

# Future of Asia

September 18, 2019

**Website:** [mckinsey.com/futureofasia](https://mckinsey.com/futureofasia)

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# Topics for discussion

## 1. Asian Century

The global center of gravity is shifting towards Asia

## 2. Decoding Asia

There is no 'Asia' but rather '4 Asias'

## 3. Innovation and technology

Multi-local innovation in Asia

## 4. Implications for Australia

Thriving in an Asian Century





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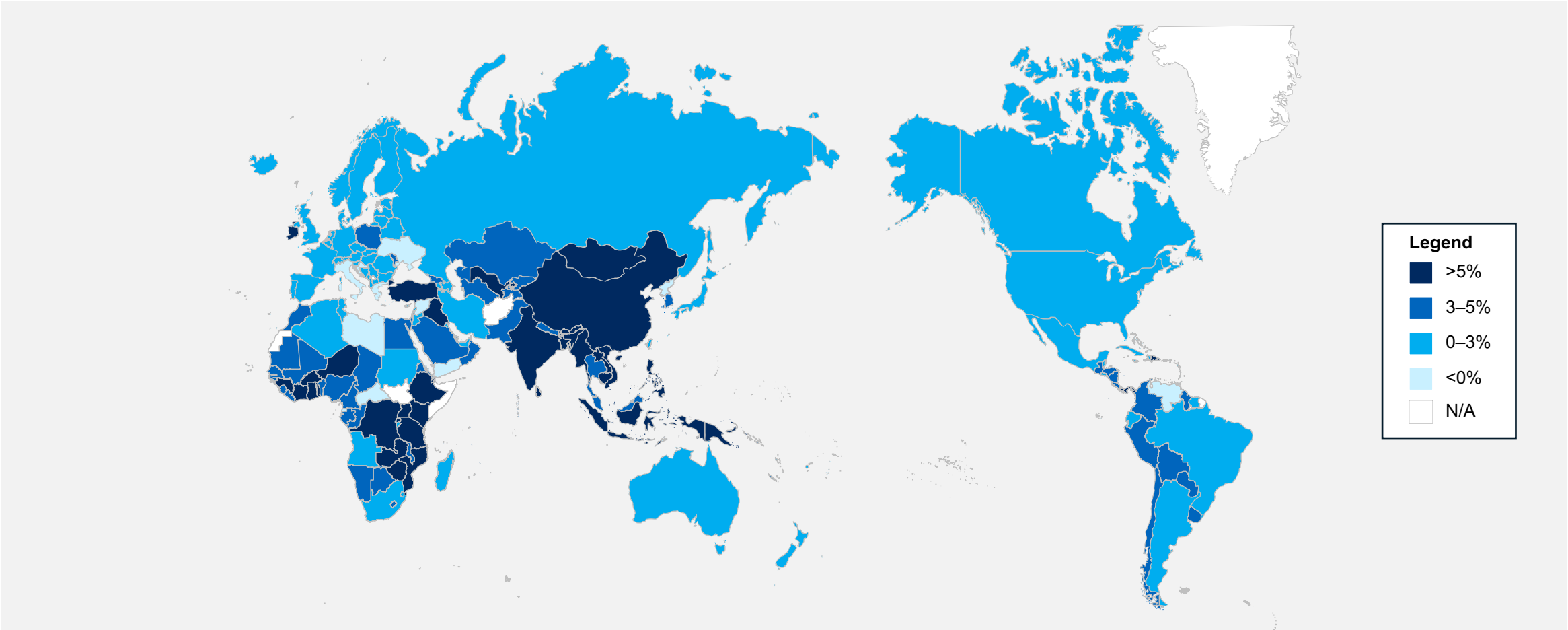
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# Can Asia potentially change the course of the world?

Ten-year real GDP growth per annum (2008–18), %

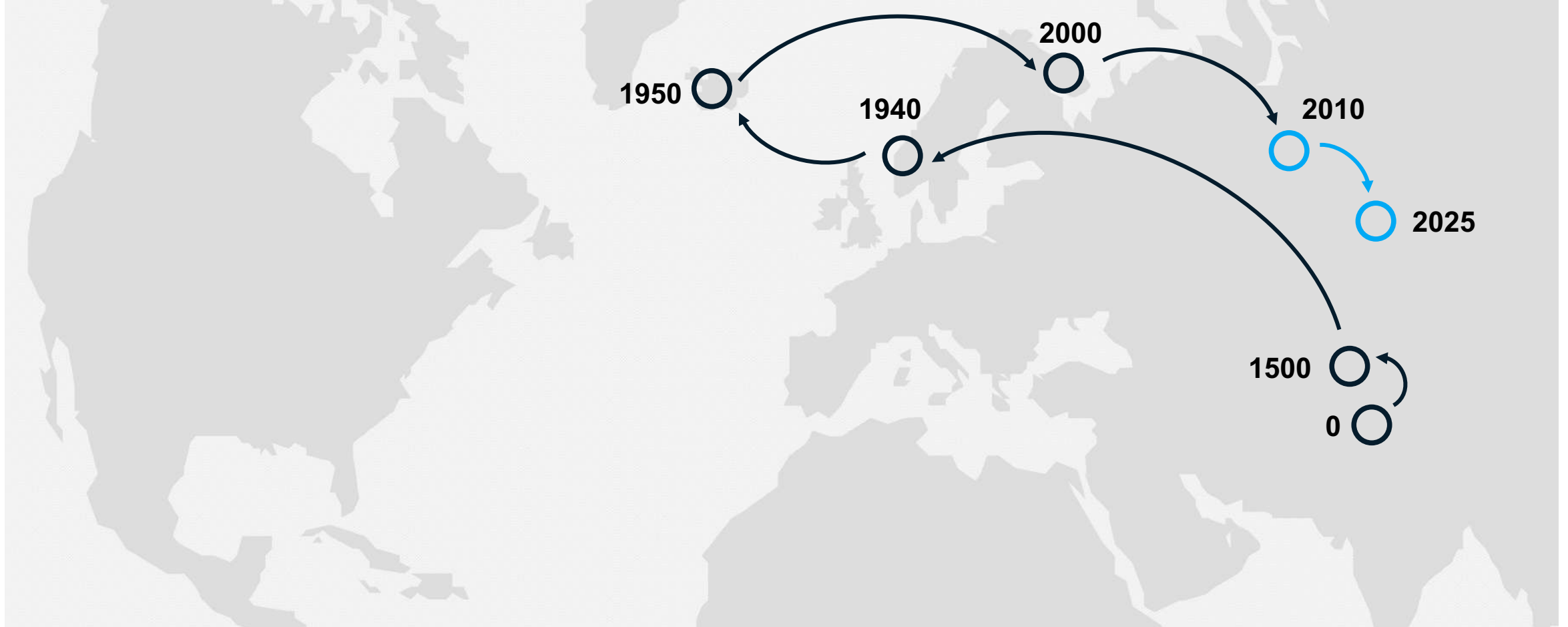


Note: Cutoff point based on +/- one standard deviation from mean.

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# The world's economic centre of gravity is shifting back to Asia

Locations weighted in 3D space by GDP



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# Asia by 2040...

**~3 billion**  
people living  
in urban  
centers

**40%** of global  
consumption

**52%** of  
world's GDP  
(PPP)

Macroeconomic indicators demonstrate Asia's  
**upward trajectory** and **position as the world's  
biggest economic region**

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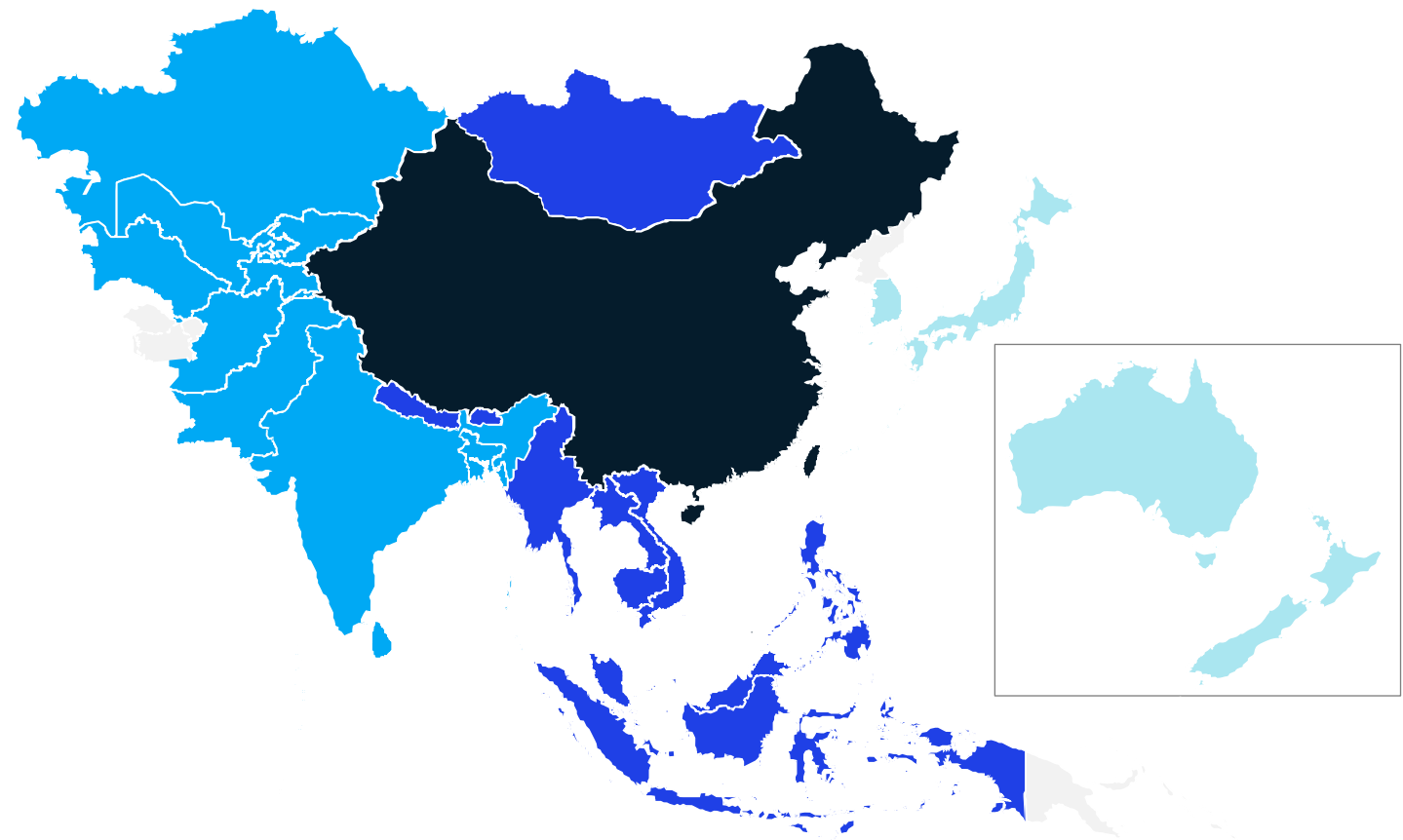
Thriving in an Asian Century









# There is no single Asia, but at least four...

GDP comparison, \$ trillion



	2018 GDP	2040 GDP
 <b>Advanced Asia</b> may be bigger than Middle East and Africa combined	8.2	→ 10.8
 <b>China</b> may be almost as big as North America	13.0	→ 35.7
 <b>Frontier Asia and India</b> may be bigger than Middle East and Africa combined	3.5	→ 12.9
 <b>Emerging Asia</b> may be comparable to Latin America	2.5	→ 7.2



# The Four Asias have complementary assets

Concentration

Category	Metric	Advanced Asia	China	Emerging Asia	Frontier Asia and India
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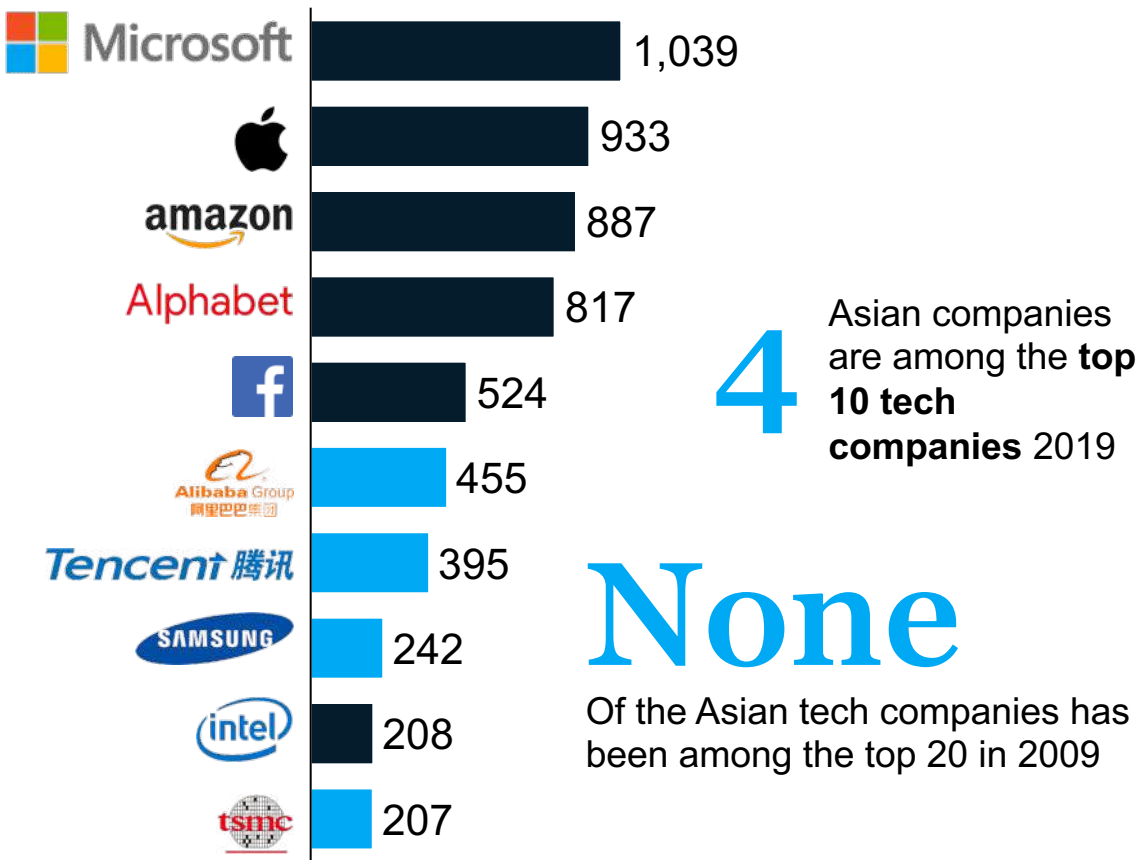
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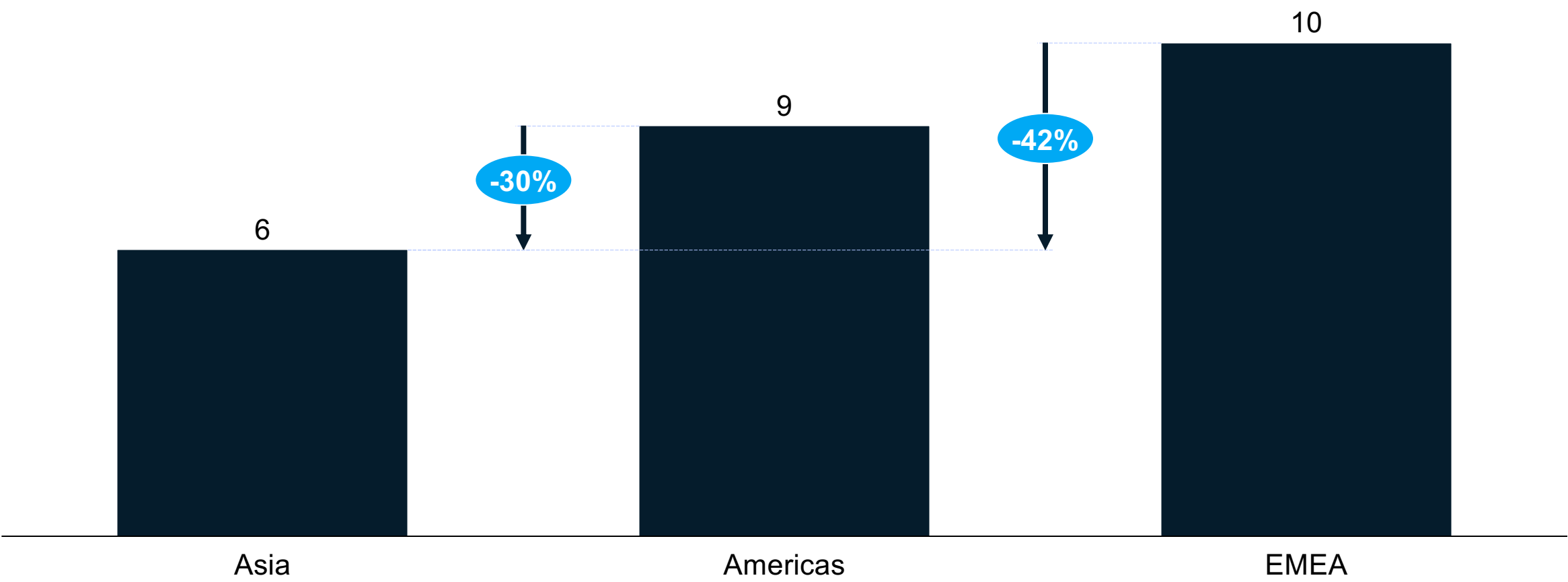
# Asia is already building out its technology leadership position...

Top 10 global tech companies,  
2019 market capitalization



# In addition, Asian unicorns spend less time in incubation compared to the Western countries

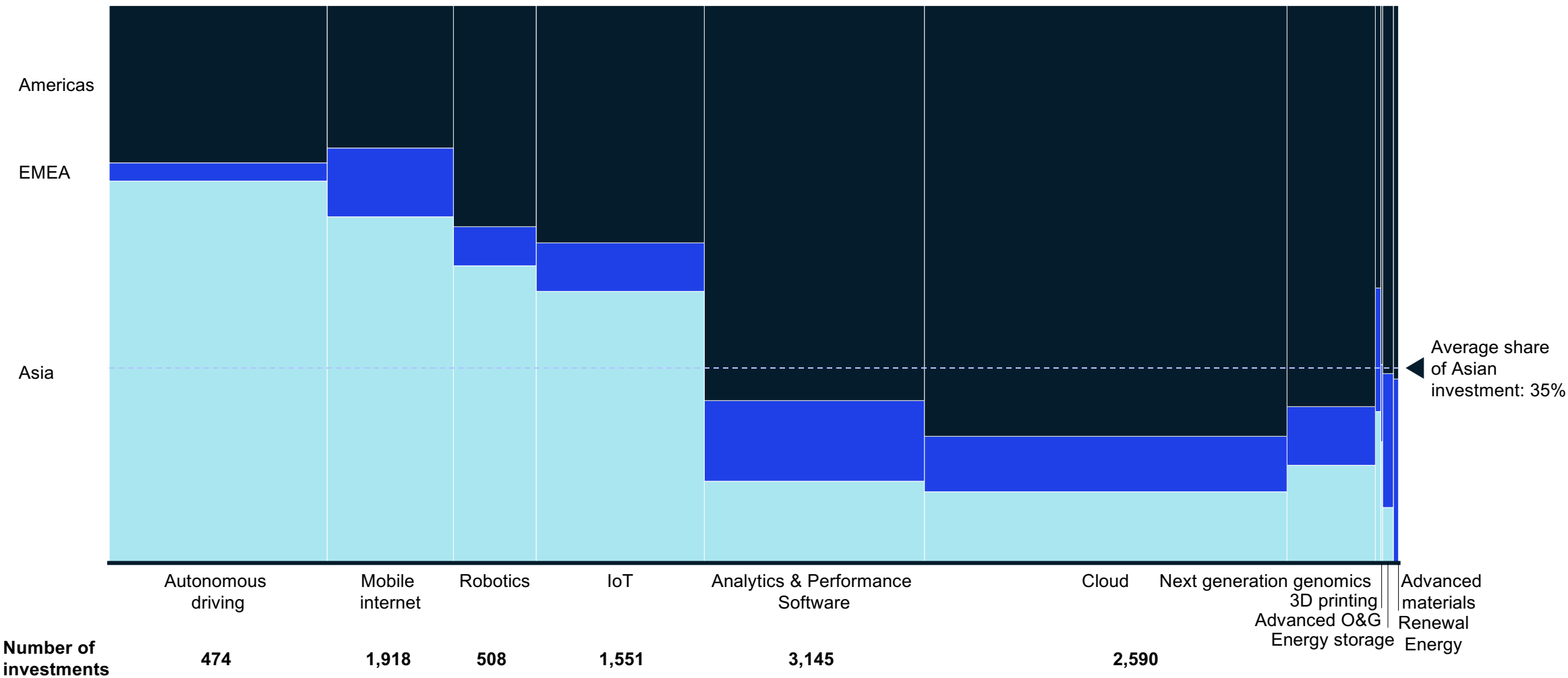
Average time to become unicorns since foundation, year





# Asia is already leading investment activities across disruptive technologies

Amount of investment in start-ups by region, by technology for 12 disruptive technologies<sup>1</sup>, 2015-2018



# The 50 fastest-rising cities on Asia’s innovation network



# Leading firms on Asia's innovation network

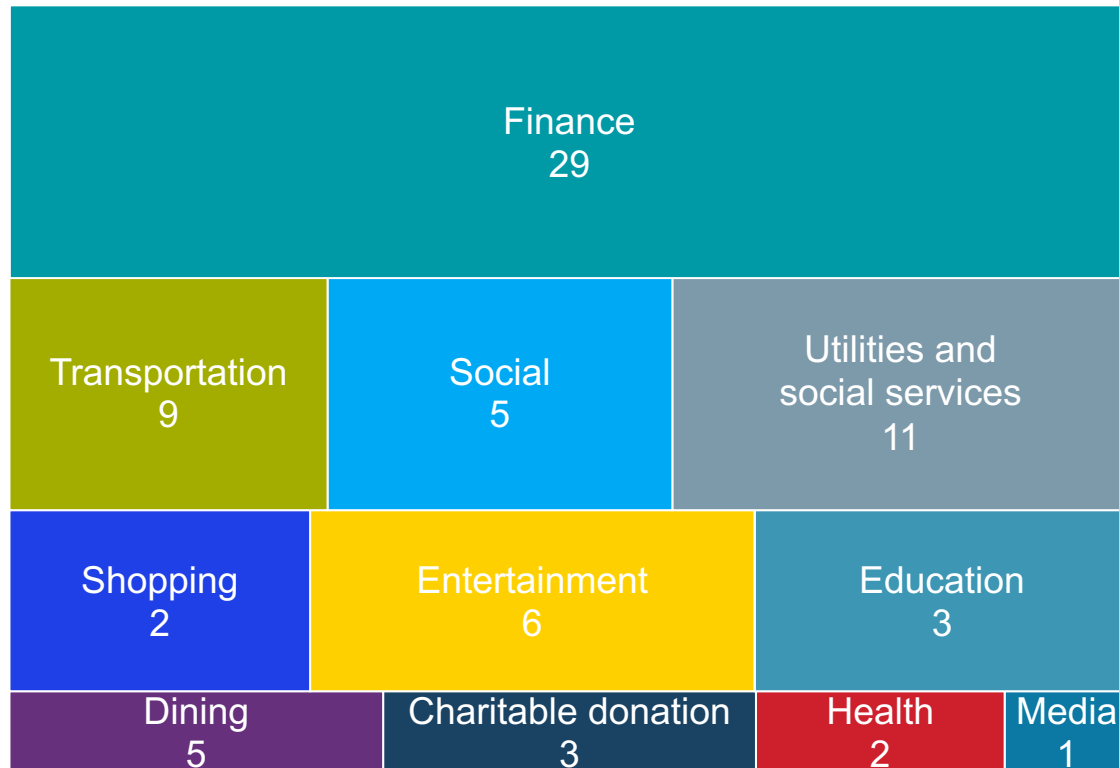
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# Chinese super apps that offer a one-stop solution for customers

# of features in Alipay

***75 in-app features***



***200k+ mini-programs***  
(in-app third-party application function)

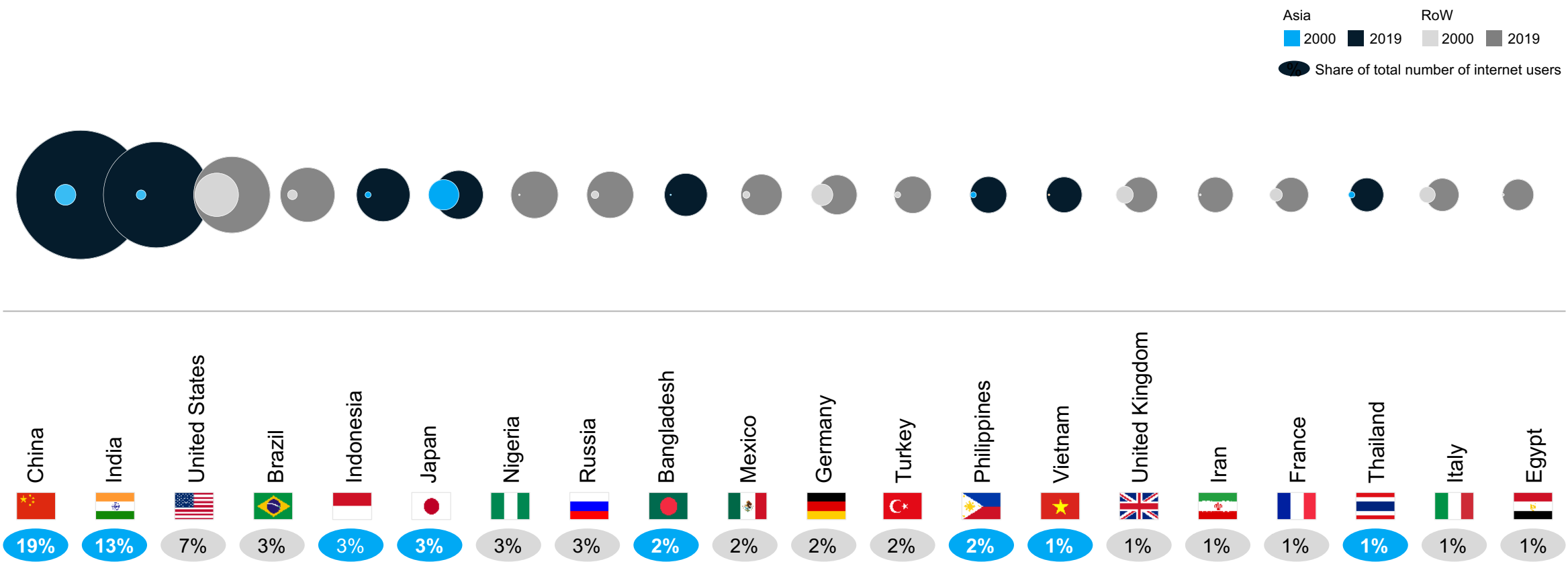


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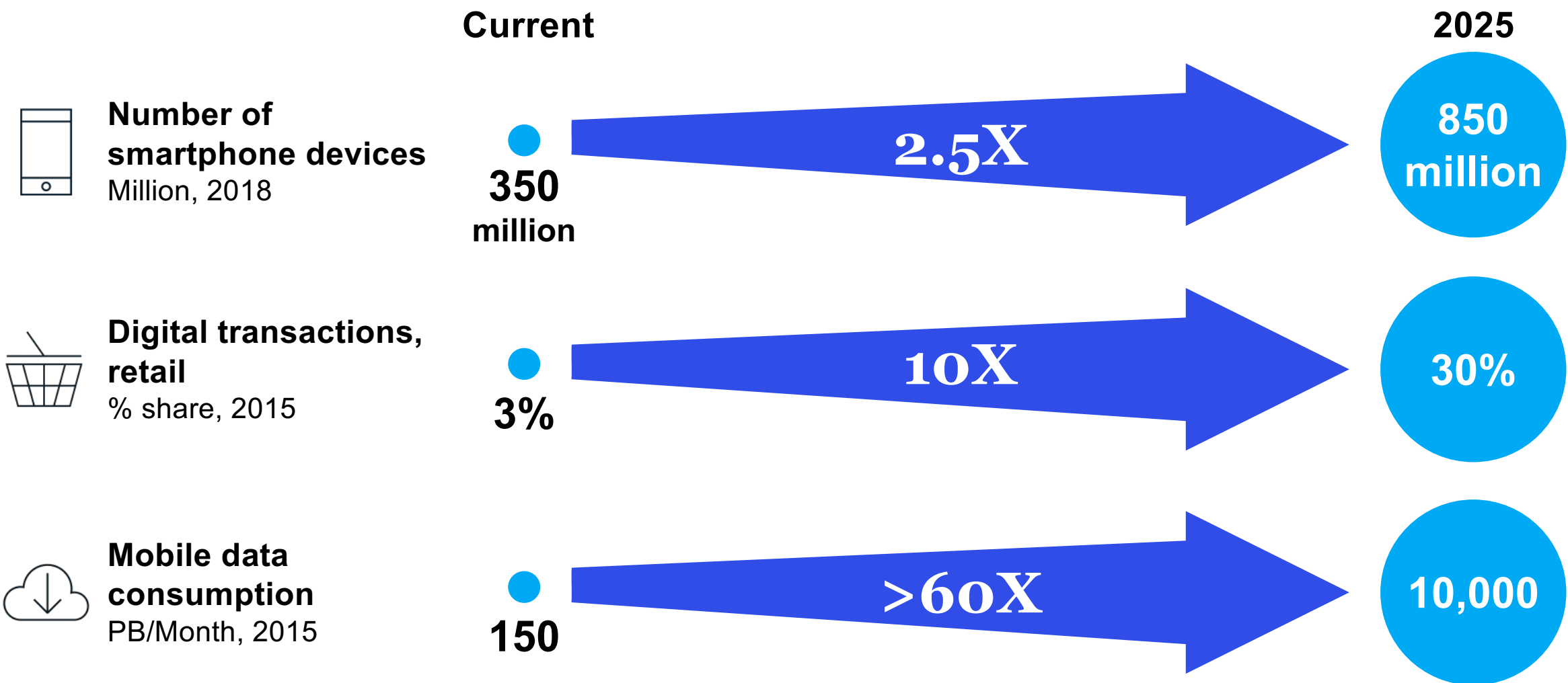
# A key driver of Asia's technological advance is scale; Asia already accounts for half of the world's internet users

## Number of internet users



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# For example, India will be among the largest data ecosystems in the world

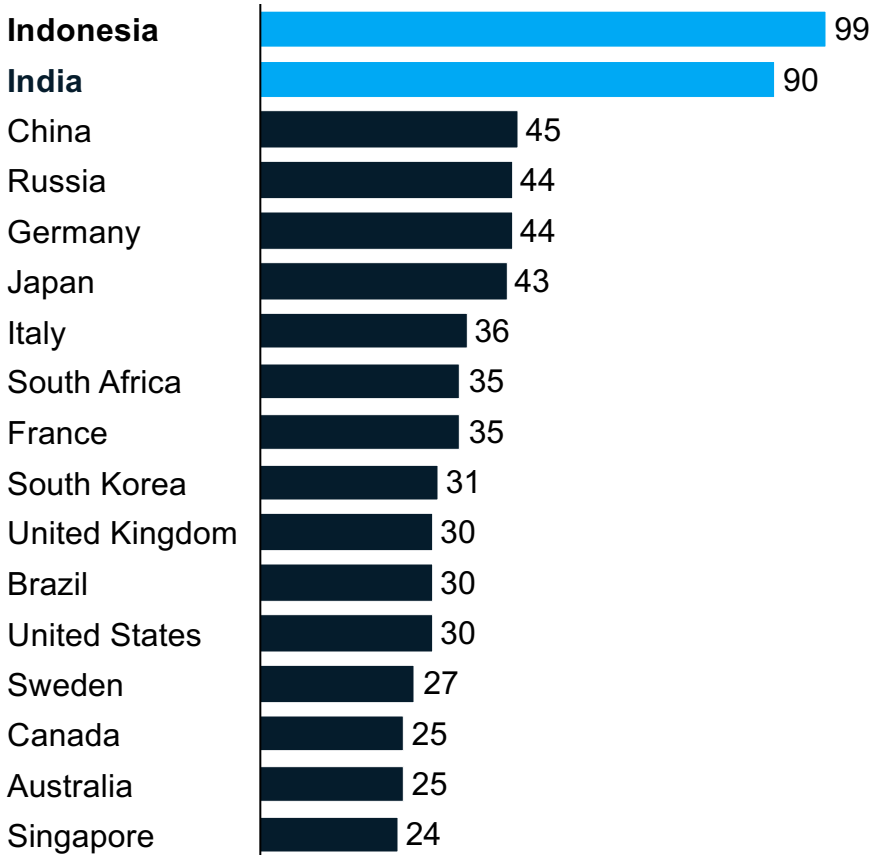


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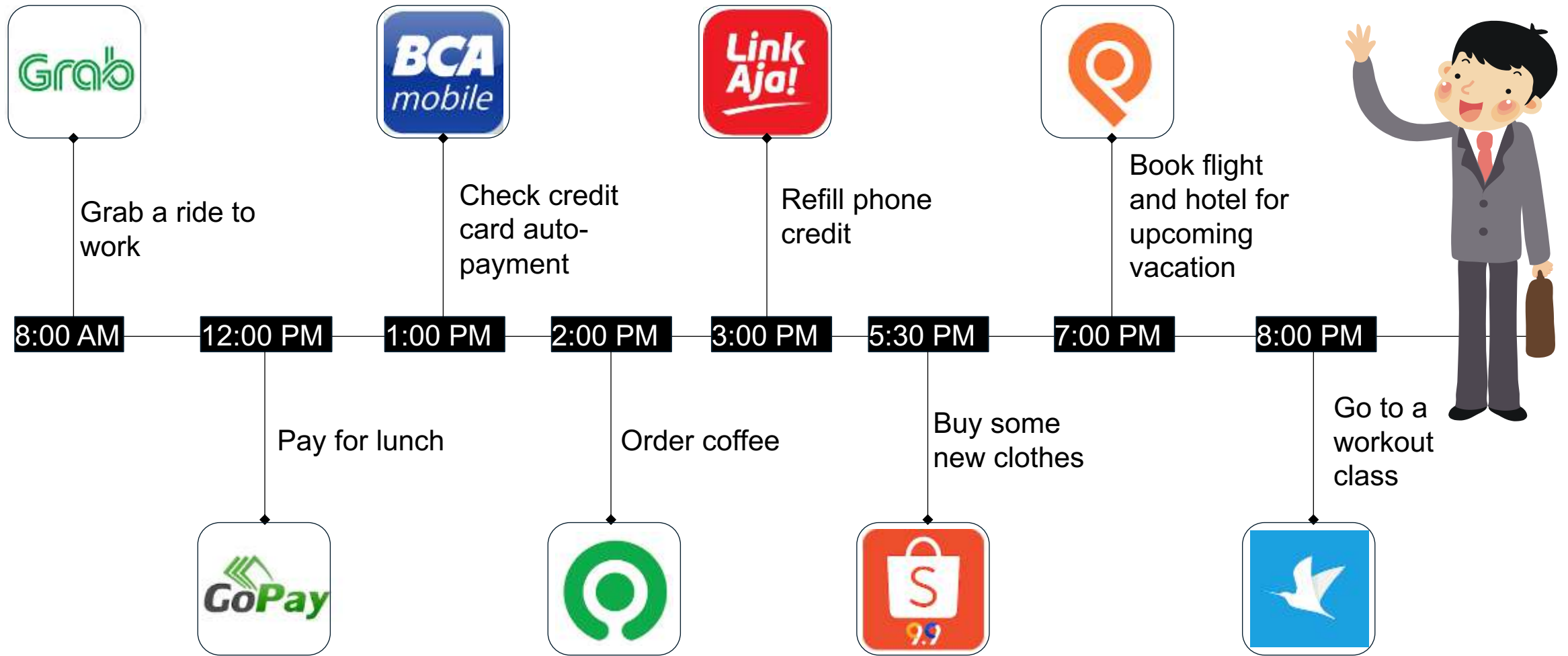
# Not only are Asian countries adopting faster but they tend to be even more digitally savvy compared to Western peers

## Growth in digital adoption index

% growth, 2013-2018



# Day in the life of a digitally savvy user in Indonesia





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# Thriving in a world led by Asia



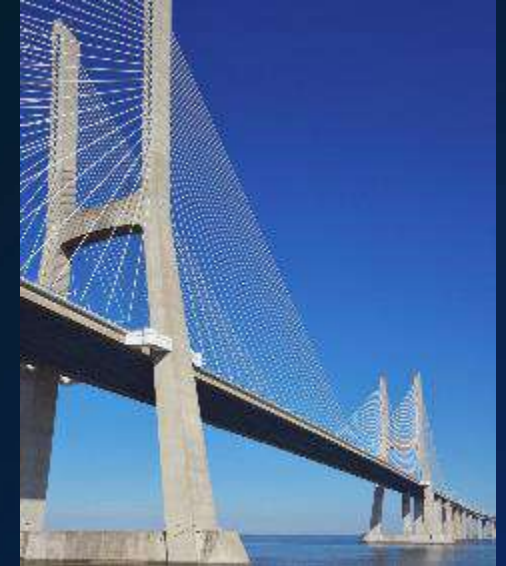
**1**  
**Look to Asia  
for talent (and  
protect your  
talent!)**



**2**  
**Collaborate  
with Asian  
companies and  
universities**



**3**  
**Invest in Asia  
(and know that  
Australian  
companies will)**



**4**  
**Establish  
stronger  
personal ties  
across Asia**



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