

SOVEREIGN TECHNOLOGY CAPABILITIES

Why CEOs Must Act Now to Secure the Future

Hans Dekkers | General Manager, IBM Asia Pacific



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Executive summary

As nations in the Asia Pacific approach pivotal developmental and historic milestones, the region faces a dual reality: immense opportunity and rising uncertainty. This white paper outlines why digital sovereignty, control over data, infrastructure, and innovation is no longer optional for enterprises.

The convergence of AI, Hybrid Cloud, and Quantum technologies is reshaping business models, organizational structures, and competitive dynamics. In parallel, shifting geopolitical winds are pushing governments across the Asia Pacific to explore data localization requirements and ways to maintain sovereignty over their data. But sovereignty means much more than national sovereignty. This whitepaper defines what it means to be a sovereign enterprise in a hypercompetitive global environment. Amid intensifying disruption, CEOs must now lead their organizations through this transformation, ensuring compliance, resilience, and innovation.

This paper highlights the urgency for adopting sovereign cloud strategies, AI-powered workflow transformation, and hybrid cloud architectures to unlock the value of enterprise data. It calls for action to address outdated siloed systems and slow decision-making that will leave businesses vulnerable to disruption, cyber threats, regulatory penalties and worse, irrelevance.

Key recommendations include a 5-point action guide for CEOs:

1. Make sovereignty a board-level priority.
2. Design hybrid cloud infrastructures for compliance and agility.
3. Leverage AI to streamline workflows and unlock data value.
4. Build strategic partnerships to navigate sovereignty.
5. Upskill the workforce for sovereign technologies.

With the sovereign cloud market projected to grow 4.5x by 2028 and 80% of multinationals expected to adopt sovereign data strategies by 2027, the time to act is now. Hesitating translates to lost market access, eroded stakeholder trust and falling behind competitors. Seizing this pivotal moment will ensure positioning your organization as a leader in the sovereignty era, resilient, innovative, and ready for the digital future.

Will your organization lead the trust revolution, or watch from the sidelines as competitors seize the advantage? I hope that this paper serves as a guide for us to shape a sovereign future together for Asia Pacific.

Hans Dekkers
General Manager, IBM Asia Pacific



Do you control your data? Or does your data control you?

For CEOs across the Asia Pacific region, this isn't just a rhetorical question; it's a wake-up call. Sovereignty over data, technology, and operations is no longer just a **compliance** issue. It's the foundation of competitiveness, resilience, and survival in the **AI-driven global economy**.

As several nations across Asia approach their centennial milestones, the region is standing at the crossroads of unprecedented opportunity and rising uncertainty. Geopolitics is in flux, **regulations are tightening**, and cyber threats are targeting the very foundations of modern business. For companies operating in these conditions, the question is daunting:

Will your organization thrive and lead in this new era of sovereignty, or be left behind?



Are business models stuck in time?

The rapid convergence of three exponential technologies — **AI**, **Hybrid Cloud**, and **Quantum Computing**, coupled with **geopolitical shifts** are fundamentally reshaping the way businesses operate.

For CEOs across the Asia Pacific region, this is a moment of reckoning. The disruption brought by exponential technologies isn't just transforming industries, it's redefining business models. The rules are being rewritten.

Traditional hierarchies, siloed processes, and existing systems are no longer fit for purpose. Enterprises today are locked into many silos with no master key to unlock the inherent business value from proprietary data spread across the business.

AI-Human augmentation is the new operating principle, and the winner takes it all

Many businesses have made adjustments to their business models over time, but what is needed now is an overhaul on both sides of the balance — workflows and processes of the enterprise and how developers collaborate closer with technology. The disruption is here and now with AI as the arrowhead.

The rise of the AI agents is accelerating the disruption

With the rise of **AI** agents, the very construct of organization and workforce is getting redefined. What took days and months is now being delivered in minutes and seconds. Job roles, skills, and future organizational structures are all primed for a big reset.

This new operating principle of AI-human augmentation will unlock productivity gains, operational excellence, and innovation-driven revenue growth. By opening up cross-functional knowledge from across the organization, it will redefine fixed roles, empower employees and future proof businesses in the AI era.

For enterprises to succeed in this era, it comes down to their core - their data. Specifically, the AI readiness and sovereignty of their data, which will determine the winners and losers in this new world order. Time is of the essence, and the speed of decision-making by CEOs holds the key.



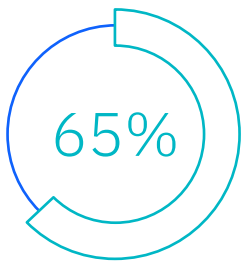
The question is no longer whether your business will face disruption — it's how you will lead through it

The time to act is now. Sovereignty for enterprises isn't just a regulatory issue — it's a **strategic imperative**. With **Hybrid Cloud**, **AI**, and **workflow-centric transformation**, CEOs have the tools to not only navigate disruption, but turn it into a competitive advantage.

The disruption that's reshaping business models



Navigating the shifting sands of the sovereignty regulatory landscape



By 2028, **65% of governments worldwide** will enforce some form of technological sovereignty requirements to protect their economies from **extraterritorial regulatory interference** (Gartner).



In the Asia Pacific region, **India, China, Singapore, Malaysia, and Indonesia** are already leading the charge with stringent data localization laws.

This isn't just about compliance — it's about survival and growth. Non-compliance won't just result in fines, operational hiccups, or loss of trust, it can also lead to significant consequences. It could lock your business out of critical markets entirely.

- **India** has data localization requirements under the **Digital Personal Data Protection Act, 2023**.
- **China** requires critical data to remain within its borders under its **Cybersecurity Law, Data Security Law, and Personal Information Protection Law**.
- **Indonesia** mandates for certain data to be stored locally, and similar rules are emerging for regulated industries.



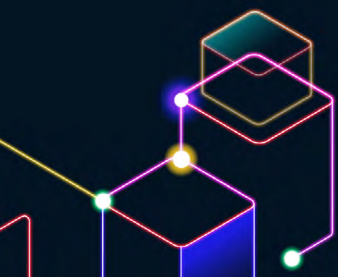
The Stakes

CEOs who fail to align with these laws risk seeing their organizations crippled by market bans, reputational damage, and losing trust with regulators and customers.



Ask Yourself

- Is your organization prepared to operate in an emerging world where digital sovereignty is the price of market access?
- Laws may change dynamically but does your organization have the technical architecture and ability to respond to an evolving regulatory framework?



What does sovereignty mean for the enterprise?

In the enterprise context, it describes an organization's level of control over its digital assets, including data, software, content and digital infrastructure in all operations. Sovereign enterprises go beyond regulatory compliance and foster trust through transparency and responsible policy stance on data and technology.

Data sovereignty — the foundation of trust

and control: Digital sovereignty begins with data responsibility - who controls it, where it's stored, and how it's protected. Enterprises must partner with trusted technology providers that comply with evolving local data laws, governance standards and ensure data ownership remains with the creator.

Technology sovereignty — empowering

resilience through open ecosystems: Building resilient digital ecosystems requires technology partnerships that leverage open cloud platforms, open AI models, fit for purpose and smaller AI models, and enterprise-grade cybersecurity frameworks based on transparency and shared governance. This gives access to global innovation and diversified technology supply chains while maintaining sovereignty over digital assets.

Operational Sovereignty — local accountability for compliance and transparency:

Operational sovereignty hinges on the ability to engage with local partners accountable under regional jurisdictions, who deliver transparency on data access, residency, and regulatory compliance.

True digital sovereignty equates to **choice, control, and the power** to define one's digital path. It comes from [sovereign collaboration](#) in creating **open, responsible, and adaptable digital foundations** that enable nations and companies to **innovate securely and independently**.



From silos to workflows

Many companies still operate using dated organization models that are hierarchical, with siloed departments like finance, HR, business lines, among others. This creates friction, as delivering value typically requires passing work through **five to eight distinct silos**. The result? **Slower processes, frustrated employees and customers**, and missed opportunities.

In an era where **speed, agility, and innovation** are everything, this outdated operational model is no longer sustainable.



The shift to workflow-centric transformation

Forward-thinking organizations are embracing **workflow-centric models** that replace silos with **AI-powered automation** and **cross-functional agility**.



By focusing on workflows rather than silos, companies can identify processes that can be automated or streamlined with AI.



Faster workflows reduce friction, cut costs, and improve productivity — all while enhancing customer and employee satisfaction.

Example at IBM: IBM utilized **AI and Automation** to drive **\$4.5 billion in productivity**, with the savings reinvested in the R&D of new frontier technologies, solutions, and sales. Reinventing over 70+ workflows.

By enabling seamless workflow automation, IBM empowered resources to focus on **value-generating activities** like product development, and sales.



The Stakes

Companies that fail to adopt **workflow-centric transformation** risk being outpaced by faster, more agile competitors.



Ask Yourself

Are your workflows designed for the future — or stuck in the past?

What are workflow-centric models?

Workflow-centric models focus on **orchestrating tasks end-to-end** rather than just deploying isolated AI capabilities. In this approach, **AI agents are embedded into business workflows** like procurement, HR onboarding, IT security, or customer support where they act as autonomous or semi-autonomous units that interpret context, trigger actions and collaborate with humans and the agent ecosystem.

Benefits include massive productivity gains, cost optimization, agility, enhanced customer experience and scalable innovation, shaping the future of businesses.

Hybrid Cloud and AI: The engines of transformation

Disruption is being powered by three transformative technologies: **Hybrid Cloud**, **AI** and **Quantum Computing**. Together, they enable businesses to adapt to the new realities of sovereignty, security, and speed. Allow me to focus on hybrid cloud and AI for this discussion.

Hybrid Cloud: The backbone of sovereignty

Hybrid cloud provides the flexibility to integrate **public, private, and sovereign cloud infrastructure**, giving organizations the control they need to comply with local sovereignty laws, while maintaining global connectivity and access to cutting edge technology capabilities.

With **Hybrid Cloud**, businesses can:

- **Operate seamlessly across borders** without compromising on data sovereignty.
- Leverage **localized cloud solutions** to meet regulatory requirements.
- Maintain the agility to innovate while reducing the complexity of managing multiple cloud environments.

As businesses deploy increasingly powerful AI models across sensitive domains, questions of data provenance, model governance and regulatory accountability become central to cloud strategy. Sovereignty demands intentional architecture, and the right hybrid approach ensures that your organization remains firmly in control of its direction, obligations and innovation agenda.

AI for Enterprise: Unlocking the value of data



With **99% enterprise data** untapped by existing **LLMs** and much of it being unstructured, companies are sitting on a data goldmine that can be harnessed for real business impact, enabling them to:

- **Automate workflows**, eliminate inefficiencies, and boost productivity.
- Develop **AI-driven products and services** tailored to local market needs, help innovate business models and clock new growth.
- Enhance decision-making by analysing **proprietary data** — customer insights, operational workflows, and market trends.

For AI to be sovereign, it needs to run securely where your critical data resides – whether the inferencing happens closer to the edge, or in sovereign cloud environments. Your data doesn't have to go to where the AI model is stored. Rather AI needs to come to your data on platforms that are local, resilient and secure.



The Stakes

CEOs who fail to embrace **Hybrid Cloud** and **AI** risk losing competitive ground to rivals, who are already using these technologies to turn sovereignty challenges into opportunities.



Ask Yourself

Are you leveraging **Hybrid Cloud** and **AI** to future-proof your organization, or are you falling behind?

Data sovereignty: The new battleground for competitive advantage

Data isn't just an asset — it's the **new oil**, and right now, most companies are sitting on untapped reserves. While global players have mined public data mainly for the consumer AI space, **almost all of the enterprise data remains unused**. This is **your competitive advantage** if you're ready to use it.

Your proprietary data — customer insights, operational workflows, and market trends — can fuel:



AI-driven innovation

unique to your business and the market.



Localized solutions tailored to regulated markets.



Productivity gains

that set you apart from competitors.



Your own AI - small, domain specific models

with your IP - your unique assets for differentiation and value creation.

But here's the catch: you can unlock this value only if you operate within the enterprise's **sovereign frameworks** that comply with local laws. Data sovereignty isn't just about where data resides. Organizations must be the ultimate custodians of their data – controlling how it is governed, accessed, processed and protected, and by whom.



The Stakes

CEOs who hesitate risk falling behind rivals who are already leveraging sovereign cloud infrastructure to turn proprietary **data** into innovation and market dominance.



Ask Yourself

Is your **data** working for you, are you in control of it, do you truly own it; or are you leaving your competitive edge on the table?



Sovereignty is the shield against escalating cyber threats

The Asia Pacific region is the most attacked globally, accounting for 34% of all cyberattacks. From ransomware targeting critical infrastructure, to espionage aimed at enterprise **data**, the risks are growing by the day.

This isn't just an IT problem — it's a boardroom crisis. And without sovereign cloud strategies in place, your organization is a sitting duck.

Sovereign frameworks ensure that sensitive data — whether it's customer records, regulatory data, or operational insights — stays secure and under your control, reducing exposure to geopolitical risks and cyber threats.

At the same time, while localizing data enhances control, it doesn't have to come at the cost of **resilience**. Hybrid architectures that combine local data residency with global failover capabilities ensure that critical workloads can move across sovereign zones, on-prem environments and private clouds, mitigating risks.



The Stakes

A single breach could erode decades of customer trust, tank shareholder confidence, and expose your organization to crippling lawsuits.



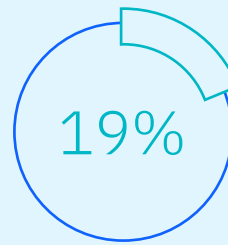
Ask Yourself

Can your organization afford to be complacent when every second without sovereignty increases your risk?



Stakeholders are watching and they demand sovereignty

Your investors, customers, and regulators aren't just paying attention; they're **demanding action**.



According to Gartner research, **19% of consumers reported losing trust in a brand** due to data breaches or poor data protection policies.

Sovereignty isn't just about **compliance**; it's about trust. It's about showing your stakeholders that you're committed to safeguarding their data, respecting their rights, and operating ethically.



The Stakes

CEOs who fail to prioritize digital sovereignty risk losing stakeholder confidence. Meanwhile, competitors who double down on ethical, transparent data practices will dominate the trust economy.

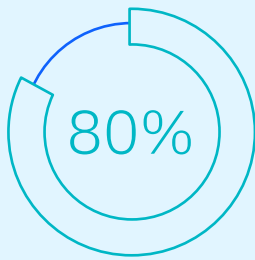


Ask Yourself

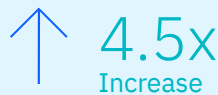
Will your organization lead the trust revolution—or watch from the sidelines as competitors seize the advantage?

The numbers CEOs can't ignore

If these stakes aren't enough to drive urgency, consider the economic opportunity:



By 2027, **80% of multinational organizations** will implement sovereign data strategies. ([Gartner](#))



The **sovereign cloud market** is projected to grow from **\$37 billion in 2023** to **\$169 billion by 2028**. ([Gartner](#))



Spending in regulated industries like banking alone will rise from **\$14 billion in 2023** to **\$66 billion in 2028** — a near **fivefold increase**. ([Gartner](#))



The **APAC sovereign cloud market** is expected to grow at a **31.5% CAGR**, reaching **\$36.7 billion by 2027**. ([IDC](#))

The message is clear:

Sovereignty isn't just a regulatory trend — it's an economic goldmine. CEOs who act now will position their organizations to lead.



The CEO playbook:

Point action guide

It's not enough to acknowledge the sovereignty wave, you need to lead it. Here's how:



Make digital sovereignty a board-level priority

This isn't just an IT issue — it's a **C-suite agenda**. Digital sovereignty must be embedded into your organization's core strategy to drive growth, innovation, and resilience.

→ How can sovereignty unlock new growth opportunities for your business?



Adopt hybrid cloud by design

Localized control over data is the backbone of sovereignty. **Hybrid cloud** provides the technological backbone for compliance, agility, and scalability in the sovereignty era.

→ Are you leveraging hybrid cloud to future-proof your organization?



Leverage AI for workflow-centric transformation

AI is the engine that eliminates silos, optimizes workflows, and unlocks the value of sovereign enterprise data.

→ How can AI help you reinvent workflows for speed, efficiency, and innovation?



Build strategic **sovereign collaborations**

Sovereignty doesn't mean isolation — it means **smart partnerships**. Work with trusted technology providers, governments, and innovators to strengthen your sovereign capabilities.

→ Who are the right partners to help you navigate the complex landscape of sovereignty?



Upskill your workforce for sovereign technologies

The talent gap is real, and sovereignty demands specialized skills in **AI, data, cybersecurity, ethics and compliance**. Invest in training to ensure your team is ready.

→ Are your people equipped to thrive in a sovereign-first world?



The call to action: Sovereignty is **Now** or **Never**

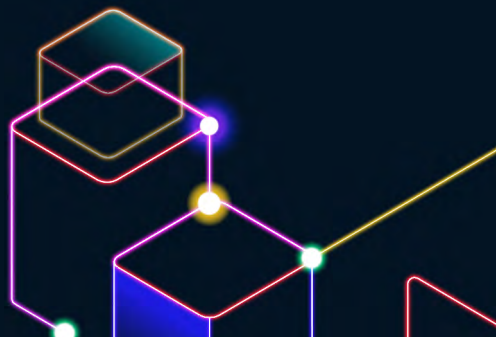
The sovereignty wave isn't coming — it's already here. For CEOs, this is a **make-or-break moment**.

Wait, and you risk losing market access, eroding stakeholder trust, and falling behind competitors who are already seizing the advantage.

Act, and you'll position your organization as a leader in the sovereignty era — resilient, innovative, and ready for the future.

The time to lead is now. Let's build a sovereign future — together.

Journey to <https://www.ibm.com/campaign/digital-sovereignty>





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About the Author



Hans Dekkers, General Manager of IBM Asia Pacific, is a firm believer that technology is a differentiator and a force for good. He champions digital transformation, empowering organizations in Asia Pacific to achieve sustainable growth, resilience and global expansion.

