NUS National University of Singapore

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S'pore must grow deep-tech start-ups: Expert

More investment in higher-risk sectors will boost start-up scene

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In Kashiwa-no-ha, Chiba

Not enough government money was pumped in to support deep-technology start-ups, a leading Singapore industry expert said yesterday, though the launch of government-owned firm SGInnovate marks a step in the right direction.

Dr Wong Poh Kam, director of the National University of Singapore (NUS) Entrepreneurship Centre, said more investment in higher-risk sectors with a longer gestation period will be required for the Republic's start-up scene to mature and develop critical expertise.

He was addressing a panel at the seventh Asian Entrepreneurship Award (AEA), a Japanese start-up pitch contest in Kashiwa-no-ha smart city. Located about 40 minutes east of Tokyo, it is where academic and research institutions work with start-ups to create technology that is test-bedded in the city.

The city is also home to the start-up incubator Kashiwa-no-ha Open Innovation Lab, which has entered into a working agreement with Singapore's Block 71 to allow start-ups from the two countries to tap each other's spaces.

Dr Wong, who also lectures at the NUS Business School, said Singapore's efforts to proactively fund and grow its start-up ecosystem have helped to nurture an investment climate. But there have been several downsides.

Dr Wong Poh Kam (left), director of the NUS Entrepreneurship Centre, with ProSpace chief executive Steve Ong at the Kashiwa-no-ha smart city in Chiba prefecture, east of Tokyo. ST PHOTO: WALTER SIM

SPOILING THE MARKET

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DR WONG POH KAM, director of the National University of Singapore Entrepreneurship Centre.

"Maybe there is too much government money going into supporting very general start-ups," he said. "And sometimes, paradoxically, this could be bad because too much easy money spoils the market with too many start-ups that perhaps do not deserve to get funding."

What this means, he said, is that there is less investment for the higher-return commercialisation of deep technology, which requires more time and where there has been a dire funding gap.

Private-sector investors often find the risks too high and are thus unwilling to invest too early, he explained. But the Government, too, has been reluctant to back such projects as "policymakers need to show results in the short run".

One other challenge, Dr Wong said, was the dearth of investors with deep domain knowledge in areas such as biomedical drug development, who can help grow these high-value start-ups into globally successful companies.

"We have to start from not just throwing more money in, but to also think of how we can actually get people with such necessary global experience involved... to start their next business or investment in Singapore," he said.

The Republic could also benefit from building on its strengths in areas where it has strong expertise – such as in cyber security and maritime-related technology – so as to establish itself as a global leader, he added.

And it is in these respects that SGInnovate, launched two years ago to help develop niche areas that require deep technical expertise, plays an important role, he said.

Using the AEA as a platform, Dr Wong has been working to identify Singapore start-ups that can benefit from the exposure to the Japanese market. He said that Japan has been a difficult market for foreign start-ups to enter.

The AEA counts among its partners real estate firm Mitsui Fudosan and the University of Tokyo.

Since the contest started in 2012, two Singaporean start-ups have emerged tops, with another three in runner-up positions.

Last year's second-prize winner was ViSenze, a Singapore start-up providing artificial intelligence-based visual search and image recognition services. Its global clientele includes Japanese brands such as Uniqlo, Rakuten and the Mitsui Shopping Park.

This year, there was one Singapore start-up among the 20 semi-finalists: ProSpace, which taps big data to provide workplace analytics, especially for open-concept offices.

Although it was not among the final six, its chief executive, Mr Steve Ong, 35, said he hoped the chance to network will help the start-up grow its footprint in Japan, where it clinched its first customer three months ago.

ProSpace, which was founded in March 2015 and has raised $400,000 in investor funding, has clients such as CapitaLand, Tan Tock Seng Hospital, Unilever and Procter and Gamble.

"We hope to form a strategic partnership with different groups, including commercial property developers with tenants who can use our services," he said. "This will give us a stake in the game... In Japan, it is all about the relationship."

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