



Finance Disrupted

Industry Preparedness Index


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Executive Summary

Global organisations have had to face unprecedented disruptions to their businesses this year. To prevent the spread of COVID-19, strict border controls and government measures on physical gatherings were put in place, and millions of employees have shifted to working from home.

The unforeseen changes resulting from the ongoing pandemic forced companies to discard the plans they had for 2020 and to implement new strategies, all in hopes of emerging from this crisis in a position of strength.

For companies around the world, this responsibility falls especially on the shoulders of finance and IT functions within businesses. From having to reforecast and plan for multiple scenarios, to investing in new technologies to ensure business continuity, finance and IT teams have been tasked to do the extraordinary and support their companies through the storm.

To better understand the challenges and priorities that finance and IT professionals are faced with amid an ongoing health crisis, Workday commissioned a survey of industry professionals and leaders across Singapore, Hong Kong, Australia and New Zealand.

The study aims to examine not only the impact of the global pandemic on businesses and specific industries, but also the future trends and opportunities they see as we continue to navigate the uncertainties that the changing world brings.

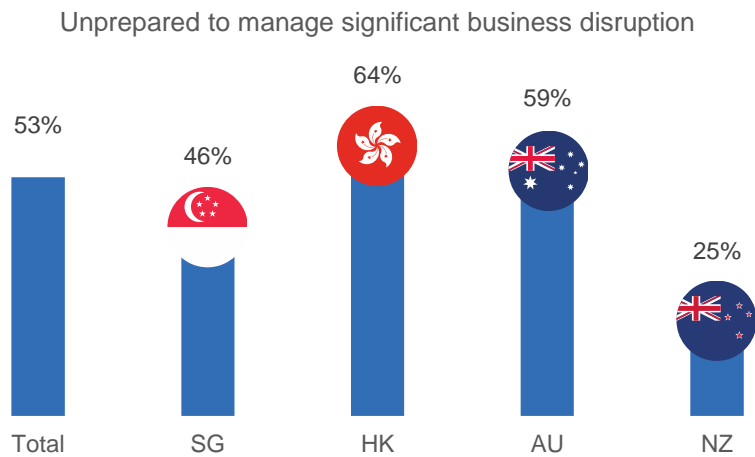


Disruption is Inevitable

The global pandemic has brought about many consequences this year, and has no doubt put business leaders and organisations to the test. Finance and IT professionals have been forced to take a hard look at their capabilities and evaluate whether they have been able to respond and adapt to the changes.

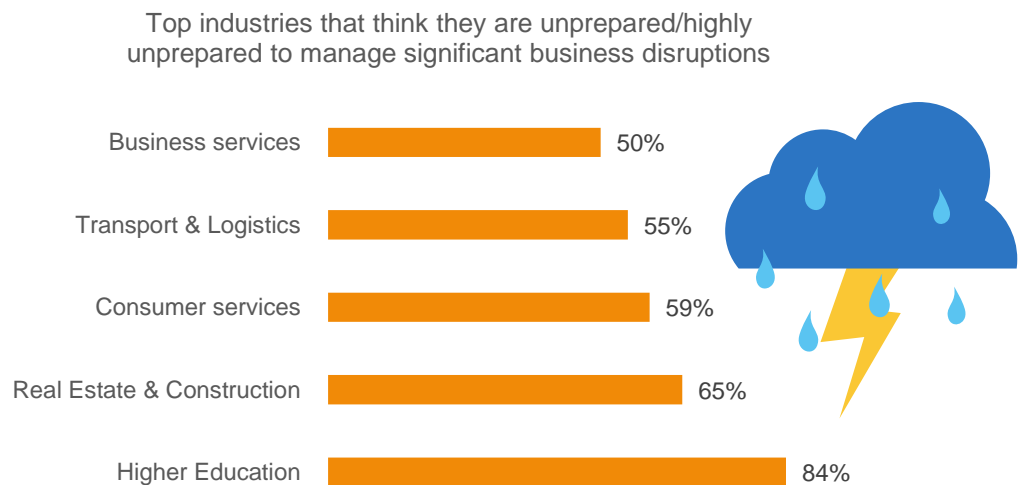
More than half (53%) of the companies across Asia Pacific revealed that they are in fact unprepared to manage significant business disruptions, with an overwhelming 80% not being able to meet their financial targets in the first quarter of 2020. Out of the four markets surveyed, Hong Kong businesses performed the worst while those in New Zealand reported best performance.

Chart 01 | **How well prepared do you think your company is to manage significant business disruptions?**



Some industries have been hardest hit, especially those that have been affected by the new government regulations related to COVID-19. Higher Education, real estate and construction, as well as consumer services are found to be more vulnerable to business interruptions, in part due to the lack of adequate infrastructure, loss of work and new business.

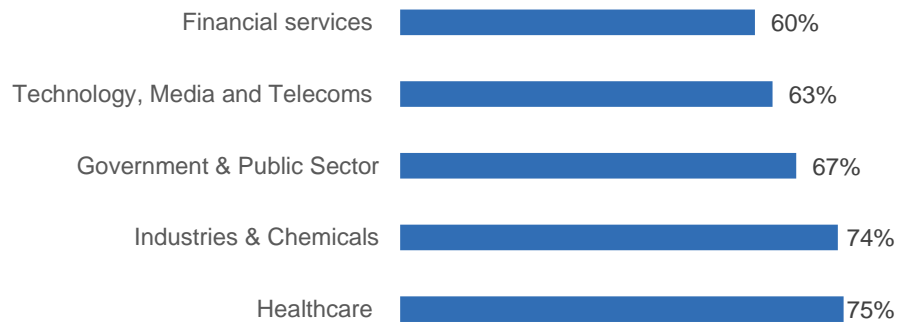
Chart 02 | **How well prepared do you think your industry is to manage significant business disruptions overall?**



On the other hand, our survey found that the healthcare, industry and chemicals, as well as government sectors are among the top industries that are most prepared to manage disruptions to their business. This is followed by technology, media and telecoms, and financial services, which reflect the comprehensive financial planning and operation systems they have in place to mitigate potential headwinds.

Chart 03 | **How well prepared do you think your industry is to manage significant business disruptions overall?**

Top industries that think they are prepared/highly prepared to manage significant business disruptions



Challenges that are specific to the global pandemic for companies across APAC have been around cash flow and liquidity, compliance cost, and customer acquisition and retention.

In terms of having to reforecast amid ongoing business disruption, 59% of respondents said that it would take 4 days or more for their team to complete scenario planning, which poses a major hindrance in being able to make accurate and informed business decisions when necessary.

What The Future Holds

Looking ahead, 62% said that they are not confident in the accuracy of their company's Profit & Loss forecast for the next quarter, with 25% of companies indicating that they are not confident at all.

In terms of their confidence in mitigating further business disruptions over the next 12 months, 56% said that the pandemic has made their industry less prepared. This is especially true in Australia (63%) and Hong Kong (60%).

With conflicting data between finance and operations, and critical data not being available on a real time basis, companies find it difficult to make critical business decisions and they are most often delayed. Other reasons include the long periods of time needed to analyse vast amount of data, and finance teams are not proficient in delivering insights from the data itself.



Silver Lining

Looking at what would be helpful for companies in responding and recovering from business disruptions, APAC companies revealed that centralised IT support and software integration (56%), communications infrastructure (56%), artificial intelligence and machine learning (55%), and data analytics (55%) are all new technologies they consider useful.

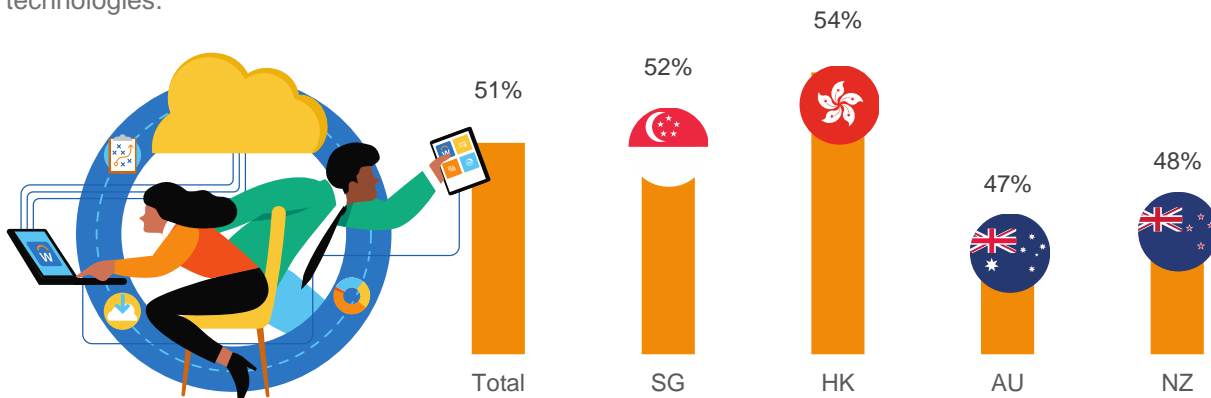
More than half said that greater adoption of new technologies would have helped their company in managing the impact of COVID-19, especially in areas such as business and supply chain operations (56%), as well as cash flow and liquidity management (53%).

On the bright side, 51% of companies across the region believe that COVID-19 has prompted their company to accelerate its adoption of new technologies.

Chart 04

Do you believe that COVID-19 has prompted your COMPANY to accelerate its adoption of new technologies?

COVID-19 has prompted their company to accelerate its adoption of new technologies



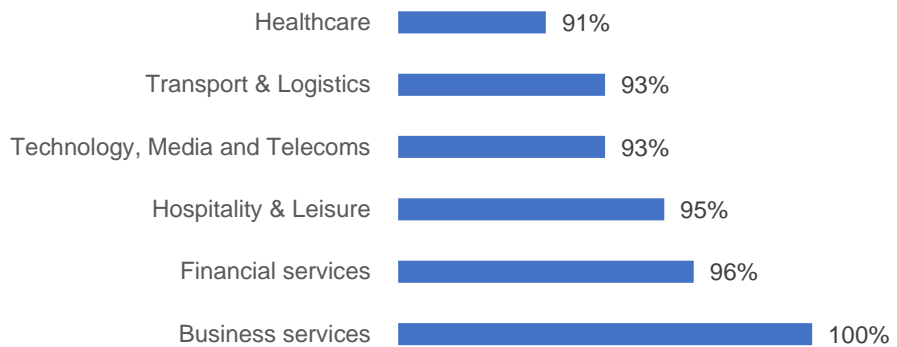
The strongest drivers for investment in new technologies appear to be the expected efficiency and productivity returns (38%), expected labour cost reductions (35%), better management and overview of operations (34%), and improved insights for financial and workforce planning (34%).

More than half said that their company is at the competent or advanced stage of adoption and use of technologies in communications (55%), artificial intelligence/machine learning (55%), centralised IT support and software integration (54%), as well as data analytics (54%).

Testament to the advantages of technology adoption, 91% of companies revealed that their CEOs have been proactive in driving technological transformation, and more than half (51%) said that they have won or attracted new customers because of investment in their technological capability. Also, almost all (91%) think that their industry has been proactive in driving technological transformation across the region.

Chart 05 | **Do you think your industry has been proactive in driving technological transformation?**

Respondents who think that their industry has been proactive in driving technological transformation



However, barriers remain when it comes to adoption new technologies as companies believe that technology is now evolving too quickly and will potentially be outdated by the time of implementation (44%). They also believe that it is difficult to source appropriate technology solutions that align to business needs (42%) and the investment costs are often too prohibitive (38%).

Chart 06 | **What do you see as some of the biggest barriers to investment into new technologies by your company?**

Biggest barriers to investment in new technologies

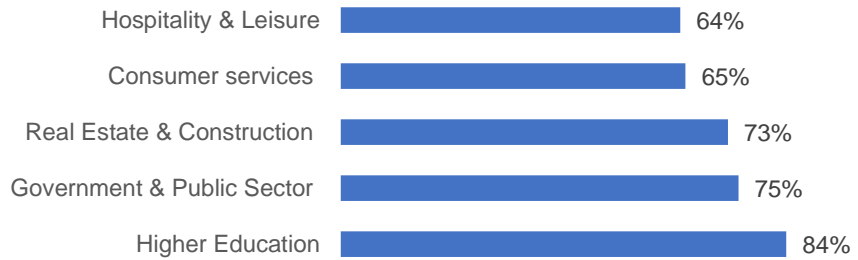


As a result, 59% of respondents believe that their company is behind their competitors regarding investment in new technologies, with 65% in Australia feeling the worst in this situation, followed by Hong Kong (62%), Singapore (54%), and New Zealand (43%).

In terms of industries, this is especially true in Higher Education (84%), government and public sector (75%), and real estate and construction (73%) who believe they are behind other sectors in investment in new technologies.

Chart 07 | **Do you feel your industry is ahead or behind other industries in investment in new technologies?**

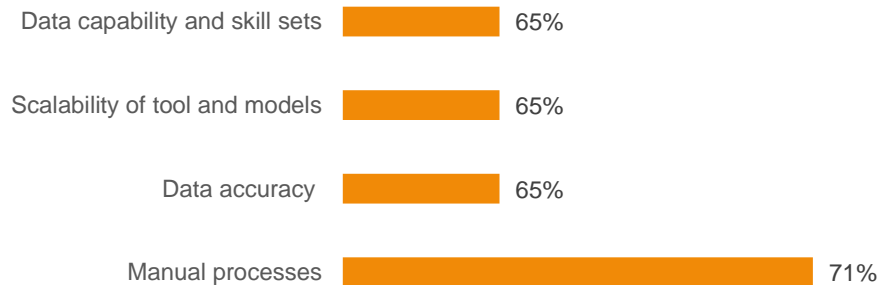
Top industries that feel that they are behind other industries in investment in new technologies



Furthermore, within the various industries, 52% said that their employees are not equipped for the technological changes taking place in their industry.

Chart 08 | **Please rate how much of a barrier each of the following aspects are currently in terms of drawing together different data sets from across your company and using these efficiently for financial and business planning.**

Top barriers to drawing together different data sets from across their company and using these efficiently for financial and business planning



Conclusion

One of the more significant changes in 2020 has been how the world has focused on innovation, developing and adopting new digital channels and platforms as gamechangers for businesses. We have all seen the many ways in which technology has helped enable business continuity, remote working and client accessibility amid the disruption of the pandemic.

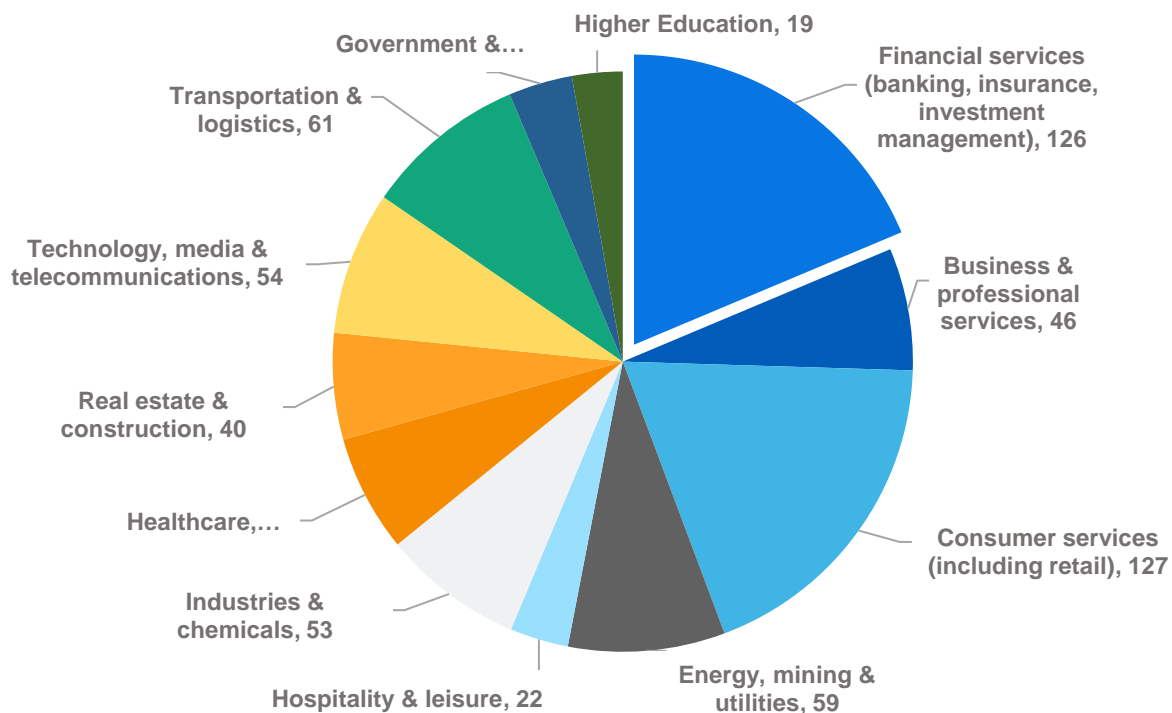
Now, looking to the future after a year of great uncertainty and disruption, finance and IT professionals will now have to contend with greater expectations for them to guide their businesses in recovery.

Companies will also need to look within and see if they are truly prepared for the future and what gaps there may be in their digital transformation plans.

Methodology

Finance Disrupted: Industry Prepared Index is the first instalment of a Workday survey of finance and IT professionals across the Asia-Pacific region. A total of 675 interviews were conducted through online/telephone interviews in October and November 2020 in Singapore, Hong Kong, Australia and New Zealand.

Only senior finance (70%) and IT (30%) professionals were selected for this survey. All respondents were from companies that comprise of over 1,000 employees.





About Workday

Workday is a leading provider of enterprise cloud applications for finance and human resources. Founded in 2005, Workday delivers financial management, human capital management, planning, and analytics applications designed for the world's largest companies, educational institutions, and government agencies. Organisations ranging from medium sized businesses to Fortune 50 enterprises have selected Workday. Visit us at www.workday.com

