

LIKE MANY other small and medium enterprises, dental chain Smile Inc faces multiple challenges in the form of high rental costs, shortage of skilled manpower and strong competition in Singapore.

The group, which in June opened its first overseas branch in Hong Kong, therefore believes that overseas expansion is one way to a better future.

Meanwhile, it also continues to innovate and create new products in Singapore in order to retain and attract customers.

"We just took our first step overseas in June this year with a fully-owned practice in Hong Kong," says its CEO and co-founder Grace Chong-Tan. The practice in the central business district area in Hong Kong is similar to the firm's business model in Singapore – its clinics are centrally located.

While the Hong Kong practice is a new milestone for the group as it celebrates its 20th anniversary this year, Mrs Chong-Tan says expanding overseas is not an easy task for healthcare players.

Most countries tend to be "protectionist in nature" toward their own healthcare practitioners. Joint ventures are one way others have chosen to go about this, but Smile Inc may not be keen on this structure.

"Unless there are true synergies or unless you can control the quality of care, it's not wise to venture overseas just for the sake of doing so," she says.

On its home ground in Singapore, Mrs Chong-Tan expects 2018 to be a stable year, but one filled with challenges.

Singapore, which has traditionally played a leadership role in Asia's healthcare industry, has seen this pole position eroded in recent years, she says. In her view, there are a few areas that inhibit the growth of the healthcare industry here.

Overly stringent regulations are one. Local laws do not allow healthcare practitioners to advertise their latest innovations if these are indeed better than others, nor to share about things they do particularly well, she says.

In comparison, Thailand and South Korea have moved towards deregulation in order to boost medical tourism. This has given their local healthcare industries a shot in the arm and over the past years, medical tourism in these countries has leapfrogged.

"They are always developing new ways of treating the human physique. Because they are able to advertise and showcase what they do well, patients seeking medical care in these countries have increased. Surgeons there get to do a lot more procedures and have a lot more practice, and they get better."

Naturally, medical tourists will gravitate towards these countries. "That's very sad for the healthcare industry in Singapore, because we know our standards are good, if not better."

These regulations are detrimental not only for the healthcare industry, but also for Singaporeans, she adds. "If you're a patient and you want to look for a good doctor or a particular procedure, you don't have sufficient information out there for comparison to make an informed decision."

The sector has also been dealt another blow in the form of increased restrictions on foreign manpower in recent years.

Mrs Chong-Tan explains that in the past, many foreign workers who came to work as nurses in Singapore were qualified dentists and doctors in their home countries. "That worked very well in the past two decades as it helped to uplift the standards of our healthcare industry."

It has been hard for Smile Inc to hire Singaporeans for the job as it requires them to work on Saturdays and stand for long hours.

To counter this, the firm has trained its staff to multi-



SMILE INC DENTAL SURGEONS

Smile Inc leans on overseas expansion and innovation amid challenging market

Innovation has set the dental chain apart from its peers for past two decades.

task; for instance, front desk staff and nurses now cover for one another. "In this way we keep costs down and we optimise patient care as well," she says.

At the same time, the industry is facing increased costs in the form of higher foreign manpower levies, as well as new regulations requiring the licensing of each material and equipment. These will, at the end of the day, be passed on to consumers, she says.

The end result of these is that many healthcare practitioners are now competing by reducing costs. "This may lead to a compromise in the quality of materials and patient care," says Mrs Chong-Tan. "It will hurt the quality of delivery of healthcare in Singapore in the long run."

The group's long history means that it has earned goodwill with its suppliers, allowing it to keep costs low for as long as possible. It also benefits from economies of scale, she adds.

A new inventory system that the group recently implemented allows it to optimise its stock levels as well, preventing wastage and helping to keep costs low.

Despite these challenges, Mrs Chong-Tan is confident of Smile Inc's prospects as it has always done well, even in lean times.

The group was established in 1997, in the midst of the Asian Financial Crisis. During the Sars crisis in 2003, its revenue grew by 25 per cent, because its high level of care and sterilisation attracted customers.

In 2007, when the Global Financial Crisis unfolded, its revenue also picked up. "A lot of people were laid off

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CEO and co-founder,
Smile Inc

from their jobs but wanted to spend some time looking better," she explains.

Innovation has helped to set the group apart from its peers. In the 1990s, when it first started, dental clinics were often named after the doctors. Since Smile Inc was incorporated, many new dental clinics have also opted for more generic names, leading to the corporatisation of dental practices.

The group's success in promoting a lifestyle focus for dentistry also changed the public's perception of the sector; instead of being only about fillings, drilling and extractions, consumers started to associate a visit to the dentist with enhancing their own self-esteem and confidence through an improved smile, she says.

In pushing the envelope further, the group has recently introduced a technique to brighten teeth by at least five shades with a five-minute application, to target those who want a quick fix, for instance, during lunchtime, for a dinner party or a big event.

Asked whether listing is on the cards, Mrs Chong-Tan replies that it is a process the group is thinking about, but there is no urgent need to do so as funding is not an issue.

"Healthcare has always been a sector where we care for patients regardless of the dollars spent," she says. "It's not a price point thing – this is something we have to reconcile with if we go for listing. We need to make sure that ethics are maintained, and the doctors are not pushed to work for guarantees to investors."