Singapore’s e-business challenge

Transformation paths to the center of a regional e-hub

User Forum 2001

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Strategic Intelligence’s Framework
Assessing driving technology trends in Asia

BROADBAND SERVICE STRATEGIES
• Competitive positioning for fixed and wireless broadband access
• Technology adoption paths

NEXT GENERATION MOBILE
• Regulatory and policy frameworks that guide licensing, standards adoption and indigenous technology development for 2.5G and 3G
• Infrastructure build-out and service roll-out strategies
• Partnerships and alliances in Asia’s wireless network operation space

MANAGED NETWORK SERVICE STRATEGIES
• Network outsourcing and facilities management
• Data and voice Virtual Private Networks
• Other enterprise-level network services

ENTERPRISE PROCESS
• Automating and rationalizing inter- and intra-enterprise transactions
• Delivery modes (such as solution integration, outsourcing, and ASPs)
• End user requirements
E-transformation in Singapore: a strategic ‘to do’ list for executives

It may not feel like it, but now is a crucial time for Singapore firms to invest time and resources into their e-business strategies

• Re-evaluate your e-business tools and practices
• Re-negotiate your relationships with your e-business solutions partners
• Understand your supply chain, domestically and internationally
• Internationally, push your best practices onto your suppliers
Opportunity in despair?

Singapore is linked to the global economy—in sickness and in health

– Technology markets (in part) sparked the current downturn…
– …but technology will also restore its health

Singapore Inc. can re-assert its regional hub status in the digital age

– **The challenge**: Singapore businesses straddle the ‘digital divide’
– **The e-business opportunity**: To profit from managing—not just participating in—regional supply chains
Savings—not profit—through e-business adoption

Globally, firms are still investing in e-business tools, but are making incremental improvements on past investments rather than overhauls

- The worsening economy forces firms to improve operations—not expand into new businesses
  - Integrating existing systems
  - CRM tools
  - SCM systems

- Troubled times mean ‘bargain basement’ prices...
  - End users are getting better support and value for money

- Refining (not postponing) e-business now leaves firms more competitive in up times
  - Lesson from communications sector: replace ‘bad’ IT and e-commerce spend with good—but keep spending
Breaking through the ‘Outsourcing Objection’

Singaporean businesses are reluctant to use outsourcing solutions. Recent events may help them reverse their positions—which will benefit the economy.

Post 9-11 business environment makes outsourcing a necessary consideration in strategic IT management.
- Like Y2K, events influence e-business strategy—positively

Outsourcing models (ASPs) provides assurances insourcing cannot
- SLAs speak to MNCs, large enterprises
- Business continuity and disaster recovery services

Software/Solutions providers looking for economies of scale
- Offering end users value for money and security
Singapore Inc. straddles the digital divide

The current slowdown has caught Singaporean business in the middle of evolving e-supply chains

- Global SCM worked well while markets were growing...
  - ...but in the slow-down, buyers have pushed inventory management down the chain

- Technological sophistication decreases in downstream reaches of the supply chains

- Singaporean ‘first tier’ businesses have to manage supply chains in between too much information—and too little
Singapore Inc. straddles the digital divide

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Management issues

E-business matures in transparent, well-run communications policy environments

Asian communications policy matrix, 2001

Regulatory Focus

Transparency & fair pricing

Industry deregulation

Supervision

Government Involvement

Singapore’s policy regime is transforming itself from a “hands-on” facilitator to a “hands-off” regulator

Total fixed & mobile subscribers
(China: 215 million)

Source: Strategic Intelligence
Management issues

E-business matures in transparent, well-run communications policy environments

Asian e-infrastructure matrix, 2001

Supporting Infrastructure
(financial services, logistics, roads)

Excellent

Japan
Korea
Taiwan

Singapore
Hong Kong
Australia

Opaque, slow

India
China

Poor

Business ‘rules’ environment
(legal framework clarity, corporate governance)

Total fixed & mobile subscribers
(China: 215 million)

Source: Strategic Intelligence

Singapore’s infrastructure and transparent business environment means enterprises have a fully functioning e-business hub.
Singapore is connected—but its regional supply chain partners are not

Internet connectivity & access speed, 2001

Fixed telephone line / 100 population

Like other Asian hub markets, Singapore is broadband-dense...

...but enterprise and consumer Internet usage within developing Asia creates an SCM challenge

Source: Strategic Intelligence
Singapore is connected—but its regional supply chain partners are not

Asia: Access penetration matrix, 2001

Source: Strategic Intelligence
Singapore is connected—but its regional supply chain partners are not

Asia: Average ADSL monthly subscription fees by carrier

- Hanaro Telecom (South Korea)
- Yahoo BB (Japan)
- GigaMedia (Taiwan)
- Telstra (Australia)
- PCCW (Hong Kong)
- SingTel (Singapore)
- Internet KSC (Thailand)
The North-South divide

Aggregate route capacity planned and in service, 3Q01

Supply (and demand) mean the North Asian triangle will be a more ‘liquid’ market for capacity than Southeast Asia

Source: Strategic Intelligence
Uneven bandwidth landscape in Asia will mean equitable supply levels between North and Southeast Asia will be some time in coming

There will be cost and service impacts for regional e-businesses hubbed in Singapore in the short term
Spinning their own webs

Successful e-businesses in Singapore like these find their niche by providing management services, tools and expertise in supply chain webs.

Flextronics: Outsourcers to the stars
- Transforming traditional contract manufacturing business into value-added service business for technology companies
- Moving into the supply chains of firms like Ericsson, Microsoft

Gridnode: Adding value and reducing costs
- Singapore firm’s unique P2P supply chain integration software tools allow firms to leverage and complement legacy systems—which ensures business continuity and lower implementation costs

Modus Media: Assembly is always required
- From publisher to consumer technology supply chain partner
- Continuous SCM and ERP technology investment allows for flexible and fast new market entry
Singapore Inc. needs to ‘e-vangalize’ to regional partners

• Digital divide can be overcome through solutions-based strategic partnerships
  – Promotion and adoption of e-commerce standards in supply chain management
    • Contracts/SLAs
    • Product standardization initiatives (numbering)

• As supply chains grow, Singapore Inc. needs to extend partnerships further a field
  – Post-WTO China, India of primary importance
E-transformation in Singapore: a strategic ‘to do’ list for executives

Re-evaluate your e-business strategy
  --reorient it towards operational improvement
  --think twice before cutting e-business investments
  --use e-business metrics when evaluating suppliers and partners

Re-negotiate your relationships with your e-business solutions partners
  --consider outsourcing and business continuity services as part of the solution
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Understand your supply chain—globally

--monetize your ‘node’ of expertise along your supply chain
--industries where Singapore Inc. can thrive include technology manufacturing, financial services
--stay away from labor-intensive sectors

Push your best practices onto your suppliers

--subsidizing your suppliers’ e-SCM & e-CRM tools is an investment in your own cost performance
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