

Singapore seeds another S\$40m to power economic transformation

The sum is for VC funds investing in tech startups, so that such companies develop around large local enterprises

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Singapore

A SUM of S\$40 million has been set aside by the Singapore government for the third Early-Stage Venture Fund (ESVF-III), the latest in a slew of government initiatives to boost the startup ecosystem as a catalyst for a broader economic transformation.

ESVF, started in 2008, is a fund administered by the National Research Foundation (NRF) to seed venture-capital (VC) funds investing in early-stage tech startups in Singapore.

Vivian Balakrishnan, Minister-in-charge of Smart Nation, the national push to turn Singapore into a global infocomm hub that leverages technology for economic and social development, said: "NRF will be launching ESVF-III to catalyse the establishment of corporate venture funds by large local enterprises (LLEs) ... and to catalyse the growth of high-tech innovative companies through government co-investments with private-sector LLEs."

Speaking at the opening of Tech-Venture 2015 on Monday, he said this will facilitate the development of tech ecosystems in which smaller companies grow around a core of LLEs, ena-

bling the LLEs to access new technologies through their startups, and so remain competitive; the startups, on their part, will be able to leverage the organisational resources of their corporate partners to commercialise and go global.

Singapore has fostered a dynamic startup scene, Dr Balakrishnan said; its next phase of growth will be to strengthen the linkages across innovative enterprises and build a highly networked ecosystem. "Merely tweaking things will not do. A strategic realignment involving the entire nation is necessary, hence our Smart Nation initiative," he said at the event.

The described growth strategy aligns with the government's recent call for value to be created in Singapore – in particular by Singapore firms. This marks a departure from previous growth strategies that entailed courting multinationals and building Singapore into a centre for high value-added activities in global supply chains.

Deputy Prime Minister Tharman Shanmugaratnam had said at the Economic Development Board Society's 25th anniversary gala dinner in July: "We have now embarked on a new phase in our nation's economic development ... We are moving from val-

ue-adding to value-creation ... making innovation pervasive in every industry and for firms big and small, so that we can come up with our own products and services."

Since January, at least five government agencies have announced initiatives to boost the startup ecosystem and value-creation.

On how the NRF's latest S\$40 million injection into ESVF can nurture the growth of value creation, an NRF spokeswoman said: "This is one of the initiatives to build a strong core of innovative enterprises.

"Singapore is a small, trade-dependent and globally-orientated country.

Continued on next page

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Value creation

Key government initiatives aimed at startups and value creation

WHEN (2015)	INITIATIVE	INVESTMENT	LEAD AGENCY
Sept 21	Funding for ESVFIII	S\$40m	NRF
	Launch of LUX Photonics Consortium	S\$75m	NTU
	Announcement of SG-UK Joint Test-bedding Initiative	Unspecified	NRF
June 10	Appointment of up to 5 accelerators to co-invest in and nurture startups in clean tech, advanced manufacturing & engineering	S\$75m	Spring S'pore
Apr 30	Launch of the ST Engineering-NTU Corporate Laboratory to build advanced robotics and autonomous systems for airport operations and disaster-response missions	S\$53m	NRF
Apr 21	Funding for the Singapore Spintronics Consortium to develop new spintronics applications (eg. mobile phone batteries that can last up to weeks on a single charge)	S\$44m	NRF
Feb 11	Launch of BASH, a 25,000 sq ft integrated startup space at Blk 79 JTC LaunchPad @ one-north for tech-builders, innovators and investors	Unspecified	IDA
Jan 23	Launch of JTC LaunchPad @ one-north, a 200-hectare business park with co-working, incubation and startup space facilities that will house about 750 startups by 2017	Unspecified	JTC, Spring S'pore

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Dr Vivian Balakrishnan, who was at the opening of Techventure 2015 on Monday, takes in a demonstration of AIT Technologies' DigiQuin™ technology, which enables shoppers to try on clothing digitally through a digital mannequin.



S'pore seeds another S\$40m to push economic transformation

Continued from Page 1

The source of our companies' competitive advantage should be their ability to innovate systematically and effectively, in collaboration with public and private partners, to generate better products and services and higher added value per employee than other businesses."

Amit Anand, founding partner of Singapore-based VC firm Jungle Ventures, said the investment into ES-VF-III is timely as there is "definitely a seed-stage gold rush in Asia".

He told *The Business Times*: "Startup investing is fashionable. But not many of these startups are getting follow-on funding, which is important

for them to reach either self-sustenance or get larger investors interested. Government programmes such as ES-VF have helped fill this void.

"More importantly, the government works with experienced investors to deliver this programme, which helps, as startups need both capital and operational insights to accelerate their development."

But Christopher Quek, lead investor of VC firm Tri5 Ventures believes S\$40 million to be insufficient: "While it is important for the government to continue investing in funding startups, they should redirect their efforts to seed and pre-Series A levels, as I see a bigger increase in companies

seeking seed-level funding of between S\$500,000 and S\$1 million."

He added, however, that Singapore still had some way to go from value-creation: "This will happen only when Grade A entrepreneurs and engineers like those in Silicon Valley appear. Funding is part of the solution, but encouraging Singaporeans to take risks and setting up a conducive environment for engineers are also important. This is something that the government cannot do alone; it needs the grassroots community to be involved to educate and change mindsets."

Asked if there are signs of a startup bubble here, he said no, and that the startups he has seen here are of decent quality, while Mr Anand said

there was a semblance of over capitalisation in others, driven mainly by investor interest.

At Monday's TechVenture event, Dr Balakrishnan unveiled the LUX Photonics Consortium, a platform to facilitate stronger collaborations between institutes of higher learning and the photonics industry to develop, among others, the next-generation ultra-fast Internet and the SG-UK Joint Test-bedding Initiative, which will enable SMEs from Singapore and the UK to collaborate on new technologies for sustainable urban development.

TechVenture, an annual Asian tech startup and investor event now in its 19th edition, is being held at Marina Bay Sands and ends on Tuesday.