Institute of Policy Studies

Nurturing Innovation and Creativity

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Singapore needs to nurture more creativity, innovation and entrepreneurship among its workers as it moves towards being a knowledge-based economy. Having a thriving infocomm technology (ICT) sector and infrastructure framework will support this move.

In 2010, the ICT Working Group as part of the Economic Review Committee submitted its report entitled, "Singapore 2012: The Living Digital Hub. Where It Works". The report said that, "Singapore is no longer perceived as being internationally competitive across the traditional sectors of communications, information technology, and media". The Working Group further surmised that there are bottlenecks in network infrastructure and the efforts of the IT industry are too diluted and not focused to effectively build strength in any particular niche to enable expansion overseas. In order to address these concerns, state agencies have moved towards creating a more effective business ecosystem and ICT plays a large role in this regard.

Knowledge dissemination is another key issue for Singapore's transformation into a knowledge-based economy. The government continues to invest heavily in ICT infrastructure and connectivity. Nonetheless, while Singapore has good governance, infrastructure and connectivity to support high-tech start-ups and their growth, there are challenges to overcome as well. In a focus group conducted by the Institute of Policy Studies (IPS) in March this year, Singapore's ICT start-up companies said they encountered several problems such as resource constraints in human capital and financing, lack of access to overseas markets, a small domestic market and a relatively "young" start-up landscape without the history and maturity of more established global high-tech clusters like Silicon Valley.

ICT Hotspots: Blk 71

One of Singapore's "hotspots" is Blk 71, in Ayer Rajah Crescent. It is the heart of Singapore's technology start-up landscape and the world's most tightly packed entrepreneurial ecosystem. In 2014, an extension of Blk 71 was launched, called JTCLaunchPad@one-north, a collaboration between JTC and Spring Singapore to add two blocks to the start-up hotspot. Some would argue that Blk 71 is a product of state-sponsored planning, but others point out that it was rescued from demolition by the Media Development Authority (MDA), which saw its potential. The MDA then leased the seven-storey building from national industrial infrastructure developer JTC Corporation and it was re-launched in April 2011 as "Mediapolis Phase Zero", an incubation centre and prototype of Mediapolis,

the future media hub of Singapore. The aim was to consolidate early-stage local and expatriate technologists and investors in a country with a population of just 5.4 million.

Blk 71 spans an area of 19 hectares (about 26 football fields), and the transformation of the formerly sleepy area is already in the works. National broadcaster MediaCorp has already announced its move to Mediapolis later this year, where they will occupy a 1.5-hectare complex while property management firm Ascendas, a government-linked company, has announced the construction of a 10-storey building to be developed at a cost of S$60 million (US$49 million). The strategic plan for Blk 71 is to establish a strong creative and entrepreneurship community, where entrepreneurs, investors, developers and mentors within the interactive digital media space are within close proximity to each other. Blk 71 is home to more than 100 start-ups, venture capital firms and tech incubators. It is also located near other technology hubs within Singapore, including the Fusionopolis, Biopolis and National University of Singapore (NUS).

As a hotspot for start-ups, Blk 71 offers investors, entrepreneurs, engineers and software developers who are within touching distance a place to converge and troubleshoot problems that they encounter. Investors could meet innovative start-ups that they may wish to fund and budding entrepreneurs may source technical talent they can hire or whom they can found start-ups with. Regular activities such as investor pitching sessions, new web development techniques and talks by foreign tech experts who pass through Singapore enhance the creative and innovative buzz at Blk 71.

The MDA, in managing the start-up space, thought that there would be a natural flow of events, where new start-ups would replace older start-ups leaving the scene for various reasons. However, it had to address the concerns of older start-ups wanting to stay on beyond their original three-year lease, so as to continue benefiting from the Blk 71 network. In first half of 2014 the government announced the continuation of operations, and the JTC secured the lease for the remaining two floors at Blk 71. The government also announced that more blocks would be added to the hotspot for start-ups.

The plan is to have Blk 71 accommodate 750 start-ups by 2017, an increase from 500 in 2015 and 250 in 2011. As Blk 71 evolves to meet the needs of the start-ups, the adjacent buildings in the ICT hotspot are specialising for different needs. For example, Blk 73 houses younger start-ups, Blk 79 has more established incubators like the BioFactory and Exploit Technologies (the technology commercialisation arm of A*STAR). Blk 79 houses a business concierge that acts as a guide for visitors needing introductions to establish a company in Singapore. The service was privatised by ACE, an organisation promoting entrepreneurship. As the current premises is filled at 90 per cent capacity, to meet future start-up demand, a new Blk 77 will be launched in 2016 and Blks 75 and 81 will be launched in 2017 to meet future start-up demand.

Collaboration: Not Just Co-Location

The key to triggering collaboration between people and organisations is more than having start-ups in the same location, according to a report on fostering innovation-led clusters by the Economist Intelligence Unit in 2011. Being in the same area aids in the exchange of ideas, but mechanisms need to be established to facilitate the process of interaction. It is

also crucial to focus on a specific niche(s) and once the aim is set, governmental agencies and policies have to work in coordination to deliver on the objective. Apart from co-locating the relevant stakeholders and facilitating interaction, the attraction and retention of human capital is crucial but this rests on less tangible factors such as culture and quality of life.

Add to the mix is failure — which is common in the start-up scene — and the state should have a leading role in how "failure" is perceived and work towards removing the stigma attached to failure. Risk is inherent in any start-up business and the state could restructure the regulatory framework so that start-ups could avoid onerous penalties to bankruptcy. Moreover, the state plays an important role in recognising local entrepreneurial champions that have given up traditional careers to be entrepreneurs.

Bridging Creative Landscapes

As a means to facilitate greater interaction with the high-tech start-up ecosystem in the US, a consortium of Infocomm Investments Pte Ltd, NUS Enterprise and SingTel Innov8 have collaborated to establish Block 71 San Francisco, a US-based co-working space to strengthen ties between start-up ecosystems in Singapore and the US. As Singapore has a small domestic market, some ICT start-ups will now be able to explore business opportunities in the US by leveraging on this facility to have a better understanding of the US market before setting up shop there. The site of the US facility at San Francisco, located in the high-tech hub South of Market (Soma), was chosen because of its vibrancy as the home for major software, high-tech companies and promising start-ups.

Block 71 San Francisco is also meant to facilitate the trend of US-based companies and venture funds looking to access the Southeast Asian market and in return, start-ups and venture capital funds based in Southeast Asia exploring the US market. Therefore, the role of Block 71 San Francisco will be to create and enhance synergies for the greater ICT ecosystem between Southeast Asia and the U.S.

While the linkages with Soma are beneficial in some aspects, the network effects could go the other way as national ecosystems have become increasingly part of a larger global system. Investors and founders fuelled by trends of entrepreneurial globe-trotting say they would readily move to another country or location if it has more to offer. More often than not America is still the destination of choice for investors and founders. Block 71 San Francisco is a good initiative and makes sense. It will undoubtedly enhance the exposure of Singapore start-ups and possibly result in the churn of human capital and companies associated with this initiative.

Human capital and funding churn are norms in the global marketplace and should not be a cause for concern. Instead, Singapore should position itself as an ICT hub for the wider region, especially where there are more than one billion people within a four-hour flight radius from Singapore.

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