

GARAGE

Maritime companies bet on startups in Singapore's budding hub

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Singapore

HOPING to break away from age-old processes, maritime companies in Singapore are stepping up their startup investments and tech partnerships to sharpen their competitive edge.

Singapore's aim of attracting S\$20

billion in business spending from maritime players from 2020 to 2024 has created fertile ground for innovation.

Over the past two years, global shipping companies such as CMA CGM and Eastern Pacific Shipping have set up accelerator programmes or investment arms with activity in Singapore. Innoport, the venture capital unit of the Schulte Group, made

half of its six investments in Singapore-based startups.

Businesses with long family histories also are getting into the game. The Tsao family's IMC Group recently launched IMC Ventures to back mostly startups in Singapore, while the Kuok Group started a venture arm to invest in sustainable shipping solutions.

Other international heavyweights

are involved through maritime networks. Last November, corporate innovation firm Rainmaking roped in over 30 executives from companies such as Maersk to launch an advisory network for South-east Asia.

Corporate activity in the startup ecosystem is increasing amid a global decarbonisation push and the rise of technology in disrupting traditional sectors.

"The maritime industry offers numerous innovation opportunities," said Stephane Courquin, chief executive of CMA CGM Asia Pacific. "Optimising a ship's port call may seem like a given, but the search for a technology to help reduce anchorage time, optimise sailing speeds and modernise a set of procedures for terminal process so that ships can arrive 'just in time' for

their port call is ongoing."

And Singapore, home to one of the busiest ports in the world, has turned to technology to bolster its global position in shipping. It created conditions that make it easier for even the most traditional corporates to venture into new areas, industry players told *The Business Times*.

■ Continued on Page 2

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■ Continued from Page 1

Senior Minister of State for Transport Chee Hong Tat said in March that Singapore wants to be the Silicon Valley of the maritime world. It is aiming to grow the number of Singapore-based maritime startups from about 30 to 100 by 2025.

Chua Chye Poh, founder of maritime investor and venture builder ShipsFocus, is "very bullish" about Singapore's ability to score a win in this aspect. "Other startup ecosystems in the world do not have a maritime advantage. Not even Silicon Valley," he said.

Unlike other maritime hubs, the city-state has been generous in offering grants, co-funding and avenues to match startups with corporates.

PIER71, a joint collaboration between the Maritime and Port Authority of Singapore and university entrepreneurial arm NUS Enterprise, said close to 60 startups around the world have gone through its innovation challenge and go-to-market programme.

But the pains of the maritime sector can be a challenge for startups to tackle. "The industry is a big web with many stakeholders from different sectors all connected together. One service provider's activity will impact the next," said Mr Chua.

To issue seafarer certificates in a digital format, for instance, one would need the issuing authority, training centres, the flag states and

port authorities on board with the idea.

The seafarer would also need an e-wallet while the ship manager would need systems to accept the different formats.

"And this is not just the case for one single country, since our seafarers come from many countries and ships are trading globally. To coordinate all that is a huge challenge and will possibly need a directive from the International Maritime Organization," said Haymon Sinapius, investment manager at Innoport.

So where should startups begin tracking industry challenges? Mr Sinapius believes that founders must find problems that they can isolate to a certain extent.

For example, vessel inspectors currently use rope access or scaffolding to reach inspection points, which can be dangerous and time-consuming. Innoport invested in Performance Rotors, a Singapore-based company whose remote and drone-based inspections complement the Schulte Group's current operations.

It could take some time before startups understand the industry enough to make a product fit for the market. In the last two years, an increasing number of procurement platforms for ship supplies have sprung up, hoping to build an "Amazon for ships".

Many end up struggling because of the complex processes involved in procurement. These range from securing independent quotes, to pay-



Mr Sinapius (left) believes that founders should find problems that they can isolate to a certain extent while Mr Hon (right) says that startups and corporates need to align their interests early on.



ment terms, to challenges in delivery due to changing port schedules.

"It is stunning how many startups thought they could just replicate a retail solution to the maritime B2B market," said Mr Sinapius.

Industry networks and government programmes aim to help startups gain a better understanding of the sector, including encouraging startups with relevant technologies to find new markets within the industry.

"The maritime industry is perceived by many as being conservative, complex, difficult to penetrate and slow to change. One of our aims at PIER71 is to bring more awareness about this evolving industry and attract key stakeholders into the ecosystem to make it conducive for startups to reimagine their solutions for maritime," said Freddy Boey, deputy president (innovation and enterprise) at the National University of Singapore (NUS).

Startups that have ventured into the maritime world include KaHa, a smart wearables company helping with remote monitoring of seafarers' health during the pandemic.

Still, these players are not spared the potential pitfalls that come with startup-corporate relationships. Both parties need to align their interests early on and perhaps even think about whether an acquisition makes sense if certain milestones are hit, said Shaun Hon, general partner of maritime fund Motion Ventures.

"The challenge is that because of the cycles in the maritime market – we had Covid-19 last year – people are rapidly changing strategies from a corporate perspective of what they want to do five years from now," he added.

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