

KEYNOTE SPEECH BY MS SIM ANN, SENIOR MINISTER OF STATE, MINISTRY OF TRADE AND INDUSTRY & MINISTRY OF CULTURE, COMMUNITY AND YOUTH, AT THE BUSINESS TIMES' TRANSFORMATION NOW SEMINAR ON THURSDAY, 18 MAY 2017, 0910 HRS, MARINA MANDARIN HOTEL

Mr Wong Wei Kong, Editor of The Business Times

Ms Noriko Gunji, President and CEO of Canon Singapore

Distinguished Guests

Ladies and Gentlemen

INTRODUCTION

1. Good morning. I am delighted to join you at today's Transformation Now Seminar.

GLOBAL SHIFTS AND DISRUPTIONS SET THE CONTEXT FOR THE RECOMMENDATIONS OF THE COMMITTEE ON THE FUTURE ECONOMY

2. It is apt that the theme for today's seminar is "Transformation Now". The global economy has undergone unparalleled changes in recent years, with protectionist sentiments gaining momentum in some parts of the world, and changes to global demand patterns and value chains affecting the competitiveness of businesses.

3. Technological innovations around the world are disrupting many of the business models that have worked well in the past. They are changing the way we live and work as we gravitate towards a digitally-enabled gig economy. Consumer habits have been radically altered over the past few years – Uber and Grab have transformed the way we commute; Food Panda and Deliveroo, our eating habits; and Spotify and Netflix, our preferences for consuming music, movies and TV shows.

4. This on-demand economy has unleashed exciting opportunities for innovation and value-creation for businesses all over the world. Our businesses too stand to benefit, but they must be bold and prepared to embrace change so as to stay competitive and seize new opportunities. They must be willing to transform.

5. The strategies and recommendations of the Committee on the Future Economy (CFE), which aim to keep Singapore and our businesses relevant to the world in a time of rapid change, have been developed in view of these global shifts and disruptions. For businesses, and SMEs in particular, the CFE's recommendations are intended to support you in two key areas: building deep capabilities to stay competitive, and remaining open and connected to seek out new opportunities to internationalise.

BUILDING DEEP CAPABILITIES

6. First, building deep capabilities in our enterprises and workers. To do this, we are developing Industry Transformation Maps (ITMs) for 23 different sectors across

our economy, accounting for 80% of our GDP. Our SMEs are central in these strategic maps, which serve as platforms to translate policies into meaningful initiatives for each industry. The SME landscape is not a uniform one, and each industry has its own unique characteristics and challenges. The ITMs are thus intended to provide customised strategies to facilitate our businesses in their respective transformation journeys by raising productivity, accelerating innovation, diversifying and expanding overseas, and upskilling our workers. To date, seven ITMs have been launched – for retail, food services, hotels, precision engineering, food manufacturing, logistics and air transport, with more to come.

7. In line with the ITMs, we are also looking at improving technology adoption amongst our SMEs. A specific initiative that we have rolled out during this year's Budget is the inclusion of the Tech Depot platform on the SME Portal, the one-stop online touch-point for SMEs. The Tech Depot serves as a centralised listing of easily adoptable technology and digital solutions for SMEs to improve processes such as inventory and asset tracking, supply chain management and planning, as well as machine operating efficiencies. Prior to the Tech Depot, there was no consolidated list of technology solutions available to our SMEs. The Tech Depot, which went live on the SME Portal last month, provides SMEs with convenient and easy access to a suite of pre-scoped solutions to facilitate their transformation journeys through technology adoption.

8. Other new initiatives that were announced this year include A*STAR's enhanced Operation and Technology Road-Mapping Programme which helps companies develop customised roadmaps to leverage technology in their businesses. A*STAR will also be launching the Tech Access initiative, which gives companies access to its specialised advanced manufacturing equipment and user training to build their advanced manufacturing capabilities, in the second half of 2017. The SMEs Go Digital Programme was also announced during Budget 2017. This will be implemented by IMDA in partnership with ITM sector lead agencies like SPRING and partners such as the Trade Associations and Chambers (TACs), to help SMEs build digital capabilities and implement the right type of technology for their needs. In addition to productivity tools such as digital ordering and payment, and fleet management, SMEs will be able to receive specialist advice in new digital areas like cybersecurity and data analytics through the SME Digital Tech Hub, which will open in the third quarter of 2017.

9. These initiatives complement the existing areas of support already available to SMEs, for example through SPRING's Capability Development Grant (CDG), which supports SMEs' upgrading projects across key business areas. SPRING and its TAC partners also have a network of 12 SME Centres, which provide free one-to-one business diagnosis and advisory for SMEs seeking help in areas such as capability development. Together, the 12 SME Centres engaged about 30,600 companies last year.

REMAINING OPEN AND CONNECTED

10. Second, the CFE highlighted the need for us to remain open and connected. In particular, there remain opportunities in Asian markets such as Southeast Asia, India

and China. Not only are these markets close by, they are projected to experience strong growth in consumer- and infrastructure-related industries as the Asian middle class continues to boom. As such, these markets are critical seedbeds for our SMEs to grow through internationalisation.

11. To take advantage of opportunities in these markets, IE Singapore is helping our SMEs deepen their knowledge of overseas markets by strengthening in-market assistance, establishing business platforms in ASEAN as our most proximate market, and helping our TACs undertake more regional study trips to extend insights to our businesses. Ongoing projects are the Andhra Pradesh Capital City project, which we are sure will help more of our SMEs make forays into regional markets and gain more experience operating in these markets. As an example, IE Singapore is currently building a Plug-and-Play Network with local and foreign partners to provide assistance to SMEs in China, India and Southeast Asia. Based on their readiness to enter the selected overseas market, companies can work with IE Singapore's partners to conduct basic customised market research, find business leads, or set up shop in a co-working space.

12. Additionally, as part of the Global Innovation Alliance (GIA) announced at Budget 2017, the Government is bringing together the overseas networks and expertise of our agencies and Institutes of Higher Learning (IHLs) to establish in-market Innovation Launchpads. When ready, these Innovation Launchpads will provide a platform for our SMEs to internationalise and access innovation and opportunities overseas.

PARTNERSHIPS WITH TRADE ASSOCIATIONS AND CHAMBERS (TACS)

13. The Government cannot work alone to achieve industry transformation. We work closely with our TACs to lead industry-level initiatives and support SMEs to scale and transform.

14. For instance, to help our SMEs make inroads in overseas markets, the Government partners TACs in our internationalisation efforts to maximise the effectiveness of our broad-based in-market assistance, and grow industry talent with deep market knowledge. IE Singapore supports the Overseas Market Workshops designed and run by the Singapore Business Federation (SBF) and Singapore Chinese Chamber of Commerce and Industry (SCCCI) through its SkillsFuture Study Award for International Business. These in-market workshops feature the insights of local business leaders and experts, and IE Singapore provides funding for individuals who are keen to participate. IE Singapore also supports TACs to hire in-market intermediaries that help companies hunt for potential deals overseas through the Deal Hunter scheme under the Local Enterprise and Association Development (LEAD) programme.

TRANSFORMATION OF THE FOOD MANUFACTURING SECTOR

15. To illustrate how all these strategies come together and elaborate on how our agencies are working together to assist our SMEs in their transformation efforts, let me use the example of the Food Manufacturing ITM.

16. Global expansion is an important growth strategy for our food manufacturers to scale up and capture a bigger market share beyond our domestic market. To do so, SPRING and IE Singapore have been working in partnership with the Singapore Food Manufacturers' Association (SFMA) on several initiatives to help our companies improve their product offerings, strengthen their brand presence and increase their overseas market reach, and develop and sustain a competent workforce.

17. To build more consumer-centric food solutions to fulfil consumer preferences for healthier options and more innovative food products, SPRING, IE Singapore and the SFMA have launched the Food Innovation Product Award (FIPA). This award brings together food manufacturers and tertiary students in a collaborative effort to co-create new, innovative food products.

18. To help local companies develop new overseas channels and increase their market reach, IE Singapore has also launched several initiatives under the branding of "Tasty Singapore". One example was the launch of an online Singapore shop by the same name on China's top e-commerce platforms, Alibaba's Tmall and JD.com, in July 2015. To date, more than 130 of Singapore's food products offered by 27 companies have been listed on Tmall. IE Singapore also leads delegations of Singapore food manufacturers to exhibit their products at overseas trade shows such as Gulfood, the world's biggest annual food and beverage exhibition.

19. With the focus on innovation and internationalisation, the industry will require employees with deep knowledge in consumer insights, food science, food production methods, and trade knowledge. To create a pipeline of such talents, SPRING is working closely with SkillsFuture Singapore (SSG) and Workforce Singapore (WSG) to develop the food manufacturing SkillsFuture framework that will serve as a common source of information for employees, employers, and training providers to assess skill gaps and plan training programmes. The framework is expected to be ready by end-2017.

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CONCLUSION

20. Let me conclude by emphasising once again that home-grown enterprises are an integral part of our economy. Collectively, they have a significant impact on the value add and employment of our economy. Supporting SMEs is thus very much at the heart of the CFE strategies and our industry transformation programme.

21. I would also like to commend private sector players who recognise the importance of transformation and take the initiative to spread the word among our companies. In particular, I would like to thank the organiser and sponsor of today's event, The Business Times, and Canon respectively. Today's Transformation Now seminar is part of the Think Big Leadership Business Series, which aims to empower businesses and offer broad business and industry solutions. I would like to urge more companies to do so, as fellow stakeholders in our Singapore economy.

22. The Government remains resolute in our support of SMEs in their transformation efforts. We are on this transformation journey together and will work hand-in-hand with key partners such as our TACs and other industry partners for our companies to scale and grow together towards the future.

23. I wish you all a fruitful seminar ahead. Thank you.

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