

SME WEEKLY NEWS

(13 August 2018 – 17 August 2018)

Countries	Highlights
<p>MALAYSIA</p> <p>Local SMEs top 4 in digital economy platform adoption</p>	<p>Malaysia's SMEs are among the top four leading countries in Asia Pacific (APAC) in the adoption of digital economy platforms. FedEx Express' "Global is the New Local" digital economy and Industry 4.0 survey showed that Malaysian SMEs have an 88% adoption rate behind Vietnam (95%), the Philippines (93%) and China (90%). The survey puts Malaysia ahead of the more developed economies of Singapore (67%), South Korea (59%) and Japan (39%). Based on the survey, Malaysia has managed to surpass South Korea and Japan due to the country's high mobile penetration rate. Malaysia has a high mobile penetration rate of 146%, about 22 million Internet users, 18 million active social media users and another 7 million e-commerce shoppers.</p> <p>Many SMEs started their businesses online, especially in mobile format, due to the widespread use of such devices by Malaysians. Many businesses have also started to use social media such as Facebook, Instagram and WhatsApp to reach their consumers. The survey showed that 82% of the local SMEs are exporting outside APAC. The study also showed a significant high adoption rate of mobile payments among Malaysian SMEs at 90%. At the same time, automation software and big data analytics are among the top Industry 4.0 technologies being used by the industry at 84% and 77% respectively. In addition, 78% of the respondents agreed that Industry 4.0 technologies have enhanced efficiencies in supply chain and distribution channels, while helping to reduce challenges brought upon by cross-border payments.</p> <p style="text-align: right;"><i>(Source: The Malaysian Reserve, 15 August 2018)</i></p>
<p>MALAYSIA</p> <p>Funding Societies Group successfully disbursed RM600m to SMEs</p>	<p>Funding Societies Group have reached a total of more than RM600 million in disbursed working capital to nearly 7,000 SME financing in Southeast Asia since its establishment. The platform provides a range of financing products to support SMEs, including invoice financing to address cash flow problems and micro-financing through its mobile app FS Bolt. Currently, the company holds more than 50% of domestic market share in Malaysia's rapidly growing peer-to-peer (P2P) financing sector. CEO of Funding Societies Malaysia, Wong Kah Meng said SMEs play a vital role in supporting the national economy and the group wants to consistently support the sector's growth. Funding Societies is the first and largest P2P financing platform in Malaysia, registered with Securities Commission. The company received the largest Series A and Series B Funding for a Southeast Asian P2P financing platform, respectively amounting to US\$10 million and US\$25 million. Its Series B Funding round was announced in April 2018 and was supported by SoftBank Ventures Korea, Sequoia India, Alpha JWC Ventures Indonesia, and Golden Gate Ventures.</p> <p style="text-align: right;"><i>(Source: News Straits Times, 14 August 2018)</i></p>
<p>VIETNAM</p> <p>SME export prospects positive</p>	<p>Amid concerns about the negative impact of the US-China trade war on Vietnam, a report by Harris Interactive shows optimistic prospects. The report says that nearly half of the revenue of SMEs is from exports. Most firms have stable export profiles and gained steady y-o-y export growth. According to Ministry of Industry and Trade (MOIT), majority of Vietnamese firms are optimistic about their export growth in the next 12 months. Around 57% of SMEs believe that turnover from exports to non-APAC markets could be higher. The report also pointed out that half of the goods/service supply in Vietnam is from imports. Firms mostly import raw materials (60%) and accessories (49%) to diversify products and improve the quality of products. According to MOIT, the import turnover in the first half of the year increased by 10%. Most Vietnamese businesses believe that the digital economy will bring large benefits to businesses, and technology will help encourage the market development. With such optimism, 95% of SMEs in Vietnam have applied new technologies to expand the production and business.</p> <p style="text-align: right;"><i>(Source: VietNam.net, 13 August 2018)</i></p>

SINGAPORE

Rules eased for SMEs bidding for public projects

More small businesses may start bidding for government projects as long-standing rules are being changed to make it cheaper and easier for them to do so. Companies with yearly revenues below \$5 million no longer have to produce audited financial statements to take part in government tenders, said Senior Minister of State for Trade and Industry, Chee Hong Tat. This makes the process of bidding cheaper for SMEs. Come October, businesses will also not have to affix company stamps on government forms, including on tender-related documents submitted through govt procurement portal GeBiz. The change follows a review by the Ministry of Trade and Industry's (MTI) Pro-Enterprise Panel, which found that it is "cumbersome and time-consuming" for companies to download, print, physically stamp, then scan and send documents back to agencies via e-mail. Of the 200,000 SMEs here, an estimated 160,000 or so earn an annual revenue of below \$5 million a year. It brings cost savings, and more importantly, it brings a lot more participation from SMEs in the procurement process or tender process as well, said President of Association of Small and Medium Enterprises, Kurt Wee.

(Source: Straits Times, 17 August 2018)

A FROSTY HELPING OF GROWTH

VIVIAN Yap, founder of Monte Gelato Manufacturing Sdn Bhd, isn't exactly a big fan of ice-cream. She prefers warmer food. But her first brush with gelato left such an impression that it opened up a whole new opportunity for her. For someone who has little interest in ice cream, getting hooked like that made her realise that there is perhaps a business opportunity there which she could explore. Additionally, choices of gelato in Malaysia then were limited and we had the perfect weather for it.

She went back to the kiosk, a gelato brand from Italy, and asked for a franchise. While operating her franchised outlets over the next three years, she learned the ropes of running an ice-cream business and the technicalities of the recipes. She also travelled extensively and got to know suppliers who could one day help her launch her own gelato company.

But getting local suppliers wasn't easy at all. There were plenty of ingredient suppliers for ice-cream, but those who could provide materials for gelato were few and far between. And of those that could potentially supply ingredients for gelato, almost none had expertise in the area. "I had to explain the difference between gelato and ice-cream to the supplier. From there, we collaborated and came up with the right materials to make gelato," says Yap.



In 2004, Yap launched Monte Gelato. She knew that the way to grow Monte Gelato was to have their own retail outlets to ensure a strong distribution network. So she launched six retail kiosks from the get-go under the brand Gelato Fruity to sell her produce. Today, the company has 13 Gelato Fruity outlets with two more coming on stream later in the year.

Yap adds that the main selling point for its gelato is that they are freshly produced every day. "Our gelato has no flavouring, colouring and preservatives, so we need to make them fresh every day. That is why we need a factory. We deliver our gelato fresh to our outlets every day," she says. The

manufacturer is also developing other gelato products to appeal to more customers. It recently started production of its gelato sticks, which are mainly done manually. Currently, it produces about 200 sticks a day for selected outlets.



Over the coming years, Monte Gelato will be converting some of its kiosks into dessert cafes. She hopes to open more outlets next year. Once it crosses the 20th outlet, Yap may explore franchise opportunities for its brands. She is also looking at potentially bringing her brands to other countries. The group currently makes an average of about 200 people. "The gelato market is very big, not only in Malaysia. There is definitely an opportunity for us to go overseas," she says.

Yap points out that Monte Gelato has its own unique flavours and the Gelato Fruity brand is well established in the market. She dares say that it is the leading brand in the market. She has put in a lot of effort in ensuring the quality of her products and remains confident in her own recipes. In fact, she says the company has a lot more potential to explore. "This is my baby, my brand, my recipes. I know the direction that I want to take this business in, so there is a lot that we can do," she says.

(Source: The Star, 13 August 2018)