

**SPEECH BY MR LEE YI SHYAN
SENIOR MINISTER OF STATE FOR TRADE & INDUSTRY
AT THE SPIRIT OF ENTERPRISE 2014 AWARDS
ON 7 NOVEMBER 2014, 7.30 PM AT MANDARIN ORCHARD**

President of Spirit of Enterprise, Mr. Thomas Fernandez

Distinguished Guests

Ladies and Gentlemen

1. I am delighted to join you once again at the Spirit of Enterprise Awards 2014. At this 12th edition, we are recognising 31 outstanding business leaders for their “can-do” spirit and for becoming one of the best in their fields of businesses.

Creating an Environment that Promotes Entrepreneurship

2. I notice that this year’s SOE honourees come from a wide range of industries. They range from food to waste processing, training to technology and more. Our economy has grown to be more sophisticated. There are now more varied and niche opportunities for business ventures. Entrepreneurship is growing in Singapore.

3. Statistics from a number of sources support these observations. First, the number of active start-ups has grown, for instance from 24,000 (employing 167,000) in 2005 to 42,000 (employing 306,000) in 2013. In terms of net business formation, the trend is also on the rise. In 2013, net business formation stood at about 20,000

companies¹, higher than the previous two years, despite a tightening labour market.

Recognising Innovative Entrepreneurs

4. Apart from quantitative growth, we have reasons to believe that our start-ups are pursuing qualitative growth embracing technology. According to a recent Business Times' report, in the past 3 years, at least 27 Singapore based start-ups were acquired for over US\$500 million². This implies that each deal was worth US\$18.5 million on average.

5. Increasingly, some of our start-ups are also winning recognition at an international level. Consider ViSenze, founded in 2012, which has recently been recognised at the 2014 Red Herring Top 100 Asia Awards. In February this year, ViSenze also clinched US\$3.5million in Series A funding from Rakuten Ventures, Walden International and UOB Venture Management. The investment will enable them to develop in-video visual search and expand into the North American and Chinese markets. It is encouraging to see local companies embody the spirit of enterprise while charting an international path of growth.

¹ In 2013, there were about 37,000 companies formed with 17,000 companies ceasing operations.

² *Two new blocks for whiz kids*, Jacquelyn Cheek, The Business Times, 04 Nov 2014

6. ViSenze, like many other tech start-ups, are benefiting from a more sophisticated and nurturing enterprise eco-system in Singapore we have today. The government, working with platforms like yours, will continue to strengthen this eco-system.

7. As announced in September this year, the start-up community can look forward to a one-stop hub at JTC's LaunchPad@one-north to be launched by Action Community for Entrepreneurship (ACE) Limited. The plan is to add Block 73 and 79 to the existing Block 71, which is fully occupied. The additional blocks will yield 12,000 square metres of innovation space housing about 250 new start-ups.

8. With this expansion, we hope to further strengthen LaunchPad@one-north to be an ideal platform for enterprising start-ups to bounce ideas off one other and potential investors.

9. With GDP per capita of US\$79,000 (PPP) in 2013³, Singapore is competing in the advanced league. To stay ahead amidst the competition, our enterprises must be constantly innovating, creating our own intellectual properties and applying them in ways that serve real market needs. Our companies must read and travel widely to understand the international market and best practices. They should

³ Source: World Bank

also look out for new trends that may prosper or threaten their businesses.

10. Two trends are going to revolutionize existing businesses. The first one is the increasing acceptance of e-commerce and m-commerce. Purchases over the net, whether is "B to B" or "B to C" will redefine supply chains. It is not just physical retail stores which have to worry about their customer reach but many traditional intermediaries may also find their jobs being taken over.

11. The second trend is the application of data analytics. Pervasive use of smart phones and devices is enabling companies to collect useful information about customers, consumption preferences and patterns. With enough data points, companies are even able to predict next purchases. Companies which invest in processes which capture customers' data would do better than their competition.

12. As business leaders, our challenges will be many. The first is to re-examine our business model, especially in light of the two trends mentioned, if it is still valid for the next 5 years. The second is how we would help our employees' learning new so that they can stay current to the industry's needs. The third is how we could scale our business, beyond Singapore and into the region. The economies of scale that come with growth will generate the resources we need to further

invest in R&D, create our own intellectual properties, expand our business and build a business that lasts.

Conclusion

13. On this note, let me offer my heartfelt congratulations to this year's winners of the Spirit of Enterprise Awards. I wish you great success in years to come. Thank you.