



PwC's APEC CEO Survey 2018 - Singapore findings

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## Singapore's conditions most likely to produce next unicorn after China and US, finds PwC study

**Singapore, 15<sup>th</sup> November 2018** – Business leaders across APEC economies are looking beyond the largest markets for future investment targets. When asked which APEC economy (beyond the US and China) has the right conditions to spark the next fast-growing unicorn start up, Singapore tops the list followed by Japan, according to the latest and ninth edition of PwC's APEC CEO Survey. PwC surveyed 1189 business leaders across the 21 Asia-Pacific Economic Cooperation (APEC) economies in the lead up to this year's

## APEC CEO Summit in Papua New Guinea.

The results show that 64% of Singapore CEOs feel that their economy is well-poised with the right conditions for unicorns to thrive (vs 31% across APEC). The survey further shares that macroeconomic strength and stability, and having an attractive talent pool and pipeline are the most frequently cited factors for start-up success beyond US and China.

Commenting on the significance of this finding, Yeoh Oon Jin, Executive Chairman, PwC Singapore said:

“This is a nod to the recent efforts by the local authorities and government agencies to increase support for innovation and talent development. Indeed, having the right environment and ecosystem can make a big difference in the success or failure to innovate, and businesses can do more themselves to create the right conditions for innovation. We took a leaf out of this book when we moved earlier this year to our new digitally enabled office at Marina One.”

The survey results also revealed that despite increasing trade tensions, business leaders in Asia Pacific remain confident that their companies' revenues will grow over the next 12 months despite increasing trade frictions.

This year, 41% of Singapore business leaders surveyed were very confident of revenue growth, higher than the APEC average of 35%. Meanwhile a net 65% (vs 51% across APEC) of Singapore business leaders plan to increase investments over the next year.

Business leaders in the United States and Thailand were among the most confident, with 57% and 56% 'very confident' of revenue growth while respondents in China and Mexico – two of the largest trading partners with the US – showed below average confidence at 31% and 21%.

The biggest winners across APEC for foreign investment will be Vietnam, China, the US, Australia and Thailand, with Australia entering the top five investment destinations as a new entry among respondents, and Indonesia dropping out of the top five this year.

The market for employment is also looking positive with 39% (vs. 56% across APEC) of Singapore business leaders creating more jobs and a lower 19% (vs 9% across APEC) actively reducing headcount as a direct impact of technology on their workforce. However, the right talent is not always readily available with 29% (vs. 34% across APEC) of business leaders struggling to find the people that they need with the right skills and experience. The gap is felt acutely across science, technology, engineering and maths (STEM) skills with 58% (vs. 65% across APEC) of business leaders stating that their governments need to do more to train STEM professionals and only 24% (vs. 14% across APEC) feeling their government is doing enough in this area.

The survey findings also reflects that APEC business leaders are well aware of the need to invest more in digital user experience. The top investment priority for business leaders is digital customer interactions closely followed by digital skills for their workforce. Singapore business leaders are prioritising investment into digital customer interactions (25% in Singapore vs 20% across APEC), developing digital products (17% in Singapore vs 13% across APEC), closely followed by improving operations with technology such as automation and data (16% in Singapore vs 14% across APEC).

In Singapore, only 8% of companies view themselves as highly competitive in the use of artificial intelligence (AI). A high 44% of companies in Singapore are not making use of AI at all, with 30% saying investing in using AI is among their top three priorities over the next two years. Across APEC, only 15% of business leaders describe their use of AI as highly competitive while 33% are not making use of AI at all. Those companies that describe themselves as highly competitive at AI are clear what they need to do to build on their perceived lead: increase investments, build more capability in AI and invest in local start-ups.

But while technology can provide part of the answer to sustainable growth, it is also presenting challenges in the new trade environment with moving data across borders identified as the area where APEC businesses have experienced the biggest increase in new barriers in the last year - 20% - up from 15% in 2017 across APEC.

Said Yeoh Oon Jin, Executive Chairman, PwC Singapore:

“While business leaders do not like uncertainty in any aspect of their business, let alone trade flows, they are learning to adapt to the new reality



of trade restrictions and are finding ways to grow and thrive. While around a fifth of the business leaders across APEC had experienced new barriers to trade this year, the number of CEOs who are seeing new opportunities coming out of the new trade arrangements has doubled over last year.

“As companies in Singapore look to both digitalise and expand into markets outside Singapore, data flows will increasingly drive growth. Dealing with concerns about increased barriers to the free flow of data, goods and services will remain a key priority for business for some time.”

## **ENDS**

### **Notes to editors:**

Find the full report at [www.pwc.com/apec](http://www.pwc.com/apec)

PwC is the knowledge partner to the APEC CEO Summit in Port Moresby, Papua New Guinea from 16-18 November 2018.

PwC surveyed 1189 APEC business leaders from May-July 2018. And a further 100 US business leaders in October 2018.

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