

SME WEEKLY NEWS

(17 February 2020 - 21 February 2020)

Countries	Highlights
<p>MALAYSIA</p> <p>BSN provides SMEs matching grants to digitalise operations</p>	<p>The Finance Ministry has appointed BSN to lead a strategic cooperation with SME Bank Group and MDEC in providing matching grants to SMEs who are interested to digitalise their operations. The government has provided a 50% matching grant of up to RM5,000 a company for the subscription of digital services for business operations. The signing of the strategic collaboration also unveiled the digitalisation initiative of the SME, which was a part of the various initiatives and incentives for the development of “digital applications, digital companies and digital Malaysians” in the National Budget 2020. This match grant is limited to only one application per SME. Each SME, however, can apply up to 3 types of digitalisation services with one or more digitalisation service providers registered with MDEC. There are five types of services that SMEs can choose from namely the electronic Point of Sale (e-POS), Customer Relationship Management (CRM), digital marketing, procurement and Enterprise Resources Planning (ERP), or accounting and taxes. These matching grants amount to RM500 million for a period of five years, and are limited to the first 100,000 SMEs per year, applying to upgrade their systems.</p> <p><i>(Source: The Malaysian Reserve, 18 February 2020)</i></p>
<p>SINGAPORE</p> <p>Prudential unveils \$1.5m relief package for SMEs, individuals</p>	<p>Insurer Prudential Singapore introduced a \$1.5 million relief package for SMEs and individuals affected by the coronavirus outbreak. Employees at SMEs covered by the firm's group insurance will continue to have medical coverage if the firms run into cash-flow difficulties. Prudential's existing SME customers can also defer premium payments for up to three months. This option will be available until end-June, although it might be extended depending on the severity of the virus situation, Prudential said. The postponement of premium payments should ensure there is no disruption to staff coverage. Prudential will also provide a one-time cash benefit of \$500 to its customers and their immediate family members who are served with quarantine orders. If admitted to hospitals in Singapore for Covid-19, they will also receive a daily allowance of \$200 for up to three months of hospitalisation. The benefits for individuals are applicable to Covid-19 cases that emerge from Jan 23 to June 30. They are also available to employees of Prudential's corporate and SME customers, Prudential's 1,200 employees, the insurance company's 5,000 financial consultants and these individuals' immediate family members.</p> <p><i>(Source: The Straits Times, 20 February 2020)</i></p>
<p>THAILAND</p> <p>Exim Bank inks MoU with local, Thai DFIS to promote SME growth</p>	<p>EXIM Bank has recently signed MoU with Thailand and Malaysian DFIs to promote the economic growth of SMEs. The MoU was inked between EXIM Bank, Small Medium Enterprise Development Bank Malaysia Bhd, EXIM Bank of Thailand, and the Small and Medium Enterprise Development Bank of Thailand. EXIM Bank said that the MoU would form the foundation for collaborations for the mutual benefit and promotion of Thai and Malaysian SMEs, while enhancing the economic growth of the SMEs. The MoU reaffirms the commitment by all participating institutions, particularly in their effort to integrate collaborations on trade, investment and SMEs of both countries, including those involved in cross-border trade. EXIM Bank aims to be the preferred financier for these aspiring global businesses by facilitating and offering them avenues for growth with our various trade financing, credit insurance and advisory services.</p> <p><i>(Source: The Edge Markets, 18 February 2020)</i></p>

MARKET HEATS UP FOR CHILLI PASTE MAKER

ELEEN Tan and her late husband have been dealing with chillies since the early 2000s. Founded in 2003, Lifestyle Ventures started its fresh chillies trading operations. It was hard getting customers' buy-in but her husband knew their products well and had a supply network to leverage on, which helped them grow their customer base. They eventually made enough profits to upgrade to a small factory in 2008, which allowed them to expand into manufacturing.

Tan notes that customers were increasingly looking for convenience. They wanted semi-processed ingredients such as cut vegetables and chillies rather than having them whole. "When there is an abundance of harvest, customers can't consume so much chillies. If you leave them be, the chillies will rot. We might as well convert them to paste for longer shelf life," she explains. It took them about two years to carry out R&D works and trial run the product with their existing customers.

However, Tan says this convenience was shunned by their customers and the market in general. "It was a challenge because in Malaysia, the industry can't really accept chilli paste. They want to see the actual fruit to consider them as fresh ingredients. So we have to educate them that we use fresh chillies to make the paste. Their customers were ultimately convinced and Lifestyle Ventures today supply its chilli paste to most of the major fast food chains in Malaysia.



One of the main challenges for Lifestyle Ventures is securing adequate supply of chillies. When Tan took over the helm of the company early last year after the passing of her husband, she faced with severe shortage of supply thanks to a very wet season. "Around April to June, there was a shortage of chillies so prices went up to as high as RM20 per kg, of which the average market price for chilli ranges around RM8-RM9 per kg. This led to a greater implementation of contract farming for the company to buffer any future shortages. They also tapped into the local Farmer's Association to absorb any excess

supply. At the moment, most of its chillies are imported as Tan notes that there is limited local supply. Additionally, imported chillies are usually cheaper than local chillies due to the types of variety available. This may also be one of the reasons local farmers are not inclined to grow chillies.

Tan notes that there is big potential in the Chinese market as they favour our sauces and pastes. With the trade tension between China and the US, there is also opportunity to be tapped in the US market. And with growing acceptance of Asian cuisine worldwide, the company is exploring opportunities in the European market. Exports currently make up about 20% of the company's sales. Its revenue averages above RM10mil each year.

One of the things that Tan hopes to achieve this year is to roll out its plan for full automation. Like most manufacturers, labour shortage and labour cost are quite a major challenge for the company. "So we want to automate in order to reduce our labour cost and pass the savings on to the consumers. Our operations are currently semi-automated and we have engaged SIRIM to help us with IR4.0," she says. She hopes the instalment of robotic arms will speed up manufacturing processes and reduce safety risks at the factory.

Along with the implementation of new technologies, Tan also intends to upskill her employees. "I believe with training, we can upskill our workers to manage IR4 technologies. She also hopes to fashion Lifestyle Ventures into a place that nurtures and engages its employees to ensure that they continuously progress with the company. Hopefully, in 5 years' time, sales would have hit RM25mil, she says, and the company would have a diverse customer base from different parts of the world.

(Source: The Star, January 2020)