TECH FOR GOOD INSTITUTE

Report

Leveraging Digital Platforms for Public Benefit

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About This Study

While the impact of digital platforms on economic growth in Southeast Asia is widely recognised, studies exploring its positive influence on social, developmental, and environmental progress are limited. Building on the Tech for Good Institute's 2021 Platform Economy Report, this report explores how digital platforms are leveraging its unique features, not only to facilitate broad-based digital transformation, but also to promote sustainable behaviours among different stakeholders.

For this report, digital platforms from a range of sectors were considered, including e-commerce, hospitality, experience, mobility, and food delivery platforms. Industry and civil society representatives were consulted through a roundtable discussion where use cases and challenges in utilising platforms for public benefit were discussed.

The selected examples are meant to be illustrative rather than exhaustive. The aim of this report is to serve as a conversation starter on how the unique features of digital platforms may be leveraged for public good, and to provide a reference for governments, the private sector, and civil society to explore ways in which digital platforms may maximise its potential to contribute to Sustainable Development Goals in Southeast Asia.

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Ant International

About the Tech for Good Institute

The Tech for Good Institute is a non-profit organisation working to advance the promise of technology and the digital economy for inclusive, equitable and sustainable growth in Southeast Asia.

With a population twice the size of the US and strong demographics, Southeast Asia's digital economy is evolving rapidly. At the same time, the region's trajectory is unique, shaped by its diverse cultural, social, political and economic contexts. The Tech for Good Institute serves as a platform for research, conversations and collaborations focused on Southeast Asia while staying connected to the rest of the world. Our work is centred on issues at the intersection of technology, society and the economy, and is intrinsically linked to the region's development. We seek to understand and inform policy with rigour, balance and perspective by using research, effective outreach and evidence-based recommendations.

The Institute was founded by Grab to advance the vision of a thriving and innovative Southeast Asia for all. We welcome opportunities for partnership and support, financial or in-kind, from organisations and individuals committed to fostering responsible innovation and digital progress for sustainable growth in the region.

More information about the Institute can be accessed at www.techforgoodinstitute.org.

About Ant International

Headquartered in Singapore, Ant International powers the future of global commerce with digital innovation for everyone and every business to thrive. We collaborate with partners to support merchants of all sizes worldwide achieve growth through a comprehensive range of tech-driven digital payment and financial services solutions.

More information about the organisation can be accessed at www.antglobal.com.

Executive Summary

Digital platforms have unique features that have changed the way we work, live and transact.

Digital platforms are intermediary services between multiple sets of users, typically buyers and sellers. These services existed prior to the digital age, such as banks and television networks. By digitalising interactions and transactions between users, however, digital platforms have enabled multi-sided marketplaces that are unique in its **efficiency, accessibility, scale and agility.** The business infrastructure for digital-first platforms can accommodate even more transactions with less marginal cost, thus allowing for rapid scalability. In fact, these business models often require scale to succeed, relying on the network effect of becoming more relevant and valuable to its growing user base. Without a physical footprint, digital platforms can transcend geographies and time zones, operating continuously and extending beyond metropolitan cities. In its drive to demonstrate value to users, digital platforms have also focused on lowering barriers to entry through seamless and frictionless user journeys. Its accessibility increases as digitalised business processes and automation becomes more efficient by reducing operational costs, thereby driving down cost to users. Digital platforms collect and process large amounts of data in real time. Not only does this boost efficiency, it also underpins agility in decision-making and product development, such as dynamic pricing or mapping an efficient route. Finally, as digital platforms work hard for user loyalty within non-exclusive relationships, digital platforms innovate constantly across strategy, operations, technology, product and marketing to grow.

With these capabilities, digital platforms have contributed to digital economy growth in Southeast Asia by enabling sellers and merchants to digitalise their businesses for relatively low investments in technology and talent. This is particularly relevant in the region, in which micro, small and medium-sized enterprises (MSMEs) account for nearly 99.9% of all enterprises.[1] With its scale, digital platforms are also able to invest in cybersecurity, data protection and other measures to establish user trust, which may be difficult for individual merchants. As an intermediary, digital platforms are able to de-risk transactions for both buyers and sellers in multiple ways, from managing personal and payment data to holding funds in escrow for payment certainty to product verification and user safety.

Digital platforms can deliver social benefits and foster community well-being.

Leveraging its scale, accessibility, efficiency and agility, digital platforms can support social and environmental goals. During the COVID-19 pandemic, for example, digital platforms connected MSMEs directly with customers online, enabling them to operate and sustain their livelihoods. Additionally, digital financial services platforms were tapped by governments to identify enterprises needing support and to distribute cash assistance to eligible social protection beneficiaries.

The efficiency, user-friendliness and "always-on" nature of digital platforms have also supported social initiatives, such as facilitating charitable giving and community support initiatives. The agility and personalisation capabilities of some digital platforms have also facilitated accessible travel and mobility to underserved customer segments, while others have used their scale to engage hard-to-reach audiences for upskilling initiatives, such as MSMEs and drivers.

Digital platforms can contribute to environmental sustainability.

The digital economy's environmental footprint is growing rapidly, with the sector set to increase its global energy and water use significantly due to accelerating digital transformation and the implementation of artificial intelligence (AI) technologies into solutions.[2] While a "Say-Do-Act" gap does exist between intention and action, there is an opportunity for larger digital platforms to work on and integrate efforts towards reducing environmental costs across operations, products and service offerings. In operations, these range from data centre energy efficiency standards to optimising logistics in supply chains. In products, this includes simplifying choices and highlighting lower-impact options, such as building confidence in the circular economy or the use of electric vehicles or alternative fuels. Finally, service offerings might be informed with data, such as efficient routing systems.

The scale and data-driven approach of digital platforms can also support user groups, such as merchants in their own sustainability journeys. For example, digital platforms can support MSME sustainability reporting, waste reduction, recycling and sustainable packaging initiatives.

Digital platforms can uniquely nudge users toward more sustainable practices.

Digital platforms can effectively raise awareness about sustainable practices. It can also steer users toward environmentally-friendly choices by simplifying decision-making processes and promoting data-driven insights. For example, food delivery platforms have reduced single-use plastic waste through the default option of not including plastic cutlery with deliveries. As an intermediary, digital platforms can develop value propositions for better environmental practices for users, such as showcasing environmentally-friendly merchants to consumers, or sharing data on the consumer trends and preferences to merchants. Digital platforms have also used the same techniques to encourage user loyalty, such as gamification or incentive systems, to encourage sustainable practices. Digital platforms may offer reward points or discounts for making sustainable choices, effectively nudging users toward more environmentally conscious actions through positive reinforcement.

Governments, digital platforms and the impact sector should work together to enable the twin transition approach of sustainability and digital transformation.

Digital technology and the new business models it enables drive more than economic growth - together with governments and the impact sector, these digital platforms can drive the equally important transition to a low-carbon, inclusive and circular economy.

For governments, sustainability and digital transformation plans should be integrated rather than independently developed. Singapore's Green Data Centre Roadmap is an example of planning for sustainable digitalisation, as continued investments in digital infrastructure are needed for digital inclusion. Continued investments in physical and supporting infrastructure would also allow digital platforms to maximise its impact through the unique characteristics of efficiency, accessibility, scale and agility. Governments can co-create a trusted data sharing environment with digital platforms to leverage the data-driven nature of digital platforms. Instead of sharing raw data, which may compromise business processes or personally identifiable information, sharing data insights may help governments formulate effective policies. Moreover, enabling an innovative environment, such as a framework supporting cross-border data flows with the necessary safeguards against unintended consequences, would further support digital platforms to deliver public benefit. And finally, governments could also consider adopting platform approaches in the digitalisation of public services.

For digital platforms, sustainable and responsible operations are baseline requirements. This sets the basis for sound corporate citizenship that builds trust among stakeholders. Platforms can also align with national priorities for sustainable growth, working with governments to find areas of collaboration, such as the digital transformation of MSMEs and public services. This may require a local or regional approach, even as the commercial impetus to scale often requires standardisation of approach, product and service. Where applicable, digital platforms can be a source of alternative data to quantify sustainable choices and support MSMEs in their sustainability journey.

Lastly, digital platforms can be partners in research, public outreach, fundraising, programme delivery or evaluation for impact sector stakeholders, such as non-profit organisations, social enterprises, think tanks, academia and other developmental partners. While digital platforms can bring scale, a ready audience, technology and technical capability, the impact sector brings subject matter expertise, credibility and grassroots, or community networks. This approach complements their focus on service delivery, while utilising the speed, accessibility, scale and agility of digital platforms, rather than focusing to build their own infrastructure.

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