Institute of Policy Studies

IPS Closed-Door Discussions on Propelling Innovation and Entrepreneurship — Dialogue with Singapore's SMEs

By Dr Faizal bin Yahya, Dr Gillian Koh, Cassandra Ho, Sharanya Shanmugam and Tristan Groleau

1. CONTEXT 2
2. EXECUTIVE SUMMARY 3
3. INTRODUCTION 5
4. METHODOLOGY 6
5. FINDINGS 8
   Session One: Entrepreneurship 8
   Session Two: Singapore-based SMEs 12
   Session Three: Innovation 17
   Session Four: Startups 22
6. RECOMMENDATIONS BY IPS 25
APPENDICES 34
   Appendix A 34
      A.1 Chapter 11 bankruptcy laws in the United States 34
      A.2 SME lending for overseas ventures for Japanese enterprises 366
      A.3 Israel's Yozma Group 39
      A.4 Hong Kong Science and Technology Parks Corporation 41
      A.5 Intellectual property banks in Taiwan and South Korea 43
      A.6 Prevalent use of NDAs elsewhere 46
   Appendix B: List of Participants 49
   Appendix C: World Café Method 54
   Appendix D: Session Information 56

1. CONTEXT

1.1 The Singapore Economic Resilience Taskforce (SERT), formed in April 2025, is conducting a comprehensive review of Singapore's economic strategy to consider how to maintain the competitiveness of its firms, secure the country's economic future and deliver good jobs for citizens amid shifts in geopolitics, technology, demographics and ecological sustainability.

1.2 In January 2026, the Economic Strategy Review (ESR) Committees under the SERT provided their mid-term update, making seven recommendations. Among those are the goals of sustaining a vibrant startup ecosystem with an entrepreneurial culture where people dare to "dream big and take risks," helping high-potential, fast-growing startups scale regionally and globally, and enhancing support for access to overseas markets. A key recommendation is to help businesses continually innovate, expand, build capacity to navigate transitions and "pivot to more viable opportunities as the economy restructures."

1.3 Budget 2026, announced in February, includes measures to fund such goals. Among them are changes to the Market Readiness Assistance grant, which co-funds activities to deepen small and medium enterprises' (SMEs) presence overseas. It has been improved to provide more support to firms that are already overseas in addition to first-time entries in the existing scheme. To boost businesses' internationalisation efforts further, the "no prior approval cap" of the Double Tax Deduction for Internationalisation threshold was raised, with the scope of claims expanded to cover more eligible expenses incurred on overseas market exploration and marketing efforts. To support the adoption of artificial intelligence in business processes, the Enterprise Innovation Scheme will now allow for tax deductions on expenditure on that.

1.4 Recognising the SERT effort and its recommendations, some members of the Governance and Economy team at the Institute of Policy Studies held a series of closed-door discussions before Budget 2026 was announced, using the deliberative World Café Method, to gather insights and contribute additional ideas to the ESR. They were held before the onset of the Iran War on 28 February 2026 too. The themes of the discussions were: promoting innovation, improving the enterprise ecosystem, catalysing new enterprises and driving the internationalisation of Singapore companies. What follows is a report of the concerns and aspirations expressed by representatives of SMEs and the broader enterprise ecosystem who attended the discussions, along with their suggestions and preferred approaches to addressing the issues raised. The IPS team's contribution to the ESR ends with its recommendations based on a synthesis of the deliberations and as well as its knowledge of the concerns of Singapore firms from past research.

2. EXECUTIVE SUMMARY

2.1 The Governance and Economy Department of the Institute of Policy Studies (IPS) convened four closed-door discussions (CDDs) from 3 to 11 February 2026 before Budget 2026 was announced, focused on how to promote entrepreneurship and innovation among Singapore's small and medium enterprises (SMEs). The CDDs were deliberative in nature and targeted to provide SMEs' feedback as suggestions and recommendations for the SERT and ESR process. Business leaders, consultants and investors provided insights on the evolving challenges facing SMEs and startups, as well as recommendations to strengthen Singapore's enterprise and innovation ecosystem. The sessions covered four themes: entrepreneurship, SMEs, innovation and startups.

2.2 Across the discussions, participants highlighted several constraints affecting SME growth. These included financing gaps, challenges in attracting and retaining talent, limited tailored support for SMEs, the perceived cost of business failure, difficulties in regional expansion and relatively weak collaboration across firms and the business ecosystem. Even as the government offers a wide range of enterprise support schemes, participants emphasised the need for stronger coordination and cooperation within the business ecosystem and more accessible pathways for firms to collaborate, experiment and scale.

2.3 The forty-three participants also suggested "blue-sky" ideas to improve Singapore's innovation and entrepreneurship landscape by 2040.

2.4 Based on a synthesis of these deliberations as well as insights from past research that members of the IPS team have conducted, they developed the following recommendations.

2.5 First, strengthen SME talent pipelines through stronger links between institutes of higher learning (IHLs) and industry and by promoting mid-career "golden internships". Internships should be more emphatically positioned to address local SME talent gaps while expanding opportunities to include mid-career professionals seeking to transition into creating or working for start-ups and SMEs. This would allow them to tap their deeper industry expertise and experience of overseas markets. These could create greater synergy between IHLs and industry, and between the different generations in the workforce.

2.6 Second, strengthen funding support to bridge the worsening problem of the post-startup "valley of death". Improving awareness of existing financing schemes and funding mechanisms for firms wanting to scale up as well as incorporating experienced business leaders into funding evaluation in government schemes would be welcomed. The system should allow for flexibility for those involved to become investors, at which point a decision could be taken on whether they should stand down to avoid conflicts of interest. The switch should be considered a positive or natural development.

2.7 Third, enhance business matchmaking and advisory support for SMEs in new overseas markets. Enterprise Singapore's overseas centres could connect SMEs with experienced entrepreneurs and provide access to shared professional services such as legal and accounting support to meet compliance requirements in those markets. This would encourage symbiotic relationships among firms at different stages of internationalisation and between them and governments overseas, to reduce entry risks and strengthen regional networks of Singapore businesses.

2.8 Fourth, establish a "business trampoline" to support recovery from "smart failures" which are distinguished from those caused by mismanagement or misconduct. Building on existing insolvency reforms, a specialised restructuring forum or "business court" could combine legal oversight with commercial expertise to support viable firms in restructuring and re-entering the market quicker, fostering a more resilient enterprise landscape.

2.9 Fifth, promote the routine use of non-disclosure agreements (NDAs) to strengthen trust within the innovation ecosystem and foster collaboration. This would enable SMEs to engage investors and collaborators early in their life cycle with greater confidence, supporting more open exchange and access to market-based funding while safeguarding the intellectual property in their innovations in technology and business models.

2.10 Sixth, develop a live-work innovation village that brings together entrepreneurs, investors and mid-career professionals, and wrap-around services. Such a collaborative environment could foster mentorship, experimentation and cross-sector synergies, while it lowers barriers of entry to early-stage founders. Mid-career professionals seeking to convert to other sectors or roles could use the village as a platform to bank on their experience and business networks to achieve that. The village could curate workshops, regular engagement sessions and other events which members of parts of the business ecosystem could attend to network, connect investors with investees, and create partnerships. A business "municipal services office" could be located there to provide a continuous contact point between government enterprise support systems with founders and their staff. The innovation village could drive entrepreneurship around key problem statements, encouraging businesses, technologists, philanthropists and investors alike to collaborate on innovative technological and business solutions to major national and international challenges that are likely to emerge in the coming years. It is important that the village emphasises its goal of fostering technological and business innovation but be agnostic about whether these are based on the use of established technologies but appropriated in new ways or emerging technologies, or new business models.

2.11 Seventh, broaden the measures of value of Singapore's entrepreneurs and enterprises. While the question of "scalability" is important, SMEs of varying sizes contribute significant economic and social value through job creation, specialised capabilities, innovation-driven growth and sector diversity. Recognising this broader spectrum of contributions should provide a wider set of criteria for support in funding as well as procurement by the public sector.

2.12 Collectively, these recommendations emphasise a more collaborative "we-first" enterprise ecosystem for Singapore SMEs where stronger synergies could emerge from symbiotic relationships among firms, investors, workers and the government that enable local firms to innovate, grow and contribute to Singapore's long-term economic dynamism and resilience.

3. INTRODUCTION

3.1 The Governance & Economy Department of the Institute of Policy Studies (IPS) held a series of four closed-door discussions (CDD) from 3 February to 11 February 2026 before Budget 2026 was announced, on promoting entrepreneurship and innovation among Singapore's small and medium enterprises (SMEs). A total of 43 Singapore-based business leaders, consultants and investors that work closely with SMEs and startups were recruited through recommendations from trade associations and chambers, business associations, the IPS' Corporate Associates network, as well as the Principal Investigator's own contacts. These participants provided insights into the existing and emerging challenges to business development in Singapore as well as opportunities and fresh ideas to overcome them to take entrepreneurship and innovation to a higher level.

3.2 In doing so, the IPS team sought to offer insights and additional ideas to the Singapore Economic Resilience Taskforce (SERT) as a contribution to the national Economic Strategy Review (ESR).

3.3 The first session, on "entrepreneurship", held on 3 February with 17 participants, focused on the barriers to a robust entrepreneurial culture in Singapore, the support needed to translate innovation into marketable products and services, and ideas for developing new markets for Singapore SMEs.

3.4 The second session, on "SMEs", held on 5 February with 10 participants, focused on structural and operational issues such firms face and ecosystem-level solutions to overcome them.

3.5 The third session, on "innovation", held on 9 February with 16 participants, delved into matters of funding, scaling, the protection of intellectual property and other forms of support that occur through a SME's innovation lifecycle.

3.6 The fourth session, on "start-ups", held on 11 February with 12 participants, explored multi-pronged issues in the startup ecosystem, including the lack of a hustle mentality and the low risk appetite of Singapore SMEs, and the role of venture capitalists and gatekeepers of government grants in promoting the growth of SMEs.

4. METHODOLOGY

4.1 Each session was held for two hours. Each began with a presentation of relevant background information based on literature review by the IPS team. Participants were then asked to discuss in small groups what they considered to be the key pain points in relation to the topic of the discussion. These discussions were audio-recorded by an IPS team member seated in every group. The key points were recorded succinctly on Post-it notes and pasted for viewing by all the participants. The key facilitators of IPS highlighted some common themes, and participants and IPS team members were then invited to elaborate on these if they wished to.

4.2 This brought the group to the "discovery" phase of the deliberative discussion. Having been primed to think about the challenges, difficulties or gaps in the ecosystem and operating conditions, the participants were then asked to work individually on as many ideas as they had to address these as well as any other suggestions they had for creating an optimal ecosystem to operate in by the Year 2040.

4.3 Specifically, the participants responded to the question: "In 2040, what would 'great' look like in Singapore when it comes to SMEs?", within the domains of entrepreneurship, SME development, innovation and startups. They were invited to write their responses, one idea per Post-it note, and paste the notes on the wall for viewing by all participants and IPS team members.

4.4 The group then moved into the "incubation" phase of the deliberative discussion. After the allotted time for writing their suggestions was over, everyone was invited to read the suggestions and group them where the points seemed to be similar or related and propose a common theme for each cluster. In an iterative process, the board would have several clusters of ideas, thereby "incubating" them.

4.5 Participants were invited to vote on the clusters on the basis of whether a cluster of related suggestions, labelled, was novel, then practical, and finally, impactful in achieving a great operating system or sector by the year 2040. Participants had two votes for each of the criterion, represented by two stickers of a colour for each criterion. The three clusters of suggestions that received the most votes were then taken forward to the next stage of the discussion. There were three tables in the room, with each table hosting a discussion on one of the ideas.

4.6 Moving to the "seeding" phase of the discussion, the participants were invited to head to any of the three tables to begin with. They fleshed out the suggested idea that each table was dedicated to. For a fixed amount of time, IPS members led the participants at their tables to further develop the idea at their table, fleshing out the underlying rationale for it ("why"), propose approaches ("what" and "how") and potential challenges or pitfalls.

4.7 Finally, in the fourth "sweet tangerines" phase, participants shared the fleshed-out ideas with the wider group; if nothing else, to refine them further through the question-and-answer session.[1]

[1] For further information about the World Café method, please refer to Appendix C.

4.8 The discussions were conducted under the Chatham House Rule and are therefore reported without attribution although permission was sought by participants to have their names presented in a consolidated list. The list is presented in Appendix B.

4.9 The key issues and suggestions raised across the four CDDs are presented below, each according to its theme, followed by recommendations developed by the IPS research team based on a synthesis of the discussions as well as researchers' insights from previous research they had conducted.

4.10 The participants were regarded as informed contributors and experts in their respective fields within the corporate sector. The IPS team, using the views and suggestions from the discussions, undertook further secondary research based on what participants had mentioned were relevant examples, to provide further detail and nuanced approaches that could be localised and operationalised. In addition to this input, the recommendations of the IPS research team in this report also build on systems and programmes that already exist or have been proposed even by the SERT over the past months.

5. FINDINGS

5.1 This section presents the key pain points, including both ongoing and emerging issues for businesses, raised by participants, followed by the top-voted ideas to address these pain points, identified during the "Incubation" stage of the World Café in each session.

5.2 SESSION ONE: ENTREPRENEURSHIP

Continuing and Emerging Issues for Businesses

SMEs lack access to formal financing options

5.2.1 Financing and cashflow issues remain perennial challenges for businesses and entrepreneurs. Whilst financial support via banks and government grants are available, SMEs may not qualify for them due to a lack of a track record. Moreover, local SMEs tend to be viewed as risky by default, with fewer de-risking options afforded to them compared to similar firms operating elsewhere. In essence, participants viewed available assistance as limited and optimised for multinational companies, large enterprises and government-linked companies.

Government support for enterprises should recognise other criteria beyond companies' abilities to scale up

5.2.2 Participants felt that government support tended to be allocated more heavily towards emerging industries and technologies, prioritising firms that are viewed as "scalable". At the same time, local companies struggle to scale up. Globalising and overseas expansion present logistical concerns, the challenges of building overseas networks and being able to afford the compliance costs. Some participants added that the government seemed to favour specific firms to steer the development of their respective industries but did not provide further details on this point.

5.2.3 Central to the issue was participants' perception that the criteria for government support were too narrow, too focused on companies' abilities to scale up, or that they were not clear about the criteria by which grants were awarded. Participants voiced their desire for recognition of other criteria for receiving these grants than just the question of how scalable their businesses were. The alternatives were, for instance, the potential for job creation, the range of lines of business, and the development of innovative intellectual property.

Need for community building and collaboration among local entrepreneurs

5.2.4 The small and conservative market in Singapore is a difficult test market for entrepreneurs. Meanwhile, competition is global and asymmetric, leading to a desire among founders to seek out or build an entrepreneurial community to enhance collaboration among them.

5.2.5 Participants hoped for greater support among businesses in Singapore as well. A participant remarked that businesses in Singapore tend to work with or procure from foreign businesses with established branding and track record instead of doing so with local businesses and brands. However, participants also acknowledged that in the service and hospitality industry especially, customers connect better with brands that are globally recognised. Understandably, this makes collaborations with established foreign brands the logical business choice, but participants also hoped local brands could be given the chance to build up their standing.

5.2.6 Participants noted that some entrepreneurs are better equipped than others. For instance, second-generation entrepreneurs tend to have access to education and knowledge that fresh entrepreneurs lack. A national movement or a platform that can connect second-generation entrepreneurs from different sectors or those with more experience with those requiring mentorship, would be welcome.

Failure: Steep costs, black-and-white failures, lack of recovery support/options

5.2.7 Participants lamented a lack of safeguards and recovery options for businesses that fail and must declare bankruptcy in Singapore. They referred to the availability of Chapter 11 Bankruptcy laws in the US that help organisations restructure their debts and assets and move towards recovery than having to dissolve. Participants were not aware of a framework in Singapore that helps organisations to move forward from failure in a similar way.[2]

5.2.8 In addition to the perceived lack of recovery options, participants also noted that failure is perceived in black-and-white terms in Singapore. "Smart failures" and "good failures" perhaps stemming from trying something new, are not legally nor reputationally distinguished from preventable failures stemming from waste and poor management. Some participants also mentioned the existence of failure records among financial institutions that, in tandem with the lack of distinction between types of business failure, make it difficult for entrepreneurs to move on from failure.

Suggestions (Top-Voted Ideas)

5.2.9 Participants were asked to think of ideas that would make the entrepreneurship landscape in Singapore great by 2040. The top ideas that emerged included increased collaboration between SMEs, creating trailblazers in emerging areas and growing markets for Singapore's businesses in the Southeast Asian region.

Fostering collaboration among entrepreneurs for greater success

5.2.10 Participants discussed where to begin in fostering greater collaboration among entrepreneurs in Singapore: Should it be facilitated by the government or be a purely ground-up initiative? Both options carried their own tensions. Some participants voiced concerns regarding government-facilitated initiatives because of their distrust of the government. At the same time, participants also noted that ground-up initiatives could fail from individualistic companies pursuing their own self-interests. A consensus emerged that whilst collaboration should be driven by a community of like-minded businesses, government involvement —

---

[2] The Simplified Insolvency Programme (SIP) 2.0 which commenced recently, on 29 January 2026, introduced simplified processes for organisations to restructure their debts and rehabilitate themselves if their businesses are viable, or wind up if not. Companies are however considered ineligible if the total liabilities exceed S$2 million. The effectiveness and accessibility of SIP 2.0 will be monitored. See Ministry of Law Singapore, "Launch of the revamped Simplified Insolvency Programme (SIP 2.0)", 28 January 2026, https://www.mlaw.gov.sg/launch-of-revamped-sip/.

especially with some basic early funding and good information about government support schemes — could provide a level of authority to these efforts.

5.2.11 Participants also discussed how such collaborative efforts would look. For instance, any collaborative efforts would have to adopt a “we-first” value system to allow SMEs to adopt business processes, technology, and other parts of the value chain. It would also be important for government-linked companies and larger companies to be a part of the collaborative community alongside SMEs.

Increasing trailblazers in emerging areas

5.2.12 Participants voiced hope for an uptick in the number of trailblazers in in emerging business areas in Singapore. This could take the form of an increase in the number of exceedingly successful startup ventures (“unicorns”), an increase in the number of patents filed in research and development (R&D) fields, or the elevation of Singapore to the top spot for technology and R&D testing.

5.2.13 Some participants raised the energy sector as an emerging area to be explored further. As a newer field in Singapore, some level of risk-taking is required for it to grow. This would mean investments into infrastructure, and taking bigger, riskier steps in utilising the ASEAN Power Grid for instance. Further movements into decarbonisation and energy abundance could be explored too. Another idea was to move into biofuels more aggressively, amassing biowaste through the region to feed this industry. At its crux, participants felt that the Singaporean community of entrepreneurs needs to keep up with trends and take bigger risks.

5.2.14 Sociocultural changes were also highlighted by some participants as a key factor in increasing the number of trailblazers. Some participants highlighted the need for more mentorship opportunities between more experienced and up-and-coming entrepreneurs. Other participants also suggested that the education system be reformed or reworked to boost creativity among young, would-be entrepreneurs.

Tapping bigger markets: Regionalisation and ASEAN integration

5.2.15 In discussions about enlarging markets for businesses, participants intrinsically understood the value of larger markets. Discussions focused more heavily on how bigger markets could be achieved with regionalisation and ASEAN integration. Through regionalisation, mid-tier companies could have more avenues not just for survival but also progress.

5.2.16 However, participants voiced a few concerns. First, expansion into the ASEAN region could raise the risk of businesses and talent moving out of Singapore, leading to potential brain drain and loss of businesses headquartered in Singapore. This could be a greater threat than not regionalising.

5.2.17 Second, participants highlighted that Singapore-based businesses struggle to regionalise with the current level of support from local institutions. A participant indicated that government-linked investment companies and funds like Temasek Holdings reportedly announced that they would cease making investments in startups.

5.2.18 Third, Singapore lacks a dedicated development bank for SMEs and those venturing out of Singapore, with participants pointing out that DBS Bank had officially dropped the word "development" from its branding years ago. Participants compared this to China's business support system, with governing bodies and mayors supporting businesses' efforts to scale. Additionally, China has multiple banks dedicated to industrial support, such as the Export-Import Bank of China, China Development Bank and China Construction Bank.

5.2.19 Finally, participants noted that Singapore-based businesses struggled to gain traction locally and would struggle even more to establish a foothold in overseas markets.

5.3 SESSION TWO: SINGAPORE-BASED SMES

Continuing and Emerging Issues for Businesses

SMEs face gaps in ecosystem support

5.3.1 Participants shared that while government support schemes for SMEs exist, gaps remain in the broader ecosystem that relate to the role of larger Singapore-based companies, public programmes and the financial system in facilitating their progress. Major local conglomerates were perceived to operate largely independently of local SMEs rather than as ecosystem anchors that achieve synergies with the smaller firms. This prompted calls for policy intervention to foster such partnerships, allowing SMEs to progress together as peers and partners rather than seeing acquisition by larger firms as the only option for growth.

5.3.2 Although technology and AI adoption are actively promoted by the government, participants' perception was that existing support schemes and tools tended to favour larger or more tech-ready firms, rather than traditionally-run and smaller SMEs. As an example, one participant shared that outreach to the Infocomm Media Development Authority resulted only in access to a GenAI sandbox option that did not meet their operational needs. Developing customised solutions for routine tasks such as stock-taking were too costly to undertake on their own. Participants therefore highlighted the lack of tailored solutions for specific SME contexts as a key barrier to government support being effective, which may partly explain the seemingly low uptake of government grants and schemes among SME owners.

5.3.3 There were also concerns regarding fairness in government procurement. There was the perception that foreign firms could secure contracts without being subjected to the same regulatory obligations as local companies, such as Progressive Wage Model requirements. Although government tenders require compliance with these standards, contracts were often awarded to the lowest bidder. Participants therefore viewed this as unfair, as firms that complied with regulatory requirements had to absorb higher costs, while competing against lower bids.

5.3.4 Also, procurement processes seemed to favour established foreign vendors with longer track records to reduce procurement risk. This practice limits opportunities for local SMEs to build their own track record and achieve scale through government projects.

5.3.5 Finally, participants highlighted the financing constraints local SMEs are subjected to when compared to firms they compete with when they expanded regionally. Lending rates in Singapore for local SMEs to expand into the region would be around 6 per cent per annum, compared to approximately 2 per cent for companies expanding out of other countries such as Japan.[3] They felt that there is need for more favourable financing conditions to improve SMEs' ability to compete internationally.

[3] For more information about SME lending in Japan and a comparison to prevailing practices in Singapore, refer to Appendix A.2.

SMEs face talent readiness gaps and limited entrepreneurship pathways

5.3.6 While graduates were seen as being technically capable, many were viewed as lacking "execution confidence" and as being too dependent on external validation, which slows decision-making. Participants wished the education system would focus on preparing students to operate under conditions of uncertainty and exercise independent judgment, rather than chase after the "correct" solution.

5.3.7 Participants also highlighted a gap in support for individuals seeking to pursue entrepreneurship at the mid-career stage. While numerous structured grants and incubator programmes exist for students at IHLs, and targeted initiatives are available for seniors to retrain to remain employable, mid-career individuals often lack similar structured pathways if they wish to run their own businesses rather than change careers. Participants noted that such individuals who have accumulated industry experience may have more viable commercial ideas, but face difficulties accessing support because there is no structured system they are part of.

Difficulties in talent retention among SMEs throttling ability to thrive

5.3.8 Another challenge facing SMEs is the ability to attract and retain talent which, in turn, limits their ability to form new teams or business verticals. Younger workers often treat SMEs as stepping stones to employment in more mature and bigger firms, leading to high turnover. As SMEs cannot match the pay and benefits of large multinational corporations, this means that attrition seems unavoidable.

5.3.9 Retention factors identified included strong, supportive leadership, flexible and caring workplace practices, and clearer communication of the unique advantages of working in a SME, such as relatively flat hierarchies, the ability to contribute directly to business outcomes and access to upskilling opportunities, supported in part by government funding.

Low level of preparedness for sustainability among SMEs

5.3.10 SMEs remain underprepared for the green transition due to limited time and resources, as well as a lack of clarity on where to begin. Even when customers request sustainability-related information for instance, firms would often struggle to prioritise action. There was concern that SMEs were responding too late and risked falling behind as sustainability and reporting requirements become increasingly mandated under Singapore Exchange frameworks.

Suggestions (Top-Voted Ideas)

5.3.11 Participants were asked to propose ideas that could strengthen Singapore's SME landscape by 2040 and address the challenges raised. Several key ideas emerged including promoting a "we-first" business ecosystem that provides accessible shared services, establishing the equivalent of a "municipal services office" (MSO) to offer centralised support for SMEs, expanding financing pathways and improving the attractiveness of SMEs as workplaces to support talent attraction and retention.

A "we-first" ecosystem — a shared services model to support SMEs

5.3.12 The "we-first" concept shifts from a firm-centric to an ecosystem approach to SME development. Rather than each SME managing its own compliance and administrative processes, a shared services layer to the national enterprise ecosystem could provide accessible support across essential administrative foundations.

5.3.13 Upon registering a company, businesses could receive a baseline operational package with pre-configured banking arrangements, standard compliance requirements, accounting frameworks, workplace safety guidelines, and basic HR policies — helping to reduce the initial steep learning curve. This would free SME leaders to focus on core commercial activities; this addresses concerns that compliance demands can slowdown decision-making and lead to business stagnation particularly when leaders are already stretched across multiple roles.

5.3.14 Providing standardised templates and reporting structures would streamline interactions with professional service providers such as accountants and lawyers, and reduce the risk of non-compliance arising from lack of technical knowledge.

5.3.15 While the implementation cost of delivering these services was flagged as an obstacle, a tiered model was suggested: government-subsidised standard packages covering common operational needs for the smallest and youngest companies, complemented by customised services at additional cost for those that are larger and more complex. This could keep the shared services model broadly accessible while being financially sustainable.

Establishing a one-stop municipal services office for SMEs

5.3.16 Participants also proposed establishing a dedicated MSO to serve as a single access point for regulatory and operational support as well as addressing the common pain point of SMEs being redirected across multiple government agencies to solve their problems. Staffed by experienced advisors familiar with cross-agency processes, the office could coordinate resources across public bodies and provide case-specific support, complementing existing public sector efforts.

5.3.17 Enterprise Singapore currently operates SME centres across Singapore, which provide complimentary guidance on government schemes and personalised advisory services in areas such as overseas expansion, financing, technology adoption and human resource management.

5.3.18 While SME centres play an important advisory and navigation role, an MSO-type office could go further by providing centralised case management and cross-agency coordination, which would reduce the administrative burden on SMEs and improve the accessibility of enterprise support. An MSO office could also ease the workload of SME Centres and help gather baseline data on SME needs, which could be used to inform the design of more effective schemes and grants.

Advancing SME-friendly procurement policies

5.3.19 Participants identified government procurement as an important lever to support SMEs given the public sector's role as a major buyer. Linking procurement specifications to SME participation, such as awarding additional points to bids that meaningfully involve and develop local SMEs, would also incentivise larger firms to lead projects while contributing to the growth and development of the ecosystem.

5.3.20 However, risk-averse tender decisions and slow government payment cycles strain SME cash flow, which is a barrier that ought to be addressed alongside introducing local SME-friendly procurement criteria. Payment delays may also partly stem from SMEs submitting incomplete or inaccurate documentation, highlighting the need for clearer guidance to improve compliance with submission requirements.

5.3.21 The "queen bee" approach was raised, where larger anchor firms actively develop SME partners rather than operate in isolation. This could involve encouraging large firms to allocate some of their resources towards building SME capabilities especially in areas where they might lack expertise to meet the most rigorous standards such in the area of sustainability. Policy incentives, such as formal recognition or tax deductions for firms that support smaller local players could encourage such efforts, modelled after the tax deductions currently granted for donations to approved Institutions of a Public Character (IPCs).

Strengthening SME-to-SME networks

5.3.22 Participants highlighted SME-to-SME networking and mutual support as important complements to government assistance, emphasising the value of strong peer networks and social capital within the ecosystem. SMEs can collaborate through the exchange of value such as sharing services or access to networks instead of relying solely on financial transactions. They can help resource-constrained firms build capabilities and contribute to collective SME growth. SMEs should also leverage industry platforms organised by trade associations and chambers, which provide opportunities for knowledge exchange and collaboration, enabling SMEs to identify ways to support and benefit from one another.

Expanding financing pathways for SMEs

5.3.23 Current financing systems were viewed as overly focused on allocative efficiency with a limited tolerance for redundancy, such as financial buffers or complementary support mechanisms, raising concerns about the long-term resilience of local SMEs. Participants also highlighted the need for more flexible short-term financing options to help SMEs manage cash-flow crunches, noting that traditional banks are often reluctant to issue small, short-duration loans. Recent international developments illustrate these concerns: regional banks in the US recorded concentrated credit losses in small business lending in 2025 and shifted towards larger commercial loans, while small business insolvencies in the UK rose by 30 per cent year-on-year.[4] These trends highlight how higher default risks among smaller firms can make banks more cautious in lending to SMEs.

5.3.24 Therefore, participants suggested establishing a government-backed SME financial institution, similar to development or agricultural banks in emerging economies, with a mandate centred on national enterprise development rather than profit maximisation. Rather

---

[4] See Via News, "US regional banks cut small business lending as defaults rise, mirroring global trends", 5 March 2026, https://via.news/banking/us-regional-banks-cut-small-business-lending-as-defaults-rise-mirroring-global

than providing large loans, such an institution could offer tiered, smaller bridging loans at lower interest rates to support SMEs through critical phases of growth.

5.3.25 One example is an alternative practitioner-led private model that provides customised short-term financing to underserved SMEs, with loan amounts and repayment terms structured on a case-by-case basis following due diligence, and low operating costs enabled by AI tools such as automated contract generation. This model was seen as an effective complement to existing financing channels, addressing strong SME demand for more flexible funding options.

Making SMEs more attractive as employers: Singapore Opportunity Index for SMEs

5.3.26 Participants suggested that improving SME employer attractiveness is key to easing talent constraints and proposed a "lite" version of the Singapore Opportunity Index (SOI) targeted at promoting the growth and development of SMEs.[5] This index would assess firm practices across areas such as talent development, staff management and value creation for employees, encouraging stronger employer value proposition. Broader rollout could follow implementation in larger firms.

[5] The Singapore Opportunity Index (SOI) is an initiative launched by the Ministry of Manpower in partnership with the Singapore University of Social Sciences and the Burning Glass Institute. Evaluating nearly 1,500 companies across both public and private sectors in their performance in progression, pay, hiring, retention, and gender parity, it helps firms benchmark their practices against objective standards and improve their workforce strategies. See Ministry of Manpower, "300 organisations recognised in inaugural Singapore Opportunity Index", 21 January 2026, https://www.mom.gov.sg/newsroom/press-releases/2026/0121-300-organisations-recognised-in-inaugural-singapore-opportunity-index.

5.4 SESSION THREE: INNOVATION

Continuing and Emerging Issues for SMEs

5.4.1 Innovation-related pain points mentioned by participants at this discussion cluster around two distinct areas: SMEs adopting *existing* innovative solutions, where awareness and adoption incentives remain limited; and SMEs developing *new* solutions that face challenges related to grant applications, research and ideation, commercialisation and intellectual property (IP) management.

SMEs have low awareness and incentives to adopt existing solutions

5.4.2 Among SMEs adopting existing innovative solutions, the key barriers are limited awareness and low adoption incentives. Many traditional, non-technology-oriented SMEs in sectors such as food and beverage, and manufacturing were either unaware or unconvinced about how technological solutions could enhance operational efficiency, and therefore default to the status quo. To address these barriers, participants suggested guided implementation as a way forward, where larger firms that have successfully implemented and validated new technologies, mentor SMEs to de-risk adoption and build confidence about using these technologies.

5.4.3 However, outreach and education on technological solutions require significant effort. As such, uptake volumes are often small, resulting in weak returns on investment for solution providers. This challenge is compounded by perceptions among some SMEs that technology providers are overly prescriptive, which creates resistance and scepticism rather than openness to change.

5.4.4 A participant expressed concern that some consultants promote technological solutions primarily to help SMEs secure government grants that may only deliver limited innovation value in practice. Additionally, a significant share of the funding received may go to intermediaries rather than supporting substantive improvements within firms.

5.4.5 Another participant noted that government grants can involve a substantial administrative burden, sharing that their firm had to dedicate one full-time employee to manage grant paperwork and reporting requirements, especially with the periodic checks to verify project progress. While such oversight is necessary to ensure accountability for the use of public funds, simplifying reporting processes, especially for smaller grants, could help reduce that administrative burden on SMEs.

5.4.6 Participants therefore emphasised the need for more customised solutions tailored to SMEs' operational contexts to attract adoption, rather than relying on one-size-fits-all solutions that SMEs may feel pressured to adopt.

SMEs encounter funding constraints in developing new solutions

5.4.7 For SMEs developing new solutions, funding was identified as a systemic constraint, both in access and continuity.

5.4.8 Government funding is frequently contingent on some level of demonstrated traction, requiring first-time founders to show early validation before qualifying. At the same time, some startups have learned to position themselves strategically within Singapore's dense funding landscape and secure grants despite relatively weak ideas, raising concerns about how efficiently funds are allocated. While substantial public funds have been deployed towards developing startups, participants questioned whether these have translated into a proportionate number of "unicorns" or rapidly growing, globally competitive firms. They pointed out that strengthening the quality of assessment is necessary to ensure that funding decision-makers can better identify and support ventures with genuine long-term potential.

5.4.9 While seed and angel funding are available, follow-on capital for growth and scaling remain limited, exposing startups to the "valley of death" after the ideation stage. Participants highlighted a financing gap for SMEs with revenues between S$1–10 million — a stage where they are often too large for early-stage support but are still too small to attract investors or secure bank financing. They noted that this challenge is especially pronounced for traditional businesses which may lack the high-growth potential typically sought by venture capital investors. In the absence of sufficient growth capital, some SMEs may feel pressured to opt for acquisition by larger firms as a pathway to scale.

5.4.10 Hence, participants called for better coordination across the full innovation cycle to support commercial scaling, citing Israel's Yozma model as an example of government-backed venture capital that strengthens downstream financing beyond early support.[6]

5.4.11 Funding alone was seen as insufficient, as startups struggle to scale beyond pilot projects due to limited demand and a lack of large-volume contracts, while investors increasingly prioritise market validation and profitability. A participant cited the Hong Kong Science and Technology Parks Corporation as an example of an ecosystem actor that actively links incubated startups to clients, and suggested stronger government procurement and demand support to help firms move from pilots to scalable growth.[7]

SMEs lack confidence in protecting early-stage ideas and enforcing IP rights

5.4.12 SMEs expressed uncertainty about whether their early-stage ideas could be adequately protected when engaging potential investors or government agencies, fearing replication or reverse engineering. This hesitation may limit their willingness to seek external funding and collaboration early, thereby hindering innovation.

5.4.13 Beyond trust-related barriers, participants emphasised the practical limits of IP enforcement; IP rights are only meaningful if firms can defend them at the proof-of-concept stage, yet startups often lack the financial muscle to litigate against larger firms. Comparisons were drawn to Taiwan and South Korea, where national-level innovation or IP banks provide defensive support to smaller firms, suggesting that stronger institutional mechanisms could enhance the protective value of IP and build greater confidence in innovation.[8]

---

[6] For more information about Israel's Yozma model and a comparison to prevailing practices in Singapore, refer to Appendix A.3.

[7] For further information about the Hong Kong Science and Technology Parks Corporation and a comparison to prevailing practices in Singapore, refer to Appendix A.4.

[8] For further information about IP banks in Taiwan and South Korea and a comparison to prevailing practices in Singapore, refer to Appendix A.5.

Suggestions (Top-Voted Ideas)

5.4.14 Participants were asked to propose ideas that could strengthen Singapore's innovation landscape by 2040. Several suggestions emerged across three themes: building a stronger culture of innovation, encouraging greater risk-taking and strengthening cross-border collaboration.

Building a stronger innovation culture across education and the workforce

5.4.15 It is critical for Singapore's productivity and long-term survival amid structural constraints like an ageing workforce and a limited domestic market for there to be a strong culture of innovation. However, it was argued, that innovation had yet to be deeply embedded in the education system or broader employment mindset, which continue to prioritise traditional career pathways over entrepreneurship.

5.4.16 Participants emphasised that entrepreneurship should be promoted as a viable pathway across multiple career stages to strengthen Singapore's innovation capacity. For students, this requires continuing to shift education away from rote learning toward creativity and problem-solving through project-based learning on real-world issues, alongside more student overseas exchanges to broaden perspectives.

5.4.17 For graduates, gaining experience in SMEs was encouraged, with government-subsidised internships serving as an important pathway to facilitate this exposure. Existing programmes such as the Global Ready Talent Programme which provides up to 50 per cent funding support for internship stipends could be expanded further to raise awareness and participation among SMEs.

5.4.18 Participants also called for stronger support for retrenched mid-career professionals with deep industry expertise — many of whom are interested in starting businesses — by expanding current policies beyond reskilling for re-employment to include guidance and accessible pathways into entrepreneurship.

Enabling a more risk-tolerant entrepreneurial culture

5.4.19 A stronger risk-taking culture was also seen as essential, as the high cost of failure in Singapore discourages entrepreneurship. Legal restrictions, such as on travel overseas during bankruptcy and the associated social stigma, make it harder for individuals to restart and serve as a deterrent to even creating their own enterprise in the first place. In contrast, bankruptcy is accepted as part of the entrepreneurial process in ecosystems like the US, where founders who have failed can still attract investor funding. This is aided by the fact that, as aforementioned, organisations in the US are protected under the Chapter 11 Bankruptcy regime, allowing them to pause repayment obligations while restructuring debts and reorganising operations for financial viability.

5.4.20 The importance of celebrating failure and recognising lessons from unsuccessful ventures was also emphasised. As mentioned by participants at the session on entrepreneurship, the distinction should be made between smart failures and preventable failures stemming purely from waste and poor management. Smart failures should be recognised for the lessons they bring to entrepreneurs. One suggestion from the participants was to introduce symbolic initiatives such as platforms where founders openly share about their failed ventures or where prizes recognising "smart failures" are given out to reduce the stigma associated with failure and reinforce the process and value of learning in the entrepreneurial process.

5.4.21 Lastly, the government could play a role in de-risking innovation through milestone-based funding, similar to venture capital models, to give innovators greater confidence to experiment knowing that risks are partially mitigated, while demonstrating the viability of their ideas.

Strengthening cross-border collaboration

5.4.22 Cross-border collaboration was framed as a strategic imperative for innovation given Singapore's small domestic market, with expansion into ASEAN and other international markets necessary to access larger demand and new opportunities for growth.

5.4.23 Participants emphasised the importance of continuing to leverage Singapore's competitive strengths, just as it has in the areas of urban planning, port management and the clean water industry. These are also where actors have formed win-win partnerships with others in the ecosystem rather than adopt a zero-sum mindset. There is a need to identify and develop new areas of expertise, positioning Singapore firms as trusted partners that can offer their expertise while generating commercial value abroad.

5.4.24 Trade associations and chambers were seen as important intermediaries in facilitating overseas partnerships and reducing barriers to regional markets and business networks, instead of firms expanding individually.

5.4.25 Regional collaboration grants with neighbouring economies were also proposed to co-fund joint pilot projects and shared testbeds to help lower the risk of entering new markets and fostering cross-border linkages.

5.4.26 Despite existing trade corridors and memoranda of understandings, participants pointed to limited transparency and few visible success stories, suggesting that clearer communication and follow-through are needed to build confidence and encourage greater participation in these initiatives — essential for sustaining cross-border momentum.

5.4.27 A key challenge in cross-border collaboration is the difficulty businesses face in identifying trustworthy local partners and building the relationships needed for market entry. It was shared that collaboration cannot occur in a vacuum — without sustained engagement and trust, partnerships are unlikely to succeed.

5.4.28 Firms can firstly leverage their existing foreign employees as valuable touchpoints, drawing on their local knowledge and networks to establish initial connections when expanding overseas.

5.4.29 One participant also recounted that on-the-ground immersion through volunteering previously enabled him to better understand local norms and operating styles, while also expanding his networks, as volunteer circles often include philanthropists and investors.

5.4.30 More broadly, participants emphasised the need to cultivate genuine interest in neighbouring markets and cultures, rather than approaching regional expansion purely transactionally, as deeper two-way understanding is essential to building durable business partnerships.

5.5. SESSION FOUR: STARTUPS

Continuing and Emerging Issues for Businesses

Low risk appetite and the lack of ability to "hustle" among startup founders

5.5.1 Participants acknowledged the creativity of young startup founders, but the impression was that they seem unable to or unwilling to take steps to translate those ideas into viable businesses. A few possible reasons were offered: First, while the structured education system in Singapore may provide incubators and encourage students to pursue startups and entrepreneurship, this may not adequately prepare them for the unstructured realities of running a startup. Second, younger founders also tend to avoid the financial and reputational risks inherent in running a startup. Finally, young founders tend to lack a "hustle mindset", "hunger" and grit required to sustain a startup especially when they need to have move into the region and the rest of the world to find markets. They have a lower tolerance for difficulties and tend to avoid working within realistic constraints and limitations. Without the ability to hustle, they lose out quickly once they are outside of Singapore.

Dwindling risk appetite among venture capitalists and investors worsening the "valley of death" problem

5.5.2 The availability of funding for startups cannot be taken for granted either. High-profile fraud cases over the years, such as that of Zilingo and eFishery, have caused investor confidence to dwindle. Some participants noted that venture capitalists (VCs) have been quietly dropping the "venture" part of their identities to reflect that state of play.

5.5.3 This led participants to revisit the issue of the "valley of death" that many startups face between the end of their initial funding and being able to receive private capital. A participant noted that everybody — startups and investors alike — are in this "valley of death". VCs increasingly prefer to invest in more rigorous processes of conducting due diligence and adopt more established and safer firms rather than smaller and riskier startups. These financing gaps will worsen the problem of startups finding it hard to push past this stage.

Increasingly demanding and risk-averse startup ecosystem

5.5.4 Whilst VCs are "venturing" less and have diminished appetite for risk compared to the past decade, they still demand high returns. The startup environment now displays a lack of openness towards high-variance, high-risk, high-reward ideas. A participant noted that VCs and investors tend to approach local startups with a "prove me more" mentality over a "tell me more" mentality. The former demands that founders provide a level of guarantee or assurance of success to investors.

5.5.5 Singapore's size means that startups will naturally find it difficult to scale; they find themselves trapped between staying small and lean on one hand, and going global on the other. Increasingly, founders may struggle to regionalise and internationalise because of the lack of local partners to help them to expand.

Inadequacy of current funding programmes

5.5.6 Existing funding programmes have proven to be inadequate in addressing the sort of capital issues that founders have. Currently, the Startup SG Founder Grant allows applicants to receive mentorship as well as a grant of between S$20,000 to S$50,000, subject to capital matching.[9] However, founders may not have access to the required amount of capital to match the grant and thus not access the grant at all. Other grants also tend to focus on various technological solutions or means to scale that imply that prospective investees are already established. The nature of the startup ecosystem in Singapore as well as the difficulty in funding a startup may lead one to conclude, in the words of a participant, that "startups are meant to be founded by the elite".

Suggestions (Top-Voted Ideas)

Establishing a live-work startup village for founders, investors and talent

5.5.7 Participants proposed a live-work community akin to life in a university dorm with below-market rate housing, shared services and programming around mentorship, among other things. This innovation village would act as an incubator for startups and encourage innovation and mentorship, with day-to-day cost pressures alleviated. It should not be an "air-conditioned", safe incubator but one that strengthens its members to compete globally from the get-go.

5.5.8 A key point that emerged in the discussion was the membership criteria. Participants discussed whether such this startup village should adopt a narrow or broad criteria for selection. Should it only admit startups with the highest potential — leading to a more competitive ecosystem — or should it be more inclusive, lower barriers to entry, allowing for failure to be part of the ecosystem? For instance, if the "top startups" were admitted just on the basis of their ability to secure funding, would that be a strong enough indicator of innovation, potential value as well as value system? Would lowering the barriers to entry lead to a high noise to signal ratio, admitting those unwilling to do their own work and perform their own research and wasting the village's limited resources and mentorship to start businesses that may not succeed?

5.5.9 Discussion turned towards the composition of the startup village. Participants noted that it cannot comprise only young startup founders, but should also include VCs, technicians and engineers, as well as mid-career converters who are looking into creating businesses or joining startups. Participants stated, however, that mid-career converters should bank on their experience and existing business networks instead of taking up entirely new roles that fresh university graduates are constantly being trained for.

5.5.10 A pitfall raised by participants was the high cost of everything in Singapore that would make sustaining a low-cost startup village difficult. These costs have driven some startup founders to leave Singapore and have their base of operations overseas, with most opting to go to Johor or Kuala Lumpur in neighbouring Malaysia.

---

[9] Startup SG, "Startup SG Founder Programme", n.d., https://www.startupsg.gov.sg/programmes/4894/startup-sg-founder

5.5.11 Another pitfall that participants envisioned was the perennial issue of talent and manpower. Participants posited that universities in Singapore tend to produce excellent professionals, but these professionals lack the entrepreneurial and risk-taking mindset. Young founders are likely to struggle to navigate the startup ecosystem even with assistance from the startup village. This is where diversity and networking across sectors are critical factors in the success of such a commune.

Revamping government schemes to align with SME outcomes and needs

5.5.12 The participants did a radical thought experiment: What if agencies that facilitate entrepreneurship currently like Enterprise Singapore (ESG), Action Community for Entrepreneurship (ACE) did not exist? Some startups that depend heavily on government support and funding would quickly dissolve. What if the government transformed its support to providing joint projects and procurement opportunities instead? Would that afford startups with more viable revenue streams and greater sustainability?

5.5.13 One hypothesis was offered: If technocrats and government bodies became minimally involved or not involved at all in the design of schemes, grants for startups and “picking the winners,” perhaps a more diverse base of startups including those that might not seem highly profitable at first glance, on the other hand, might have a chance to thrive. They would have a greater chance of getting to market and proving themselves there.

5.5.14 Returning to reality, the consensus was that policymakers involved in designing business grants and schemes should find ways to engage startup founders and businesspeople more closely, to have a better, on-going basis to understand them and what they need. This could be done through a sort of “town council” or a “municipal services office” that could not only facilitate the feedback process. This could provide a touchpoint for startup founders to get help where required, for instance, with meeting compliance requirements. Grant application processes could be simplified, with these “town councils” or “municipal services offices” providing guidance. In addition to that, even people in the business community — be it experienced founders, senior managers, private equity investors and VCs with experience of funding startups — could be trusted to be more involved in deciding on the recipients of grants and schemes.

5.5.15 The discussion also explored the alignment between the government’s and the business community’s metrics for determining the success of existing schemes. Participants noted that the government’s metrics are based on input — for example, the number of grants deployed — whereas startups should be held to criteria like whether grants and connections have successfully resulted in generating actual revenue for the startup, or if the startup has managed to successfully scale or expand overseas, or has learnt the lessons from its “smart failures”.

5.5.16 Participants also acknowledged that caution should be exercised in promoting such revamps as too large a scale of change could lead to confusion and anxiety about being able to access support. Reforms must be driven by strong and clear vision behind them, with constant reminders of what they were for in the first place.

6. RECOMMENDATIONS BY IPS

6.1 Across the four sessions as carefully set out above, the issues and ideas raised by the participants can be broadly summarised and clustered into the key areas below:

1. *Enable a more robust manpower and talent pipeline*
2. *Strengthen funding support for SMEs facing the "valley of death" problem*
3. *Strengthen support for SMEs for overseas expansion*
4. *Rethink, recalibrate and support recovery from "smart failures"*
5. *Foster greater collaboration, innovation and trust in the business innovation ecosystem*
6. *Rethink the value of SMEs to Singapore*

6.2 The IPS research team developed a set of seven recommendations to address the six issue areas that emerged from the CDDs. There are two recommendations to address the fifth issue area. At a glance, the references for the issue areas and recommendations in the report can be found in this table:

Issue Area	**Recommendation**	**References in the Report**
Area 1: Enable a more robust manpower and talent pipeline	Recommendation 1: Strengthen SME talent pipelines through stronger IHL and industry linkage and by promoting mid-career "golden internships"	5.3.6 to 5.3.9; 5.3.26 5.4.15 to 5.4.18 5.5.1; 5.5.11
Area 2: Strengthen funding support for SMEs facing the "valley of death" problem	Recommendation 2: Strengthen funding support to bridge the worsening post-startup "valley of death" problem	5.4.9 to 5.4.11 5.5.2 to 5.5.6
Area 3: Strengthen support for SMEs for overseas expansion	Recommendation 3: Enhance business matchmaking and advisory support for SMEs in overseas markets	5.2.2; 5.2.15 to 5.2.19

Area 4: Rethink, recalibrate and support recovery from "smart failures"	Recommendation 4: Establish a "business trampoline" to support recovery from "smart failures"	5.2.7 to 5.2.8 5.4.19 to 5.4.21
Area 5: Foster greater collaboration, innovation and trust in the business innovation ecosystem	Recommendation 5: Promote the routine use of NDAs to strengthen trust within the innovation ecosystem and foster collaboration	5.4.12 to 5.4.13
Area 5: Foster greater collaboration, innovation and trust in the business innovation ecosystem	Recommendation 6: Develop a live-work innovation village with wrap-around services	5.2.3; 5.2.4 to 5.2.6; 5.2.10 to 5.2.11; 5.2.14 5.3.1 to 5.3.2; 5.3.12 to 5.3.18; 5.3.21 to 5.3.22 5.4.2 to 5.4.6; 5.4.11; 5.4.19 to 5.4.21 5.5.1; 5.5.7 to 5.5.11; 5.5.14 to 5.5.15
Area 6: Rethink the value of SMEs to Singapore	Recommendation 7: Broaden the measures of value of Singapore's entrepreneurs and enterprises	5.3.2 5.4.4; 5.3.19 to 5.3.20; 5.3.23 to 5.3.24 5.4.8

Recommendation One: Strengthen SME talent pipelines through stronger IHL and industry linkage and by promoting mid-career "golden internships"

6.3 This addresses area one: enable a more robust manpower and talent pipeline.

6.4 Key issues identified include SMEs' difficulty in attracting and retaining talent due to the perception of SMEs as stepping stones for younger workers towards bigger companies, and readiness gaps among young talent — such as the inability to innovate, creatively solve problems and operate in uncertain environments. Young entrepreneurs also lack a "hustle" mentality and an appropriate risk appetite that is required of startup founders despite their strong creative ability. Additionally, those seeking to be entrepreneurs at the mid-career stage struggle to access support to change their career pathways.

6.5 Internships should be more emphatically positioned as a strategic talent pipeline to address local SME talent gaps by strengthening collaboration between IHLs and SMEs. There was a broad perception among the participants that students prefer to aim for internships at multinational corporations, while local SMEs have fewer resources to attract and recruit students. Thus, this is an appeal to redouble efforts to make it possible for SMEs to have their fair share of young local talent, while also expanding internship opportunities to include mid-career professionals seeking to transition into creating or working for start-ups and SMEs.

6.6 For students, SMEs should be supported to offer more structured internships that provide meaningful learning and clearer career pathways to transition into full-time engagement and employment, rather than as just short-term labour. This can improve SMEs' attractiveness as employers and strengthen their ability to recruit and retain early-career talent. Internships can also function as a symbiotic exchange, where students contribute knowledge on emerging technologies and new practices from IHL curricula to SMEs, while industry exposure helps students and educators better understand evolving business needs and real-world relevance of what they are learning, which is fed back into teaching in the IHLs. Stronger IHL–industry coordination can create synergies and a virtuous cycle that enhances workforce readiness while strengthening SME capabilities.

6.7 Larger firms could also play a complementary role by partnering with government agencies and IHLs to co-develop sector-specific training programmes for students. Such collaborations could generate synergies within industry ecosystems that allow skills and knowledge to circulate across firms, strengthening the collective talent pipeline that benefits both large corporations and SMEs.

6.8 Additionally, a programme or national movement to promote "golden internships" could be created for mid-career professionals interested in gaining exposure to start-up and innovative SME environments. These attachments would allow experienced professionals to exercise greater agency in charting their career pathways. They should be viewed as contributing their deep industry experience in operational and strategic areas albeit within remuneration levels aligned with the resource constraints of these smaller companies at their stage of growth. The concept of being offered equity as compensation could be promoted further should the senior interns decide to take on permanent posts.

6.9 In this regard, existing government-supported, mid-career attachment programmes, such as the Mid-Careers Pathways Programme, could be expanded beyond established industry roles to include start-ups.[10] While SMEs are already eligible to participate, the government could consider co-funding more than the current 70 per cent of the training allowance for SMEs,

[10] See Workforce Singapore, "Mid-Career Pathways Programme for mature mid-career individuals", 27 November 2025, https://www.wsg.gov.sg/home/individuals/attachment-placement-programmes/mid-career-pathways-programme-for-mature-mid-career-individuals

given that smaller firms often face greater difficulty attracting and compensating highly skilled mid-career talent.

6.10 As a testing and training ground, such programmes enable SMEs to assess fit while supporting mid-career transitions. This facilitates intergenerational knowledge exchange and increases their access to experienced talent, creating a more symbiotic, more resilient SME talent pipeline.

<u>Recommendation Two</u>: Strengthen funding support to bridge the worsening post-startup "valley of death"

6.11 This addresses area two: strengthen funding support for SMEs.

6.12 Key issues identified include narrow financing options for SMEs, lack of longer-term financing options for startups to bridge past the "valley of death" — an issue worsened by investors' dwindling risk appetites, startup fraud cases and an increasingly demand startup ecosystem. Additionally, existing funding programmes seem limited and inaccessible to startup founders.

6.13 Across a few sessions, participants identified a funding gap after the initial startup phase where SMEs struggle to secure sufficient follow-on financing needed to scale. This "valley of death" can constrain growth and compel SMEs to sell prematurely rather than develop into larger local enterprises in their own right. This would be critical for Singapore — to have a more diverse and therefore resilient enterprise scene over a large range of sectors.

6.14 This challenge was also recognised in the Budget 2026 announcement, where Prime Minister and Finance Minister Lawrence Wong noted that growth-stage capital has tightened, making it harder for firms to secure the larger, longer-term financing needed to scale. In response, the government committed an additional S$1 billion to the Startup SG Equity Scheme, expanding its scope beyond early-stage funding to support growth-stage firms in deep-tech sectors such as advanced manufacturing, robotics, AI, and quantum technologies.

6.15 Beyond deep-tech, government support could place greater emphasis on identifying and supporting promising SMEs that have demonstrated traction and growth potential in a broader range of sectors. This could create synergies between different segments of Singapore's enterprise ecosystem and allow SMEs to serve a wider range of markets across the globe, including businesses where Singaporeans have enjoyed rich knowledge and strength over the decades even if they are in mature sectors.

6.16 Incorporating experienced business leaders into evaluation and advisory roles could further improve funding decisions by ensuring commercial viability is assessed alongside government accountability for public funds. This would also strengthen systems of alternative micro-financing platforms, such as Funding Societies, which connect SMEs seeking financing with individual or institutional investors. These have emerged as important sources of capital for firms that face barriers to traditional bank lending due to limited credit history or higher perceived risk.

6.17 The Enterprise Financing Scheme provides loans including green loans, working capital loans, and venture debt loans, with the government sharing up to 50 to 70 per cent of loan default risk, which helps reduce lenders' exposure and supports continued financing to SMEs. SME Centres situated across the island could provide better guidance to help founders understand these financing options and prepare loan applications. Increasing awareness and accessibility of these schemes could further enable promising SMEs to secure the financing needed to scale and bridge this "valley of death".

6.18 To maintain integrity in the system but also tap as large a pool of experienced businesspeople in this, there should be clear protocols for them to declare their interests and to avoid conflicts of interest, for transparency and accountability. It should also allow for flexibility for those involved to become investors, at which point, a decision can be taken on whether they should stand down to avoid conflicts of interest. It should be considered a positive or natural development for those on judging panels to decide to take direct interests in companies that are being supported.

Recommendation Three: Enhance business matchmaking and advisory support for SMEs in new overseas markets

6.19 This addresses area three: strengthen support for SMEs for overseas expansion.

6.20 Key issues identified include logistical complexities, difficulties in building trusted networks and high compliance costs when expanding overseas. Strengthening cross-border collaboration and regionalisation is seen as critical, given Singapore's small domestic market; but businesses face difficulties identifying reliable partners and services overseas, where stronger coordination and support are needed to enable SMEs to grow and compete internationally. Additionally, participants noted SMEs from countries such as Japan benefit from more concessionary financing for overseas expansion, while Singapore SMEs rely on commercial funding, suggesting a need for more competitive financing support.

6.21 To support SMEs entering regional and emerging markets, Enterprise Singapore's overseas centres could be strengthened by facilitating access to experienced business leaders and shared professional services.

6.22 Enterprise Singapore currently operates centres to support local enterprises going global in China, Indonesia, Vietnam and Thailand, for instance, staffed with in-market advisors who provide market intelligence and business matching support, helping Singapore SMEs navigate unfamiliar operating environments and reducing entry risks.

6.23 Building on this, SMEs could also be paired with experienced Singaporean business leaders who have successfully expanded into these markets. This would create symbiotic relationships between seasoned entrepreneurs and expanding SMEs, allowing SMEs to tap practical experience and networks, while enabling seasoned entrepreneurs to mentor the next generation, give back to the ecosystem and strengthen industry linkages. Creating such networks systematically and making them accessible, via the Enterprise Singapore ecosystem is what is new. It helps Singapore firms "hunt in packs" as firms from many other countries do.

6.24 Additionally, these overseas centres could be strengthened with access to in-house professional services including legal, accounting and strategic support suited to meet compliance requirements in those markets, which may otherwise be prohibitively costly for SMEs operating on their own.

6.25 Together, these measures should enhance ecosystem-level support for SMEs to scale beyond Singapore's domestic market. Riding on this, loan schemes by Singaporean banks can be crafted to privilege firms that are supported, matching the lower risk profile with better loan terms for overseas expansion, after conducting their own due diligence. These are ways to create greater synergies across Singapore ecosystem even in the internationalisation effort.

Recommendation Four: Establish a "business trampoline" to support recovery from "smart failures"

6.26 This addresses area four: rethink, recalibrate and support recovery from "smart failures".

6.27 Key issues identified include participants' lack of knowledge of existing safeguards and recovery options for businesses that fail, and the lack of legal and reputational distinction between smart failures and preventable, wasteful failures. Additionally, participants also highlighted the normalisation of failure elsewhere as compared with Singapore and how failure should be celebrated for the lessons it provides.

6.28 Participants noted that current bankruptcy and financial reporting processes can make it difficult for entrepreneurs to recover from business failure, as past records continue to affect investor confidence and access to financing. This contributes to a more risk-averse environment than necessary, and discourages entrepreneurial activity.

6.29 To address this, Singapore's existing insolvency frameworks could be further strengthened to better support business rehabilitation and distinguish genuine business failures from innovation than those involving mismanagement, misconduct and problems arising from business partners.

6.30 Singapore introduced the Simplified Insolvency Programme (SIP) during the Covid-19 pandemic and has since made it permanent, providing micro- and small companies with a simpler, cost-effective pathway to restructure debts and rehabilitate viable businesses. As aforementioned, the SIP was revamped and relaunched as SIP2.0 on 29 January 2026 with simplified processes.[11] This needs better publicity.

6.31 To strengthen existing restructuring frameworks, Singapore could consider establishing a specialised business court that complements the work of insolvency practitioners. This could incorporate intermediary review panels comprising experienced business leaders who provide commercial perspectives alongside legal assessments to better evaluate rehabilitation potential and distinguish genuine business failures from misconduct.

6.32 By combining legal oversight with business expertise, the process could enable viable entrepreneurs to restructure more effectively and achieve quicker re-entry into the ecosystem, fostering a more resilient enterprise landscape. SMEs that have successfully undergone restructuring could also be formally recognised, helping to signal credibility and renewed viability to potential investors.

---

[11] For further information about Singapore's existing insolvency and bankruptcy programmes, as well as a more detailed comparison with Chapter 11 in the US, refer to Appendix A.1.

6.33 Upstream, better outreach and early intervention efforts, such as automatic referrals through financial institutions and SME Centres, could also improve awareness and timely uptake of debt restructuring support.

Recommendation Five: Promote the routine use of NDAs to strengthen trust within the innovation ecosystem and foster collaboration

6.34 This addresses area five: foster greater collaboration, innovation and trust in the business innovation ecosystem.

6.35 Key issues identified include the perceived lack of collaboration, community building and mutual support among local entrepreneurs. Participants expressed desire for increased mentorship opportunities, enhanced SME-to-SME networks, as well as partnership opportunities between SMEs and major conglomerates. To do so will require enhanced trust measures. Additionally, participants expressed the desire for shared services and a dedicated MSO that will allow greater support for regulatory and compliance processes. Bringing these key issues together, the participants suggested a live-work ecosystem that can bring together a collaborative and innovative environment with easily accessible support services.

6.36 Uncertainty over IP protection at early stages before proof of concept can discourage potential founders and SMEs from sharing ideas with potential investors or public agencies, which may then limit firms' willingness to seek funding or collaboration, slowing innovation.

6.37 To address this, the use of NDAs should be promoted as standard, routine business practice. In ecosystems such as Silicon Valley, NDAs are commonly used even at preliminary stages, with founders and investors often formalising confidentiality and recognition of IP before substantive discussions take place.[12]

6.38 By establishing clear expectations around confidentiality, ownership or partnership in idea-generation, NDAs enable firms to exercise greater agency while safeguarding proprietary knowledge. This fosters synergies between innovators and investors, enabling more open exchange without undermining trust.

6.39 Promoting wider awareness and adoption of NDAs through SME Centres or the proposed SME "municipal services office", alongside guidance on when and how to use them, could help to foster a more trusted innovation ecosystem.

Recommendation Six: Develop a live-work innovation village with wrap-around services

6.40 This addresses area five: Foster greater collaboration, innovation and trust in the business innovation ecosystem.

6.41 Throughout the series of discussions, participants expressed a desire for greater support among local businesses for enhanced collaboration.

[12] For further information about NDA usage elsewhere and a comparison to prevailing practices in Singapore, refer to Appendix A.6.

6.42 To this end, a live-work innovation village could be established with the input from multiple parties and stakeholders in designing it. This village could “house” startup founders, investors, technicians and innovators, and would be a platform for innovative and collaborative circles to grow. Startup founders, second-generation entrepreneurs, and even entrepreneurs who have experienced failure can form circles and share their experiences, networks, resources, and other know-how.

6.43 Mid-career converters could use the village as a platform to bank on their experience and business networks and find new roles — for instance, as market entry consultants or as technical experts that provide advice on innovations. Importantly, the village would emphasise the goal of fostering technological and business innovation and be agnostic about whether it should promote innovation involving established technologies applied in new ways or emerging technologies, or new business models, for instance.

6.44 The village could curate workshops, regular engagement sessions and other collaborative events which members of parts of the business ecosystem can attend. Whilst the public could access the village, investors could drop in to look for potential investees. Usage of the village’s facilities and resources could be prioritised for full members and associates of it. The SME “municipal services office” could be located there to provide a continuous contact point between government enterprise support systems with founders and their staff and wrap-around services for startups.

6.45 Membership could also be offered to those facilitating and running the village — technocrats, civil servants, senior businesspeople alike — on the condition that transparent declarations of their involvement and any conflicts of interest are made beforehand. This would allow even those that are part of the Establishment to get involved in the ideas they funded or supported, but in a fully transparent and accountable manner.

6.46 Finally, the innovation village should focus on problem statements, encouraging businesses, philanthropists and investors alike to come together to find solutions to major problems that are likely to emerge in the coming years. This could include issues surrounding health and livelihoods that are part of the priority list of say the national Research, Innovation, Enterprise 2030 plan or those listed in the Budget 2026. Members could be firms working towards social good also, anchoring not just a “we-first” ecosystem but also placing these businesses at the heart of Singapore’s “we-first” society.

6.47 Whilst hubs like Block71 Singapore currently exist and are designed to provide an innovation and co-working hub for businesses, these hubs do not provide an always-on live-work environment. Such live-in arrangements can foster the entrepreneurial spirit as a community. Living spaces at the village are essential to the always-ongoing process of entrepreneurship and collaboration and thus should be a key fixture in these hubs to encourage ongoing collaboration and innovation. Moreover, the real estate of the hub must also be attractive to encourage people to live, work, and innovate in the village. As such, the startup and innovation village has to go beyond what hubs like Block71 currently provide for an even more vibrant, collaborative, and innovative commune that never sleeps.

<u>Recommendation Seven</u>: Broaden the measures of value of Singapore's entrepreneurs and enterprises

6.48 This addresses area six: Rethink the value of SMEs to Singapore.

6.49 Key issues identified were a narrow definition of value in current funding frameworks which tend to prioritise early traction and scalability, while overlooking other important contributions such as job creation and business diversification, as well as a perceived misalignment between government and business metrics of success, with a need to shift from input-based measures, like number of grants deployed, to outcome-based indicators, such as generating revenue, scaling successfully, and learning from failure as part of the entrepreneurial journey.

6.50 A common viewpoint shared by the participants is that there is a need to scale widely for success. However, companies of all sizes and in all sectors help keep the Singapore business ecosystem unique and have value in providing employment opportunities and intangible payoff from representing how the country allows people to pursue their passion and exercise creative talent.

6.51 Experienced businesspeople such as mid-career workers and former managers of multinational corporations may find more value and generate greater profit in leading the charge overseas if they could be matched with startups wishing to scale up. This provides the middle-aged and young seniors opportunities to do new things based on their strengths.

6.52 A general recommendation is that rather than fixating on hyper-scaling as a measure of success, entrepreneurs can instead find value in sustaining livelihoods, selling values and not merely the tangibles, promoting their brand identity or even the Singapore brand. Similarly, government-related organisations facilitating enterprise schemes, grants and solutions could find ways to reflect the role of such values in the design of grants and schemes, thus making grants and schemes more impactful for Singapore and its business community at large.

Dr Faizal Yahya and Dr Gillian Koh are Senior Research Fellows and Cassandra Ho and *Sharanya Shanmugam are Research Assistants at IPS. In addition to them, these discussions were also facilitated by other members of the IPS Governance and Economy Department: Cheyenne Chang, Eddie Choo, Tristan Groleau, Jayden Ho, Serene Ho and Joshua Sim, Associate Director of the Institute. The adviser to the project was IPS Adjunct Senior Research Fellow Mr Manu Bhaskaran. The adviser to the facilitation process was Mr Nicholas Thomas, Research Fellow, IPS Policy Lab.*

*****

NUS National University of Singapore | IPS Institute of Policy Studies

APPENDICES

Appendix A

A.1 Chapter 11 bankruptcy laws in the United States

Description

A case filed under Chapter 11 of the United States Bankruptcy Code is typically referred to as a "reorganisation" bankruptcy. It is used to restructure distressed businesses, rather than proceeding immediately to liquidation. These businesses may be corporations, sole proprietorships, or partnerships. Usually, the debtor remains “in possession” and has the powers and duties of a trustee, may continue to operate its business, and with court approval, even take fresh loans, unless a different trustee is appointed. The process is that a plan of reorganisation is first proposed, then creditors whose rights are affected may vote on the plan. The plan may subsequently be confirmed by the court if it gets the required votes and satisfies certain legal requirements.

How it works and why it matters?

A bankruptcy petition under Chapter 11 “operates as a stay, applicable to all entities”. It acts as immediate legal protection once a firm enters financial distress. This preserves space for reorganisation to proceed under court supervision, rather than allowing creditor action to force immediate dissolution. Business failure is therefore not viewed as a terminal outcome but rather, a condition from which recovery may still be pursued.

Section 1129 sets out a formal route through which a distressed firm may move forward from failure: “The court shall confirm a plan only if all of the following requirements are met” such as “the plan complies with the applicable provisions”; “the proponent of the plan complies”; and “the plan has been proposed in good faith and not by any means forbidden by law.”

Section 1129 further provides confirmation where “the plan does not discriminate unfairly and is fair and equitable” even where an impaired class has not accepted the plan. This further enforces the practical viability of reorganisation where creditor interests are divided. This reduces the likelihood that recovery is foreclosed simply because unanimity is absent.

Hence, Chapter 11 addresses the recovery gap identified by participants, who described a lack of safeguards and recovery options for businesses that fail and are then forced to declare bankruptcy in Singapore. However, there may also be a knowledge gap to be bridged if we consider the prevailing provisions in the restructuring and insolvency ecosystem that was refreshed with the promulgation in 2018 of the Insolvency, Restructuring and Dissolution Act and its implementation in July 2020.

Comparison with prevailing practices in Singapore

Singapore’s insolvency framework distinguishes between bankruptcy and corporate restructuring. On the bankruptcy side, “bankruptcy is a legal process involving an individual or firm that is unable to repay any outstanding debt of at least $15,000”. Either the debtor or the creditor can file a bankruptcy application in the “General Division of the High Court”, and once a person or firm is declared bankrupt, “their property will be vested in a court-appointed trustee, who will manage the bankrupt's financial affairs." The Insolvency Office similarly states that "A Bankruptcy Application is filed in the High Court by either the debtor or a creditor," where "the debtor owes debts of at least $15,000 which he cannot repay," after which "the High Court may then declare him a bankrupt at the court hearing."

In proposing the Insolvency, Restructuring and Dissolution Bill before it was passed in 2018, Singapore's Second Minister of Law, Edwin Tong stated that the bill was proposed as it "further strengthens our debt restructuring regimes for the rehabilitation of companies in financial distress, while including appropriate safeguards to balance the interests of stakeholders." It also states that clause 70 empowers the Court to approve a scheme of arrangement "despite there being dissenting classes of creditors, provided that the scheme is fair and equitable to the dissenting class." For judicial management, the clause 94 acts as "a new tool which seeks to allow a company to place itself into judicial management provided the creditors agree to it," with an aim "to minimise the expense, the formality and the delay" and to allow the company "to focus its resources on rehabilitation." For smaller firms, the Simplified Debt Restructuring Programme (SDRP) is "a simplified version of the existing debt restructuring tools in the market (i.e. Judicial Managements and Schemes of Arrangement)" and is directed at the "restructuring of debts and potential rehabilitation of viable businesses."

Compared with Singapore, Chapter 11 presents a more unified and transparent recovery pathway. In the US, Chapter 11 "generally provides for reorganization"; a debtor "usually proposes a plan of reorganization to keep its business alive and pay creditors over time"; the debtor usually "remains 'in possession'" and "may continue to operate its business"; and the filing itself "operates as a stay, applicable to all entities." The Singapore framework, on the other hand, is more segmented across bankruptcy, schemes of arrangement, judicial management, and the SDRP.

On the bankruptcy side, once a person or firm is declared bankrupt, its property is "vested in a court-appointed trustee."

On the restructuring front, Minister Tong stated that Singapore "further strengthens our debt restructuring regimes for the rehabilitation of companies in financial distress," that a scheme may be approved subject to it be found to be "fair and equitable to the dissenting class," and that judicial management reforms were introduced to "minimise the expense, the formality and the delay." The SDRP is likewise described as "a simplified version of the existing debt restructuring tools" aimed at the "potential rehabilitation of viable businesses." The contrast therefore lies in the fact that Chapter 11 packages reorganisation, continued operation, debtor control, stay protection, and plan confirmation within one widely recognised framework, whereas Singapore's recovery process appears more dispersed across separate processes.

Sources

[United States Courts. (n.d.). *Chapter 11 - Bankruptcy basics*.
https://www.uscourts.gov/court-programs/bankruptcy/bankruptcy-basics/chapter-11-bankruptcy-basics]

11 U.S. Code § 362 – Automatic stay https://www.law.cornell.edu/uscode/text/11/362

11 U.S. Code § 1129 – Confirmation of plan
https://www.law.cornell.edu/uscode/text/11/1129

Singapore Courts, Bankruptcy https://www.judiciary.gov.sg/civil/bankruptcy

Ministry of Law / Insolvency Office, General Information on Bankruptcy
https://io.mlaw.gov.sg/bankruptcy/permalink

Ministry of Law / Insolvency Office, Simplified Insolvency Programme 2.0 FAQ
https://io.mlaw.gov.sg/files/SIP%202_0/SIP_1_FAQ.pdf

Ministry of Law, Second Reading Speech by Senior Minister of State for Law, Mr Edwin Tong, on the Insolvency, Restructuring and Dissolution Bill
https://www.mlaw.gov.sg/news/parliamentary-speeches/second-reading-speech-sms-edwin-tong-insolvency-omnibus-bill/

A.2 SME lending for overseas ventures for Japanese enterprises

Description

SMEs and micro/small businesses play a central role in Japan's economy. Japan Finance Corporation (JFC) is a policy-based financial institution that supports the growth and development of SMEs and micro/small businesses through loan and credit insurance programmes, including support for overseas expansion.

How it works and why it matters?

The Japan Financial Corporation (JFC) is a government-affiliated financial institution that offers specialised loan programs, including low-interest, unsecured, and non-guaranteed options for small and medium-sized enterprises (SMEs), startups, and agricultural businesses. They offer specialised loans for women, youth, and seniors, acting as a crucial funding source that complements private banks. It provides the dedicated Funding for Overseas Expansion and Business Restructuring Scheme for SMEs. This scheme supports SMEs attempting to expand overseas or SMEs aiming to restructure existing overseas operations. Under it, eligible firms may receive funding of up to 1.44 billion yen (S$11.5 million) in direct loans and 120 million yen (S$965,000) for agency loans. It provides repayment periods of up to 20 years for loans to purchase equipment and 10 years for working capital loans, with two-year grace periods each. However, in the case of unforeseen developments, both loans can have their grace period extended to five years.

JFC's standard base interest rates for SMEs (apart from overseas expansion) range from 1.65% to 3.40% depending on the loan period (from under five years to under 20 tears) and assessment of credit risk. The late payment penalty rate is 8.7%.

This structure and low interest rates may suggest that Japan's SME expansion environment is more structured and concessional. This highlights how SME internationalisation in Japan is not solely reliant on commercial lending; firms have reliable alternative ways to secure funding.

In November 2024, JFC signed a partnership deal with Singapore's DBS Bank. Japanese SMEs can tap into DBS' regional footprint and deep local expertise across the bank's six core markets in North Asia, South Asia and Southeast Asia. It should help the Japanese firms gain access to DBS' suite of innovative financial solutions, including digital cross-border payment capabilities and trade financing, as well as its ecosystem of professional services providers offering legal, accounting and human resource support.

To further facilitate their expansion, JFC will extend standby letters of credit, which will enable Japanese SMEs' local subsidiaries to secure long-term, local currency-denominated funding. Under this programme, JFC's standby letter of credit acts as a guarantee, facilitating smooth access to funds through DBS. Together, this partnership was designed to the presence for Japanese SMEs across the region.

Comparison with prevailing practices in Singapore

One key grant that Singapore SMEs can tap on is the Market Readiness Assistance which will be enhanced in Budget 2026. This grant helps firms that are venturing into overseas market cover the costs of activities such as overseas market promotion, business development, and set-up costs like overseas incorporation, IPS protection and trade credit insurance. This help covered 50% of eligible costs capped at $100,000 per firm per new market, but from 1 April, it would rise to 75%.

In terms of schemes that are close to what participants mentioned, like the JFC, there is a government-backed financing support for SME internationalisation under the statutory board, Enterprise Singapore. The Enterprise Financing Scheme – Project Loan (EFS-PL) supports firms undertaking secured overseas projects, the Enterprise Financing Scheme – SME Fixed Assets Loan (EFS-FA) supports investment in domestic and overseas fixed assets and the Enterprise Financing Scheme - Trade Loan (EFS-TL) supports enterprises with trade financing requirements. This support is primarily in the form of risk-sharing of loans taken from participating, commercial financial institutions.

The EFS-PL helps enterprises finance secured overseas projects. Eligible firms may obtain supportable loans such as working capital loans, fixed assets such as buildings and machinery loans, and guarantees related to overseas projects. The maximum loan quantum for the EFS-PL is S$50 million per borrower for overseas projects with an overall loan exposure limit of S$50 million per borrower group across all facilities.

The EFS-FA helps enterprises finance equipment and machinery for automation and upgrading, as well as the purchase or construction of government- and commercial-built factories and business premises, including both new and resale assets. The maximum loan quantum for the EFS-FA is S$30 million per borrower also with an overall loan exposure limit of S$50 million per borrower group across all facilities

The EFS-TL helps enterprises finance overseas working capital, structured pre-delivery working capital, and other trade needs. It has a maximum loan quantum of $10 million per borrower, $20 million for borrower groups, and $50 million per borrower group across all facilities. It however offers a shorter repayment period of 1 year; borrowers remain responsible for repaying 100% of the loan amount.

The financing structure of EFS-PL, EFS-FA and EFS-TL differs significantly from JFC's. Enterprise Singapore's risk share is generally 50% but may rise to 70% for young enterprises—firms formed within the past five years, with at least one employee and more than 50% equity owned by individuals—or firms operating in challenged markets—countries with an S&P rating of BB+ or below, including non-rated countries.

Furthermore, interest-rate structures also differ significantly. Unlike Japan's scheme-specific capped rates, interest rates under Singapore's EFS-PL and EFS-FA are subject to participating financial institutions' assessment of the risks involved. While not explicitly mentioned by these financial institutions, interest rates quoted tend to be higher than that in Japan. For example, OCBC offers SME business loans, with interest rates ranging from 7-11% p.a.

Enterprise Singapore also has an Enterprise Financing Scheme - SME Working Capital Loan (EFS-WCL) helps SMEs finance their operational cashflow needs up to $500,000 per borrower at the maximum repayment period of five years. Borrowers are subject to an overall borrower group limit of S$5 million for EFS-WCL. In addition, there is an overall loan exposure limit of S$50 million per borrower group across all facilities.

JFC offers direct loans with a more clearly structured and potentially more concessionary interest-rate framework in its overseas expansion scheme. It is why participants noted that SMEs from Japan among others, can be more competitive when operating in overseas markets that Singapore SMEs want to move into also. Singapore SMEs rely primarily on commercial funding at interest rates calculated on the basis of size and track record that will not put them at any advantage but can benefit from the risk-sharing schemes of Enterprise Singapore. Fundings schemes would have to improve markedly for them to help Singapore companies to be competitive overseas.

Sources

DBS. "DBS and Japan Finance Corporation partner to strengthen business connectivity between Japan and rest of Asia". 27 Nov.2024. https://www.dbs.com/newsroom/DBS_and_Japan_Finance_Corporation_partner_to_strengthen_business_connectivity_between_Japan_and_rest_of_Asia

Enterprise Singapore. "Enterprise Financing Scheme – Project Loan." https://www.enterprisesg.gov.sg/financial-support/enterprise-financing-scheme---project-loan?

Enterprise Singapore. "Enterprise Financing Scheme – SME Fixed Assets Loan" https://www.enterprisesg.gov.sg/financial-support/enterprise-financing-scheme---sme-fixed-assets

Enterprise Singapore. "Enterprise Financing Scheme – SME Working Capital Loan" https://www.enterprisesg.gov.sg/financial-support/enterprise-financing-scheme---sme-working-capital

OCBC "SME business loans." https://www.ocbc.com/business-banking/articles/sme-loans-singapore-guide

Japan Finance Corporation. "海外展開・事業再編資金" (Funding for Overseas Expansion and Business Restructuring). https://www.jfc.go.jp/n/finance/search/kaigaitenkai_t.html

Japan Finance Corporation. "基準利率一覧表" [Base Interest Rate Table] https://www.jfc.go.jp/n/rate/base.html

A.3 Israel's Yozma Group

Description

The Yozma Group was a government programme to drive venture investments in Israel, established in 1993 and privatised in 1997. As a government programme, its objective was to deal with specific system failures of the entrepreneurship process – the early-stage equity gap and the lack of complementary assets and skills in entrepreneurial firms to grow after the product development phase. The former Chief Scientist of Israel's Ministry of Industry and Trade who founded the group, Yigal Erlich, believed the missing link was marketing and management skills together with stronger VC activity. At the time, there were only two or three VCs in Israel, and it was clear that the total capital available and the scope of VC activity were inadequate to support startup growth, nationally. The Yomza model thereby addressed more than just seed funding by helping to build the capabilities, investor relationships, and downstream financing structures needed for firms to scale after the earliest stage.

This strategic move transformed Israel's economic landscape, fostering a robust high-tech sector and earning the nation the moniker "Startup Nation." It has more Nasdaq-listed companies in its portfolio than any country barring US and China. It has more venture capital per capita and more startups than any other country in the world.

How it works and why it matters?

The Israeli government initially invested US$100 million to set out the Yomza Fund, which was tasked with investing in ten private, early-phase VC Funds, as well as investing in high tech companies. These funds had the obligation to invest in Israeli start-ups and early-stage companies, each of which included Israeli partners and a reputable foreign VC investor. The government retained a 40% equity stake in the funds which the private partners had the option to buy out after five years if the fund was successful.

The total capital raised by Yozma funds was US$263 million (of which US$100 million was from the government) which was invested in 164 startup companies. Eventually, these funds had an exit rate, be it via IPO or M&A, of 56%, far higher than the "regular VC exit rate" of around 27% at that time. These significant rates of return of the Yozma funds are testament to both the very supportive environment that existed when the programme was implemented and the successful design and application of it.

Another indication of Yozma Funds' success in triggering growth of the industry is its expansion, which took the form of Yozma "follow up" funds. The total sums managed by this group was US$3.2 billion at the end of 2000 which was 54% of the total capital raised by the entire VC industry during the years 1993-2000.

The indirect impact includes the acceleration of startup formation and the rapid entry of non-Yozma related funds, triggered by the handsome profits obtained by Yozma Funds. New VC companies emerged. Together, this enabled a better exploitation of economies of scale in the domestic generation of non-traded (or partially non-traded) inputs to high tech. Over time, Israel's high-tech cluster became better integrated and increasingly capable of providing effective services to new startups, both through VC and through a gamut of other input and service suppliers.

Ultimately, Yozma was a successful policy with a significant impact. It is thought that market forces alone would have created a smaller VC sector and a slower growth of high-tech cluster.

Comparison with prevailing practices in Singapore

The closest comparison to the Yozma model in Singapore is the Startup SG Equity (SSGE), a scheme by Enterprise Singapore (EnterpriseSG) and Singapore Economic Development Board (EDB). Startup SG Equity was first implemented in 2017 to address early-stage funding gaps in local technology startups. It aims to stimulate private sector investments into innovative, Singapore-based technology startups with intellectual property and global market potential.

As part of the scheme, the government co-invests with independent, qualified third-party investors into eligible startups as well as selected venture capital firms, taking the fund-of-funds approach. According to Enterprise Singapore as of October 2024, close to S$3 billion has been invested in over 330 startups under the Startup SG Equity scheme. This includes more than S$2.5 billion in private sector funds. Singapore continues to lead Southeast Asia in venture funding, securing nearly 60% of the region's deal volume, with a total deal value of US$4.8 billion in 2024, with over 500 Venture Capitalists (VCs).

Sources

OECD, *Benchmarking Government Support for Venture Capital: Israel*, https://www.oecd.org/en/publications/benchmarking-government-support-for-venture-capital_82cd3fe1-en/israel_b5c8cc2e-en.html

Yozma Group, *Yozma*, https://www.yozmagroup.com/yozma.

Gil Avnimelech, *VC Policy: Yozma Program 15-Year Perspective*, SSRN, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2758195

OECD. Benchmarking Government Support for Venture Capital: Israel (PDF). https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/06/benchmarking-government-support-for-venture-capital-country-notes_2cacbf3f/israel_e79663e4/b5c8cc2e-en.pdf#:~:text=The%20role%20of%20the%20government%20in%20the,edition%20of%20the%20Yozma%20Fund%20(see%20below).

Enterprise Singapore. Startup SG Equity (media release, March 2026). https://www.enterprisesg.gov.sg/resources/media-centre/media-releases/2026/march/mr01026_startup-sg-equity

Enterprise Singapore. Startup SG Equity / SEEDS Capital. https://www.enterprisesg.gov.sg/financial-support/seeds-capital

Enterprise Singapore. Singapore ranks as 4th best global startup ecosystem (media release / PDF). https://www.enterprisesg.gov.sg/-/media/esg/files/media-centre/media-releases/2025/may/mr02125_singapore_ranks_as_4th_best_global_startup_ecosystem.pdf

Enterprise Singapore. Additional S$440 million in funding to drive growth of deep tech through partnerships with prominent global VCs (media release, October 2024). https://www.enterprisesg.gov.sg/-/media/esg/files/media-centre/media-releases/2024/october/mr04424_additional-s%24440-million-in-funding-to-drive-growth-of-deep-tech-through-partnerships-with-prominent-global-vcs.pdf

Singapore Economic Development Board (EDB). Additional S$440 million in funding to drive growth of deep tech through partnerships with prominent global venture capitals. https://www.edb.gov.sg/en/about-edb/media-releases-publications/additional-440mil-in-funding-to-drive-growth-of-deep-tech-through-partnerships-with-prominent-global-venture-capitals.html

Yahoo News Singapore. Singapore government continues Startup SG push, unveils. https://sg.news.yahoo.com/singapore-government-continues-startup-sg-push-unveils-startup-092355977.html

A.4 Hong Kong Science and Technology Parks Corporation

Description

The Hong Kong Science and Technology Parks Corporation (HKSTP) acts as an ecosystem builder, designed to help startups progress from early incubation to commercial scale. Its incubation programme provides technical, financial and mentoring support, enabling startups to develop their ventures while gaining “essential market know-how” and access to HKSTP’s exclusive network of “mentors, investors, business partners and potential clients.”

HKSTP’s objective is to take business ideas to the global marketplace, helping enterprises commercialise their innovations. The key point is that HKSTP provides a comprehensive support programme that includes “funding, mentorship, and access to premier research and development facilities,” serving startups “from conception to international expansion.”

It states that over 1,100 startups have been supported, while HK$12 billion of funding has been raised by companies associated with the park, 15 of its companies have moved into IPO status and it has facilitated many private and public sector partnerships.

How it works and why it matters?

The Ideation Programme is “a one-year pre-incubation initiative” and reportedly has admitted 702 startup units. Since its inception, it has produced “more than 1,600 graduates,” with “more than 240” advancing to later phases. The Incubation Programme equips startups with essential market know-how and exclusive connections with our strong network of mentors, investors, business partners, and potential clients. The Startups Co-development Programme provides startups with access to critical resources and opportunities of the ecosystem through leveraging the expertise of co-development partners and collaborators.

Two joint programmes with AWS were launched in 2023 in providing “technical training, business development and proof of concept development” to enhance growth potential.

The Elite Programme also supports companies through “product adoption, business matching.”

The Last-Mile Testing Programme seeks to “connect technology developers with end-users” and validate solutions in “real-world business environments before full deployment.”

Comparison with prevailing practices in Singapore

The main difference in Singapore is that there are several startup-incubation and ecosystem-building platforms spread across different institutions rather than concentrated in a single park authority.

BLOCK71 was an initiative of NUS Enterprise that acts as “a tech ecosystem builder and global connector” that catalyses and aggregates the start-up community, spearheads new initiatives and provides mentorship and growth opportunities in local and global markets. BLOCK71 locations provide “a physical locus for expanding start-ups to access new markets” while “leveraging NUS Enterprise’s global network of resources and contacts”. Entrepreneurs in the BLOCK71 are also meant to be able to enjoy support services from NUS Enterprise such as dedicated mentoring support, access to funding, exclusive networking opportunities and assistance to integrate into the local ecosystem seamlessly. This support puts start-ups, incubators, accelerators, and venture capitalists in the heart of an ecosystem that spurs innovation and collaborations.

Nearby, there is also LaunchPad @ One-North that has reportedly supported over 2,400 startups and hosts over 30 incubators, accelerators, and venture capital firms, reinforcing Singapore’s Hub and Home for AI. This initiative aims to foster “new partnerships” and create “pathways to scale.”

Additionally, the pilot phase for Kampong AI is set to begin in March 2026, acting as a one-stop platform that brings together local and international startup ecosystem players under one roof.

Sources

Hong Kong Science and Technology Parks Corporation (HKSTP). *Incubation Programme*. https://www.hkstp.org/en/programmes/incubation

Hong Kong Science and Technology Parks Corporation (HKSTP). Annual Report 2023/24.https://www.hkstp.org/-/media/corpsite/assets/publication/hkstp-annual-report_202324_english.pdf?hash=F8E7D3E569828AFD4E10BFCE617E8259&rev=f1318ed38cff41479b2de089a981bd26&

NUS Enterprise — BLOCK71 Global Incubation https://enterprise.nus.edu.sg/supporting-entrepreneurs/block71-global-incubation/

NUS Enterprise — NUS Enterprise's start-ups at BLOCK71 have contributed to almost a quarter of the start-up ecosystem's valuation in Singapore https://enterprise.nus.edu.sg/news/nus-enterprises-start-ups-at-block71-have-contributed-to-almost-a-quarter-of-the-start-up-ecosystems-valuation-in-singapore/

JTC — LaunchPad @ one-north https://www.jtc.gov.sg/find-space/launchpad--onenorth

JTC — LaunchPad https://www.jtc.gov.sg/find-land/jtc-key-estates/launchpad

JTC press release — JTC unveils refreshed masterplan for LaunchPad, including Kampong AI in LaunchPad @ One-North, Singapore's Hub and Home for AI https://www.jtc.gov.sg/about-jtc/news-and-stories/press-releases/jtc-unveils-refreshed-masterplan-for-launchpad

Enterprise Singapore press release — Stage One launched at One-North – A new campus for local and global startups https://www.enterprisesg.gov.sg/resources/media-centre/media-releases/2025/october/mr04925_stage-one-launched-at-one-north

A.5 Intellectual property banks in Taiwan and South Korea

Description

South Korea

Since 2013, SMEs in South Korea have been able to secure loans using just their intellectual property rights as collateral and this IP-finance framework for SMEs and startups has grown in sophistication. An APEC report states that "IP Mutual Aid" is managed by the Korea Technology Finance Corporation and that "over 10,000 SMEs have become subscribers," with subscribers able to borrow "up to five times the amount of money paid" when firms need funds "for IP applications or to respond to IP disputes." In this way, Korea's system is "transforming the paradigm of finance" toward IP-based finance for innovative SMEs and startups providing "a guarantee of KRW100 million per 1 patent" and "up to 5 patents and KRW500 million" provided to one company. The Korean Intellectual Property Office's 2023 annual report similarly refers to support for valuation costs for "IP-guaranteed loans, IP-backed loans and IP investment." Additionally, there is an Overseas IP Cooperation Division within the Korea Intellectual Property Protection Agency to offer responsive and tailored services for Korean businesses whether already abroad or planning to enter overseas markets. Most critically, there is support for small businesses with their patent disputes overseas through KIPO's IPS Centres.

How it works and why it matters?

The significance of South Korea's framework lies in the way IP is linked to financing, valuation, and dispute-response for SMEs and startups. The APEC report states that IP Mutual Aid allows firms to borrow funds "for IP applications or to respond to IP disputes," while the broader system is "transforming the paradigm of finance" toward "IP based finance" to help innovative SMEs and startups "overcome the Death Valley." It further states that "it is necessary for the government, financial institutions and evaluation institutions to establish a collaborative system," and that the government gives SMEs and startups institutional support to hold IP rights, to finance, value, and operationalise them. Fundamentally, this national framework recognises how intellectual property rights are central to the competitiveness of companies and the country and provides all the support needed to register, acquire, maintain and litigate those rights and also ensure international cooperation to achieve these. It is seen as an important public good to maintain.

Taiwan

Taiwan's framework combines external IP support, financing mechanisms, and internal protection tools. The Industrial Technology Research Institute (ITRI) was founded in 1973 and pioneered the development of integrated circuit development, set up and incubated companies such as TSMC, UMC, Taiwan Mask Corp., Epistar Corp., Mirle Automation Corp., and Taiwan Biomaterial Co. It recognised that "many important products are facing the risk of patent invalidation or infringement," and has therefore played a key role in assisting local industries with patent retrieval, analysis, invalidation, and litigation. In 2020, ITRI established the "IP Bank" to "expand patent portfolio benefits," by providing companies with the necessary patents to enhance international competitiveness. It joined with the SME Credit Guarantee Fund and 26 banks to introduce "the patent financing evaluation guarantee project and the value-added technology financing value preservation project." Through this, reportedly nearly 50 businesses have successfully applied for finance, with a total value exceeding NT$200 million.

The Taiwan Intellectual Property Office (TIPO) states that it compiled the "Checklist for Trade Secret Protection Mechanism for Small and Medium Enterprises," covering five sections and 67 sub-items, including "Non-disclosure agreements (NDAs)" and requirements to enter into non-disclosure agreements with outsourced and collaborating personnel." This provides "a convenient, effective and low-cost intellectual property management system" to help enterprises control and safeguard their intellectual property and reduce theft in place of traditional management practices.

How it works and why it matters

The significance of Taiwan's framework lies in the fact that it combines financing-related support with internal protection and management mechanisms. ITRI states that its financing projects aim "to support and encourage SMEs and startups to gain funds with technology," while TIPO's checklist "serves as a reference for enterprises to establish and strengthen their trade secret protection systems."

This highlights how Taiwan's IP-related support extends beyond registration and litigation. It includes patent financing, trade secret protection, and internal IP management systems for enterprises. Through patent portfolio support, SMEs get help to secure their trade secrets affordably.

Comparison with prevailing practices in Singapore

Singapore has a strong formal IP regime, described in official and external sources as a "top-ranked IP regime," "one of the world's most robust regimes" for IA/IP protection, and an "advanced national IP framework in place." The policy direction also emphasises a "10-year blueprint" to strengthen Singapore's position as a global IA/IP hub, alongside resources to help enterprises "manage and commercialise" intellectual property.

At the pre-proof-of-concept stage in Singapore, inventions may be protected as confidential information prior to disclosure, with IPOS specifically identifying NDAs and confidentiality clauses as tools to keep information confidential. It is explained at a bare idea, on its own, is not the strongest form of protectable subject matter. Once translated into recognised forms of intellectual property, protection may then arise through patents, which require novelty, inventive step and industrial application and copyright. This protects the expression of ideas in tangible forms, and trademarks, which confer exclusive rights over registered signs used in trade.

The Intellectual Property Office of Singapore runs IP business clinics to provide advice on IP strategies or disputes.

Perhaps has the output of research and development from indigenous sources grows, and if the desire is to promote that further, the arguments for adopting even more sophisticated public good frameworks for managing IP as seen in South Korea and Taiwan will arise. There will also be a strong basis for exploring systems of IP-financing as well.

Sources

APEC, *A Study on the Harmonization of the IP Financial System*
223_ipeg_a-study-on-the-harmonization-the-ip-financial-system.pdf

KIPO, *Annual Report 2023*
https://www.kipo.go.kr/upload/en/download/Annual_Report_2023.pdf

KIPO, Annual Report 2024

https://www.kipo.go.kr/upload/en/download/Annual_Report_2024.pdfIndustrial Technology Research Institute (ITRI), "Building Strong IP Environment in Taiwan to Safeguard the Intellectual Property Rights for Local Industries." https://50th.itri.org.tw/en/history/others/49/

Taiwan Intellectual Property Office (TIPO), "Checklist for Trade Secret Protection Mechanism for Small and Medium Enterprises (SMEs)."
https://www.tipo.gov.tw/en/tipo2/350-52919.html

TIPO checklist PDF
https://www.tipo.gov.tw/wSite/public/Attachment/007/f1754381999515.pdf

Science & Technology Law Institute, III. https://stli.iii.org.tw/en/article-detail.aspx?d=6120&i=171&no=105&tp=2

Science & Technology Law Institute, III. https://stli.iii.org.tw/en/article-detail.aspx?d=8867&i=171&no=105&tp=2

IPOS, Trade Secrets - Singapore for confidentiality and NDAs.
https://www.ipos.gov.sg/about-ip/trade-secret/

IPOS, How to Register Patents for secrecy before filing and patentability criteria. https://www.ipos.gov.sg/about-ip/patents/how-to-register-overview/how-to-register/

IPOS, Introduction to Copyright for protection of expression in tangible form. https://www.ipos.gov.sg/about-ip/copyright/introduction-copyright/

IPOS, Introduction to Trade Marks for registrable marks and exclusive rights. https://www.ipos.gov.sg/about-ip/trade-marks/introduction-trade-marks/

A.6 Prevalent use of NDAs elsewhere

Description - Silicon Valley

In Silicon Valley, NDAs appear to be a routine feature of startup employment practice. Gregory Gromov's Silicon Valley History states that an NDA "prohibits the employee from disclosing" confidential information and that such documents are "usually signed by almost everyone who works in Silicon Valley." He further refers to the "absolute majority of employees of the Silicon Valley companies who routinely sign the NDA as just one of many documents upon being hired," suggesting that NDAs are commonly embedded in standard hiring and onboarding processes.

How it works and why it matters?

This practice operates within California's distinctive legal framework. California Business and Professions Code § 16600 provides that "every contract by which anyone is restrained from engaging in a lawful profession, trade, or business of any kind is to that extent void," and further states that the section "shall be read broadly" to void "any noncompete agreement in an employment context." Consistent with this, Gromov argues that although employees in Silicon Valley usually sign a "standard pair of NCA & NDA documents," these agreements "essentially in no way limits the ability of the employee" to move to another firm, including a direct competitor.

At the same time, Gromov makes clear that this does not render NDAs meaningless. He states that the NDA is "practically void in the Valley" only "where it obstructs employee transition", and that in "all other cases" it "effectively protects the confidentiality of information." This narrower confidentiality function is consistent with Lowenstein Sandler, which states that confidentiality agreements are "standard in the world of venture capital financed start-ups" and "keep information confidential" that may not yet be protected by patent, trademark, copyright, or trade secret law.

However, this prevalence does not extend uniformly across all startup interactions. Cooley which is a law firm that represents a large number of world-leading and emerging companies, states that "professional investors nearly always refuse to sign NDAs," and further notes that "most VC's … will not sign an NDA with an entrepreneur looking for funding in the US." Instead, Cooley explains that NDAs are more typically used in "a potential strategic relationship or a key customer relationship or in the context of a merger or other reorganization."

The Silicon Valley position is hence best understood as one in which NDAs are widely used in employment and commercial confidentiality settings. Such routinised confidentiality practices may strengthen trust and information-sharing in early-stage innovation ecosystems while avoiding the use of NDAs as de facto barriers to mobility. However, a narrower caveat remains that this logic does not fully extend to initial VC pitch practices, as noted by “Cooley GO”, a mobile app developed by Cooley that provides a wide range of free legal and business content covering formation, financing, building a team, working with directors and advisors, intellectual property, M&A, IPOs and more.

The role of NDAs differs significantly between Silicon Valley and East Asian IP regimes such as those shaped by the Korean Intellectual Property Office and Taiwan Intellectual Property Office. In Silicon Valley, NDAs are widely embedded in employment practices but are generally avoided, and often even rejected, by investors in early-stage venture capital pitching.

In contrast, NDAs are more institutionalised in East Asian contexts. In South Korea, NDAs are embedded within a formal trade secret protection regime overseen by KIPO and serve as key evidence that proprietary information is actively managed as confidential. Frequently employed in business dealings, NDAs strengthen an innovator’s ability to enforce rights and claim remedies in cases of misappropriation.

In Taiwan, the use of NDAs is incentivised as a protective prerequisite, as trade secret protection under the TIPO framework depends on demonstrating “reasonable confidentiality measures” to maintain secrecy. Where such measures are in place, rights holders may pursue civil and criminal action against parties who have illegally acquired, used, or disclosed trade secrets. Under the Trade Secrets Act, NDA violations are considered a criminal offense, with penalties including fines and imprisonment, with even harsher penalties if trade secrets are disclosed abroad. A 2023 Amendment to the Taiwan Intellectual Property Case Adjudication Act enhanced the process for IP litigation and protection of trade secrets, with the Intellectual Property and Commercial Court holding exclusive jurisdiction on intellectual property civil cases. Furthermore, punishments for the offence of violating confidentiality were increased. The harsh penalties surrounding NDAs in Taiwan thus reveal a strong protective stance on intellectual property and trade secret protection and confidentiality at a systemic level.

Comparison with prevailing practices in Singapore

Singapore’s approach to early-stage proprietary information is grounded primarily in confidentiality rather than registration. IPOS states that “trade secrets are primarily protected through the law of confidence” and that “there are no registration processes for confidential information.” IPOS also explains the relationship between confidential information and patents, stating that “it is not possible to obtain a patent and ensure non-disclosure of confidential information,” because patent protection requires disclosure, but that “prior to disclosure of the invention, the invention may be protected as confidential information.” On practical safeguards, IPOS states that “Non-Disclosure Agreements (NDAs) and Confidentiality Clauses” “can be used to ensure that a person is contractually required to keep the information confidential,” that “consultants and vendors who receive confidential information should sign NDAs,” and that “it is good practice to include confidentiality clauses in employment contracts.”

This is especially relevant before proof of concept, when founders and SMEs may need to disclose commercially valuable information before formal IP rights are secured. IPOS states that "prior to disclosure of the invention, the invention may be protected as confidential information" and that it is "important to take reasonable steps to keep such valuable information confidential." Among those steps, IPOS specifically identifies "Non-Disclosure Agreements (NDAs) and Confidentiality Clauses" as tools that "can be used to ensure that a person is contractually required to keep the information confidential." This is directly relevant to situations in which firms may hesitate to share ideas with investors, collaborators, or public agencies because the information remains at the early-stage and unregistered.

Perhaps more public education can be issued on this as the intellectual property office of Korea has done, and a toolkit like that developed by the one in Taiwan and Cooley GO could help create the knowledge, protection and trust that is needed to allow for greater innovation and entrepreneurship to develop in Singapore.

Sources

Lowenstein Sandler, *Confidential Information and Intellectual Property Protection for Start-Ups* https://www.lowenstein.com/media/11640/confidential-information-and-intellectual-property-protection-for-start-ups.pdf

California Business and Professions Code § 16600
https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=BPC&sectionNum=16600.

Cooley GO, *Should You Require a Signed NDA from a Potential VC Investor?*
https://www.cooleygo.com/should-you-require-a-signed-nda-from-a-potential-investor/

Cooley GO, *What You Need to Know About The NDA*. https://www.cooleygo.com/what-you-need-to-know-about-the-nda/

Gregory Gromov. Silicon Valley History (PDF).
https://repository.unikom.ac.id/63023/1/Silicon_Valley_History.pdf

IPOS, Trade Secrets https://www.ipos.gov.sg/about-ip/trade-secret/

Khan, S. (2022, November 24). *Enforceability of NDAs in Korea*. The Korean Law Blog.
https://www.thekoreanlawblog.com/2022/11/enforceability-of-ndas-in-korea.html

Liao, M-T., & Tung, C-C. (2023, April). Brief Introduction of the Amendment of the Intellectual Property Case Adjudication Act in Taiwan. *APAA e-Newsletter*. Asian Patent Attorneys Association. https://apaaonline.org/article/brief-introduction-of-the-amendment-of-the-intellectual-property-case-adjudication-act-in-taiwan/

Shen, T., & Tsai, J. (2025, May 2). Overview of trade secrets law in Taiwan. *Law.asia*.
https://law.asia/trade-secrets-taiwan/

APPENDIX B: LIST OF PARTICIPANTS

Ms Adelene Ong
Director
Business Development
Nuera Communications

Mr Alfie Othman
Chief Executive Officer
raiSE Singapore

Mr Alvin Loh
Director
Business Development
Mechfire Engineering & Construction Pte Ltd

Mr Alvin Yapp
Director
BusAds / The Intan

Ms Amy Chung
Chairwoman
Containers Printers Pte Ltd

Mr Ashok Vasudevan
Co-founder and Director
CSAW Aqbator Pte. Ltd

Mr Chong Zhenglong
Director
Industry Relations and Digital Transformation
Singapore Digital Chamber of Commerce

Ms Chua Jiayi
General Manager
Operations
The Castile Soap Shop

Ms Clara Chen
Founder and Chief Executive Officer
Universal Health Pte Ltd

Mr CS Liew
Managing Director
Pacific Agriscience Pte Ltd

Mr David Chia
Managing Director
Beckhoff Automation Pte Ltd

Mr Edmund Tan
Investor / Director
VRW Enterprises

Mr Eugene Lim
Founding Principal
Legal
Taxise Asia LLC

Mr Frank Lee
Managing Director
Jumpstart Disruptive Innovations Pte. Ltd.

Mr Gang Lee
Chief Executive Officer
ELGO AI

Ms Genevieve Chua
Chief Executive Officer
OVOL Singapore Pte Ltd

Mr Gilbert Kohnke
Co-founder and Chief Risk Officer
ContexQ

Dr Joalin Lim
Founder and Chief Executive Officer
Agape-Life Support System

Mr Joe Low
Co-founder
Business Development
REAL Capital

Dr Kelly Tan
Chief Executive Officer
iGreen Go Pte Ltd

Mr Kevin Kan
Director
Sales

Kan & Wong Pte. Ltd.

Mr Laurence Liew
Director
AI Innovations
AI Singapore

Mr Lee Eng Kian
Managing Partner
PKF-CAP

Mr Lim Kim Cheong
Partner
Lim Kim Cheong Consultants

Ms Louisa Lee
Founder and Chief Executive Officer
DP Healthverse Holdings PL

Mr Manivannan Perumal
Director
One Enterprise Solutions (SG)

Mr Md. Ibnur Rashad B. Zainal Abidin
Chief Executive Officer
Innovation Sciences
GUILD Asia

Ms Michelle Khoo
Center Leader
Center for the Edge
Deloitte Southeast Asia

Mr Nick Lee
Director
AIT Technologies

Mr Nicolette Ow
Director of Communications
C+C&Co

Mr Ong Hoey Siang
Producer
Media and Marketing
Hong Bao Media (Holdings) Pte. Ltd.

Mr Raye Padit
Founder and Chief Executive Officer
The Fashion Pulpit

Mr Raymond Cheung
Chief Executive Officer
CER Consultancy

Mr Richard Mak
Chief Executive Office
FutureFit Pte Ltd

Mr Sean Ang
Director
Private Markets Investment
Milltrust International Group

Mr Sean Yee
General Manager
Nissin Kogyo Asia Pte Ltd

Mr Sharon Lim
Chief Executive Officer
Singapore Venture and Private Capital Association

Mr Torry Henderson
Cyber Evangelist
Cybersecurity
Cutlazz

Mr Victor Tay
Group Chief Executive Officer
Global Catalyst Advisory

Mr Vincent Ha
Chief Executive Officer
Lyte Ventures Pte Ltd

Mr Wei Chan
Managing Director
Pine Garden's Cake

Ms Yong May Ken
Director
Pharm-D Singapore

Ms YQ Kong
Personal Assistant to Managing Director
Pacific Agriscience Pte Ltd

APPENDIX C: WORLD CAFÉ METHOD

Each discussion began with small group sharing of what were the pain points related to the theme of the discussion. These were shared with the larger group. The World Café section then began.

In Stage One, the "Discovery" stage, participants were provided with Post-its and invited to engage in a silent, individual visioning exercise based on the question: "In 2040, what would "great" look like in Singapore when it comes to SMEs?", with each session focusing on one of the four domains: entrepreneurship, SME development, innovation, and start-ups. Participants then pasted their Post-its on the wall and proceeded to do a "gallery walk" to look at Post-its and reflect on ideas contributed by others.

In Stage Two, the "Incubation" stage, participants were invited to cluster related ideas. IPS facilitators helped to craft labels for each cluster of Post-its in an iterative process. Participants then voted to identify the top three ideas to be explored in greater detail through the "World Café" format. The voting criteria for the ideas was based on novelty, practicality, and impact. Each of the top voted ideas were then placed on separate tables to indicate the ideas to be discussed further at each table.

In Stage Three, the "Seeding" stage, participants further developed ideas by elaborating on the 'why', 'what', and 'how' of each proposal. When the time starts, participants responded to four guiding questions led by IPS facilitators. These questions include:

- What is this idea? What is its intended impact? (Why is this being proposed?)
- How will it work? (Can we add some details to make it work?)
- What are the potential pitfalls of the idea to avoid?
- Given the points above, how might we collectively strengthen this idea?

Participants were then invited to move on to another group to discuss another idea after 10 minutes, with the exception of some participants who chose to further refine the proposal in their original groups.

Stage Four, the “Sweet Tangerines” stage, took place after three rounds of group discussion. Each group was given a few minutes to present key takeaways from each table to all participants, after which the floor was open for participants to comment or ask questions of the presenting group.

. . . . .

APPENDIX D: SESSION INFORMATION

Session 1: Presentation Slides at the Discussion on Entrepreneurship

Singapore's Innovation Ecosystem: Key Strengths

- Singapore ranks **4th worldwide** in the **Global Startup Ecosystem Index 2025** (StartupBlink) behind US, UK and Israel, and overtaking Canada.
- **Ecosystem valued** at ~**S$184 billion** with 4,500+ tech startups, 400 venture capital firms, and 240 accelerators.
- **Key strengths**: Strong business environment, deep investor presence and leading wealth hub for entrepreneurs.

Ease of Business
Streamlined registration and strong regulatory support

Government Support
Targeted Funding Initiatives like EnterpriseSG

Innovation-led Growth
Driven by digitalisation, sustainability and advanced tech

Global Connectivity
Facilitated by programs like the Global Innovation Alliance

High Business Activity
Over 45,000 new business registered annually

The government remains a key driver of Singapore's Startup Ecosystem

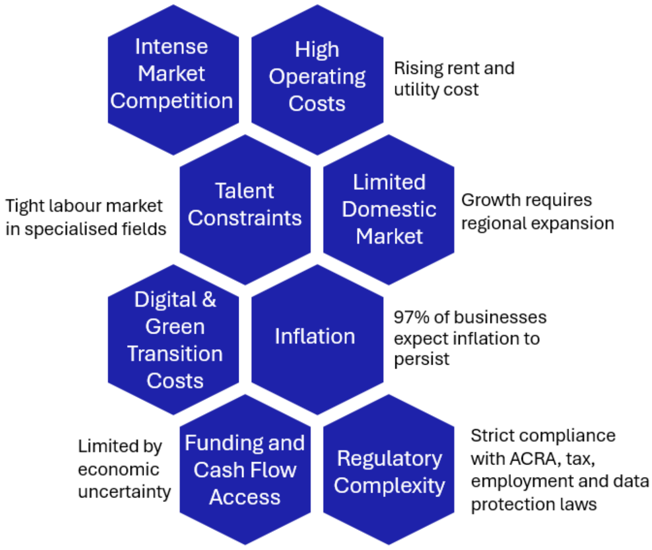
Funding Schemes
- Startup SG grants: *Startup SG Founder* (up to S$50,000) for first-time entrepreneurs and *Startup SG Tech* (up to S$500,000) for tech start-ups.

Tax benefits
- Substantial exemptions to corporate tax (up to 75% exemption on the first S$100,000 of income in the initial years) for startups

2025 Budget Relief
- 50% Corporate Income Tax Rebate (capped at S$40,000) and new initiatives like Global Founder Program

Talent
- Structured Visa pathways, like *EntrePass* and *ONE Pass*

Challenges Facing Entrepreneurs in Singapore



Overcoming these challenges require **strong business planning**, **differentiation**, **cost efficiency**, **digital adoption** and strategic **scaling beyond Singapore**.

Strategies to Address Entrepreneurship Challenges

Develop	**Strategic Planning**: Develop clear plans for market research, differentiation, and scaling.
Cost	**Cost Management**: Optimize resources through outsourcing (payroll, accounting) and smart financial planning.
Offer	**Talent Management**: Offer competitive packages, positive work environments, and explore diverse talent pools.
Leverage	**Digital Adoption**: Leverage technology to improve efficiency and reach.
Plan	**Regional Focus**: Plan for international expansion early on to overcome the small local market.
Seek	**Seek Support**: Utilize government grants and work with professional advisors for compliance and strategy.

Session 2: Presentation slides at the Discussion on Singapore-based SME development

Economic State - (2025)

Representation: In 2025, SMEs continue to be the backbone of Singapore's economy:

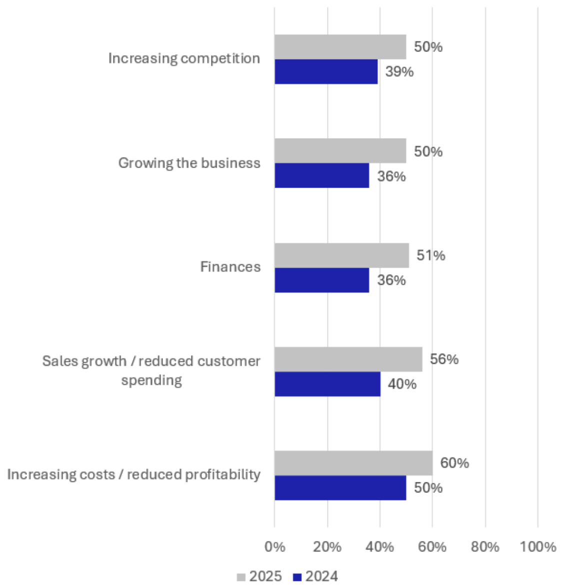
- Representing **99% of all enterprises**
- **50% of the GDP**
- Employing ~**71% of the total workforce.**

SMEs are characterized by **resilience** and strong government support for **modernization,** balanced against ongoing **external economic volatility** and **operational cost pressures.**

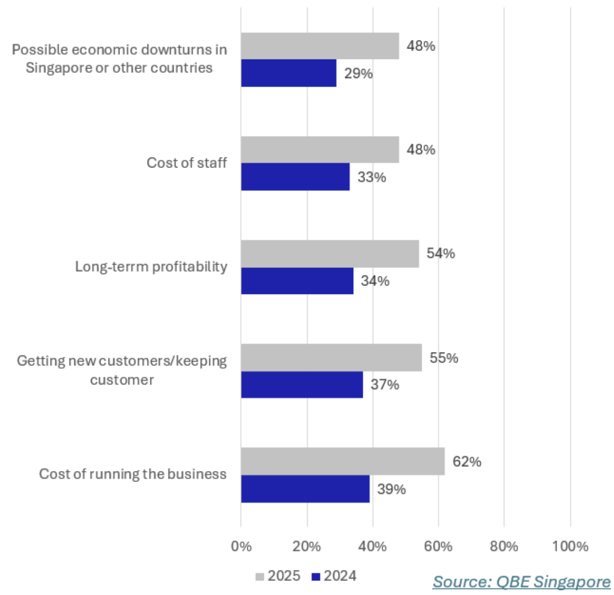
Growth Outlook remained cautious through 2025. **Export-oriented sectors showed resilience,** but some SMEs entered contraction territory in early 2025.

Business sentiment: About **30% of SMEs** expect the economy to worsen, citing rising **business costs and manpower shortages as primary concerns.**

Top 5 Business challenges (2024 vs 2025)



Top 5 Business concerns (2024 vs 2025)



Source: QBE Singapore

Exploring these challenges

Talent & Human Resources

- **Recruitment & Retention:** SMEs struggle competing with MNCs in salary and benefit offerings
- **Skills Gaps:** Persistent shortage of workers with specialized skills in digital technology and sustainability
- **Foreign Labor Restrictions:** Difficulties in retaining staffing levels for sectors like F&B and retail

Building operational resilience

- **IT Infrastructure:** Legacy systems are vulnerable to cyber risks and require resources to upgrade
- **Limited strategic & financial capabilities**: Lack of time, expertise, or data to maintain strong financial records, long-term business plans, and strategic networks
- **Difficulties in navigating the green transition** and **other regulatory complexities**

Rising Business Costs & Economic uncertainty

- **Operating Expenses:** Increasing rental costs, utility prices, and supply chain costs squeeze profit margins.
- **Macroeconomic Outlook:** 41% of SMEs expect the economy to worsen over the next 12 months due to global uncertainty and inflationary pressures
- **Credit Crunch:** ~22% of businesses face moderate to severe credit crunches, with some reporting insufficient cash to operate for more than 3–6 months.

Managing challenges: Financial Management & Funding

Government Schemes: Productivity Solutions Grant (PSG) for digital solutions, Enterprise Development Grant (EDG) for upgrading, and Enterprise Financing Scheme (EFS) for loans.

Diversify Funding: Explore crowdfunding, venture capital, angel investors, and invoice financing.

Cash Flow: Implement smart invoicing, maintain reserves, and use digital payment systems.

Managing challenges: Digital Transformation & Efficiency

- **Automation:** Robotic Process Automation (RPA) and AI for repetitive tasks
- **Cloud Solutions:** Cloud-based HR, finance systems
- **Cybersecurity:** Strong firewalls, data encryption, employee training, and use programs like Data Protection Essentials
- **Talent & HR**
  - **Strategic HR:** Streamlining payroll and compliance
  - **Well-being:** Improved benefits and incentives

Challenges in digital transformation and AI integration

- **High Adoption Costs:** 47% of SMEs find the cost of adopting new technologies prohibitive.
- **Knowledge Gap:** Many owners lack the IT expertise to manage complex digital transitions
- **Cybersecurity:** 65% of Singapore SMEs experienced breach attempts in the past year but lack budget for robust cybersecurity systems

Session 3: Presentation Slides at the Discussion on Innovation

Singapore As A Business Hub

Global Rankings	
	Business Environment (Economist Intelligence Unit): Consistently ranked **1st globally** for its business-friendly environment.
	Global Talent Competitiveness Index 2025: Ranked **1st globally** for the first time, recognised for its robust education and adaptive, future-ready workforce.
	World Competitiveness Ranking (IMD): Ranked **2nd globally** and **1st in Asia-Pacific** for overall economic competitiveness.

The Public Sector's Stable R&D Investment (~1% of GDP):

- **Research, Innovation and Enterprise (RIE) Plan** committed funding of S$25 billion (2021-2025) → S$28 billion (Budget 2024 enhancements) → **S$37 billion (from April 2026)**
- Funding commitments maintained at **roughly 1% of GDP**, comparable to other advanced economies
- To support advanced manufacturing, digital economy, and sustainability
- Alongside **projected ~4% GDP growth**
- Reinforces Singapore's **long-term tech-driven growth strategy**

Key Aspects Of Business Innovation

- **Technological Innovation**: Using frontier technologies (AI and advanced software) for better products or efficiency.
- **Process Innovation**: Streamlining internal workflows to cut costs and improve performance (e.g., Just-In-Time systems).
- **Product/Service Innovation**: Advancing new or substantially improved products/services (e.g. smartphones).
- **Business Model Innovation**: Transforming how value is delivered (e.g. Netflix streaming vs. DVDs, Airbnb vs hotels).
- **Disruptive Innovation**: Re-writing industry rules (e.g. private-Hire platforms disrupting taxi industry).

Barriers To Digital and AI Adoption

- **High Upfront Costs:** Over **50% of SMEs** cite initial tech implementation costs as the primary innovation hurdle.
- **Infrastructure & Governance gaps:** Insufficient IT infrastructure to scale AI solutions, and concerns over data governance, cybersecurity risks, and AI compliance (e.g. algorithmic bias).
- **Upskilling Hurdles:** Nearly **30% of firms** report difficulty upskilling their workforce to keep pace with emerging technologies.

Other Organisational, Market, and Regulatory Barriers To Innovation

Short-Term Focus: Emphasis on near-term KPIs and profitability over the unproven, longer-term, higher-risk innovative projects.

Weak Innovation 'Ownership': In many organizations, there is risk aversion and limited follow-through.

Market Saturation and Global Competition: Local firms must compete with MNCs with established R&D facilities here, making it harder to find a unique product-market.

Regional Expansion is challenging due to regulatory fragmentation and limited local market knowledge.

Enablers Of Successful innovation

Culture: Encouraging creativity, curiosity, and experimentation.

Methods: Apply design thinking, brainstorming, or dedicated innovation labs.

Focus: Target problem-solving, efficiency gains, or developing new value propositions.

Innovation is not a one-off initiative but a **continuous, strategic process** for businesses to thrive in dynamic markets.

Psychological Safety: Employees feel safe to experiment, share ideas, and dare to fail without fear of repercussions.

Cross-Functional Collaboration: Breaking down silos to allow perspectives from different departments to solve complex problems.

Resource Allocation: Dedicating time, tools, and budgets for R&D and exploratory projects.

Customer-Centricity: Insights from user feedback and market research to guide innovation toward real unmet needs.

Singapore Firms Face Challenges To Innovation

Despite extensive government support, firms, especially SMEs, continue to face several challenges:

Escalating Operational Costs:

Singapore remains one of the world's most expensive cities to operate in, with high rental costs in commercial districts and rising utility costs.
This creates thin profit margins that limit R&D investment.

Liquidity Constraints: ~ **45% of SMEs** face cash-flow constraints amid inflation and high supplier costs, prioritising short-term survival over long-term innovation.

Tech Talent Shortage: Intense competition AI, data analytics, and cybersecurity talent, with SMEs often losing to large MNCs that offer higher wages and better benefits.

How Innovation Creates Business Value

Competitive Advantage: Developing unique products or services that set you apart from competitors.

Operational Efficiency: Streamlining internal processes to reduce costs and improve speed (e.g. Amazon's use of warehouse robotics).

Talent Attraction & Retention: Fostering an innovation culture that attracts top-tier professionals seeking growth and impact.

Resilience: Better preparing for market disruptions and shifting consumer demands.

Session 4: Presentation Slides at the Discussion on Startups

Singapore's core advantages

- Premier global hub for startup development, valued at approximately **US$144 billion and supported by over 4,500 tech startups, 500 VC firms, and 220 incubators.**[1]

In indices and reports:

- **StartupBlink Global Startup Ecosystem Index 2025:** Ranked #4 worldwide, behind only the United States, United Kingdom, and Israel.
- **Startup Genome Global Startup Ecosystem Report 2025:** Ranked #9 worldwide with an ecosystem valuation of approximately $185 billion.
- **Regional Dominance:** Consistently ranked #1 in Southeast Asia.
- **City Ranking:** Singapore City ranks #12 globally among individual cities.

Ease of business

- Singapore remains one of the world's easiest places to start a company.

Tax incentives

- Startups benefit from a 17% corporate tax rate and exemptions that can result in **tax-free income on the first S$100,000** for the initial three years.

Strategic gateway

- Positioned in the heart of Southeast Asia, allowing access to a regional market of over **650 million people**.

[1] Per Startup Genome and Singapore Business Review.

Key challenges

High Costs for office space, salaries, and general operations make profitability challenging.

Limited Local Market necessitates early regional or global expansion, increasing market risks.

Access to funding and initial capital may be difficult due to competition.

Talent Acquisition: Shortage of specialised technical talent.

Regulatory Complexity in navigating Singapore's strict compliance and legal frameworks, along with tax obligations.

Scaling & Internationalization: The need to scale rapidly for growth often outpaces product readiness, leading to challenges in market entry and diversification.

Business Planning & Execution: Lack of clear plans, underestimating costs, premature hiring, and weak cash flow management.

Talent competition

Challenge: Attracting top-tier talent with limited budgets

Solution:
- Incentivise with equity
- Clear roles
- Outsource wisely

Scaling operations

Challenge: Scaling without losing quality or stability

Solution:
- Scalable tech architecture
- Implement KPIs
- Standardised workflows

Legal & Regulatory compliance

Challenge: Navigating complex industry regulations, protecting IP rights, and managing data privacy

Solution:
- Early legal counsel
- Automated compliance

Managing funding

Challenge: Securing capital and managing cash flow to maintain operations until profitability.

Solution:
- Diversify funding
- Rigorous record-keeping
- Bootstrap initially

Market fit and customer acquisition

Challenge: Founders wearing "too many hats", leading to poor time management and burnout

Solution:
- Prioritise & delegate
- Establish boundaries

Challenge: Developing products that no one wants or failing to reach the target audience

Solution:
- MVP (Minimum Viable Product)
- Targeted marketing
- Continuous research

Support system for startups

- Startup SG: The national umbrella for startup support, offering specific programs:
  - **Startup SG Founder:** Mentorship and seed capital grants (up to S$50,000) for **first-time entrepreneurs**.
  - **Startup SG Tech:** Early-stage funding for developing and commercializing **proprietary technology**.
  - **Startup SG Talent:** Assistance with hiring and securing work visas like the **EntrePass** for foreign founders.
- **Stage One:** Launched in late 2025, this center serves as a one-stop focal point for local and international startups to scale operations and connect with the global community.
- **Innovation Hubs:** Physical clusters like **JTC LaunchPad @ one-north** host over 800 startups, creating a dense environment for organic networking and collaboration.

Key development pillars in 2025

Government-Led Investment: Since April 1, 2025, **SG Growth Capital (SGGC)'s** strategic investment platform, combining the expertise of Enterprise Singapore (EnterpriseSG) and the Economic Development Board (EDB) to provide enhanced financing and venture-building support.

Funding Strength: Singapore captures nearly 60% of Southeast Asia's venture capital deal volume, with a total deal value of **S$6.7 billion** in 2024. The **Startup SG Equity** scheme was recently bolstered with an additional S$440 million, bringing its total pool to over **S$1 billion**.

Focus on Deep Tech & AI: The government has committed over **S$1 billion** over five years to AI adoption and capabilities. Strategic partnerships with Google, Amazon Web Services, and NVIDIA provide startups with specialized acceleration platforms.

The Smart Nation 2.0 initiative drives digital transformation with a focus on trust, growth, and community, further integrating technology into business and daily life.