



Enter the Ecosystem Era!

by Tengku Muneer Tengku Muzani
Chief Strategy Officer, TM

- *Understand the benefits of digital ecosystems in accelerating growth strategies and steps to adapting a hybrid future*

In my discussions with leaders from across our business and public sectors during the last two years, I realised that several factors have crystallised as keys to successfully navigating a course to renewed growth in post-pandemic Malaysia.

Many of these have been highlighted by various analysts such as McKinsey, which recently released a report - *What matters most? Five priorities for CEOs in the next normal* - pointing to five priorities for CEOs in the current era:

- Establishing robust ecosystems, which include centring your strategy on sustainability;
- Using the cloud to push transformation;
- Cultivating your team's talents;
- Pressing the need for speed; and
- Operating with purpose

Let's focus on the first priority. Depending on the context, there are of course many different types of ecosystems. In this article, I would like to share some of the practical merits and means of building an ecology that is strategically developed and powered by digital services and products.

ROBUST ECOSYSTEMS

Those companies that rapidly adapted to digital tools to survive and generate sustainable growth during the worst of the pandemic have aptly demonstrated the agile advantages of digitalisation.

Our experiences with a digital ecosystem approach tally with those around the world. A global survey this year by The Economist Impact of 600 cross-industry C-level executives reported a slew of rapid changes their businesses had to make. These included: rapidly modifying their business models, accelerating digitalisation, seeking out new revenue streams, reassessing and changing supply chains, entering new markets or products and, most of all, boosting online customer experiences.

I realised that the report findings - one of many - accord with conversations I have had with colleagues and customers. Put simply: adaptability is decisive. Interestingly, other findings are that:

- The pandemic has accelerated the *pursuit of growth* with 80% of CxO respondents expressing a strong intention to boost investment in technology with little support for cost-cutting.
- *Digital is integral*: The pivot by customers to digital channels was described as dramatic with a majority – 82% – believing that their customers shift to online purchasing during the pandemic will continue into the future.
- *Anticipation is key*: A majority – 53% – say they now plan to boost investment in digital transformation over the next 12 months, aiming to improve processes or operations, innovation and customer experiences.

Awareness of these factors are steadily increasing among Malaysian companies and the public sector. In this article, I have space to cite just one example for now.



CASE STUDY: CAR SOME

Founded in Malaysia in 2015, Carsome is Southeast Asia's largest car eCommerce platform with operations in Indonesia, Thailand, and Singapore.

Seen through the perspective of Carsome's mission or "job to be done," Carsome has set out to address Southeast Asia's continuous demand for private and affordable vehicles. The COVID-19 pandemic saw a surge in car ownerships – especially with people who were not comfortable carpooling. Additionally, Carsome sees much potential in widening through innovation.

As an early move in the region, Carsome acts as a one-stop shop to connect used car dealers and buyers. By carrying out a thorough 175-point inspection of the cars, Carsome has garnered trust among users and since received 4.4 million total bids and served over 8,000 car dealers.

Moreover, it has also expanded its business scope by innovating into other related fields. Its subsidiary Carsome Capital offers competitive financing solutions, well equipped with insurance options. It has also set up its refurbishment facilities to keep up with its stringent standards and started Carsome Academy to nurture talent in the automotive industry. With the wealth of data, it has amassed, Carsome recently set up its data centre of excellence to empower data-driven decisions and further personalise its offerings.

This use case underpins the importance of remaining customer-centric to orchestrate fresh opportunities in the ecosystem.

ADAPTING TO A HYBRID FUTURE

The Greek philosopher Plato coined the phrase *necessity is indeed the mother of invention!* We have to change our corporate and personal mindset to one of constant adaptability and innovation in the new era of digital transformation.

As digital adoption accelerates, we foresee similar ecosystems emerging in the coming years – for food, payments, groceries, housing, and so forth.

The pandemic has changed the world and pushed us back to basics. I would suggest the following three-step review to map out your trajectory to generating and innovating a robust ecosystem, one which is adaptable and fit for today's highly dynamic environment.

1. IDENTIFY YOUR “JOB TO BE DONE”

Ask yourselves the essential questions: What is the pressing issue that your customers face? What are the proactive solutions you can provide to create value for your customers and largely differentiate yourself from your competitors? We recommend you map out your customer journey - to gain clarity on the issues faced by your customers when interacting with your brand.

2. ASSESS YOUR CAPABILITIES AND DEVELOP YOUR ECOSYSTEM STRATEGY

Identify what capabilities are needed to design an ecosystem with the solutions you can offer. Do you have the right technology and talent to execute your strategies? Is an organisation restructuring needed to ensure a fluid and highly collaborative working environment?

By knowing where your organisation is positioned, you can then develop an ideal ecosystem strategy. Consider whether you need to strengthen your existing capabilities to fulfil these needs, perhaps acquire companies that may help connect the dots, or collaborate with compatible partners to achieve your goals. It is critical that you probe into the ways you can



elicit value from your ecosystem – and therefore develop clear revenue-sharing models involving your ecosystem partners.

3. CAPACITY TO SCALE AND CONSTANTLY INNOVATE TO DRIVE SUSTAINABILITY

Ecosystems must have the capacity to scale its platform to effectively meet dynamic data and productivity demands. This fact alone makes selecting the right partners a crucial strategic decision. Ecosystem players need to constantly innovate to keep up with the rapidly changing customer needs and preferences. We need to consistently listen to customers' voices, anticipate customer requests and innovate the solutions to meet these.

As Malaysia moves through the endemic phase of COVID-19, customer expectations have evolved to a state where they can best be met by providing a seamless digital journey as well as a faultless real-world customer experience. This can only be achieved by getting the entire DNA of an ecosystem right. To this end, TM acts as a partner to help organisations on their journey to efficiently build robust ecosystems with agility, and infused with a highly collaborative, human-centred approach.

To conclude, we cannot innovate alone. We will move faster by forming the right partnerships. Strategic partnerships are part of the human-centred aspect of ecosystems; a collaborative approach to other ecosystems can help unlock greater value and fuel more growth opportunities.

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