

By Francis Yeoh

★ Commentary | Singapore

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Commentary: Helping start-ups and entrepreneurs, the 'new heroes' of Singapore, succeed

Singapore has done well in some aspects when it comes to fostering entrepreneurship but has some way to go on to improve regulation and risk-taking, says the National University of Singapore School of Computing's Francis Yeoh.



There are about 50 co-working space locations in Singapore, an increase compared to the 40 from a year ago, according to property consultancy Cushman and Wakefield. (Photo: Spacemob's Facebook page)

SINGAPORE: "If a masochist is someone who loves pain, what do you call someone who loves huge amounts of pain?"

This is a frequent ice-breaker question I pose to my entrepreneurship class at the National University of Singapore (NUS).

Usually some brave student would venture an answer: "An entrepreneur?"

"Why?"

"Because entrepreneurs are supposed to have a tough life filled with many challenges."

True, but it wasn't quite the answer I had in mind.

My point was more that entrepreneurs actively seek out pain points in society because these gaps in the market signal potentially huge opportunities. The bigger the pain, the more customers will appreciate you solving their problem, and the more lucrative the business may be.

With the acumen to identify market needs, and the daring to act on it, entrepreneurs "give our society the confidence that anything is possible," as Prime Minister Lee Hsien Loong highlighted in his [National Day Rally](#) speech last year.

Minister for Education (Higher Education and Skills) Ong Ye Kung went further, saying: "A new type of Singaporean hero must be the entrepreneur – someone who has a dream or passion, who took risks to do something about it, suffered setbacks and failures but picked himself up again."



At the 2016 National Day Rally, Mr Lee also cited HOPE Technik, a home-grown engineering enterprise that beat top engineering firms around the world to win a tender to build a scale model of a space plane for Airbus' civilian spacecraft programme. (Photo: HOPE Technik)

They were talking about innovation-driven entrepreneurship, and the building of high growth start-up companies that create new value by disrupting the status quo – the likes of Amazon, Facebook, Alibaba and more recently, Uber and Airbnb.

SILICON VALLEY TOOK 50 YEARS

What would it take for Singapore to produce high growth market-shaking innovative companies like these?

Most would point to the need for a conducive eco-system that nurtures innovation, encourages collaboration and supports expansion.

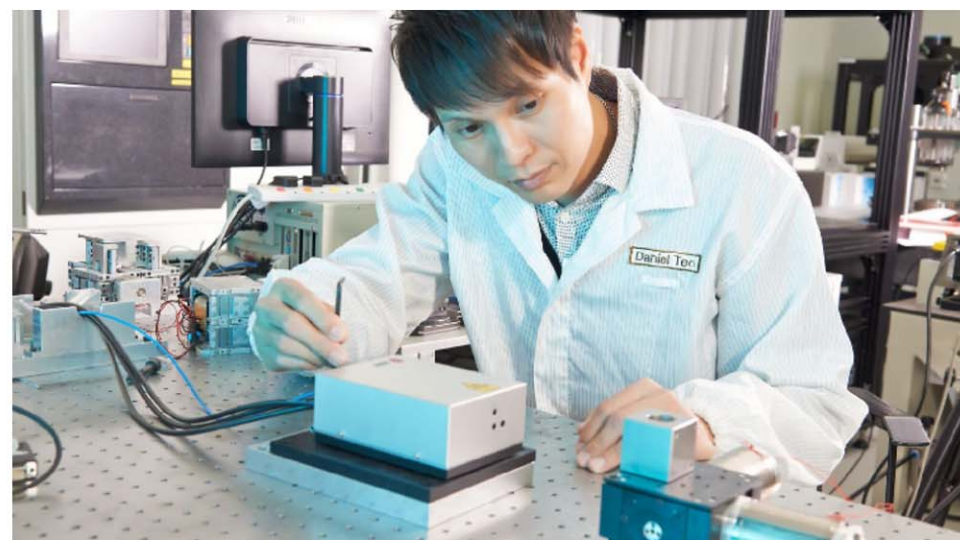
But this cannot be created overnight. Even Silicon Valley took 50 years to mature.

To be sure, Singapore's journey to nurture entrepreneurs started more than 20 years ago. Young entrepreneurs enjoying Singapore's vibrant start-up scene today are mostly unaware that they are beneficiaries of numerous government initiatives and programmes implemented over the years.

“Yet, how do we know if we have the right ingredients in place for start-ups to succeed today?”

We should look towards Singapore's first significant entrepreneurship programme, by the predecessor of the Agency for Science, Technology and Research – the National Science & Technology Board (NSTB).

Back in 1998, the NSTB identified four elements critical to building a conducive eco-system – financing, regulation, facilities and culture. A national entrepreneurship programme called Technopreneurship for the 21st Century (T21) was designed on these pillars.



NSTB spearheaded the S\$2 billion five-year National Technology Plan unveiled by then DPM Lee Hsieng Loong in 1991. (Photo: A*STAR)

Global experts define similar essential conditions. Babson College in the US, noted for entrepreneurship education, defined six key domains for the entrepreneurship eco-system – policy, markets, human capital, support, culture and finance. Israel's Venture Capital Association identified government support, the venture capital community, technology infrastructure, and people and expertise.

FINANCING

Of the four key ingredients, financing has been Singapore's sharpest tool in building a strong start-up scene.

We have past foresight to thank. Under T21, a US\$1 billion Technopreneurship Innovation Fund (TIF) was set up nearly two decades ago to develop the nascent venture capital industry. Its co-investment programme catalysed VC funding and crowded private sector investments into promising start-ups.

The Government rapidly built up its own VC expertise by participating as limited partners in top-tier venture funds around the world, in the US, Europe, Israel and India. NSTB-linked venture funds were among the very early investors in tech giants such as Alibaba and Baidu.

Such funds stimulated early stage venture capital and supported incubators to build start-ups in Singapore. Funding also incentivised universities to become centres of excellence in building entrepreneurship programmes and commercialising research.

From 1998 to 2000, start-ups flourished in Singapore, many fuelled by the rise of the internet and the promise of a new "knowledge-based economy".

A second wave of funding breathed new life into the start-up environment in the aftermath of the dotcom crash. The Early Stage Venture Fund and Technology Incubation Scheme under the S\$360 million National Framework for Innovation and Enterprise initiative drew new players and high net-worth technology veterans into the market, providing a significant funding boost to start-ups.



Today a plethora of government schemes exist to support founders, start-ups, accelerators, VCs, under the StartupSG umbrella. VC investments in Singapore rose sharply over the last decade, hitting an all-time high of US\$3.5 billion in 2016.

REGULATIONS

Singapore's second traditional advantage is our reputation as a highly efficient and pro-business country. A company can be incorporated online within an hour, compared to days, weeks or even months in other countries.

Beyond facilitating business transactions, however, the Government's track record and regulatory approach to new potentially disruptive businesses has been uneven in recent years.

The all too familiar example is our lag behind China in cashless transactions, mobile payments and e-commerce, despite having one of the highest levels of internet penetration and mobile usage. Singapore has also been somewhat reactive in developing regulations to enable the sharing economy, such as in ride-sharing and accommodation rental.

“Government agencies admittedly have a tough job when confronted with disruptive business models.”

They must balance aggressiveness to pursue innovation in uncharted areas with conservatism in making sure rules are not broken. The inclination to resist changing the status quo is natural – because disruption creates winners and losers, and incumbents often end up losers.



Cashless payments has been a topic of hot debate, with a slew of options or payment rolled out since last year. (Photo: Rachel Phua)

But if we don't seize new opportunities, Singapore will end up a bigger loser in the long term.

For Singapore to aspire to be a world leader in an era of frequent technology disruption, these agencies must move towards greater willingness to take a more pro-active role in embracing such disruption, which means embracing more risk.

Regulation should err on the side of innovation, permitting creative new business ideas in all cases, unless there are grave concerns of safety or social ills like fraud.

FACILITIES AND SUPPORT

In terms of building infrastructure and facilities that aid entrepreneurship, Singapore has an impressive record.

T21 had envisioned back in 1998 the development of the Ayer Rajah-Buona Vista area into a vibrant high-tech working and living area. Today, one-north is indisputably it: State-of-the-art labs and offices are situated alongside educational institutions and recreational amenities built around the "poles" – Biopolis, Fusionopolis and Mediapolis.

The transformation of Block 71 at Ayer Rajah Crescent from a dilapidated factory building into a start-up hub dubbed by the Economist as "the world's most tightly packed entrepreneurial ecosystem" has created an inspirational icon.



Entrepreneurs at Ayer Rajah Block 71 can network over coffee or a meal at nearby food and beverage outlets like Timbre+. (Photo: Facebook/Timbre+)

The density of entrepreneurs, VCs and incubators enable the best business ideas to come together in serendipitous ways. Often, it's the casual chats over lunch and drinks after work that allow for the informal exchange of ideas and for new opportunities to be discovered.

Credit must be given to Jurong Town Corporation for extending the lease of Block 71 and allowing adjacent buildings to be used to meet the surge in demand from start-ups.

CULTURE

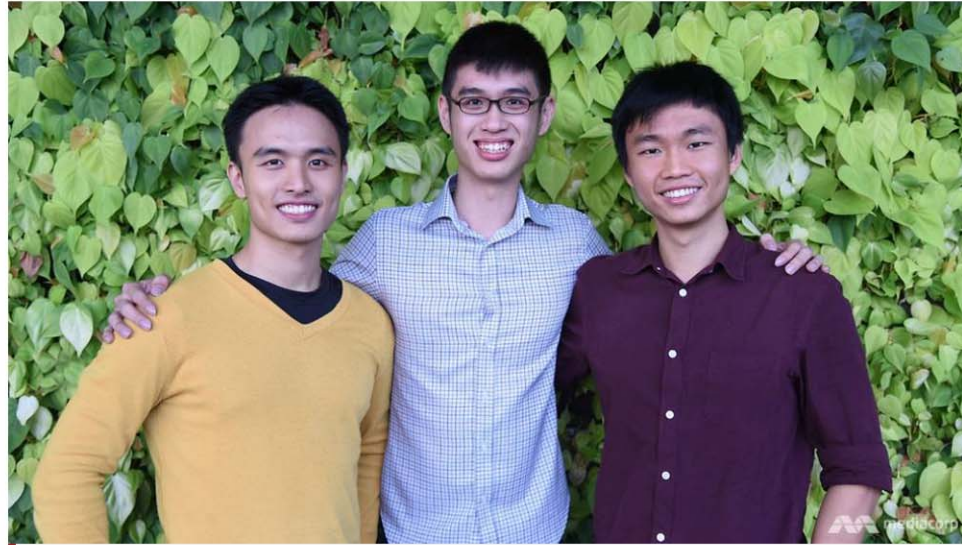
Perhaps the most widely discussed matter about entrepreneurship in Singapore is the question of whether there is an appetite for risk-taking and a culture of accepting failure. For too long, Singaporeans have been unfairly typecast as kiasu (afraid to lose) or kiasi (afraid to die).

Government intervention has been working to change this. NSTB initiated a Phoenix Award under T21 to recognise entrepreneurs who have failed but continued to persevere until they achieve success. The National Research Foundation later supported Failcon, a conference for entrepreneurs to openly share their learning experiences from failure.

“While empirical data is hard to obtain, there are indications that the fear of failure has diminished over time and is not as extensive as commonly perceived.”

Increasing numbers of graduating students at the NUS now consider joining a start-up a viable career option.

Many are alumni of NUS Overseas College (NOC) – the programme which sends thousands of undergraduate students to intern in start-ups in entrepreneurial hotspots such as Silicon Valley, Beijing and London. They report that their experience had been life transforming and gave them renewed confidence.



(Left to right) Seah Ying Cong, Looi Qin En and Oswald Yeo gave up their scholarships in top US universities to start Glints in 2013. "We want to help young people discover their own career paths, just like we did." (Photo: Tang See Kit)

Some undergraduates even put their studies on hold to pursue their start-up dreams. In 2016, three government scholars created a stir when they decided to drop out of university (Stanford, Wharton and Berkeley, no less) and risk their scholarships in order to work on their start-up idea.

This would have been unheard of a decade ago. Thankfully, their company Glints is doing well, having raised US\$2 million venture funding to expand beyond Singapore.

CARVE A NAME FOR OURSELVES

Looking back, Singapore has indeed come a long way in developing its entrepreneur eco-system.

Singapore deserves an A for financing and facilities, and perhaps B+ for regulations and culture.

But we have some way to go. The Start-up Genome report 2017 ranked Singapore as the 12th placed eco-system in the world, below Beijing (4th) and Shanghai (8th).

While Singapore may never be able to match the size and scale of Silicon Valley, or even Beijing and Shanghai, we can certainly carve a name for ourselves as an important node in the global network of start-up eco-systems, known for our sophisticated infrastructure, efficient regulations, good living standards and diverse talent.

We should strengthen our position as the undisputed hub for start-ups in Southeast Asia, attracting VCs, entrepreneurs, technical talent and support service players to operate out of here.

Doing so will play to Singapore's strengths, while the quality, abundance and flow of talent will greatly enrich, invigorate and reinforce our eco-system.

Dr Francis Yeoh is Professor for Entrepreneurship at the NUS School of Computing, as well as the Executive Director of the Mediapreneur, Mediacorp's incubator programme.

The programme provides start-ups with seed funding, a working space, mentoring, networking opportunities and attractive media packages to speed up their growth and development.

Source: CNA/sl