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Business transformation in APAC: 4 pillars of success

INSIDE

- The state of business transformation in the Asia-Pacific (APAC) region
- How to drive and sustain success from business transformation
- The challenges and obstacles of business transformation
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Introduction

Business transformation in the Asia-Pacific (APAC) region is entering a new phase. While the ambitions of greater efficiency, agility, and growth are pervasive, the pathways are anything but uniform. The diversity of maturity levels, economic structures, and cultural approaches means there is no single "APAC story." Instead, there are many.

APAC is a region defined by diversity. From Japan's disciplined focus on customer experience and operational excellence (OPEX) to India's cost-sensitive, scale-driven mindset, APAC's transformation journey reflects its vast multiplicity. Automation in Japan, for instance, often aims to improve service quality and consistency rather than drive immediate headcount reductions, unlike in some other markets where cost optimization remains the primary motivator.

Despite these differences, the goals of business transformation remain universal. From more reliable and agile supply chains, improved working capital and compliance, to faster cycle times and reduced manual rework, almost all organizations maintain a relentless focus on value generation through technology. In essence: similar hopes, similar worries, and the same business problems, just approached from different starting points.

For example, one theme dominates across the region: value creation through artificial intelligence (AI). Every organization, from manufacturing giants in Korea to startups in Southeast Asia, is exploring how AI can unlock speed, insight, and innovation. Yet progress differs. Some economies are wrestling with foundational challenges like data alignment and system consolidation, while others are already experimenting with enterprise-grade AI integration.

This report explores the current state of digital transformation across APAC, how organizational maturity and readiness vary across countries, common causes of failing transformation initiatives, and the four key pillars of business transformation success: data, processes, applications, and people.

Michael Hill
Editor of *PEX Network*

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The state of business transformation in APAC

Business transformation today is no longer a choice, it's the oxygen organizations breathe to stay alive, says Sudesha Banerjee, an APAC-based transformation and operational excellence (OPEX) leader at OakNorth Bank and *PEX Network* Advisory Board member.

"The pace of change across markets, customer expectations, and technology has collapsed the luxury of 'strategic cycles.' In the APAC region, this is even more pronounced – we're operating in a volatile mix of emerging and mature economies, hyper-digital consumers, and increasingly demanding regulators. I've often said transformation is not a project or a program, it's a muscle. You build it through alignment, data, and disciplined execution."

Organizations that have learned to sense, adapt, and realign quickly are the ones creating real enterprise value, Banerjee adds. "Those that are still running change through PowerPoints rather than portfolios are simply rearranging the furniture while the building burns."

In the *PEX Report 2025/26*, *PEX Network*'s flagship research based on a recent global survey, more than half of APAC respondents (58 percent) stated that business transformation is a mission-critical strategy to help the organization to drive growth, manage turnaround and deliver strategic objectives. This is ahead of a way to automate processes (42 percent) and a way to improve productivity and efficiency (25 percent).

Less than half of APAC businesses (42 percent) are deploying business transformation at one or more business units, followed by a third (33 percent) that are doing on an enterprise-wide scale (compared to 56 percent globally). A quarter (25 percent) have trained process improvement resources but no formal transformation program.

A third of APAC respondents define business transformation as improving processes/process efficiency (33 percent), followed by AI-driven innovation (20 percent), growth and revenue (20 percent) and digital transformation (13 percent). Smaller numbers define it as adopting new technology (7 percent) and organizational redesign (7 percent).

Executive committees are the leading sponsors of business transformation in APAC firms, cited by 42 percent of respondents (versus 24 percent globally). This is followed by chief executive officers (CEOs) (17 percent), chief transformation officers (9 percent) and chief information officers (CIOs) (9 percent). CEOs are the leading transformation budget holders (33 percent).

Customer acquisition and retention is the leading measure of success for business transformation (33 percent) ahead of business top-line growth (17 percent), cost savings (17 percent) and increased throughput/efficiency (17 percent).

"What I observe is that the state of business transformation in APAC is vibrant, with CEOs accelerating their efforts to improve business performance," says Debashis Sarkar, managing partner at Proliferator Advisory & Consulting and *PEX Network* Advisory Board member.

"The region has entered its most confident and investment-intensive phase yet, with India now firmly taking the lead alongside China, Japan, and Singapore," he adds. "Companies seem to have recognized the power of digital adoption as an essential prerequisite for business success and long-term survival."

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The state of business transformation in APAC

Business transformation objectives

The objectives driving business transformation are remarkably consistent across geographies:

- Improve supply-chain resilience and agility (especially after pandemic disruptions).

- Reduce net working capital and improve cash-flow velocity.

- Enhance compliance, governance, and risk management.

- Shorten cycle times, reduce manual rework, and eliminate waste.

> "I've often said transformation is not a project or a program, it's a muscle. You build it through alignment, data, and disciplined execution."
>
> **Sudesha Banerjee, OakNorth Bank**

- Automate processes and move toward AI-driven, intelligent operations.

- Improve customer experience (CX) and business growth (especially in mature markets).

Maturity across APAC markets: Same toolbox, different baselines

Organizational maturity across APAC varies just as much as its cultures, according to Gia-Thi Nguyen, VP, SAP business transformation management, field excellence, APAC. For example:

- **Australia, New Zealand, Singapore, and Japan** boast high operational discipline, strong governance frameworks, and established centers of excellence. Typical hurdles include slower pace of disruptive change and legacy systems.

- **Korea and Taiwan** exemplify engineering rigor and targeted excellence with focused, high-quality initiatives that deliver results. Common issues are fewer large-scale, cross-domain transformations.

- **Southeast Asia and India** are characterized by ambition and speed. These markets are leapfrogging into cloud, AI, and mobile-led solutions, though foundational gaps in areas like data literacy, skills gaps, and process alignment remain.

- **China** continues to impress with scale and speed, though its trajectory remains shaped by policy and context. Policy/regulatory complexity and global comparability are common hurdles.

"In short, every organization has access to the same digital toolbox, but each starts from a different baseline. The principle is simple: start where you stand," says Nguyen. "Contrary to common assumptions, transformation success is not determined solely by geographic maturity. A manufacturing company in Indonesia may be more advanced in AI-led automation than a financial institution in Australia. What truly matters is industry dynamics, business context, and leadership commitment."

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Why business transformation fails

Despite enthusiasm and investment, many transformation initiatives fall short. In an IDC survey (2023), 88 percent of APAC respondents said that 50 percent or less of transformation projects met expected goals. Meanwhile, 66 percent of those polled felt their organizations' investments in transformation were wasted.

The leading causes of business transformation failure are remarkably consistent, Nguyen says. They often span:

✔️ **Undefined starting points:** Without a clear baseline or meaningful KPIs, success is impossible to measure.

✔️ **Jargon over clarity:** Organizations sometimes focus on using the "right words" without ensuring overall priorities, ensuing decisions, and related actions are unambiguous and clearly understood by all.

✔️ **Ignoring resistance:** What looks like stubbornness is often institutional memory – an organization's way of protecting itself from poorly thought-out change.

✔️ **Over-focusing on technology:** Transformation fails when ownership, change management, and human factors are sidelined.

Having led many transformations across diverse organizations, OakNorth Bank transformation and operational excellence leader Sudesha Banerjee sees several recurring failure patterns in APAC businesses: "First, strategy-execution disconnect – brilliant boardroom ideas that never translate into measurable business value. Most organizations underestimate the operating model shift needed to make transformation real."

Second is cultural inertia, where hierarchy, fear of failure, and the illusion of harmony often mask the lack of honest debate or experimentation, Banerjee says. "Transformation is messy; it needs psychological safety, not consensus."

Third is fragmented accountability, where digital, process excellence, risk, and people transformations often run as parallel streams. "Without a single, enterprise-level narrative of value, leaders celebrate isolated wins while systemic issues persist."

Lastly is capability asymmetry, Banerjee says. "APAC has incredible technical talent, but not always the correct balance of transformation literacy – understanding how to connect data, process, and behavioral change to deliver sustained outcomes."

Other contributing factors include selecting the wrong implementation partners, uncontrolled scope expansion, poor data quality, and leadership changes at the top, adds Sarkar.

Why business transformation fails

Nao Anthony, senior manager of OPEX at Commonwealth Bank and *PEX Network* Advisory Board member, shares five must-haves for embarking on or recalibrating transformation journeys.

1 Know your customer and competitive landscape
The deeper your understanding, the greater the impact you can create. Real transformation starts with clarity of who you serve and what value they need most.

2 Transformation should be led by transformation experts, not just SMEs
Separate subject-matter knowledge from transformation capability. Test-and-learn, on its own, rarely works in complex business change. Methodology and structured thinking that moves from ambiguity to clarity is what real thought-leadership looks like.

3 People leadership remains the constant
No matter the technology or strategy, transformation succeeds or fails based on leadership maturity. Value-driven leadership is essential.

4 Technology itself is not the future
The future is in how technology is applied to solve real customer and business problems. Features do not create value; purposeful application does.

5 Test-and-learn is not an excuse for lack of structure
Agile does not mean abandoning discipline. Even in experimental phases, purpose, due diligence, and clarity matter. SMEs play a critical role here, and leaders must listen, calibrate, and adapt with intention.

Key business transformation challenges

The *PEX Report 2025/26* found that adopting and deploying new technologies, ensuring a customer-centric focus throughout the business, and a lack of alignment between business and IT departments are the leading business transformation challenges, each cited by 45 percent of APAC respondents. This is followed by sustaining change (36 percent) and change management (27 percent).

Lower down the list are leadership buy-in, overcoming resistance and access to required skills and talent, all around 18 percent. APAC respondents say more skills in digital transformation (73 percent), AI (64 percent), OPEX/process excellence (45 percent) and leadership (45 percent) would help their businesses stay competitive.

With regards to AI, despite confidence in AI adoption, more than half of those polled (55 percent) say that AI initiatives are only somewhat aligned with overall strategic goals, dropping to 27 percent for fully aligned. High cost of implementation (64 percent), data quality and availability (64 percent) and lack of internal expertise (55 percent) are the greatest barriers to AI adoption.

Better data infrastructure (55 percent), strategic guidance (45 percent) and training programs for employees (36 percent) would enable businesses to more effectively implement AI, according to the survey.

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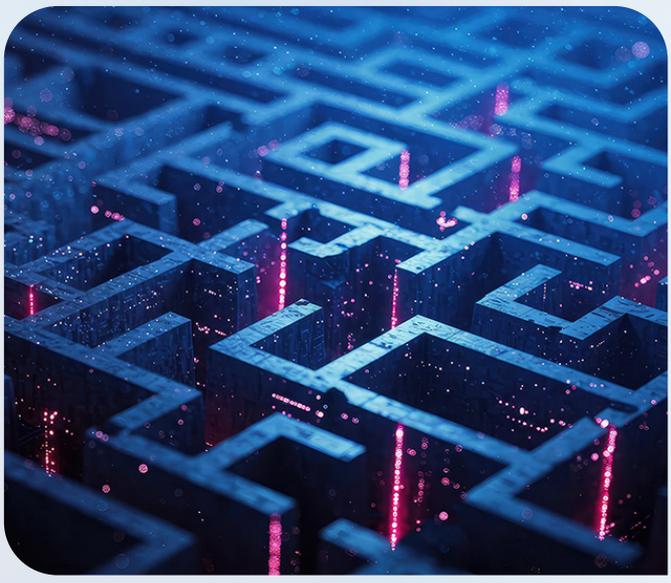
The 4 pillars of successful transformation

Every sustainable transformation stands on four interdependent pillars. These are **data, applications, processes, and people.**

Data: The backbone of AI-driven value creation, but if data is unstructured, siloed, or semantically ambiguous, it undermines trust and limits insight. Reliable, relevant, and responsible data is essential.

Applications: They generate data, but when scattered or misaligned with business needs, they dilute efficiency. Harmonization, modernization, and configuration to actual workflows are key.

Processes: The connective tissue between people and systems. Transformation requires visibility, simplicity, and conformance so that processes reflect reality, not bureaucracy.

People: The ultimate differentiator. Technology adoption fails if people don't have the processes or trust the systems. Without engaged users, data degrades, and AI becomes meaningless.
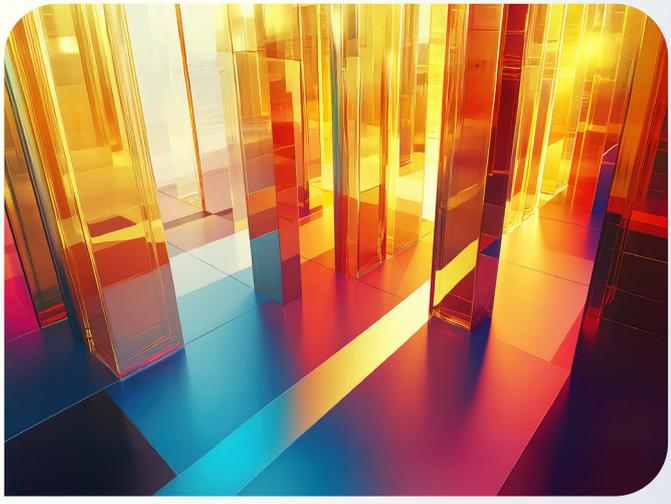
The four key dimensions of successful transformation (data, people, processes, and applications) must align for a change initiative to succeed, says Nguyen.

Anthony agrees. Below, he shares his own experiences of how these four pillars support transformation value.

Data

"Understanding data from both an architectural and customer perspective is critical. How data is captured, accessed, and reported will determine how effectively technology can be applied."

Reliable, accessible, and readable data remains one of the most important enablers of transformation, especially in AI-enabled digital change.

People

"People play a central role in transformation, from SMEs to engineers to those championing new ways of working. The biggest dependency I have seen is leadership maturity in understanding both the problem and the role of technology." Often, 'you don't know what you don't know' becomes very real for leaders who have not previously led transformation programs. "This awareness gap can directly impact outcomes."

Process

All transformation is executed on processes. If the process is weak, the transformation will likely make that weakness more visible and potentially worse, simply because technology accelerates outcomes. "Clearly defining the customer journey, internal workflows, functional responsibilities, and regulatory steps in one integrated view helps highlight improvement opportunities, dependencies, and constraints upfront."
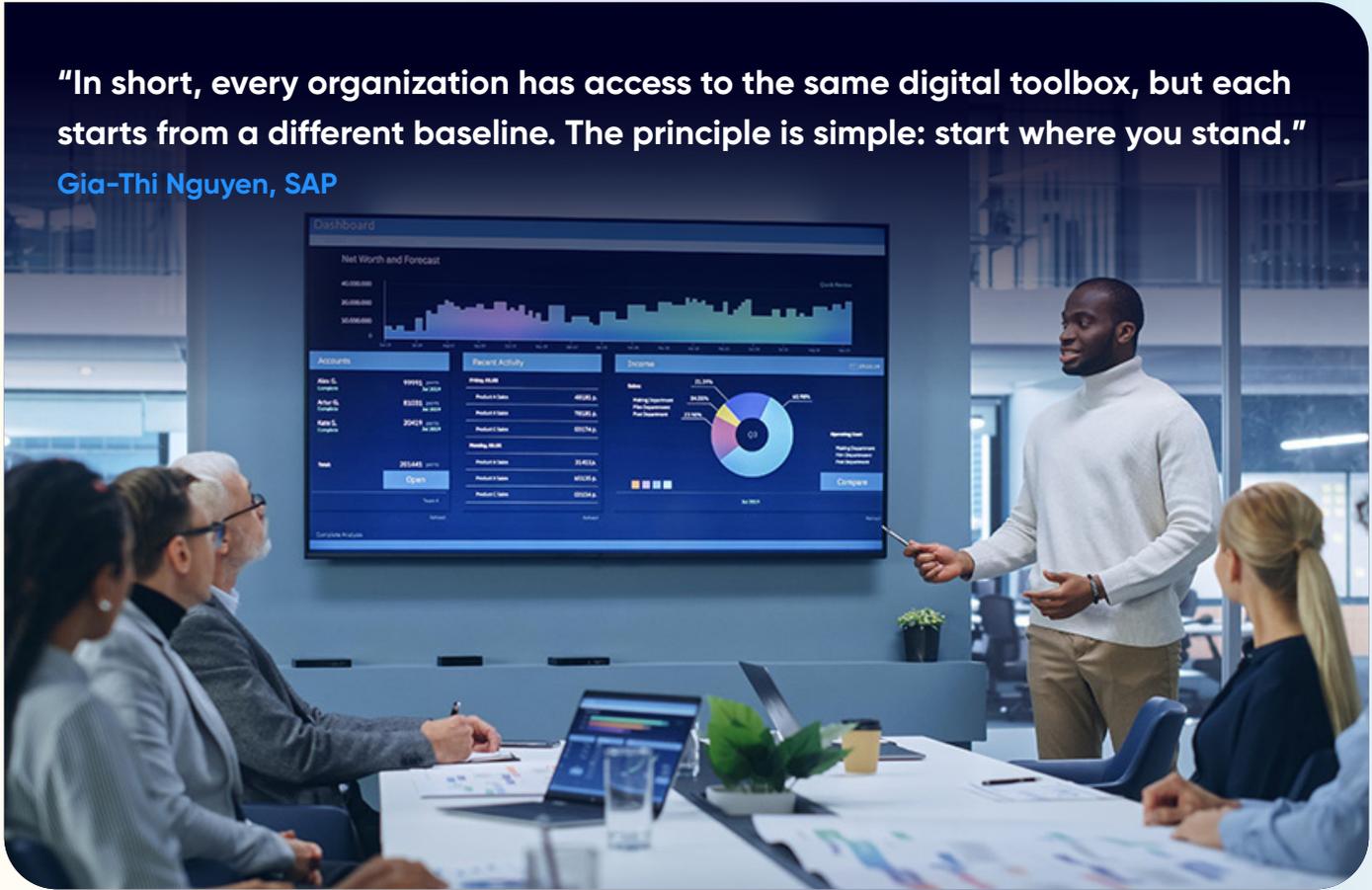
Applications

"I am seeing increasing interest in enterprise architecture discussions at senior levels, which is positive when approached with a learning mindset," says Anthony.

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The 4 pillars of successful transformation

"In short, every organization has access to the same digital toolbox, but each starts from a different baseline. The principle is simple: start where you stand."

Gia-Thi Nguyen, SAP

"However, challenges arise when there is confusion between current-state reality and future-state aspiration."

Application architecture is already complex, and layering a 'blue-sky' future view on top can create misalignment. "The role of program leadership is to translate this complexity into clear and pragmatic insights: what is possible now, what is plausible with progression, and what is genuinely limited under current conditions."

Creating continuous value: The AI flywheel

While some might look for a linear path, transformation is more cyclical than sequential, says Gia-Thi Nguyen. For example, for AI to generate value, the chain must flow as:

People → Process → Applications → Data

AI

"Each element strengthens the next, creating a 'flywheel effect.' AI underpins and surrounds every element, while the context – industry, business model, market, etc. – dictates where to focus first. Success requires maintaining momentum across all four dimensions simultaneously," Nguyen adds.

If there's one message for business leaders, it's this: transformation is not a project, it's a capability. "Whether your journey begins top-down or bottom-up matters less than starting at all," says Nguyen. "Adjust where needed, double down where it works, and stay optimistic about new technology. Remember: every valuable outcome remains human-centered."

When digital, process, and leadership come together, transformation moves from compliance to culture, says Banerjee. "Also, sustainability comes when transformation shifts from being done by a few to being owned by many. Every employee should see how their daily work connects to the enterprise's transformation story."

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Business transformation in action

Supporting a successful IT transformation with proactive process mining and mapping

When a leading liquor manufacturer based in India had begun to outgrow its legacy IT software, it looked to migrate to one unified, global ERP system. However, large-scale digital migrations can be complicated and require careful preparation: ensuring business processes are aligned ahead of time is key to project success. Luckily, the company had the right transformation partner and the process mapping and mining technology it needed to get things right the first time.

The organization was able to analyze existing business processes to identify gaps, inefficiencies, bottlenecks, and areas for improvement using pre-transition process mining and mapping through SAP Signavio Process Manager, SAP Signavio Process Intelligence and SAP Signavio Process Collaboration Hub.

Real-time insights into operational flows helped pinpoint specific processes that required optimization before the transition, and by identifying these issues early in its transformation journey, the firm achieved a smoother transition to its new SAP system. Not only did this increase

efficiency, it also reduced risk, lowered operational costs, and helped achieve faster time to value for its investment in SAP S/4HANA.

"SAP Signavio solutions helped lay the groundwork for our transition to SAP S/4HANA. The deep-dive process mining and mapping tools helped us see what was working, where there were gaps, and what needed improvement," commented a company spokesperson.

Key highlights:

☑ Comprehensive analysis of existing business processes, helping identify bottlenecks, inefficiencies, and optimization opportunities to minimize downtime and disruption and support business continuity.

☑ Real-time, actionable insights into operational flows that help pinpoint specific process optimization requirements before the transition.

☑ Ability to prioritize and address issues before the migration, helping avoid delays, reduce costs, speed time to value, and enable a smoother transition to SAP S/4HANA.

☑ Preparing for a successful migration to SAP S/4HANA by mapping and optimizing business processes with SAP Signavio solutions.

Transforming business to better support students and teachers

A government department in Australia sought to modernize its IT landscape in order to centralize previously disparate sources of information, provide an accurate depiction of the organization's IT estate, create technology transition blueprints and model processes, and provide clear advice to business stakeholders for IT investments.

To do this, the department embarked on a journey to refresh its digital strategy, to create a streamlined IT footprint to support smooth operations now, as well as accommodate the department's rapidly changing needs in the medium- and long-term.

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Business transformation in action

Before: Challenges and opportunities:

✓ Inability to define the baseline IT architecture of the department due to disparate and disconnected repositories of information relating to business processes, IT assets, applications, data, and more.

✓ Incorrect or incomplete information about systems, integrations, data, interfaces, system lifecycles, and duplicate platforms, resulting in suboptimal IT spending and inefficient use of public funding.

Why SAP?

✓ SAP LeanIX solutions to improve enterprise architecture maturity with built-in integrations, reporting, and other capabilities.

✓ SAP Signavio Process Manager and SAP Signavio Process Governance solutions, providing a holistic view of business processes and unifying previously separated sources of information into one system.

✓ Process mining and analysis capabilities of the SAP Signavio Process Intelligence solution.

✓ Expertise to clarify challenges and offer solutions in alignment with the department's existing digital strategy.

After: Value-driven results:

✓ Consolidated information on the entire IT landscape and the complete impact of proposed changes.

✓ Lower IT spending, thanks to quick identification of duplicate functions and misaligned processes, as well as the ability to effectively manage IT service lifecycles and align projects and assets.

✓ Ability to demonstrate the benefits of process improvements and automation, making it possible to build solid business cases for change and ultimately support better decision-making.

"Using the capabilities offered by SAP LeanIX, and coupling them with the integration of SAP Signavio solutions, we've been able to clearly articulate business strategy with process optimization – something that was not possible previously in our organization," said a department spokesperson.

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The future of business transformation in APAC

The APAC region presents both tremendous opportunity and significant complexity for business transformation. "Technological access (cloud, AI, automation) is becoming commoditized across APAC. What will separate winners from laggards is speed of adoption, alignment to business value, and execution discipline, not simply technology ownership," says Nguyen.

Transformation will no longer be a one-off project. Instead, organizations will build transformation capability: the ability to self-improve, sustain, experiment, measure and scale. They will need to integrate the four pillars of business transformation to drive iterative value creation and shift toward "transformation as a capability" rather than a series of programs.

"By 2030, APAC will probably become the first region to redefine the boundaries of human work, as automation and intelligent systems take over much of what once occupied the back office and factory floor," says Sarkar.

A few key shifts are already visible, and they will define what's next, according to Banerjee:

✔ **AI meets process excellence:** The next wave is not about choosing between AI and Lean, it's about how AI can amplify the principles of simplification and value flow. "AI interns, as we've begun using, are great examples of how process thinking and digital curiosity can coexist."

✔ **Outcome-based transformation governance:** There will be less emphasis on project milestones and more on measurable, time-bound business value delivery, driven by predictive analytics and real-time data.

✔ **Human-led digital adoption:** "Technology fatigue is real. The winners will be those who invest in empathy – using behavioral insights, coaching, and design thinking to make adoption natural."

✔ **GCCs as transformation laboratories:** APAC GCCs are evolving from cost-efficient back offices to enterprise transformation accelerators, testing automation, AI, and operating models before global rollout.

✔ **Sustainability and ethics as core design principles:** Environmental, social, and governance (ESG) issues and responsible AI will move from being parallel narratives to being embedded in transformation design – the new "license to operate."

Other trends to watch include:

✔ Leap-frog growth in India and Southeast Asia.

✔ Manufacturing and smart operations.

✔ AI and data-driven operations.

✔ Supply-chain resilience and localization.

> **"What I observe is that the state of business transformation in APAC is vibrant, with CEOs accelerating their efforts to improve business performance."**
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> **Debashis Sarkar, Proliferator Advisory & Consulting**

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Conclusion

Diverse markets in APAC now have access to the same global technologies. The differentiator will not be availability, but adoption speed – how quickly organizations can translate digital capability into measurable business value.

Expect surprises from fast-evolving sectors and ambitious economies in Southeast Asia and India, where the combination of youth, scale, and cloud-first strategies could leapfrog traditional models.

"Transformation, to me, has always been the art of making organizations fit for the future while staying faithful to their purpose," says Banerjee.

"APAC has all the ingredients – scale, speed, and skill – but its true differentiator will be the maturity with which it connects data, people, and purpose into one coherent story of change."

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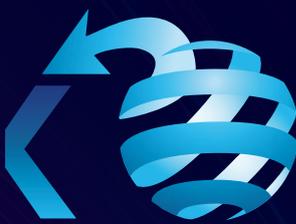Commonwealth Bank
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Sudesha Banerjee, OakNorth Bank

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