

SME WEEKLY NEWS

(26 November 2018 – 30 November 2018)

Countries	Highlights
<p>MALAYSIA</p> <p>AIG statistics: Over 85% of SMEs at risk due to underinsurance</p>	<p>Entrepreneurs tend to deprioritise insurance and risk management, exposing the business to unforeseen financial losses arising from incidences such as fire, flood or theft. AIG statistics shows a clear trend of underinsurance as majority of policyholders do not increase the value of sum insured annually, despite rising inflation and appreciation of assets over time. Over 85% of SMEs are exposed to business interruptions from fire or property damage as they are not adequately covered. Claims data from AIG shows fire risk is the most significant risk for SMEs in Malaysia, accounting for a majority of SME claims in the last three years. Over the years, heavy downpour and unpredictable flooding have also emerged as a growing risk for SMEs. Burglary, or theft, is also a common insurance business claim. In the last three years, 15% of total SME claims were for burglary. AIG forecasts that the greatest risks SMEs in Malaysia will face in the next 12 months are from damage to property and equipment. In the face of these increasing business risks, SMEs require a suitable packaged insurance policy that will protect their assets, liabilities and employees from the risks associated with operating a business.</p> <p style="text-align: right;"><i>(Source: The Malaysian Reserve, 28 November 2018)</i></p>
<p>THAILAND</p> <p>Commerce Ministry developing logistics support for online SMEs</p>	<p>The Commerce Ministry is introducing a logistics strategy and measures to help empower Thai SMEs to cope with a flood of overseas online providers. Commerce Minister, Sontirat Sontijirawong said after talking with more than 10 leading logistics and warehouse operators, startup and e-marketplace operators, the group agreed to set up a joint working panel to map out measures and logistics to help SMEs benefit more from digital platforms. New regulations may be needed to ensure fair competition, he said. At the meeting, Thai business operators also expressed concerns about the e-marketplace in Thailand, citing most of the goods sold via the famous online platform such as Lazada, Shopee and others are Chinese products that are much cheaper than Thai goods. This makes competing difficult for Thai manufacturers. The business operators have proposed introducing greater quantities and varieties of Thai goods as an alternative for customers in the e-marketplace. Cross-border e-commerce should also be promoted to raise trade with neighbouring countries. The business operators proposed that the government negotiate with nearby countries' counterparts to develop regional logistic centres, with bonded warehouses to serve future e-commerce expansion.</p> <p style="text-align: right;"><i>(Source: Bangkok Post, 30 November 2018)</i></p>
<p>SINGAPORE</p> <p>Plan launched to guide wholesale trade SMEs through digital transformation</p>	<p>Help is on the way for SMEs facing the perennial issue of not knowing how to kick start their digital transformation. The initiative is in the form of a new industry digital plan that targets around 33,000 SMEs in the wholesale trade sector. The plan consists of a step-by-step guide for SMEs, charting the type of digital solutions that firms can pick up in order to thrive in a global industry that has seen the rise of digital marketplaces for business-to-business transactions & blockchain technology in trade processes. Digital solutions are recommended based on the particular firm's growth. Examples range from sales and inventory management software to help streamline operations, to using artificial intelligence to predict sales trends and automate sourcing and purchasing needs. Firms can also tap the Infocomm Media Development Authority's SME Digital Tech Hub & Enterprise Singapore's SME Centers to assess how ready they are for digital transformation. The wholesale trade industry accounts for about 16% of Singapore's economy and hires around 320,000 people. It has also been identified as one of the growth sectors that can absorb displaced workers from other industries hit by technological disruption.</p> <p style="text-align: right;"><i>(Source: The Straits Times, 26 November 2018)</i></p>

MYANMAR

Tap into inclusive business to reduce poverty: DFID report

With support of Myanmar's Directorate of Investment & Company Administration (DICA) and the Directorate of Industrial Supervision and Inspection (DISI), the UK's Department for International Development (DFID), via its DaNa Facility, published the report about Myanmar's inclusive businesses. The report points out that, while the number of social enterprises and CSR activities in the country is growing, the notion of engaging the poor through core business activities remains nascent. These alone cannot change the dynamics of structural poverty or address the systemic issues that many disadvantaged communities face around a lack of socio-economic opportunities. According to DFID Myanmar's Dr. Gail Marzetti, inclusive businesses engage the poor in a way that offers sustainable solutions to the problems the poor face. Recently, DaNa Facility announced their plan to invest around US\$2 million to provide access to working capital for 300 domestic MSMEs which employ the poor and women. The MSME supply chain financing project is the latest programme by DaNa Facility, which supports inclusive economic growth & private sector development in Myanmar through responsible and sustainable business growth, investment and trade.

(Source: Myanmar Times, 26 November 2018)

MEAT OF THE MATTER

THE export market is a darling space these days. Helped by a stronger greenback and a bigger population, companies are looking to expand their reach overseas. It is no different for premium halal meat products manufacturer, PrimaBaguz Sdn. Bhd. The company has invested some time building up its bases and CEO, Chin Lee Foon hopes to up its export contribution to sales from 28% currently to 32% next year.

In the global food market, halal food makes up about 20%. Some 65% of that demand for halal food comes from Asia and 22% from the Middle East, which are PrimaBaguz's two key markets. "That brings us the opportunity to be a regional exporter. The strategy to export had been in place more than a year ago. I'm here to fast-pace this strategy," she says.

PrimaBaguz was founded in 1987 by Datuk Jamaluddin Abdul Kadir. He started out with a deli in Taman Tun Dr Ismail before venturing into producing his own meat products. The thriving business eventually caught the eye of government-linked private equity firm Ekuiti Nasional Bhd (Ekuinas). Ekuinas bought over PrimaBaguz for RM40mil from CIMB Private Equity and Prima Agri-Products Sdn Bhd in 2013. The company was turning in revenue of about RM56.5mil at the time.



PrimaBaguz supplies meatballs, cold cuts, sausages, patties, meatballs, soups, sauces and gravies to quick-serve restaurants as well as hotels and caterers or better known as the Hotel/Restaurant/Cafe (Horeca) industry. Among its customers are Subway, Burger King, Domino's Pizza, A&W, AirAsia. Currently, its bestselling products are the cold cuts, which make up 65% of sales.

Having a strong portfolio of international quick-serve restaurants has also helped the company in its plans to grow regionally. Chin says this has given it the opportunity to ride on its customers into the other countries in South-East Asia. Markets like Vietnam, Cambodia and Philippines are fast growing markets and it is important to capture them. And given that they have similar consumption patterns to Malaysia, getting the right products out for these countries is something doable. PrimaBaguz still has room to ramp up production to serve its regional expansion.

Another advantage that PrimaBaguz has is its wide product range. While most manufacturers only produce meat products, the company has soups, sauces and gravies which it can develop to accompany its meats. "We can do everything. This means we can create unique recipes that the others will not be able to do. We don't need to rely on another supplier for a solution," adds Chin.

Chin is optimistic that its strategies will reap dividends. PrimaBaguz is expecting to close the year with impressive sales of RM120mil, a 20% growth from RM100mil last year. "We grew 20% because we embraced new customers and portfolio. We hope to sustain this growth year-on-year. Next year, we definitely want to grow more than 10% and continue to grow in the markets we have established ourselves in," she says.

Export will continue to drive its growth moving forward. This, she says, is the way to achieve a bigger slice of the pie of the industry. "In any company, growth and profitability is key. But more importantly, the product must be accepted and well recognised by customers," she says.

(Source: The Star, 26 November 2018)