

HOW HONG KONG OFFERS BUSINESS RESILIENCE



The Covid-19 pandemic's disruptive effects on business worldwide are hard to overstate. In a recent Harvard Business Review Analytic Services survey, 83% of the respondents said the disruption has had a "significant" or "somewhat significant" effect on their organizations. Many businesses viewed the crisis as an opportunity to accelerate their digital transformation plans and to reevaluate the way they work with customers, partners, and employees.

Opening in a location with favorable financial, technology, talent, and management conditions and resources can make your organization resilient now and ready for tomorrow.

Favorable Location

For many decades, Hong Kong's geographic, regulatory, and cultural attractions have made the city a magnet for business. Its identity as a global financial hub includes a burgeoning financial technology sector, thanks not only to a supportive regulatory and compliance climate but also to other foundational benefits for building your future.

Gekko Lab, a Hong Kong-based developer of financial intelligence knowledge-management software at Cyberport, has leveraged its location in Hong Kong in several ways to thrive through the forces of disruption currently impacting the world.

"Our company received pandemic stimulus relief from the Hong Kong SAR Government and took advantage of government programs connecting it to fintech talent coming out of local universities," says Ric Cheng, CEO and founder of Gekko Lab.

Hong Kong's geographical location also allows it to capture the opportunities arising from a shift in the global economic gravity from West to East. In particular, Hong Kong is poised to be a facilitator, a promoter, and a beneficiary of important national development strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area and the Belt and Road Initiative.

Cultural Change

Digital transformation initiatives, rapidly evolving consumer expectations, and emerging technology—ranked in the survey as the top sources of disruption—did not begin with the pandemic. But 2020 was the year many companies first felt the impact of digital transformation, experiencing abrupt changes to policies and practices including the shift to working from home and rapid growth in digital commerce.

And disruption inspires opportunity: 59% of the respondents say they are discovering and addressing significant flaws in their organization's current business model, product line, and/or go-to-market strategy, and 77% say their organizations need to be more agile.

"Some more traditional companies find it quite difficult to evolve, because they just have too many existing cultural issues," says Dr. Duncan Wong, CEO of CryptoBLK, a Hong Kong-based blockchain technology fintech company at Hong Kong Science Park. Companies need to move to more agile and technologically oriented work processes and change business workflows, Wong says.

"Ironically, in the midst of the pandemic, digital transformation demonstrates that we've actually become more resilient to the changes of the world," Wong says. "This is really a great time to demonstrate that digital transformation and mobility enablement actually make companies more productive and resilient."

Hong Kong ranked 11th in infrastructure out of the 131 surveyed economies in the Global Innovation Index 2020. The Hong Kong SAR Government is promoting innovation and technology (I&T) development along eight major areas: increasing resources for research & development, pooling technology talent, providing investment funding, providing I&T infrastructure, reviewing existing legislation and regulations, opening up government data, leading changes to procurement arrangements, and popularizing science education. So far, the government has committed over HK\$100 billion (US\$12.8 billion) for different initiatives in these eight areas.

Think Globally, Hire Locally

Although 30% of the respondents reported having insufficient access to talent, or to address disruption, close to half are now taking steps to find and develop talent, or absorb talent through acquisitions and partnerships.

A location's access to talent is important or very important to 85% of the respondents, along with personal safety, an entrepreneurial business environment, and a reputation for technological innovation—all found in Hong Kong.

In a changing talent marketplace, an organization's choice of location or relocation for headquarters could make a critical difference in its ability to hire an agile, flexible workforce with the skills to work with emerging technology. "Hong Kong sits within the Greater Bay Area, where the new Silicon Valley of China, Shenzhen, is," says Dr. Victor Fung, group chairman of Fung Group, a Hong Kong-based multinational enterprise engaged in trading, logistics, distribution, and retailing.

Hong Kong is also home to the Hong Kong Science and Technology Parks Corporation as well as Cyberport and a variety of incubation and acceleration programs that focus on fostering tech start-ups.

Gekko Lab, a graduate of Cyberport Incubation Programme, and other Hong Kong-based companies find significant advantage in their access to the steady talent pool graduating from local, highly ranked universities. These companies are also unencumbered by work-visa red tape that can tangle their counterparts in Silicon Valley, when they recruit from outside the U.S.

"Hiring is so different now," Cheng says. "In the past, people visited a company physically to conduct the interview, but now they do a lot of things online and you don't know whether you can find the right talent. There are some university-level programs where the government sponsors a summer or winter internship to help us to reach the right talent."

Hong Kong's position as a global financial center allows it to tap into a rich talent pool far beyond technology. "The workforce is flush with talent when it comes to lawyers, accountants, and bankers," says Benjamin Quinlan, CEO and Managing Partner of the Hong Kong-based strategy consulting firm Quinlan & Associates. "So, if you want to start a virtual bank, and you need compliance professionals, lawyers, and people that understand the underlying operations of an actual bank, Hong Kong is great for that."



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Hong Kong and the Future of Resilience

Few businesses can predict a pandemic, or its ensuing effects. But businesses in fintech and other financial and tech-oriented sectors based in Hong Kong were geographically positioned to meet the challenges by

displaying a cultural openness to change—and an ability to change it by finding and hiring the right talent with the right skills at the right time.

If your organization is confronting similar internal challenges, or you're considering a launch, having a base in Hong Kong may help you manage the factors that could bring you short-term resilience and long-term growth.

