

# SME WEEKLY NEWS

(29 January 2018 – 2 February 2018)

Countries	Highlights
<p><b>MALAYSIA</b></p> <p><b>NSIC inks pact with Malaysia's SME Corp</b></p>	<p>National Small Industries Corporation (NSIC) signed MoU with SME Corporation Malaysia for exchange of information and cooperation in areas such as policies to aid development of SMEs in the two countries. Three other agreements were also signed between Indian and Malaysian entities to strengthen cooperation among smaller businesses in these countries. Both will also work together for improving competitiveness of Indian and Malaysian MSMEs in global markets and other forms of technical collaboration. Indian MSME Minister, Giriraj Singh expressed confidence that the two countries will work together in various areas like manufacturing and technology to drive growth in the SME sector. He said that Malaysia and India are large trading partners and share cordial relations for a long time. Bilateral trade between India and Malaysia was registered at \$12.02 billion in 2015. As per the latest statistics, bilateral trade during January-September 2016 stood at \$8.71 billion.</p> <p style="text-align: right;"><i>(Source: The Hindu Business Line, 29 January 2018)</i></p>
<p><b>SINGAPORE</b></p> <p><b>Survey: Only 14% of SMEs intend to internationalise</b></p>	<p>According to QBE Insurance survey, only 14% of SMEs intend to expand overseas while almost half had no interest to expand beyond Singapore in the near future. Of SMEs who have no intention to venture overseas, the top barriers cited by 42% of them was insufficient funds to expand overseas, while 38% cited unfamiliarity with the standards and processes of foreign markets. Other prominent concerns include the level of competition in other markets, regulatory and legal compliance and political instability. Another possible factor behind the lack of appetite for venturing abroad could be the improving perception of the economy in Singapore. Half of respondents feel the economy will improve in the next 12 months, while just 24% feel it will become worse.</p> <p>It also found that digitalisation appears to be a key focus of local SMEs. About 95% firms surveyed are currently use, or intend to invest in digital technologies. But barriers to digitalisation remain. Among SMEs who already incorporate online business processes, 48% noted the perceived high cost of investment as a problem while 39% admit their staff lack the necessary skills to fully leverage new technologies to their benefit. Fewer yet view cybersecurity as an issue, with only 23% of all SMEs surveyed see security of sensitive data as a concern, while 35% of smaller SMEs admitted to having no cyber protection at all.</p> <p style="text-align: right;"><i>(Source: Business Times, 29 January 2018)</i></p>
<p><b>SINGAPORE</b></p> <p><b>14% of SMEs' debt turned to arrears in 2017</b></p>	<p>According to a study by DP Information Group (DP Info), in 2017, about 14% of SMEs debt was unpaid after 90 days of expiry. This is an improvement from three years ago, when 25% of SMEs' debt was unpaid on time. The research conducted by DP Information Group (DP Info) analyzed the payment patterns of more than 120,000 companies in Singapore between 2014 and 2017. The transport &amp; storage sector recorded the biggest drop in severely delinquent debts during the last three years, that is from 36% unpaid debts in 2014 to only 9% in 2017. Another industry which recorded a significant reduction is manufacturing (2014: 33% vs 2017: 15%). Only two industries recorded an increase in severely delinquent debts since 2014 i.e. construction sector and the information &amp; communications sector. Talking about the downward trend in severely delinquent debts, DP Info stated that during the last three years, SMEs have adjusted to the restrictions on foreign manpower and the need to invest in technology and innovation. As these adjustments have been made, the cash flow position of most SMEs has improved, freeing up funds for the prompt settlement of debts.</p> <p style="text-align: right;"><i>(Source: Singapore Business Review, 1 February 2018)</i></p>

<p><b>SINGAPORE</b></p> <p><b>Tibco, Singapore Polytechnic collaborate to address SME skills shortage</b></p>	<p>Tibco Software Inc. will collaborate with Singapore Polytechnic (SP) to expand data analytics capabilities and knowledge in Singapore among local engineering SMEs. As part of the MOU, the collaboration will jointly engage engineering students through industrial practice, internships &amp; other practice-based training. The collaboration will provide them with relevant data analytics skillsets in the areas of Industry 4.0 and advanced manufacturing. In addition to full-time students, adult learners from relevant Continuing Education (CET) courses will also be trained in data analytics. This latest initiative will help address the current data skills shortage faced by local engineering SMEs. The rapid development of Industry 4.0 will see a decrease in the reliance for low-skilled labours doing routine tasks as automation takes place. Singapore's engineering industry will require cross-competence skills, big data specialists, data integration experts, and cloud capacity managers in order to reap the benefits of Industry 4.0.</p> <p><i>(Source: Digital News Asia, 2 February 2018)</i></p>
<p><b>THAILAND</b></p> <p><b>KBank taps data analytics technology as part of strategy for SMEs</b></p>	<p>KasikornBank (KBank) has unveils its strategy for SMEs for 2018, drawing on data analytics technology and value chain in its lending. Loan growth is targeted at 4.6% y-o-y, based on the "Bank for SME Business" strategy, encompassing four elements to achieve loyalty of SMEs i.e. comprehensive financial service, digital banking service, data analytics technology in credit analysis and 'beyond-banking' services, aimed at empowering SME business operations. Executive Vice President of KBank said the Thai economic growth in 2018 will likely be on par with last year's pace, at approximately 4%. Thus, SME adjustments are crucial so that they can cope with consumers' growing preference of online channels. As social media and high technologies have become more important in business undertaking, SMEs will need to develop omni-channel model for their sales, use advanced technologies to maximize their efficiency and design after-sales strategies that will create positive customer experiences.</p> <p><i>(Source: The Nation, 28 January 2018)</i></p>
<p><b>THAILAND</b></p> <p><b>UTCC: SMEs can handle minimum wage hike</b></p>	<p>Thai SMEs are expected to survive the negative impact of the daily minimum wage hike, as many have shifted to rely more on information technology, robots and online shopping, according to latest survey by University of Thai Chamber of Commerce (UTCC). UTCC said higher consumer spending based on higher wages, the government-sponsored welfare scheme, active investment projects both from the government and private sector, growing exports and tourism are expected to boost SME sales this year. The UTCC study also predicted that the minimum wage hike of 5-22 baht per day will increase circulation in the economy by about 30 billion baht and raise economic growth by 0.1-0.2%. The higher wage is expected to lift spending for 6 million workers, reinforcing GDP growth of 4.2-4.5% this year. The tripartite national wage committee agreed on January 17 to increase the minimum daily wage nationwide.</p> <p><i>(Source: Bangkok Post, 30 January 2018)</i></p>
<p><b>MYANMAR</b></p> <p><b>Myanmar, Denmark launch new SME fund</b></p>	<p>Denmark Embassy in Yangon and Department of SME Development under the Ministry of Industry launched a Responsible Business Fund aimed at improving the productivity and competitiveness of Myanmar SMEs. An allocation of K12.5 billion fund will provide assistance to SMEs with projects in seven areas: energy efficiency, water efficiency, waste treatment &amp; recycling, occupational safety &amp; health, food safety, managerial &amp; supervisory skills and practical &amp; technical skills. Only SMEs which have been operational for a minimum of two years and which can show external audited accounts will be eligible to apply for the fund. They must have 600 or less permanent employees or less than K1 billion in paid-up capital. So far, 18 SMEs have been approved by the fund's board. Backed by capital and technical assistance from the new fund, it is hoped that eligible SMEs will adopt innovative and responsible management practices and help build awareness for such methods of doing business across the SME community.</p> <p><i>(Source: Myanmar Times, 29 January 2018)</i></p>

## LOOKING ELSEWHERE FOR GROWTH

What started out as part-time work, helping out at events to earn a little extra cash, slowly became something Henry Hari Ram grew passionate about. Henry is the co-founder and CEO of an audio and lighting agency, D8 Group. He has been in the industry for the last 18 years. In 2006, Henry's interest in audio visual equipment took a more serious turn when he started a company with some partners to offer equipment rental services for events such as annual dinners and weddings.



“Then we started to see international artists coming in for live shows and we thought, why not we reach that level instead,” he says. He went on in 2010 to seize opportunities in the growing live show industry. But doing live shows would require them to upgrade and source for better quality equipment. That also means forking out more money as most of its equipment are sourced from Europe. It was a challenge because the local financing fraternity was not willing to extend them a loan to acquire technical equipment. The company instead got early support from its suppliers in Europe and financial institutions over there who gave them credit facilities.

Having better equipment gave them a boost. They started participating in concerts and music events, which were increasing in number in Malaysia then. The live show scene was burning up, but all for only a few years. By 2014, things dwindled down following the deaths of six people at the Future Music Festival Asia 2014. The incident saw cancellation of the event and several other concerts. Henry notes, the industry never quite got back up since. This puts D8 back to square one – jostling for smaller, indoor events. Except that this time, they had equipment that were overqualified for the job.

D8 sought out more business outside of Malaysia to make up for the decline in the local market. In 2016, it set up a branch office in Singapore to better serve the market there, which has been growing by leaps and bounds. Currently, overseas revenue makes up about 30% of the group's turnover. The group is looking to explore more opportunities in the ASEAN region this year as other countries open up their doors to more entertainment events. “There's no choice, we have to look out,” he says. He believes that D8 has an established reputation in the region, thus enable them to work with other players in other countries. The group will be setting up an office in Myanmar too this year to serve a two-year contract, which it sees as an opportunity to educate the market there.



D8 is also looking at the possibility of tying up with other partners to offer a full-stage solution regionally, rather than just audio & lighting. This will help diversify its business moving forward and reduce its dependency on the equipment rentals segment. Things certainly don't seem too rosy for the group here, but the team is enthusiastic about what they are doing and hopes to continue doing what they do as they tap into the opportunities that the region has to offer in the years to come.

*(Source: The Star, 29 January 2018)*