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## PwC response to Committee of the Future Economy announcement 2017

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**Singapore, 9 February 2017** – The following comments are responses from PwC Singapore to the Committee of Future Economy (‘CFE’) announcement, organised into the seven strategies –

## Overall

The report focuses on how Singapore can leverage rapid technological advancement to evolve its established strengths like infrastructure and urban planning, global financial hubbing capability and logistical efficiency to advance growth and development for the future of Singapore. It also has a strong focus on developing talent and networks which are necessary to make it happen. Overall it is a very comprehensive plan to move our nation forward. What is required now is for local companies and individuals to rise to the challenge - to create value through innovation, continuous learning and adaptation.

*- Yeoh Oon Jin, Executive Chairman, PwC Singapore*

The CFE report is an exciting vision, full of good ideas and theory. Execution is now key, and we need a mindset change across Singapore - to fight for free trade, to embrace technology, to be differentiated via new skills, to go beyond Singapore, to partner as government and the private sector, to use our city as an asset. For the plan to succeed, we need all of Singapore to embrace this new way of thinking, living and working.

*-Richard Skinner, Strategy Leader, PwC Singapore*

CFE's success in meeting its 2-3% annual growth objective over the next decade will provide much needed ammunition against the "dark shift in mood" towards more protectionist policies. Singapore can be the 'globalisation laboratory' for the rest of the advanced world....it's success within a smaller but highly advanced ecosystem will inspire other leading economies to make the tough decisions to continue the historical journey to more inter-connected, inter-dependent and growing global markets.

*-Winston S Nesfield, Partner, Strategy&*

CFE report bravely highlights key strategic challenge for Singapore....re-orient its world class economy from a corporate hub to a broader innovation hub....this will require a change in focus to foster greater connectivity, willingness to fail & reinvent enterprises, and essential skills of data agility & exponential thinking.

*-Winston S Nesfield, Partner, Strategy&*

## **1. Deepen and diversify our international connections**

For ICT, and in particular the tech sector, the emphasis on strengthening relationships, enterprise capabilities, and digital capability is critical. After all it is in some sense a virtual industry. Singapore essentially is a knowledge-based economy. The knowledge is not just technical expertise, but also the understanding of our neighbouring markets. There are nuances in culture and needs in the region, and the acumen to help companies accelerate and be "powered by Singapore" to expand across Asia.

*- Mark Jansen, Technology, Media & Telecommunications Leader, PwC Singapore*

The strategy to provide an environment fostered by strengthening international ties, skills, regulatory support etc is crucial -- in isolation we are but a small island. Singapore's strength is our physical proximity and diversity of culture and this provides ICT companies the opportunity to test bed ideas and innovations that can power the region.

*- Mark Jansen, Technology, Media & Telecommunications Leader, PwC Singapore*

CFE's recommendation to develop relationships and bilateral initiatives with countries in Africa, Latin America and Central Asia provides a platform for Singapore businesses that not only access new market but also gain international knowledge and expertise. Leveraging this headroom, Singapore has the potential to move up the value chain and become a strategic capital and talent exporting economy.

*-Abhijit, Tax Markets Leader, PwC Singapore*

It is great to see a recommendation for Singapore to continue advancing a trade liberalisation agenda. After all, open trade is an important contributor to Singapore's economic development and attractiveness for foreign investment. The key challenge will be to convince other countries that Singapore can be a "giver" as well as a "taker", in terms of opening the market here for more foreign competition. This in turn will force Singapore companies to sharpen their pencils, improve their productivity and innovation, and become better placed to compete effectively both at home in the foreign markets that are open to them.

*-Frank Debets, Managing Partner, PwC Worldtrade Management Services*

## **2. Acquire and utilise deep skills**

"Catch them Young" - of particular significance is the recommendation to encourage corporates facilitate overseas internships in key overseas markets for post-secondary students through Government co-funded programmes. This initiative will not only expose such students to international business practices, cultures, and market conditions at a young age, but also enhance and deepen their practical, technical and professional knowledge through on the job training, which they can bring back to their working career in Singapore, benefitting themselves, their colleagues (with whom learnings from the internship could be shared), and ultimately the companies they work for.

*- Girish Naik, Global Mobility Director, PwC International Assignment Services*

## **3. Strengthen enterprise capabilities to innovate and scale up**

A simpler regulatory framework will help to encourage a lot of the existing VC firms to come out from 'hiding' and move to the forefront. This in turn will raise the overall profile and visibility of the VC industry and ultimately attract more growth capital to Singapore.

*-Patrick Yeo, Venture Hub Leader, PwC Singapore*

Key new skills of the workforce will be on how to assess, process, and visualise data from the new "intelligent" organisation - real time - and process decisions in ways never undertaken before...unburdened by process.

- Pierre Legrand, Asia Pacific Technology Consulting Leader, PwC

We believe that an environment that incorporates AI and Robotics into a holistic digital workforce is actually an important opportunity for Singapore. Leveraging these technologies to unburden the workforce from legacy manual processes can lead to significant productivity and profitability outcomes.

- Pierre Legrand, Asia Pacific Technology Consulting Leader, PwC

#### **4. Build strong digital capabilities**

Singapore should work to expose data and services across the eco-system (cross industry) more broadly. This can further contribute to enhanced capabilities that through APIs can make Singapore a "lighthouse hub" for greater cross enterprise innovation globally

- Pierre Legrand, Asia Pacific Technology Consulting Leader, PwC

Invest in AI and Robotics in support of skills enhancement and acquisition by removing the need for activities inhibiting fuller employee productivity. This would increase the ability to leverage skills affecting bottom line outcomes.

- Pierre Legrand, Asia Pacific Technology Consulting Leader, PwC

The magnitude of the challenge facing the health sector is considerable. It is clear that the challenge of affordable and sustainable healthcare is common across both emerging and developed economies. The opportunity for innovative Singapore companies to develop new digital health technologies to enable care will transform the healthcare sector.

- *David McKeering, Public Sector & Healthcare Leader, PwC South East Asian Consulting*

'Digital Healthcare' is not only about the technologies, it is also about creating new ways of solving healthcare problems and making more informed decisions about the delivery of care. Building strong capabilities in Digital

Healthcare will help Singapore and the region provide healthcare solutions that are of high quality, affordable, scalable and patient-centric.

*- David McKeering, Public Sector & Healthcare Leader, PwC South East Asian Consulting*

The opportunities for Singapore and the region to develop new digital capabilities is immense. The companies that will emerge as winners in this new digital marketplace will be those that can articulate how technology can add value, align incentives, strategically share and analyse data, and redeploy, extend and expand their workforce to embrace digital enablers.

*- David McKeering, Public Sector & Healthcare Leader, PwC South East Asian Consulting*

The initiative to deepen and diversify international ties is critical to the success of Singapore. For the ICT sector this is of utmost importance; Singapore is a small market and with large global players seeking to expand, Singapore must demonstrate its relevance and ability to connect not just to the head office but also across the region, or risk becoming irrelevant. For large tech players, Singapore with 5.5m people is not necessarily an attractive market relative to the size and growth potential amongst our neighbours. Although Singapore does not have a particularly attractive domestic market size, the city-state is attractive as an enabler across the region. Fostering an environment and regulatory landscape where companies can innovate, test and then export will be critical.

*- Mark Jansen, Technology, Media & Telecommunications Leader, PwC Singapore*

## **5. Develop a vibrant and connected city of opportunity**

I think it is interesting and timely to re-look at having greater flexibility in zoning and usage of the industrial areas. As Singapore economy's transform and become more knowledge driven and services based, there needs to review the criteria and conditions. We want to continue to attract and encourage new business and industries to establish in Singapore. By encouraging greater flexibility such as co-location, it can also benefit the



entire value chain by tapping synergies of adjacent sectors to create clusters and entire eco-system. Hence, when you look at the economic benefits of the land, there will be a multiplier effect, more than just the direct benefits.

*-Lee Seng Chee, Capital Projects & Infrastructure Partner, PwC Singapore*

## **6. Develop and implement Industry Transformation Maps (ITMs)**

Synergies to be fostered across industries through the "cluster" approach for industry transformation contained in recommendation 6.2. This is a clear recognition and appreciation by the Singapore government of the increasing pace of convergence across the economy and recognises the value of business partnering

*-Greg Unsworth, Digital Business Leader, PwC Singapore*

## **7. Partner each other to enable innovation and growth**

Recommendation SC1.9 to better translate R&D into economic outcomes will bring together the best of talent and ideas from government, academia and industry. Will translate into real benefits for the Singapore economy

*-Greg Unsworth, Digital Business Leader, PwC Singapore*

To best position Singapore for the future, it will be extremely important that regulation enables and supports innovation rather than hindering it. Given our rapidly changing world, emerging new technologies and whole industries being re-shaped, this is easier said than done as it is extremely difficult to "regulate for the future". Governments around the world have found it challenging to keep up with the speed of the impact of industry disruption in the digital economy. The adoption of the Committee's recommendations to establish "regulatory sandboxes" and to refine support schemes should be commended as if done well, this could really set Singapore apart from other leading economies and position Singapore as a global hub for innovation.

However, whilst this is an idea that undoubtedly will be fully supported by all

Singapore based entrepreneurs, it will also be important to ensure the right balance is struck. It will be important to "regulate for the future" and enable some increased risk taking tolerance, whilst remembering that effective regulation has always played a key role in Singapore's economic development. Regulatory safeguards have been one of the cornerstones to protect consumers and ensure trust and confidence to invest and do business in Singapore. This is about ensuring Smart regulation that meets both objectives and keeps pace with change and even anticipates the future.

- *Greg Unsworth, Digital Business Leader, PwC Singapore*

To seize new opportunities, businesses can tap into government-to-government relationships or initiatives put forward by the CFE, and develop cross-border collaboration such as smart partnership. Enduring winners will be those are able develop holistic solutions in both local and foreign markets, as well as deliver stronger value propositions.

- *Greg Unsworth, Digital Business Leader, PwC Singapore*

The Singapore government has always played a key role in supporting the development of the economy and the recommendations to introduce specific initiatives to promote promising industries will be important to ensure entrepreneurs and innovative companies are given the extra "leg up" they need to play at a higher level and even compete on an international stage. In many ways there a number of individual statutory bodies already doing this for a number of industries although a well-coordinated "whole of government" approach will be essential to ensure that resources are prioritised for those sectors considered the most promising for our future and aligned with our strategic national interests. It will be also important to ensure that related schemes and initiatives are well understood and easy to access to ensure the most benefit is obtained to support future economic development.

-*Greg Unsworth, Digital Business Leader, PwC Singapore*

The second principle for tax expounded in the CFE needs immediate attention..."Singapore's tax system must remain competitive and pro-growth." Our tax system must be used as a stimulant for incremental revenue and profitability for enterprises already in Singapore. This includes those MNC from abroad, our local Singapore MNCs and our SMEs that are in Singapore.



International tax rates are fast decreasing. We cannot remain static. Foreign entities are being enticed to bring capital and jobs home. Our home born business are also being lured to grow offshore (and therefore pay taxes there).

Our tax systems needs to be entrepreneurial to meet these forces. We need to make that quantum leap in our tax models and reward success with lower taxes in not just the rates but through easily accessible incentives. We need to use these means to encourage our businesses to grow even where there is the risk to lower near term tax revenue. Let's take the chance! Once such investments flourish in Singapore our tax base will grow and bring more dividends in the form of greater taxes in the years ahead.

*-Chris Woo, Tax Leader, PwC Singapore*

To seize new opportunities, businesses can tap into government-to-government relationships or initiatives put forward by the CFE, and develop cross-border collaboration such as smart partnership. Enduring winners will be those are able develop holistic solutions in both local and foreign markets, as well as deliver stronger value propositions

*-Lee Seng Chee, Capital Projects & Infrastructure Partner, PwC Singapore*

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