

SPEECH BY MR LAWRENCE WONG, MINISTER FOR NATIONAL DEVELOPMENT, AT ST GALLEN SYMPOSIUM 2017 SINGAPORE FORUM, 7 JAN 2017, 10.10AM

Mr Philip Erzinger, CEO of St Gallen Foundation
Ambassador
Distinguished guests
Ladies and gentlemen

A very good morning to you. I am happy to join you today at the St Gallen Symposium Singapore Forum.

2. The theme for this year's symposium is about disruption. It is about how we are doing things in a new and different way, dramatically different but better than the status quo and therefore disrupting incumbents. I think it's a very appropriate and timely topic. In many ways, 2016 was a year of disruption. We saw this impacting businesses across all industries, but beyond economic, the impact was also felt socially and politically in many countries. What you have seen so far is not a once-off phenomenon – I think it is the start of many more waves of disruption to come and we will have to be prepared for this in the future.

3. Disruptive innovations are not new. We have felt it before in the history of mankind. The advent of electricity changed the world, the arrival of televisions in homes changed the way families interacted with one another and air travel has brought people closer together and bridged distances across geographies. All these were disruptive technologies in their time. What is different today – I would argue that disruption is happening now at a much more rapid pace. The pace of disruptive innovation has accelerated.

4. The key driver for this, I believe, is the explosion of information. Scientists at UC-Berkeley have tried to measure the amount of information produced in recent times and compare the result with information accumulated from earlier times in mankind history. The results are quite astonishing. There is more information produced today than in all the previous existence of humankind on earth. In the past, growth in information was slow and incremental; now the growth is exponential. It is still growing, and calling it information explosion is an understatement – it is really like a tsunami and I believe all of us – business, society, economy, are just coming to terms and gripes with this new world where there is so much information out there. At the same time that this is happening, our ability to harness information is also growing. This is because the cost of processing information, bandwidth, memory, sensors are falling exponentially. Cloud computing makes all these resources available on demand around the world – so innovators, entrepreneurs everywhere, are harnessing the power of data to create disruptive breakthroughs.

5. We can see the changes in our daily lives. It is changing the way we communicate with one another. It was not too long ago when I was the age of some of the students here, studying overseas, and I remembered the only way we can communicate was largely by writing letters longhand, and only on rare occasions could we afford to make overseas phone calls back home as it was expensive. The way we communicate now has changed completely, even across distances. 5 years

ago, a student told me that if I wanted to engage with young people his age, I needed to have FIT – Facebook, Instagram and Twitter. Even that is passé these days, as we have Snapchat, whatsapp groups, and all sorts of different ways of communication on social media platforms to link up with one another.

6. It has changed the way we move from place to place. Not too long ago, we used to complain, not just in Singapore but I'm sure in many other countries, that it was very hard to get cabs and taxis, especially on rainy days or peak periods. Nowadays, you can make use of apps such as Uber or Grab and it is very convenient. I think in the not-too-distant future, you will see more of autonomous vehicles – without drivers, that will function on-demand and will get you from place-to-place, smoothly, efficiently and safely. We are already doing a trial of this in Singapore – I think we are the first in the world to do a trial on roads, but many more such vehicles are being deployed and I think this will again be a transformative and disruptive technology.

7. New, digital technologies are changing the way we consume goods and services. I'm not sure how many of you still go shopping in brick and mortar shops, but clearly, online shopping is booming and you can do this across different platforms – not just Amazon, but also home-grown ones like Carousell – a market place started by a Singaporean entrepreneur where you can buy and sell goods and services. Carousell is taking it beyond Singapore, to the region. It is so convenient, that you can buy online and get your purchases delivered to a Popstation near your home. The way we shop has completely changed. It is even changing the way we order food. Now we can order food online. There are apps such as Food Panda and Deliveroo, or you can go to food vending machines like the one in Seng Kang. You can get local dishes like nasi briyani and seafood hor fun and they taste quite good too. You will see more of these being deployed in Singapore.

8. These are some of the changes we have seen. It is only the beginning of many more waves of disruption. These new technologies and innovations will bring many benefits, but also new challenges.

9. We will see more churn among companies. I would estimate that more than half of the Fortune 500 companies you see today will not exist 5 years later. You will see many more new names than in Fortune 500. Companies going bankrupt mean jobs are affected, people lose their livelihood and there would be potentially fewer jobs for us. That is the reality and impact that we will feel. You can see some of these in Singapore as we go to malls – where there are more vacancies as retail is difficult as people are shopping online.

10. In some cases, jobs are directly impacted, for instance many cab-drivers around the world are protesting against Uber. This is in France, you see this in London, Germany and America, perhaps not in Singapore, but taxi-drivers in Singapore are feeling the impact as well. Their livelihoods are impacted, their incomes are falling, and people are feeling the pain of disruption. This is Uber, but what happens when we have driverless vehicles, when buses do not need drivers and drivers become obsolete? These are real impacts that all of us will have to grapple with.

11. Impact goes beyond economics and businesses. The new digital age will also impact our social order. We are in a world now where no one has a monopoly on information. Everyone can generate content and news, and access raw, instant, and unfiltered information. It sounds like a wonderful world because we have so much access to information and freedom to express ourselves, but it's creating new problems for society as well. We have inflammatory opinions being circulated, half-truths and untruths being circulated, fake news have become new buzzwords, and even the word 'post-truth' has become a new word. Such information gain currency through viral distribution and it's very easy to stir up emotions like anger and hatred, and create divisions in society. It is harder to keep the public debate on a high plane, especially on controversial issues where emotions rather than reasons prevail. We see many of these examples over the past year, with events like Brexit and the US presidential elections. All these will change the texture of societies and we are only beginning to grapple with these changes today.

12. With information explosion and the cost of computing reducing exponentially, these trends are continuing at an exponential rate and we are going to feel the impact more and more, not just the economy or business, but the way we organise ourselves in society.

13. How do we adapt and thrive in this new world? What does it mean for young people like you? I don't have the silver bullet or magic answer, but I will offer three very broad suggestions and I'm sure we will have a more fruitful discussion among our panellists later.

14. The first suggestion is to be humble. I recall a conversation I had over the New Year during a gathering with friends, and some of them brought their kids. I asked one of my friend's son – I believe to be in primary school, what he has been reading these days. He replied not much, and asked why there is a need to read when he could get his information through Google. I think he was being a bit mischievous, but it reflects the mind-set that it is so easy to get the information now, anything I need to know I could ask Google. In America, there is something called Google Home – which is not in Singapore yet, but it is a machine that is like Amazon Echo. If you think that everything can be accessed through information online, that's why I don't need to learn, I think it's very worrying. Because reliance on technology can be a crutch, and access to Google doesn't make you an instant expert. You must stay humble, and make the effort to learn, develop deep skills and capabilities. All that takes time and considerable hard work, and it is a lifelong process of learning.

15. One example of a person with humility and who continues to learn throughout his life is Sheng Siong Supermarket CEO and Founder Mr Lim Hock Chee. He is one of my community leaders so I know him quite well, and he is very active in the community - a remarkably humble man despite his achievements. He grew up in a pig farm. In the late 70s, he and his wife rented out a small section of a provision store in Ang Mo Kio to sell chilled pork from the farm. From that humble start, he grew a successful supermarket chain with 21 outlets. It is a listed company now so he is very successful. Throughout this period, even now as a boss, he has taken time to learn and understand every single aspect of the business. He didn't go very far in the education system – he went to school, dropped out, and went to vocational institution. So it wasn't a matter of credentials or academic qualifications, but he is

learning all the time, constantly seeking to understand his business better and to make it work even better. Even though he's the boss, he is still prepared to roll up his sleeves to get things done. Because of his vocational training, he knows how to sort out power trips, weld the handles on trolleys that came apart, he still does these jobs now even as the CEO and boss of the listed company. That is the attitude of continuous learning; not just about credentials and academic qualifications, but about an attitude of humility, attitude of curiosity to want to learn and improve. There is much that we can emulate from him.

16. The second suggestion is to stay hungry. You enjoy many more opportunities today than my generation or our parents ever did. Today, the world is your oyster and there are many possibilities for you to explore. But these opportunities are not going to fall on your lap. You have to be prepared to step out of your comfort zone and seize the plentiful opportunities there are out there. The attitude of staying hungry and going out to change the world is something that only you can have, and no one can force it on you.

17. For example, Fintech start-up CashShield Pte Ltd is a company started by a young Singaporean. CashShield tries to prevent and detect fraudulent transactions online. They have a device and algorithm to detect and prevent such transactions. It started off as a risk algorithm that the founder Justin Lie developed as an undergraduate. He travelled to Europe alone with his algorithm, to pitch the idea to companies there, and convinced a German company to partner him and grew the business in Europe. Now the company is growing beyond Europe to expand into Asia. Now CashShield – the product he is selling, is in 15 countries and deployed across more than 37 MNCs in 7 industries. Justin wants to be a market leader in this field, doing cyber-security for online transactions. This is a remarkable story of a young Singaporean using Singapore as a platform and base, developing something, going out to the world and making an impact, creating disruption of his own. I think there is a lot that we can learn from that kind of hunger, attitude, desire and the type of gung-ho spirit to do something different.

18. My third suggestion is to be human. With so many things driven by data and technology, it's sometime easy to overlook what makes us truly human. I sometimes get puzzled, for sessions like today, questions are not asked face-to-face, but we have to read off questions from a computer. I hope it will not happen later, why do I need to go through a machine in order to communicate, and not do face-to-face communication? We sometimes forget how meaningful it is to write in longhand; just a thank-you letter makes so much of a difference compared to something conveyed through whatsapp. Maybe I'm old-fashioned, maybe young people don't feel the same way, but I think there is something about the human touch that remains relevant, even today, in the digital world. I think there is a lot to be said about this human touch, in how we relate to one another, build stronger social and community bonds even as technology is pulling up apart and creating greater fragmentation.

19. Technology offers many advantages but it cannot replace the human spirit. I'm reminded of this at the SEA Games 2015. We had a medal presentation ceremony for a swimming event where our swimmers proudly stood on the podium after clinching the gold medal. The Singapore flag ascended, and our national anthem, *Majulah Singapura*, was played. An algorithm was developed, and the

raising of the flag was automated and should synchronise with the national anthem. At the event, it stopped half-way, there was a pause because the music stopped. The crowd took over, singing the remainder of the national anthem, acapella style. It was the most beautiful rendition of the national anthem I have ever heard. Technology failed, but the Singapore spirit prevailed.

20. In conclusion, we have to be ready for this new age of disruption. We will see more disruptions across every aspect of our lives – our economy, society, and politics. The reality is that every country in the world is grappling with this, including Singapore. Not all countries will adapt effortlessly to this new environment. Singapore will try its best to succeed, and I believe we can succeed. We are starting out from a position of strength, we have one of the best education systems in the world, the Singapore brand is recognised internationally and we have a good reputation worldwide. For young Singaporeans like yourselves and everyone here, I would encourage you to go forth and chase the rainbow. Seek out the many opportunities not just in Singapore but beyond our shores. Ride the waves of disruption, create new frontiers, make the world a better place and build a brighter future for yourself and for Singapore.

21. Thank you very much.

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