

# SME WEEKLY NEWS

(10 September 2018 – 16 September 2018)

Countries	Highlights
<p><b>MALAYSIA</b></p> <p><b>Low digital adoption among businesses</b></p>	<p>Digital adoption is relatively low for businesses, even though the country as a whole has a high level of digital adoption, with only a small share of businesses pursuing deep digital adoption and small firms falling especially far behind, on the backdrop of high prices and low coverage for broadband. Challenges in the digital economy includes big firms that dominate e-commerce, leaving SMEs with a small share of the overall rewards. Moreover, lack of competition in the fixed broadband market has resulted in services being slower and more expensive. Around 46% of Malaysian business firms have access to broadband services but only 18% of them had web presence, well below averages for upper-middle income and high-income countries around the world. Malaysian digital entrepreneurs still lack the right mix of skills and access to capital that they need to thrive. According to “Malaysia’s Digital Economy: New Driver of Development” by World Bank, digital entrepreneurship in Malaysia is constrained by shortages of human &amp; financial capital. The report said Malaysia’s education system has not been successful in preparing adequate graduates for high-tech export industries, let alone the increasing demand of digital economy. Brain drain is a major contributor to the shortage of talent.</p> <p style="text-align: right;"><i>(Source: The Sun Daily, 12 September 2018)</i></p>
<p><b>SINGAPORE</b></p> <p><b>Singapore’s A*STAR assists SME tech commercialisation</b></p>	<p>Agency for science, technology and research (A*STAR) has helped local SMEs in commercialising technology. In regards to intellectual property (IP), SMEs that have licensed IP from A*STAR grew from 129 licences in 2016 to 178 licences in 2017. Technology transfer from A*STAR to SMEs has largely occurred through a scheme called the technology for enterprise capability upgrading, where researchers from A*STAR are seconded to SMEs to help build in-house R&amp;D and technical capabilities. Since its launch in 2003, A*STAR has seconded 769 researchers to 678 SMEs. SMEs are also possible to leverage A*STAR’s capabilities and facilities without owning or licensing the technologies. Under A*STAR’s Tech Access programme, SMEs can make use of A*STAR equipment and technological know-how to prototype new products, qualify new processes and test out new applications. In all 30 companies have benefited from this scheme since its launch in 2017. Two key challenges that SMEs face in applying and commercialising technologies were lack of resources to make full use of technology and SMEs are not familiar with managing and commercialising IP.</p> <p style="text-align: right;"><i>(Source: Channel Asia, 13 September 2018)</i></p>
<p><b>INDONESIA</b></p> <p><b>Instapay Indonesia: MC Payment targets SMEs</b></p>	<p>Fintech MC Payment has announced the soft launch of Instapay, which will target SMEs across the country. Instapay Indonesia is a business-to-consumer (B2C) payment platform that aims to position itself within the Indonesian SME market. With quick, simple and secure payments, SMEs can more confidently process their payments from customers and to employees. Instapay Indonesia is a mobile device application that provides businesses with the ability to invoice their customers via social media such as Whatsapp and Line. The digital channel will accept various payment methods. Instapay also help small business owners to expand into international markets and accept international credit cards without website integration or EDC machine. Instapay enables small merchants to save time without the hassle of going to a bank. At the same time, these small business owners will be able to manage their cashflows better. MC Payment will be rolling out supporting services like mobile micro financing and instalments for SMEs in the coming months. Loan approvals for SMEs will occur within 24-hours using their mobile phones.</p> <p style="text-align: right;"><i>(Source: Verdict, 13 September 2018)</i></p>

**THAILAND**

**OSMEP unveils  
'SME CONNEXT'  
mobile application**

The Office of SMEs Promotion (OSMEP) has unveiled a mobile application "SME CONNEXT" to provide useful information that will boost SME businesses. The application is the latest bid to offer assistance to more than three million SMEs in Thailand to operate more conveniently through the use of mobile phones. Users of SME CONNEXT can access the latest information from OSMEP about other SME operators and and browse through list of products with detailed information. The application also offers business guidelines and tips, as well as information about upcoming activities and events that SMEs might be interested in. Entrepreneurs can submit an application form for events directly via SME CONNEXT. Registered users may get benefits such as admission fee waivers for various activities and other offers from related agencies. OSMEP is hoping the mobile application, which will be available soon in both Android and iOS devices, will draw at least 50,000 users within three months and 200,000 users in the next couple of years.

*(Source: Pattaya Mail, 12 September 2018)*

## GROWING WITH OTHERS

AFTER some 21 years of pushing the BMS Organics chain into the market, Terry Lee thinks it is time to enable others to also participate in its growth story. "We've already opened 40 outlets on our own, I think it's time to let other people come in and join the party," says the CEO. Within three months of launching franchise programme, they've gotten a request to open 18 new outlets. Lee says franchisees can tap into BMS Organics' strong brand presence in the market, its large database of over 100,000 members as well as its big marketing budget of over RM1mil.

Lee founded the company with his three older brothers in 1997. They opened their first retail outlet in Subang Jaya and the company has since grown from strength to strength. Today, they are not only a retailer, it is also a manufacturer, distributor, wholesaler and exporter of organic products as well as a restaurant operator, carrying a wide range of products such as fresh organic produce & supplements, dry food, beverages & breakfast-type foods, skincare products, baby foods & water filters and even pet food.

BMS Organics' products are known in other markets as they have been exported to countries such as Singapore, Hong Kong, China and Brunei. But last year, it expanded its physical presence overseas with an outlet in Shanghai, China. While the expansion presents BMS Organics with a big opportunity, the Shanghai market is a different ballgame altogether. It is bigger, better and faster. The competition is fierce and survival rate is low. Choices are plentiful and customer loyalty is rare.



Another roadblock to growth in China is the high cost of rental and manpower. He notes that rental cost is three times that of the top malls in Malaysia. There are also a lot of taxes, putting a squeeze on margins. Additionally, being unfamiliar with local regulations makes it all the more challenging. "People say if you can survive Shanghai, you can survive anywhere in China. I think if you can survive Shanghai, you can survive anywhere in the world," laughs Lee. "It's really not easy."

With its first step out of the country done and dusted, and with the launch of its franchise programme, the company has gotten enquiries for master franchise deals in Taiwan, Singapore and Macau. Lee notes that its growing number of outlets and market reach has given them sizeable scale, enabling them to reduce the prices of their products.

Apart from growing its various business segments, Lee is also interested to grow its non-core segments. Last year, BMS Organics opened its Employees Wellness and Reward programme to other corporations. Under the programme, BMS Organics will provide the companies' employees with one-to-one health checks and consultation and health talks. In return, the companies' commitment is to purchase cash cards from BMS Organics at RM30 a piece. Currently, over 70 companies have sign up for the programme.

BMS Organics also organises cooking classes and sharing sessions to educate the public to eat healthy. Lee wants to shape BMS Organics as a platform for people to bond over positivity and good food. He hopes his achievement will highlight a growing need for people to eat and live healthier. "The health awareness is growing. It is moving much faster than previously. And I think the younger people can see how their parents suffer when they are ill. I don't think we want to be like this when we grow old, so we should take care of our health," he says.

*(Source: The Star, 10 September 2018)*