

KEEPING PACE WITH ASIA'S COMPETITIVE INNOVATION

BY CHIU WU HONG

SMEs need to incorporate design and technology to differentiate themselves from the competition, widen their product offerings and create closer relationships with their customers

THE ways in which products and brands in Asia are relentlessly reinventing themselves and entering uncharted markets is opening the floodgates for innovation. Innovation has never been at a more critical juncture, with Asian firms and brands taking bold strides to incorporate design and technology and rethinking how to produce the most commonplace goods. This is especially true for best-in-breed Asian small and medium-sized enterprises (SMEs), which must identify ways to differentiate themselves from the competition, widen their product offerings and create closer relationships with their customers.

With the merging of physical and digital spheres, SMEs will see their processes fast becoming instrumented and must measure their digital presence to see if it makes or breaks their growth.

SWIFT RESPONSE IN THE REGION

From Vietnam to Indonesia and the Philippines, the business landscape is witnessing a swift response to mobilising technology and expanding digital capabilities. These are used to help businesses launch new products, and enhance their service offerings and digital marketing endeavours.

In the more developed parts of Asia such as Japan, South Korea and Singapore, a concerted pool of entrepreneurial collaborations across borders is seeing the need for solid digital innovation. The drive for digital innovation leads to stiffer international competition and sees a push for firms to adopt technology to back their developments and interventions.

COUNTERACTING THE COMPETITION

SMEs will feel the brunt of the fire as they risk being overshadowed by corporations that have the ecosystems and protections in place to embrace innovation quicker.

For SMEs to thrive and expand in an overcrowded space, they will need to work at harnessing digital technology to grow their business and adapt to its changes. Strengthening these capabilities will involve them leveraging innovation as a means to being close to ever-changing products and technologies, capturing opportunities and staying grounded to

market developments. This will include developing a global mindset, focusing on transformation as well as seizing opportunities to direct and lead the market. Successful digital innovators of tomorrow will also be sensitive to design thinking, which involves addressing human factors such as skill and culture and having the foresight for innovation and differentiation.

DEVELOPING A GLOBAL MINDSET

According to Oxford Economics, successful SMEs are venturing outside their home market to accelerate growth. In view of the competition from international entrants and larger multinational corporations (MNCs), SMEs will need to revamp their culture, strategy and technology.

SMEs poised for growth are expected to grow outside their domestic markets while dealing with increasing global competition at home. SMEs should also look at the exportability of their innovations and put in place strategies to ensure that innovations developed in one country are commercially viable in others. Globally savvy SMEs will benefit from the knowledge of international trading partners and experience managing relationships with foreign vendors and clients.

India-headquartered wind turbine supplier Suzlon Energy is an organisation that optimises cultural diversity to its advantage, tapping on the joint expertise of its global research and development (R&D) operations. Global mobility is another distinct feature of a global mindset. Consumer e-commerce company Alibaba practises rotating executives within the organisation for fresh perspectives and thus avoiding stagnancy that could potentially be a hindrance to innovation.

FOCUSING ON TRANSFORMATION

As a region, Asia is quickly embracing digital transformation as consumers gravitate towards digital technology. Often, the success of firms has become interdependent on their ability to provide a personalised and well-considered experience to customers.

Transformation also means reconstructing business models and go-to-market strategies that help boost growth prospects and level the bar of competition with rivals.



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Mutually beneficial partnerships are another way of building market advantage. General Electric and Intel created a joint venture, CareInnovations, to collate and deliver insightful healthcare data.

SEIZING OPPORTUNITIES

Asian companies are widely regarded as fast followers. However, the successful ones are those that take the initiative to pioneer innovative offerings and push for breakthroughs. Change is more effectively fulfilled and executed when the organisation has the respect of its partners and clients and has earned credibility in its chosen market.

In China, Carrefour adopted a flexible, ad hoc supply system where its goods were purchased directly from a verified supplier list to match the expectations and timeframes imposed on it.

Similarly, Baidu customised its product to the needs of China's differing regional markets. Through adapting foreign technology to its developing markets,

Baidu triumphed in becoming a leader in the search engine market in a short time.

SENSITIVITY TO HUMAN FACTORS

The human factor is an integral one; and how innovative a company is, is only as promising as its workers' creativity. SMEs will need to devise a balanced company culture that values innovation, while preparing its employees to acquire tools and know-how that can navigate change and defend risks. Firms such as Novartis and Cisco Systems keep ahead of their competition by identifying individuals that can nurture innovation and be a defining part of their talent cultures.

Human-centred design is another way of being attuned to customer needs. This will involve design construction and execution that seeks to understand their preferences and behaviours. SMEs can look at thinking of design as a team sport and bringing in different business perspectives as well as building

prototypes that can make user feedback routine, thus adding continuous improvements to the business.

VISIONARY FORESIGHT

Having the ability to plan for innovation and differentiation requires much skill. The innovative organisation will be a visionary one that is able to reach empowered consumers and rising markets. Technology will be the crucial missing link that allows firms to meet evolving customer needs and have the creativity to expand services and the way that products are designed and delivered.

For SMEs, mastering the applications of technology such as mobile adoption, social media and business management software will help them deliver enhanced benefits to customers and strengthen product and service development.

Firms will need to be strategic in identifying future market trends and reviewing socio-economic future factors. This may push them to combine insights across disciplines and discover entirely new markets. This enables the development of unique products and service propositions to both generate and satisfy demand. There will be a pressing need for businesses to extend their digital strategy to feature cross-channel connectivity linking investors, suppliers and employers in continuous engagement. Through a distinct and vibrant operating model, governments and companies will have wider access to growth and innovation as well as keener participation in innovation efforts.

PAVING THE ROAD AHEAD

The promise and potential of innovation is pervasive across companies, cities and business systems. Firms with bold initiatives are transforming markets and making breakthrough innovation a necessity as the next step forward. Cities are also reinventing their delivery of services and product presentation so as to accommodate shifts in demographics, labour trends and consumer preferences. Developments in information technology and connected devices will also present a range of new challenges such as privacy and security to opportunities for Web-enabled scalability and personalisation.

By adopting a global mindset and having a focus on transformation, firms can enter new markets with the right combination of business acumen and skill sets. Digitisation will largely shape and influence how successful innovation is. Companies will need to invest in a suite of digital tools to generate ideas, analyse insights and manufacture and design products that meet ever-changing consumer needs.

Having the skills to plan and differentiate their innovation well will allow firms to tap into customer insights strategically, capitalise on technology-driven change, assess levels of convergence and sophistication in their innovation pursuits and attain sustained growth. ■

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