

SME WEEKLY NEWS

(8 May 2017 – 12 May 2017)

| Countries | Highlights |
|--|---|
| <p>MALAYSIA</p> <p>Alibaba's data cloud to help SMEs</p> | <p>Malaysia has been chosen as Alibaba Cloud's South-East Asian data centre under Jack Ma's plan to help the country develop its digital economy, said Prime Minister Datuk Seri Najib Tun Razak. Alibaba Cloud, which is the cloud computing arm of Alibaba Group, will establish a data centre later this year to provide enterprises in Malaysia and the region with powerful, scalable and cost-effective cloud capabilities to support their global expansion. Alibaba Cloud President, Simon Hu said that the data centre was aimed at helping Malaysian SMEs succeed in the digital age through technology such as big data and the Internet of Things. There was also MoU being signed among three parties to connect China (Hangzhou) Comprehensive E-Commerce Pilot Zone with Malaysia's Digital Free Trade Zone (DFTZ), which will further facilitate global trade for SMEs around the world. The MoU was signed between MDEC, Hangzhou Municipal Government as well as Alibaba Company Limited, seeks to enable the building of infrastructure for seamless cross-border e-commerce trade between Malaysia and China.</p> <p style="text-align: right;"><i>(Source: The Star, 12 May 2017)</i></p> |
| <p>THAILAND</p> <p>BAAC targets SMEs for farming loans</p> | <p>The state-owned Bank for Agriculture and Agricultural Cooperatives (BAAC) is seeking to enlarge the ratio of farming loans to SMEs to 40% of outstanding loans by 2020. To achieve the target, the bank's farming SME loans must reach 400 billion baht in the next three years. The state-backed farm bank plans to provide 72 billion baht in loans through the One Tambon One Farming SME scheme. Agricultural SME operators, small farmers (those who are poor) and smart farmers (those with the potential to be upgraded) are the three main segments the BAAC is focused on. The government aims to create farming SME operators in each of the 7,305 tambons across the country to drive the domestic economy's recovery and sustain the country's economic growth. Farmers have been the most vulnerable over the past few years due to a recent decline in farm prices, swelling household debt and the uneven economic rebound.</p> <p style="text-align: right;"><i>(Source: Bangkok Post, 10 May 2017)</i></p> |
| <p>THAILAND</p> <p>Further push on exports for SMEs</p> | <p>The Commerce Ministry has vowed to continue to back the efforts of SMEs to break into overseas markets. Commerce Minister, Apiradi Tantraporn has described the SME sector as a key economic engine and very important to help the country meet its target for export growth of 5% this year. The ministry says the 5% growth goal for 2017 exports will be achieved through number of strategies. One of these is the application of the Three New Concepts, which entails the promotion of new products, the tapping of new markets for these products and the identification of new customer groups, such as the elderly and pet lovers. The ministry will continue to encourage SMEs businesses to export their products and invest overseas, with mentoring provided by the big corporates that have experience with foreign investment. It will also try to achieve the free-trade deals and strategic partnerships for each of the industrial sectors in order to facilitate trade and investment at the sector level. Other efforts include the staging of exhibitions to woo foreign buyers, including Thaifex World of Food and the Thailand Rice Convention.</p> <p style="text-align: right;"><i>(Source: The Nation, 11 May 2017)</i></p> |

| | |
|--|--|
| <p style="text-align: center;">THAILAND</p> <p>SMEs urged to tap government support</p> | <p>SMEs are one of the key sectors driving the economy and underpinning the government's 'Thailand 4.0' initiative, but there are challenges ahead that need to be overcome so that they can be sustainable. The obstacles to advancement by Thai SMEs are limited access to capital, technology, and ways to manage business in the new era, such as digital marketing. Nattapol Praditphonlert, Executive Director of the SME Provincial Champions project initiated by the Office of Small and Medium Enterprises Promotion (OSMEP), said that most Thai SMEs are under-utilising government-sponsored tools i.e. funding, advice, loans and training, to help enhance their business. "Their business communications or pitching skills are very limited, resulting in slow or almost no growth from the lack of funds," he said. The government is committed to supporting SMEs by providing new ideas and facilities, such as access to funding resources, to create business opportunities with e-commerce, he said. The OSMEP is also committed to supporting the development of SMEs in all dimensions, especially in basic knowledge, so that they can build their own strengths.</p> <p style="text-align: right;"><i>(Source: The Nation, 12 May 2017)</i></p> |
| <p style="text-align: center;">SINGAPORE</p> <p>SMEs Go Digital programme offers 50 solutions to help Singapore SMEs digitally transform</p> | <p>The Infocomm Media Development Authority (IMDA) has launched 50 pre-approved digital solutions under the SMEs Go Digital programme to help Singapore SMEs seize opportunities in the digital economy. According to IMDA, the pre-approval process for the digital tech solutions aim to raise SMEs digital readiness. An example of a pre-approved solution is Getz, a mobile ordering and payment solution that empowers food and beverage (F&B) merchants to automate and seamlessly control new sales channels, customers and costs through an integrated online and onsite approach. Another example is veriHUB, a cloud-based application that offers services ranging from product registration to shipment and custom clearance. Moving forward, digital capabilities such as cybersecurity, data protection, data analytics and interoperability will be considered in pre-approved solutions, which would better enable SMEs to thrive in the digital economy. SMEs that require more sophisticated solutions can look forward to a SME Digital Tech Hub which will be set up towards the later part of the year.</p> <p style="text-align: right;"><i>(Source: CIO Asia, 12 May 2017)</i></p> |
| <p style="text-align: center;">INDONESIA</p> <p>J&T Alibaba to Connect Local SMEs With Global Markets</p> | <p>J&T Alibaba, a business consultancy firm specializing in e-commerce, introduced a new service aimed at helping Indonesian SMEs reach overseas markets through giant online shopping platform, Alibaba.com. The company is set to provide consultancy services and marketing training for local SMEs. It will aim to connect those enterprises with a larger pool of potential buyers around the world. The company offers two kinds of membership for Indonesian suppliers, including the so-called "International Free Member", which allows suppliers to list up to 50 items on Alibaba.com and the "Global Gold Supplier", which allows sellers to list an unlimited number of products on the online marketplace. Nearly 100 SMEs have signed up to receive the benefits included in the company's free membership plan so far. Deputy Minister of Cooperative and SME, I Wayan Dipta said most Indonesian SMEs have only limited access to promote their products, both domestically and overseas. "Promotion is costly, so Alibaba is a good way to market as its platform is known all over the world," he told reporters.</p> <p style="text-align: right;"><i>(Source: Jakarta Globe, 9 May 2017)</i></p> |

FROM COLD ROOMS TO INSULATED BUILDINGS

Business partners, Benny Choy Kian Seng and Lim Lai Huat, being the managing director and deputy managing director respectively of Cycleworld Corporation Sdn Bhd, are always looking at other ways of using the products they make. Cycleworld produces insulated panels that are used as prefabricated materials to construct cold rooms. In 2013, they came out with full-fledged Industrialised Building System (IBS) components that can be used to construct houses. The new panels cut down construction time and weighs only 10% of the normal concrete used for building. This also makes it easy to transport and reduces construction cost.



Cycleworld expanded its portfolio from cold rooms to building houses for plantation workers, army camps and even schools. The segment contributes about 10% to group revenue and is expected to contribute up to 40% in the coming year as they are in talks to supply their IBS components to developers overseas. As of March 2017, the group has turned in revenue of about RM40 million. "We do not confine ourselves to the local market. In 2015, we supplied these panels for internal partition and external wall cladding for a high rise development in Australia," reveals Choy.

Choy might not have a business degree, but he knows the importance of doing something niche that clients value and could only get from him. From doing copper welding to installation of compressors, Choy did all the nitty gritty while learning from his father. He also eventually learnt that there was only so many air conditioning units and refrigerators that one could repair. However, he saw that there was demand for cold rooms as manufacturers required them for perishable goods but there were not many who were offering such services. "The equipment to maintain a cold room is totally different from air conditioning, but similar to refrigeration. When clients call, we must be able to respond quickly as there are perishable goods that would go bad without the cold room," Choy says. Making use of his knowledge in refrigeration, he purchased components such as insulated panels, compressors, condensers, evaporators and other piping and wiring materials and began tendering for cold room construction projects in 1979.

By 1986, Choy managed to grow his father's business from about RM100,000 in annual revenues to RM4 million. But Choy found it difficult to source for the panels at times. That spurred Choy to contemplate manufacturing his own panels. Choy met his current partner, Lim, in 1986 when the latter was working with a manufacturer who supplied panels to Choy. Lim had been in the industry since leaving school in primary six. The two of them had gotten close over the years and when Choy decided to become a manufacturer in 1990, he bounced his ideas off Lim. Choy had expertise in refrigeration and Lim had the experience of manufacturing structural insulated panels. They set up Cycleworld in 1993 in a rented factory in Klang with 20 workers. They invested RM300,000 in machinery and raw materials. "Before we incorporated the company, we already had over RM2 million's worth of projects to work on," says Choy.

One year into the business, they found new demand for their structural insulated panels from the telecommunication sector. "That was the year when mobile phones became popular and telco companies needed insulated cabins to store their telecommunication equipment," Choy says. Business was good and in 1996 they invested about RM20 million to build their current factory in Kapar, Klang. Then came the Asian Financial Crisis in 1997 which brought many companies to their knees. "We were lucky we still had ongoing projects then, but we needed to look for new ones and only smaller jobs were available," Choy says. In 1997, they had to contend with cold room jobs from

smaller frozen food manufacturers and restaurants. “Although the crisis lasted only three years, it was only in 2008 that we started getting big projects again,” Choy says.

In 2017, Choy and Lim ventured into new markets to grow their business amidst a recovery in the economy. Fortunately, their efforts were rewarded with a US\$500,000 cold room construction project in Vietnam. Today, they have clients in over 16 countries including Australia, Singapore and Indonesia and have a workforce of 130 workers, The company is currently on steady footing because they grew the right way – innovating to deliver customers’ expectations. As Choy puts it, “We have a reputation for not cutting corners.”

(Source: The Star, 8 May 2017)

Economics and Policy Division
SME Corp. Malaysia
16 May 2017