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STEP BY STEP ON A DIGITAL JOURNEY

Get some good advice, start with incremental steps, and understand that any setback will only be a lesson in disguise

BY JONATHAN HO & VINCENT TAY

ONE of the best ways to illustrate how a small and medium-sized enterprise (SME) can digitalise its operations is through a plausible scenario of a company intending to embark on this journey. Put yourself in the shoes of Joshua Sim, founder and owner of a small construction equipment leasing company. Life has been good for him in the first seven years. Business has grown, his fleet of vehicles has expanded and his staff has tripled.

But after a meeting with his company's accountants, a trend has begun to emerge. Sales have begun to stagnate, the local aspect of the business is flat and profits are beginning to erode to smaller margins.

Something needs to be done, reckons Joshua. The company had been working with basic automation and digital tools, and perhaps now might be the time to explore the possibilities of changing the way of working at a more intelligent level. Perhaps the interest generated from the Budget announcement this year might be useful.

Joshua buckles down and does research – and gets his information very easily. Checking the Industry Digital Plans (IDP) for the logistics sector gives him a start on how to digitalise his business, as well as the various funding schemes that he could count on.

He is immediately faced with deciding which of several

avenues to embark on – trying to do all or most will be too demanding of resources and cause too much tumult among his staff. He brings this up at his regular gathering of SME owners and asks for their thoughts.

Some scoff at him, saying that they have done things the same way since they started, and see no need to digitalise. Other brave souls, trying to emulate others who enjoyed some success, duplicated the exact same solutions – and found themselves fitting square pegs in round holes.

Frustrated, Joshua thinks that the best way to go about this is to seek professional help. At Joshua's first meeting with an industry digitalisation consultant, he knows that he is on the right track with him.

"The use case is up to you," says the consultant, Mason Lim. "See the areas that you can apply it to, and then we plan your digitalisation roadmap. Remember, this journey will take a few years, so we'll have to create milestones for you to achieve as you go along."

The Proof of Concept will have to be done first. "We have to determine which are the areas to work on, and another thing – if things do not work out along the way, it is all compartmentalised, and will not drag the rest of the company down with it," says the consultant. "There are lessons we can take from it, and may prove that some things may not be right in the first place, like a value,

assumption or the implementation. Once we've got it right, we will know what to do at the next stage, and it will become so much easier."

Mason, seeing Joshua flinch at the possibility of failing at the first hurdle counsels him: "Remember that every step of your digital journey is subsidised by the government. And they do not stop you from applying for a new grant!"

Heartened, Joshua and Mason conclude that the best route is to do the simple things first. "Start with the backend processes first," Mason advises. "Finance, human resources, procurement and IT are essentially the same, no matter the industry. The difference may only account for about 20 per cent at the most."

Mason points out that there are many off-the-shelf solutions in the market for those functions. They are relatively inexpensive, quick to customise and his staff can be easily trained to use them – and there are grants for upskilling workers through the Enterprise Development Grant too.

As a result, productivity increases, and costs are reduced. Part of these savings will be passed on to his staff as a raise. This is definitely the outcome envisaged by the grant.

Functions such as digital form filling, scanning, invoice processing – a repetitive and voluminous task for Joshua's staff – could also be automated, and can be funded through the SME Go Digital programme. Joshua's people are getting to grips on this digitalisation journey. The next step would be the management of his assets – essentially the construction equipment that is leased out.

"Use the Cloud," advises Mason. "You don't need to have your own server rooms and an IT staff member to run your inventory system. Do not worry about security breaches, they can be easily handled by cyber experts and good cyber hygiene habits. All this will save you a lot of costs as you go along. Yours is a leasing company – the concept is the same!"

Soon, the mobile equipment – cranes, lorries, forklifts – are fitted with GPS locator units, acting as trackers, and hooking them to the Internet of Things (IOT). Hence, staff can pinpoint the location of any of these assets and utilisation. Fuel consumption and service intervals can be monitored, so that the equipment can be kept in good condition before being leased out.

Next, the crane operators and drivers' schedules and timesheets are also uploaded onto the Cloud. Overtime costs are reduced as under-utilised operators are used more equitably. And if ever any of the equipment are driven out without authorisation, management can electronically immobilise it if necessary.

"There are so many things that we can do in the realm of IOT," reasons Joshua. Thinking imaginatively about increasing the well-being of his staff, Joshua and Mason come up with an incentive and reward programme. The company ties up with an electronics firm, and gives every staff member a wearable tracker.

It can be used for time-logging on the premises, and also to track staff's health and safety records. Skill capability can be recorded and tied in with training schedules (kindly subsidised by the government again).

Joshua realises that he followed the digitalisation journey correctly. With good advice, he started with incremental steps, had the mindset that any setback will only be a lesson in disguise, and planned the journey well. It will only be a rehearsal for the next steps in future. ■

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