DEVELOPING SINGAPORE’S SMEs
INSIGHT
5 WAYS TO GROW YOUR BUSINESS

FEATURE STORY
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ENABLING TRANSFORMATION OF SINGAPORE’S SMEs THROUGH INDUSTRY DEVELOPMENT

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Dear Readers,

The start of the new year is always a good time to reflect on the past and make plans for the future. The past year has not been an easy one for many SMEs, but I am heartened that many companies have decided to take the bull by the horns – and have taken steps to overcome their challenges by investing in new technologies, overhauling processes and reinventing business models. I am sure these measures will put their businesses on a sustainable growth path for many years to come.

The business environment is likely to remain uncertain and challenging in 2014. There are many moving pieces: the global economy is recovering unevenly while Singapore’s economy is shifting to a more sustainable, higher-quality growth path. There are risks from the Fed’s ‘tapering’ and from rising costs, but there are also many opportunities locally and in the region. To ride out the uncertainties and capitalise on the opportunities, our SMEs must redouble efforts to upgrade their productivity and capabilities, and to develop innovative products and services that will allow them to compete at home and overseas.

At SPRING Singapore, we are excited about the potential that the year ahead holds. We will continue to support local enterprises, helping them to realise this potential and contribute to the ongoing development of a vibrant SME sector in Singapore.

Finally, I would like to introduce the new SPRINGnews. It has a fresh design and a wider variety of articles to keep you abreast of the latest developments in Singapore’s SME sector. This month, we take a closer look at SPRING’s industry development initiatives, with a particular focus on the emerging cleantech and medtech sectors. We also talk to an industry expert about how traditional bricks-and-mortar retailing can be taken to the next level.

Pleasant reading, and Happy New Year!

Tan Kai Hoe
Chief Executive
SPRING Singapore
TungLok goes high-tech
Local restaurant group TungLok’s three new automated woks, or Artificial Cooking Machines (AICs), will boost productivity in their central kitchen by producing dishes in less than a third of the time required by chefs. Demonstrating the labour-saving AICs during a visit by Mr Lim Swee Say, Minister, Prime Minister’s Office on 6 December 2013, TungLok staff explained that the machines can prepare 100kg of fried rice in an hour, compared to 30kg when preparation is done manually.

SMEs focused on productivity
The recent SME Development Survey released on 21 November 2013 by DP Information Group indicates that local SMEs are embracing the need to boost productivity, with 58% of the survey’s 2,708 respondents planning to improve productivity in the next 12 months. Many indicated that they are now looking at ways to optimise the use of manpower and fine-tune their processes. This is a significant improvement from 2012, where there was low awareness of productivity by SMEs and many found it challenging to understand productivity concepts.
There are 170,000 SMEs in Singapore

7 of 10 employees work for SMEs

99% of enterprises in Singapore are SMEs

SPRING assisted 117,000 SMEs in 2012

5,600 companies were upgraded

SMEs contribute about half our GDP
Don’t let the “small” in “small and medium enterprises” fool you – in aggregate, Singapore’s SMEs are anything but that. In fact, SMEs are a critical cog in Singapore’s economic engine. They make up 99% of all companies in Singapore, employ seven out of every 10 workers, and account for about half of Singapore’s Gross Domestic Product (GDP). Besides adding diversity, vibrancy and resilience to the economy, they create good jobs for Singaporeans.

SMEs come in all sizes and stages of growth. As the enterprise development agency, this means that SPRING Singapore must use several approaches to ensure that the SMEs live up to their full potential.

At one end of the spectrum, SPRING provides tailored support to SMEs that have strong potential to compete globally and become leaders in their respective industries. These are the companies which have the drive and potential to lead the transformation in their industries.

“It is necessary to push the envelope with the most capable companies, to challenge them to reach the next level,” Mr Simon Lim, SPRING’s Group Director for Industry Development, says.

Given the ongoing economic restructuring, these SMEs might find it harder to grow. By supporting their innovation and productivity improvement projects, SPRING helps them to navigate the structural
changes that are taking place in the economy, particularly rising costs and the tightening labour market.

Mr Lim, however, believes that SMEs should not just be addressing the challenges that they face today, but also positioning themselves to be as resilient as possible to deal with whatever the future may hold.

“Companies must plan for the future as circumstances will change. This is where building up strong capabilities in productivity, skills development and innovation is key, as it will allow a company to weather the markets and emerge as a winner,” he explains.

Meeting the varied needs of the SME sector

At the other end of the spectrum, SPRING works closely with trade associations and chambers (TACs), as well as industry associations to serve Singapore’s 110,000 micro-enterprises. This creates a multiplier effect and allows SPRING to reach out to a wider range of enterprises than it would be able to reach on its own.

The Local Enterprise and Association Development (LEAD) Programme, started in 2005, is an important part of this effort. Under this programme, support is given to industry associations to enhance the overall capabilities of SMEs in their sectors. To date, some 30 TACs with close to 20,000 members have benefitted from 46 initiatives that have seen SPRING commit about $86 million in grants.

SPRING has also partnered TACs of commerce to set up 10 integrated, one-stop SME Centres, bringing valuable business advice and government initiatives to a wider range of enterprises.

Indeed, SPRING helps all SMEs: more than 70% of its grant recipients are micro and small enterprises.

Industry focus

SPRING also focuses on developing competitive clusters and strengthening the environment for enterprise development. Detailed plans to grow and improve the productivity of the SMEs in the manufacturing, services, biomedical, lifestyle and food clusters are in place. These plans are based on SPRING’s interactions with both local and foreign parties to anticipate future trends, as well as national economic development goals.

Even as it supports well-established sectors, SPRING is also focused on those that have great potential for Singapore in future, given our emerging strengths in innovation and research and development. The medtech and cleantech sectors are two examples of new sectors that already have a vibrant ecosystem of cutting-edge SMEs.

Read on to learn more about how these two sectors are developing, and some of the innovative companies that are leading the charge to make Singapore a regional and global hub in these fast-emerging industries.
SHOWCASE

WITH Singapore’s small land area, lack of natural resources and dependence on imports for energy and water, it is only natural that companies here are taking the initiative to find ways to improve energy and water efficiency and explore new sources of clean energy. Over the last few years, a growing number of innovative local clean technology (cleantech) companies have been leading a surge in activity in the industry.

Mattenplant is one such company. It specialises in the manufacturing and distribution of a comprehensive range of standard, modular and packaged water systems using ultra-filtration, reverse osmosis and ion exchange technologies. In addition to strong traction in the Singapore market, it has also established an international footprint in countries such as Australia, Bangladesh, Indonesia, Malaysia and Pakistan.

Another example is Green Koncepts, which has developed a cloud-based energy management platform called Koncepts Energy Management (KEM). It provides real-time energy intelligence to enterprises and building owners by integrating intelligent sensor networks, smart metering, wireless communications and information technology.

Companies such as these both contribute to and benefit from the vibrant cleantech sector in Singapore, which boasts several...
large multinational (MNC) players such as Gamesa, Vestas Wind Systems, Veolia, Siemens and Nitto Denko. While the larger players provide a critical mass to the cleantech sector, the smaller local companies play a vitally important role by providing niche expertise and the ability to innovate to meet the needs of local markets. Furthermore, local cleantech companies are increasingly looking to expand their technologies and solutions overseas – a necessity given Singapore’s limited market size.

Giving cleantech SMEs a boost
One of the keys to success for cleantech SMEs venturing overseas is their ability to develop a strong competitive advantage in technology. To help them achieve this and move up the technology value chain, SPRING Singapore funded the set-up of the Environmental & Water Technology Centre of Innovation (EWTCOI) at Ngee Ann Polytechnic, which provides environmental technology development solutions to local enterprises across industries. Since it was established in 2006, EWTCOI has completed more than 200 projects with SMEs.

To complement the EWTCOI, SPRING recently supported the set-up of a Cleantech Private Sector Translator (PST) known as Techbridge Ventures, which is a collaboration between 360iP and Nanyang Technological University, to help SMEs source for and develop commercially viable clean technology. Companies can also receive support under SPRING’s Capability Development Grant (CDG). Mattenplant, for example, tapped into the CDG to support the development of its ultrafiltration membrane treatment systems.

Bringing cleantech know-how overseas
SPRING also works in close partnership with International Enterprise (IE) Singapore to support cleantech SMEs’ overseas expansion plans by helping them to build their first project track record, set up marketing offices abroad and connect them to relevant partners. Envipure, an environmental engineering firm, is one company that has taken full advantage of this support, tapping IE Singapore’s offices in Saudi Arabia and Korea to establish valuable business relationships. Biomax Technologies, a bio-waste to resources company, has also secured sales in places like Brazil and Australia with IE’s support.

With such strong support and increasing momentum for the cleantech industry both in Singapore and globally, cleantech SMEs are set to see strong growth in the years ahead. Their innovative technologies and services will serve them well as they position to compete at home and abroad.
SHOWCASE

MEDTECH MAKES ITS MARK

If Singapore’s showing at the recent MEDICA exhibition in Dusseldorf, Germany, is any indication, the future is bright for the local medical technology (medtech) sector. The 24 SMEs that participated in the Singapore pavilion at the event, one of the biggest medtech trade fairs in the world, displayed a wide range of innovative and industry-leading products and services, and drew strong interest from attendees.

That Singapore should be a hotbed for medtech in the region, and increasingly on the global stage as well, may come as a surprise to some. With the headlines frequently referring to manufacturing, trade, and business and financial services sectors as the top contributors to Singapore’s economy, the biomedical sciences sector, which includes medtech, tends to garner less attention. Yet it is one of the economy’s key pillars of growth. In fact, it accounted for 4.4% of GDP and generated $13.4 billion of value-added in 2012. Today, Singapore manufactures about $4.3 billion worth of medtech products for the global and regional markets.

Local medtech SMEs are looking to overseas markets for partnerships and growth. Singapore has established itself as the base for global medtech companies to manufacture products for Asia and beyond. We see more large multinational companies such as CIBA Vision, Edwards Lifesciences and Medtronic setting up a presence in Singapore due to the country’s excellent connectivity to key growth markets such as China and India,
and our top intellectual property (IP) protection ranking in Asia.

At the same time, local medtech companies contribute to a vibrant ecosystem of innovation and R&D that has developed in Singapore in recent years. Many local SMEs play key supporting roles for the MNCs that have established operations here. They also account for a significant volume of business in their own right, and many of them are pushing into regional and global markets, with some 60% to 70% relying on export revenues for their growth.

Building networks
Singapore medtech companies have developed strong niches in their respective domains, from artificial cell membranes that can speed up the drug discovery process to an ultrasound robot that provides higher accuracy and lower risk prostate biopsies.

To help these companies explore growth and partnership opportunities, SPRING Singapore supported a medtech mission to Europe in November this year that included exhibiting at the Singapore pavilion at MEDICA.

One of the companies that participated in the mission is ACM Biolabs, which specialises in providing customised membrane protein products, services and expertise for drug discovery, diagnostics and biomedical applications. It sees the United States and Europe as its primary markets and therefore uses international trade shows as critical networking platforms to build up business leads.

“The medtech mission trip organised by SPRING not only helped to showcase our company at MEDICA, but also provided the opportunity to explore investment and further market opportunities in Europe,” says Dr Madhavan Nallani, CEO, ACM Biolabs. “The MEDICA platform is hugely beneficial to SMEs like us.”

Another company that benefited from the MEDICA platform is Clearbridge Biophotonics (CBBP). It is an advanced imaging solutions provider, and has developed the FourierScope – a groundbreaking imaging technology based on a newly discovered microscopy method that provides unrivalled performance and fast scanning speed. Building on this, CBBP has identified imaging for pathology applications as its first commercialisation opportunity, and MEDICA was thus an important event to attend, says Mr Johnson Chen, Managing Director at CBBP.

“At MEDICA, our team met with several key opinion leaders in our industry from around the world. They have all shown a keen willingness to collaborate in technical and product development, and together with these partners, we will be able to enhance the capabilities of the FourierScope for various new applications, giving us access to a wider market of eager bio-imaging customers.”

ACM Biolabs and CBBP are just two examples of the great potential that exists in Singapore’s local medtech sector. With continued efforts to gain exposure to regional and global markets, many of Singapore’s medtech SMEs will find themselves on a path to significant growth in the near future.
5 WAYS TO GROW YOUR BUSINESS

1 ATTRACT THE RIGHT TALENT

You need the right people in your company to drive growth. Develop a strong human capital foundation for business sustainability in three ways – strengthen your leadership and managerial competencies, adopt effective HR practices, and cultivate a strong corporate culture. Become the employer of choice that offers attractive job opportunities to fresh local talents.

2 ENHANCE YOUR CUSTOMERS’ EXPERIENCE

Excellent customer service is crucial to success – a happy customer is a loyal customer who will keep coming back for more. Enhance your customers’ experience through the adoption of service innovations, development of a service mission and strategy, and usage of customer research and analytics. Digital or technology solutions, such as the implementation of a customer relationship management (CRM) system, can also increase your company’s service standards.

3 DEVELOP FINANCIAL RESILIENCE

In today’s fast-paced and volatile business environment, strong financial resilience and sound management of financial resources is key to success. Develop measures and controls to manage your financial challenges and achieve financial objectives. One way to do this is to improve your cash flow management and formulate a financial strategy for expansion.

4 HARNESS THE POWER OF TECHNOLOGY

Whether you are developing a new product, implementing a new production process or simply enhancing your service offering, technology has the power to transform your business. Capitalise on technology innovation to enhance market competitiveness and profitability.

5 OPERATE MORE EFFICIENTLY

Rising costs and a tight labour market make it more important than ever to get the most out of the resources you have. Boosting productivity can drive profitability and enhance your competitiveness. SPRING Singapore’s various productivity initiatives can help you improve workflow, streamline processes, optimise resource allocation, and intensify land use, and in turn increase the efficiency of your business operations.

Want to take your business to the next level? Read on to discover five ways to upgrade your capabilities and grow your business.

To find out how SPRING can support you in these areas, visit www.spring.gov.sg or approach a business advisor at one of the 10 SME Centres.
To grow your business, start grooming young talents now.

Talent is the cornerstone of every successful business.
The right team can make all the difference to your company’s future.
With the SME Talent Programme, you can attract and develop young individuals to drive your business further.

For more information, please visit www.spring.gov.sg/stp

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Hointer, a retail technology company based in Seattle, Washington, is transforming the retail experience for customers at its stores by bringing mobile technology to the in-store experience through a variety of modules including the Omni-Cart app. The app allows shoppers to learn about items on display and have them automatically delivered down a chute to assigned fitting rooms. Additional items can be selected while in the fitting room and are also automatically delivered. In addition, an in-store “Stylist” can be engaged through the app to suggest matching items and accessories.

Hointer has partnered with fashion retailer MDS Collections to implement its technology in a new MDS boutique in Singapore that opened last year at Westgate in Jurong. SPRINGnews recently caught up with Ms Nadia Shouraboura, the founder and CEO of Hointer, to get her views on the state of bricks-and-mortar retail and how it can be improved.
What’s wrong with most in-store retail experiences today?
First, let’s talk about what’s right with the in-store experience: first and foremost it’s the ability to touch, feel, play with and try on products. For example, a customer may interact with a fashion item by trying it on, inspecting the fabric and examining its fit.

However, in physical stores, the experience is sometimes cumbersome. For example, if you are trying on an item in a fitting room and want to try on a larger size, you have to ask for help and then wait, or get fully dressed, go to the shop floor, search for the larger size and then try on the item again.

How is Hointer using technology to address these issues?
We take the best of the physical world and combine it with the best of the mobile world, bringing greater convenience and enhanced services to the in-store retail experience. For example, we collaborated with MDS Collections store at Westgate in Jurong, which opened early this year. In the store, fashion-minded women will be able to use our Omni-Cart app on their mobile phones to request dozens of the latest and trendiest items to be “wooshed” to their fitting rooms for a quick try-on. Need a larger size? Just open the Omni-Cart app, tap the item and it will magically appear in your fitting room.

How have visitors to your stores reacted to the experience?
Customers tell us they love it – they are laughing and having fun in our stores. Younger women come with friends and they “tap” products for each other, recommending new items for each other to try. We have many male shoppers who enjoy having full control over their shopping experience as well – they can do everything in the store with their mobile device, from reviewing product details, to selecting items to try on and making payment.

Besides improving the customer experience, how can integrating technology into the bricks-and-mortar retail environment benefit store owners?
A store with Hointer technology needs a considerably smaller footprint because you don’t need to display your full inventory, allowing store-owners to save on rent. In the United States, rents are high, so it’s an important consideration. The store also needs less people to run it, elevating sales associates to the role of a Stylist. With one mobile tap, a Stylist can add several items to a customer’s fitting room, enabling them to try on more items. Customers enjoy experimenting with and using the integrated technology, and it leads to higher sales conversion for retailers.

How does your technology affect productivity and efficiency of store operations?
It basically converts the store into an efficient fulfillment machine, like a micro-warehouse, capable of fulfilling the orders of in-store shoppers. Inventory tracking in the store becomes very precise and you also get a lot of useful information about store operations. For example, what items customers are trying on and not buying, how long they are waiting, and what sizes are in demand but out-of-stock.

What lessons can brick-and-mortar retailers learn from online retailers when it comes to understanding customers and gathering data?
Online retailers know a lot about customers – from past purchases to browsing history to their social network. A good example is the ability to make recommendations – “If you like this, you are going to like this.” In traditional physical stores, we don’t know who shops at the store.

I think that, at first, bricks-and-mortar retailers are going to learn from online retailers, but will surpass them in the long term. In Hointer stores, we collect a very rich set of data about customers, which is actually more in-depth than information gathered from online shopping. Not only do we know who is shopping at our stores, but we also know what those customers liked and didn’t like, what they tried on in the past, and what the more popular sizes are.

What’s next for Hointer (and for traditional retail)?
It will take all stakeholders in the retail sector to transform the in-store customer experience, but we have to do it and we have to do it fast. Our customers are ready: they are used to mobile technology, they don’t enjoy inefficiency, and they hate waiting.

Hointer brings one piece of the puzzle – technology – but there are many pieces to the experience. For example, our partner, MDS Collections adds dozens of new styles every day, ensuring that fashion-minded customers return frequently to try on more styles. Another partner, Levi’s, is designing a lifestyle experience in several of their stores in the US, powered by our technology.

Transforming the in-store experience will be a very exciting journey for both retailers and customers and we will see a lot of innovation using all five customer senses in time to come.
Over the past year, several changes have been made to simplify and streamline the various government assistance schemes on offer to Singapore’s SMEs. In addition, SME Centres were set up to provide one-to-one business diagnosis, advisory on government schemes, guidance on grant application, and more in-depth advice in areas like productivity, finance, human resources and overseas expansion. These changes have made assistance more accessible and also increased the effectiveness of the engagement that SMEs have with the government.

Formerly known as Enterprise Development Centres (EDCs), the SME Centres have expanded into one-stop centres to serve the needs of SMEs better. In addition to the five main SME Centres, five satellite SME Centres were set up to improve access for the many

10 SME Centres
CONVENIENTLY LOCATED TO SERVE YOU BETTER

Business advisors at the 10 SME Centres are ready to guide SMEs to new heights.
Our main role is to understand each SME’s unique needs and then match them with the appropriate government schemes or tools to meet their needs.

Mr Lin Yiqun
Business Advisor,
SME Centre@SouthWest

Mr Lin meets different customers every day.

SMEs that are located in heartland and industrial areas across the island.

To find out more about how the business advisors at SME Centres can help SMEs, SPRINGnews caught up with Mr Lin Yiqun, a business advisor at the SMECentre@SouthWest, one of the five satellite SME Centres.

Understanding and meeting needs
Mr Lin shares that while a significant amount of time is spent developing relationships and reaching out to SMEs that could potentially benefit from his help, the most interesting and rewarding part of the job is helping people succeed.

“Our main role is to understand each SME’s unique needs and then match them with the appropriate government tools and support to meet their needs,” he explains.

A business advisor usually sees two or three customers a day, and this was the case when we visited Mr Lin. His first appointment was with two entrepreneurs in the mid-20s who wanted to find out more about the process of setting up a social media-related business and the support available to them. In particular, they wanted to learn more about the ACE Startups grant offered by the Action Community for Entrepreneurship and the application process.

Mr Lin was able to walk them through the process and provide some insight into how they should prepare for their application. He also took the opportunity to introduce them to programmes such as the Innovation and Capability Voucher (ICV) and Productivity and Innovation Credit (PIC) scheme. The pair left with the agreement that Mr Lin would follow up with them by email with information on relevant seminars and events that could benefit them as they start their business journey.

The second meeting of the day was with another entrepreneur who wanted to find out what support he could tap for setting up a commercial real estate business. Mr Lin went into detail with him about the PIC scheme and how it could be used to offset costs related to staff training and purchasing of equipment.

“Meeting two entrepreneurs on the same day is unusual. Overall, I usually deal with more established companies – then our meetings are more focused on understanding their existing operational challenges and guiding them to the right schemes,” says Mr Lin. “It’s also more common for me to go to the SME’s premises, rather than them coming to my office. This helps me, as I can assess their operations and level of development more easily when I see them in person.”

To wrap up the day, Mr Lin travelled to the Keppel FELS shipyard in Tuas to give a presentation to several of Keppel’s SME subcontractors. Keppel had asked the SME Centre to introduce its subcontractors to the various ways in which the government can support their development, so that they in turn can better support Keppel.

Reaching out to potential customers through events such as this is an important part of the job, says Mr Lin, as one of the main obstacles is that companies are initially wary of engaging with the SME Centres.

“People are sceptical, in part because they are used to paying for results, yet all the services we provide are free of charge. Once they become comfortable with the idea, it becomes a win-win situation for them,” says Mr Lin.

He adds, “There’s no commitment, so SMEs have nothing to lose and everything to gain by coming to see us. Put simply: we are at their service.”
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