

CATERING TO SMES

BY VIVIEN SHIAO

Providers of services – from technology to higher education and training to bank loans – have been jostling to offer competitive packages and product offerings for businesses that can take them to the next level

TO QUOTE Charles Dickens' famous opening line in *A Tale of Two Cities*: It was the best of times, it was the worst of times. This could perhaps describe the situation that many small and medium-sized enterprises (SMEs) find themselves in. On one hand, the economy is bleak and the future uncertain. On the other, in the midst of such crises is when the best deals can be had – thanks to lowered prices and greater rebates.

To attract this group of customers, providers of services have been jostling to offer competitive packages and product offerings. This can only be good news for businesses as they are able to compare and choose from a wide selection of services that could help take their organisations to the next level.

Indeed, many SMEs are taking this time to pursue growth opportunities and improve their business models and operations at a time where the market is sluggish and demand is moderate at best. *The SME Magazine* examines the latest offerings in four main sectors – banking, technology, telecommunications and education – to find out how they can benefit local enterprises.

BANKING

Issues with financing and cashflow are a perennial concern. In this regard, some SMEs have voiced out their criticism of local banks for their perceived lack of support.

According to some businesses, banks and institutions have been more cautious about lending to small companies. In an oft-cited report, the *2016 SME Development Survey* by DP Information Group found that the cost of financing has become the fourth biggest cost challenge by SMEs, jumping to 22 per cent last year from 6 per cent previously.

Maybank Singapore's head of Community Financial Services Choong Wai Hong says: "Industry-wide, the volume of SME loans in Singapore has contracted in 2016 as many industry players tightened credit standards amid the economic slowdown, while some SMEs also sought to deleverage in view of the uncertain business outlook."

But the banks that *The SME Magazine* has spoken to say that demand by SMEs is still there. Mr Choong points out that Maybank has seen growth in its new deposit customer base, and its small business deposit base has grown by 30 per cent.

Joyce Tee, group head of SME Banking at DBS Bank, says that the bank "does not see a significant drop in the demand for financial services", particularly from its small enterprise segment which has revenues of less than S\$20 million. "There is still demand

for financing to keep their businesses going and stay afloat. Despite a gloomy outlook, some SMEs are also taking the opportunity to upgrade their core business capabilities and to innovate and adopt new technologies to enhance their operations."

Despite being called out for tightening their purse strings during difficult times, banks also need to evaluate and do due diligence to decide which businesses are viable for funding. It is a fine line that they must tread: On one hand, they want to support and enable a company to grow; but on the other hand, there is always the possibility of default – as seen in the oil and gas sector so far.

Ian Teo, head of Business Banking, Standard Chartered Bank Singapore, says that if the economy slows, the demand for credit is likely to increase as cashflow tightens. "However, banks are likely to become more selective as they carefully manage loan delinquency. How healthy a company's cash flow is will determine whether the company can secure more facilities." But as long as the company requiring a loan "fits the appropriate risk profile", banks will continue to lend, he adds.

In fact, banks that *The SME Magazine* contacted say that in a period as challenging as this, they have been reaching out to SMEs more than ever.

Ang Tang Chor, president of Hong Leong Finance, is cognisant of the cashflow needs of SMEs in difficult times. "Due to slow market sentiment and economy, SMEs are faced with a longer asset conversion cycle as debtors are taking a longer time to pay them back. Sales turnover is also reduced, hence enhancing the need for more cashflow financing as that is the lifeline of businesses."

It is only through keeping a pulse on the needs of SMEs that financial institutions are able to roll out innovative product offerings to cater to the diverse needs of the community. Some of these include digital accounts, virtual marketplaces and even trade instruments to woo SMEs to take up their loans and services.

For example, UOB expects a greater number of their small-business customers to expand overseas. The bank has deepened its expertise in the areas of international credit and risk management, trade financing and regional regulatory frameworks to better equip themselves to support their SME clients.

Says StanChart's Mr Teo: "Competition has and will always be keen among banks in the SME space. Banking is gradually becoming a utility, and it is harder to differentiate product offers."

But this competition is no longer just limited among banks. More startups are also starting to disrupt the lending business, such as peer-to-business lending platform Funding Societies which

FINANCIAL INSTITUTIONS	NOTABLE SCHEMES	WHAT IT DOES
DBS	BizShield Plus	• First in the market to encompass BizShield, together with Management Shield which protects both the business and its key decision makers/directors against public liability, loss of money and mismanagement
Funding Societies	Invoice financing	• Introduced in August 2016, enables SMEs to sell their invoices for immediate funds • SMEs will repay after their customers make the repayment to the SMEs 30-90 days later • Up to 80 per cent of invoice value, no collateral required, quantum up to S\$500,000
Hong Leong Finance	SME Capability Ready Programme (SME CARE Programme)	• Supports companies looking to apply for government grants for capability development • SMEs enjoy bridging loans while waiting for the grant reimbursement period
Maybank	BizMortgage Plus	• Offers financing of up to 120 per cent of the value of SMEs' completed, owner-occupied commercial and industrial property
OCBC Bank	OCBC Business Banking Mobile App	• The first bank to launch biometric authentication for a business banking mobile app, the OCBC Business Mobile Banking app • Enables business owners to perform the following tasks at the touch of a finger: i. View balances for business accounts, including current accounts and time deposits ii. Check the status of incoming and outgoing funds iii. View business debit card transactions
Standard Chartered Bank	Business Working Capital	• This employs either property or if unavailable, the Spring/IE Loan Insurance Scheme as security • Grants clients the use of trade facilities as well as loans for the facilities secured by property
UOB	B2B virtual marketplace	• Provides the bank's SME customers with a one-stop shop to view and purchase online a wide range of business essentials • SMEs will enjoy cost savings through bulk-purchase deals negotiated by the bank with suppliers

focuses on SMEs. Kelvin Teo, co-founder of Funding Societies, says that its service enables SMEs to apply for unsecured term loans and invoice financing through the Internet 24/7.

He says: “Some SMEs are worried that traditional financial institutions will reduce or cut off their credit line. Others are concerned their customers will pay late, resulting in cashflow difficulties for them. Hence, many are seeking alternative funding as their primary source of capital or back-up plan.” He adds that the organisation has crowdfunded close to 200 loans and invoices in Singapore.

TECHNOLOGY AND TELCOS

When it comes to the technology and telecommunications space in Singapore, SMEs are aware that these are necessary services, but not many know how they can benefit.

Kevin Lim, chief commercial officer, StarHub, says: “As Singapore restructures itself into a manpower-lean and competitive economy, it becomes especially important for SMEs to leverage ICT solutions and technologies to enhance their capabilities and stay competitive.”

These service providers concur that it is not about dangling discounts, but about understanding and meeting their needs. For example, as most SMEs are reliant on manpower, increasing productivity has become a top priority.

As a result, says Adeline Goh, head of Product Marketing, Office Products Business Group, Fuji Xerox Singapore, its developments of late have been designed with this in mind. For example, its Smart Work Gateway was designed based on individual customers’ preferred cloud and collaborative environments. It does this by extending compatibility to providers such as Google Drive, Dropbox and SharePoint into its range of multi-function devices.

Willis Sim, chief corporate sales and solutions officer of M1, says that prior to launching a service, staff engage with customers to ensure that it truly addresses their needs. For instance, most SMEs know that cyber

“IN THE COMING YEAR, WE FORESEE A GREATER UNDERSTANDING BY SME OWNERS AND LEADERS OF THE NEED TO DEVELOP THEIR LEADERSHIP TEAMS, AND TO LEVERAGE THE OPPORTUNITIES BEYOND THEIR TRADITIONAL SCOPE.”

– Jai Arya, head, Executive Education, National University of Singapore

security is important, but are wary about the high upfront cost of buying, deploying and hiring specialists to manage a comprehensive cyber-security solution. To solve that, M1 has partnered leading security vendors to offer the M1 Cyber Security Solutions Suite to customers on a managed, pay-as-you-use subscription model.

Shashank Dixit, founder and CEO of Deskera, observes that demand for technology solutions has been increasing due to several reasons. Firstly, Singapore is a market leader for the adoption of technology tools, and there is sizeable awareness. Secondly, the Singapore government is committed to support the SME sector through promoting IT tools, establishing next generation infrastructure, encouraging cloud computing services and even subsidising technology systems when applicable.

Says Mr Dixit: “As more case studies of successful SMEs deploying technology to run their business effectively emerge, this will encourage adoption and usage by other SMEs . . . I believe the adoption of technology by SMEs is no longer a nice-to-have. It is becoming a mandatory requirement for them to stay relevant today, while preparing for tomorrow.”

EDUCATION AND SKILLS

In a slowing economy, it seems that more SMEs are taking the opportunity to upgrade the skills of staff, either through short courses or even higher education such as Master’s programmes and MBAs. More companies are starting to realise the importance of investing in their employees, which in turn will benefit their business as these staff will return with new-found

knowledge and skills.

Cary Chan, head of Open Enrolment Programmes for Nanyang Business School, says that in today’s economic climate, the department is looking at helping SMEs “stay resilient and relevant with the right repertoire of skills to tide over these challenging times”.

“SMEs are constantly engaged in ‘fire-fighting’ on a daily basis. If they are able to see the relevance of the programme and how it can be applied to solve real business issues, they will be more receptive.”

For example, its SME High Potential Leadership Programme is designed to empower high-potential SME managers to move into senior positions and take on leadership roles in various areas of management. Programme participants are even able to enjoy funding from SkillsFuture.

Not all SMEs that wish to tap into the expertise offered by higher education institutes need to send their staff for courses. Some universities such as Singapore Management University (SMU), partner SMEs to enhance their businesses. For SMU, this is through the UOB-SMU Asian Enterprise Institute that started since 2004. Its flagship SME Consulting Programme has completed 447 projects with 349 SMEs to date.

In difficult times, one thing is clear: skills upgrading is here to stay. Says Jai Arya, head, Executive Education, National University of Singapore: “In the coming year, we foresee a greater understanding by SME owners and leaders of the need to develop their leadership teams, and to leverage the opportunities beyond their traditional scope.” ■

Technology and telecommunications

SERVICE PROVIDERS	NOTABLE SCHEMES	WHAT IT DOES
Cisco	Cisco START	<ul style="list-style-type: none"> Provides SMEs with access to a suite of simple and secure enterprise-class technologies Full portfolio comprises the ‘Connect’, ‘Collaborate’ and ‘Compute’ ranges to improve customer experience, boost workforce productivity and reduce overheads
Deskera	Enterprise Resource Planning	<ul style="list-style-type: none"> Streamlined purchase management function to create, manage and maintain all purchase-related information Easy product management across multiple warehouses, stores and manufacturing units
Fuji Xerox	Smart Work Gateway	<ul style="list-style-type: none"> Based on individual customers’ preferred cloud and collaborative work environments Extends compatibility to providers such as Google Drive, Dropbox and SharePoint to its range of multi-function devices
M1	M1 Cyber Security Solutions Suite	<ul style="list-style-type: none"> Partnered with security vendors to offer customers a managed, pay-as-you-use subscription model Able to scale up their requirements if needed
Oracle	Oracle Human Resource Cloud	<ul style="list-style-type: none"> Gives SMEs a platform to gain HR operational efficiency with streamlined HR processes Hosts mobile and social tools to promote and improve manager-employee collaboration
Salesforce	Sales Cloud	<ul style="list-style-type: none"> Allows customers to manage contacts and track opportunities from any desktop or device
SAP	SAP BusinessObjects Cloud	<ul style="list-style-type: none"> Analytics solution that allows enterprises to track, plan, predict and collaborate using simple cloud tools that deliver a complete look at what’s happening across the business as well as the insight needed to take immediate action for the future.
StarHub	Hubbing Services	<ul style="list-style-type: none"> Smart Office Suite is a one-stop shop with SME-friendly multi-service package that offers fibre broadband, mobile connectivity and phone service at a monthly fee

Education and skills

EDUCATION INSTITUTES	NOTABLE SCHEMES	WHAT IT DOES
INSEAD	Insead Family Enterprise Challenge	<ul style="list-style-type: none"> Programme to help business owners to develop concrete action for career planning, talent development, family meetings and governance Four-and-a-half day duration
Nanyang Business School, NTU	SME High Potential Leadership Programme	<ul style="list-style-type: none"> Designed for high potential SME managers Covers topics such as strategy, finance, technology-driven marketing, entrepreneurial thinking and innovation Programme divided into three modules each of two to three days, conducted three to four weeks apart
NUS Executive Programme	Advanced Management Programme-Asia in focus	<ul style="list-style-type: none"> Aims to help attendees understand the importance of a management framework comprising functional expertise, shared values, teamwork and ethical leadership in an Asian context Learn to manage change, global teams and cross-cultural diversity
SIM University	UniSIM-USME Executive Development Programme	<ul style="list-style-type: none"> Offers a 12-part, one year executive education course conducted in Mandarin Targets directors, MDs and CEOs of local SMEs Cover topics such as labour relations, fair employment, digital marketing, e-commerce, FinTech and crowdfunding Participants receive a supplementary allowance of S\$1,890 (to reduce the course fee of S\$6,500)
Singapore Management University	NextGen Leadership Series	<ul style="list-style-type: none"> Designed for the next generation owners or senior level executives from SMEs Modular programme of three modules over six days