

## **SBF National Business Survey 2025 – Digitalisation Supplement**

### **AI, Data Analytics and IoT Set to Shape the Next Phase of Digitalisation for Singapore Businesses**

#### ***Cost pressures, capability gaps, and data security concerns remain key barriers to AI implementation***

Thursday, 5 February 2026 [Singapore]

The Singapore Business Federation's (SBF) National Business Survey (NBS) 2025 – Digitalisation Supplement reports that four in five businesses are actively engaged in digital transformation, with widespread adoption of foundational technologies such as e-payment, cloud computing and cybersecurity. Looking ahead, businesses are increasingly prioritising Artificial Intelligence (AI), data analytics and IoT as strategic enablers over the next 12 months.

2. Beyond AI (68%), usage of automation (56%) and cybersecurity concerns (55%) have emerged as the top three developments that businesses are most concerned with over the next 12 months. Despite this momentum, the proportion of companies viewing digital transformation as a top priority has declined — from 71% in 2024 to 58% in 2025 — amid a more challenging economic climate. The drop is more pronounced among large companies (from 85% to 60%) than among small and medium-sized enterprises (SMEs) (from 68% to 57%).

#### **Key Findings**

3. **Digitalisation Yields Clear Benefits, Though Cost and Human-Factor Constraints Persist:** Businesses reported tangible benefits from their digitalisation efforts, including enhanced operational efficiency (45%), improved customer experience (44%), and stronger data-driven decision-making (40%). 71% of businesses have taken steps to measure ROI of their digitalisation efforts, using time and cost savings as the key metrics. However, firms continue to face structural barriers. High cost of technology adoption (58%) remains the primary challenge, though this has fallen from 73% in 2024. Human-factor issues are increasingly prominent, including difficulty in upskilling employees (34%), low workforce interest (27%), and limited management expertise in driving organisational change (27%). Businesses highlighted financial support for digital advisory and implementation as the most impactful form of assistance to overcome these challenges.

4. **AI, Data Analytics and IoT Lead the Next Phrase of Digital Adoption:** More than half of businesses have implemented foundational digital solutions such as e-payments, cloud services, and cybersecurity. Over the next 12 months, the focus is expected to shift to more advanced capabilities, with AI (50%), data analytics (45%) and the Internet of Things (IoT) (39%) shaping the next stage of digital transformation. Current usage of AI is concentrated in areas such as productivity enhancement, content development, and data analysis. Adoption remains comparatively lower in customer facing roles, recruitment processes, and robotics. High cost of implementation (49%), lack of knowledge and expertise (48%), and concerns over data privacy and security (43%) are key challenges in AI adoption for businesses.



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5. **Cybersecurity Confidence Remains High, but Challenges Persist:** While three in four businesses express confidence in their cybersecurity posture, large enterprises recorded a decline in confidence — from 94% in 2024 to 84% in 2025. SME confidence remains at 75%. Key challenges include the high cost of implementation (37%), lack of employee awareness (30%), and risks from third-party service providers (25%).

(Refer to [Annexes](#) for full details of *SBF National Business Survey 2025 – Digitalisation Supplement*)

6. **Mr Kok Ping Soon, Chief Executive Officer of SBF**, said, “Technology is no longer an add-on for Singapore businesses — it is the engine of competitiveness. As AI and data become central to business strategy, our focus must be on equipping firms with the skills, capabilities, and confidence to integrate the use of these tools deeply into their operations, not just superficial adoption. The challenge now is not whether to transform, but how fast and how effectively we can move. SBF will continue to champion the support companies need to accelerate this shift and position Singapore for the next decade of growth.”

Annex A: SBF National Business Survey 2025 – Digitalisation Supplement Key Highlights

Annex B: SBF National Business Survey 2025 – Digitalisation Supplement Company Case Studies

[Annex C: SBF National Business Survey 2025 – Digitalisation Supplement Report](#)

[Annex D: SBF National Business Survey 2025 – Digitalisation Supplement Infographic](#)

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#### **About Singapore Business Federation (新加坡工商联合总会)**

Singapore Business Federation (SBF) is the apex business chamber with over 32,000 members across diverse industries. With a vision to advance Singapore towards a globally competitive and sustainable economy, SBF mobilises the business community to be future-ready and magnify transformation opportunities through policy advocacy, partnership platforms and capability programmes.

For more information, please visit: [www.sbf.org.sg](http://www.sbf.org.sg)

**Annex A: SBF National Business Survey 2025 – Digitalisation Supplement Key Highlights**

The survey was carried out from 29 September to 17 October 2025 and drew responses from 553 businesses across all key industries. The sample included both SMEs (82%) and large companies (18%) and largely mirrors SBF's membership base.

**Digitalisation Yields Clear Benefits, Though Cost and Human-Factor Constraints Persist**

The proportion of businesses that consider digital transformation to be important declined from 71% in 2024 to 58% in 2025, reflecting a more selective approach to technology investments amid the current economic climate. The decline was most pronounced among large companies, where the share fell from 85% to 60%, compared to the drop among SMEs from 68% to 57%.

Despite this shift in sentiment, strategic digital adoption remains widespread. Artificial Intelligence (AI) (68%), automation (56%), and cybersecurity (55%) have emerged as the top three developments that businesses are most concerned about over the next 12 months. Supply chain digitalisation and e-commerce are also gaining importance as businesses seek to strengthen operational resilience and support sustainable growth in an uncertain global environment.

Four in five businesses have engaged in some form of digital transformation, indicating that companies are not retreating from digitalisation, but are instead prioritising initiatives with clearer business outcomes. Enhancing customer experience (58%) and strengthening information technology (IT) systems (58%) remain businesses' top digitalisation priorities, delivering strongest returns in optimised operations (45%), improved customer experience (44%), and enhanced data-driven decision-making (40%). Businesses also report wider organisational benefits beyond efficiency, including stronger employee collaboration (36%) and enhanced data protection (36%).

**AI, Data Analytics and IoT Lead the Next Phrase of Digital Adoption**

More than half of Singapore businesses have implemented core digital capabilities such as e-payments, cloud computing and cybersecurity solutions, providing a baseline for digital readiness. These foundational technologies enable companies to scale more advanced digital capabilities.

Looking ahead to the next 12 months, businesses plan to accelerate adoption of advanced technologies, led by AI (50%), data analytics (45%) and IoT solutions (39%). AI is primarily being deployed to improve employee productivity, enhance operational efficiency, support content generation, and strengthen data analysis, reflecting its growing role in addressing manpower constraints and improving business agility.

Encouragingly, barriers to AI adoption are easing. The proportion of businesses citing high implementation costs as a challenge declined from 66% in 2024 to 49% in 2025, while those reporting a lack of knowledge fell from 61% to 48%. However, concerns on data privacy and security as well as quality and accuracy remain comparably high at 43% and 32% respectively.

**Cybersecurity Confidence Remains High, but Challenges Persist**



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Cybersecurity continues to be a core consideration as digital adoption deepens. Three in four businesses are confident that their cybersecurity measures will protect them from cyber threats, although confidence among large companies has declined slightly from 94% in 2024 to 84% in 2025.

High implementation and maintenance costs (37%), limited employee awareness (30%), and risks arising from third-party service providers (25%) remain the top cybersecurity challenges cited by businesses. These findings highlight the need for continued investment not only in technology, but also in employee training and governance frameworks to safeguard digital systems.

#### **Greater Effort in Measuring Digital Returns**

As businesses become more selective in their digital investments, they are also putting in more effort in measuring outcomes. Among the 80% of companies that have engaged in digital transformation, 71% track the ROI of their digitalisation efforts. The most used metrics include time savings for employees (63%) and cost efficiencies from improved processes (62%), with businesses also measuring impact through quality enhancements (44%) and growth in revenue and market share via digital channels (38%).

**Annex B: SBF National Business Survey 2025 – Digitalisation Supplement Company Case Studies**

**Case Study 1: HappyFish Transforming Customer Service with AI Powered Chatbots**

Happy Fish Swim School, a local childhood swim education provider operating 21 pools across Singapore and Malaysia, faced overwhelming customer service challenges with over 100 daily enquiries. The team found themselves sending over 1,800 text messages in reply to customer queries, with response times averaging 2 hours. Manual handling of queries resulted in inconsistent replies, affecting overall customer service quality and frustrating parents seeking quick information about swimming lessons.

After adopting a GenAI Customer Engagement Chatbot solution with grant support, Happy Fish transformed its customer service operations. The solution automatically responds to customer queries 24/7, providing instant and consistent responses. This implementation saved over 21-man hours per week on general queries, allowing staff to focus on more complex customer needs. The faster response times also drove tangible business results, with enquiry conversions leading to 100 new student signups weekly, demonstrating how AI powered customer service can directly impact business growth.

**Case Study 2: PlayMade Streamlining Marketing with GenAI Solutions**

PlayMade, a popular bubble tea chain in Singapore with outlets across Singapore and Malaysia, faced significant challenges in content creation for its frequent product launches every four to six weeks. The founder personally spent days brainstorming marketing materials, checking spelling and grammar, and ensuring consistent brand voice across all communications. This manual process was time consuming and created bottlenecks, especially when key personnel were unavailable.

Since adopting GenAI Marketing & Sales Content Generation solution with grant support, PlayMade can now generate creative drink descriptions, social media captions, and other marketing content within minutes using simple prompts. The solution maintains the company's fun brand voice regardless of which team member creates the content, ensuring consistency across all materials. This transformation has delivered remarkable results with 40% time savings in content creation and significantly improved social media engagement, allowing the team to focus on strategic business growth initiatives.

**Case Study 3: Yong Kang TCM Clinic Enhancing Healthcare Customer Experience with Advanced AI**

Yong Kang TCM Clinic is an established healthcare provider with 16 outlets across Singapore, Malaysia, and Indonesia, offering a wide range of services from acupuncture to massage therapy. The complexity of managing customer service across multiple locations and diverse treatments created significant operational challenges. Their previous chatbot required manual programming and could only provide preset responses, with response times extending up to 30 minutes during peak hours and service limited to business hours only.

To improve operations, Yong Kang implemented a GenAI Chatbot for Customer Engagement solution with natural conversation capabilities and a comprehensive dashboard that tracks customer sentiment, buying intent, and marketing campaign effectiveness. The transformation delivered remarkable results with chat traffic increased by 60% with 24/7 availability, customer response time dropped to under 5 minutes, and bookings increased by 20%. The enhanced data insights now enable the customer service



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team to focus on higher value tasks like planning promotional activities and improving customer engagement strategies across their multi country operations.

#### ***Support from IMDA for Companies Looking to Adopt AI***

IMDA has curated and pre-approved over 300 solutions with grant support to help SMEs solve business challenges, with 30% of these solutions now AI-enabled. The success stories featured above demonstrate how Singapore SMEs have leveraged these pre-approved solutions to overcome operational challenges and achieve significant business growth, transforming their operations whilst maintaining their competitive edge. SMEs interested in similar digital transformation can visit IMDA's CTO-as-a-Service platform to explore the full range of available solutions to find the right digital tools for their business needs.

#### ***Support from SBF to Companies Looking to Adopt Digital Tools including AI***

SBF's Technology Implementation Advisory Services (TIAS) guides businesses through their digital transformation journey. TIAS helps businesses identify suitable solutions, connect with trusted vendors, and manage implementation with project oversight. By combining tailored guidance, vendor evaluation, and risk assessment, TIAS empowers businesses to adopt digital solutions confidently, ensuring smoother transitions and sustainable growth in an increasingly digital economy. Businesses can find out more about TIAS via <https://www.sbf.org.sg/what-we-do/smart-enabled/technology-implementation-advisory-services>