



Media Release

SBF National Business Survey 2024 Smart-Enabled Businesses Edition

More businesses cite high costs, lack of skilled staff and capabilities as key challenges to technology adoption

Businesses are most concerned on the impact of Artificial intelligence and cybersecurity in the next 12 months

Thursday, 26 September 2024 [Singapore] – Businesses overwhelmingly recognised the importance of digital transformation and are deploying digital solutions to improve operational efficiencies (77%) and upgrading their IT systems (71%) ahead of improving product/services (65%) or customer experience (65%). Businesses are spending 11% of their budget on digitalisation and are well-invested in cloud, e-payment and cybersecurity. Artificial intelligence (AI), data analytics and Internet of Things (IoT) are identified as the next bound of digital technologies for investment.

2 These were among the key findings in the latest edition of the Singapore Business Federation's (SBF) National Business Survey (NBS) 2024 – Smart-Enabled Businesses Edition. The survey, which was carried out from 23 May to 5 July 2024, drew responses from more than 500 companies across all industries, of which 82% were small and medium-sized enterprises (SMEs) and 18% were large companies.

Current State of Digitalisation

3 Overall, 94% of Singapore businesses recognise the importance of digitalisation. Businesses that have embarked on their digital transformation journey said they have seen an improvement in business performance in terms of optimising operations (67%), reducing operation costs (58%) and enhancing employee collaboration and remote work channels (49%).

4 However, the survey finds an increase in the number of companies citing high cost (73% vs 64% in 2023), expensive licensing payments (47% vs 31%) and upskilling of staff (47% vs 29%) as key challenges faced in technology adoption. While SMEs are more challenged with licensing payments (47%) over upskilling of staff (44%), large companies cite upskilling (57%) as a bigger challenge than licensing payments (45%).

5 The findings showed that companies appreciate having financial support for digital advisory and project implementation services tailored to their company's specific needs (69%), a central reference for latest information (57%), and both offline and online platforms where they can learn about new technologies and best practices (52%). The Productivity Solutions Grant (67%), Enterprise Development Grant (64%) and Start Digital (54%) were identified as the three most beneficial government initiatives.

Future State of Digitalisation

6 In the next 12 months, businesses rank emerging technologies such as AI (70%) and cybersecurity (68%) as the top trends that will likely impact their businesses. For large companies, reduction of carbon footprint through usage of sustainable technologies (60%) was also raised.

7 The top three areas where businesses have implemented AI are in the areas of operational process automation (45%), cybersecurity defence (45%) and analytics, with large companies in the lead as compared to SMEs. The top challenges in AI adoption include high cost (66%) and lack of knowledge and expertise (61%); large companies also cited data privacy and security as a challenge (61%).

8 Large businesses expressed confidence in their cybersecurity measures (94%) compared to SMEs (75%). The survey shows that the key challenges faced by businesses in implementing cybersecurity measures include high cost of implementation and maintenance (56%), risks from third-party service providers and suppliers (50%) and employees' lack of awareness on cybersecurity (39%).

9 **Mr Kok Ping Soon, Chief Executive Officer of SBF said**, "Businesses can achieve true value and success when their digital transformation objectives are aligned with their business objectives. The findings of this National Business Survey 2024 - Smart-Enabled Businesses edition show an increased appetite amongst businesses for AI and cybersecurity, but businesses face challenges of high costs and upskilling employees to adopt these new technologies. SBF will continue to work closely with the industry, associations, government and corporates to deepen capabilities among businesses to stay competitive amid the fast-moving business landscape."

10 To better help companies utilise technology to improve competitiveness, SBF has formed the Smart Technologies Action Committee (STAC), led by the joint secretariat of SBF and SGTech, and chaired by Mr Wong Wai Meng. The STAC will align efforts and combine capabilities from the two Trade Associations and Chambers (TACs) to provide feedback on business needs and challenges in digitalisation, initiate new programmes to help businesses build capabilities in digitalisation, and enhance the outreach of existing programmes.

11 **Mr Wong Wai Meng, Chairman of SBF's Smart Technologies Action Committee (STAC)** said, "With the progression in digitalisation such as GenAI, digital projects are getting more sophisticated and complex. The STAC aims to bring tech practitioners and the business community closer together to collaborate towards supporting effective tech adoption. The STAC will comprise three workgroups focusing primarily on advocating issues related to emerging technologies, scaling and advancing programmes with partners, as well as identifying areas to pilot new and emerging technologies."

12 He added, "The committee will also dive deeper into the survey findings and provide support and relevant suggestions for digitalisation-related matters towards the annual SBF Budget Recommendations for 2025."

You can download the **SBF National Business Survey 2024 - Smart-Enabled Businesses Edition** full report [here](#) and the infographics [here](#).

Annex A: Quotes by Companies

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

As the apex business chamber, the Singapore Business Federation (SBF) champions the interests of the business community in Singapore in trade, investment and industrial relations. Nationally, SBF acts as the bridge between the government and businesses in Singapore to create a conducive business environment. Internationally, SBF represents the business community in bilateral, regional and multilateral fora for the purpose of trade expansion and business networking.

For more information, please visit: www.sbf.org.sg

About the SBF National Business Survey 2024 – Smart-Enabled Businesses Edition

The Singapore Business Federation (SBF) conducts the SBF National Business Survey annually, providing insights on the prevailing state of affairs in the business environment. This year, thematic SBF National Business Surveys are conducted. The SBF National Business Survey 2024 – Smart-Enabled Businesses Edition provides insights on the issues and challenges related to digitalisation and the adoption of smart technologies by the business community in Singapore. 529 businesses, comprising of 82% small and medium-sized enterprises (SMEs) and 18% large companies, across all key industries, participated in the survey, which was carried out from 23 May to 5 July 2024.

Annex A

Quote by Zoey Tong, Business Leader, HRNet

“We have seen an influx of clients adopting next-gen digital workforce management tools to realise immediate cost savings and stand out in a tight labour market. SMEs and large corporates alike are embracing our self-service onboarding and AI-enabled rostering modules. Our Instant Pay and Instant Claims features, which allow for staff payments to be made within three seconds of approval have also proven very popular, as the local workforce has come to expect instant gratification in the work setting as well. Having to wait till the next payroll cycle to be reimbursed for corporate expenses is quickly becoming a thing of the past.”

Quote by Eileen Tan, Partner, RSM Stone Forest

“Our clients have approached us to implement digitalisation projects focusing on connecting third-party systems to drive greater efficiency for their internal processes and controls. Businesses are taken aback by the unexpectedly high technology costs, especially under frequent occurrences of cybercrimes. In our opinion, it is important for businesses to accept IT costs as another business cost of operation.”

Quote by Bay Yan Ming, Director, Safety Innovators

“In an environment of rising costs, it may be more costly to delay tech adoption and upskilling of staff, particularly when SMEs currently have the support and guidance from various government agencies through numerous grants and schemes. If anything, the fear should be that we aren’t changing fast enough.”

Quote by Joyce Seow, Group Executive Director, Watson EP

“Cost is definitely one of the biggest roadblocks to tech adoption as some of the cost for larger-scale software solutions such as manufacturing execution system (MES) can be high. Generally, most staff are open to upskilling when there are suitable courses for them.”