IT upgrade, businesses run the risk of spending a lot of money but ending up with the same systems in cloud with little improvement,” Hilton explains. “It is important to set expectations around what you hope to achieve from a business perspective and be pragmatic about what best suits your needs.”

This report profiles how forward-looking organizations across Asia Pacific are taking advantage of cloud’s many benefits, and it examines the strategies and approaches they have followed to truly transform their businesses. Lastly, it explores how Asia-Pacific organizations have undertaken successful cloud-transformation journeys and offers a set of common practices that other companies can embrace to unlock the full benefits of cloud technology.

More Flexibility and Other Benefits

Companies in the Asia-Pacific region, across a variety of sectors and industries, are at the forefront of exploring cloud’s transformational benefits. Consider Mahindra Logistics, an India-based, third-party logistics service provider offering business-to-business supply chain management services spanning integrated distribution, transportation, last-mile distribution, storage, warehousing, sort centers, and returns-processing centers. Each of these functions requires different processes and systems that are tailored to customers’ needs. The company needed technology that would allow flexibility around its customers’ needs while providing greater visibility and control. Cloud enabled the organization to integrate and optimize core functions—leading to greater efficiency and returns—and to become agile so it can respond to change.

“We set out to leverage technology to enhance synergy with customers and increase operational efficiency for better outcomes—including better service levels, improved profitability, cost optimization, and being able to quote more efficiently for new businesses and improve our win percentage,” says Yogesh Patel, CFO at Mahindra Logistics.

Mahindra Logistics began its cloud-transformation journey through an enterprise resource planning system that integrated core business functions such as finance, procurement, material management, and HR. Cloud technology enabled the company to unify processes across disparate systems and gain an end-to-end view of each process. “Previously, a single transportation trip would have been initiated in one system and tracked in a different system, and final documentation was generated separately, often as a hard copy. Now we have an integrated system for the full lifecycle of any trip, which is linked to the revenue and accounting system—vastly reducing effort in terms of manpower, ensuring consistency, and reducing the cycle time to bill,” says Patel.

Cloud enables interoperability, but it also provides the efficiency of not using more tech than you need, and the flexibility to adjust to changing requirements. “We planned our tech roadmap to integrate our core business functions and, beyond that, to give us the flexibility to use different products to align with our customers’ needs. We run multiple warehouse management systems or transport solutions

depending on what integrates best with our customer’s product. But the system is fluid and flexible and easily scalable. We don’t get stuck with applications we don’t need,” says Patel.

In another example, Zespri, New Zealand’s largest horticultural exporter, recently began a large-scale digital transformation program to modernize all aspects of its business. Although Zespri exports kiwifruit to more than 50 countries, accounting for 30% of the global volume, the company was relying on processes and systems that were designed nearly two decades ago. “We moved our traditional on-premises legacy environment to cloud a few years ago, but now we’re embarking on a full-scale transformation,” says Zespri’s chief digital officer, Dave Scullin. “It’s still early days, but this program will digitize key areas across our interdependent supply chain and provide stable secure systems and applications to allow our people and our growers to be more efficient, effective, and productive.”

For instance, with the help of its cloud capabilities, Zespri will be able to collect and analyze real-time data throughout the supply chain and use this information to make better decisions around forecasting, storage, and freight planning. “Our company and our growers will benefit from streamlined processes based on robust data, for instance, around agricultural practices, and fruit volume and quality. We will also develop customized platforms to trace issues that our consumers care about such as sustainability goals and environmental performance,” says Scullin. “And, most importantly, this technology will give us the ability to scale for growth. We have significant demand for our product, and we want to continue to scale and operate in multiple countries and expand our capability on a stable platform.”

Better Data Usage, Better Outcomes

Cloud also helps ensure business continuity. In fact, some businesses that had already invested in cloud managed to minimize disruption caused by the Covid-19 pandemic. One example is Nissha, a company based in Japan that develops and manufactures industrial materials, components for devices such as smartphones, and medical equipment. “We had no problems with business continuity during the pandemic as all Nissha IT services are accessible from anywhere,” says Yoshitami Aoyama, senior vice president, chief information officer (CIO), and chief supply chain officer at Nissha. “If anything, the pandemic increased usage of our applications, such as chatbot.” Aoyama adds that Nissha’s chatbot has greatly improved internal processes by providing staff with self-help solutions for anything from resetting a password to producing reports.

Businesses can leverage cloud-enabled intelligent technologies such as robotic process automation (RPA) and



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machine learning to free employees from spending time on repetitive or mundane tasks so that they can instead focus on improving business outcomes. “Our use of cloud technology encompasses artificial intelligence, chatbot, and RPA, leading to efficiency gains. Our greatest improvements come from RPA. We have saved 40,000 hours since we began implementing RPA two years ago,” says Aoyama. “What’s more, process automation frees employees from having to spend time on repetitive tasks. As a result, we have found that employees can spend more time on higher-value tasks, and this has greatly improved employee satisfaction and morale.”

EcoPro BM, a Korean manufacturer of advanced materials, provides another example of how cloud technology has enhanced productivity and efficiency while also fostering a culture of innovation. “Cloud has had a revolutionary impact on the work of digital departments and employees. Employees are less burdened with infrastructure operations and can focus on improvement and innovation,” says Sooho Lee, chief information officer at EcoPro BM.

The company produces cathode materials for use in electric-vehicle batteries, among other products, and embarked on a cloud journey as part of an enterprise-wide digital transformation. “We are moving from a traditional manufacturing company to becoming far more digitally innovative. To provide the best value to clients through our cloud journey, our intention was to optimize our processes, and our entire value chain, through digitization and to build a flexible digital platform that can meet our global management strategy’s objectives,” says Lee. The journey is bearing fruit. “We’ve seen the value of cloud as we’ve been able to flexibly, and at scale, expand our production base and integrate our operations,” he says. “We’ve also reduced man hours and built a more efficient operating environment.”



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Organizations produce vast amounts of data, and cloud offers a way to harness the power of data for better decision making. “Data is the ‘oil’ or the currency that exists within many organizations today. How they harness that is fundamental for competitive advantage,” says the Cloud Industry Forum’s Hilton. For instance, cloud enables organizations to perform simulations and scenario planning based on possible business outcomes, and to evolve from making decisions that are reactive to making decisions that are predictive, proactive, and based on real-time data.

One organization that is reaping the benefits of greater data visibility is Sampoerna Kayoe, a major manufacturer of engineered wood, based in Jakarta, Indonesia. The company was one of the first in that nation to roll out cloud technology across its 16 factories. Widjaya Hambali, head of information and communication technology at Sampoerna Kayoe, says the integrated system the company has erected through cloud technology allows faster access to data without having to ask separate factories to produce time-consuming reports. “We have thousands of stock-keeping units spanning many categories of wood products. We have been able to see, in greater detail, which products are selling well, and we can respond faster to what our customers want. We’ve also been able to improve profitability across different product lines,” says Hambali.

Joe Weinman, digital strategist and author of *Clouconomics* and *Digital Disciplines*, says that the logic tying cloud to data is straightforward. Organizations run on data, and the cloud is a natural place to aggregate and process the data.

“Organizations can benefit from one of four digital strategies: better processes, including resource use and organization; better products and services; better customer relationships; and better innovation,” he says. “Additionally, products and services can create experiences and transformations by using platforms to collect, analyze, and share data together with other ecosystem participants.” Customer relationships can be enhanced by collecting what Weinman calls ABCDEFG data—attitudes (e.g., via sentiment analysis), behaviors (captured by connected products), contexts, demographics, external data, friends and followers (social graph data), and goals. “In short, virtually any business strategy today needs a digital strategy, and that

digital strategy is likely based on data, and aggregated and analyzed in the cloud,” says Weinman.

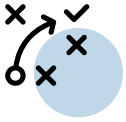
Overcoming Adoption Reluctance

Although leading companies in Asia Pacific are benefiting from cloud technology, others are hesitant to explore what such innovation could do for their organizations. Common barriers to adoption include security concerns and resistance to change. But these barriers can be overcome. “There is still a perception that cloud may be unsafe, particularly regarding hackers, security breaches, and ransomware,” says Hilton. “But cloud providers have comprehensively addressed those concerns through data-security controls and actually provide far more robust and secure infrastructure than traditional on-premises data centers. And there are multiple layers of protection for disaster recovery.”

“Of course, it’s not an easy journey,” says EcoPro BM’s Lee. “It was a challenge to dispel concerns, particularly around security, that are often associated with cloud. But each element of concern was verified several times through a long-term proof of concept, and by emphasizing the benefits that the company could gain, we were able to move forward with our cloud journey.”

At Nissha, security has actually increased since the company began using cloud technology. “Our regular security assessments show that our overall security, server security, network security, client security, and business continuity capabilities have all improved,” says Nissha’s Aoyama.

Companies across the region may also be reluctant to embark on widescale transformation journeys because large-scale organizational change can be difficult. People who have been using systems for years may be resistant to learning something new. For example, at Sampoerna Kayoe, many employees were excited about using the new system as they saw what benefits it could bring, but others struggled to adjust. “Change can be difficult. Therefore, we invested in six weeks of training for around 500 employees to help everyone come to terms with the changes and learn how to use the new system,” says Sampoerna Kayoe’s Hambali. “Once people understood how the new system could help and why we were using it, the training paid off.”



“Understanding what you want to get out of cloud technology should drive the initial investment, rather than cost considerations,” says Dave Scullin, chief digital officer at Zespri.

Best Practices to Strive For

To capture benefits and overcome challenges, companies need to approach cloud as an enterprise-wide transformation, not simply as an IT upgrade. “While on the surface transformation may seem like an IT upgrade, the non-tech element is far more important, and it takes full commitment and involvement at all levels of the organization,” says Mahindra Logistics’ Patel.

Zespri is one company that explicitly approached its cloud transformation journey as an enterprise-wide business program. “Although obviously this is an IT-enabled program, we view it strictly as a business initiative as our aims are to modernize all our business processes and systems and configure them to meet future demand. We are investing our time, money, and resources in developing these systems, and ensuring that our people have the support they need to make this a success,” says Zespri’s Scullin.

Insights from experts in cloud technology and the experiences of business leaders in the Asia-Pacific region who have undertaken successful cloud-transformation journeys highlight six best practices that organizations can embrace to reap the full benefits of cloud technology:

Consider the business context.

As a first step, organizations should consider what they want to achieve and how cloud technology can support their goals. “Understanding what you want to get out of cloud technology should drive the initial investment, rather than cost considerations,” says Scullin. “Yes, do your sums—calculate the total cost of ownership for all the various options and work out what’s best for you. But, more importantly, consider how the technology can align your digital strategy with your business goals.”

Get your house in order.

Implementing new technology is a good opportunity to assess your data, get rid of obsolete or unnecessary content, and

make sure the data is clean. “The more data you have to store, the more it costs,” says Hambali. “Make sure you only keep what you need and do a basic cleanup before applying it in a new environment—you don’t want to put junk in there.”

Gain executive support.

“Preparing an organization for business transformation requires leadership sponsorship, vision, and commitment to drive it forward,” says Scullin. “At Zespri, our board is committed to this program’s success and our entire leadership team is part of the steering committee. We approached this not as an IT upgrade but as a large-scale global rollout of systems encompassing training, change management, process design, solution design, governance, and architecture. We also developed tranche funding to de-risk the program and deliver in manageable chunks.”

Involve the end users at the beginning.

In Patel’s experience at Mahindra Logistics, success depends on IT and end users working hand in hand on system design. “The nuances of each business function are best known by the people who execute them. If cloud transformation is designed and driven by IT alone, you run the risk of having products rejected by teams operating those systems. IT cannot address problems without consultation around what needs to be fixed. Our approach was that IT should be the enabler, but various business operations and functions should be involved and given ownership.”

Have a clear roadmap.

Business transformation requires a clear roadmap that defines the desired outcomes through clear KPIs and metrics and also sets milestones and timelines. “Digital transformation doesn’t have to be ocean boiling,” says Hilton. “You don’t have to take on a massive upheaval and completely rip everything out. Instead, businesses can prioritize certain projects, functions, or issues where cloud can enhance capabilities.” Once the groundwork has been done and the business reaps the benefits, the foundation is in place for further transformation.

Invest in people.

Adoption requires training and change management. “Training and upskilling are critical. Quite simply, if you don’t adequately train people in how to use the new system, they won’t use it,” says Patel.

Conclusion

Forward-thinking organizations in Asia Pacific have harnessed the potential of cloud technology to build integrated systems that provide visibility and faster access to data, allowing for

THE CLOUD IN ACTION

Business Transformation at Speed

Three years ago, GP Batteries embarked on a distribution shift to e-commerce, setting the company on a course of transformation. Part of the Gold Peak Group in Hong Kong, GP Batteries is a global battery manufacturer. The company chose cloud technology to help implement its growth strategy and roll out e-commerce capabilities for business-to-business and business-to-consumer operations. “Instead of building systems block by block, we realized the only way we could make changes fast enough to expand and deliver the e-commerce business would be to use cloud solutions,” says Wilson Wong, head of IT, Group IT.

Cloud technology enabled GP Batteries to move from organizational silos when it came to data and operations to an integrated approach that opened the gateway to e-commerce. “Previously, the organization was very siloed; each area had its own solutions and practices. Now we have integrated platforms—for instance, one platform for sales, marketing, and customer services and another for manufacturing, finance, operations, logistics, and distribution. And these platforms have their own integration tools giving us a holistic view of global operations,” says Wong.

These integrated systems give senior stakeholders, board members, and all decision makers insight into all aspects of GP Batteries’ business and the market. “We can respond quickly to any management inquiry, not just for IT operations but across the whole organization,” Wong explains. “We have immediate access to any information we need. And we can make decisions based on real-time information. For instance, it used to take weeks to generate reports on global customer statistics. Now, it’s a click away.”

Another benefit has been increased security. The company’s ability to protect its customer, financial, and manufacturing data has received recognition and a gold medal from the Hong Kong Personal Data Privacy Ordinance. “Cloud security is far better than that of our legacy system,” he says.

Executive support has ensured the success of the cloud journey. “Implementing cloud is not an IT project—it’s about business transformation. We needed an IT solution to fit in with our goals,” says Wong. “GP Batteries took the time to involve all levels of the organization, and all business areas, to think about what we wanted to resolve with cloud and come up with solutions. What’s more, we took an agile iterative approach to our transformation roadmap—we set short time frames for each deliverable and adjusted until we got it right.”

“Implementing cloud is not an IT project—it’s about business transformation. We needed an IT solution to fit in with our goals.”

Wilson Wong, head of IT, Group IT,
GP Batteries

The company also invested in training and change management to help all employees make the transition. “The key was getting everyone to understand the why,” he says, “Once everyone understood why we needed to change, and the benefits cloud could bring, we were on our way.”

With the help of cloud services, GP Batteries is poised to meet future needs. At its Malaysia site, for example, the company is pilot testing internet of things (IoT) and artificial intelligence (AI) applications. “We have started collecting machine data, targeting hundreds of millions of machine transactions per year,” Wong notes. “This data will help us introduce a predictive maintenance model to avoid machine breakdowns and reduce scrap—providing savings that could pay for the whole project. The larger the scale of the operations, the easier you can fund the payback of AI and IoT projects.”



Success stories from the region show that an effective cloud journey goes far beyond an IT upgrade, and many benefits can be unlocked when cloud is approached as a catalyst for enterprise-wide transformation.

better-informed decision making. In turn, data-led decisions can build agile, responsive organizations that can adjust to changing market dynamics and customer needs. These organizations have also benefited from the flexibility that cloud provides to tailor the technology to their requirements and scale for growth.

Success stories from the region show that an effective cloud journey goes far beyond an IT upgrade, and many benefits can be unlocked when cloud is approached as a catalyst for enterprise-wide transformation. Businesses can take this opportunity to change the way different departments or lines of business operate, strengthen core functions, and become far more efficient—and more profitable.

Some organizations may be hesitant to embark on the journey or to explore how this technology could truly transform their business. One barrier to cloud adoption is the

perception that cloud may be unsafe. Another barrier is the fear of change. But leading organizations in Asia Pacific have shown that with company-wide commitment and adequate training and change management, the difficulties associated with change are easily overcome—and in many instances cloud has led to greater security, employee engagement, and satisfaction.

The decision to embark on a cloud transformation journey is unique to each organization, as each business has different needs, operating environments, and goals. It is critical that businesses align their goals with their IT strategies to truly transform and make the technology work for them. “You’ve got to find good software that will meet your business requirements and help you reach your goals. And find the right partner that will leverage cloud-based technologies with you to get the best out of them,” says Scullin.

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