

**SPEECH BY PARLIAMENTARY SECRETARY, MINISTRY OF
EDUCATION & MINISTRY OF TRADE AND INDUSTRY, MS LOW YEN
LING, AT THE SINGAPORE INNOVATION AND PRODUCTIVITY
CONFERENCE ON 22 SEPTEMBER 2016 9.10 AM, HDB HUB
CONVENTION CENTRE AUDITORIUM**

Mr Douglas Foo, President, Singapore Manufacturing Federation,

Distinguished Guests,

Ladies and Gentlemen,

Good morning.

1. Thank you for having me at this fourth edition of the Singapore Innovation and Productivity Conference. Over the past three editions, the Singapore Manufacturing Federation (SMF) has worked hard to double the scale of this event and grow its coverage from the manufacturing sector to a multi-sector thought leadership event. This is a testament to its commitment in building a culture of productivity within the business community.

2. This year, SMF is jointly organising the Conference with the Singapore Business Federation (SBF) to enlarge their reach to companies and build a richer platform for knowledge sharing. Thank you Mr Douglas Foo and Mr Teo Siong Seng, for your initiative and continued partnership with companies and Government in the national productivity movement.

The challenging economic reality that we operate in today

3. Singapore, like the rest of the world, is facing a challenging economic environment. The global economic recovery has been weaker than expected, with the International Monetary Fund (IMF) downgrading its global growth forecasts almost every year since the Global Financial Crisis. Global growth continues to be weighed down by weak trade and investment demand, as well as slow improvements in productivity. Risks remain, with mounting protectionism in major economies and political uncertainties in the developed world— most notably in the US with its upcoming presidential election, as well as in post-Brexit UK.

4. Over the medium term, we can expect investment growth in China to continue slowing down. Chinese manufacturers will also continue in-sourcing production. Together, these two driving forces are likely to pose a drag on our exports to China.

5. At home, a rapidly aging population and slower workforce growth are forcing many companies to rethink their human resource strategies. The urgency to find new ways to continue growing with our limited resources has never been greater.

Technology as a productivity enabler

6. As a small, export-driven economy, this is the new economic reality that we have to operate in. We must adapt to it by constantly seeking out opportunities to maintain our competitive edge.

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7. Productivity and innovation are crucial responses to this new normal. Both do not happen by chance, but through deliberate planning and investments in technology and innovative business models. Neither

should we let change be forced upon us. Instead, we should take the initiative to transform and grow.

8. Take Ka Shin Technologies for example. Last year, the home-grown precision engineering company took the initiative to automate its supply chain processes. Through deploying software, the company managed to reduce the time taken to cut precision mould inserts by more than a third— from 180 to 114 hours per piece. This was achieved as advanced algorithms optimised the path for cutting moulds and reduced the number of cutters required. Robots were also introduced to load and unload work pieces. Through these improvements, the company was also able to re-deploy two-thirds of its staff (six workers to the current two) from milling operations to other functions such as mould design to grow its business.

9. We can all learn from Ka Shin Technologies' initiative and resourcefulness in technology adoption. These need not be high-brow, esoteric technologies. Very often, simpler, pre-qualified solutions from the likes of SPRING and IDA are enough to get one started. For example, mobile ordering and payment solutions for F&B

operators and fleet management systems for transport companies have helped SMEs manage their resources more efficiently and raise productivity.

Strong partnerships to unlock further technology gains

10. Partnerships are key to unlocking further productivity gains. This is especially so when one is entering a new sector, and needs a leg-up to adopt new technologies.

11. Inzign Pte Ltd and A*STAR are prime examples in the medtech space. Since 2014, A*STAR's Singapore Institute of Manufacturing Technology (SIMTech) has been designing and prototyping microfluidic devices, which Inzign then takes to production. In addition, A*STAR co-funded medical device owners to collaborate with SIMTech's Microfluidic Foundry to build prototypes. Collectively, these efforts have helped Inzign develop product and research leadership in this space within a short two years. It now expects revenue from this initiative to reach \$5 million in 2019.

12. I hope Inzign's success inspires more businesses to look beyond their traditional industry boundaries and explore meaningful partnerships. SPRING and their system integrators are ready to assist where needed. These developers are capable of translating complicated technologies into bite-sized, ready-to-go solutions which are more readily understood and applied by businesses, especially SMEs. The support of system integrators will help the spread of technologies to more businesses.

Government remains committed to supporting businesses in their transformation journey

13. The Government will continue to work with and support businesses in their productivity and innovation efforts. We will do so in two main ways.

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14. First, at the industry level, Government, trade associations, businesses themselves, and our unions have come together to develop Industry Transformation Maps (ITMs) for 23 priority industries in our economy, such as precision engineering, air transport and

professional services. Each ITM lays out the growth and transformation strategies for the 23 industries over the next five years. Each ITM also integrates strategies for productivity, innovation, skills development and internationalisation. Our aim is to bring together all stakeholders, build upon existing initiatives and explore new ones to transform each industry.

15. Technology adoption is a crucial part of the ITMs. Let me illustrate with the Retail ITM that was launched earlier this month. To keep up with evolving consumer expectations and shopping trends, retailers will need to innovate to forge deeper customer relationships through online and mobile channels— for instance, through building customer communities through social media platforms. To drive greater operational efficiency, the industry can deploy manpower-saving technologies such as self-checkouts and electronic shelf labelling.

Retail companies can also pilot emerging solutions (such as humanoid robot assistants to attend to customers in stores) to stay ahead of the curve.

16. Second, at the economy-wide level, the Government will continue key broad-based initiatives that help companies innovate and raise productivity. For example, under the Technology Adoption Programme (TAP), technologies will be customised to better suit industries' specific needs. TACs are encouraged to work with research partners to identify business needs, so as to translate relevant technologies into practical solutions that help SMEs boost productivity. To increase the supply of customised, industry-relevant solutions; we will engage more research and technology partners through calls-for-collaboration. The \$400 million Automation Support Package announced during Budget this year, as well as the Capability Development Grant, are also available to companies to reduce the cost burden of transforming their businesses.

Conclusion

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17. In closing, let me wish everyone a fruitful time at this conference. I hope your active participation leads to opportunities for building strong partnerships that unlock further productivity growth and innovation for your businesses. Let us continue to work together—

Government, industry, unions and workers— on this multi-year journey of transformation and growth. Thank you.

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