

SBF National Business Survey 2024

Smart-Enabled Businesses Edition

The SBF National Business Survey (NBS) is the flagship survey of the Singapore Business Federation (SBF). Into its 17th annual edition, the SBF National Business Survey 2024 - Smart-Enabled Businesses Edition provides insights on digitalisation-related issues faced by businesses in Singapore. The survey period of the study was from 23 May to 5 July 2024, and drew responses from businesses across all key industries. A sample size of n=529 was achieved.

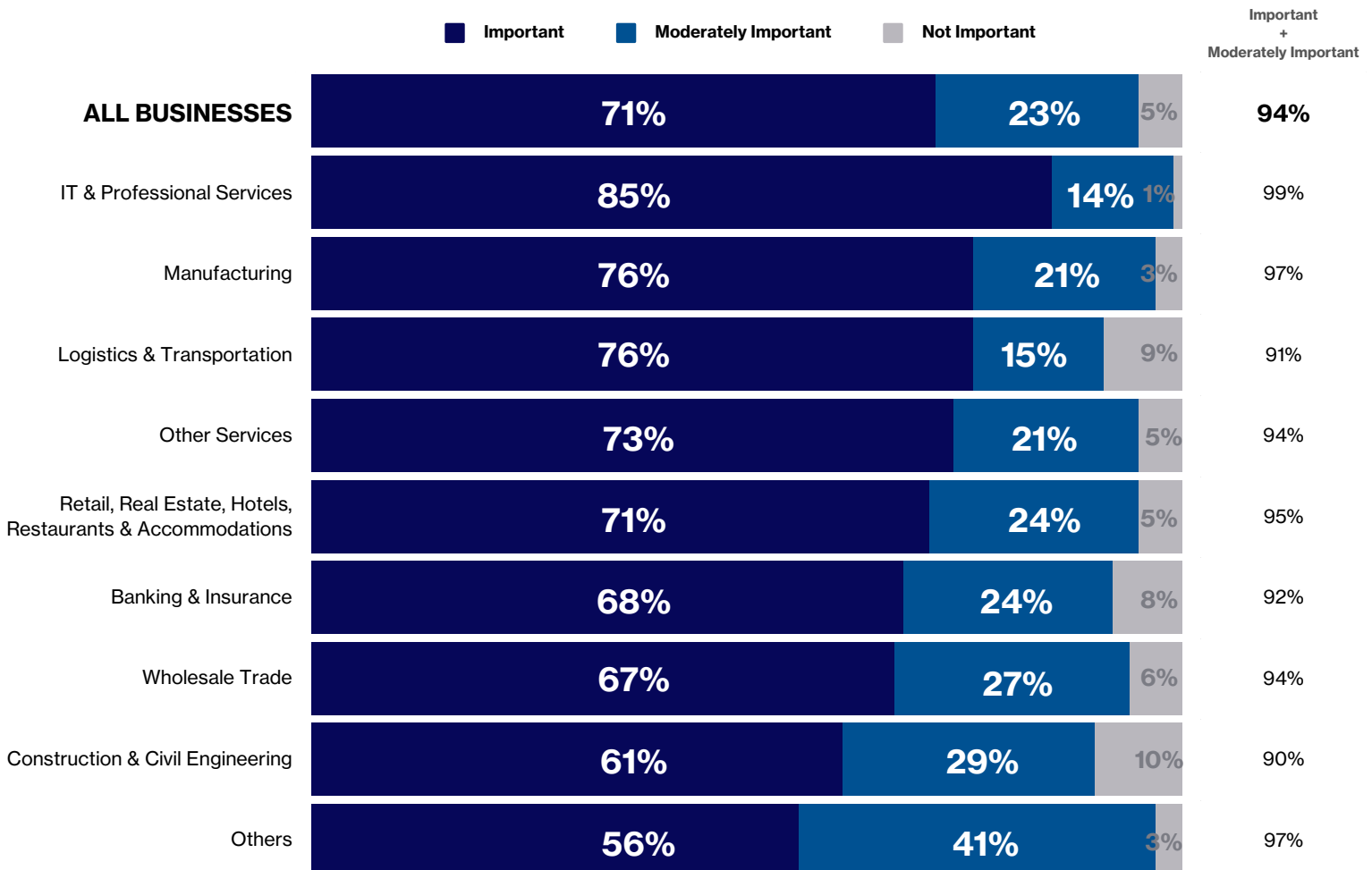
Current State of Digitalisation

Businesses overwhelmingly recognise the importance of digital transformation and managing business costs appears to be top of mind, with businesses focusing the use of digital technologies to improve operational efficiencies ahead of improving product or customer experience. Businesses are spending 11% of budget on digitalisation and are well invested in cloud, e-payment and cybersecurity. Artificial Intelligence (AI), data analytics and Internet of Things (IoT) are the next bound of digital technologies for investment.

Digital transformation continues to be seen as critical in staying competitive

Over 9 in 10 companies recognised the importance of digital transformation. More companies in the IT & Professional Services (85%), Manufacturing (76%) and Logistics & Transportation (76%) sectors rated it as important compared to those in the Construction & Civil Engineering (61%) and Wholesale Trade (67%) sectors.

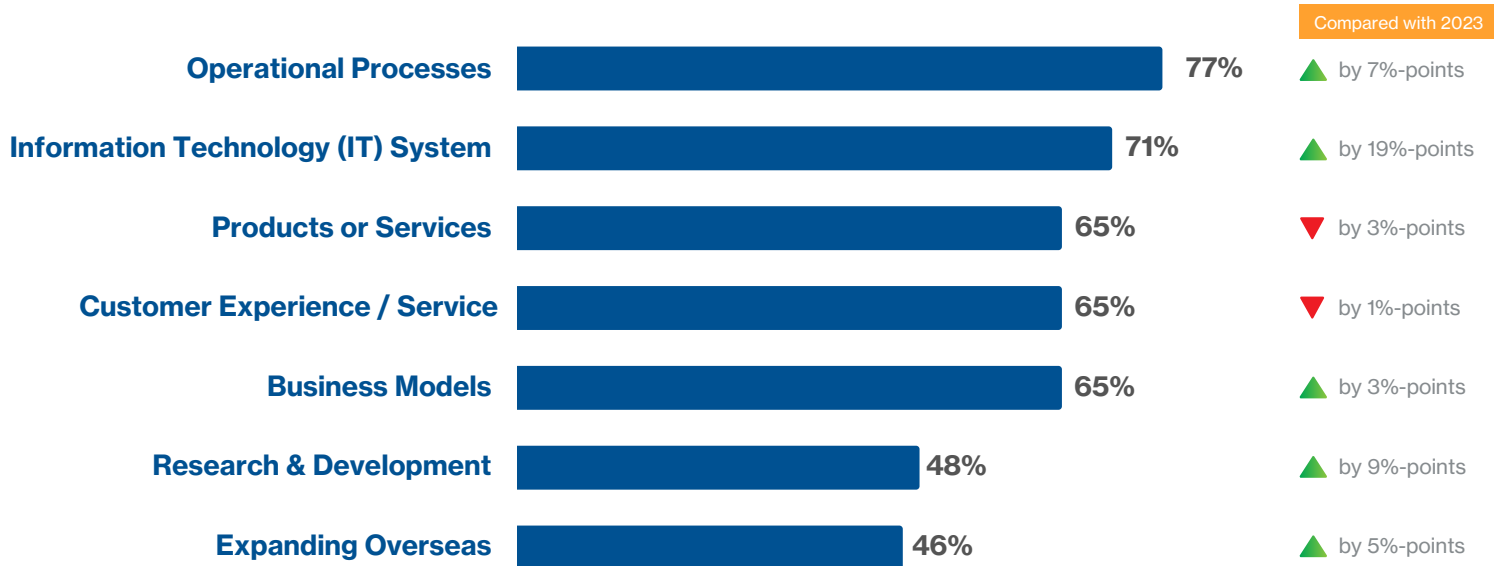
Perceived Importance Digital Transformation



Businesses prioritised improving their operational processes and Information Technology (IT) systems

More businesses are now directing their digital transformation initiatives towards improving operational processes (+7%-points to 77%) and upgrading their IT systems (+19%-points to 71%) than in improving products/services (-3%-points to 65%) and improving customer experience (-1%-points to 65%).

Aspects of Digitalisation that are Considered Important by Businesses

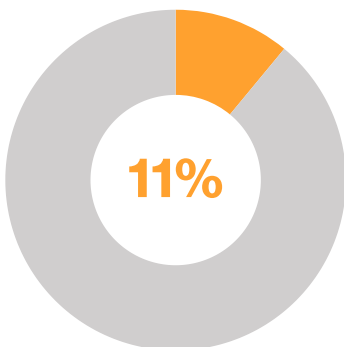


Base: n=529

On average, digitalisation takes up one-tenth of businesses' annual budget

SMEs are setting aside a higher percentage of their budget (11%) to digital initiatives compared to large companies (8%). Majority of businesses have already invested in Cloud (69%), E-payment (62%) and Cybersecurity (60%), and indicated Artificial Intelligence (46%), Data Analytics (38%) and Internet of Things (31%) as the next bound of technologies that they plan to adopt in the next 12 months.

Annual Budget Devoted to Digitalisation



Cloud



E-Payment



Cybersecurity



Top Tech Adopted

Artificial Intelligence

Plan to Adopt



Data Analytics



Internet of Things



SME 11% Large Company 8%

Base: n=529

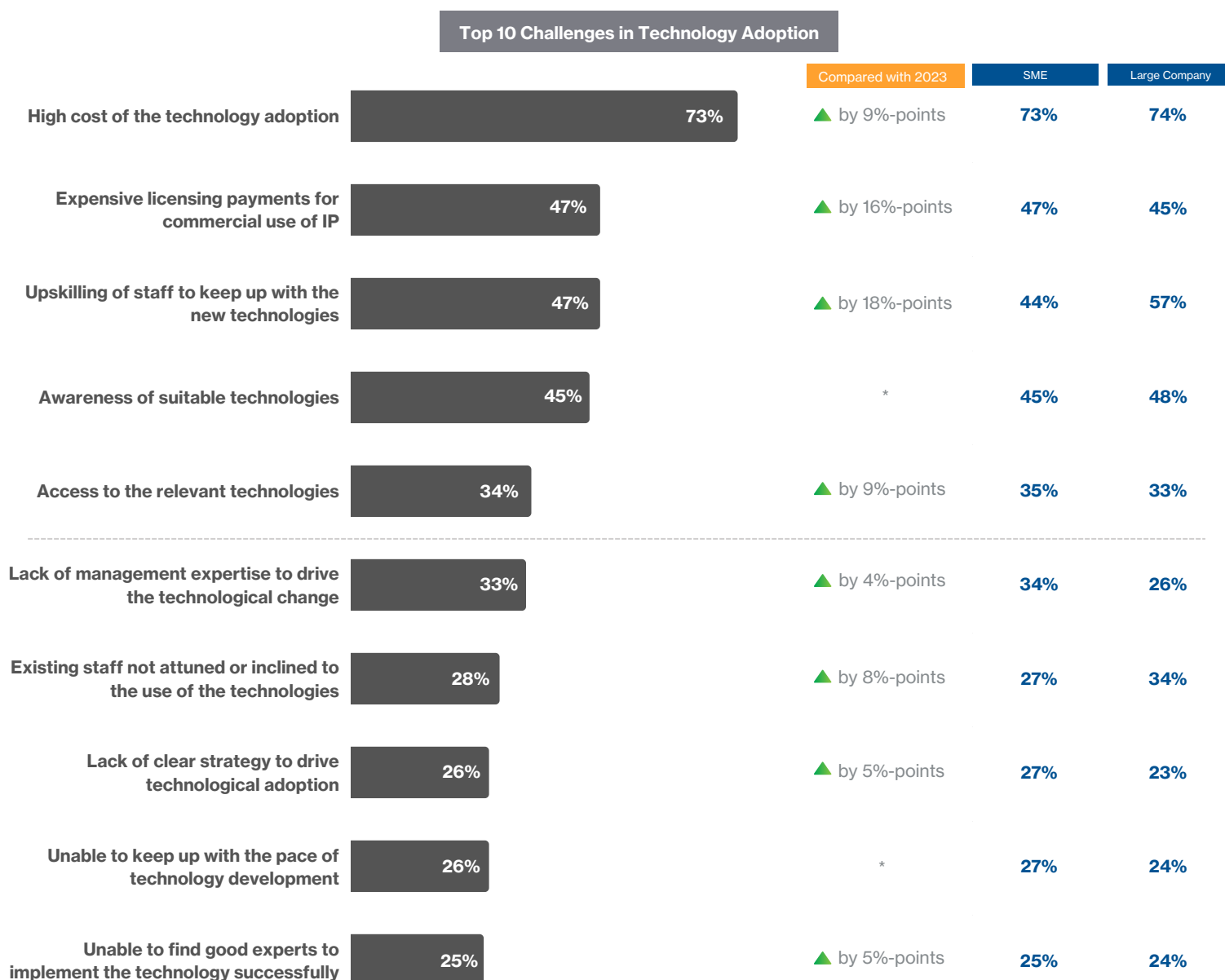


Challenges and Support Required

Key challenges faced by businesses in technology adoption, such as cost issues [high cost and expensive Intellectual Property (IP) licensing payments] and the upskilling of staff to keep up with new technologies, have grown more acute this year. Businesses prefer financial support, central reference and workshops to support their digitalisation efforts with Productivity Solutions Grant (PSG), Enterprise Development Grant (EDG) and Start Digital as the most beneficial government initiatives. AI-related announcements in Budget 2024 were the most welcomed, in particular the Advisory Guidelines on use of Personal Data in AI.

Top challenges in technology adoption centre around costs and manpower skillset

More companies now cite high costs (+9%-points to 73%), expensive licensing payments (+16%-points to 47%) and upskilling of staff (+18%-points to 47%) as the top three challenges businesses faced in technology adoption. Awareness of suitable technologies (45%) was also a key challenge. 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%).



* New measures added in 2024
Base: n=529

Businesses look for practical support such as knowledge sharing

Financial support for digital advisory (69%), central reference for solutions (57%), workshops on new technologies and sharing of best practices (52%) were most preferred by businesses than self-assessment toolkits (35%).

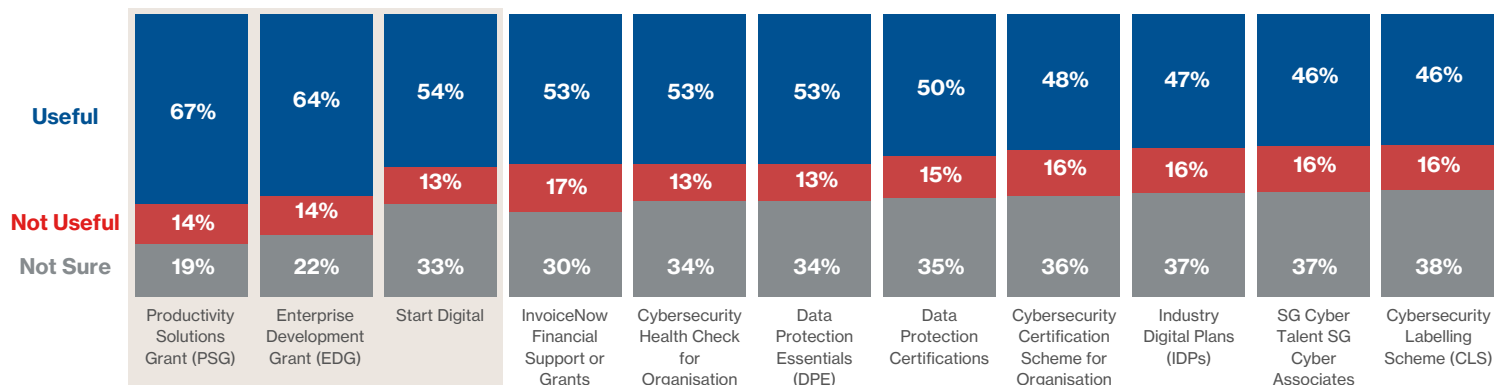
Usefulness of Initiatives for Digitalisation & Innovation



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Businesses cited Productivity Solutions Grant (67%), Enterprise Development Grant (64%) and Start Digital (54%) as the 3 most beneficial government initiatives.

Usefulness of Existing Initiatives for Digitalisation & Innovation

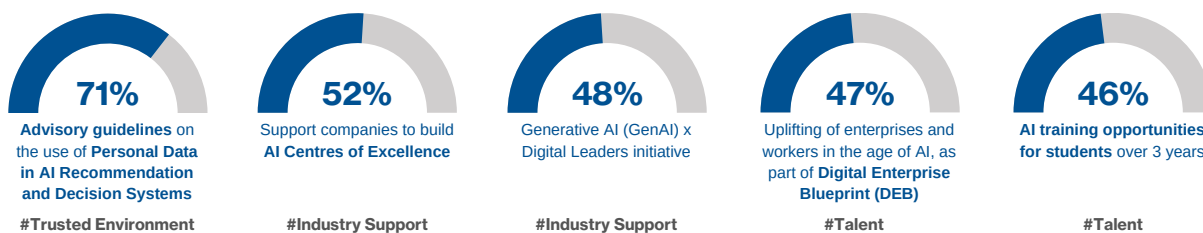


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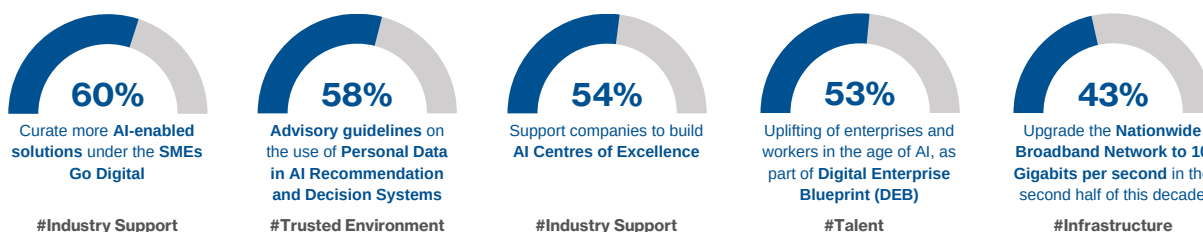
Singapore Budget 2024: Advisory guidelines and support in building AI Centres of Excellence are important for both SMEs and Large Companies

Among the Singapore Budget 2024 announcements related to digitalisation, large companies cited Advisory Guidelines on use of Personal Data in AI (71%), AI Centres of Excellence (52%) and Gen AI x Digital Leaders initiatives (48%) as those they are likely to benefit most. SMEs, on the other hand, cited AI-enabled solutions under SMEs Go Digital (60%), Advisory guidelines on use of personal data in AI (58%) and AI Centres of Excellence (54%) as the top 3 initiatives.

Top Initiatives for Large Companies



Top Initiatives for SMEs



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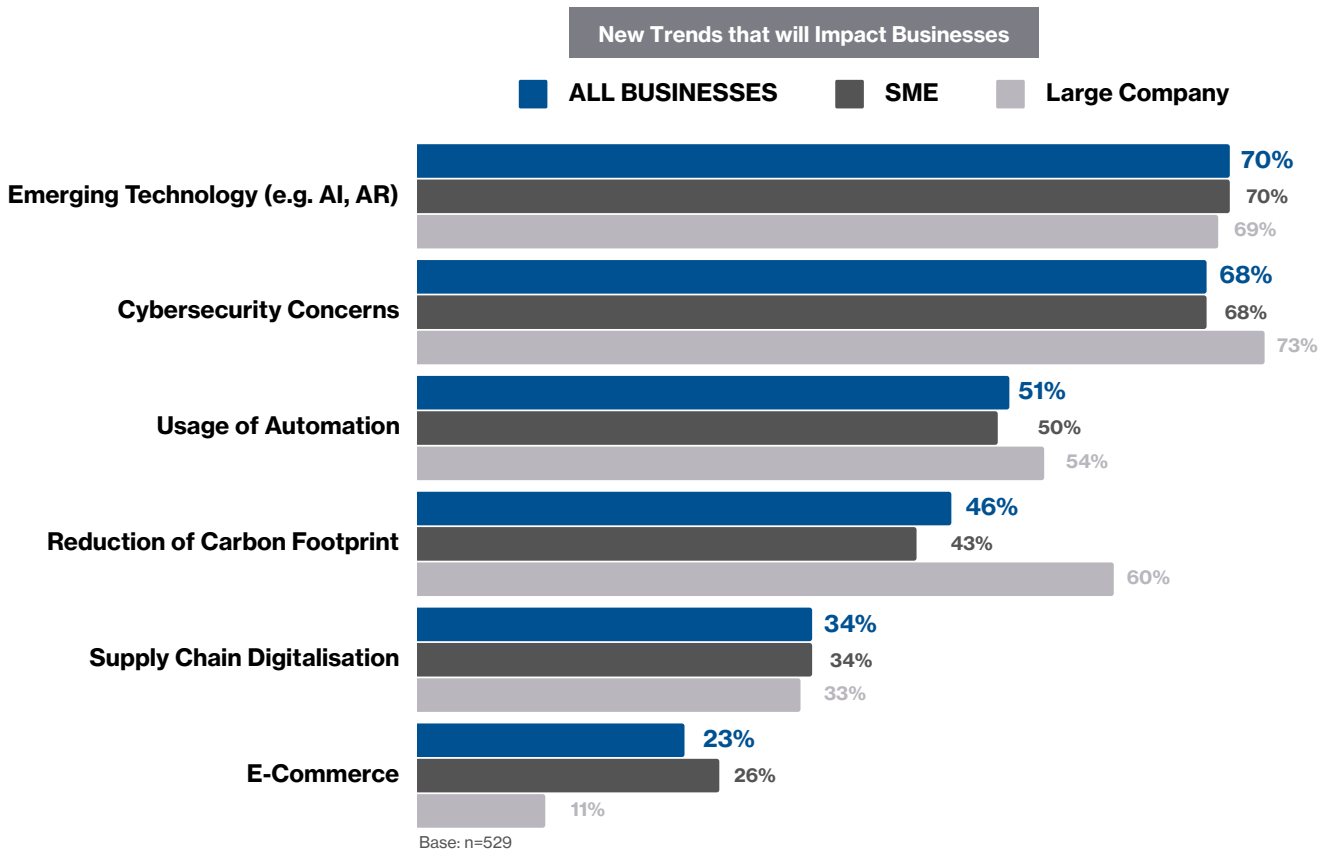


Future State of Digitalisation

Businesses are most concerned on the impact of Artificial Intelligence and cybersecurity in the next 12 months. Costs, lack of expertise and data privacy/security were the key hindrances to broader AI adoption. Large businesses are more confident of their cybersecurity posture than SMEs. Costs, risks from 3rd party providers and lack of employee awareness were the key challenges in cybersecurity implementation.

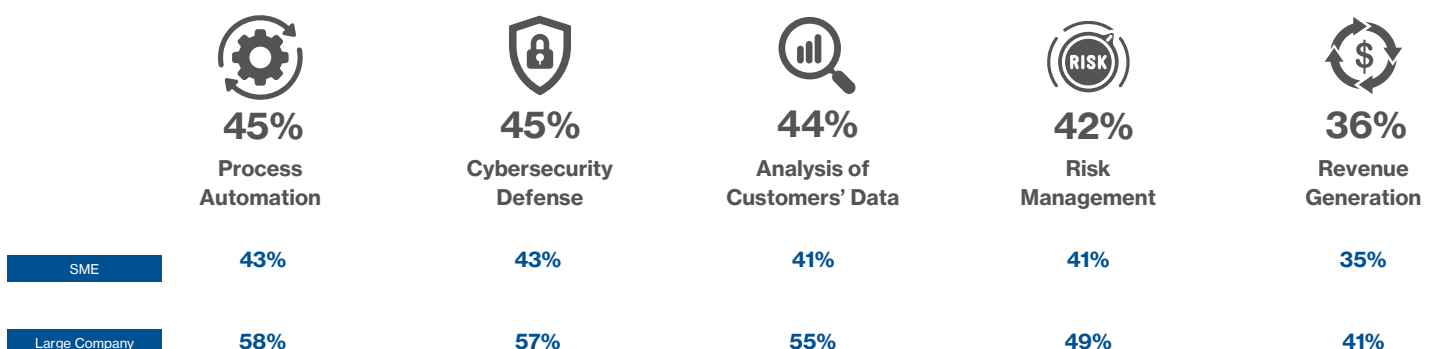
Emerging technology, such as Artificial Intelligence (AI), and cybersecurity are expected to have the greatest impact on businesses in the next 12 months

In the next 12 months, businesses rank AI (70%) and cybersecurity (68%) as their primary concerns. For large companies, reduction of carbon footprint through usage of sustainable technologies (60%) was also cited.



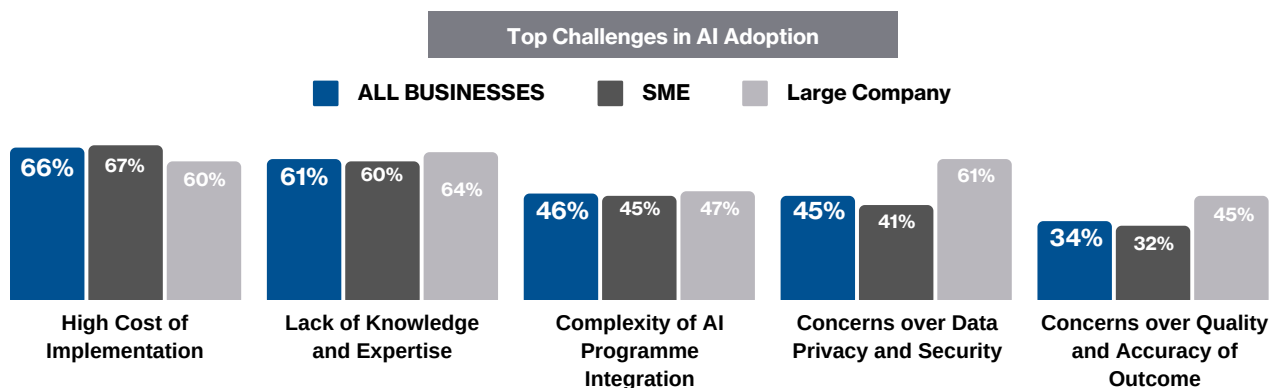
AI is leveraged to increase operations efficiency and security, as well as helping businesses identify business opportunities

The top 3 areas where businesses have implemented AI are process automation (45%), cybersecurity (45%) and analysis of customers' data (44%).



Businesses need to navigate challenges related to cost and knowledge gaps in AI adoption

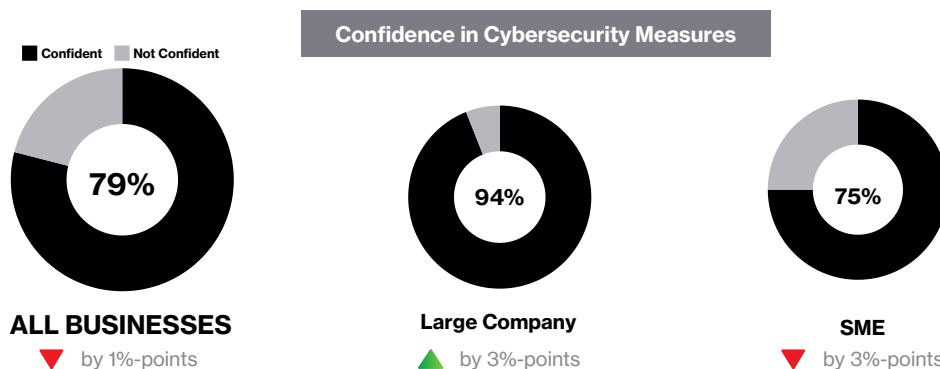
High costs (66%) and lack of knowledge/expertise (61%) were the top 2 challenges for all businesses in AI adoption. Large companies also cited data privacy and security (61%) as a challenge.



Base: n=529

Large companies have more confidence in their cybersecurity measures compared to SMEs

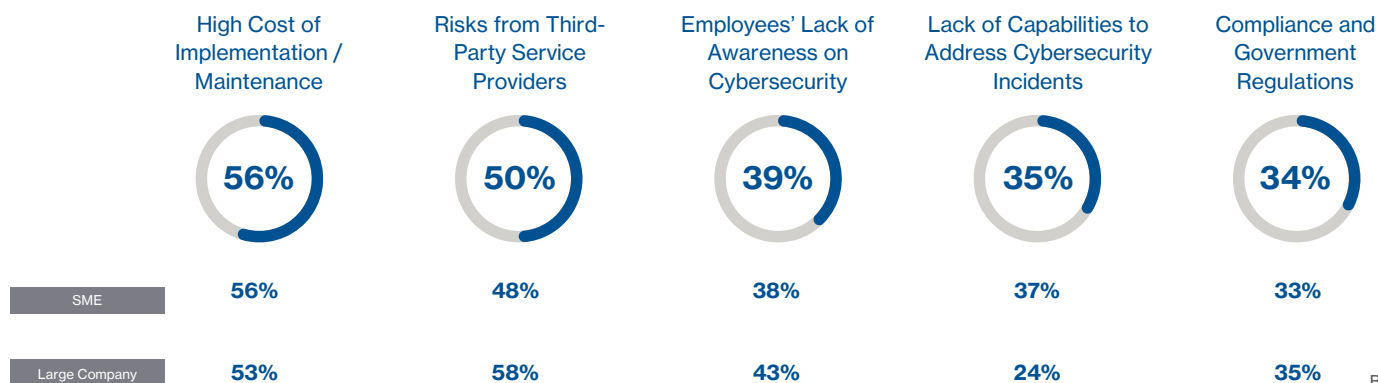
94% (increase by 3%-points) of large businesses expressed confidence in their cybersecurity measures compared to 75% (decrease by 3%-points) of SMEs.



Compared with 2023
Base: n=529

Cybersecurity challenges: Costs, risks from providers, and workforce readiness

High cost of implementation/maintenance (56%), risks from 3rd party providers (50%) and employees' lack of awareness (39%) were the top 3 challenges faced by businesses in implementing cybersecurity measures.



Base: n=529

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

Sector

15%	Wholesale Trading
15%	IT & Professional Services
14%	Construction & Civil Engineering
13%	Manufacturing
12%	Banking & Insurance
11%	Other Services
8%	Retail, Real Estate, Restaurants and Hotels
6%	Logistics & Transportation
6%	Others

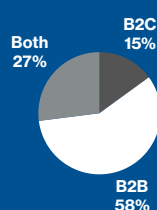
Company Type

SMEs	82%
Large Companies	18%

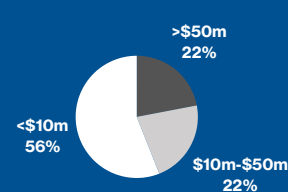
Stage of Development

Start-Up (First 3 Years)	8%
Accelerating Growth (>10% p.a.)	12%
Moderate Sales Growth (<10% p.a.)	41%
Mature	30%
Decline	9%

Business Mode



Annual Sales 2023



30% Local Shareholding



Survey Conducted By

Research & Publishing
Advocacy & Policy Division
Singapore Business Federation

If you require any clarifications, kindly contact research@sbfg.org.sg