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Subject: (EMBARGOED) Speech by Mr Lim Swee Say, 13 Jan 00, 9 AM

Singapore Government

PRESS RELEASE

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**SPEECH BY MR LIM SWEE SAY, MINISTER OF STATE FOR
COMMUNICATIONS AND INFORMATION TECHNOLOGY &
TRADE AND INDUSTRY AT THE OFFICIAL LAUNCH OF
ELECTRICAL I-NETS SINGAPORE PROJECT ON THURSDAY 13
JANUARY 2000, 9:00 AM, WESTIN STAMFORD HOTEL**

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1. Less than a decade ago, the US economy was heading for a decline. Market capitalisation of the Japanese stock market was bigger than that of the USA. Today, the picture is very different. The US economy is going strong, and the market capitalisation of Internet stocks alone has soared past the entire Japanese stock market. The Internet revolution has drastically changed the economic landscape of the world. What is even more significant is that the revolution is far from over yet. It has just begun.

2. The Internet revolution presents both threats and opportunities to

businesses. There will be winners, but there will be losers too. For Singapore, we are going all out to embrace the fast changing technology because we want to come out top in this revolution. Simply put, our aim is to dot.com the entire Singapore - comprising the 3 "P" sectors of the private, public and people sectors, so that "Singapore.com" will be a competitive information economy, vibrant knowledge based economy, and cohesive information society, all at the same time.

3. One of our key challenges is to find ways to help as many of our SMEs as possible to be part of this movement to dot.com Singapore. The SME sector is an important part of our economy because it generates 34% of the total value added. It is also an important part of our community and society because it employs 51% of the workforce. As we make the transition towards the Knowledge Based Economy, it is important that our SMEs get onto the platform of the Internet and e-Commerce, so that they will be able to enhance their contribution to Singapore's economic competitiveness and social cohesion in the future.

4. This is why we welcome the initiative of EI-Nets.Com to boost the use of the Internet among SMEs in the Mechanical and Electrical industries for business-to-business transactions. By bringing players in the industry together to form an e-business community, they will be able to share expertise, business infrastructure and access to knowledge and professional services more effectively. Downstream contractors can order materials and electrical goods from suppliers on-line, connecting companies from one part of the value chain to another. Buyers can also survey goods offered in the cyber-market. With IDA and PSB supporting 70% of consultancy fees, to 1,250 SMEs will be able to benefit from this project. Thus, EI-Net will help enlarge the pool of e-Business communities in Singapore and in the region. It will also support the objective of SME 21 since many of the companies in this industry are local SMEs.

5. One concern we have is that some of our SMEs may wonder if it is worth their while to take part in the Internet revolution. They read about the mega mergers and acquisitions in the press, and may have the perception that the Internet Revolution belongs to the big and the mighty. They may then decide to stay away from the cyberspace and look for some place where they feel is safer. I urge them to re-think.

6. In the industrialisation age, being small can be a big disadvantage.

SMEs may be less productive because they do not have the critical mass to enjoy economies of scale. They may also lack the expertise and resources to mechanise, automate and computerise. However, in the Knowledge Based Economy, competition has moved to a different plane, where the rules have changed. The key success factor is no longer the amount of resources a company has, but the knowledge, creativity and expertise it is able to harness and exploit. Creative ideas, speed of actions and entrepreneurship have become the name of the game. The smallness of the SMEs is therefore not necessarily a liability. On the contrary, being small can now be a big advantage, for those who are creative, fast and enterprising.

7. Take Silicon Valley for example, many SMEs and innovative start-ups there are turning the Internet into their *unfair* advantage. They exploit the Internet to the fullest to overcome the limitations of their small size. With the Internet, they are able to launch new goods and services, price them competitively, and reach out to new markets and new customers anywhere in the world speedily and at much lower costs.

8. The Internet also enables businesses, big and small, to pool their resources and tap on each other's expertise more effectively. They can now enjoy economies of scale across organisations as a network of virtual corporations. While they collaborate with partners much bigger than them for supplies and services, they retain the advantage of being small and agile, able to adapt quickly to rapid changes around them.

9. SMEs have the most to gain, or lose in this new economy. One successful idea could potentially be worth more than the net worth of an MNC. On the part of the Government, PSB and IDA are working together to embark on an aggressive effort to encourage more SMEs in all major sectors to re-invent, using the Internet and e-Commerce as a new competitive business strategy. We can only reach out to those who are willing to adapt to the new competitive landscape. How well one succeeds will ultimately depend on how fast one is able to innovate with creative business concepts, embrace technologies, join a business network, and nurture human capital. All these are necessary to build a resourceful and adaptable SME in the New Economy.

10. The launch of EI-Nets will help transform the culture of the M&E and building industry from the conventional 'bricks and mortar' to 'click

and mortar'. I would like to extend my heartiest congratulations to EI-Nets.com on its launch today. So far 150 SMEs have applied to participate in this EI-Nets project, and I hope many more SMEs in the M&E and Building industry will follow suit. By joining this movement to dot.com Singapore, they can transform themselves into a new breed of vibrant and resilient SMEs in the new millennium. Thank you.

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