

One City is Far Ahead of the Rest for APAC Regional Leadership

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What city in Asia Pacific houses more than half of the world's top software firms' APAC regional leaders? The answer might surprise you.

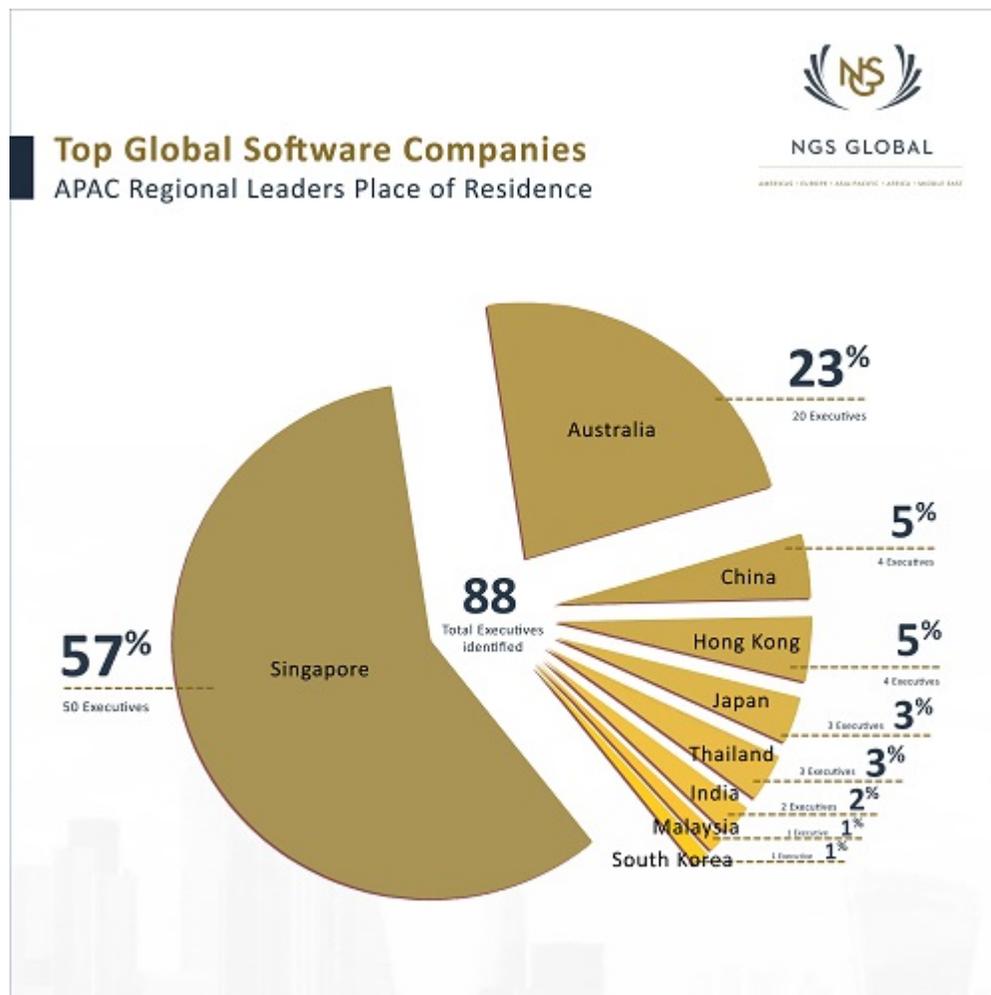
We recently conducted an exhaustive Asia Pacific review for a global publicly traded software company. The objective of the exercise was to assess where the top regional leaders resided, and the operational and strategic advantages for choosing that location. At the outset, we expected a broad distribution of senior regional leadership across Greater China, Japan, South Korea, Singapore and Australia.

We were surprised to find that the vast majority of over 88 companies' top regional leaders were based in Singapore. Of the heads of Asia candidates we identified, 50 of these (57%) were based in Singapore. In distant second place were 20 executives (23%) based out of Australia; primarily Sydney and Melbourne.

Surprisingly, only four of these regional leaders were based in mainland China, representing just 5% of the total. Hong Kong also had four regional leaders. Japan was home to only three of these executives, and the remainder were sprinkled across Thailand, India, Malaysia, and South Korea.

It is clear that Singapore has been remarkably successful in attracting global technology leaders to base themselves in their city-state. In talking with some of these executives, we understand significant tax incentives and advantages for using Singapore was a key driver. We also heard that many felt that the ease of travel from Singapore to key regional locations such as Southeast Asia, India, Australia and China (at least pre-pandemic) was a big attraction.

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On the flip side, the data was also illuminating with regard to the lack of China-based regional leaders. China has the [biggest software market in APAC](#) (valued at US\$7.79 billion in 2020, ahead of India, which is valued at US\$7 billion). Talking with a number of technology leaders, we heard that China is such a big and complex market that the top Chinese leaders are already overwhelmed with China for China, and simply do not have the bandwidth to deal with smaller markets outside of the country.

This firmly reflects our findings and recommendations in our recent report [Key Strategic Components for Companies with China Ambitions](#): China is a market unto itself, should be strategically treated as such by MNC's, and they are increasingly doing so.

In addition to this, the speed of Chinese growth as well as the complexity of the China market means that even the most senior Chinese technology leaders very rarely have developed experience globally or regionally in Asia Pacific.



More problematically for China, there also seems to be high personal and corporate tax costs in the country, an obvious discouragement for non-Chinese leaders wanting to be based there for regional roles. The *Financial Times* and *South China Morning Post* have recently reported on the fact that foreign companies and staff are currently faced with increased levels of isolation because of the political climate and continuing COVID lockdowns and travel restrictions.

Similarly, state and territory-based COVID travel restrictions in Australia have left many executives that we spoke to reassessing whether they should remain in the country, even though the country firmly finished as the number two destination for regional heads of APAC. Many we talked to said they were now essentially looking at alternative location options for themselves, their senior leaders and their teams outside of Australia.

With pandemic-related restrictions now easing across the country, it will be fascinating to see whether this sentiment persists. Interestingly, many executives we spoke to noted that while Australia was a very significant and profitable market for them, as well as an extremely attractive place to live, there was a general sense that Australia's importance as a market may diminish over time as Asian countries farther north continue to develop and grow in importance.

Lastly, India only had two of the 88 APAC regional executives we interviewed based there – one in Mumbai and another in Delhi. Restrictive tax schemes, a relatively small ex-patriate community and a lack of purchasing power from the bulk of the population are inhibiting factors.

With less than 6 million inhabitants, Singapore is the 114th most populous country in the world, but has the 36th largest economy. The majority of software firms have decided that Singapore is the clear choice from where to run regional headquarters to drive APAC strategy and growth.

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