Knowing Risks that matter
Today’s Foresight,
Tomorrow’s Advantage
Change is the law of life. And those who look only to the past or present are certain to miss the future.

-John F. Kennedy
It is here, right now, that we should acknowledge the inevitable importance of foresight. There is no shortage of referring to foresight, the future and innovation in describing our ventures, yet the true application and value of foresight remains hidden. What organisations actually do and can do significantly differ.

For this reason, the Deloitte Risk Innovation Centre (DRIC) is committed to developing the foresight capabilities and solutions that are required to be sustainable enterprises of the future.

Foresight is by definition the capability to envision different possible and viable futures, understand the complexity and ambiguity of systems, and provide input for the taking of provident care in detecting and avoiding hazards while pursuing a desired future position1.

The purpose of the Deloitte Innovation Risk Centre is to illustrate a true competence in foresight enabling the ability to navigate these ‘post normal’ times of uncertainty, change and disruption. Understanding how the future may evolve and what needs to be done now and into the future is critically important in making decisions that optimise organisational resilience and performance.

Leadership enables and is empowered by foresight. Yet, despite knowing this as broadly evidenced in research, it is estimated that only 2.4% of organisations integrate authentic foresight into their decision making and strategies2. It is for this reason that organisations, on the brink of unprecedented opportunity change or, crisis, should embrace foresight.

The Deloitte foresight and innovation program is strongly endorsed as a proactive and timely initiative. It promises to deliver meaningful insights, direction, leadership in the region and the tools needed in achieving desired futures in the areas of cyber security, healthcare futures research and smart governance for the 21st century. These are all highly significant drivers of change, future prosperity and security.

This initiative gives substance to the imperative of foresight and innovation in this digital age. Not only does it represent thought leadership, it also represents shaping the future through action and collaboratively creating value with our partners and clients.

Dr Luke Van Der Laan
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ASEAN and its Future

Future Growth

Southeast Asia is home to a burgeoning economy and is poised to become the 4th largest global economy by 2030 behind China, the USA and Japan. The GDP of the ASEAN economy is expected to grow to about USD4 trillion with a population of over 600 million in this period.

Research indicators suggest that the proportion of economically active citizens in ASEAN will be growing significantly, leading to increased economic participation, consumption and market growth. Under enabling conditions, the growth will be unprecedented internationally.

Drivers of the future ASEAN

Continuing urbanisation as a priority in the national agendas of the Southeast Asia regional bloc is a significant driver of both economic prosperity and complex challenges. These drivers and others, are anticipated to converge and result in exponential increases in domestic demand and foreign direct investments (FDI) while at the same time requiring diligent decision making and planning.

The economic impact of these drivers suggests a positive prognosis of the Southeast Asian economy. Similarly, alternative scenarios of high growth / high instability or low growth / high instability are also possible. It is therefore imperative that the work of the Deloitte Risk Innovation Centre identifies the risks associated with estimated high opportunity and growth in order to strategically empower governmental and business decision making.

Over the past two decades, ASEAN has been the leader of East Asian trade, economic, and security integration.
- Council of Foreign Relations
Global Risk Insights

Deloitte global research has identified cyber risks, escalating healthcare needs and costs, in addition to the integrity risks of conducting businesses as the top priority agenda for governments and businesses.

Future Risk Drivers

It is anticipated that:

• The threats of cyber risk will continue to grow and have high impact on business and operating models
• Healthcare needs and population well-being have become significant political and social imperatives faced by governments while also driving business growth in the sector.
• Businesses are increasingly dependent on good governance, free from rapidly increasing corruption. Corruption is recognised as likely to increase at a higher rate than economic growth. The cost of corruption to governments and industry is disabling unless advanced governance models and systems are in place.

These key drivers have focused the DRIC research agenda to providing leadership and delivering value through strategic collaboration between both internal subject matter experts and external industry stakeholders.
The Deloitte Risk Innovation Centre (DRIC) is committed to address both current and future risks with the aim to develop solutions which positively benefit the purposes of businesses and governments.

This Centre of Excellence (COE), situated in Singapore, positions itself in researching and intelligently anticipating future challenges as the country progresses towards the vision of a Smart Nation in a region which is becoming strategically important.

Based on this acumen, the Centre’s foresight capabilities promise unmatched advantage to predict possible market scenarios, identify critical risk issues, and design innovative solutions to address these future challenges.
Key future challenges – three critical responses

The Future Healthcare initiative is a dedicated research arm of the Deloitte Life Sciences & Healthcare (LSHC) industry practice. The CoE aims to deliver leading edge future healthcare thought leadership and solutions for the LSHC industry in the South Asia region by focusing on three key areas:

- Research and innovation in risks pertaining to human-centred cognitive technologies
- Collaboration with renowned academia, research centres, and medical institutions
- Thought-leadership to enrich the industry knowledge base and to assess future trends impacting industry evolution

The Smart Governance initiative will be developing a set of smart capabilities to bring about an ease of access to governance related information and solutions for businesses.

These solutions and subsequent platforms will include software that improve data analysis and network security, allowing businesses to perform their governance-related activities with greater efficiency and to seek continuous improvement through leveraging on technology innovation.

Deloitte’s Cyber Risk Security Operations Centre (SOC) for the Asia Pacific and Southeast Asia region will be established in Singapore and Malaysia. These centers will complement the services that Deloitte has been providing globally, thus enabling round-the-clock security services to provide full security coverage for clients across all times zones.

The future dictates that we will increasingly be exposed to cyber security risks and additional Deloitte centres are already being planned to meet expected demand for this industry leading knowledge. The Cyber SOC will provide advanced security event monitoring, threat analytics, cyber threat management and incident response for businesses in the region to prepare for cyber threats of the future.
The Research Framework

The DRIC is based on evidence-based foresight providing advantageous solutions to its stakeholders.

Foresight is:
• The capability to envision viable futures;
• The ability to understand the complexity and ambiguity of systems; and
• The capacity to provide input for the taking of provident care in detecting and avoiding hazards, while pursuing a desired future position.

Future Healthcare

Few will dispute that healthcare is identified as one of the biggest challenges (and opportunities) facing ASEAN and Singapore in the next 50 years. Global governments and industries mirror the importance of fully understanding and being prepared for the healthcare needs and trends of the future.

Our research is focused on providing unique insights through conceptualising and developing future analytics related to human centred cognitive technologies in the areas of Ageing and Wellness. The DRIC is pioneering as yet unimagined scenarios and unique solutions to ensure fit-for-future healthcare solutions.

Smart Governance

Our Singapore Conversation conducted in 2013 has identified assurance (peace of mind), trust and spirit of integrity as the three important themes driving public policies relevant for the future. This reflects the importance of governance in the daily operations of business, services and the security of national governments within the ASEAN region.

In its aspiration towards becoming a Smart Nation, the DRIC research enhances Assurance and Technovation as critical foundations for establishing a fit-for-future design. The Smart Governance will deliver a set of smart capabilities that clarify the advantage of adopting advanced governance solutions.

Cyber Risk

In a world increasingly driven by digital technologies, cyber-threat management is more than just a strategic imperative. It’s a fundamental part of doing business. Yet, cybersecurity remains vague and complex for many C-suite executives and board members.

The question being posed to management and boards is whether their organisation has shored up its defences to protect itself from future cyber threats.
The three research initiatives are framed and designed to achieve outcomes supporting the aspirations of Singapore becoming a Smart Nation - leading innovation and growth within the ASEAN region and beyond based on enhanced foresight capability.

Key outcomes of the DRIC:

• An insightful and trusted healthcare solution supported by a strong governance system and digitally-safe infrastructure.

• A corruption-free, secure social and market environment enabling businesses and people to enjoy maximum accessibility to available services at affordable cost.

• A resilient digital ecosystem providing strong confidence for usage and investment by people and businesses.
The trilateral advantage for business, public services and the individual

Insightful and trusted healthcare solutions in a Smart Nation

Future Healthcare

Safety within accessibility, affordability and availability

SMART Governance

Confident & Resilient

Effective & Safe

Better Future

Confidence in a digital-enabled ecosystem

Understanding the convergence and benefits of the DRIC research
A ‘Better Future’

“Let this belief and spirit burn bright in each one of us, and guide us forward for another 50 years and more. Together, let us be the pioneers of our generation. Together, let us create a better future for all Singaporeans”

- Mr Lee Hsien Loong, National Day Rally 2014
The Research Strategies

Strategy in an enterprise of the future involves a foresight capacity to explore possible organizational futures and challenge conventional thinking to derive unique business insights and opportunities. The purpose of this is to enable the organisation to compete and sustain in the “post normal” times of uncertainty, change and disruption.

The three core strategies of DRIC are:

**Strategy 1: Focused foresight research and education**
- Explore signals of changes, indicators of the future and envisioning viable futures
- Explore, collate and analyse signals of future change
- Identify viable future possibilities and make choices to develop value propositions
- Apply design-based thinking to develop coherent risk mitigating integrated strategies
- Create new industries and solutions through fundamental differentiation

**Strategy 2: Develop solution design capacity**
- Foster open innovation through co-creative collaboration
- Deploy open innovation to create and capture value through systemic collaboration with external stakeholders
- Exploit short-term, early adoption of innovation to disrupt stagnating / redundant business solutions
- Explore longer-term solution ideation with the intent to create exponential value, through providence, for all stakeholders

**Strategy 3: Design to scale**
- Enable exponential performance
- Learn and model exponential growth strategies
- Deploy, monitor and improve growth strategies
Our research models are central in the applied research in order to adapt to the changing landscape and to address the risks of the future.

### The Research Models

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<tr>
<th>Model</th>
<th>Description</th>
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<tr>
<td>Future Healthcare 3.0+</td>
<td>Our Deloitte Future Healthcare 3.0+ model presents our vision and accompanying strategies for the healthcare ecosystem of the future.</td>
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<tr>
<td></td>
<td>• A clear vision for the future</td>
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<td>• Smart healthcare financing</td>
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<td>• Authentic stakeholder consultation</td>
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<td>• Building a triple-dividend relationship</td>
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<td>• Towards a compassionate and inclusive society</td>
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<td>• A shift towards wellness</td>
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<td>• Flexing governmental muscle for healthcare</td>
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<td>House of Governance 3.0</td>
<td>The House of Governance 3.0 model is based on the convergence of professional risk specialist leadership and the latest technology capabilities to bring about ease of access of governance related information management and solutions.</td>
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<td>The future of Smart Governance may be visualised as an integrated and seamless digital platform where business leaders are fully empowered to address their real-time governance-related needs while having the assurance of risk specialist support and thought leadership.</td>
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<td>Cyber Risk 3.0</td>
<td>The Deloitte Cyber Security 3.0 model promotes the ongoing design of a resilient digital ecosystem. The model provides strong confidence for usage and investment by people and businesses based on it being:</td>
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<td>• Secure: Enabling enterprise business innovation by protecting critical assets against known and emerging threats across the cyber ecosystem</td>
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<td>• Vigilant: Reducing detection time and developing the capability to continuously monitor and effectively respond to cyber threats.</td>
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<td>• Resilient: Identifying critical “single point of failure” to develop alternative back-up mechanisms and strengthening recovery capability when incidents occur.</td>
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