

**SPEECH BY MS SIM ANN, SENIOR MINISTER OF STATE, MINISTRY OF CULTURE, COMMUNITY AND YOUTH & MINISTRY OF TRADE AND INDUSTRY AT THE SME CENTRE CONFERENCE 2017 ON WEDNESDAY, 5 APRIL 2017, 9.00 AM, AT MAX ATRIA (SINGAPORE EXPO) GARNET ROOM**

Dr R Theyvendran, Chairman of Singapore Indian Chamber of Commerce & Industry,

Leaders of Trade Associations and Chambers,

Distinguished Guests,

Ladies and Gentlemen,

1. Good morning. I am pleased to join you this morning at the SME Centre Conference 2017.
2. SMEs play a very important role in Singapore's economy. Making up 99% of all enterprises in Singapore, our SMEs employ two-thirds of our workforce and contribute close to half of our GDP. A flourishing SME landscape brings good jobs, prosperity and a sense of national pride to Singaporeans. Both the recommendations of the Committee on the Future Economy (CFE) as well as the economic initiatives of Budget 2017 placed specific focus on SMEs.
3. Over the years, we have seen some of our home-grown companies become household names. However, there are new challenges on the horizon. In a world where change is the only constant, our companies have to be nimble in order to capture emerging opportunities. The theme for the conference is hence particularly apt- "Go, Grow, Globalise – Future-Ready SMEs: Embrace the Change to Transform".

**SMEs need to build strong capabilities, including the ability to leverage digital technologies, to stay relevant and capture new opportunities**

4. Digitalisation is one important way forward for SMEs. Like the theme of today's conference, digital technology can enable SMEs to "Grow" and "Globalise".
5. First, digital technology enables SMEs to "Grow" by enhancing productivity and innovation, and transforming their business models. This was the experience of CraveFX, a local video production company. CraveFX conceived the idea of a "shared corridor" comprising various media and production partners. Leveraging the pool of resources and diverse expertise in its vicinity, CraveFX was able to build new capabilities in augmented reality applications and 3D-projection videos. This led the company to secure major projects such as the National Day Parade 2016. CraveFX has since successfully expanded overseas and increased its revenue by 90 per cent. These achievements were recognised at the Emerging Enterprise Award 2016, where CraveFX took home the Best Innovation Award.
6. Our TACs have recognised the transformative power of digital technology, and taken the lead to drive the collective adoption of such technologies for SMEs in their sectors. For instance, the Workforce Advancement Federation (WAF) spearheaded the development and deployment of the 3D-Scan Visualiser with support from SPRING's Local Enterprise and Association Development (LEAD) programme. Consisting of bespoke software and a hand-held 3D scanning device, the 3D-Scan Visualiser is able to convert scanned data of interior spaces into 2D and 3D floor plans almost instantly. The system has allowed SMEs in the Design Services, Construction, MICE and Hospitality sectors to minimise human errors, overcome manpower constraints and improve productivity by around 50%.
7. Second, going digital allows SMEs to "Globalise". Through digitalisation, SMEs are able to reach new customers anywhere in the world. Even the smallest company is able to access overseas markets through e-commerce, and attract new customers online. Recognising this, Singtel and DBS came together and co-founded the 99% SME movement. The campaign makes e-commerce accessible to more companies by setting up an eMarketplace and offering technical support. More than 2,500 SMEs participated last year, creating over 900 online deals for consumers. Take Baker's Heart, which makes customised pastries, as an example. The company was able to reach more customers and achieved close to 20 per

cent increase in sales. Those who are interested to join the 99% SME campaign may enquire at the SPRING booth located outside.

8. Digital technology can also be used to provide assurance to overseas customers. One example is Nanyang Old Coffee. As it moved to export its instant coffee and food products into the China market, Nanyang Old Coffee ran into a roadblock. It needed to provide consumers with the confidence that they were not buying a counterfeit product. To overcome this challenge, the company uses a QR code technology – a solution developed by local SME VeriTag and pre-qualified by the Infocomm Media Development Authority (IMDA). Customers are able to check the authenticity of the product by simply scanning the QR code on the product. With this solution, Nanyang Old Coffee is also able to collect data and gain insights into the sales at various locations, and plan its marketing and sales activities accordingly.

### **The Government will support SMEs on their digitalisation journey**

9. The Government will support SMEs on their digitalisation journeys. At Budget 2017, the Minister for Finance announced a \$80 million budget for the SMEs Go Digital programme, which will be implemented by IMDA in partnership with sector lead agencies like SPRING, and industry players such as TACs. In addition to making pre-qualified solutions available to SMEs, SMEs Go Digital provides more structured and inclusive support for SMEs to build their digital capabilities in areas such as cybersecurity, data protection and data analytics.

10. The SME Centres will remain the first touchpoints for SMEs. Business advisors at the SME Centres offer free one-to-one consultation sessions to help SMEs select off-the-shelf technology solutions pre-qualified by IMDA that meet their business needs. SMEs with more advanced requirements in areas like cybersecurity and data analytics can receive specialised assistance at the SME Digital Tech Hub, which will open its doors in the third quarter of 2017. Advisors at the SME Digital Tech Hub will help them identify appropriate solutions and guide them on changing their business processes to take full advantage of the technologies.

11. SPRING also expects to unveil the Tech Depot, an expansion of the SME Tech Portal, in the second quarter of this year. This is a centralised listing of ready-to-go (RTG) technology packages from A\*STAR, and digital solutions pre-qualified by IMDA. The solutions will help SMEs to improve processes such as supply chain management, and inventory and asset tracking.
12. I hope that our SMEs will make full use of the available resources and opportunities to build strong digital capabilities. Our organisers for today's event: the SME Centres stand ready to support you, along with economic agencies in the public sector.

### **SME Centres are important nodes in the enterprise support network**

13. The 12 SME Centres located island-wide have established themselves as important nodes in the enterprise support network, engaging about 30,600 companies last year. Overall, the number of SMEs benefitting from capability development and operations support from SME Centres has grown almost threefold over the years – from about 600 in 2013 to 1,700 in 2016. Over this same period, the number of SMEs receiving advice on productivity improvement has also nearly doubled from 800 to 1,500.

14. The SME Centres will continue to put in place more effective and impactful ways to support enterprises. An example is the group-based upgrading approach, whereby SME Centres aggregate common challenges among companies in the same trade or location, and identify viable solutions for mass deployment. For instance, with support from the North West Community Development Council, the SME Centre@NorthWest has helped to roll out space optimisation solutions for over 50 heartland retailers at the Bangkit estate in Bukit Panjang. The SME Centres intend to implement 10 such group-based upgrading projects each year.

### **Conclusion**

15. In closing, I would like to thank the SME Centres for their significant contributions to uplifting our SMEs, and the 5 TACs behind them: the Association of Small and Medium Enterprises (ASME), Singapore Manufacturing Federation (SMF), Singapore Chinese Chamber of Commerce & Industry (SCCCI), Singapore Indian Chamber of Commerce & Industry (SICCI) and Singapore Malay Chamber of Commerce & Industry (SMCCI). In particular, I would like to extend my appreciation to the SME Centre@SICCI for taking the lead in organising this year's conference.

16. I wish you a fruitful day ahead. Thank you.

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