

The entrepreneurs flocking to Singapore are rewarding its ambitions to be the region's hub for innovative business

By **LOW SHI PING** in Singapore
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In Singapore, 76 percent of businesses formed in the third quarter last year had a share capital of S\$10,000 (\$7,150) or less.

At just 1 percent more than the previous quarter, the trend serves to reinforce the island-state's reputation as an ideal destination for opening a new business, particularly a startup.

The figures appeared in the *Singapore New Business Trends* report by corporate services firm Hawksford, which stated how, "against the uncertain global economic backdrop, entrepreneurs continue to flock to Singapore to capitalize on the business-friendly regulatory framework of the region".

The trend will continue into 2017, according to Jacqueline Low, Hawksford's chief operating officer for Asia.

"Singapore has laid a good foundation and continues to encourage entrepreneurialism through reliable public infrastructure and business-friendly policies," she said.

"It has good corporate tax rates, strong intellectual property regulations, a stable political and economic environment, good location and easy access to the various countries in the region."

This is good news for the Singapore government, especially since it has ambitions for the country to become the leading startup hub of Asia.

According to SPRING Singapore, an agency under the Ministry of Trade and Industry responsible for helping Singapore enterprises grow, startups are an important driver of innovation in the economy.

The willingness to take risks results in the development of new solutions and services that break traditional boundaries and create economic value for Singapore.

Startups serve as innovation drivers and disrupters of more traditional industries. They introduce new products, services or business models and capture economic value from upstream investments in research and development (R&D).

Having a vibrant startup ecosystem also increases the attractiveness of Singapore for business investment.

As open innovation becomes an increasingly important strategy for all companies, this will improve Singapore's ability to attract and anchor business functions such as corporate ventures, product design and development, and corporate R&D.

"Startups and smaller enterpris-



HIGH-RISE BUILDINGS at The Fusionopolis, a research and development complex in Singapore that focuses on innovative companies. The city-state has put in place policies to foster startups, which are seen as innovation drivers. ALPHONSUS CHERN / ST / SINGAPORE PRESS HOLDINGS

Off to a good start

es are often more agile and able to react more quickly to seize new opportunities. As such, they serve as important drivers of innovation in the economy," Koh Poh Koon, Singapore's Minister of State for Trade and Industry, said in November at the Spirit of Enterprise Awards 2016.

Government grants

True to its aspiration, the government is putting its money where its mouth is by rolling out support measures including grants, co-investment programs, loans and private sector financing.

For instance, the Technology Enterprise Commercialisation Scheme (TECS) supports technology-based, early-stage startups with grants of up to S\$250,000 and S\$500,000, respectively, at the proof of concept and proof of value stages in product development.

Other examples include the Business Angel Scheme, Startup Enterprise Development Scheme, and Sector Specific Accelerator as part of SPRING Singapore's co-investment initiatives. These match — dollar for dollar, up to S\$2 million — investments from credible third-party investors into high-potential startups.

In November, the government launched SGInnovate to support startups that have in-depth technical expertise by linking them with the right partners.

For now, SGInnovate will focus on sectors including artificial intelligence, robotics, virtual reality,

healthcare, security, and food and water resources.

At its launch, founding CEO Steve Leonard said: "Our aspirations are quite broad. We will work across the entire ecosystem ... to build globally relevant products and companies."

Support for the startup community also comes in more tangible forms.

Hawksford's Low referred to the "vibrant, designated locations dedicated to the startup community". These include the JTC LaunchPad @ one-north, The Working Capitol and platforms that bring entrepreneurs, investors and educators together like Tech in Asia and tech media platform e27, she added.

LaunchPad, in particular, warrants mention. An initiative supported by five agencies including SPRING Singapore, it has created a dynamic community spread over three buildings and is often referred to as Singapore's Silicon Valley.

The spaces are occupied by startups and incubators in the biomedical sciences, infocommunications, media, electronics and engineering industries.

No surprise then that the startups are mushrooming. One example is CLOP Technologies, a gigabit wireless solutions specialist incorporated in 2015. It is a spinoff from Singapore's Agency for Science, Technology and Research (A*STAR), where CLOP Tech's founder Albert Chai previously worked as an engineer.

At the end of its first year, CLOP Tech received the TECS grant and was admitted into Silicon Catalyst,

a prestigious Silicon Valley-based incubator.

Chai admits that making the decision to leave a full-time job and start his own venture was not easy, particularly since the financial barrier is much higher for his industry. Calling it a "strong leap of faith," he said: "You need to move fast, learn fast, be extremely resourceful and be packed with perseverance."

In addition to support from his family, the infrastructure made available by the Singapore government to support startups has been a big boon.

"Everything from incentives to help companies start a business, to a transparent and trusted system, initial funding resources and business mentorship has been invaluable," Chai said.

"Even though there are many startups that have not succeeded, the government's commitment to supporting the landscape has not wavered. Instead, it has continued to learn and improve the system."

Designed in Singapore

Chai is motivated by the desire to create a technology truly designed, built and commercialized in Singapore, as well as the city-state building itself as a Smart Nation.

"As we gain traction in our second year of business, we are seeing an increasing interest in our business solutions. We are proud to showcase our successes in the marketplace by a team of Singaporeans," he said.

Startups aside, other key players in the ecosystem are the venture capi-

talists — and these have arrived in droves.

"Singapore has a very rich and vibrant entrepreneurship culture. You can see many world-class partners incubating our startups," Chai said.

In fact, 2016 was a record year for the country in terms of venture capital (VC) investments. Leading the way was the technology sector with \$3.5 billion, the highest in the past five years, according to a report by global valuation and corporate finance advisers Duff & Phelps.

Standouts include the \$1 billion that Alibaba pumped into Southeast Asian e-commerce platform Lazada, and the SoftBank-led \$750 million investment in ride-hailing company Grab.

Local VC firm Wavemaker, based in Singapore and Los Angeles, confirmed its stellar performance with exits from several of the startups it had invested in. For instance, mobile advertising firm Art of Click was bought by Philippine-based Xurpas for \$45 million.

Additionally, there was an increase in VC funds established last year, with some made up of Chinese investors. These include tech billionaire Pang Shengdong pledging S\$5 million to Tembusu Partners' S\$70 million ICT Fund 1, and entrepreneurs Stanley Zhang and George Gong seeding Jubilee Capital Management with a \$100 million technology fund.

With such an elaborate ecosystem in place, it would seem only a matter of time before Singapore claims the title of Asia's top startup hub.