

KEYNOTE ADDRESS BY MOS TAN KIAT HOW

AT HUMAN CAPITAL SINGAPORE (HCS) MASTERCLASS SERIES, 16 SEP 2021, 10AM

Mr Richard Magnus, Chairman of Human Capital Singapore (HCS)
Ms Ho Geok Choo, CEO, HCS
Distinguished guests
Ladies and Gentlemen,

Introduction

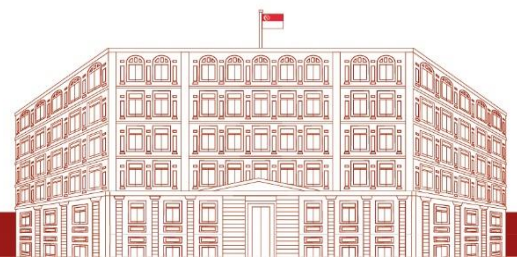
1. It has been close to two years since the onset of COVID-19 outbreak. The past one and half years has been challenging for our businesses. Particularly for sectors like Retail, F&B and Construction.

Digital is deeply entrenched in our daily lives, accelerated by COVID-19

2. With higher vaccination rates, we are now in a much stronger position to transit into a COVID-Resilient Nation, learning to live with COVID-19. We look forward to the day when more of our lives return back to pre-COVID normal. But some trends are here to stay.
3. More consumers have pivoted to e-commerce to fulfil their daily needs, from food to shopping. A study by Google revealed that e-Commerce spending in Singapore increased by 87% to US\$4 billion in 2020, compared to just one year before, in 2019. Businesses have transited to a more digital means of conducting business, especially business-to-business (B2B) transactions. 90% of B2B transactions have transited to a virtual sales model during COVID-19, according to the consultancy firm McKinsey.
4. According to another survey by TODAY, Singaporean workers have become accustomed to working from home. Seven out of eight workers expect hybrid ways of working moving forward, and many companies, for example financial institutions like HSBC, consultancy firms and tech firms have pivoted quickly towards a more hybrid and flexible working arrangement for their staff. As working from home becomes the norm for workers, likewise for students in schools, home-based learning is now a routine part of their curriculum and schedule.

Companies that go Digital, thrive

5. In the past one and half years, we have seen companies go digital more extensively in operations and working models, and have done well.



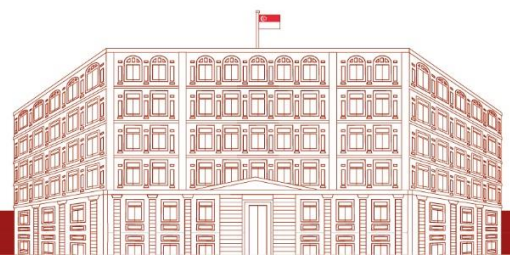
6. Digital has accentuated a structural shift in how businesses move forward to sell to their customers and operate their businesses. Businesses are able to operate without a physical shop front. Products and services can be sold through e-commerce, and operations are conducted virtually. There are many opportunities in this new way of doing things. What this means is that many businesses can go beyond their physical boundaries, to reach new customer segments virtually.
7. For example, Ms Suman, who sells Indian food at Our Tampines Hub Hawker Centre, gained 30 more orders a day by tapping on GrabFood. Another example, Scent-by-Six, a company that sells perfume, had thriving sales amidst the Circuit Breaker because it went online. Its online sales contributed approximately 50% of its total revenue. Another good example is Hong Teck Hin (HTH), a Singapore-based company focused on distributing industrial sealants and lubricants. It saw a 15% revenue growth by adopting an online B2B marketplace solution. HTH used to rely on traditional marketing methods to reach out to customers, and manual processes for procurement, invoicing and payments. Adopting the online B2B marketplace solution enabled HTH to expand its market reach to not just customers in different parts of Singapore but beyond Singapore, including Malaysia, Indonesia and even Egypt. And they process orders much faster through digital tools. But what this implies is that our businesses will also face more competition from abroad and overseas. As Chairman Richard Magnus mentioned earlier, we see new ways of how Singapore and the world will change post-COVID and businesses will need to move beyond the resale or transshipment of products, and pivot to adding value to products and services for consumers and customers, both domestically, regionally and globally.

Government is walking the digitalisation journey with businesses and workers

8. While this might sound daunting, the Government is committed to walk this digitalisation journey with our businesses and workers. Throughout the years and on an ongoing basis, we are investing in world class digital infrastructure, to lay the foundation for our Digital Economy. At the heart of the Digital Economy are our businesses and workers. As consumers and business clients pivot to buying and transacting digitally, we are supporting our businesses to digitalise, to capture such growth opportunities in the Digital space, and become more resilient post-COVID.
9. As businesses digitalise, jobs are also becoming more digital. We are working with the private sector and industry leadership to build a strong Singapore core of digitally enabled workforce, that is confident and skilled to take on jobs of the future.

Laying Digital infrastructure and utilities to benefit the broad-base of companies

10. Let me lay out the plans we have for businesses and workers. First, we are putting in place the digital infrastructure and utilities to benefit the broad-base of companies in our economy. In the digital world, similar to the physical world, we have invested in world class infrastructure. Akin to roads in the physical world, we have put in place connectivity



infrastructure to ensure high speed, high quality pervasive connectivity for firms and workers. For example, the high-speed National Broadband Network is probably among the first in the world to have high speed connections to homes, schools and many other physical locations. We are also putting in place submarine cables to ensure that Singapore connects digitally to every part of the world. Besides wired connectivity, we are deploying 5G networks to support the next wave of innovation and digital services.

11. Just like how the Government provides public utilities like water and power, we are building the utilities in the digital world. We call it utilities because it is neutral, open access and benefits everyone. In the physical world, we have NRIC and paper documentation. How do we identify ourselves in the digital world? We have SingPass for individuals, and CorpPass for businesses, which are equivalent to your NRIC and other documentation in the physical world. There are more than 4 million users on SingPass today, and they have access to more than 1,700 digital services across public and private sectors.

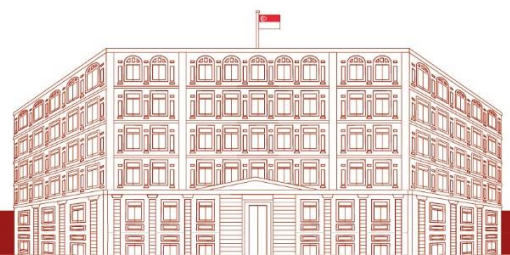
12. Beyond identity, how do we transact with each other? We launched the SGQR and PayNow to facilitate e-payments. Today, we have over 2.7 million PayNow mobile users. We have also launched InvoiceNow to enable seamless B2B digital invoicing – today, we have more than 40,000 businesses onboard.

13. Beyond payments and transactions domestically, how do we transact across borders? Singapore is an open economy and we have to remain relevant and competitive in a global digital economy. To do this, we have established Digital Economy Agreements (DEAs) with like-minded countries like New Zealand, Chile and Australia as a start. We encourage more like-minded economies and jurisdictions to join this partnership. These DEAs will enable our businesses to seamlessly connect with their overseas partners and consumers. SMEs can also join this vibrant digital economy and marketplace under the Business Sans Borders initiative, allowing SMEs to sell outside of Singapore – for a start, by tapping on markets across 6 countries.

Many businesses agree on the need to digitalise, but face challenges

14. Beyond a strong digital infrastructure, we will need to help our businesses to seize these opportunities in the Digital space. Many businesses agree on the need to digitalise. They see the opportunities, and want to seize them as soon as they can. For example, Hubble, a construction management software firm, saw a huge increase in adoption of its platform, from 30 to 1,500, in just one year because of the COVID-19 situation.

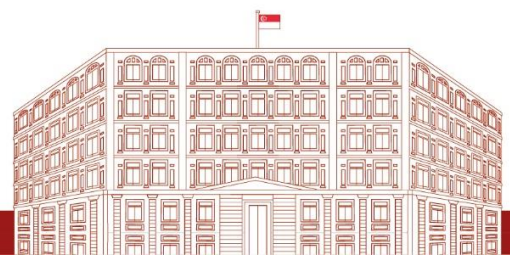
15. While 83% of SMEs now have strategies in place for digital transformation, they still face many challenges in implementation. Many are not sure how to start, and are concerned about the relatively high cost and a lack of resources to implement those plans. They are



also unsure of how and what to choose from the myriad of digital solutions. There are many challenges, but we are walking the journey with businesses.

Government is supporting businesses to digitalise, to capture growth opportunities and become more resilient.

16. SMEs that do not know where to start, or want to take the next step, can tap on the SMEs Go Digital programme. An example of a company that has undergone transformation is Tankfully Fresh. It started off as a wet-market store, named Sin Chwee, selling seafood in Bukit Batok. Tankfully Fresh worked with a pre-approved solution vendor to set-up their e-commerce platform. With the e-commerce platform, they are now able to reach customers islandwide, including many younger customers, who were not used to going to wet markets to buy from these stores. Besides Tankfully Fresh, more than 75,000 other SMEs have benefitted from the SMEs Go Digital programme.
17. Firms who have yet to benefit from this programme can approach business advisors at SME Centres, who will provide advisory on digital solutions. We have developed 19 Industry Digital Plans for key ITM sectors, and the pre-approved digital solutions under the SMEs Go Digital programme are carefully curated and supported. As part of this programme, companies that tap on these solutions can get subsidies of up to 80% of the cost.
18. In addition to pre-curated solutions, we are also helping businesses go beyond the initial stage of digital transformation. Businesses can deepen their digital capabilities with advanced and integrated solutions offered on Advanced Digital Solutions (ADS) initiative. These are firms who are keen to take the next step. Examples of solutions include:
 - Pre-emptive facilities management and digital concierges for Facilities Management sector; and
 - Mobile robots with patrol and surveillance capabilities for the Security sector. These solutions augment our workforce
19. Construction is a key sector that would benefit from adopting advanced solutions. The ongoing COVID-19 situation has highlighted the need for the sector to reduce reliance on low-skilled workers. I recently launched a Call for Proposals for Integrated Robotics and Automation solutions for the Construction sector, by calling upon solution providers to offer a range of solutions, to allow our Construction sector to reduce reliance of foreign labour, and increase productivity and safety.
20. A good example is Lam Hong, a distributor for the Marine, Oil & Gas and Construction industries, which saw productivity gains and reduced costs after adopting an integrated AI-enabled digital assistant under the ADS initiative. Using data collected from sensors within the factory, the digital assistant helps to reduce electrical consumption through optimisation algorithms, and provides pre-emptive measures in the maintenance of its machinery.



21. Beyond the Construction and Marine sector, we see firms moving towards these advanced solutions in order to reap greater synergies across various functions. More than 1,200 companies are expected to benefit from these projects. Participating companies in ADS are expected to see 15% gains in productivity.

22. Because of these important synergies to our firms, I am happy to announce that IMDA has extended the support through the ADS initiative, from September 2021 to March 2022. I hope that companies will make good use of this extended timeline, and I look forward to more businesses coming onboard this initiative to benefit themselves and their workers.

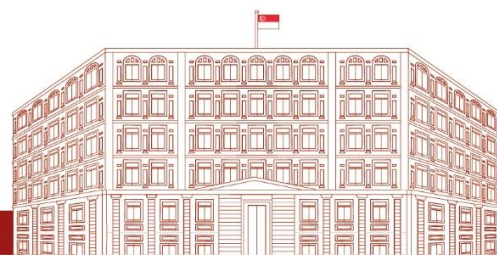
Workers need baseline digital skills (e.g., Data) to take on jobs of the future.

23. As businesses digitalise, jobs are also becoming more digital. Service-oriented businesses have to adapt to digital-first customer journeys and contactless operations. These are the new expectations of consumers. Increase in home-based remote working, to the need for shop-floor personnel to master new digital tools. These are all part of the new normal.

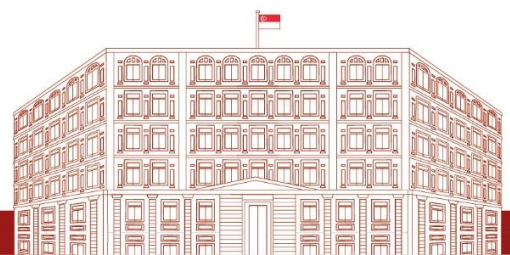
24. But this means that we see a widened gap between workers who are digitally skilled and those who are not. A McKinsey study revealed that demand for physical and manual skills in repeatable and predictable tasks is expected to decline by nearly 30% globally. This is significant. Meanwhile, the demand for digital skills – from tech-lite skills like interacting with technology, to more tech-heavy skills like coding – is expected to rise by more than 50%. We observe similar trends in Singapore. Tech jobs like AI specialist, Software Engineer, Cybersecurity experts make up 8 out of top 15 emerging jobs. Even non-tech emerging jobs like Creative Copywriters now require digital skills like Digital Marketing. Tech jobs are also in demand even in traditional sectors like manufacturing. More than 10% of available vacancies in the manufacturing sectors are for tech roles, like software developer and system analysts.

Government is partnering the private sector to build a strong Singaporean core of digitally enabled workforce

25. We understand the concerns of workers and businesses to adapt to this new normal. I would like to reassure our workers that with upskilling, support, and a willingness to learn and transform ourselves, we can leverage technology to augment our work, make it easier for us to do our task, and make it easier for us to adapt to this new normal, and enable us to take on new and better work prospects.



26. Workers out there can tap on broad-based and wide-ranging set of digital skills training, offered by Workforce Singapore (WSG) and SkillsFuture Singapore (SSG), to enable them to pick up new skills and take on digitally-enabled jobs of the future.
27. For example, Ms Nahariah. As the consumer banking sector pivots on digital banking and customer service, she decided to undergo a 6-week classroom and on-the-job training in digital skills under WSG's Professional Conversion Programme. She was a bank teller at DBS for 8 years, and is now in a new job as a digitally-enabled video teller, leveraging technology to serve more customers than she used to.
28. Workers of various backgrounds have also found success in taking on tech-related jobs, with sufficient training and perseverance. For example, after being laid off as a network security engineer at the age of 47 years old, Mr Noraschid reskilled to be a Cloud Engineer under Google's Skills Ignition programme. Mr Noraschid initially was fearful that he would not be able to catch up with the class as many of them were younger. However, he found the learning experience was smooth, and is now deploying cloud solutions.
29. Another good example is Jeanette. She was faced with bleak job prospects after graduating with a business degree in 2020. Jeanette took a leap of faith, and took up a nine-month Digital Marketing vocational training by Google. She is now a Strategic Partners Manager at Youtube, leveraging data to increase viewership of Youtube videos. Ms Nahariah, Mr Noraschid and Jeanette are good roles models for all of us.
30. In addition to supporting our workers to pick up digital skills for future job roles, we are also building up our tech ecosystem to support the digitalisation journey of our businesses and our broader economy. Our tech ecosystem offers good tech job opportunities for all Singaporeans. Around 10, 000 jobs are filled every year for the past 5 years. More than 70% of tech jobs are filled by locals. These jobs offer good salaries, with a median gross salary of \$6,400 – higher than the national average of \$4,600. We see sustained demand for tech jobs. There are 19, 000 vacancies in the tech sector each year. There are also growing opportunities with tech giants from US, China and different parts of the world that are coming to Singapore to set up their operations, and Research and Development centres. These are companies like Zoom, Stripe, Tencent. The future is bright for Singapore as a vibrant tech hub in the region as well as in the world.
31. This is why we are working hard with leading tech companies to train Singaporeans to fill tech jobs. Over the past 5 years, we have placed over 10,000 locals in these tech jobs through TeSA. We aim to place another 5,500 locals over the next 3 years.
32. To the professionals– whether you have a tech background, or are just interested to take on a tech job role – I encourage you to seize these opportunities. Exciting opportunities await all of you!

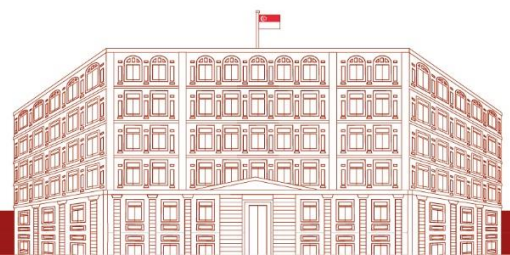


Company leadership and HR are critical to drive digital transformation of businesses and workers

33. Besides supporting our tech firms in digitalisation and building up a tech ecosystem, the company's leadership and HR professionals play a critical role in supporting your firm, industry and the broader economy in Singapore to transform and become a digital economy. It needs to start from the very top.
34. Leadership needs to formulate new digital strategies, by identifying areas where value can be created by adapting technology in your processes, business models, and your operations.
35. But equally important is company culture. We have seen many digitalisation projects and initiatives at different firms. At the heart of it, company culture is critical. We will need to motivate workers to embrace new ways of doing things using technology.
36. An important first step is in thinking about how to manage hybrid work arrangements. HR plays an important role in driving digital transformation, by helping your leadership translate strategy, the vision, as well as aspirations for company culture to everyone else in the company. HR helps to implement cultural shift across teams, to pave the way for new ideas and ways of working. Your role is important in ensuring that workers have the right skills to utilise the advanced digital tools to drive transformation.
37. Studies have shown that the current HR infrastructure may need to be further optimised, refined or even revamped to support digital transformation in a company. Many HR functions are overwhelmed by manual processes and paperwork, which hampers their ability and capacity to drive strategic organisational change.

Announce HCS' initiative to support upskilling of HR professionals and management to drive digital transformation

38. I am pleased to note that Human Capital Singapore will be launching a new initiative to support our HR professionals – the Human Resource Technology. Enterprise. Innovation. People programme, or HRTEIP in short.
39. HRTEIP aims to:
- Support C-level professionals deepen their mentoring and training mindset; and
 - Create an agile HR and people management practice to drive and sustain digital transformation.
40. This programme consists of 2 parts:



- The first part will focus on Digital Literacy – to support digitalisation of HR processes, like automation and analytics, so that manual work can be reduced to free up capacity of HR professionals to focus on more strategic work.
- That focus on investing more resources and time in driving organisation change will be covered in the second part of the programme, which will include developing strategies for Learning and Development for a digital workforce and promoting innovation.

Conclusion

41. In conclusion, digital will be a key driver of Singapore’s growth, enabling Singapore to transcend our past constraints such as geography and physical size. In a digital economy, the world offers opportunities to all of us – businesses and workers alike. However, even with the most promising digital solutions, you will have to work alongside skilled professionals.

42. I urge businesses to work with us in your digital transformation journey. We will support you in overcoming various challenges under various programmes. I welcome and encourage your leadership and your support in taking your company and sector forward into a new world.

43. I am particularly pleased to be here today to celebrate the important contributions of HR professionals. It is also my privilege to participate in today’s recognition of the late Mr David Ang Chee Chim. Though I did not have the opportunity to work with Mr Ang, I had the privilege of interacting with him at various HCS events. He worked tirelessly to raise the bar for HR practice and professionalism in Singapore. Behind his gentle smile and personality, he was a big-hearted and selfless volunteer who contributed much in uplifting the lives of many in the community. He is an inspiring role model for all of us.

44. For all of us, young or old, it is never too late to head back to “school”, learn a new skill, in order to take on new jobs and new roles. Ultimately, the steering wheel is in your hands, to digitalise and capture new opportunities.

45. I look forward to the meaningful discussions later on today. Thank you.

