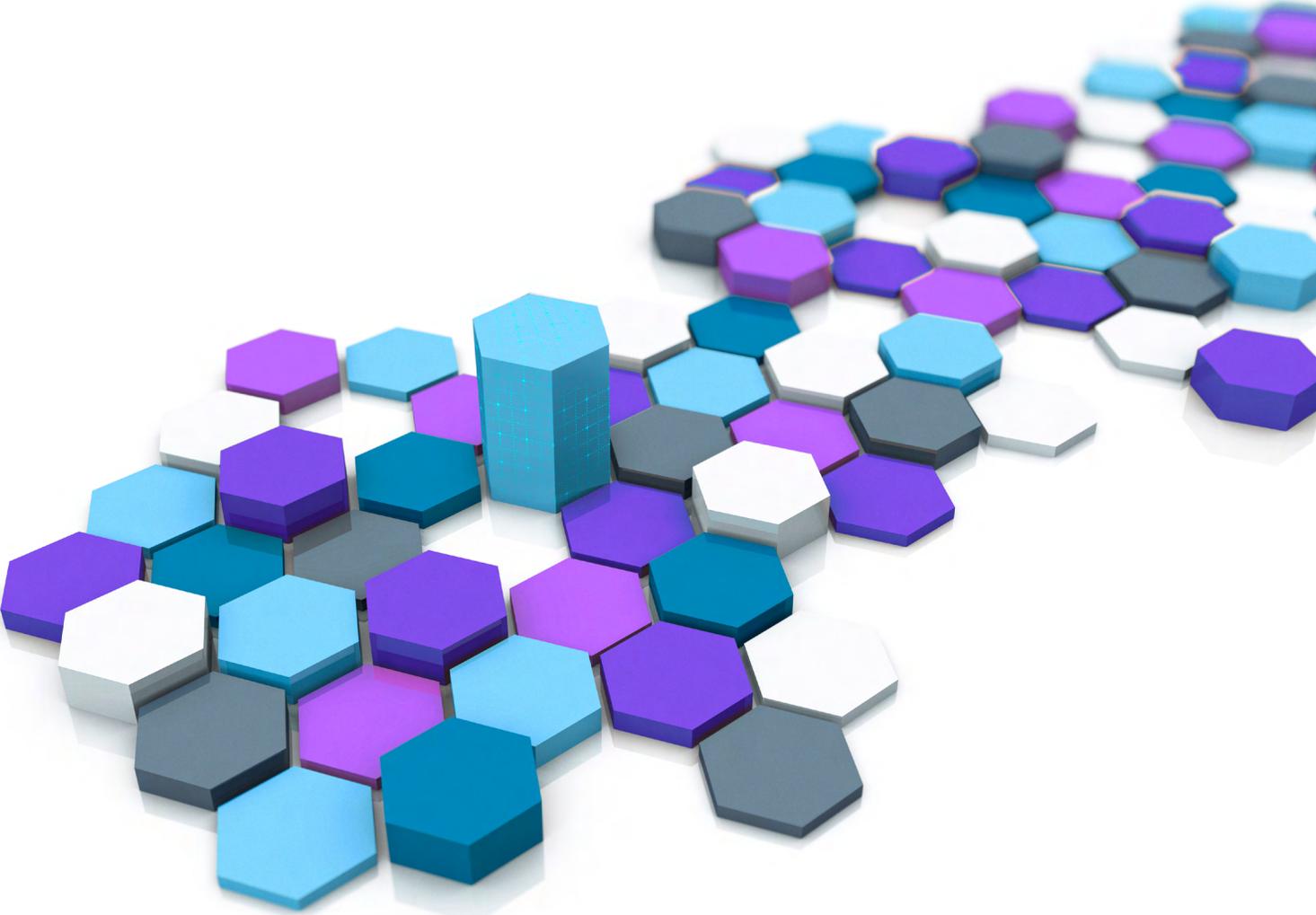


Driving New Growth for APAC SMBs

REALIZING THE PLATFORM OPPORTUNITY



SMBS THAT ADOPT DIGITAL TOOLS GROW FASTER. SO WHY AREN'T MORE TAKING ADVANTAGE?

Success for small and medium businesses (SMBs) relies on an ability to remain relevant to today's and tomorrow's customers, and to serve them locally and globally—all while competing for talent and attention in an increasingly digitally saturated world.

Accenture's analysis in APAC SMB Adoption found that SMBs in China, Indonesia and Japan—juggling decisions on where to spend their valuable time, resources and money—remain unaware of the benefits online platforms provide in creating customer growth, increasing revenue and improving customer satisfaction.

For platform companies, this presents a major growth opportunity in Asia Pacific. And it's an opportunity that cuts both ways. Our research demonstrates that SMBs adopting digital sales, commerce, marketing and services tools consistently outperform their non-digital peers. In addition to better financial performance, digital SMBs show higher revenue and growth rates year over year, while non-digital SMBs' growth and revenues remain flat. Results indicate the average revenue growth rate of these digital SMBs in 2017 was double that of non-digital SMBs. The difference will have been even larger in 2018: our digital SMB respondents expect their average revenue growth rate for 2018 to be 5% higher than that of their non-digital SMBs peers. This indicates that digital adoption drives new growth for SMBs and bring greater confidence to their business expectations.

With such an apparent win-win, it might be reasonable to expect platform companies to be thriving in the SMB sector in Asia Pacific. But that's not yet the case. We found that SMBs that are using digital platforms are reluctant to invest further: marketing platforms have the highest adoption among SMBs, but 68% of all SMBs (digital and non-digital) are not planning to increase investment in new tools. This is consistent with [QBE Insurance's report](#) that small-medium enterprises in Singapore are lagging in digital adoption.¹ So, what's behind this reluctance?

68% of all SMBs (digital and non-digital) are not planning to increase investment in new tools.

WHY SMBS ARE NOT PRIORITIZING DIGITAL ADOPTION...

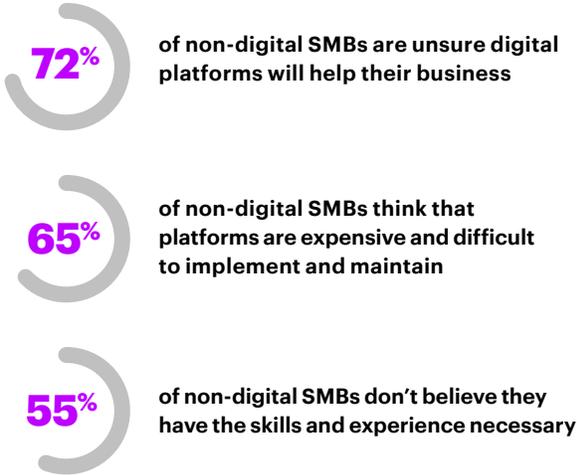
SMBs in these markets have key concerns where platforms are concerned. In the results of our 2018 Accenture Research, across 1,500 SMBs in Indonesia, China and Japan, the following factors stand out:

They don't see the value

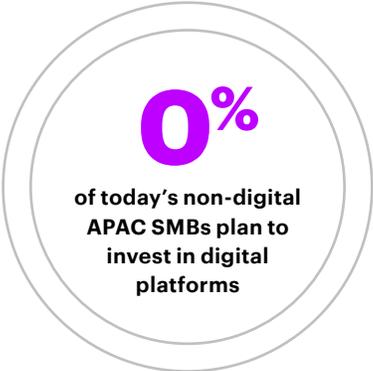
Many SMBs in these markets don't see the value in platforms and online tools—even though their customers are adopting them. In China, for example, more than 500 million people are active users of mobile payments. In contrast, 22% of SMBs are still not using any kind of digital sales, marketing, service or eCommerce platforms at all. When asked why non-digital SMBs had yet to adopt platforms, we heard the same answers.

More interesting, and perhaps even distressing, our research suggests that today's non-digital SMBs are on course to fall farther and farther behind the sales, marketing, service and commerce adoption curve. Despite evidence that moving beyond single use of proprietary websites dramatically improves the probability of benefiting from multi-platform tools, speed to serve customers, access to new markets and frictionless payments—**the vast majority of these SMBs are not planning to improve their digital footprint in 2019.** The gap is widening and will continue to do so for those that do not improve the value of digital enablement.

APAC SMB ADOPTION BARRIERS



NON-DIGITAL APAC SMBS



SMBs don't feel supported

We found that inadequate support is the major concern for digitally savvy SMBs:



While SMBs are aware of the options, they find getting started with digital platforms a daunting prospect. Lacking the confidence and resources to pursue their own digital strategies, SMBs require technical and business support in order to get started using digital tools.

For platforms seeking to drive adoption, it's essential to approach SMBs with appropriately delivered and priced support. That means offering simple and intuitive ways to save valuable time with support and relevant tools that help SMBs advance quickly. Developing an "as-a-service support" option—designed to match platform capabilities to an SMB's unique needs—will go a long way toward providing frictionless implementation and help SMBs to experiment confidently with new digital trends.

"In my opinion it is necessary, but I'm afraid to try to promote my business online."

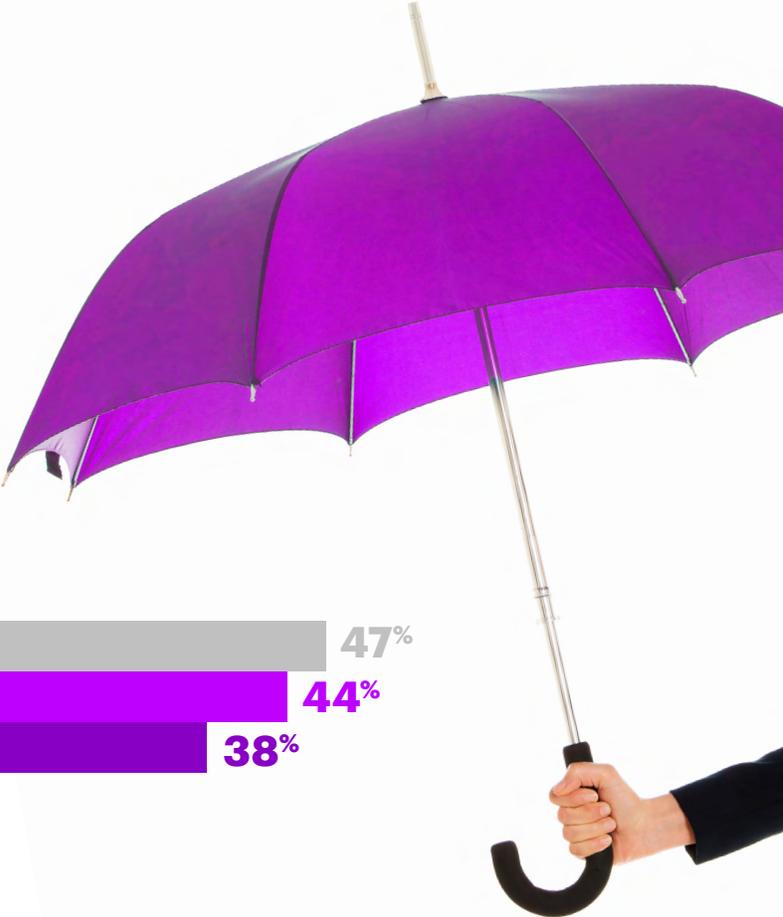
— SMB OWNER, JAKARTA



SMBs have security concerns

45% of all SMBs in our survey identified “privacy and security concerns” amongst their top-three barriers to adoption. Just like consumers, SMBs are concerned about the data privacy and security implications of using digital platforms. What’s more, they recognize that these are top concerns for their customers too. And SMBs’ anxieties are well founded. They might be even more at risk from security incidents than their larger counterparts: according to a report published by Chubb, 71% of SMBs in Hong Kong have experienced a cyber incident in the past 12 months.²

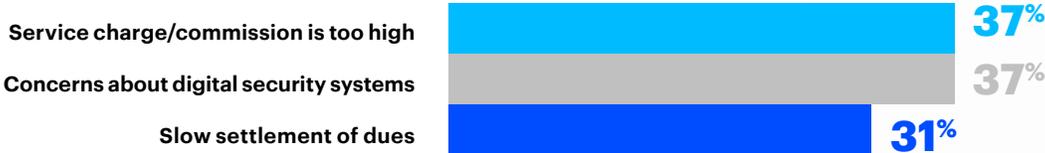
Security was identified as a primary barrier in adoption of marketing and payments platforms and digital tools.



MARKETING



PAYMENT



TOP THREE RECOMMENDATIONS FOR IMPROVED PLATFORM ADOPTION

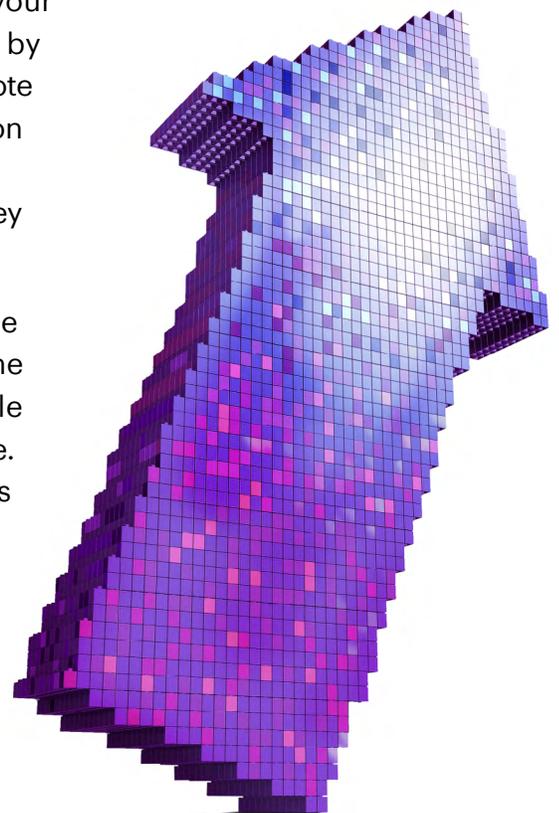
The APAC SMB marketplace holds enormous promise for platform companies. However, SMBs clearly have specific issues that must be addressed to create successful outcomes. **Drawing on our experience, we believe there are three paths to platform success in the SMB market:**

01 Persistent relevance offers big organizational dividends

A critical first step is to overcome SMBs' perception that platform products and services are complicated, difficult to implement and expensive. Educating SMBs on the value of platform capabilities through early training and onboarding initiatives is critical. Platform companies need to take time to understand the pressures their SMB customers are under—and make sure their interactions and educational outreach to them is relevant.

Be realistic about the cognitive effort you expect from your customers—recognize the attention and effort required by your products and services and only expect people to devote their time when it's useful to them to do so. Craft education and onboarding tools designed to get SMBs to the core interaction of your platform as early in the adoption journey as possible.

Build interactive tools for SMBs to help them calculate the benefits of your platform to their business and determine the right solution to buy. This allows you to pull valuable SMB feedback into your platform to inform future relevance. Interactive tools also enable fast-growing SMBs to access peer reviews of your platform, run ROI tools to analyze their return and provide on-demand access to sales people and content when SMBs reach critical inflection points in their buyer journey.



02 Provide simpler, more tailored support

SMBs need simple and intuitive ways to prioritize resources and save time. Design simple, straightforward support capabilities to provide personalized, one-to-one mentoring. This will move SMB customers beyond emails and websites and give them the confidence to adopt a multi-platform approach—without having to invest heavily in resources and training.

Make sure these support-as-a-service programs match platform capabilities to SMB needs, provide frictionless implementation and onboarding and dramatically improve SMBs' ability to experiment with evolving technology trends.

03 Champion trust as a competitive advantage

Empower SMBs to know how, where and why their data was used in your personalization framework and make clear what they will get in return. Gone are the days when users would willingly hand over all their information without clear reason or payback.

Allow SMBs to act when data about them and their business is wrong by designing for transparency and enabling them to recalibrate algorithms. Prove that what you get out of using their data doesn't outweigh the value they get from sharing it.

Ensure your data strategy follows the minimal viable data pattern and collects only what's needed to drive the service. Closely align your data collection strategy to your business objectives. And remember, the collection, measurement and tailoring of services are intrinsically linked.

FJORD TRENDS 2019

In 2019, organizations must clearly show the payback for users sharing their data, drawing a straight line from the act of sharing to receiving relevant products and services in return. They'll need to demonstrate what's in it for the customer, ensuring that the data value exchange is fair to them.

Our research shows that the SMBs in these Asian markets who do adopt digital tools enjoy growth rates almost twice the magnitude of their non-user peers. After all, SMBs’ customers are increasingly embracing digital channels to engage and transact.

Digital SMBS’ Adoption Drivers

MARKETING



SALES



PAYMENT



SERVICE



To find out more about how platform companies can help to drive growth in the SMB marketplace, contact:

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REFERENCES

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- ² <https://www.chubb.com/hk-en/articles/too-small-to-fail.aspx>

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