

Gen AI-powered reinvention

APAC's opportunity to outpace the competition



As firms in the Asia Pacific (APAC) region navigate a rapidly evolving technological landscape, embracing generative AI has become a pivotal determinant of success. Companies in other regions have advanced quickly on this front, but those in APAC lag in their reinvention journey¹, held back by unique regional challenges in adopting this emerging technology.

Yet generative AI presents a once-in-a-generation opportunity for APAC firms to not only catch up to but overtake their competitors. Our research has identified five strategic imperatives to accelerate generative AI-driven reinvention.

Transforming turbulence into radical reinvention

Over the past four years, the APAC region has experienced significant and increasing levels of business disruption. Among the various challenges, technology has been the biggest disruptor by far. The impact of technology was even more profoundly experienced in APAC, which saw a 119% increase in disruption compared to the global average of 88% (Figure 1). Alarming, nearly half (45%) of business leaders in APAC are not fully prepared for the accelerating rate of technological change.²

Figure 1: Disruption in APAC is on the rise, with technology-related disruption seeing a dramatic 119% surge over the past year.²

Analysis of business disruption 2019-2023, APAC*



Technological disruption rose the most among sub-components last year...

	2023 vs. 2022	APAC	Global
#1 Technology		+119%	+88%
#2 Talent		+35%	+41%
#3 Climate		+33%	+34%
#4 Geopolitics		+23%	+17%
#5 Economic		+23%	+20%
#6 Consumer and Social		+18%	+13%

Source: Accenture Pulse of Change Index 2024. Overall measure of disruption is based on the average of the six sub-components, each of which are based on a set of indexed scores across a set of indicators. *APAC here comprises Australia, Japan, China and India.

As leading businesses across the globe embrace reinvention in response to rising levels of disruption, **APAC businesses risk falling behind.**

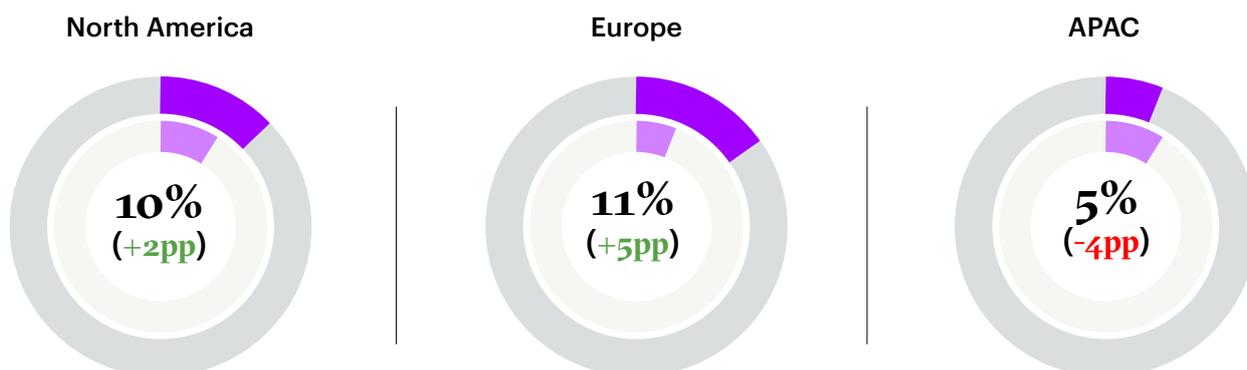
The largest companies—particularly those with revenues over US\$50bn—have committed to change, quadrupling their number of Reinventors in the past year. These organizations not only lead in financial outcomes, but also excel in non-financial metrics. One key to their success? They embrace generative AI's unique ability to drive productivity and find new paths for growth across the entire value chain.

While companies in the West have increased their pace of reinvention, the opposite trend is observed in APAC, where the percentage of Reinventors fell from 9% to 5% (Figure 2).

Figure 2: The state of reinvention in 2024.¹

The percentage of Reinventors within APAC has fallen from last year, contrary to the rise observed in the West.

Reinventors, % of respondents ■ 2024 ■ 2023
By region % of respondents within each region:



Source: Accenture reinvention surveys

What makes a Reinventor?

Reinventors are organizations who have met the high bar of building the capability for continuous reinvention. What sets them apart? They embrace the six characteristics of Total Enterprise Reinvention:

- Reinvention is the strategy.
- The digital core becomes a primary source of competitive advantage.
- Reinvention goes beyond benchmarks, embracing the art of the possible.
- Talent strategy and people impact are central to reinvention.
- Reinvention is boundaryless and breaks down organizational silos.
- Reinvention is continuous.

Further analysis shows that APAC businesses lag in generative AI investments and adoption. APAC has the lowest generative AI spending growth compared to other regions (Figure 3). Moreover, less than half of APAC executives anticipate extensive adoption of generative AI across business units. Fewer still anticipate enterprise-wide adoption (Figure 4).

Figure 3: APAC businesses lag in generative AI investments.³

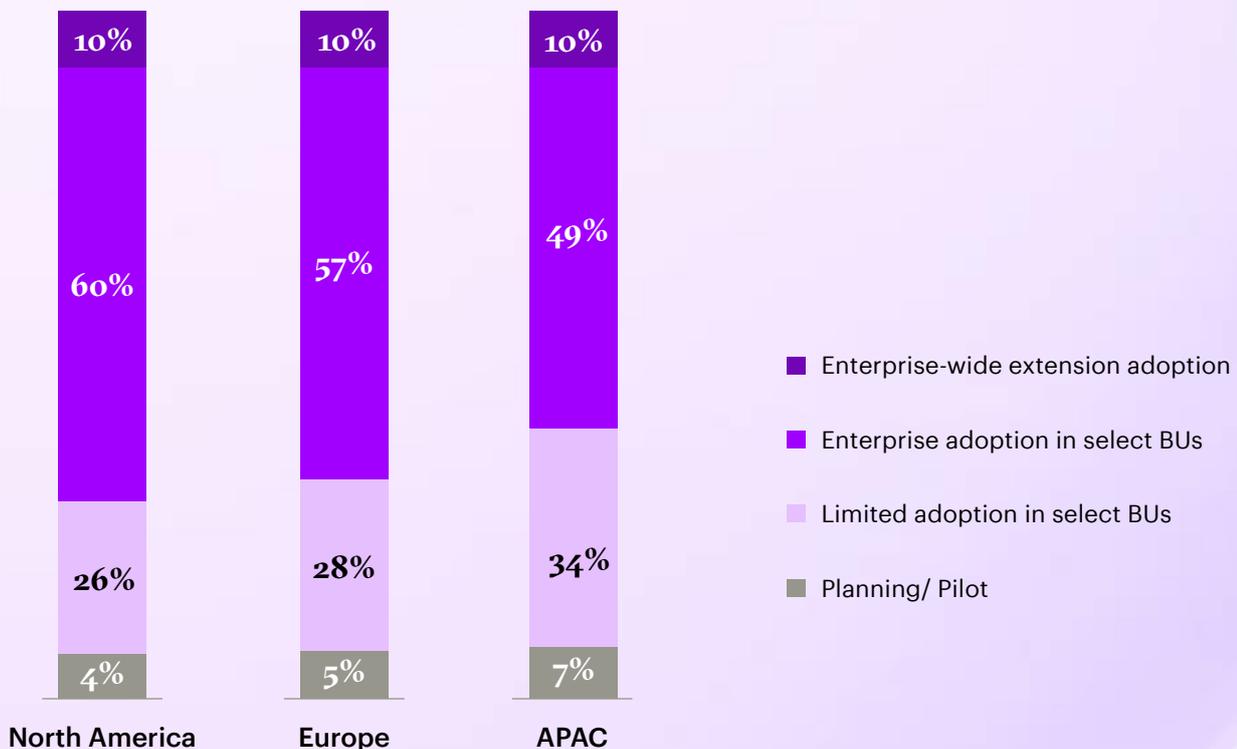


CAGR (2023-2027) of core IT spending for generative AI

Source: IDC

Figure 4: Fewer APAC executives anticipate extensive generative AI adoption.⁴

“What is your organization’s plan to implement generative AI tools into your operations in 2024?” % of respondents



Source: Accenture Pulse of Change survey, Wave 12 (March 2024), Global n = 2,700, APAC n = 600. APAC comprises Australia, China, India and Japan.

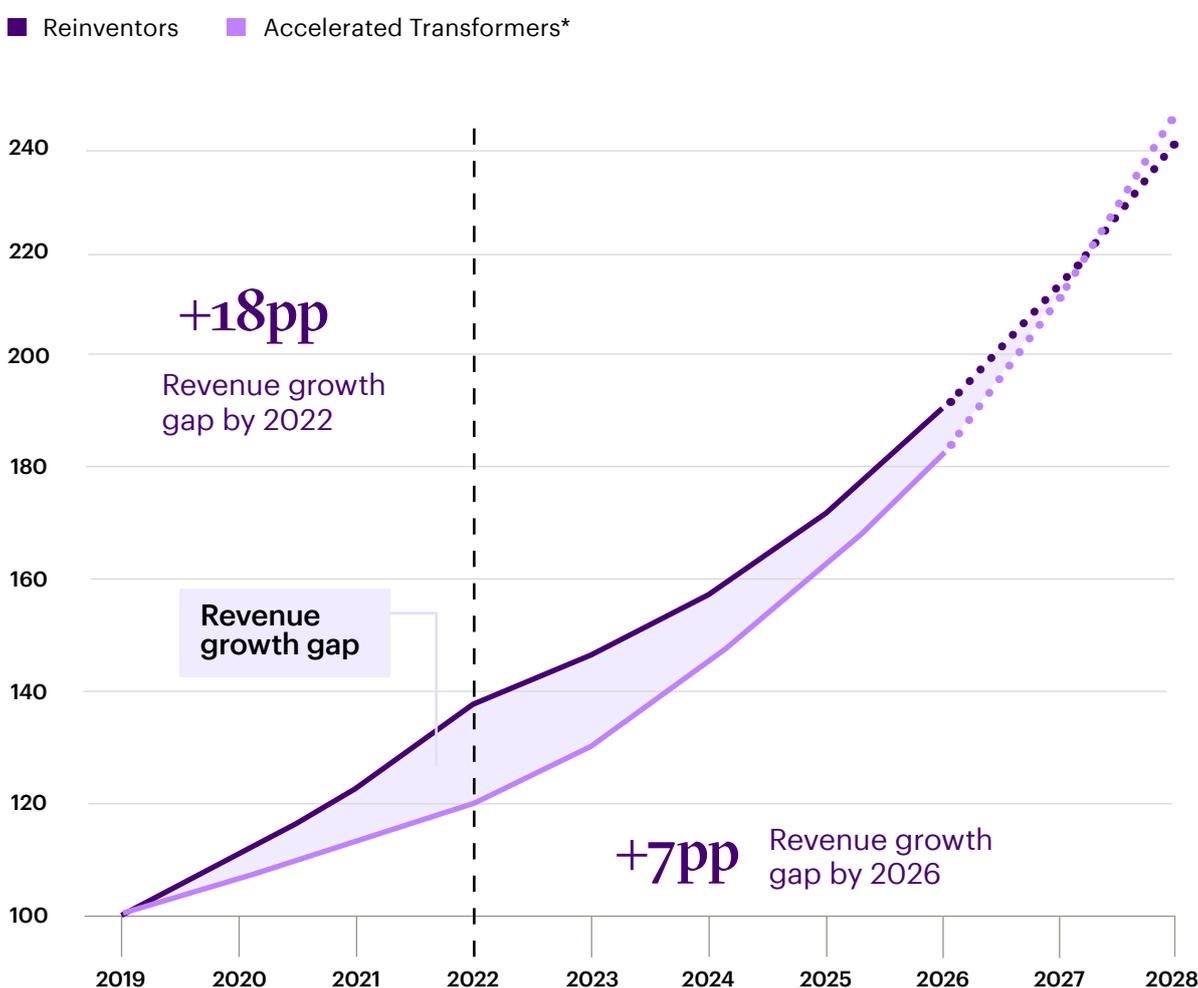
Generative AI presents an opportunity for APAC companies to catch up and even leapfrog today's Reinventors.

Generative AI can enable bigger and bolder reinvention. Our global analysis shows that companies using generative AI with **2X** the expected intensity are positioned to accelerate their reinvention and close the revenue growth gap with today's Reinventors (Figure 5). These firms plan to use generative AI to reinvent more of their functions and business areas across the enterprise, anticipating the technology to not only impact revenue growth but also boost employee productivity.

Figure 5: Generative AI is a catalyst for growth.¹

Financial value gap between Reinventors and companies that apply Gen AI at 2x the intensity

Revenue growth, indexed (2019 = 100)



Source: Accenture reinvention surveys

Note: *"Accelerated Transformers" are companies that are expecting to consistently outperform their industry peers on revenue growth between 2023 and 2026. They have been proven to apply generative AI with twice the expected intensity to fundamentally reinvent how they operate compared to today's Reinventors.

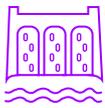
APAC firms are at a critical juncture where they must embrace bold, transformative steps with generative AI to significantly enhance their competitive edge.

Barriers to generative AI adoption in APAC



Absence of strategic vision, undermining generative AI's potential

IDC⁵ reports that in APAC, knowledge management is the foremost use case for generative AI, enabling efficient access and search across diverse information formats. Other key uses include marketing automation and creating search engine-optimized content. These applications are typically focused on specific business functions, offering immediate productivity gains through “no regrets” investments. For example, IT (64%) and marketing (56%) are by far the top business functions that APAC firms plan to use generative AI to reinvent operations in over the next three years—compared to other functions that receive less than half the responses.¹ However, the absence of a strategic, standardized evaluation of business value impedes the adoption of generative AI across the organization, thus preventing companies from fully realizing the benefits.



Tech debt and outdated data infrastructure

Technical debt and outdated data infrastructure are significant concerns for APAC businesses, impacting their ability to adopt new technologies and strategies. Nearly half of these businesses (47%) anticipate that existing technical debt will hinder their reinvention strategies.¹ Enterprise applications are the biggest culprits, accounting for 49% of this technical debt and dampening enthusiasm for new technology investments.⁶ Furthermore, two-thirds of APAC companies identified outdated infrastructure and inadequate data management practices as major obstacles.⁷ The result is that only 15% of APAC executives feel extremely confident in their firms' data strategies and digital core capabilities.⁴

These challenges extend to the adoption of generative AI, where over half of the executives believe substantial changes are needed in their IT infrastructure (64%) and data strategies (56%) to effectively utilize this technology.¹ To effectively harness advanced technologies, APAC businesses urgently need to tackle foundational issues and establish a reinvention-ready digital core.⁶



Lack of talent and leadership readiness for job and organizational change

Many APAC employees share the same concerns as their global counterparts about the potential effects of generative AI on their jobs. Over half (58%)¹ of them worry that AI adoption could lead to job losses, increased stress and burnout⁸ rather than an improved work experience. But APAC leaders have not comprehensively explored how to reinvent roles or manage the changes AI brings.⁹ APAC leaders also feel less equipped to address these challenges, with nearly half admitting that they are not fully prepared for the accelerating rate of technological change. Moreover, only 31% of APAC leaders have the skills and capabilities necessary to lead reinvention.¹



Risk and reputational concerns

Concerns around the risks of generative AI are significantly slowing widespread adoption in the APAC region. APAC executives are more concerned about adapting to technological advancements (61%) than their global counterparts (54%), especially when dealing with risks associated with generative AI.⁴ Specifically, there are concerns around ethical issues (54%), legal challenges (59%) and cybersecurity threats (65%).⁴



Five critical imperatives for generative AI-powered reinvention

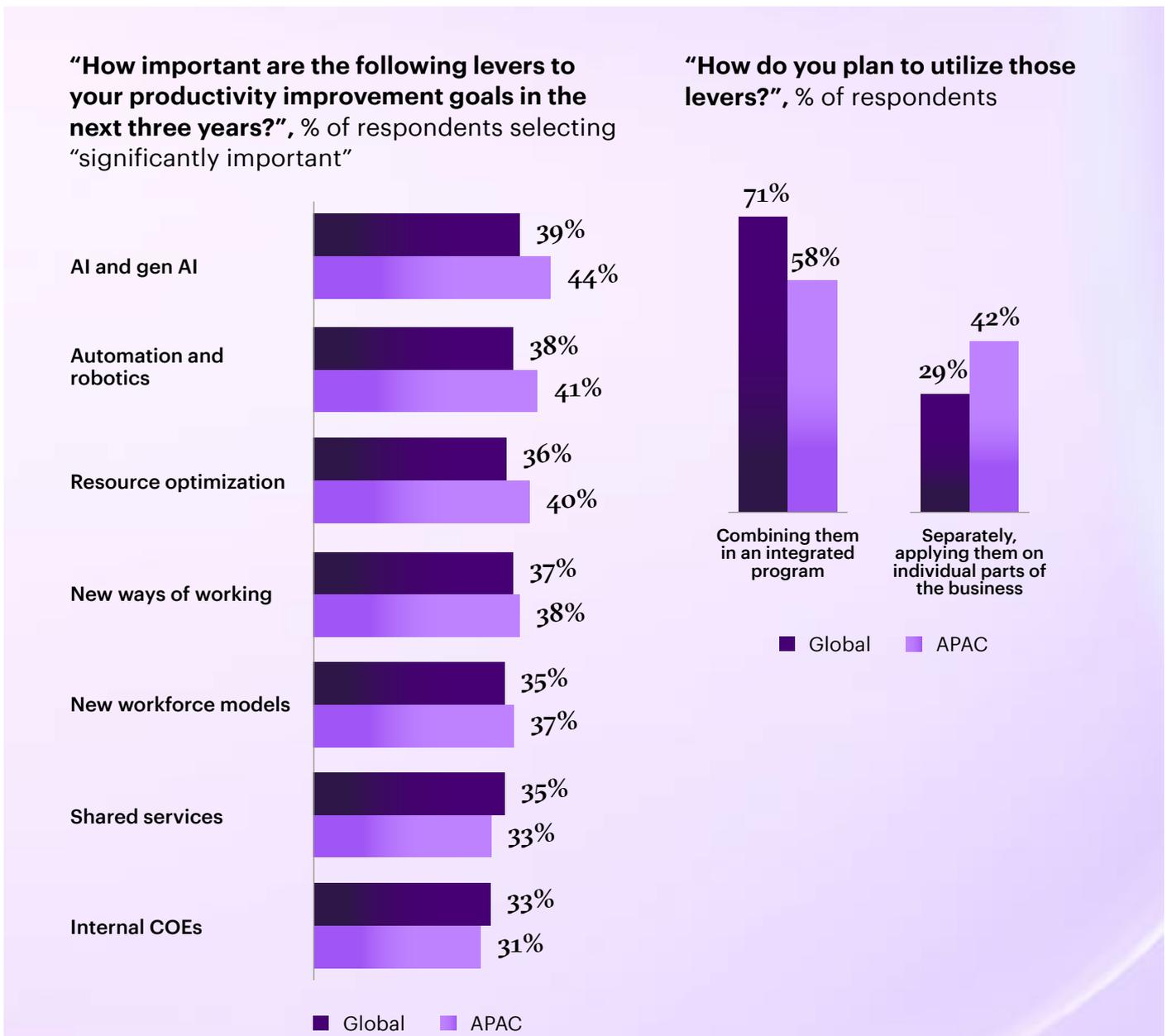
To overcome these barriers and accelerate their path to reinvention, leaders of APAC firms must consider the following strategic actions:

01 Lead with value

Reinvention requires making bold, strategic bets based on a comprehensive assessment of potential business value. It's essential to focus on AI initiatives that align with core business objectives. What's needed is a comprehensive reinvention program, with generative AI integrated into multiple value levers.

In the APAC region, companies place a greater emphasis on levers such as resource optimization, automation and robots than their global peers. More importantly, they understand that there is outsized value in integration—71% plan to combine these levers in an integrated and outcome-focused manner compared to 58% globally (Figure 6).

Figure 6: APAC executives are keen to combine multiple levers through an integrated and outcomes-based approach that cuts across functional and departmental siloes.¹



Source: Accenture reinvention survey, Wave 1 (Oct-Nov 2023), n = 1,500.

Organizations like National Australia Bank (NAB) exemplify a long-term, strategic approach to implementing generative AI. Under the leadership of the CEO and executive team, NAB's generative AI initiatives prioritize data, risk and ethics. NAB has taken a business-led approach, allowing individual business units to create use cases informed by deep customer insights, with support from a central team of technical experts. NAB is currently testing more than 20 use cases across multiple business areas—from personal to business and private banking—selected from a backlog of 200. The bank measures success by the productivity gains and customer service improvements achieved through process simplification and automation.

Key actions for leaders

- **Be bold.** Reinvent your value chains based on an objective assessment of the business case, enterprise readiness and expected return of investment (ROI).
- **Identify strategic bets.** Balance “no regrets” moves and strategic bets with a focus on innovation and growth.
- **Take a holistic view.** Combine multiple value levers, such as AI and resource optimization to better build end-to-end capabilities.

02 Develop an AI-enabled, secure digital core

All organizations need an industry-leading digital core to make the most out of AI-powered transformations. But what that looks like will vary from company to company: it needs to be tailored with the right mix of cloud practices for agility and innovation, differentiated data and next-generation experiences—with security by design at every level. Such a digital core can drive efficiency and effectiveness, respond to the business's new needs and quickly adopt and scale the latest technology innovations.

However, even as organizations look to enhance their digital core, they must balance existing technical debt with forward-looking investments. Our research shows that companies aiming to expand their generative AI capabilities should allocate approximately 15% of their IT budget to remediating technical debt as a “sweet spot” between current and future needs.⁶

A leading Southeast Asian national oil company exemplifies the advantages of having a reinvention-ready digital core. This company has huge volumes of data in different formats—and generates more daily. After taking a holistic look at the issues, it deployed generative AI and cognitive search to realize the true value of its data and drive new growth. Its new knowledge base incorporates more than 250,000 documents with structured and unstructured information, surfaces the desired information and converts it into a chosen format. The new, integrated setup makes information discoverable with minimal effort, automates the knowledge-gathering process for different roles across the organization and helps reduce accidents.

Key actions for leaders

- **Ensure the basics.** Understand where your digital core is today, focusing on the basic requirements for generative AI: moving to the cloud, building a modern data platform and embedding security practices early in the lifecycle.
- **Develop the new.** Build a unified data architecture that allows for the fluid exchange of data and new capabilities for unstructured and synthetic data.
- **Strategize technology partnerships.** Evaluate your existing technology and advisory ecosystem, and update your strategy to accelerate the reinvention cycle. Explore more co-creation opportunities with partners to increase pace.

03 Reinvent talent and ways of working

Productivity gains are just one benefit of generative AI; the real value comes from enabling the reinvention of work and enhancing uniquely human qualities like creativity. In fact, a people-centric approach, where generative AI is adopted responsibly and at scale, could unlock \$4.5 trillion in economic value across APAC by 2038.

APAC leaders recognize the value of a people-centric talent strategy in adopting generative AI, with half of these respondents currently offering opportunities for workers to upskill or reskill in areas that complement AI technologies.

To effectively prepare for the impact of generative AI, leaders must focus on addressing the fundamental human needs of their workforce, including wellness, purpose, belonging and marketability. By doing so, they can create a sense of security and readiness as employees brace for the inevitable impact of generative AI.

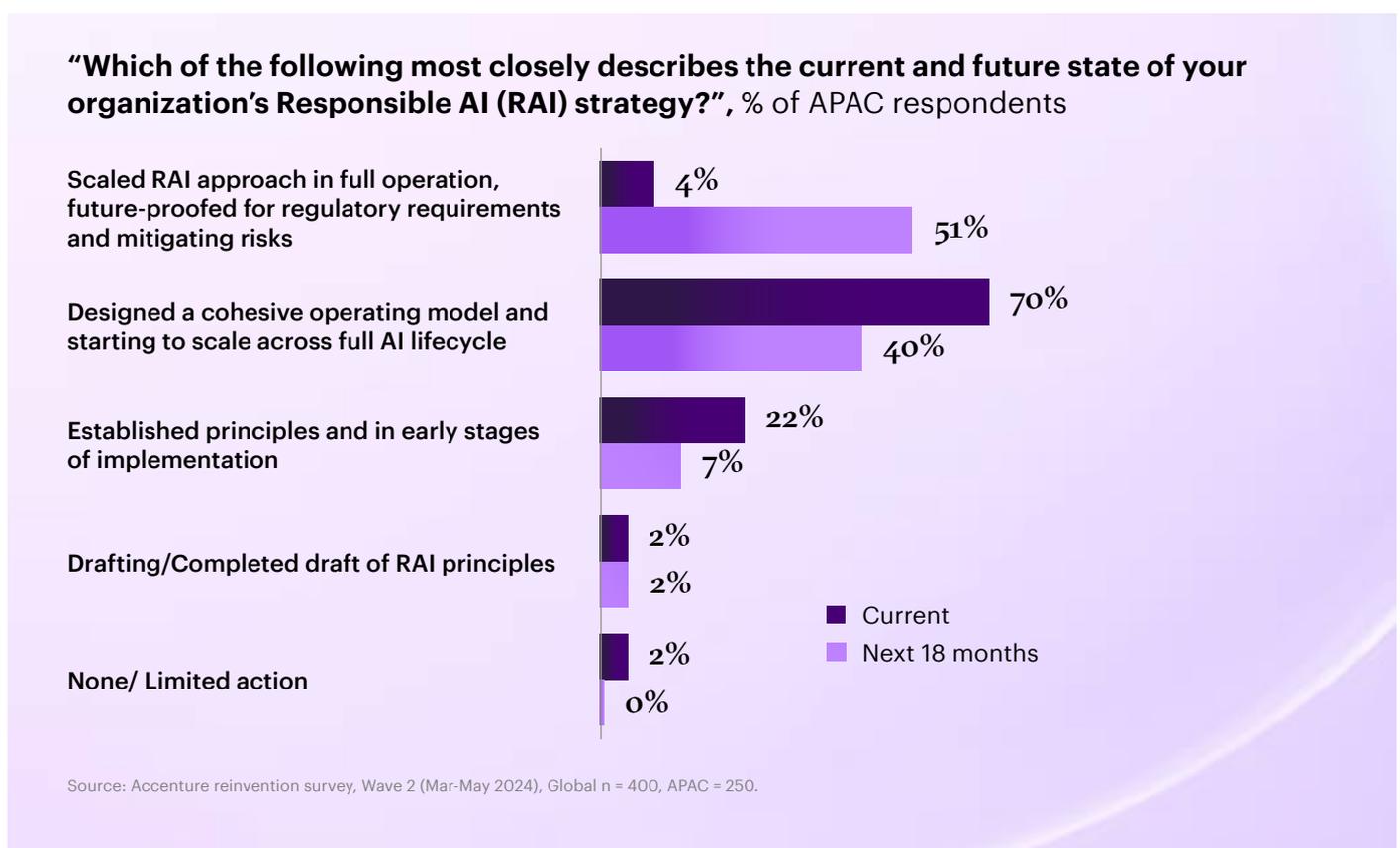
Key actions for leaders

- **Refresh talent strategy.** Identify how work changes and build strong, people-centric change competencies. Continually upskill employees on frontier technologies such as generative AI.
- **Reinvent HR capabilities.** Review HR capabilities and invest in the competencies and technology needed to support the reinvention vision. HR is a core part of the business strategy.
- **Elevate leadership skills.** Enhance the technological expertise and leadership skills of C-suite leaders to successfully manage change and drive reinvention.

04 Close the gap on responsible AI

Ninety-nine percent of APAC executives believe that responsible AI should be a key focus within the organization¹, and 70% are already working towards fully integrating responsible AI principles into their organization’s lifecycle within the next 18 months (Figure 7).

Figure 7: APAC executives are prioritizing responsible AI principles.¹



To successfully implement an enterprise-wide responsible AI strategy, companies should make responsible AI pervasive and systematic in the enterprise.¹⁰

Key actions for leaders

- **Establish AI governance and principles:** Ensure clear accountability and governance for the design, deployment and use of AI.
- **Assess AI risk:** Understand the risks associated with AI use cases, applications and systems through qualitative and quantitative assessments.
- **Systematically test responsible AI:** Perform continuous testing of AI systems to evaluate human impact, fairness, explainability, transparency, accuracy and safety. Using top responsible AI tools and technologies will help mitigate potential issues.
- **Conduct ongoing monitoring and compliance:** Continuously monitor AI systems while overseeing responsible AI initiatives and executing mitigation and compliance actions.
- **Manage impact on workforce, sustainability, privacy and security:** Ensure that the comprehensive responsible AI compliance program engages cross-functionally.

Recognizing both the potential and risk of AI in finance, the Monetary Authority of Singapore (MAS) was one of the first financial regulators in the world to launch a responsible AI program. In 2019, MAS established Veritas, an industry consortium, to help financial services institutions (FSIs) evaluate their AI and data analytics solutions against the principles of fairness, ethics, accountability and transparency (FEAT). Since then, Veritas has produced whitepapers detailing the FEAT methodology and an open-source toolkit to enable FSIs to systematically assess their AI initiatives, strengthening governance, facilitating innovation and ultimately building trust.

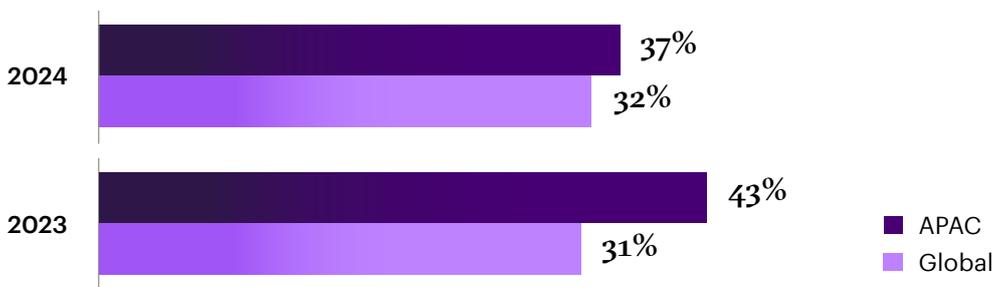
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05 Drive continuous reinvention

Leaders cannot approach reinvention as a one-off effort undertaken every few years. Instead, they must build the capability to continuously reinvent. APAC executives are more committed to establishing new levels of performance in their own industry relative to global peers (Figure 8).

Figure 8: Executives in the APAC region are dedicated to setting new performance standards in their respective industries.¹

“Commitment to establish new levels of performance in their own industry”, % of respondents



Source: Accenture reinvention survey, Wave 1 (Oct-Nov 2023), n = 1,500.

Continuous reinvention is essential for staying competitive, but it doesn't always require looking externally. One often overlooked source of innovation is the 'hidden gems' within a company. These internal assets—unique combinations of talent, processes and culture—have the potential to drive lasting, transformative change.

Finding hidden gems

Identifying single transformative factors is not enough; it's crucial to ensure that the right combination of factors is systematically replicable and aligned with both organizational and business needs. Here, technology can greatly augment a leader's judgement. Take for example how a generative AI-powered performance dashboard can serve as a "Hidden Gems Finder" to identify outperforming assets that might appear counterintuitive to past experience.

Key actions for leaders

- **Change is continuous.** Make the ability to change a core competency and part of company culture.
- **Uncover your "hidden gems".** CEOs must be thoughtful in identifying the hidden gems within the company, creating the right platform for others to learn and scale.

Charting the path to reinvention

Combining technological advancements with human-centric strategies can help APAC firms thrive in the age of generative AI. By overcoming existing barriers and capitalizing on unique regional strengths—such as a strong focus on RAI principles and a higher commitment to establish new levels of performance relative to global peers—APAC companies can outpace their global competitors in the race for reinvention.

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