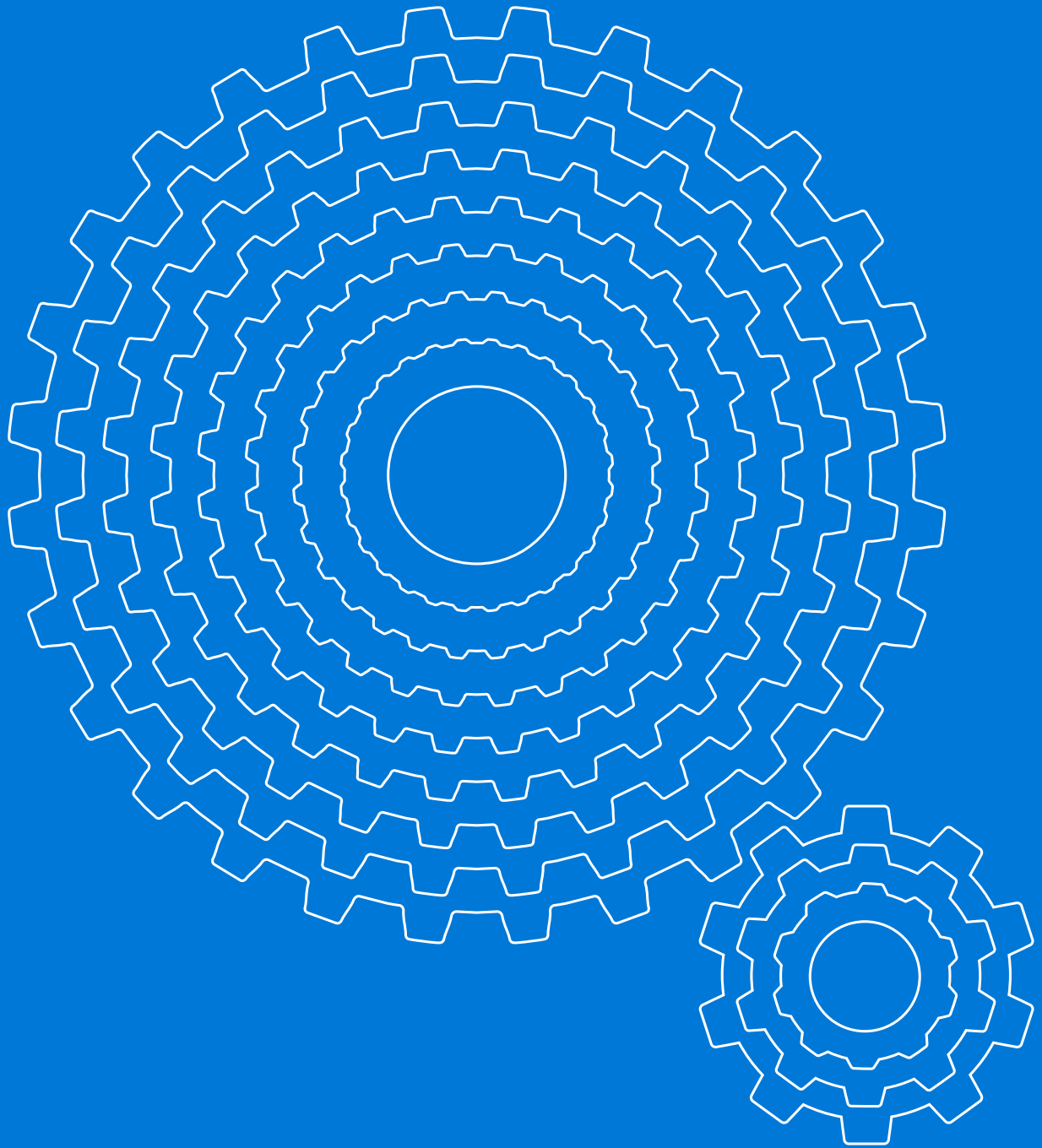


Winning in the fourth industrial revolution

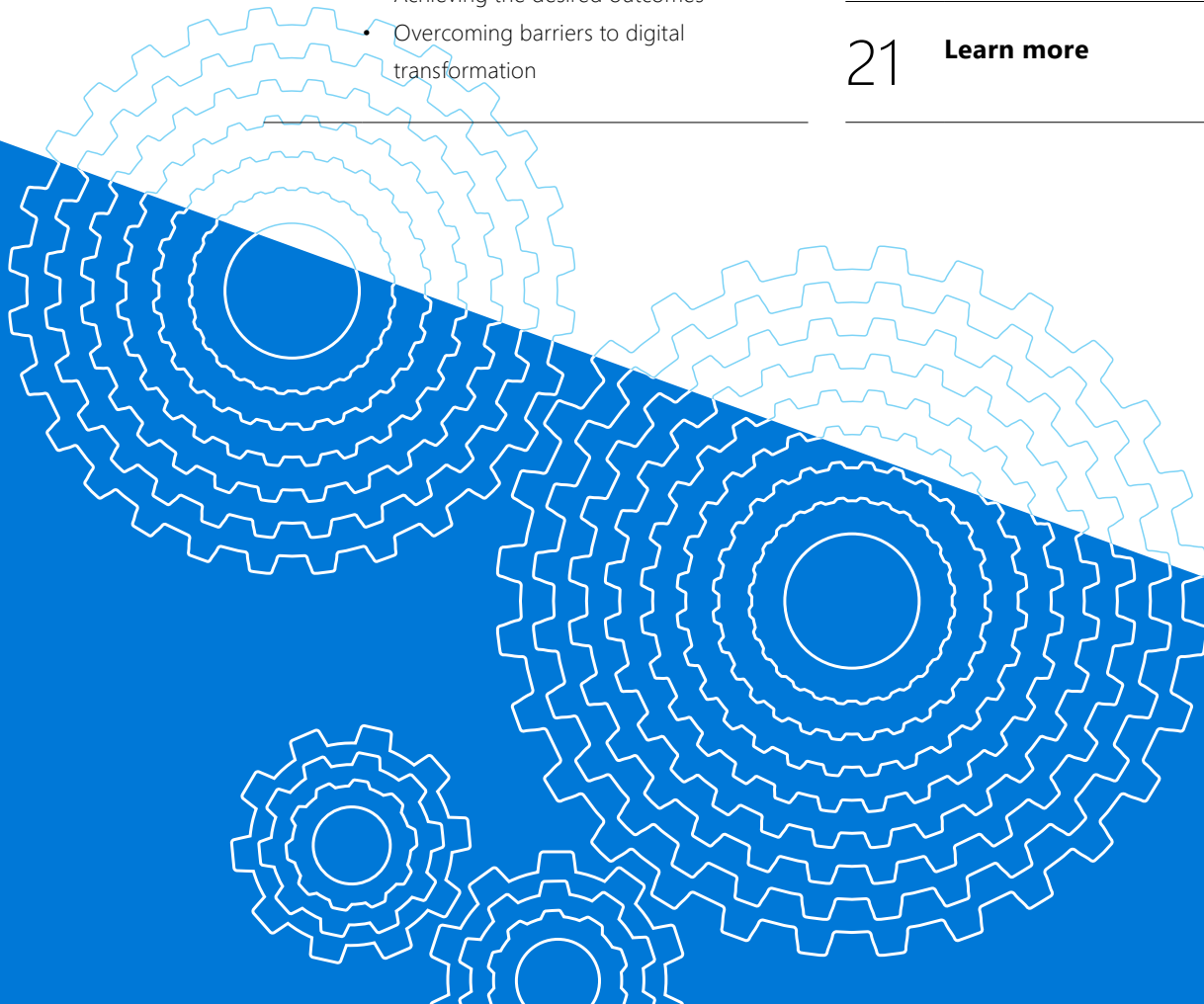
How the financial sector must transform digitally to lead the race for relevance



The world is in the midst of massive technological change. Microsoft Asia's Digital Transformation Study reveals that financial organizations must accelerate digital transformation to thrive in this new era.

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Foreword

At a crossroads: How the financial services industry can accelerate digital transformation to thrive in the fourth industrial revolution



Connie Leung
Senior Financial Services Industry Director
Microsoft Asia

ACCORDING TO KLAUS SCHWAB, founder and executive chairman of the World Economic Forum, we stand on the brink of the Fourth Industrial Revolution. A relentless advance of technological breakthroughs that bring the physical, biological, and digital worlds closer than ever, this transformation is unprecedented in its velocity, scope, and systemic impact. It is disrupting almost every industry in every country and pushing people, businesses, and governments to rethink systems of production, management, and governance.

The financial services industry (FSI) is not immune. New entrants such as FinTech companies are disrupting conventional banking methodologies and introducing innovative products that cater to mobile, social, and connected customers who demand state-of-the-art digital services. From mobile banking apps to cardless payment services, nimble technology providers are leveraging their customer base, data, and technical expertise to serve customers with greater convenience across digital platforms – effectively cannibalizing the FSI's traditional areas of expertise and putting it at a critical crossroads.

Digital transformation within the financial services sector is still in its infancy, but there

are clear signs that the process will accelerate in the next five to 10 years. To find out more, Microsoft surveyed the experiences of business leaders across the Asia-Pacific region. The resulting report, the **Microsoft Asia Digital Transformation Study**, features interviews with almost 1,500 decision-makers in 13 markets across the Asia Pacific region, including respondents who shape the digital strategies of financial organizations with more than 250 employees.

The results show that business leaders here see the Fourth Industrial Revolution as an unprecedented opportunity to leverage the radically new ways we interact with machines and with each other. Innovations such as the Internet of Things (IoT), artificial intelligence, advanced data analytics, wearable technology, and augmented reality can help FSI organizations better engage customers through customer-centric products, services, and business models, especially when designed with analytics-based, data-driven insights.

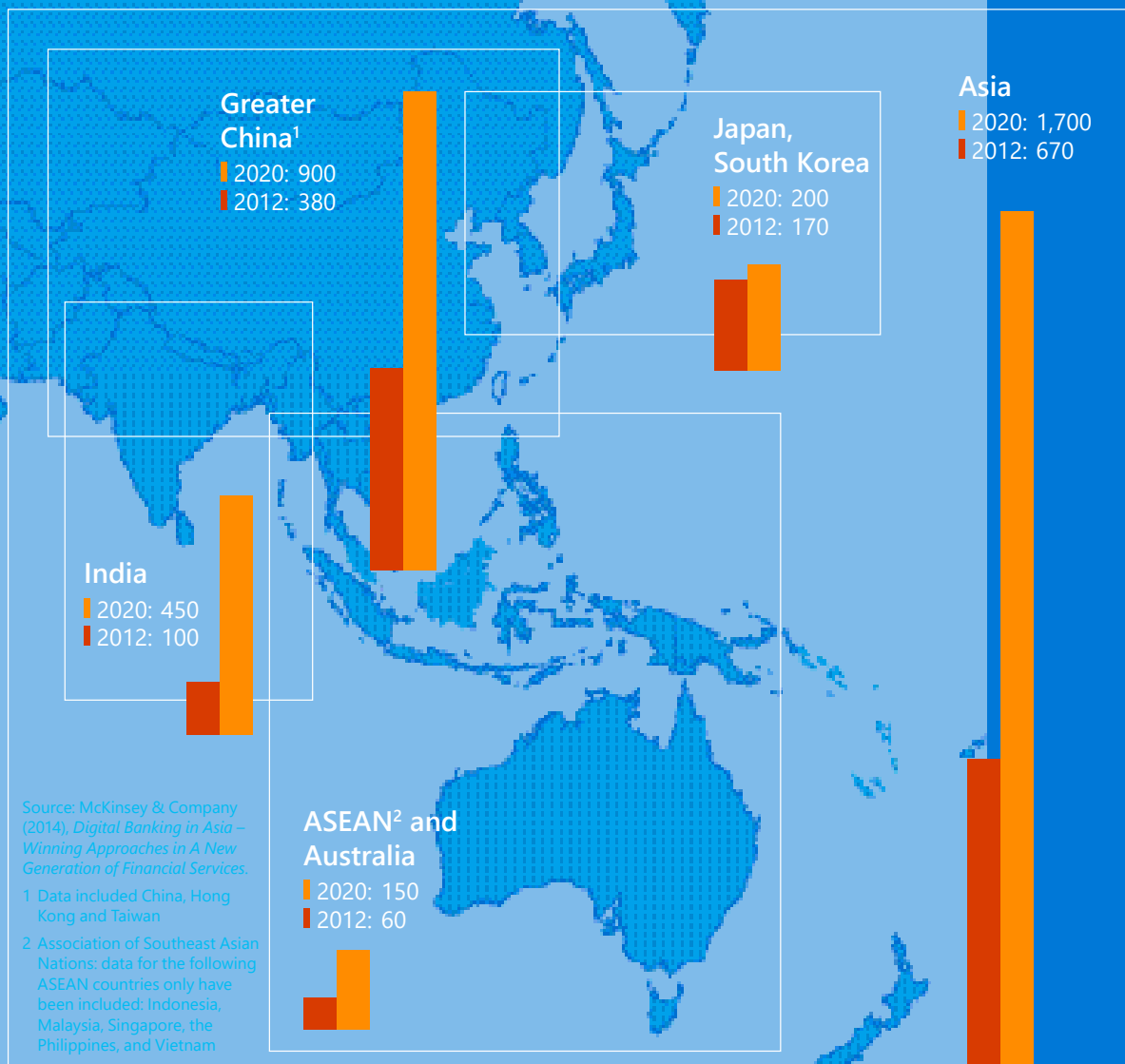
In this paper, we examine the way Asia-Pacific business leaders are designing strategies and techniques to accelerate their digital transformation, and explore some of the common challenges they are overcoming to thrive during this time of unprecedented change.

Introduction

THE FINANCIAL SERVICES INDUSTRY (FSI) is at a critical crossroad. New entrants such as FinTech companies are disrupting conventional banking methodologies and introducing innovative products that cater to increasingly mobile, social, and connected customers used to state-of-the-art digital services. From mobile banking apps to cardless payment services, technology providers are slowly but surely cannibalizing the FSI's traditional areas of expertise.

This fast and profound digital transformation – the fourth industrial revolution – comes at a time of unparalleled growth opportunities for the Asia-Pacific region. Home to 60 per cent of the world's population¹, the region has a staggering 1.2 billion mobile phone users² and nearly half of the world's internet users.³ Together, these trends could lead to the rise of approximately **1.7 billion digital-banking consumers in the region.**⁴

Digital banking customers | MILLIONS OF PEOPLE



Source: McKinsey & Company (2014), *Digital Banking in Asia – Winning Approaches in A New Generation of Financial Services*.

1 Data included China, Hong Kong and Taiwan

2 Association of Southeast Asian Nations: data for the following ASEAN countries only have been included: Indonesia, Malaysia, Singapore, the Philippines, and Vietnam

1 UNESCAP (2016), *Population Dynamics*, accessed in March 2017. Available at www.unescap.org/our-work/social-development/population-dynamics

2 eMarketer (2015), *Asia-Pacific Boasts More Than 1 Billion Smartphone Users*, accessed in March 2017. Available at <https://www.emarketer.com/Article/Asia-Pacific-Boasts-More-Than-1-Billion-Smartphone-Users/1012984>

3 Internet World Stats (2016), *Internet Users in the World by Region*, accessed March 2017. Available at www.internetworldstats.com/stats.htm

4 McKinsey & Company (2014), *Digital Banking in Asia – Winning Approaches in A New Generation of Financial Services*. Available at www.mckinsey.com/~/media/mckinsey/offices/singapore/2014/digital%20banking%20in%20asia%20-%20winning%20approaches%20in%20a%20new%20generation%20of%20financial%20services.ashx

Defining the fourth industrial revolution

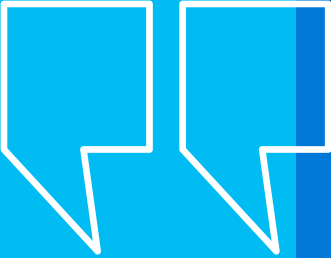
Broadly, the fourth industrial revolution is the relentless advance of technology that will bring the physical, biological, and digital worlds closer than ever. More precisely, it is the way innovations such as the Internet of Things (IoT), artificial intelligence, advanced data analytics, wearable technology, and augmented reality radically transform the way we interact with machines and with each other.

According to Klaus Schwab, founder and executive chairman of the World Economic Forum, this transformation is unprecedented in its velocity, scope, and systemic impact. Technological breakthroughs are taking place at break-neck speed, progressing exponentially. Moreover, breakthroughs are disrupting almost every industry in every country, pushing people, businesses, and governments to rethink systems of production, management, and governance.

Examining the financial sector's digital transformation

The digital transformation of FSI organizations is still in its infancy compared to other sectors, but there are clear signs that the process will accelerate in the next five to 10 years. To find out more, Microsoft researched the experiences of business leaders in the Asia-Pacific region. The resulting report, the *Microsoft Asia Digital Transformation Study*, features interviews with almost 1,500 decision-makers in 13 markets across the region, including respondents who shape the digital strategies of financial organizations with more than 250 employees.

The results show that business leaders are urgently questioning how to engage in this fourth industrial revolution and are designing strategies to overcome common challenges in their digital transformation journeys. In this paper, we examine current business strategies and techniques for accelerating the digital transformation journey to lead the race for relevance.

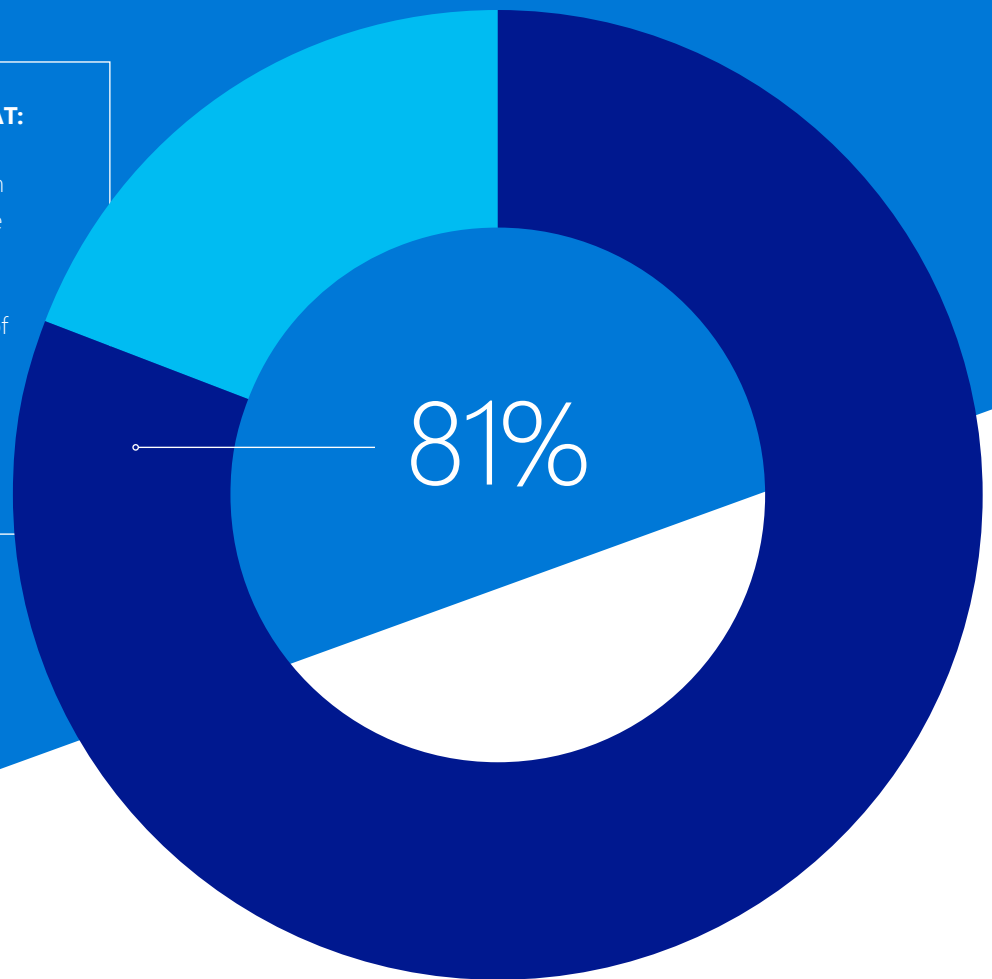


"We stand on the brink of a technological **revolution** that will fundamentally alter the way we live, work, and relate to one another. In its scale, scope, and complexity, the transformation will be **unlike anything humankind has experienced before.**"

Klaus Schwab, Founder & Executive Chairman, World Economic Forum

81% OF RESPONDENTS AGREED THAT:

- every organization needs to transform into a digital business to enable future growth
- cloud computing is an essential part of their digital transformation strategy
- new data insights can lead to new revenue streams



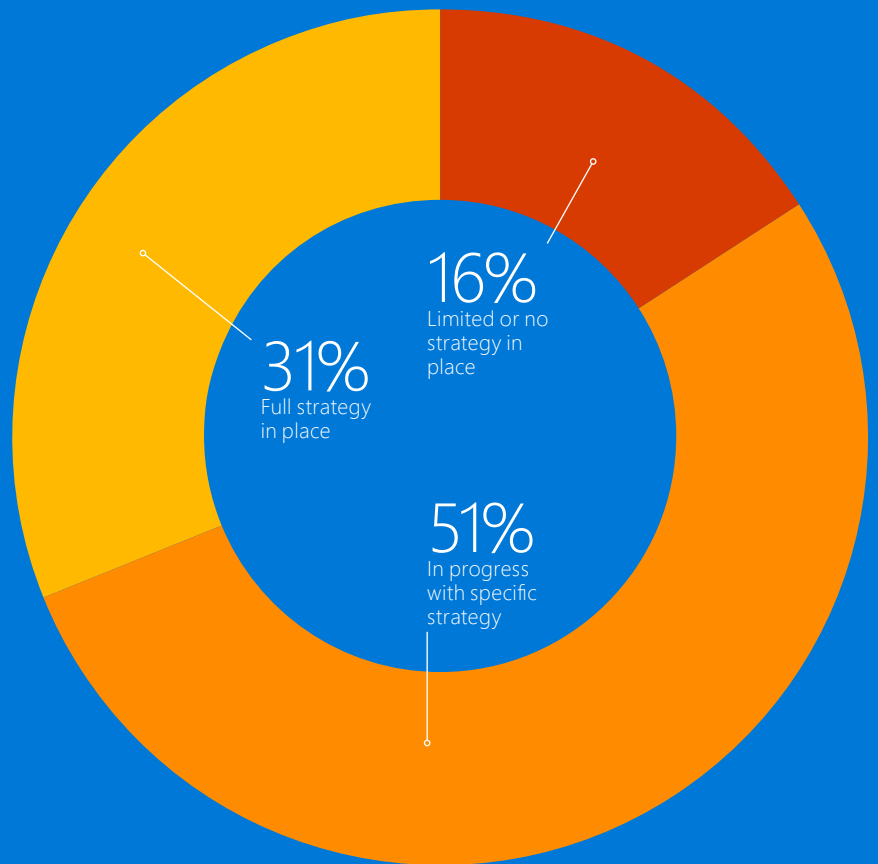
Prioritizing digital transformation and its pillars

THE FOURTH REVOLUTION is highly visible in the Asia-Pacific region, where the confluence of digital technologies, rapid urbanization, and the emergence of the millennial workforce are shifting the way organizations and societies operate. This shift is taking place at an unprecedented pace – faster than the global average. As such, FSI players feel they must quickly define their digitalization strategies for this new competitive environment.

Preparing a digital transformation strategy

The survey found that digital transformation is already a priority for most FSI organizations in the region. Some 81 per cent of respondents agreed that future growth hinges on their organization's ability to become a full-fledged 'digital business'. Interestingly, 81 per cent also agreed that putting data and insights at the heart of strategies can create new revenue streams, and that cloud computing is essential to their digital transformation.

Despite this knowledge, only 31 per cent of business leaders said they have a full digital transformation strategy in place. Additionally, 53 per cent of respondents said they are designing a strategy to transform areas of their operations. The remaining **16 per cent admitted to having virtually no strategy at all.**



How can business leaders reconcile this disparity between knowledge and strategy?

Focusing on key transformation pillars

An effective technique for reconciling the two is to focus on key pillars to guide strategic efforts and priorities. Microsoft's four key pillars of digital transformation cover vital business areas that can help FSI organizations navigate their transformation journey. These are:

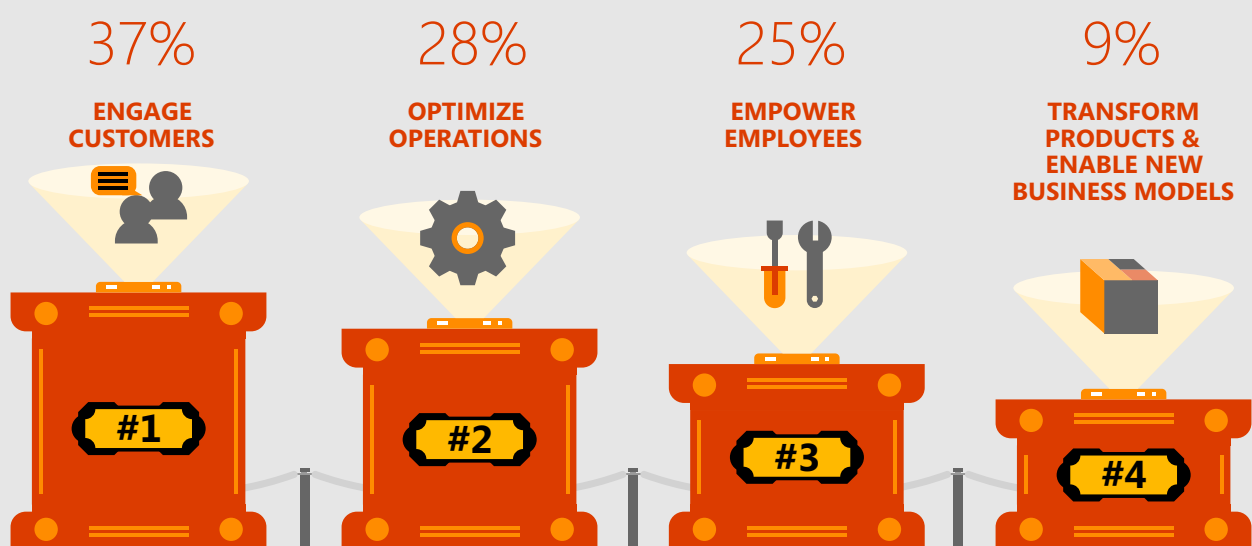
- **engaging customers**
- **empowering employees**
- **optimizing operations**
- **transforming products and business models.**

The survey showed that most FSI organizations in the region are at the very early stages of transformation across all four pillars. Indeed, many of them are focusing their digital transformation strategies on customers' needs – better engaging customers (37 per cent) and optimizing operations (28 per cent) rank highest in the survey – and leaving other key aspects of digital disruption by the wayside.

The four key transformation pillars

B1. Please rank the following key benefits of digital transformation in order of priority to your organization today where 1 is the highest priority and 4 is the least priority

% INDICATE RESPONDENTS WHO RATED THIS AS THE HIGHEST PRIORITY IN THEIR DIGITAL TRANSFORMATION JOURNEY TODAY



“No surprises, better engaging customers ranks highest (37 per cent). Improving customer engagement means putting customers at the center of the business, an essential approach in today’s financial business environment.”



No surprises, better engaging customers ranks highest (37 per cent). Improving customer engagement means putting customers at the center of the business, an essential approach in today’s financial business environment. With disruptive FinTech startups offering seamless, highly personalized, and innovative experiences across mobile and social channels at a lower cost, FSI organizations are pressed to reimagine the way compelling and relevant insights can deliver intelligent multi-channel customer experiences.

Optimizing operations came second with 28 per cent. Optimizing operations refers to the way organizations improve workflows and processes to reshape customer relations and service models. With limited resources and budgets, there is constant pressure to reduce operational costs and optimize efficiencies, all while transforming into an agile organization that fosters digital business innovations. As such, it is important to continuously explore new ways to reduce infrastructure costs. This might include moving workloads and applications to the cloud, shifting from a capital expenditure (CAPEX) to an operational expenditure (OPEX) model, managing complex risk models in the cloud, and developing advanced application programming interface (API) capabilities.

At 25%, empowering employees is ranked third among the key transformation pillars. Empowering employees entails enabling a highly skilled and committed digital workforce to work and collaborate as a team anywhere, anytime, and from any device. Modern productivity and collaboration tools, for instance, offer employees seamless access to their data. This gives employers an edge by increasing team collaboration and creating an adaptable digital and mobile workforce. An effective unified communications solution can empower employees and enable FSI organizations to transform their digital workforce.

Interestingly, using data and digital technologies to transform products and create new revenue streams was ranked lowest by FSI leaders (9 per cent), yet digital disruption is a key driver of digital transformation. It is because of this crucial gap that newer, more agile FinTech players are likely to disrupt the industry. For these new entrants, digital disruption is not an option – it is the very reason they exist.

In this sense, increasing an organization’s agility with open and connected systems, and highly automated digital processes, may be the best way to support new product development and create new business models. But it is also the hardest. In this area, as in many others, advanced analytics solutions can help decision-makers act on real-time intelligence to seize opportunities ahead of competitors.

Overcoming the barriers to digital transformation

A DIGITAL TRANSFORMATION strategy is vital to a business's ability to drive customer loyalty, streamline operations, empower employees, attract and retain talent, and increase overall profitability. But a number of barriers exist that can make it difficult for even the most effective of strategies to succeed.

Achieving the desired outcomes

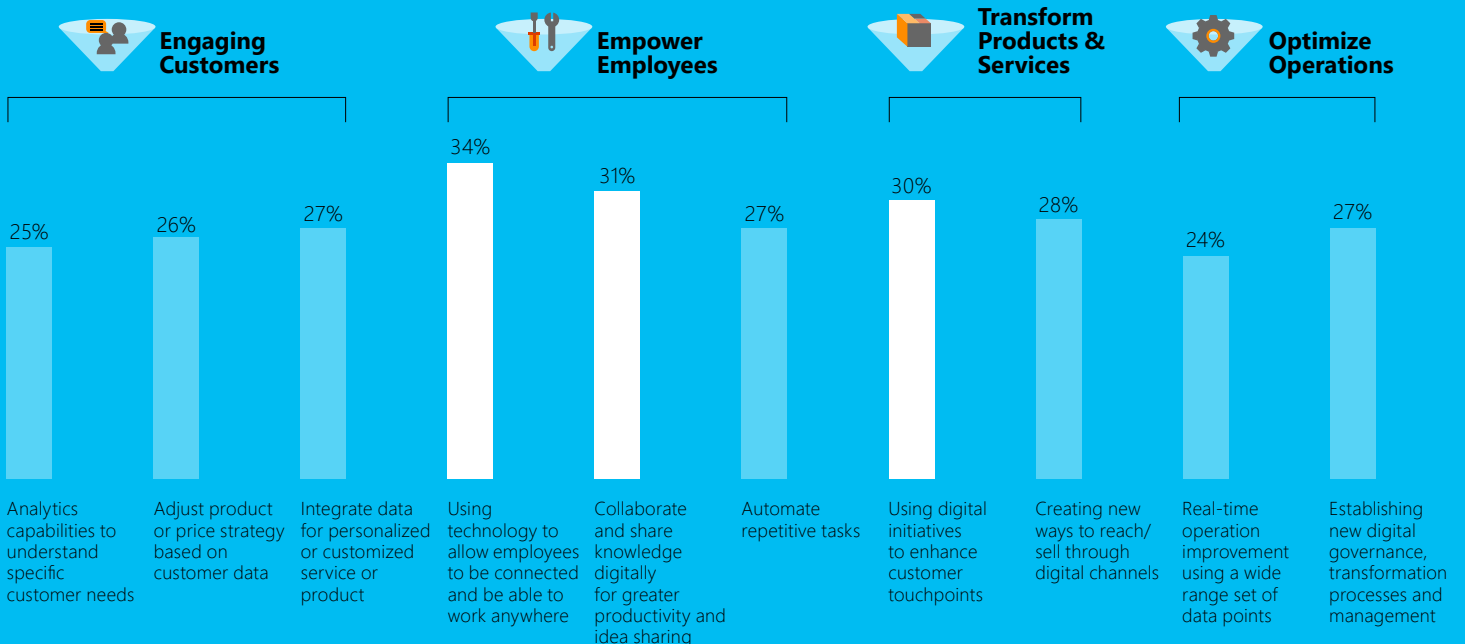
The survey found that only about 28 per cent of respondents have achieved the desired outcomes of digital transformation.

The three most developed areas of 10 key desired outcomes are shown as the white columns below:

These people-centered outcomes show that success in the digital age is determined by an organization's ability to redefine the way employees and customers use digital tools and channels. Technology can make digital experiences more engaging and rewarding, helping people feel they are making a positive contribution. But innovative technologies are not the sole contributing factor; a number of elements are needed to foster long-lasting, people-driven outcomes, and these can sometimes be beyond an organization's reach.

What barriers do FSI organizations need to overcome to realize all their key desired outcomes?

10 Desired Outcomes: Where they are vs Desired States



Overcoming barriers to digital transformation

The survey revealed the top five barriers decision-makers face when designing or implementing organization-wide digital transformation strategies. These are:

- **cyber threats and security concerns**
- **uncertain economic environment**
- **lack of organizational leadership skills to ideate, plan, and lead the execution**
- **lack of supporting government policies and ICT infrastructure**
- **lack of a digitally skilled workforce**



Security threats are growing and cannot be ignored. Business leaders continue to view the cloud as less secure than other environments, especially when their businesses' operations are deeply inter-connected. In this context, trust has become a critical competitive advantage for technology providers. Trust that services and devices work the way they should. Trust that personal data and private information are protected. And trust that a cloud infrastructure is safe from intrusions or outages.

That is why Microsoft has made security the number one priority, investing US\$1 billion globally to ensure industries are meeting their security, privacy, and compliance obligations.

We have taken an industry-leading role, creating the Digital Crimes Unit (DCU). This global team of technical, legal, and business experts fight cybercrime and improve cybersecurity.

We have also opened the Microsoft Cyber Defense Operations Center (CDOC), a state-of-the-art cybersecurity and defense facility that detects and protects against threats in real time. In the Asia-Pacific region, we are building a trusted digital transformation platform, comprising transparency and cybersecurity centers in Singapore, India, and China, as well as the Enterprise Cybersecurity Group, which will deliver security solutions, expertise, and services.

Ultimately, people will only use technologies they trust. Take the cloud, for example – business leaders often view this as a less than secure environment, especially when their businesses' operations are deeply inter-connected: as many as 62 per cent of FSI respondents told us that the more an organization moves to the cloud, the less secure it is. In Microsoft's view, these concerns are probably more myth than fact. The reality is that business leaders are less privy to the significant security and privacy advances being made in the field of cloud technologies. In fact, given the aggressive and robust cyberthreat environment, data is safer in the cloud than in more traditional – and vulnerable – IT architectures. According to a recent Microsoft Asia Pacific survey, 87 per cent of IT leaders believe the cloud is safe.⁵

In that sense, the growing adoption of the cloud by the often heavily regulated financial sector demonstrates the significant advancements made in the past few years. According to a recent study,⁶ FSI organizations in the region are embracing public and hybrid cloud computing, using regulations to help steer public cloud initiatives instead of as an excuse to stop them. The better they understand regulations, the more likely they are to embrace public cloud services. In most instances, these initiatives are directly tied to customer-facing, digital banking capabilities such as new customer acquisition and on-boarding.

Such trust is particularly important for FSI organizations in the current context of heightened economic uncertainty. The Asia-Pacific region has been a source of growth for the world economy for the past several decades. Unfortunately, global economic growth is set to remain subdued this year following the election of Donald Trump in the United States, Britain's vote to leave the European Union and the demise of the Trans-Pacific Partnership deal. This has created a climate of uncertainty which is pushing business leaders to be less adventurous when it comes to taking chances on new projects and technologies.

Finally, businesses that lack leadership with the skills to ideate, plan, and lead a digital transformation strategy must address their skills gaps. This is urgent for both business leaders and the wider workforce. Addressing gaps starts with building digital capabilities that allow people to work more collaboratively. Organizations could hire senior staff such as a chief digital officer or chief innovation officer to help steer their digital journey in a more data-driven and dedicated way. In addition, organizations should explore adopting new, emerging technologies on trusted and familiar platforms to empower employees to innovate more quickly and deliver better client experiences.

“Businesses that lack leadership with the skills to ideate, plan, and lead a digital transformation strategy must address their skills gaps.”

5. Microsoft (2016), *IT Leaders in Asia Are Prioritizing Hybrid Cloud to Transform IT*. Available at <https://news.microsoft.com/apac/2016/11/24/microsoft-survey-it-leaders-in-asia-are-prioritizing-hybrid-cloud-to-transform-it>

6. Microsoft (2016), *Ensuring Agility and Trust in a Rapidly Changing Financial Services Market*. Available at <https://ncmedia.azureedge.net/ncmedia/2016/06/Cloud-in-Banking-Whitepaper.pdf>

Leading digital transformation strategies

THE FOCUS ON digital transformation initiatives has never been greater. As such, business leaders in the digital age are tasked with ensuring their strategies are underpinned by the right technologies. They must make sure that lack of digital maturity is not an obstacle to making key business decisions, a mission that has transformed their day-to-day responsibilities.

Finding new leaders

Technology is coming at organizations from every angle: social media, mobile technology, big data, analytics, reporting, infrastructure, storage, and more. Historically, the Chief Information Officer (CIO) has managed the integration of new technology into enterprise architecture, and guided its adoption within an organization. However, today's relentless onslaught of new technologies and a more tech-savvy FSI user base is blurring the lines, making it necessary to rethink traditional leadership roles.

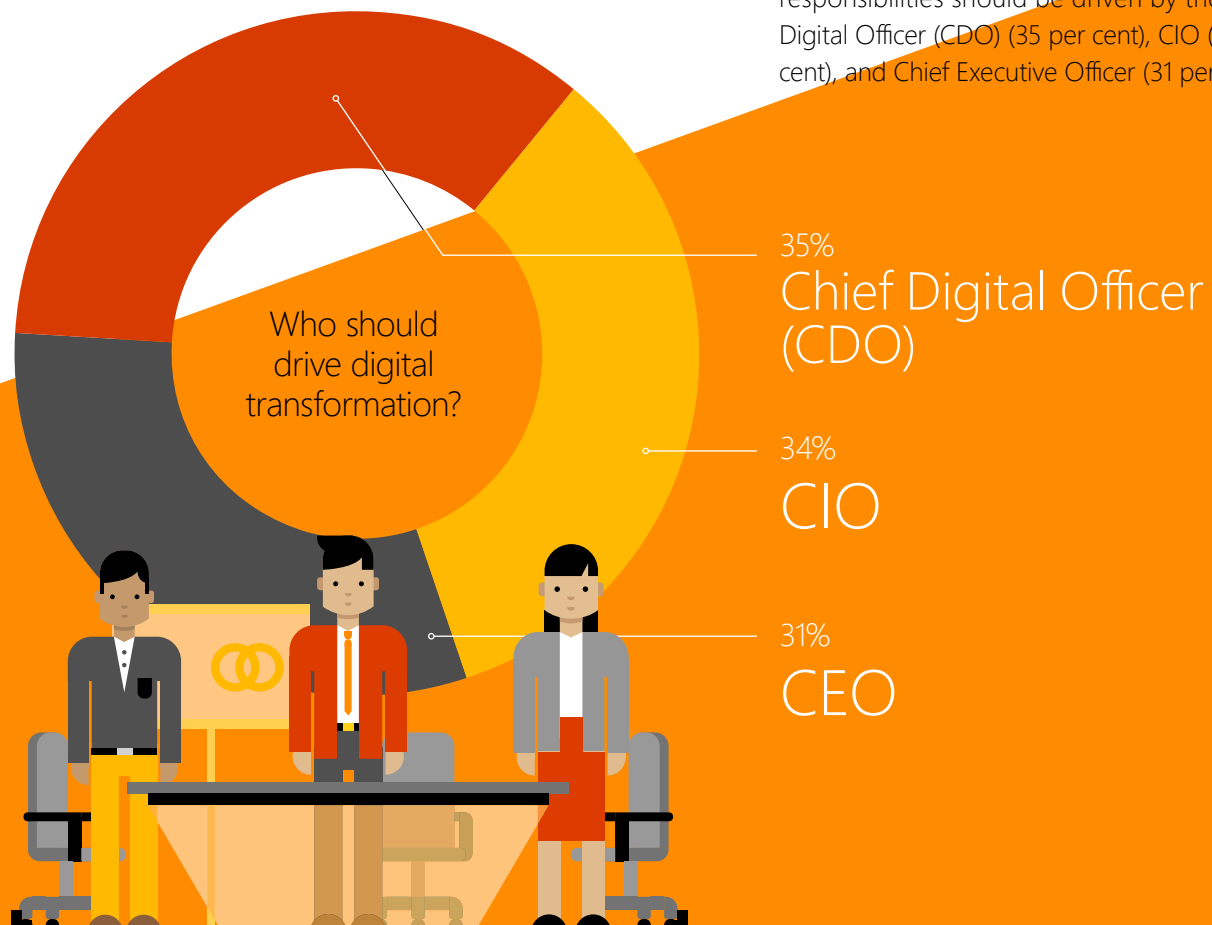
How can older 'traditional' companies compete with newer companies that were born in the digital age?

Using the right skills for the right job

Leading digital transformation in an enterprise requires a special set of skills. Business leaders in the digital age must be able to adapt to rapid change, have a desire to learn, and be willing to embrace innovation with the heart of an entrepreneur. It also helps if they not only love data, but know how to use it to deliver maximum benefit.

From an organizational point of view, this means having someone in a dedicated role who is able to coach and to lead the change.

They have to be able to help transform the way people interact and communicate. They also must be able to help people grasp the potential that new technological trends offer. Survey respondents said these crucial digital transformation responsibilities should be driven by the Chief Digital Officer (CDO) (35 per cent), CIO (34 per cent), and Chief Executive Officer (31 per cent).



“Unlike the CIO, the CDO is not there to make technology decisions or run the organization’s infrastructure. The role is more transformative, breaking down siloed functions, and analyzing data to determine how it can be used to improve both employee and customer experiences.”

The role of CDO is relatively new and still evolving. Generally, a CDO is a tech-savvy person who understands the business as well as the organization’s technology vision. Functioning primarily as change agents, CDOs help older traditional businesses transform themselves for the digital world. Unlike the CIO, the CDO is not there to make technology decisions or run the organization’s infrastructure. The role is more transformative, breaking down siloed functions, and analyzing data to determine how it can be used to improve both employee and customer experiences.

Meanwhile, CIOs must ensure that digital transformation is treated as cultural transformation of the business, not just as an IT project. They must constantly analyze the business value that innovation and agility bring, bringing it all together in compelling terms for peers. The same goes for CEOs, who are finding that becoming a digital leader is about more than being familiar with technologies. It is about creating an agile organization that can detect what type of change is essential for key parts of the business, and responding quickly with the most competitive solution.

Partnering for technological innovation

Skilled and committed individuals play a key role in the success of organizations' digital transformation. Adding the support of an experienced technology partner that has overseen the digital transformation of organizations big and small around the globe can only increase the chances of a smooth transition.

Accelerating digital transformation

The study found that respondents placed great importance on working with the right people. Indeed, 'having the right technology partner' is considered one of the top accelerators for digital transformation processes. Microsoft has extensive experience empowering financial institutions to drive their digital transformation through innovative technological solutions.

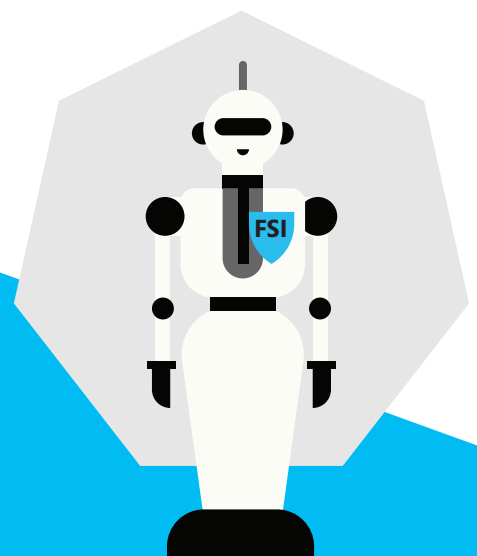
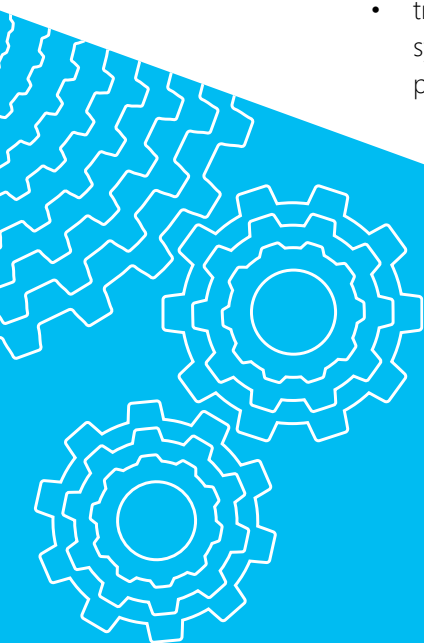
Through a combination of Microsoft and partner solutions, FSI organizations can reimagine the client experience for a digital world. They can:

- empower employees with modern productivity suites and digital workstyles
- optimize operations through improved risk and operational insights
- transform products with open, connected systems and highly automated digital processes

Embracing emerging technologies

Technology is an intrinsic part of financial services. Increasingly demanding users and customers make it necessary to embrace emerging technologies, even if it is extremely difficult to compete with new entrants leveraging technology for lower prices.

Blockchain technologies, for instance, are named by the World Economic Forum as one of the top 10 emerging technologies for businesses, industries, and public organizations.⁷ They enable almost instantaneous transactions in a way that streamlines processes, saves money, and reduces fraud. It is commonly believed that blockchain represents a threat to banks. Only 33 per cent of FSI respondents see blockchain as a relevant emerging technology for their organization, despite its potential to improve and revolutionize everything from loans, bonds, and payments to identity management and verification.



7. World Economic Forum (2016), *The Top 10 Emerging Technologies of 2016*. Available at <https://www.weforum.org/agenda/2016/06/top-10-emerging-technologies-2016>

Artificial intelligence (AI) and machine learning, meanwhile, are the core of our strategy. We recently created a new research group of more than 5,000 researchers and engineers dedicated to developing advances in AI, and will build on nearly two decades of progress in machine learning and natural language processing. Our strategy is to build machine learning, deep learning, and bot and intelligent agents on a powerful cloud computing platform. 'Conversation-as-a-platform' products such as Chatbot and Skype translator will revolutionize customer experiences, delivering interactive digital assistance that learns users' preferences and anticipates their needs.

Like blockchain and AI, business leaders must recognize the potential benefits of all emerging technologies. With Microsoft as a partner, FSI business leaders can easily identify the most relevant emerging technologies, as well as gain invaluable insight into their potential applications. A partnership with Microsoft means easily turning data into insights, transforming ideas into actions, and finding opportunities in change.

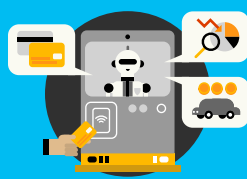
Identifying the most relevant emerging technologies

According to the survey, business leaders are interested in exploring the following emerging technologies in the next 12 to 18 months:



1. Internet of Things (IoT)

Networks of sensors that are embedded into devices to collect data and can be remotely controlled. Examples include IoT applications in ATM machines that predict when maintenance is needed.



2. Artificial intelligence (AI)

Intelligent machines or software that can learn and perform tasks independently. These are solutions that can see, hear, speak, and understand needs and emotions, using natural methods of communication enhanced by vast amounts of data from various sources.



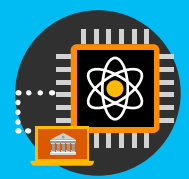
3. Next-generation computing experiences

Computers and software that can process natural language, gestures, and visuals.



4. Predictive analytics

Modern cloud-based applications and tools that enable organizations to find actionable insights through data mining and predictive analytics in real time.



5. Quantum computing

Next-generation computers using different computation systems to solve data equations much faster than traditional computers.

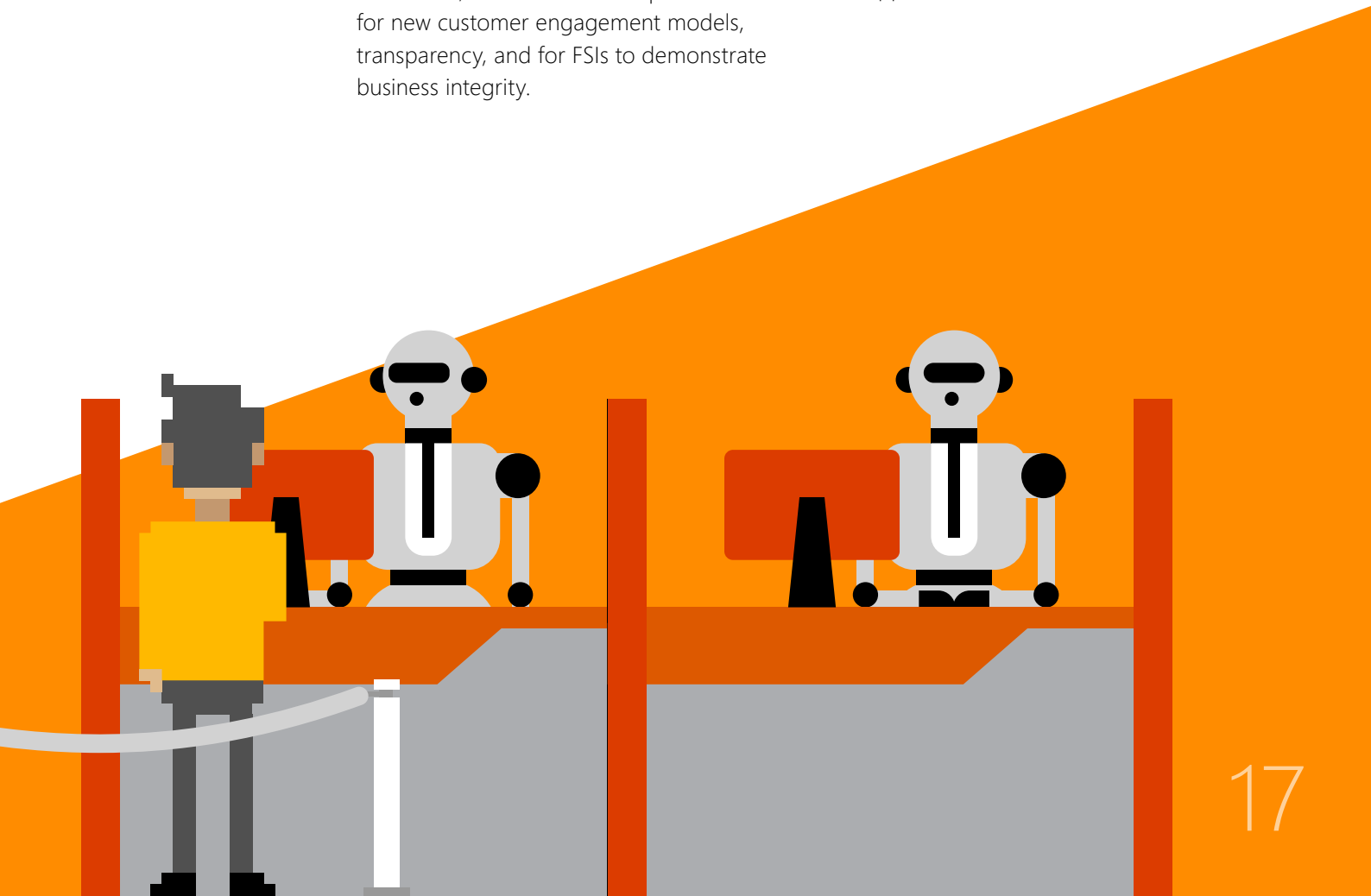
Realizing Digital Transformation in Asia

GLOBAL DIGITIZATION, COMBINED with unprecedented changes to FSI's business models, is mandating the deep transformation of the financial sector. Digitally savvy customers expect banks to proactively and intelligently serve and delight them. If they do not, competitors and agile new entrants are poised to give customers what they want instead. In this context, banks must decide if they want to shape the future of banking, or prefer to watch as it is shaped for them.

Addressing industry-specific challenges

Microsoft is committed to empowering financial institutions to shape the future of banking. This entails supporting their digital transformation to help them address their unique challenges, including:

- **Customer loyalty:** Customers are more informed than ever, increasingly mobile, and expect consistent service across channels. As a result, there is increased pressure for new customer engagement models, transparency, and for FSIs to demonstrate business integrity.
- **Paradigm shift in technology landscape:** The gap between consumers' expectations of new technologies versus system capabilities is widening. Financial institutions are also finding it increasingly difficult to compete with entrants from adjacent industries such as Internet-only services, telecommunications, and retail.
- **Increasing regulation and unforeseen risk:** Extremely high regulatory scrutiny and the dominance of electronic trading are creating new risks for the industry. Regulatory compliance and risk management remain top priorities to navigate the 'new normal'.
- **Margin, capital, and liquidity pressure:** The industry continues to face margin pressures on products, while regulatory requirements for increased capital reserves and liquidity are increasingly central to the leeway a bank has to fund new market opportunities.



“Together or separately, these solutions allow transformation-driven organizations to reimagine the client experience for a digital world”

Implementing transformation-driven solutions

A wide range of Microsoft's transformation-driven solutions allow forward-looking organizations to get a head-start in the race for digital relevancy:

- **Banker productivity and collaboration:** This unified communications tool allows highly regulated financial institutions to function as agile, innovative organizations. It can help to improve productivity and encourage innovation across the enterprise, driven by interpersonal interactions and collaboration capabilities accessed via a wide range of devices.
- **Customer Insight:** This helps employees know exactly what to do with each customer, every time. By merging all available customer data, bank employees can see a holistic view of each customer's past interactions. Customer Insight combines customer data from multiple systems and presents insights visually to give employees the information they need to deliver an exceptional, personal service experience.
- **Fraud Prevention:** This detects, prevents, and manages incidents and trends likely to indicate criminal or suspicious behavior in relation to financial fraud. It's a solution that enables organizations to act faster and with greater confidence to meet anti-corruption and financial crime rules and tax evasion stipulations such as FATCA, along with the traditional risks arising from money laundering.
- **Multichannel customer experience management:** These solutions help financial institutions transform their delivery strategy to retain customers with an innovative service experience, attract new customers with a redesigned sales experience, integrate social marketing to engage customers within their personal networks, and gain a holistic customer view.
- **Next Best Action:** This solution enables a more seamless and personalized customer journey by predicting the next logical product purchase and best offer to present to each customer. Thanks to sophisticated rules, analytics, and algorithms, organizations can better predict customer needs, thus improving wallet share and loyalty.
- **Risk analytics:** Risk analytics solutions from Microsoft and its partners can help you take advantage of data across your lines of business to function more efficiently and effectively while meeting regulatory requirements.

Together or separately, these solutions allow transformation-driven organizations to reimagine the client experience for a digital world; empower employees with modern productivity suites and digital workstyles; optimize operations through improved views on risk and operational models; and transform products with open and connected systems and highly-automated digital processes.

Working with a supportive partner

A partnership with Microsoft means easily turning data into insights, transforming ideas into actions, and finding opportunities in change. The following FSI organizations have benefited from Microsoft's impulse and support:



Mitsubishi UFJ Securities: Mitsubishi UFJ Securities offers a product suite to clients around the world through five key business lines: capital markets, credit, rates, equities, and structured products. New financial regulatory requirements demanded an overwhelming volume and complexity of algorithms to calculate the daily risk exposure for the most complex trades. Putting innovation in action, Mitsubishi UFJ Securities moved its on-premises HPC grids to Microsoft Azure. The power of the cloud gave the firm the agility and infinite scalability it needed to support its risk computations and regulatory compliance at a lower cost.



AIA: AIA Group Limited and its subsidiaries comprise the largest independent publicly listed pan-Asian life insurance group. To keep up with evolving markets, AIA needed to stay nimble and fast-moving, which meant modernizing its business from the ground up. AIA migrated to Office 365 to drive teamwork and collaboration among employees, and improved the speed and agility of some of its systems by hosting them in the Azure cloud computing environment. With Yammer, SharePoint Online, and OneDrive for Business, employees now enjoy enhanced mobility and ubiquitous access to data while improving customer service.

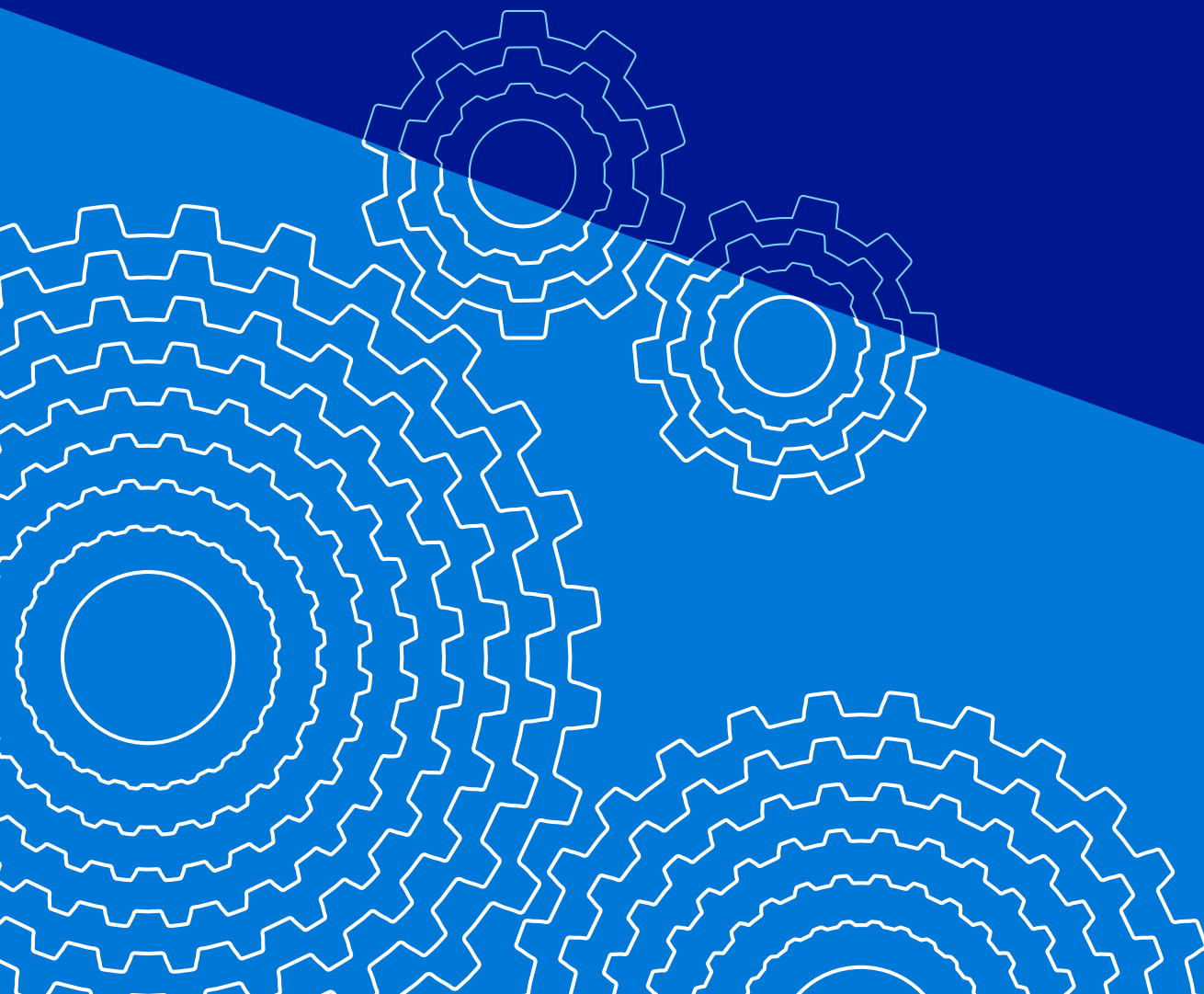


Bank Sinopac: Bank SinoPac, a wholly-owned subsidiary of SinoPac Holdings, is a full-service commercial bank active in Taiwan's retail and corporate sectors. Faced with an intensely competitive and fragmented market, Bank SinoPac found it increasingly challenging to generate attractive margins. The Temenos T24 core banking system addressed the bank's need for a reliable, scalable, and high-performance centralized core banking solution for domestic and overseas expansion. The solution centralized the bank's operations by integrating deposit, lending, and international banking systems on one common platform that supports multiple languages, time zones, and currencies.

Conclusion

The *Microsoft Asia Digital Transformation Study* shows that technology is at the center of how FSI organizations can transform themselves to be more agile and responsive to new market paradigms. But it also reveals that digital transformation is not simply about technology – it requires business leaders to re-envision existing business models and embrace a different way of bringing people, data, and processes together to create value for their customers through intelligent systems.

Clearly, FSI organizations that do not evolve how they operate or serve their customers will be less competitive – and even risk becoming obsolete – as they tackle unprecedented disruption in their industry.



Learn more

- Download the [Microsoft Asia Digital Transformation Study: Charting digital transformation for Asia Pacific](#) to discover more about the points discussed in this paper.
- Find out how Microsoft can help your business embrace the fourth industrial revolution here: <https://blogs.microsoft.com/transform>



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