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DIRECTORS BULLETIN

Quarter 2, 2018

Booting Up a Successful Startup

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Startups and Corporate Governance

By **WILLIE CHENG**
Chairman, SID

DIRECTIONS

Startups are flourishing in Singapore.

The Action Community for Entrepreneurship estimates there are more than 54,000 today, with an increasing trend of foreign startups using Singapore as a base for launching into the region (page 8). We also have our fair share of unicorns, or startups valued at over US$1 billion (page 32).

Several reasons help explain the startup boom: increasing availability of venture capital and other funding in today's cash-flushed world; the rise of millennials, with their new ways of approaching problems and greater openness to the cool, but riskier, life in a startup; and our geographic location and ready access to other booming Asian markets.

But, perhaps, the most compelling reason of all, is the government's involvement in the startup ecosystem. We are already one of the easiest countries to do business in. Government agencies, such as Enterprise Singapore (formed by the merger of SPRING and International Enterprise Singapore), the Monetary Authority of Singapore and Info-communications Media Development Authority, have actively facilitated innovation through grants, loans, co-investment equity and other forms of assistance, while minimising the adverse impact of regulations on startup activities (page 12).

This issue of the Bulletin seeks to provide an understanding of the startup landscape alongside the issues that should matter to startup directors and boards.

A key question that arises with startups is the role of the board. There is a misimpression that a startup should focus all its resources on gaining market traction and not worry about corporate governance. Two articles seek to debunk this.

In "Should Startups Bother with Corporate Governance?" (page 50), Chin Hooi Yen explains that startups often begin with shareholders, board and management rolled into one. However, as a startup grows and brings in significant investors, these investors will want to be on the board and could be a challenge to a founder used to complete managerial autonomy.

Mr Sid points out that poor corporate governance is unfortunately endemic to startups because of their laser-like focus on viability and valuation (page 52).

Other authors explain that the needs and emphasis of startup boards differ from conventional boards – "Getting the Right Board for Startups" (page 56) and "So, You Want To Be A Startup Director?" (page 64). They even differ at the different stages of growth in their life cycles (see "Leadership Transitions: From Startup to Grown Up", page 58).

All these point to the conclusion that directorship of a startup is actually more dynamic and not as conventional as some directors may think. ■

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Singapore's Startup Ecosystem

By **EDMAS NEO**
Executive Director,
Action Community for Entrepreneurship (ACE)

Singapore has an increasingly compelling startup story to tell. Both home-grown and Singapore-based unicorns are making an impact on the local and global stages. Companies such as Razer, Sea, Grab and oBike are changing how people play, shop and commute here and around the region. Prominent exits by local startups are attracting international attention.

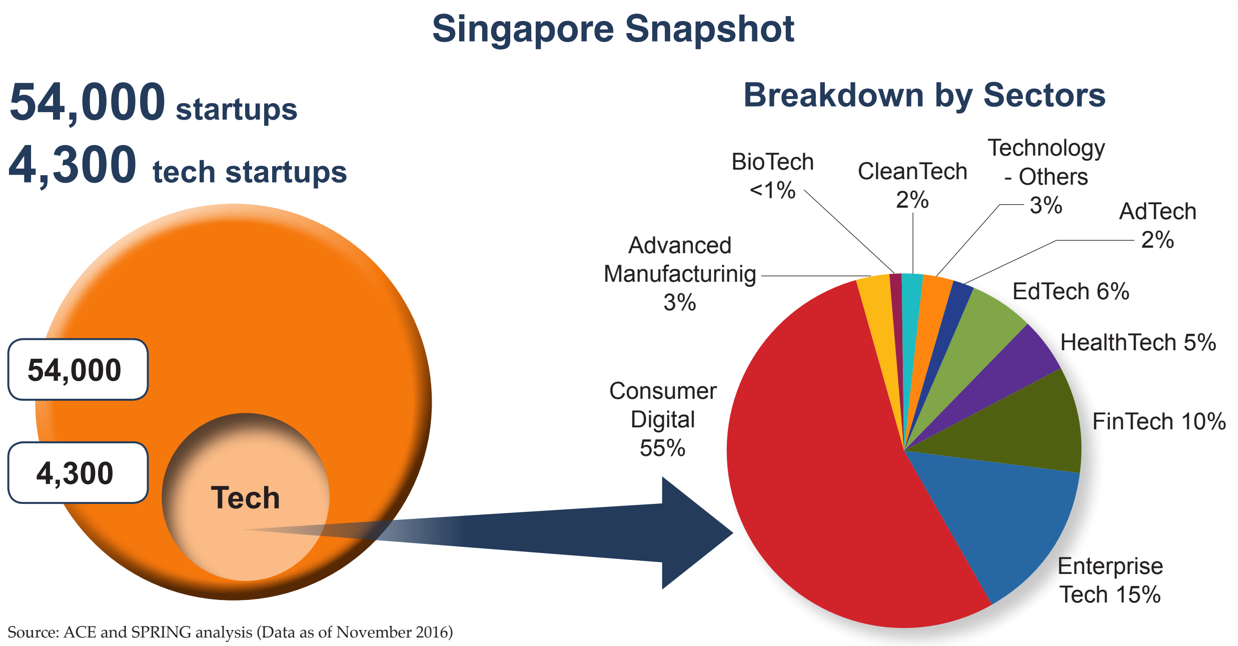
This success owes much to an effective and well-connected startup ecosystem. Within Singapore, it consists of a closely-knit group of influencing players supporting the many diverse startups. Externally, Singapore enjoys close ecosystem collaboration with countries around the region, and acts as a strategic access hub to Southeast Asia.

The following pages provide a set of infographics depicting the key players of the ecosystem:

- Startups
- Investors
- Government
- Institutions
- Corporates
- Incubators
- Accelerators
- Co-working groups

and how they work together....

Startups



Source: ACE and SPRING analysis (Data as of November 2016)

- There are well over 54,000 startups in Singapore today.
- In Singapore, a startup is defined as a firm formed within the past five years with at least one employee, and more than 50 per cent equity owned by individuals.
- About eight per cent of startups are from high-technology sectors, ranging from Consumer Digital, to Fintech and HealthTech.
- There is an increasing trend of foreign startups coming to Singapore, primarily to use it as a base to launch into the region. They choose Singapore because:
  - o There is a vibrant and connected startup ecosystem.
  - o There is ready access to talent (see page 15 on Singapore's top ranking for startup talent).
  - o The co-innovation programmes between corporates and startups are becoming stronger (see page 14).
  - o Singapore offers good infrastructure and is ranked as one of the most liveable cities in Asia.
  - o Singapore is pro-business, ranked by the World Bank as second among 190 economies in ease of doing business. Further, there is funding support for startups.
  - o Singapore tax rates are attractive, with further tax exemption schemes for startups.
- For Singapore startups, there are opportunities arising from these foreign startups:
  - o There are regional business and collaboration opportunities with the foreign startups when the foreign startups use Singapore as a launch-pad into the region.
  - o These foreign startups bring with them skillsets and talents, not otherwise available in Singapore.
  - o The co-innovation and new business models being developed between foreign and local startups, as well as the competition between them, will improve the competitiveness and quality of local startups.

Investors

A startup can either choose to "bootstrap" – where founders fund the development of the business using their own money – or reach out to different groups of investors and funders for external funding.

Family and Friends

- Most common and first form of startup funding.
- Easiest and usually fastest to obtain with the least obligation to return and perform, although amounts are relatively small.

Angels

- Wealthy individuals willing to invest their money in a startup company to become part-owners.
- The term can be extended to include "family and friends".
- Some angel investors invest online through equity crowdfunding.
- Others organise themselves into angel groups or networks to pool investment capital and research. For example, the Business Angel Network of Southeast Asia is active in investing in early-stage startups.

Banks

- Banks can make business loans to a startup as they do for any other business.
- This often requires business proposal documents and dealing with the SME division of the bank.

Crowdfunding

- This is the practice of raising small amounts of money online from a large number of people.
- Subscribers to crowdfunding are private individuals who often do so to support an idea and be early purchasers of a product or service.

Private Equity

- Private equity (PE) investment funds are organised as limited partnerships that are not publicly traded.
- The investors of these PE firms are typically large institutional investors, university endowment funds and wealthy individuals.
- According to Private Equity International, the top PE firms in the world in 2017, with estimates of assets under management, are:
  - o The Blackstone Group – US$311 billion
  - o The Carlye Group – US$174 billion
  - o Kohlberg Kravis Roberts – US$148.5 billion
  - o TPG Capital – US$72 billion
  - o Warburg Pincus – US$44 billion

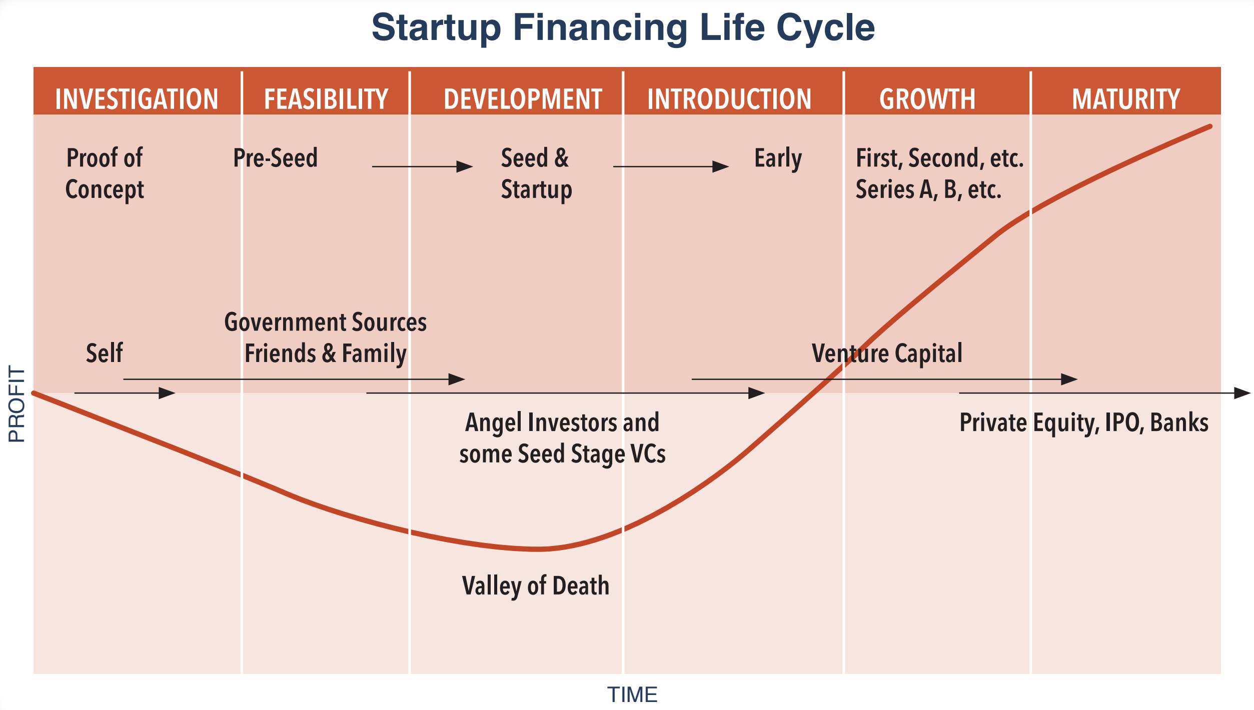
Venture Capitalists

- VCs are a form of private equity provided to small, early-stage, emerging firms deemed to have high growth potential.
- There are more than 70 active VCs in Singapore.
- The larger players, and their approximate fund sizes, are:
  - o Sequoia Capital – US$960 million
  - o Rakuten Ventures – US$200 million
  - o Vertex Ventures – US$200 million
  - o Jungle Ventures – US$100 million

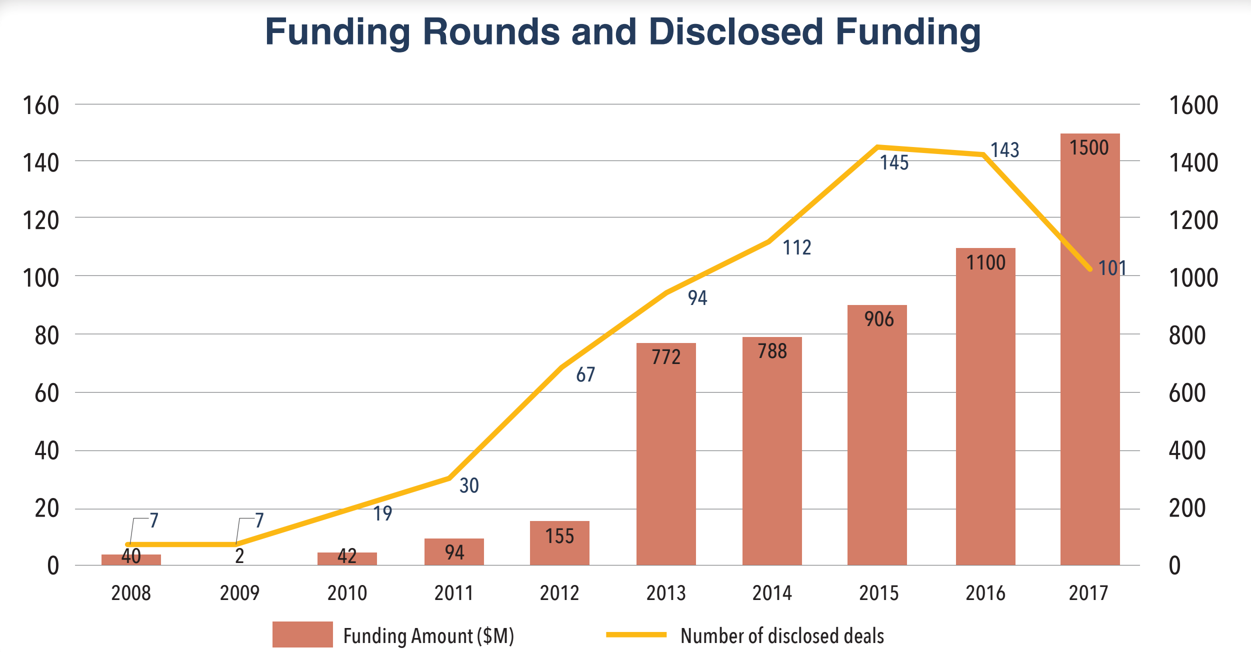
Government

- Various government and government-related institutions in Singapore have also been supporting startups through several funding schemes (see page 12).

Startup Funding



Source: ACE



Source: ACE analysis

- Funding for Singapore startups has been trending upwards over the years.
- While there was a fall in number of rounds in 2017, the total value of funding nevertheless increased.
- The top three sectors that received funding in 2017 were:
  - o Consumer digital (76 per cent)
  - o FinTech (7 per cent)
  - o CleanTech (6 per cent)

Best Funded Startups

WHO	CATEGORY	WHAT	AMOUNT
Grab	Logistics & Transportation	Uber's arch-rival across Southeast Asia	US$2.7 billion Series G
sea	General Internet	Owner-operator of Garena, Shopee and AirPay	US$1.4 billion Series E
AIRTRUNK	Internet Infrastructure	Developer and operator of large-scale data centres	US$307 million Funding stage: Undisclosed
viu	Music & Entertainment	Streaming video service provider up against Netflix and iflix	US$110 million Funding stage: Undisclosed
HOOQ	Music & Entertainment	Streaming video service provider up against Netflix and iflix	US$95 million Funding stage: Undisclosed
Trax image recognition	Recognition Tech, Software Services	Producer of image recognition tech used in retail	US$83.5 million Funding stage: Undisclosed
TenX	FinTech	Maker of cryptocurrencies spendable through a debit card	US$81 million Funding stage: Undisclosed
SUNSEAP	CleanTech	Clean energy solutions provider	US$79.8 million Series C
kyber.network	FinTech	Facilitator of exchange and conversion of digital assets	US$60 million Funding stage: Undisclosed
MyRepublic	Internet Infrastructure	Broadband provider	US$52 million Funding stage: Undisclosed

*Biggest funding rounds for Singapore startups in 2017 (1 January to 7 December 2017)
Source: Singapore's 10 best-funded startups this year", Steven Milward, 14 December 2017, *Tech in Asia*

Prominent Exits

WHO	CATEGORY	WHAT	EXIT
sea	General Internet	Owner-operator of Garena, Shopee and AirPay	Company IPO on the NYSE in October 2017, raising over US$884 million, for a total market capitalisation of over US$5 billion
RAZER	Gaming hardware	Builder of the largest global gaming ecosystem of hardware and software	Company IPO on the HKEX in November 2017, raising over US$528 million, for a total market capitalisation of over US$4 billion
LAZADA	Retail	Southeast Asia's online marketplace	Acquired for US$1 billion by Alibaba Group
Rakuten VIKI	Music and Entertainment	Video streaming platform	Acquired for US$200 million by Rakuten
zopim	General Internet	Producer of live chat support software	Acquired for US$300 million by Zendesk

*Prominent exits by local startups in 2017
Source: ACE analysis

Government and Institutions

In Singapore, government agencies play a key role in creating a supportive environment to facilitate innovation and startup growth, not least through effective laws to protect intellectual property, and through grants, loans, equity (co-investing) and other forms of assistance. In addition, private industry players have grouped together to further the collective interests of the players within that particular segment of the startup ecosystem, such as VCs and angels. Several of these government agencies and institutions are highlighted here.

Enterprise Singapore

SPRING Singapore and IE Singapore merged in April 2018 to become Enterprise Singapore. The two predecessor organisations have helped startups grow in Singapore and overseas through financial (including equity and loans) and non-financial support. Key initiatives to date include:

- SPRING SEEDS Capital, an investment vehicle that co-invests with independent investors in commercially viable startups.
- Startup SG initiative, a platform to access support initiatives and connect entrepreneurs to the global stage.
- Global Innovation Alliance (GIA), a network of Singapore and overseas partners in major innovation hubs and key demand markets, with a focus on technology and innovation.

Other Government Agencies

The Monetary Authority of Singapore launched the Financial Sector Technology and Innovation scheme and committed S$225 million over a five-year period, for innovation in the fintech sector.

The Infocomm Media Development Authority of Singapore has put in place a range of schemes (Accreditation@SGD, Pixel Labs, Tech Challenge) to nurture local infocomm tech enterprises and support them in their internationalisation efforts.

The Ministry of Manpower enhanced the Entrepass scheme to facilitate the entry and stay of promising foreign startup talent who are keen to establish innovative businesses in Singapore.

Action Community for Entrepreneurship (ACE)

The Action Community for Entrepreneurship (ACE) is a national private sector-led organisation to drive entrepreneurship and innovation in Singapore. It plays a key role in building a dynamic startup ecosystem in Singapore, by driving co-innovation between startups and enterprises; helping startups scale up; and building an access hub of connected ecosystems across countries.

SGInnovate

SGInnovate is a government-owned firm nurturing deep tech startups in Singapore. It does so by investing in deep tech startups, helping them source talent and finding early adopter customers for them. It aims to leverage Singapore's strengths in academia and scientific research and create globally relevant companies by filling a gap in "business-building" capabilities.

Singapore Venture Capital & Private Equity Association (SVCA)

SVCA currently has about 160 full corporate and associate members who come together to promote and grow the development of the venture capital and private equity industries through workshops, awards and membership events.

Business Angel Network of Southeast Asia (BANSEA)

Established in Singapore in 2001, BANSEA is the region's oldest angel investing network. It provides investment opportunities for angel investors, and also the pooling of risks in early-stage companies. BANSEA also has network groups in China, India, Malaysia and Thailand.

Accelerators, Incubators and Co-Working Groups

While accelerators, incubators and co-working spaces are similar in that they all offer startups assistance and opportunities early in their life cycle, there are some subtle differences.

Their roles are also starting to evolve and converge as the ecosystem matures. For example, there are a growing number of "accelcubators", which are essentially accelerators that continue to groom and incubate their "acceleratees".

INCUBATORS

- Incubators help new and startup companies to develop by providing services such as management training, office space, and mentorship.
- Incubators are often focused on innovation. They seek to "incubate" disruptive ideas with the hope of building out a business model and a successful company.
- Examples of incubators include:
  - **NUS Enterprise**, set up to advance innovation and entrepreneurship at NUS.
  - **TNF Ventures**, founded by Singaporean individuals and invests mainly in companies in Technology Media Telecommunications, Medical Tech, CleanTech and BioTech.
  - **Angel's Gate Advisory**, an appointed iJAM.Reload incubator by the National Research Foundation, where Singaporean mentors provide pro-bono advice to build Singapore-based startups.

ACCELERATORS

- Accelerators will seek to "accelerate" the growth of an early-stage startup. It focuses on assisting the startup in product-market-fit and developing a good business model. Accelerators, more often than incubators, will additionally provide equity and other forms of funding.
- Accelerators are usually fixed-term, cohort-based programmes that include mentorship and educational components, culminating in a public pitch event often referred to as "demo day". The application to be part of an accelerator programme is usually highly competitive.
- Examples of accelerators and their programmes are:
  - **The FinLab** accelerates the development of disruptive fintech startups.
  - **Tech for Good** focuses on accelerating social tech startups that use technology in innovative ways to solve social issues.
  - **Entrepreneur First** supports computer scientists and engineers to build deep technology companies from scratch.
- Accelerators can be independent or be part of a corporate setup. Since 2016, the business models for accelerators in Singapore have been changing as the ecosystem matures. Some have switched to provide corporate innovation services, while others expanded into the region and continue to focus on developing their portfolio of startups.

CO-WORKING GROUPS

- Co-working involves shared workspace and some support facilities, for independent working by companies. Co-working is especially useful for startups as they can get started quickly and affordably before they build up critical mass to warrant their own office space.
- Many incubators and accelerators provide co-working spaces, but there are organisations that focus entirely in providing shared workspace with some shared administrative support.
- Examples include:
  - **Impact Hub Singapore**, a co-working community of over 700 members, supported by Google for Entrepreneurs.
  - **WeWork**, a US-based company with a global network of workspaces in 200 locations worldwide.
  - **UrWork**, China's largest co-working space operator backed by Alibaba's Ant Financial and Sequoia Capital. Its first overseas branch is at Ayer Rajah Crescent in Singapore.

Corporates

Singapore is home to over 7,000 MNCs and a huge number of large local enterprises. While incumbents have traditionally viewed startups as competitors and disruptors of their business, more and more corporates are now engaging and collaborating with startups or creating their own.

Engaging startups

- To cope with the accelerated rate of innovation, corporations have started to recognise startups as invaluable sources of innovation, fuelling growth and providing pioneering business solutions.
- According to a 2016 joint research conducted by Imaginatic and Masschallenge, 23 per cent of corporates view that it is critical to work with startups, while 82 per cent feel that it is at least somewhat important to interact with startups.
- To get started on engaging startups, corporates should be plugged into the startup ecosystem, be clear on its objectives of engagement, partner corporate innovation enablers, and understand and select the specific form of corporate co-innovation with the startups.

Corporate co-innovation approaches

- **Open innovation programme.** Such a programme poses a simple request of startups and other potential solution providers, to give the company ideas on a particular topic or problem statement. Examples of corporates that have done so are P&G, Bayer and L'Oréal.
- **Hackathon.** A hackathon brings teams together for two-to-three day bootcamps, to define problems, solutions and business models, and build prototypes. Corporates can organise a corporate hackathon around a particular theme and invite startup developers and others to participate.

Examples are:

Budweiser's Dream Brewery Hackathon deconstructs and reinvents innovative advances that push the boundaries of food and beverages.

DBS' Hack2hire to bring in talent that will enhance its digital offerings to transform banking.

Changi Airport Group's programme for startups and citizens to co-create new solutions to engage travellers.

- **Corporate startup accelerator programme.** This is where the corporate starts its own accelerator programme (see page 13) to leverage the strengths of the corporate (domain expertise, brand, resources, distribution channels and networks) with that of a startup (nimbleness of a less-restricted environment, talent and speed to market).

Examples are:

The FinLab, a joint venture between SGInnovate and UOB that accelerates the development of fintech startups by providing them with valuable insights and a strong infrastructure.

AIRmaker, a joint venture between Ascendas-Singbridge, Runyang Group and SGInnovate, and an IoT-focused accelerator for Digital Health and Wellness, and Smart Nation startups.

STARTUPAUTOBAHN Singapore, a corporate co-innovation platform powered by Mercedes-Benz that focuses on domains such as automotive retail, aftersales and infrastructure management.

The Digital Health Accelerator by AIA and Konica Minolta that nurtures startups that will contribute to an integrated healthcare delivery system in Singapore.

- **Corporate venture capital (CVC).** Many large corporations are setting up CVC arms to invest in promising companies in relevant and related businesses. Companies can either set up their own funds or take a more hands-off approach by investing in existing funds (See page 42).

Global Startup Ecosystem Rankings

World's Top Startup Ecosystems

Places	Ranking[1]		Performance	Funding	Market Reach	Talent	Startup Experience	Growth Index
Silicon Valley	1	-	1	1	1	2	1	4.2
New York City	2	-	3	2	3	7	4	4.5
London	3	↑3	4	4	2	10	5	4.8
Beijing	4	NEW	2	5	19	8	2	4.4
Boston	5	↓1	6	6	12	4	3	4.0
Tel Aviv	6	↓1	9	8	4	11	7	4.5
Berlin	7	↑2	7	9	6	5	10	4.6
Shanghai	8	NEW	8	3	10	9	13	5.5
Los Angeles	9	↓6	5	7	15	14	11	4.2
Seattle	10	↓2	12	13	14	3	6	4.5
Paris	11	-	14	14	9	16	8	4.2
Singapore	12	↓2	16	16	11	1	20	4.6
Austin	13	↑1	15	11	19	6	9	4.3
Stockholm	14	NEW	17	20	8	18	12	5.3

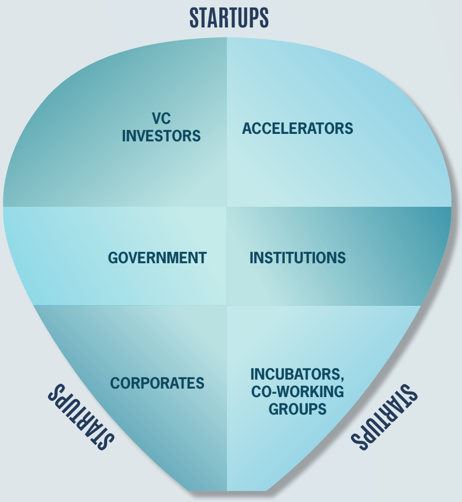
[1] Shows 2017 ranking and improvement/drop compared to 2016 ranking
Source: The 2017 Global Startup Ecosystem Report (2017, Startup Genome)

- The *Global Startup Ecosystem Report* is issued by Startup Genome, a US-based organisation whose mission is "to increase the success rates of startups and spread the global startup revolution".
- Based on data from 10,000 founders, it is meant to be a comprehensive report of the vibrant startup ecosystems across 28 countries.
- Startup Genome ranks the locations based on six criteria:
  1. Performance: Startup Output, Exits, Valuations, Early-Stage Success, Growth-Stage Success, and overall Ecosystem Value.
  2. Funding: Access through metrics of total and per startup early-stage investments as well as growth in early-stage investments; and, Funding Quality through the presence of experienced VC firms.
  3. Market reach: How well startups can "go global" and how well the ecosystem helps in doing so. The sub-factors for this are Global Connectedness and Global and Local Reach based on the startups' proportion of foreign customers and the National GDP.
  4. Talent: The access, cost, and quality of startup manpower.
  5. Startup experience: This covers team experience (measured by founder experience in unicorn-level startups, advisers with equity, and startups providing options to all their employees), and ecosystem experience (measured by the number of exits above US$50 million dollars in the last 10 years).
  6. Growth index: Consists of the annual growth in the three-year average formation of startups, annual growth in the average of early-stage funding and annual growth in the two-year moving average of Exit Value.
- Singapore ranks 12th, better than the 17th place in 2012 but a fall of two places since 2015 after the entry of Shanghai and Beijing in the 2017 ranking.

The Singapore Startup Ecosystem Map

An illustration of the Singapore ecosystem and the individual key players is shown below.

Startup Ecosystem



Beyond Singapore's shores, there is a trend of ecosystem builders in the region collaborating with one another. As a leading startup ecosystem in the region and the world's third most innovative city in Bloomberg's latest Innovation Index, Singapore is playing a key role in promoting startup ecosystem connectedness. Organisations like ACE are actively working with other ecosystem developers, e.g. MaGIC in Malaysia, and C asean in Thailand in the region to build a connected ecosystem to bring about opportunities for startups, talents and investors. ■

Startup Steps to Globalisation

By **ROBERT CHEW**
Council member, SID

GLOBALISATION

It has never been easier to reach the global consumer, but the competition is intense. Learning from those who have – as well as those that did not – can help startups with global ambitions scale.

The growth of a global middle class is one of the great outcomes of globalisation. With the proliferation of digital devices, internet access and social media, reaching out to this demographic has never been more efficient than it is today. Consumer tastes and habits are converging globally, and consumers are becoming increasingly savvy of what is available to them from around the world.

The promise of and seemingly easy access to a global audience has led many startups to have outsized ambitions of becoming a global player quickly, a position which once only established companies could dream of.

However, the global arena is intensely competitive. Companies need to scale at speed to satisfy the demanding global consumer. Tech startups that fail to scale up fast or appropriately risk becoming zombie startups.

Expert observers who have looked at those who have succeeded (think unicorns and decacorns) and the many more casualties who litter the global arena have crystallised some lessons for building a global startup.

Company purpose and universal need

First, a startup should begin with a clear company purpose. And since we are talking about globalisation, they should have an audacious global vision to fulfil a universal need.

One could use Google's Larry Page's toothbrush test as an initial qualifier: "Is it something you will use once or twice a day, and does it make your life better?" This approach looks for usefulness for the many.

A business with a market potential of one billion allows for error and time for it to scale.

Basics and launch

Before worrying about scaling the startup, startups should ensure that the fundamentals are fool-proof. Rushing in to scale because of the pressures to move fast may prove fatal. According to Startup Genome's survey of over 3,200 startups, 74 per cent of failures can be explained by premature scaling.

It is important that the product delivers positive results when it is launched. A functioning product supported by a customer-responsive organisation is critical to sustaining a product launch. A successful launch is the first step towards building a brand and helps to build solid foundations for subsequent scaling.

Right people and culture

A business is scalable only when it has the right people on board.

A startup should focus on hiring quality over speed. It should hire great managers early. This is important to building a core leadership team that will allow the rest of the team to flourish. The people it hires should be team players who are not afraid to roll up their sleeves. The words "That is not my job" should not exist in their vocabulary. Startup personnel should have multifaceted skillsets, or skills that can be transferred from one task to another.

A strong company culture is a great reason for potential hires to join a company. Millennials are keen to work in companies that are committed to ethics and values. However, there is no one right set of values. For some technology-driven companies, it is about a culture that loves engineers, for others, the culture is one of collaboration.

Maximum automation

A tech startup that is labour intensive is not scalable.

Startups should look at development and production tools, establish a product development capability and a problem resolution system, and build an infrastructure to manage growth in the volume of transactions, while ensuring security and resiliency.

Going international

To scale beyond domestic markets, startups must be systematic about moving from a local operation to international markets.

The question of how one structures a regional or international operation becomes relevant. The answer varies, depending on the types of product, sales and service support required to go to market.

For some businesses, direct sales and support teams would need to be in close proximity to local customers. In such cases, companies like Google and Facebook created small teams from headquarters and sent them to new regions, tasking them with hiring a local team and growth. This is a good way to preserve and export the company culture and ensures brand consistency globally.

Mentors

One final bit of advice for startup executives as they scale their businesses is to get a mentor.

Mentorship is the secret of the highest profile achievers in business and tech, and yet it is under-utilised in this part of the world.

One thing which Apple's Steve Jobs and Google's Larry Page have in common is that they had a mentor, in fact, the same mentor – Bill Campbell. Campbell served as Jobs' sounding board during one of the most resounding corporate turnarounds as Apple redesigned its Mac and then rolled out the iPod, iPhone and iPad to emerge as the world's most valuable company.

Campbell also played a role in Google's success. Campbell worked with former Google CEO Eric Schmidt and co-founders Larry Page and Sergey Brin, to help them work out their early differences and eventually forged one of the most successful partnerships in corporate America.

Scaling globally

When you think about it, many of the steps required to help startups scale globally are as fundamental as those needed to grow businesses domestically – it is just that it is often much more intensive and exhilarating. ■


FINTECH

The Rise and Rise of Fintech in ASEAN

By **JANET YOUNG**
Managing Director and Head of Group Channels & Digitalisation, UOB Group

Demand for financial technology or fintech solutions in ASEAN is growing. In response to this growing demand, more Singapore-based fintech startups are being established and international ones are converging in ASEAN. They are attracted by savvy consumers who are open to trying out innovative solutions, plentiful funding, supportive regulators and the opportunity to work directly with financial institutions.

Fintech as the business of applying technology to financial services has existed for decades in ways that most may not have realised. From the introduction of credit cards to automated teller machines, these are a few examples of the developments in financial services that have been enabled by technology.

More recently, the growth in internet connectivity and the proliferation of smartphones have provided the ability for people to consume financial services at their convenience, leading to the rise in fintech.

Today, the topic of fintech is much discussed alongside hot issues such as climate change and the belt and road initiative. In the banking industry, discussions tend to focus on how modern and innovative technologies can be applied to enhance financial products and services to deliver customer experiences that are simpler, safer and smarter. The *State of Fintech in ASEAN* whitepaper (published by UOB, EY, the Singapore Fintech Association and the ASEAN Fintech Network in November 2017) shows that there is a marked increase in interest and adoption of fintech across ASEAN, with Singapore leading the way.

The reasons for the surge include consumers who are ready for fintech solutions; an abundant supply of early-stage funding; regulators and financial institutions that are embracing the change that fintech brings; and the appeal of ASEAN's young, urban population.

Asean's fintech-ready consumers

The demand for fintech solutions is underpinned by the rapid adoption of technology among consumers, evidenced by the high levels of internet penetration and mobile usage in the region.

Even with the high technology adoption rates, there continues to be potential for the growth of fintech in ASEAN as most countries are still in the early stages of their digital journey (see the table, "Digital Readiness of ASEAN Countries").

Digital Readiness of ASEAN Countries

Countries	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Population (in million), 2016	261.1	31.2	103.3	5.6	68.9	92.7
Individual internet users (per 100 people), 2016	25.4	78.8	55.5	81.0	47.5	46.5
Fixed broadband subscribers (per 100 people), 2016	1.9	8.7	5.5	25.4	10.7	9.9
Mobile subscriptions (per 100 people), 2016	149.1	141.2	109.2	146.9	172.6	128.0
Active mobile-broadband subscriptions (per 100 people), 2016	67.3	91.7	46.3	144.6	94.7	46.6
Smartphone penetration, 2016	24%	35%	15%	85%	37.7%	36%
Network Readiness Index (Rank out of 139 countries), 2016	73	31	77	1	62	79
Number of branches (per 100,000 people), 2015	17.8	10.7	8.8	9.3	12.6	3.8
Number of ATMs (per 100,000 people), 2015	53.3	51.1	25.3	60.0	113.5	24.0

Source: *State of Fintech in ASEAN*

Coupled with consumers' increasing receptiveness to more innovative channels such as banking in the palm of their hands, the region is ripe for digital adoption as user experience becomes the main driver of consumer choice.

Abundant funding

The global fintech industry attracted more than US$24 billion in investment in 2016, 10 times the amount in 2010.

ASEAN is also witnessing visible growth in fintech (see chart, "Fintech Funding in ASEAN"). Investments in the Southeast Asian fintech market grew 33 per cent from 2015 to 2016 and closed above US$366 million in 2017.

Yet, when you compare this amount with the rest of Asia Pacific, the investment in the ASEAN fintech market is small. In 2016, US$14.4 billion was invested in fintech companies in Asia Pacific, overtaking the US largely due to fintech investment in China.

However, fintech companies in ASEAN are still in their early stages of growth and are ripe for investment. The battle for the consumer wallet and mindshare will continue to drive investment. Internet giants are also investing in ASEAN to establish their footholds in the region, starting in Singapore, Indonesia and Thailand.

Supportive regulators

Most regulators in the region recognise the potential of fintech and are focused on promoting financial access and inclusiveness to improve the lives of the people. As such, they have taken steps to nurture a supportive environment for fintech companies to prosper.

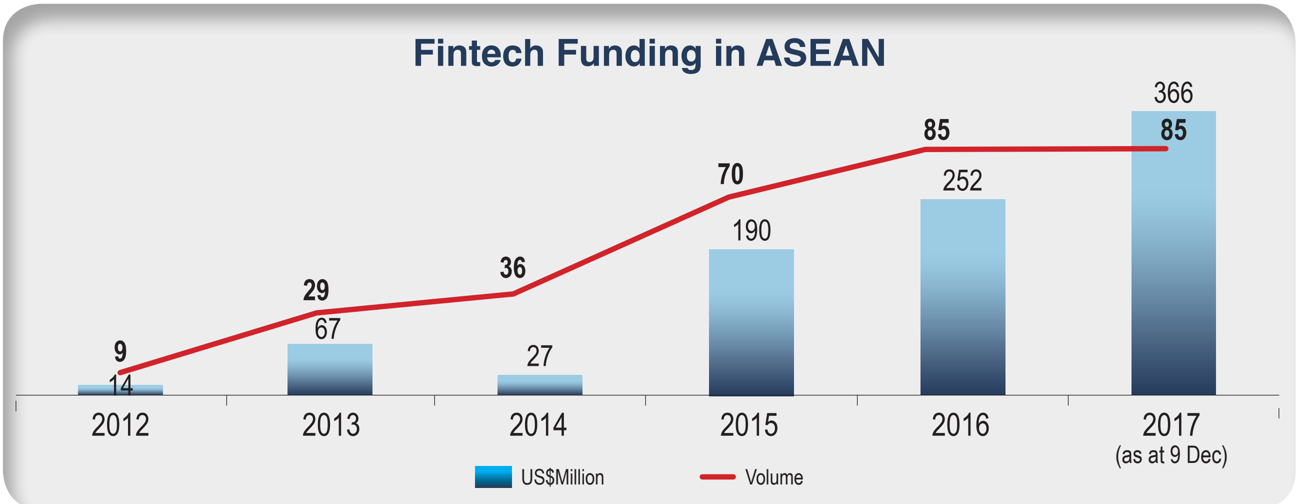
In Singapore, the Monetary Authority of Singapore (MAS) has been proactively promoting fintech as part of supporting the city-state's ambition to be a Smart Financial Centre. Some of the initiatives that have been implemented include:

- Setting up of a regulatory sandbox for fintech companies and banks to test innovative solutions;
- Provision of grants for qualified proof-of-concept fintech solutions;
- Drafting of recommended guidelines for the development of financial services Application Programming Interfaces (APIs).

Other ASEAN countries have been quick to follow Singapore's example, though their priorities and approaches are different. Most regulators are taking steps to facilitate innovation to ensure economies remain competitive, while protecting the integrity of the local financial services market.

Receptive financial institutions

While their objectives and strategies may differ, many banks have responded to the rise in fintech



Source: State of Fintech in ASEAN

by welcoming discussions and exploration of ideas through innovation labs, investment, or by collaborating with fintech companies to bolster their own efforts.

For example, UOB was the first to partner SGInnovate (formerly known as Infocomm Investments Pte Ltd) in 2015 to set up The FinLab, a fintech innovation accelerator that helps to promote and accelerate the growth of the best fintech startups and innovators in the region. The FinLab has attracted applications for its accelerator programme from more than 600 fintech companies from 40 countries in the last two years alone.

Such initiatives benefit the local fintech ecosystem by increasing the presence of both local and overseas fintech firms in Singapore, as well as enabling the bank's own employees and industry mentors to interact and to work with fintech startups across various domains such as payments, lending, advisory, analytics, foreign exchange, regulatory and blockchain. At the end of 2017, 10 of the 17 fintech companies that completed The FinLab's programme had secured contracts and funding, as well as awards at the Singapore FinTech Festival.

One example is PayKey, a peer-to-peer (P2P) keyboard solution. The solution was integrated into UOB Mighty, the bank's mobile banking app, enabling consumers to pay and to be paid securely through social messaging apps. This is PayKey's first business deal in ASEAN which will help the startup as it builds a presence in the region.

Robust economic growth

ASEAN's strong economic growth, combined with a young, digitally-savvy population will help to stimulate middle-class spending, which in turn, will drive demand for financial services.

Business Monitor International forecasts an average real GDP growth of six per cent or higher in the emerging economies of Cambodia, Indonesia, the Philippines and Vietnam. As such, it is no surprise that the region is attracting many fintech companies from the West and China that are looking for expansion opportunities.

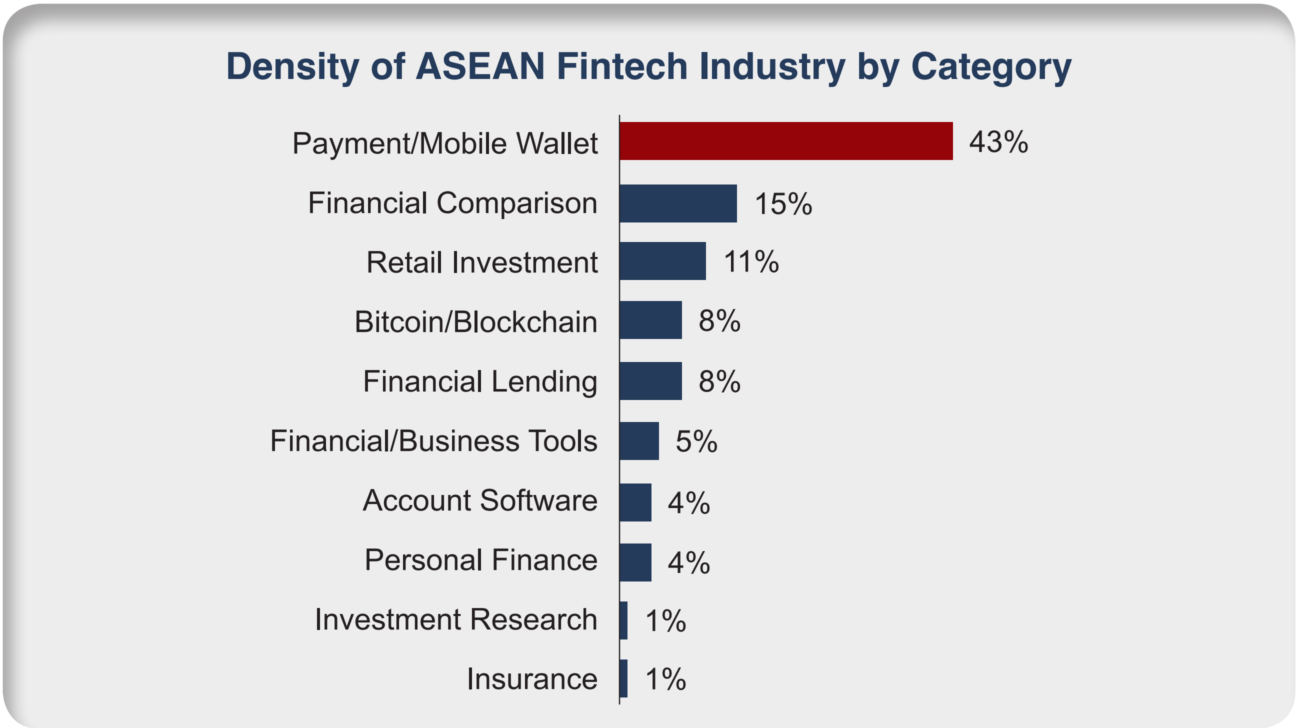
This is evidenced by the entry of Transferwise, Alipay, Lufax, and Ripple into Asia. These companies add to the vibrancy of the overall ecosystem which is well represented by Internet giants, consultants, investors, financial institutions, institutes of higher learning, regulators and corporates, each of which plays a role in extending the reach and adoption of fintechs.

Despite the region's strong economic growth, as at 2014, more than half of its adult population is unbanked, with the rate rising to 74 per cent in rural areas. As a result, most fintech firms have been focused on payments as the first step towards greater financial inclusion (see chart, "Density of ASEAN FinTech Industry by Category").

Within payments, the adoption of digital wallets is expected to grow as ASEAN economies are increasingly cashless. With the exception of Singapore, 70 per cent of wage payments and government transfers within ASEAN are still received in the form of cash, giving rise to a prime opportunity for digital wallets. Indonesia and Malaysia are already moving strongly in this direction with more than 146 payment fintech firms being created.

Other areas such as P2P lending and savings and investment are also gaining popularity as young, tech-savvy consumers look to digital services for their financial needs.

Thus, the speed of FinTech adoption across ASEAN is varied, but the momentum is building. The large unbanked or underbanked population of ASEAN offers an attractive opportunity for fintech companies to develop solutions.



Source: State of Fintech in ASEAN

What next for fintech?

The growth of the digital and shared economy, the use of social media and the proliferation of platform players such as e-marketplaces have implications for organisations and individuals. There is a blurring of lines for many traditional industries as technology transforms business models. Innovative application of these new technologies is key.

One of the ways companies can innovate is by collaborating with fintech companies to co-create growth opportunities, drive productivity and improve the way in which potential risks are managed. This is already taking place in the retail industry where merchants have adopted digital technology to ease ordering, buying and payment for a better customer experience. More recently, retailers are also looking to introduce ways to provide customers with more payment options.

In addition to creating better customer experiences, organisations can also use the opportunities brought about by fintech and innovation to help their employees develop the right skillsets and mindsets that will enable them to thrive in the digital economy. Organisations can also tap on government initiatives that support the training of employees in this area.

With the abundance of funding, an encouraging regulatory climate and the willingness of consumers to use fintech solutions, ASEAN holds much promise for fintech. The litmus test, however, remains the creation of relevant fintech solutions and their actual adoption and usage.

To this end, regional banks, regulators, policymakers and observers have acknowledged the need for innovation and are taking steps to create an inclusive ecosystem. Promising fintech companies in ASEAN could witness an increase in investment and acquisitions by investors who are looking to ride the next decade of ASEAN growth, as well as ASEAN banks seeking new and innovative digital capabilities.

If the technology talent puzzle is also solved, ASEAN will be able to leap forward with fintech – and enter the new economy as a global force to be reckoned with. ■

SINGAPORE'S BRIGHT FUTURE IN DEEP TECHNOLOGY

By

STEVE LEONARD
Founding CEO, SGInnovate

Deep technology companies that focus on developing breakthrough technology based on engineering innovation or scientific discoveries are poised to change the world. And a technologically-savvy and innovative global leader like Singapore already possesses the means and know-how to champion these companies. But to revolutionise the world and advance humankind with them will require a mindset change and perspective shift from local to global.

Singapore's transformation from a developing economy into one of the most innovative and technologically-savvy has been remarkable. In the last 10 years, Singapore has consistently been featured as the harbinger in areas of scientific research and intellectual property (IP) protection.

The Global Innovation Index 2017 ranks Singapore as the most innovative nation in Asia and seventh worldwide. The WEF Global Competitiveness Report 2016-17 rated Singapore as having the best IP protection in Asia.

A pipeline of quality scientific research and a culture of valuing IP arising out of research, are contributing to a healthy innovation-based economy, which is reinforced by an increasingly strong startup ecosystem. (See "Singapore's Startup Ecosystem", page 6)

Singapore also has the resources and the capabilities needed to make a positive impact on some of the world's most pressing issues, particularly in areas such as healthcare, transportation and energy. It is widely acknowledged that the talent, capital and means exist here, making the difference between incremental progression and radical breakthroughs.

Changing minds

While there are many reasons to feel encouraged, business-to-consumer (B2C) startups still dominate the scene here, sidelining deep technology products that could bring research-based IP to the fore.

Furthermore, the consideration Singapore needs to make is less about "more scientific research is required", but rather "how to turn already-exciting research into deep technology products that can advance humankind".

We have to believe that we can build something that matters to people around the world. The geographical and physical limitations of a small island-state must make way for a global perspective. Creativity and innovation are boundless.

AI: A catalyst for deep technology

One of the prime areas of focus and opportunity for Singapore is the field of artificial intelligence (AI) technologies.

Globally, the AI-related market is growing exponentially. AI-related startups around the world raised more than US$3 billion (S$4 billion) in Q4 2017 alone, based on data from startup research firm Venture Scanner.

In Singapore, there have been significant commitments to AI-related research in recent years. In fact, the nation is world-class in this area, ranking second in the world by citation impact according to Times Higher Education, the global authority for university rankings.

The launch of AI Singapore (formerly AI.SG) formalised the collaboration between key stakeholders to accelerate AI-related projects, fuelled in part by a S$150 million commitment from the National Research Foundation. These stakeholders include a large and growing group of entrepreneurs, corporates, academics, investors and government, of which SGInnovate is a founding member.

How then, do we meaningfully progress with AI-related advances in healthcare, recognising that societal norms on what constitutes "private data" have evolved so dramatically? How do we deal with the inevitable impact on jobs that more automation will bring, especially given these changes are happening more quickly than ever before? These are important questions to consider when we envision a future of AI.

AI is still seen by many as the realm of science fiction, where only a handful of scientists or industry icons are qualified to speak about it. We disagree.

While the building of hardware and writing of software that together form an "artificial intelligence" system is beyond the capability of most people, we should all be involved in its development, given the kind of impact it has on our collective future.

Role of the corporate community

Perhaps more than ever, we recognise that technology startups are disrupting the world around us.

Increasingly, large multinational corporations are trying to lead – or limit, depending on your perspective – how startups affect the growth and profitability of various industries. Some corporations try to find ways to inculcate the entrepreneurial spirit of a startup into their businesses. The not-so-progressive ones, on the other hand, simply hope to buy out the disruptors only when their buzz becomes audible enough, in order to avoid the challenges of early-stage product and business-model experimentation.

SGInnovate's view is that corporations of all sizes, domestic or multinational, must be more actively involved in the early-stage deep technology space. A large corporation can provide the necessary access to financial and human capital resources, as well as a large customer and partner base that are so needed by a fledgling startup.

Generally, startups need four things: a differentiated product, paying customers, great talent, and capital to fuel growth.

Corporations can be a source of these key ingredients. Instead of looking at startups as odd creatures encroaching on the established, corporates need to see themselves as champions and mentors, to encourage, enable and expand these deep technology startups.

Almost without exception, a deep technology startup is working on problems that take longer to solve, and therefore require more investment than other startups. But the work these teams are doing could perhaps be an order of magnitude more important to the future of humanity than a B2C product.

A startup working on computer vision to improve medical-image evaluation may not garner the same attention as a photo-sharing platform right now, but we know that the priority in the years ahead will change, especially with creeping global issues such as ageing population.

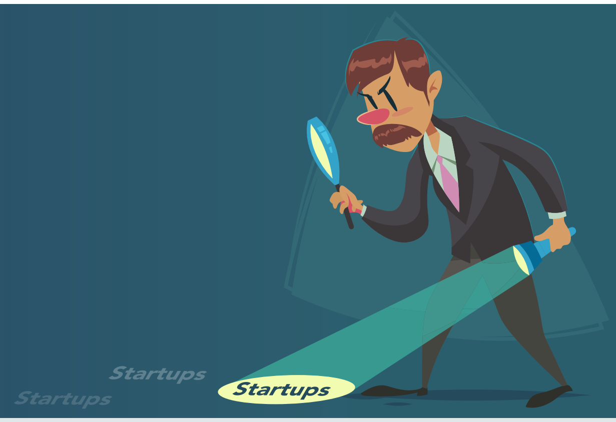
Corporates can, and must, play an active role in the early-stage deep technology startup world.

Singapore has everything any world-class innovation ecosystem needs: great education, supportive government, plenty of investment capital, strong corporates, local and international talent, and well-funded scientific research.

If we can evolve from a "not sure we can", to a "we think we can", and eventually into a "we know we can" mindset, then we are well on our way to building deep technology companies from Singapore, as a gift to the world. ■

Going Beyond the Usual Places for Sourcing Startups

By **MARK SHMULEVICH**
Chief Strategy Officer, Acronis



For venture capitalists and angel investors, the effectiveness of deal sourcing affects the return on investment in startups. The use of novel approaches, such as data analytics or partnerships with research organisations, can improve the sourcing process and, consequently, the project pipeline. These approaches should be combined with the traditional best practices in deal sourcing to achieve the best results.

Efficient project sourcing is crucial to any investor's success, be it a venture fund, an individual investor or a business angel.

Whatever investment strategy a decision-maker prefers, from in-depth due diligence to a "spray and pray" approach, the expected profits will be higher if they have access to more promising companies.

The traditional ways of sourcing startup investment opportunities (see box, "Traditional Approaches to Sourcing Startups"), if diligently applied, should provide a reasonable flow of projects.

However, other project sourcing approaches are not widespread among investors, but can further enhance the quality and number of potential deals. Several examples follow.

Running own programmes

First, investors within the corporate environment can run their own specialised incubation programmes and organise demo days.

Traditional Approaches to Sourcing Startups

- **Networking.** This is usually a primary source of deals for business angels and individual investors.
- **Attending industry events.** Attending hackathons, startup competitions, and other industry events could identify startup opportunities.
- **Accelerators' demo days.** High potential startups that can scale up should be present at such events.
- **Branding.** Leveraging media and creating an appealing brand would be visible and attractive to entrepreneurs.
- **Tagging along with peers.** Finding opportunities to syndicate and pool investments has synergy and economies of scale. Besides, investors can analyse earlier stage and same stage investor portfolios to generate leads they can invest in at a later stage.
- **Web directories.** Following web directories such as Product Hunt, AngelList or Hacker News can help to navigate the startup space.

Offering incentives and platforms to showcase new ideas and products can quickly attract a pool of startups relevant to the company's needs.

Partnering with other investors will also increase the chances to choose the best.

Partnering with academia

Secondly, for deep-tech investors, building strong partnerships with universities and research centres is an essential additional opportunity. The value of such collaborations grows when the investor forms an extensive network of high-quality academic connections.

Besides learning about research lab spin-offs earlier than others, the investor will also be able to do better due diligence, involving highly qualified scientists in the field that are independent of the startup founders.

Partnerships with academia do not come easy for investors. They have different work styles that may stem from different objectives and motivations. Hence, investors and researchers will need to find common ground and agree on how to share intellectual property rights, for instance, to work together effectively.

Data analytics

Thirdly, a possible approach to startup sourcing for investors targeting online businesses is open data analytics. Startups leave traces on the Web. A smart approach to analysing them can discover growing companies in market segments of interest.

It is rarely possible to determine the exact business parameters of a startup based on the publicly available data. However, investors will usually want to focus on whether the business has potential, fills a market need, whether it is growing and how fast it can grow. Luckily, these questions are relatively easy to analyse from open data.

Imagine a scenario where the number of employees in a company has recently started growing steadily after a plateau, as in the case of LinkedIn. At the same time, Crunchbase and other sources have no information about recent investments in this business. Where does the money to pay for the rapid headcount expansion come from? The likely answer is from increased revenue.

Looking from an unusual angle

Fourthly, an investor could filter the startup space by looking for non-standard features of a business model.

For instance, consumer-oriented startups that appeal to human instincts have better chances of grabbing people's attention amidst the multitude of online offerings. An example of a company in this category is Pinterest. Its success is partly due to people's basic desire to share and customise experiences.

The world is entering the phase when talent is key to business success, more so than capital. The rules have changed. Today, independent youths can work out of their own bedrooms with limited funding and within a few months create a company that will transform a whole industry or human behaviour. An investor needs to be alert, more than before, to spot a promising opportunity early.

80 leads per deal

Whichever startup sourcing models a serial investor follows, every expected deal will require dozens of leads. According to some estimates, private equity and venture capital funds generally source over 80 deals before closing a single investment.

Knowing the best practices of sourcing investments can be a game changer in achieving overall investment success. ■

Unicorns and Decacorns: The Startup Club of a Billion Dollars and More

By
FERDINAND DE BAKKER
Managing Director, La Croisette

Unicorns were once a rare breed in the business world but now they seem to be just about everywhere. And many have grown into decacorns. What has led to the proliferation of these beasts and should we be concerned?

Unicorns – startups valued at over US$1 billion – were once thought of as business anomalies. They were a rare breed that defied conventional funding means but achieved extremely high valuation levels.

In today's marketplace however, such unicorns seem to be everywhere. According to data company CB Insights, there are now approximately 226 unicorn companies worth a cumulative total of about US$783 billion. There were only about 39 unicorns in 2013.

Given the increasing commonality of unicorns, the latest trend has been to find companies capable of achieving a US$10 billion valuation. Fittingly enough, a new term, "decacorn", has been used at tech industry gatherings in San Francisco and London to describe such companies.

See box, "Business Zoology 101" for the etymology of these two terms.

Business Zoology 101

Unicorns

Private companies or startups with a valuation of at least US$1 billion.

The term was first coined in 2013 by Aileen Lee, founder of Cowboy Ventures (a seed-stage fund), to describe the rarity of such companies that she saw as being the "winner of all winners".

In ancient folklore, the unicorn is a mythical creature, often depicted as a white horse-like creature with a single large, pointed horn projecting from its forehead.

Decacorns

Private companies or startups with a valuation of at least US$10 billion.

The term was invented in 2015 by Sarah Frier and Eric Newcomer of Bloomberg in an article to describe those unicorns whose valuations went even higher. They say "it's a made-up word based on a creature that doesn't exist".

Their article expressed scepticism at the fuzzy math to derive those sky-high valuations. The equation they came up with was:

Valuation = ("founders' hopes and dreams" times "how fast a company's actually growing") minus ("downside protection" times "investors' fear of missing out").

Leading the pack of unicorns and decacorns are transport on-demand companies Uber (worth US$68 billion) and Didi Chuxing (worth US$56 billion). The top decacorns in the world are in the accompanying table, "Top 10 Global Decacorns".

Top 10 Global Decacorns

Rank	Company	Country	CEO	Industry/ Claim to fame	Valuation (US$B)
#1	Uber	US	Dara Khosrowshahi	On-demand transport	68
#2	Didi Chuxing	China	Cheng Wei	On-demand transport	56
#3	Xiaomi	China	Lei Jun	Technology hardware	46
#4	China Internet Plus (Meituan Dianping)	China	Wang Xing	e-Commerce/Marketplace	30
#5	Airbnb	US	Brian Chesky	Home rental	29
#6	SpaceX	US	Elon Musk	Space transportation	22
#7	Palantir Technologies	US	Alex Karp	Big data	20
#8	WeWork	US	Adam Neumann	Facilities	20
#9	Lufax	China	Gregory Gibb	Fintech, online wealth management platform	19
#10	Pinterest	US	Ben Silbermann	Social media	12

Source: CB Insights (as of January 2018)

Growth

The startups of today are growing exponentially faster than companies founded a decade ago. The proliferation of unicorns and decacorns is only evidence of this rapid growth.

But what has fuelled this growth of startups exactly? The box, "Startup Boom Factors" summarises the key drivers. It has been a combination of these factors (rise of private equity, complex stock mechanics, technology in a globalised world, and media coverage) that led to the startup bonanza and their ascension into the ranks of unicorns and decacorns.

Startup Boom Factors

Advent of PIPOs

There is a dramatic shift in how firms now raise growth capital.

Traditionally, companies would raise private capital from various funding sources (seed and angel investors, venture capital, private equity) before turning to the public market via an initial public offering (IPO) for large-scale funding to fuel long-term growth and expansion.

Now, firms are able to raise enormous amounts of growth capital within the private market in what is known as a private IPO (PIPO). PIPOs allow firms to obtain large funds while remaining private.

In the US, this was facilitated by the Jumpstart our Business Startups Act (JOBS) that was passed in 2012, which raised the maximum number of shareholders a company could have before disclosing its financial statements. PIPO funding rounds surfaced in financial markets in 2012 and have now grown to a point where they exceed public IPOs in both frequency and dollar volume for some industries, most notably in technology.

Complex Stock Mechanics

Some companies, in their chase of unicorn status, have used complicated stock mechanisms to artificially inflate their values. These include investor contracts that trade stock preferences for high valuations, provision of liquidation preferences, and the use of ratchets.

Sky-high valuations lend credibility to a company and have been justified as helping in talent recruitment.

Technology and Globalisation

Startups today enjoy unprecedented advantages both in technology and large consumer markets that have not been seen in the last two decades or so. Startups with the right products are able to quickly leverage on consumer demand and reap returns, thus increasing the value of their company at a rapid pace.

An example is the transportation industry. Taxi companies have been in existence in most countries for decades, but Uber and other on-demand transport companies (Didi Chuxing, Lyft, Grab, etc) were able to take advantage of technology and consumer demand and preferences to grow big quickly.

Media

Media coverage can drive unicorn transactions by lowering information asymmetries between the company's founders and investors.

Studies have shown that by decreasing the information gap, the level of perceived risk may decrease, and valuations may, in turn, increase.

Media coverage of a company can also increase a company's credibility and legitimacy, thus facilitating the ease of raising funds among private investors.

Concerns

While the landscape may seem bright and cheery with the rapid appearance of unicorns and decacorns, the situation is not an entirely rosy one. There is a healthy skepticism of their effects on markets and their sustainability.

The first concern is the organisational and governance issues that have arisen from many of these startups.

A prime example is Uber where its many alleged wrongdoings (shady competitive tactics, treating employees such as its drivers and women badly, and concealing a major data breach) have been publicly aired, and its founder-CEO, Travis Kalanick had to step down.

But Uber is not alone. A recent article by Alfred Lee of The Information, "Most big private tech firms fall far short on governance" described its study of 30 prominent, privately held tech companies in the US and concluded that these companies "eschew some basic corporate governance standards, blocking outside voices, limiting decision-making to small groups of mostly white men and holding back on public disclosures".

The reason for the governance lapses is that the companies are private and have small boards made of investors and like-minded personnel that are more preoccupied with chasing, or are blinded by, the high valuations.

By raising substantial amounts privately, unicorns and decacorns escape the more stringent regulation and oversight that would have been in place if they had raised the money via an IPO. In effect, unicorns and decacorns are thus regulated the same way as much smaller companies, and vital corporate information can remain secret.

This lack of regulation commensurate to their size is also a concern for the authorities and

public interest because the size and influence of unicorns renders their effect in the marketplace to be much more like that of a large publicly-held corporation.

Perhaps, the greater concern is whether there is a unicorn bubble brewing. Several unicorns are already struggling to meet unrealistic expectations, or suffering from unsustainable growth. A dramatic example is biotech startup, Theranos which saw its valuations plunging from US$4.5 billion to nothing on the revelation that it lied about the capabilities of its technology.

Falling valuations are becoming so commonplace that market intelligence firm CB Insights has set up a tracker for startups experiencing that fate. So far, it has counted 105.

Singapore's Unicorns

The global phenomenon of unicorns and decacorns is not limited to companies in the US and China. Singapore is also the proud home of unicorns such as Grab, Razer, and Sea. The following pages profile these three successful companies.

Unicorn 1 - Razer
For Gamers. By Gamers.

Razer is one of the world's most recognisable and best-performing gaming brands. From its first gaming mouse to today's cutting-edge products like Razer zGold virtual credits and the acclaimed Razer Phone, the company has built a massive ecosystem for gamers like no other.

Founded in 2005 and headquartered in San Francisco and Singapore, Razer has nine offices worldwide and is recognised as the leading lifestyle brand for gamers in the USA, Europe and China.

The triple-headed snake trademark of Razer is one of the most recognised logos in the global gaming and e-sports communities. With a fan base that spans every continent, the company has designed and built the world's largest gamer-focused ecosystem of hardware, software and services.

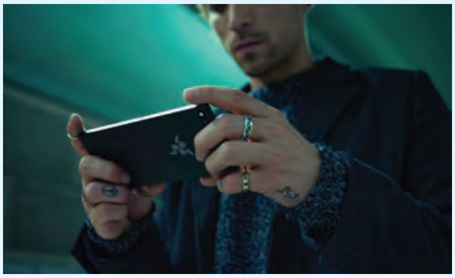
Razer's award-winning hardware includes high-performance gaming peripherals, Blade gaming laptops and the acclaimed Razer Phone.

Razer's software platform, with over 40 million users, includes Razer Synapse (an Internet of Things platform), Razer Chroma (a proprietary RGB lighting technology system), and Razer Cortex (a game optimiser and launcher).

Razer services include Razer zGold, one of the world's largest virtual credit services for gamers, which allows gamers to purchase virtual goods and items from over 2,500 different games.

With an estimated 2.2 billion gamers worldwide, the US$100 billion gaming industry is now larger than the movie and music industries combined.

Company:	Razer Inc.
Date established:	2005
Primary business:	Gaming hardware, software, and services
Innovation:	Razer is a maker of high-end gaming peripherals, laptops, and mobile devices. It is a pioneer in global e-sports and the developer of the world's largest virtual credits system for gamers.
Key people:	Min-Liang Tan, Co-founder and CEO Edwin Chan, CFO Khaw Kheng Joo, COO
No. of employees:	About 1,000
Valuation:	Market capitalisation of US$4.4 billion, as of November 2017 when Razer was listed on the HK Stock Exchange (Stock Code: 1337)



Razer, with its unique ecosystem, is primed to leverage on the opportunities in the gaming industry.

The company's motto is "For Gamers. By Gamers." The business was founded by gamers, and the passion of all the gamers in the company continually drives its deep engagement with over eight million fans on Facebook (as of January 2018) and over 40 million registered users who use its products and services.

Its users include early adopters of technology, millennials and some of the most prominent trendsetters, such as top e-sports athletes, movie stars, leading music artistes and social media celebrities.

Razer is the pioneer in e-sports and has sponsored top e-sports athletes for over 12 years. As of 31 August 2017, Team Razer, its e-sports brand, comprised 140 top e-sports athletes from 24 different countries.

Razer is listed on the Hong Kong Stock Exchange and went public in November 2017.

Unicorn 2 - Grab
Grabbing the uber share of the transportation pie

Grab (formerly known as GrabTaxi) offers ride-hailing and marketplace services through its app in Singapore and other ASEAN countries, such as Malaysia, Indonesia, Philippines, Vietnam, Thailand, Myanmar and Cambodia.

The Journey of Grab

The company was co-founded by two Harvard Business School graduates who were frustrated with the difficulties of getting a taxi in Malaysia.

The duo emerged second in the 2011 Harvard Business Plan competition after submitting a plan for an on-demand transportation business that drew inspiration from Uber. Although they did not win the competition, their plan gained support from angel investors which led to the founding of the company in 2012.

Grab first started out in Malaysia before branching out to other parts of the region. Today, Grab operates in 178 cities across eight ASEAN countries. Its corporate headquarters is located in Singapore.

Its ride-hailing services include GrabTaxi, GrabHitch, GrabShuttle, and GrabBike among other options.

The company also launched GrabExpress and GrabFood, on-demand delivery services for parcels and food respectively.

Grab has also expanded its services to include GrabPay, a mobile payments system that was launched in 2016, and GrabRewards, a loyalty system launched in 2017.

Company:	Grab
Date established:	2012
Primary business:	On-demand transportation
Innovation:	Grab operates Southeast Asia's leading on-demand transportation. It solves critical transportation challenges to make transport freedom a reality for 620 million people in the region. It also has its own proprietary mobile payments platform, GrabPay. It has since launched GrabFood in Indonesia and a beta version is currently running in Thailand.
Key people:	Anthony Tan, Co-Founder and CEO Tan Hooi Ling, Co-Founder
No. of employees:	Over 1,000
Valuation:	Estimated US$6 billion

To date, the company has enjoyed much success. Grab has had over 81 million downloads and presently has more than 2.4 million drivers across its network. It also operates six R&D centres, located in Singapore, Beijing, Seattle, Bangalore, Ho Chi Minh City and Jakarta.

Funding

Grab has gone through multiple investment rounds, the latest being Series G funding in August 2017. It has attracted investors such as SoftBank, Didi Chuxing, Hyundai Motor, Toyota Tsusho, Honda Motor, Tiger Global, GGV Capital, and Vertex Venture Holdings (subsidiary of Temasek Holdings).

While Grab has not outlined any plans to go public, Anthony Tan remarked in 2014 that it may consider an IPO when the number of Grab rides booked reaches two million a day.

Unicorn 3 - Sea

Seeing the great opportunities in Southeast Asia and Taiwan

Sea is a consumer Internet platform provider which operates a digital entertainment platform (Garena), an e-commerce platform (Shopee), and digital financial services platform (AirPay).

The Journey of Sea

Sea's story begins in Singapore, where Forrest Li and his team first built Garena, an online games platform and ecosystem. Garena includes a mobile app, PC application, eSports brand Garena World, and exclusive partnerships with some of the world's best game developers. By Q4 2017, there were over 87 million quarterly active users on Garena.

In 2014, Sea launched AirPay, a digital financial services platform, to meet the needs of the underbanked population in Southeast Asia and Taiwan where about 300 million people are without a bank account and less than 20 per cent have a credit card.

In 2015, Sea launched Shopee, an e-commerce platform across the region. Shopee is designed to better serve consumers and provide an easy-to-use platform for SMEs and brands to grow their online business. Product categories include fashion, health and beauty, baby and toys, and home and living.

The company has achieved much success which it credits to a consistent focus on scalable business models with strong virtuous cycles across all platforms. For example, on Garena, the more users there are, the more global game developers want to work with Garena as an exclusive game partner, which in turn attracts more users.

Company:	Sea Ltd (formerly Garena)
Date established:	2009
Primary business:	Internet platform
Innovation:	• Garena (digital entertainment) • Shopee (e-commerce) • AirPay (digital financial services)
Key people:	Forrest Li, Chairman and Group CEO Gang Ye, Group COO Tony Hou, Group CFO
No. of employees:	Over 5,400
Valuation:	Market Cap: Over US$5 billion, as of October 2017, when Sea listed on the New York Stock Exchange (Ticker: SE)
Mission:	Sea's mission is to better the lives of the consumers and small businesses of the region with technology

Moving forward, Sea's focus includes:

- A regional strategy that transplants best practices across the consumer and small business base.
- Leveraging its home court advantage of localised on-the-ground presence to move swiftly, as it did for Shopee.
- Staying humble and leading by example as a local startup that now has a global audience.

Funding

As an eight-year old company, Sea has gone through various funding rounds: from angel investment, to Series E. Sea has had the support from global investors that include General Atlantic, Khazanah, Seatown and Tencent.

On 20 October 2017, Sea listed on the New York Stock Exchange, raising close to US$1 billion. ■

Corporate Venturing: Addressing Digital Disruption by Investing in Startups

By DR WILSON CHEW
Partner, PwC

Corporates may seek agility and innovation, but a conservative approach to risk means these do not come easily. Startups can be agile and aggressive, but they need funding, guidance and markets. Collaboration between the two through corporate venturing, where corporations set up vehicles to invest in promising startups in relevant and related businesses, can make sense.

Both Section 157 of The Company's Act and the Code of Corporate Governance set out the board's role in value creation. In short, the board provides direction for the company, oversees its progress, and stands accountable for its growth.

But ensuring progress is getting tougher in this era of digital disruption. Never before have we seen startups mounting such formidable pressure on large global behemoths and disrupting their dominion over markets.

Fearing irrelevance, many large corporate boards are responding to this challenge through corporate venturing (also known as corporate venture capital).

Corporate venturing: A competitive advantage

Corporate venturing, as the term suggests, involves taking a stake in a smaller but highly innovative firm – generally a startup. Corporates thereby take advantage of external innovation which can act as a catalyst towards achieving competitive advantage. As the tycoons will say, "If you cannot do it, buy it."

Corporate venturing can take many shapes. Basically, it is a strategic investment in a smaller firm often done through a separate fund (much like a traditional venture capital firm would) but with accretive motives. So conceptually, this form of corporate action has been around for decades.

Corporate venturing is also often used to either diversify or intensify a company's business model. In diversification, corporates may enter into a venture that can help it to advance in an unrelated industry. In intensification, corporates may acquire a firm that has the competitive tools to eliminate its competitors and thereby helping it to increase market share by sharpening its business focus.

Within these contexts, large corporates often lure smaller complementary firms with funding, and also with strategic support including product/

service development or commercialisation hastening, and / or market access.

Such forms of corporate venturing are commonly seen in the pharmaceutical and technology industries.

Eli Lilly, for example, realised in 2001 the importance of leveraging innovation for its product pipeline development. In the same year, it launched a corporate venture-capital fund to engage with cutting-edge biotech startups. By 2013, Lilly Ventures was involved in more than 30 collaborations which provided insights into new drugs.

Examples of such local initiatives are set out in the box, "Singapore Corporate Venturing".

Singapore Corporate Venturing

- **Singtel.** Singapore's largest telco has established Innov8, a US$250 million fund, focusing on technologies and solutions that lead to quantum changes in network capabilities, next-generation devices, digital content services and enablers to enhance customer experience. It works closely with the ecosystem of leading innovators, developers, government agencies, R&D and capital providers to bring cutting-edge technologies and solutions to the various markets the Singtel Group operates in.
- **Rakuten.** The Japanese e-internet company has set up Rakuten Ventures which is run out of Singapore. Its US$200 million Global Investment Fund seeks out the next generation of innovations around the world and across the IT sector, to building and sustainably defending a last-mover advantage in their verticals of focus.
- **UOB.** One of the top three local banks, UOB has a wholly-owned subsidiary, UOB Venture Management which has provided financing to more than 100 privately-held companies through direct equity investment, mainly in Southeast Asia and Greater China.
- **CapitaLand.** The property giant has set up C31 Ventures to invest in technology startups that complement its real estate business and provide new strategic capabilities. C31 Ventures leverages CapitaLand's significant asset base to offer startups the opportunity to validate their innovation. The S$110 million global fund invests in Series A to C companies across Asia and US.
- **ST Engineering.** The engineering group has set up ST Engineering Ventures with a US$150 million funding to scout for and invest in promising technology startups that are developing new technologies or creating innovative solutions complementary to its strategic capabilities in higher growth areas, such as robotics and autonomous technology, data analytics and cybersecurity.

Does it work?

With corporate venturing, corporates can now theoretically tap onto new innovations brought about by startups, integrate them into their business models, and stay sustainable. And in return, startups are given the needed capital, networks, internal management guidance and market reach they would not otherwise have.

Corporate venturing should thrive given these mutual benefits. After all, collusion is better than collision (see diagram, "The Win-Win of Corporate Venturing").

The Win-Win of Corporate Venturing

Why collaborate?

Corporations		Startups
Access to market		Difficulties in accessing new market
Market knowledge		New to market
Workforce		Limited workforce
Economies of scale		Lack of resources and partners
Resources and power		Need of extra resources to scale
Capital		Lack of money
Viability	**Technology**	Lack of visibility
	Talent	
Slowness	**Markets**	Organisational agility
Lack of creativity		Continuous new ideas
Encouragement of continuity		Challenge the status quo
Standardisation of process		Versatile environment
Limited motivation		Highly motivated teams
Slow-paced growth		Rapid potential growth
Risk aversion		Willingness to take risks
Operate in mature markets		Capacity to enter new markets

Critical success factors

However, the jury is out on how successful a corporate venture really is. There is no guarantee to success, not least because the company is trying to marry two different sets of cultures and way of doing things.

What is important is to understand and ensure the critical success factors of corporate ventures. Key among them are strategy, leadership, management of culture and change, and strong governance.

In terms of strategy, it is critical to articulate the rationale and objectives of the venture from the onset. This should cover simple variables such as goals (stemming from the original intents of the venture and the combination of strengths) and how they are achieved. A sound strategy helps to determine the best approach towards achieving synergy success (especially for the buyer).

Importantly, the success of a corporate venture is all about driving integration processes that achieve accretive outcomes, i.e. improved performance or reduced costs. Therefore, deploying the needed resources in building a management team that drives collaborative success is imperative (given that anxiety is commonplace within a venture context).

But collaborative success cannot do without sturdy hands that manage change. It is acknowledged that every organisation has its own cultural norms, values and assumptions (all the more in the case of startups given their inception beliefs). Indeed, the drive to change the world (startups) is completely different from the drive to optimise stakeholder returns (corporates). These juxtaposing beliefs drive invisible medians that govern how people act and interact. The key that unlocks these

differences involve intensive trust-building efforts such as open communication and team work from both sides.

But change can never be fully managed without the presence of good governance. The expected ways in which the entities are to work together must be carefully and clearly outlined. This includes decision-making guidelines, engagement rules between teams and resources allocation.

The future

Corporate venture capital can be an engine of economic growth with the flourishing of creative innovations driven by the startups, the liquidity generated by the corporates that buy them, and the pro-business governments that drive open markets that facilitate these.

According to CB Insights, corporate venture capital financing of deals has grown from US$8.5 billion in 2012 to more than US$25 billion in 2016. The first half of 2017 has surpassed the comparable period in 2016 with US$13.3 billion in deal flow.

With the amount of liquidity in the system, many companies are awash with cash. And never has so much effort been focused on innovation than before. It appears that corporate venturing will certainly become more widespread in the future. ■

Booting Up a Successful Startup

By **LIM SOON HOCK**
Chairman and Founder, Plan-B ICAG

Rigorous questioning and careful planning – including contingency planning – are essential to creating a successful startup. Borrowing a process from a nineteenth century poet can help to develop a roadmap for building a fruitful business.

I keep six honest serving men
(They taught me all I knew);
Their names are What and Why and When
And How and Where and Who.

Rudyard Kipling penned this framework for exploring problems more than a century ago, but the words still provide a useful back-to-basics foundation for any form of analysis.

Hence, we will use them to guide us in the what, why, how, when, where and who of successfully launching a new business.

And so we start with…

What

"Moving people and material vertically and horizontally over relatively short distances." This is how Otis Elevator describes its business.

"Can you describe your business in not more than a few sentences?" It is the question I ask startup founders at the end of their presentations, be it for funding purposes or a business plan competition.

Many of them stumble. It is easy to be verbose; getting people to describe the business they are in succinctly and simply, in just a few sentences, prove challenging to many. Yet, it is important that the people behind startups understand clearly *what* it is they are doing. Not only does it define purpose and strategy, but it also drives the *why* and *how* of the business.

I have found that when startup managers can extract the essence of "what business they are in" and communicate it well, they usually have a better chance at success.

Focus is crucial, as startups usually do not have nearly enough resources at their disposal. It also prepares them to address other questions that are integral to the business plan, and which potential investors will need to be fully comfortable with.

To illustrate this, I would like to quote two examples, one is for-profit and the other in the social sector.

The first is a fintech company, INVICTUS Group. It leverages blockchain technology to develop smart contracts for SMEs. When asked what business they are in, the founder and major shareholder are unequivocal: "We take the chronic pain out of the last mile of a transaction. We provide more access to cash flow funding for SMEs from third party liquidity providers, thereby complementing banks. Such funding need not necessarily be at the invoice stage, but can be at any stage of the transaction, including when a purchase order is issued."

The second is Halogen Foundation Singapore, an institution of a public character. It is also clear about the business it is in: "We uplift youths from poor and needy families, especially those who are at risk, through our proven leadership and entrepreneurship programmes, to give them a better head start in life, to build their careers and futures. We transform youths into more socially and economically responsible individuals."

Why

When the *what* has been properly addressed, the startup must next answer the *why* of doing this business.

Again, it must be compelling and convincing. And the temptation to over-sell must be resisted.

Apart from the desire to make money, the *why* can be addressing a market need; solving a problem; improving competitive strengths; or meeting unsatisfied market potential for the product or service. Or in today's terms, the startup can be disrupting an industry with a cheaper, faster and better alternative.

The compelling need would have to be succinctly elaborated and easily understood. Uber, Airbnb and Alibaba are fine examples of this.

How

When the *why* has been appropriately explained, the *how* of turning innovation concepts into tangible new products, services, processes and business cases needs to be meticulously articulated.

The startup should describe clearly how its solution compares with the competition, complete with a comparative table of functions and features. The business model – how the company will make money – needs to be explained.

Other key considerations will include the marketing or commercialisation plan, including desired positioning, pricing strategy, and distribution. Here it is important to demonstrate that the startup can manage commercialisation challenges and the market launch with confidence.

In addressing the *how*, there are some startup pitfalls to be avoided:

- Being overconfident – "I am the best" syndrome;
- Being blind to competitive threats;
- Embracing a "founder-knows-all" posture;
- Not planning beyond a single product or solution company;
- Pursuing an unrealistic business model; and
- Not knowing how to exploit leverages.

When

In the next step, the startup will need to ascertain *when* to launch the product or service.

It should provide a clearly articulated product or technology roadmap and a realistic timeline of market entries, with triggers or milestones.

Where

As to *where*, why think that a startup must always begin operations in Singapore? For example, if a large population is a key success factor, why not launch in Indonesia?

In a globalised and interconnected world, deliberately limiting the startup's scope to the local market seems a wasted opportunity.

Who

Finally, there is the question of *who*? For example, who can assist as mentor, and as investor, but most of all, which talented people will help to drive the company to success.

While in the early stages, the fight for customers will be all-encompassing, the fight for talent must not be forgotten. Building a quality team is essential for growing a successful and innovative company.

The 5 "Ws" and a "H" in perspective

When completed, the startup must convincingly show how the *what* (the strategies), and the *why*, *how*, *when*, *where* and *who* (collectively the tactics), translate into aggressive but achievable financials, cash flows and funding needed for at least the first three years of operation.

In addition, the management team will need to be introduced, highlighting each member's track record and accomplishments. The organisation structure to be implemented and how this will evolve over time should be disclosed as well.

Finally, the startup must articulate what can go wrong, and the steps that will mitigate the risks. This is critical. Most new businesses do not spend enough time thinking through what can go awry. Many imagine that their invention or innovation is the next mouse trap, and nothing will stand in the way of success.

For the investor, it is all about knowing how the startup can accelerate growth and create sustainable value, through appropriate business development, risk management, financing and value extraction strategies.

In other words, it is about:

- Understanding what can go wrong;
- Being clear about the top three challenges;
- Knowing the top three key success factors;
- Resisting the temptation to over-value the business;
- Being willing to trade acceptable dilution for larger return;
- Discarding the control paranoia; and
- Not being carried away by the exit strategy.

Case Example: Hope Technik

HOPE Technik, a local engineering solutions company, is one company that has successfully ticked the *what*, *why*, *how*, *when* and *where* boxes.

In the 11 years that followed its inception in 2006, HOPE Technik grew from a startup with four co-founders to a multimillion-dollar group, employing over 140 "teammates", as the co-founders call them, who have delivered 400 projects to 18 countries across the globe.

A big contributing factor to their success is the passion of the co-founders to build things, driven by their love of sports cars. It is why they started the business of creating engineering marvels (the *what*) that few companies would attempt. When they were engineering undergraduates, they had designed and built sport cars for international competitions.

They were driven by their early success, and had a "can-do" attitude, as well as the tenacity to start their own business. This has seen them create, among many other things, a space plane and a device for laparoscopic surgery. They cleverly and astutely apply their engineering knowledge, as "engineering mercenaries". Facing the pressure of competing against established companies in the industry, they were undeterred, thinking, "If other people can do it, why can't we?"

HOPE Technik today has three different business units, SESTO Robotics which specialises in autonomous robotics; and TRIGEN Automotive, which builds special function vehicles, including the Singapore Civil Defence Force's Red Rhino, the ubiquitous fire fighting vehicle and one of their company's calling cards; and Special Projects.

When the company won the Red Rhino subcontract, it had only seven people on their team. According to Peter Ho, co-founder and CEO of the company, "Your relevance is something you have to fight for." Fight they did, believing in their business, staying focused and getting it done right every time, first time round. "There was no magical moment where suddenly the stars aligned. We just said to ourselves 'I think we can try'," said Mr Ho.

All said and done, it is about execution, execution, execution!

Businesses do not fail, people do. Great products or services fail because of poor management.

On the other hand, outstanding management can make up for mediocre products or services.

The ideal combination is great products or services ("killer apps") and outstanding management or leadership. It means staying focused and being prepared to make tough choices.

The box on HOPE Technik is an example of a startup that was well booted with the *What*, *Why*, *How*, *When* and *Where* right from the onset.

Elon Musk, founder of Tesla and SpaceX, had this to say: "It's very difficult to start companies, it's quite painful. It's like eating glass and staring into the abyss. If you are wired to do it, then do it, but otherwise, don't. If you need inspiring words, DON'T DO IT!"

In other words, if you are discouraged by someone telling you not to pursue a startup, then you were not meant to do it in the first place. ■

Should Startups Bother with Corporate Governance?

By **CHIN HOOI YEN**

SID SINGAPORE INSTITUTE OF DIRECTORS | BOARDROOM MATTERS

It is safe to say that corporate governance is rarely a priority for startup companies. A quick scan of startup boot camps in Singapore reveals that none includes corporate governance on its agendas.

After all, the resources of these startups are already limited, and they are too busy trying to gain market traction. What's more, the line between ownership and management in these startups is often blurred. The founders invariably run the company and do not take into account the interests of other shareholders simply because they are, usually, the majority or sole shareholders.

The situation, however, becomes tricky when startups find themselves needing to raise funds from angel investors and venture capital firms. And since the investors will usually require a seat on the board, it is at this stage that the startups will experience their first real taste of corporate governance.

Challenges and opportunities

In my experience as legal adviser to several startups, many founders are wary of losing their managerial autonomy with the appointment of new board members. They worry that the decision-making process will either be compromised or become cumbersome, or both.

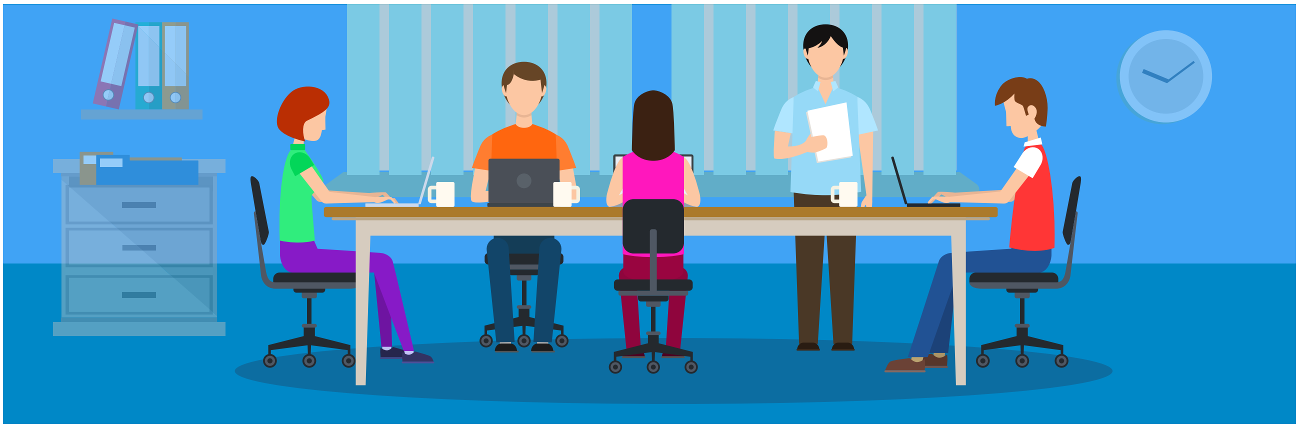
This concern stems from an unfamiliarity about the nature and benefits of corporate governance, in particular about the role of boards and how to get the most out of them.

The truth is, most startups are founded by people who are most likely young and who lack practical experience in the management of a company. Which is fine so long as they are aware of their own limitations, and they seize the opportunity to create a board comprising individuals who can provide mentorship, strategic solutions, access to their contacts, and insights into corporate management.

An experienced board also adds value to a company by reining in the founder's unbridled impulses, if any. Some founders have strong opinions, and develop the habit of making all decisions, big and small. Their companies typically exhibit strong initial growth that plateaus as their ability to cope with making all the decisions becomes stretched. Founders who are unable to delegate may struggle to attract funding, or may ultimately be replaced by frustrated external investors or shareholders.

Before any of this happens, it is important to find (and welcome) a board member who is willing to step up and provide strategic leadership and oversight to the company, including overseeing the development of a succession plan.

In other words, the creation of a board helmed by professionals and invested with real powers of oversight and proper procedures can be a boon.



Founders can reap benefits by understanding that the board can bring value, rather than simply being a check on them. Corporate governance should be regarded as a strategic tool, and not a burden. All a startup needs to do is to allow the board and the attendant corporate governance practices to grow in tandem with the company.

The big picture

Founders should remember that investors are more attracted to startups that implement processes that promote transparency, checks and balances and effective decision-making. In fact, a well-run company will attract better valuations and a larger pool of interested investors. This gives the company the luxury of selecting the investor whose resources and connections it finds most desirable.

And if the opportunity of a buy-in or a public listing presents itself, the due diligence process on a properly governed company is much less likely to unearth problems that might otherwise undermine the proposed investment or listing.

As a company grows, effective corporate governance processes promote confidence in the company among investors, key partners and employees. A well-conceived and correctly implemented corporate governance structure also creates an efficient decision-making process. In this regard, founders should work with their boards to develop a manual or terms of reference where the roles of management and the board are clearly set out. This will enable the board and management to move swiftly to deal with any crisis that develops and seize any opportunity that presents itself.

Founders who are proactive in keeping their boards updated will also find that they become "top of mind" with their board members, some of whom may sit on multiple boards. Board members who are up to date on the company's projects or challenges are more likely to mention the company to their contacts, suggest possible partnerships, and make useful introductions.

Some founders who can see this big picture have reaped the benefits. One such person is Daniel Leong, co-founder of LawCanvas, a startup that provides legal document automation software.

He said: "By implementing transparent governance procedures and communicating openly with our stakeholders, we were able to build confidence amongst potential investors and customers, giving us the ability to raise funds from investors efficiently and to receive valuable feedback from customers."

Hopefully, more founders will join him in welcoming independent boards and improved corporate governance. ■

Chin Hooi Yen is a former member of the Professional Development Committee of SID. Boardroom Matters is a regular column by SID in The Business Times and its online financial portal, BTInvest, where this article was first published.

Dear Mr Sid

Stuck in a Startup

I am not a director but an employee, and I have a corporate governance concern to share with you.

About two years ago, I joined this startup with a pretty cool product and some big plans in the sharing economy. We have since achieved some serious traction in the B2C market. On the surface, we are successful.

I feel I should be living the dream, but it's becoming more of a nightmare. So, why am I not happy?

First, the workplace culture bothers me. It's very "blokey" (did I mention I am female?), and the women on the team are made to feel as if we are not really team players when we snub the sexist jokes that are being thrown around or don't join in the after-work drinks that happen almost every other day. Sometimes, things can get out of hand, especially when the founder-CEO has one drink too many.

But more than that, I worry about the governance. I was hired as the head of finance and it concerns me that nobody else seems to care whether, for example, sales returns are submitted on time, management reports are accurate or even completed, or receivables are followed up.

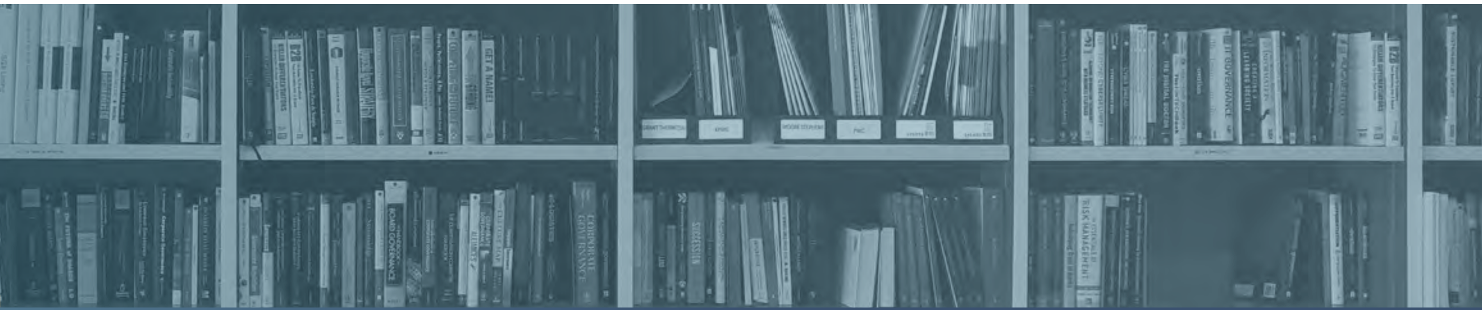
Of course, I understand that, as a startup, the priorities are different. To quote our founder, "Volumes, eyeballs, and product enhancements will eat compliance for breakfast, at least for the first five years." But I feel my reputation is at stake.

We recently raised nearly S$100 million. While that's good, I am uncomfortable with what I think are the highly-inflated projections our founder made to the venture capitalists to get that valuation. To be fair, he does push the team pretty hard, though sometimes to the extreme, to meet the numbers. Many of my colleagues have burnt out and left.

My concern is that while we appear to be meeting the numbers from a revenue standpoint, we may also be just buying time with investors' money. The hole we are burning is getting bigger by the day.

I would think this is something the board should worry about, but apparently it does not.

Apart from the founder, the board comprises one of his close friends who put in some seed money, and the venture capitalist who brought in the Series B funding. And that's it.



I am sometimes invited to board meetings to discuss finances. These tend to be very informal, and the discussions revolve mainly around eyeballs and valuation.

I've asked about getting an independent director on board. Our founder's view is that independent directors are a waste of time until we are ready to go for a public listing. He believes there is not much apart from money that non-executives can contribute at this stage of our development.

I am not the only one who feels concerned about the state of affairs. Three of my colleagues have privately discussed whether the situation is sustainable. Two other colleagues have given up and left.

Frankly, we want to move on. But we have stocks that were given to us when we joined, as well as pretty good employee stock options, and don't want to see those go down the drain. We think the company has potential, and are afraid that if we don't do something now, it could all come to nothing. But we are worried of being victimised if we speak up.

What's your advice?

Yours sincerely

Stuck-in-this-startup

Dear Stuck-in-this-startup

I can see you are in a difficult situation.

The corporate governance situation you describe is, unfortunately, not uncommon with many startups.

It stems from the misimpression that startups should only focus on viability and valuation, at the expense of good corporate governance.

Startup progression

Part of the reason for this misconception arises from how startups evolve. Most begin as entrepreneurial ventures funded by the founders and "family and friends" who tend to fully and blindly entrust the entire running of the company to the founders.

In the initial period, the focus of a venture is on proving the concept on which the startup was founded.

As the startup grows, it invariably needs funding. Much of this comes from funders (angels, venture capitalists, etc.) who are keenly aware that the survivability of their investments is not high. But, they hope for an outsized return for those that succeed. As such, the focus tends to be on the viability of the startup.

At the same time, the nature of a startup funding life cycle is to ensure increasing valuation so that it is attractive to those coming in later, while rewarding the earlier investors. A "down round" is not seen as being successful.

In addition, startups are generally highly dependent on the founders and their visions. The founder can make or break a startup. As such, investors and the board may treat a successful founder with kid gloves.

Viability and valuation focus

This laser-like focus on viability and valuation as well as the "hero" status of the founder can lead startups and their boards (often comprising the founder and the major investors) to ignore other aspects of corporate governance. It is not uncommon for the board to be blind to the flaws of a founder when he or she seems to be successfully growing the enterprise.

Uber is one such example, where it took significant publicly-aired allegations of wrongdoings for change to be effected.

You are right to point out that as the startup scales up, the major investors may require greater governance and the addition of independent directors. However, a history of limited good governance practices and the cult-like status of a strong founder could ensure that the status quo continues.

A recent study of the top 30 prominent, privately-held tech companies in the US by digital media company The Information (see "References") found:

- Many of these firms have weak corporate governance practices.
- Two key elements of good board composition – diversity and independence – are relatively rare on these boards.
- Insider control by founders and other insiders remains the norm despite high-profile problems.

Such situations are, of course, unhealthy.

Good governance

What might surprise many startup boards is that good governance – which is fundamentally about value creation and ensuring the sustainable performance of the company – is actually aligned with their objectives of viability and valuation.

However, there are also other critical aspects of good corporate governance. These include engagement of stakeholders beyond the investors, ensuring the fair treatment of employees, and ethical business practices, all of which are important to any company for the long-run.

A startup board that ignores these matters actually threatens the sustainability of the company. A more self-aware and informed board will be able to see that it is in the collective interest of the investors, company, the board and the founder-CEO (who may be the largest shareholder) for these issues to be properly addressed.

Your options

In your case, continuing with the status quo is not a good option. It troubles you, and the company could eventually go under at this rate. You have several courses of action.

First, you should recognise the clout you have in resolving the situation:

- You are a shareholder. As such, you have a right to be heard by the company and board.
- You are an employee serving a key function. Finance is the lifeblood of any enterprise. You are familiar with the implications of different financial scenarios. This is valuable to the

company, CEO and board. In today's tight labour market, you are even more valuable.
- You can have the power of three, maybe even five. There are, at least, three of you employee-shareholders who are in the same situation. In addition, you may want to bring into the picture the other two former employee-shareholders whose stock values are also at risk.

Second, you need to work out among yourselves whether the better option is to approach the founder-CEO and seek to put him on the correct path, or to go straight to the board.

In either case, it should be clear to the founder or board that your concerns are authentic and that there is a risk to them if they do not address these concerns. Hopefully, the media publicity surrounding startups with poor corporate governance will provide the board and CEO good lessons on what could go wrong if they do not step up.

As for the recommendations to the founder or board in moving forward, you could suggest the following:
- Expand the board to include more independent and diverse members.
- Have formal board meetings that require members of management to present to, and engage with, the board.
- Develop and agree with the board and management a business strategy with clear and practical targets, not just what is in the mind of the founder.
- Establish a human resource policy that discourages discrimination and establishes ethical standards.

Wishing you all the best on your startup journey.

Yours sincerely

Mr Sid ■

Who is Mr Sid?

Mr Sid is a meek, mild-mannered geek who resides in the deep recesses of the reference archives of the Singapore Institute of Directors. Armed with his favourite *Corporate Governance Guides for Boards in Singapore* and other materials, he relishes answering members' questions on corporate governance and directorship matters. But when the questions get tricky, he transforms into SuperSid, and flies out to his super network of boardroom sidekicks to find the answers.

Mr Sid's References (for this question)

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Section 1.2: Company Performance

Section 4.2: Value Creation

Boardroom Matters: Volume II

Chapter 5: Should Startups Bother With Corporate Governance?, by Chin Hooi Yen

Boardroom Matters: Volume III

Chapter 18: How Boards Can Add Value to Startups and their CEOs by Eugene Wong

SID Directors Bulletin (this issue)

Unicorns and Decacorns (page 32)

Getting the Right Board for Startups (page 56)

Leadership Transitions: From Startup to Grown Up (page 58)

Expanding Horizons: So, You Want to be a Startup Director? (page 64)

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Getting the Right Board for Startups

By
EUGENE WONG
Founder and Managing Director, Sirius Venture Capital

Establishing a board of directors that can drive a startup from ambition to growth is both art and science. The type of board and directors for a startup should evolve as the company grows and matures.

From the moment a founder ventures from idea to startup, the entity is challenged to defy all odds to succeed. Finding an integrated board of directors capable of providing strategic advice and fulfilling the startup's objectives can be one of its strongest assets.

Different stages of development

The two crucial pillars that lead to startup success are the ability to raise capital and to sell products or services, analogous to the air and water necessary to support life. The absence of either will threaten a startup's survival.

At first, a startup's primary source of funds is pulled together by its founder and initial shareholders. As it reaches the development or seed stage when prototypes are first developed, the founder will attract angel investors to inject more capital. Depending on the amount invested, an angel investor may occupy a seat on the board.

At the next stage of development – the growth or Series A round – a seat will typically be reserved for the venture capitalist who leads the round. But a founder ought to look beyond the amount angel investors or venture capitalists inject in various rounds of financing, to consider the relationships and skillsets they bring to the boardroom.

Essentially, founders should bring in investors and particularly directors who are willing and able to build long-term relationships. Ideally, these investors and directors lend credibility to the startup and broaden the founder's access to funding and talent recruitment – areas where startups often pale to larger corporations.

With each stage, the board should grow in terms of its mix of skills, experiences and values. The board's ability to make tangible contributions in areas like marketing, distribution and sales are added benefits as the startup is finding its place in the market. At this round of financing, it is also common for the board to designate an independent seat.

At the expansion or Series B stage, when the startup has garnered adequate market acceptance and is feverishly growing its market segments, greater emphasis should be placed on talent recruitment to ensure management and operational efficiency. At this juncture, board members who can consolidate good practices in operational excellence, international market development and corporate governance are highly sought after.

By the maturity or Series C and D stages, the startup begins to resemble a small corporation. The company is actively expanding its product lines and markets. It is charting good momentum in terms of sales and recording positive cashflow. This is also a critical point for a shift in leadership, bringing in C-level executives to navigate new challenges.

The perfect board composition combines essential skills, industry-related competencies and experiential attributes. If the company intends to move on to a public listing, it is appropriate for the founder to bring in directors with the relevant experience to make that happen.

Drawbacks of startup boards

In large corporations, there is typically an independent chairman and a good mix of executive directors, non-executive directors and independent directors to provide the much-needed balance for corporate governance.

Startup boards, however, tend to have different dynamics. Given that the board is likely to be dominated by angel investors and venture capitalists, boardroom decisions may be skewed towards serving the interests of individuals over those of other stakeholders.

To ensure impartiality in the boardroom, founders are strongly encouraged to bring in an independent chairman to preside over meetings. Independent directors should also be brought in to lend objectivity to board meetings, on top of ensuring that dialogues in the boardroom are kept separate from management actions.

Furthermore, independent directors can share business insights without interfering with the founder's course of actions. To the rest of the business community, having an experienced independent director on the board can certainly add credibility to the startup venture, which can boost financing at subsequent rounds.

That said, not every startup is able to pay for independent directors to be on its board. Besides, it can be challenging for startups to attract independent directors. In fact, many prominent business figures are mindful of sitting on a startup's board, lest it fails.

Startup boards also lack adequate support, as compared to large corporations with access to a wide network of lawyers, corporate secretaries and accountants. When emphasis is placed on bread and butter issues over corporate governance, often the result is fewer formal meetings, inadequate information and infrequent reporting.

Understanding the role of the board

At the end of the day, the right board can significantly affect the destiny of a startup. Not simply because the board is responsible for driving performance, but because it is responsible for setting business directions, approving budgets and finding the right senior-level management and CEO to grow the company. In sum, the board's role lies in facilitating the best possible performance. ■

Leadership Transitions: From Startup to Grown Up

By **ROB BIER**
Partner, Trellis Asia

AVALYN LIM
Director, Trellis Asia

As a startup becomes successful, it will reach a point when it has to balance priorities of product and revenue growth with people and organisational development. Founder CEOs are typically not oriented toward making this equilibrium happen, so boards must help the CEO make the necessary leadership transitions for the startup to successfully scale up.

In the early stages of a startup's evolution, founders are focused on understanding and addressing the "pain points" of its customers by creating a product or service that addresses it. Few companies would have a meaningful board at this juncture, nor do they, arguably, need one. You could say that the fate of the company rests almost entirely on the vision, drive and execution skills of the founding team.

Later, around the time of their first institutional fundraising (Series A), building a viable revenue model becomes as important as developing a compelling product.

The twin challenges of product and revenue viability will inevitably take up most of the founders' time and energy. It is around this time a more formal board is normally established, and the directors will typically be either founders or investors. The role of non-executive directors at this stage is largely to offer encouragement and advice, mainly on strategy and funding.

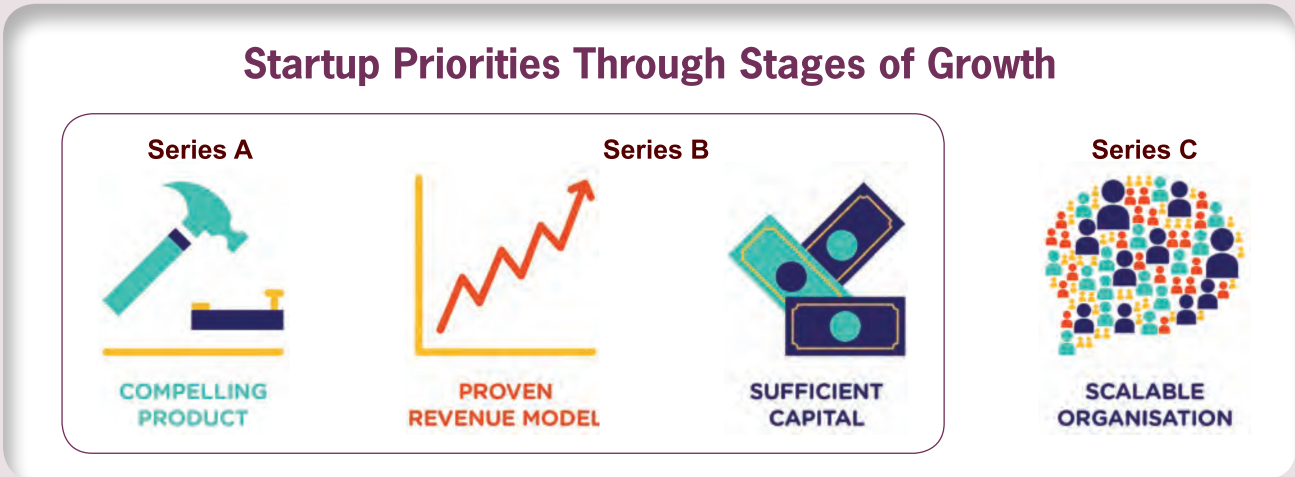
Scaling up

Things change around the time of "Series B", what is called the "scale-up phase". The startup has experienced incredible growth, and this comes with growing pains. Directors play a vital role in helping companies avoid or minimise these pains.

A typical scale-up phase company would have raised anywhere from US$10 to US$50 million, most of which will be invested in people. Capital expenditure requirements are minimal, and typically marketing will only account for 20 to 25 per cent of funds. Headcount might grow rapidly bringing with it a host of organisational and human resources issues. When companies expand internationally, these challenges will compound.

As a result, startups that may have operated quite informally till this point are forced to "grow up" almost overnight. More experienced and specialised executives are needed, and new organisational structures and HR policies follow. In other words, the people factor, from the CEO down to the most junior programmer or marketer becomes of greater importance.

The diagram "Startup Priorities Through Stages of Growth", illustrates the different varying priorities that startups should place on product, revenue growth and people matters, as they scale up their operations and funding.



These changes in the scale-up phase inevitably create frictions. It requires the CEO to manage a good deal of people conflict, often for the first time.

All these growing pains could, in theory, be smoothed out by having experienced HR leadership in place before the "growth crunch" comes. But in many startups, this is not the case – not least because of a shortage of high-quality HR professionals with startup experience.

So, what can boards and directors do to help these companies navigate this challenging period? They can support scale-up companies by:

- Growing the CEO's leadership capacity.
- Helping the CEO to develop a fully-formed leadership team, working as one.
- Encouraging leadership at all levels.
- Investing in robust people operations.

CEO as leader

Up till the point of scaling up, a CEO can be successful by being a great product and project manager. The organisation has been flexible and task-focused, with people moving quickly from one project to the next.

Now the company needs to become much more stable, structured, and process-driven, built around well-managed teams. To make this happen, CEOs must shift from being product- and project-focused to being leadership-focused. This change does not happen overnight. Chances are that many will need some help and, inevitably, some will not be able to do this.

Boards can support their CEOs through this transition by encouraging them to focus on and develop their leadership skills, perhaps through professional coaching.

But most importantly, directors can help CEOs understand the importance of making this shift, reassuring them that giving up their focus/control-oriented management approach, to concentrate more on leading people, building relationships and shaping the organisation, is not only "okay" in the eyes of the board, but absolutely essential.

The leadership team

As a company scales rapidly, the organisational and commercial challenges grow exponentially. Even the best CEOs cannot manage these all by themselves.

Most early stage startups in Southeast Asia are staffed by young generalists, often people with great ideas and great energy, but with limited executive experience. Being fast learners, they operate mainly through a process of trial and error. However, as the number of employees gets into the hundreds, it becomes vital to bring in experienced executives who bring deep functional expertise.

Young founder-CEOs may fear losing control or creating cultural conflict between the "young and local" team and the experienced, often more international, executives. It takes courage to bring in experienced hires. In addition, there is the trepidation that sets in when offering compensation packages that are often a multiple of the highest-paid employee until that point. The best CEOs see the need for this transition and prepare for it. But not all CEOs are as visionary and confident of themselves as they should be.

Here, the board's role is to encourage CEOs to be professional in their approach to hiring, and to aim for the very best they can get. Directors must reassure them that paying for the best is worth the while, even when the CEO is experiencing "sticker shock".

They should also support the hiring of executive search consultants when this proves necessary to identify the right candidates. Once the CEO has recruited the company's first senior executives, integrating them is the next task, often a long and time-consuming process.

This requires that the CEO understands how to create a shared, collective approach to leadership. At this point, it is vital that the CEO does not allow a two-tier model of decision-making to arise, with co-founders taking precedence over the professional executives.

Most CEOs eventually make this transition, but many make it too late – a pitfall that the board can help them avoid. Directors can support their CEOs by encouraging them to bring new leaders into the inner circle and by maximising their direct contact with board members, including inviting them to attend board meetings as and when appropriate.

Leadership at all levels

An element that often catches startups off-guard is the rate at which employees who have been individual contributors become managers, purely as a result of the growth in employee numbers. Obviously, not all of them are equally well-suited to this role.

The board can support this stage of growth by encouraging the company to invest in professional development at all levels, but especially in the training of first-time managers.

People operations

"People operations" is the name Google gave to what most companies consider "human resource management". But its innovation did not stop there. Google became one of the most successful and valuable companies on the planet in large part because it developed and implemented a concept that made Google a truly great place to work – especially for the very most talented (and demanding) employees. What is more striking is that Google has maintained this concept even as it has grown from 5,000 employees in 2005 to 80,000 today.

Whether you call it People Ops or HR, the stark reality is the same: it is extremely difficult to create a "great place to work", and it is far more difficult to sustain this through years of growing at light speed.

Small companies solve people issues one at a time. Big companies can only solve them through designing and adopting well-thought through, scalable people processes, that govern who gets hired and why; how new employees are on-boarded; how people get paid, evaluated and promoted, and how the culture is maintained and spread across new offices and business units.

People count most

The board's role is to advise and encourage the CEO to develop a fully-fledged people strategy, as detailed as the company's product roadmap.

In the scaling phase, "hard" business challenges such as strategy, revenue growth and product development are incredibly demanding. The purpose of having an organisational roadmap is to ensure the "soft" issues of leadership, management, and organisation building does not end up playing second fiddle to the "hard" ones.

It is the board's job to ensure that. ■

Gender Diversity: More Work Needed to Get to 20 by 2020

On 26 January 2018, BoardAgender and the Human Capital Leadership Institute (HCLI) launched their report titled "20 by 2020: Gender Diversity on Singapore Boards – Path to Action".

The report, the first qualitative report on Singapore Board Gender Diversity, outlines paths to action across individuals and boardrooms to achieve the 20 per cent target of female representation on boards by 2020.

Guest of honour for the launch ceremony at the Singapore Exchange was Ms Grace Fu, Minister for Culture, Community and Youth. Minister Fu stressed the urgency and importance of having more women represented on company boards, saying that "board diversity, particularly gender diversity in this case, is a necessity, not a nice to have". She urged companies to increase female representation on their boards and called

for half the companies listed on the Singapore Exchange – especially those without any female directors – to take steps to appoint one female director to their board.

Ms Junie Foo, BoardAgender Chair and SID Council member said the report "seeks to specifically understand the board diversity landscape in Singapore and why it may be different to the rest of the world". Its aim was also to identify the reasons behind the slow progress and offer strategic solutions that organisations can adopt to diversify their boards at a faster pace.

To address the diversity challenge, lead researcher of the project, Dr Don Chen of HCLI proposed that two fundamental transformations that boards must make to improve gender diversity on boards are to adopt a deliberate and targeted board renewal process, and to protect the independence of nominating committees to enhance the selection process.

The report also recommended that aspiring female directors focus on planning strategically for directorships by building visibility and networks, and exercise paradoxical leadership to harmonise the interests of different stakeholders. ■

So, You Want To Be A Startup Director?

By **POH MUI HOON**
Council member, SID

EXPANDING HORIZONS

Many boardroom skills required by startups are different from those by established corporate directors. A new SID professional development programme can help aspiring and new startup directors be boardroom ready.

Incumbent and startups are often viewed as contrasting organisations.

A mature corporation is often likened to an elephant – a behemoth that is not the most nimble and usually slow to react to change. It has the advantages of access to resources and advice, and often already has a widely recognised profile and an established market niche.

A startup on the other hand comes closer to a rabbit – agile and deft, yet not necessarily big on resources and is more vulnerable in the open field.

The role and emphasis of the board, and the skills and attributes required of board members of a corporate and a startup, are therefore, understandably different.

What makes startup boards different?

Much has been written of the requirements of the role of boards and directors of mature companies. The question is how similar or different should a board of a startup be.

- Should startup directors be like their organisations: agile, nimble and make speedy decisions on the fly?
- Should their main focus be fundraising, which is every startup's critical lifeline?
- Do independent directors matter or are they needed at all?
- For that matter, how much governance is needed when a startup is simply struggling to survive?

The answers, however, are not as straightforward.

The fact is that startups go through different stages of growth – often times more so and more rapidly than mature organisations. The role of the board and requirements of directors differ at each stage. (See “Getting the Right Board for Startups”, page 62.)

At first, raising capital and selling product may take precedence over all else – maybe even over items of governance. And an early stage board made up of founders, angels and venture capitalists may be more focused on an exit than on long term sustainability and complying with regulation.

However, a point will be reached where independent directors will add significant value, effectiveness and credibility to the board. This will be important to attracting both additional capital and talent, and to guiding and mentoring the CEO as the company expands.

SID startup director course

To help new and aspiring directors of startups understand their roles, SID will be launching a full-day course for startup directors in August 2018.

This course will provide a broad-based understanding of what directors, startup founders and new business owners need to know about the best practices for establishing and growing startups, the essentials of corporate governance and fundraising, and their implications for business strategies.

Structured like a startup boot-camp, there will be interactive sessions with mentors from government agencies and the investor community. They will share their knowledge and experience and hold brainstorming sessions with participants on business models and fundraising. The panel discussions will highlight founder-investor success stories and unique challenges of startups.

The course content will include:

- An explanation of the startup ecosystem, and the unique roles and responsibilities of a startup board;
- Key components of a startup constitution and board governance structure;
- Key risk management and internal control parameters;
- Gaps that can undermine investor confidence, and the limits and constraints that startup founders must work with to protect, grow and guide the startup for a long-term perspective; and
- Fundraising options for startups.

While it is true that a startup will need to call on different director skills at different stages of growth, there are some essential board responsibilities that will apply throughout. Most particularly, these include all aspects of governance, and the course has a section dealing with the regulatory environment, the roles and responsibilities of startup founders, parts played by government bodies such as ACRA, IRAS and MAS, and a review of corporate governance in a startup vis-a-vis mature companies.

Given that funding is crucial to a startup's success, there will be comprehensive coverage

of the different modes of funding: seed, angel, VC, Series A/B/C rounds (private equity), and tips for approaching the investor community. Grants that are available through Enterprise Singapore and other government bodies will also be reviewed.

Finally, the board is ultimately accountable for the performance of the company.

Given how the board is ultimately accountable for a company's performance, the course will address key components of financial management for startups. Topics that will be touched on include financial reporting fundamentals for the board and regulatory bodies, term sheet fundamentals for structuring business proposals, and the importance of equity and control at every stage of funding.

For SID members who are interested to be involved as directors in startups, or who have already begun their startup career, this is an outstanding opportunity to understand what is required, what it takes, and what will keep them buoyant in challenging times. ■

Managing Intellectual Property Assets for Startups

By **ZECHARIAH J H CHAN**
Partner, Lee & Lee
JASPER LIM
Associate, Lee & Lee

Startups should be concerned and protect their intellectual property assets from being hijacked, not just by their competitors, but also by their own employees and collaborators.

Running a startup is tough. Often, preoccupation with managing urgent, day-to-day concerns means that the protection of a startup's valuable intellectual property (IP) assets takes a backseat. (See box on "Types of IP Assets".)

Given the potential of IP assets, especially when the startup becomes successful and scales, it should pay attention to them from the beginning and worry about their misappropriation by three parties: employees, collaborators and competitors.

Employees

A successful startup will hire more and more people as its business grows. Such personnel are often given access to the startup's IP assets. While it is important to establish a culture of trust in a small but growing startup, there are serious risks in giving employees unfettered access to the startup's confidential data (e.g. through computer systems).

Easily accessible data, including nascent ideas, financial details and customer lists are vulnerable to theft. Safeguards to prevent theft include strengthening IT security measures, allowing access to confidential information on a need-to-know basis only, and immediately terminating ex-employees' access rights to the startup's systems and corporate accounts.

Another risk relates to the ownership of IP created by employees. Whilst the general position is that IP rights created during the course of employment belong to the employer, this is subject to any express or implied agreements between startup and employee.

Types of IP Assets

Type of IP	What It Does	Examples
Patents	Protect new inventions	Incandescent light bulb
Trademarks	Protect the role of a mark as a badge of origin	"Coca-Cola" trademark
Confidential Information	Keep your secrets, including trade secrets, proprietary	Secret ingredients for KFC's original recipe
Copyright	Protect expressions of ideas in tangible forms	Copyright in the Harry Potter books and films
Registered Designs	Protect features of shape, configuration, pattern or ornament applied to or embodied in an article by any industrial process	Herman Miller's iconic Aeron chair

The startup should also be aware of "commissioning situations". Currently, a startup that pays for the creation of specified works (namely, photographs, portraits, engravings, sound recordings or cinematograph films) automatically has first ownership of the copyright.

However, this position may change as the Ministry of Law has proposed (in an August 2016 public consultation paper for the Copyright Act) to change the rule in "commissioning situations" for photos, portraits and engravings so that the *creators* of such works will have first ownership of the copyright. If the amendments come into force, employers will need to negotiate with the creators to own the copyright in those works.

A solution is to ensure a clear delineation of the roles, rights and obligations of the startup and its employees, as well as that of independent contractors through suitable contracts. In this regard, startups are cautioned against wholesale "recycling" of employment contracts obtained from third parties (such as fellow entrepreneurs) or from using generic employment contracts found online). They may contain terms unsuitable to the startup, or may be unenforceable.

Collaborators

Startups will collaborate with third parties, including financiers, service providers and manufacturers.

There is a potential outflow of IP to these third parties that needs to be managed. Financiers will require information on the value propositions of a startup, which can include specifications and commercialisation plans for new, unpatented inventions. Service providers may require access to the startup's confidential information and computer systems. Manufacturers may require copies of the startup's designs and schematics for its products.

If there are no safeguards in place, such information may be misappropriated by these third parties for sale or for their own use, or by unscrupulous personnel working for these parties.

To ameliorate these risks, startups should enter into non-disclosure agreements and other relevant contracts with these third parties that clarify the legal rights and provide an avenue for enforcement.

If the counterparty supplies a contract for signing, startups should have their own lawyers review them.

Competitors

Startups should, of course, be wary of competitors infringing on its IP.

Perhaps the most common is the "hijacking" of trademarks. Trademarks allow the public to associate a startup with its goods and services. In the short term, an infringement of a trademark would be lost revenue. In the long term, the startup may lose goodwill as a result of inferior copycat products.

The answer here is to register the trademark – and in all the countries the startup operates or intends to operate in the future. Enforcing a registered trademark is simpler and more cost effective than pursuing an action on an unregistered one.

Starting early

The importance of navigating these potential pitfalls cannot be overstated. Dealings with employees, collaborators and competitors are generally managed more cost-effectively at an early stage.

If overlooked at that time, the startup may have to invest considerable time and resources in costly litigation to enforce its rights – if any have accrued at all. ■

The Code of Corporate Governance

Consultation Paper on CG Council Recommendations

After a year-long review, the Corporate Governance Council launched a public consultation on measures to strengthen corporate governance among listed companies in Singapore.

On 16 January 2018, the Corporate Governance (CG) Council released a consultation paper on its recommendations to revise the Code of Corporate Governance (the Code). The recommendations aim to support sustained corporate performance and innovation, and strengthen investor confidence in Singapore's capital markets.

The 19-member CG Council, which included three SID council members, was established by the Monetary Authority of Singapore (MAS) in February 2017 to review the Code and propose ways to strengthen corporate governance practices in Singapore.

The Code was first issued in 2001 and revised in 2005 and 2012. The release of the next revision of the Code is expected to occur in Q2 2018, following the consultation and finalisation of the changes.

Key changes proposed to the Code are in the areas of board composition, board diversity, director independence, remuneration disclosures, and stakeholder engagement. The Council has also streamlined the Code to make it more concise and introduced Practice Guidance to clarify and amplify the Code Provisions (formerly known as "Guidelines").

Beyond the revisions to the Code and its structure, the Council is also recommending to clarify the intent of the comply-or-explain regime and the expectations on listed companies' CG disclosures.

Given the importance of a conducive ecosystem in supporting companies to implement good CG practices, the Council is recommending the establishment of an industry-led CG Advisory Committee.

A summary of the recommendations of the CG Council are contained in the following two pages.

The launch of the Consultation Paper coincided with the ACRA-SGX-SID Audit Committee Seminar. With the theme of "Rebooting Corporate Governance", much of the AC Seminar content revolved around the CG Council recommendations (see page 72).

The MAS consultation took place over two months, ending on 15 March 2018. SID conducted two feedback sessions for its members on 1 and 6 February 2018 (see page 71), and submitted a Response to the Consultation Paper in early March 2018.

Summary of Corporate Governance Council Recommendations

1. Supportive Ecosystem

Sound CG practices require long-term commitment and ongoing efforts by all stakeholders. For a conducive CG ecosystem:

- Capacity-building initiatives to help companies understand and implement changes.
- Industry-led CG Advisory Committee to promote good CG practices.

2. Enhanced "Comply-or-Explain" Regime

No change to "comply-or-explain" regime, emphasis on effective and meaningful communication:

- Mandatory compliance with Code Principles.
- Companies to describe their compliance with Principles and Provisions.
- Variations from Provisions acceptable only if consistent with intent of Principles.

3. Streamlined Code Structure

Mandatory

Listing Rules

- Important requirements, baseline market practices

Comply-or-explain

CG Code

13 Principles

52 Provisions (formerly Guidelines)

- Overarching, non-disputable statements of good CG
- Actionable steps to guide companies to comply with substance of Principles

Voluntary

Practice Guidance

- Non-binding best practices

Overall impact

- More focused and concise Code (half of original wordcount)
- Net reduction of 3 Principles and 30 Provisions (Guidelines) from existing Code
- Companies have scope to explore more ways to comply
- Shift from box-ticking mindset

4. Specific Requirements

Area	Recommendation	Type[1] (N/R)	Reference[2]		
			Listing Rule[3]	Code	Practice Guidance
Board Composition	• Independent directors to form at least 1/3 of board – to become a Listing Rule	R	MR 210 (5)(c) CR 406 (3)(c)		
	• Independent directors to make up majority of board (from at least half currently) if chair is not independent	R		2.2	
	• Directors who are independent of management and business relationship to form majority of board	N		2.4	2
	• Board to disclose board diversity policy and progress made in achieving policy (including objectives set by company	N		2.5	2
Director Independence	• Tests of director independence to be rationalised: - Maintain overarching Principles-based definition in the Code - Objective and baseline tests to become Listing Rules - Remaining tests shifted to non-binding Practice Guidance - Threshold for signficant payments to or from director or immediate family set at $50K	R	MR 210 (5)(d) CR 406 (3)(d)	2.1	 1 1
	• Shareholder threshold for assessing director independence lowered to 5% from 10% (after 3-year transition)	R			
	• Move the 9-year rule for director independence to Listing Rule, OR impose 2-tier vote (all shareholders and non-controlling shareholders) for independent directors serving more than 9 years (after 3-year transition)	R			
	• Separately disclose non-controlling shareholders' votes on (re)appointments of independent directors with less than 9 years	N		2.3	2
Remuneration Disclosure	• No "say-on-pay" provisions				
	• Companies to disclose relationship between remuneration and value creation	N		8	8
	• Companies to disclose names and remuneration of employees who are substantial shareholders or their immediate family (in addition to immediate family members of a director or the CEO), where remuneration exceeds $100K (formerly $50K), in bands no wider than $100K (formerly $50K)	R		8.2	8
Stakeholder Engagement	• Board to adopt inclusive approach by balancing the needs and interests of material stakeholders, beyond shareholders	N		13	13

[1] Type of change: N=New or R=Revision to an existing requirement.
[2] Reference to the Listing Rule (LR) number, Revised Code Provision number, and Practice Guidance number.
[3] MR = SGX Listing Rules (Mainboard)
CR = SGX Listing Rules (Catalist)

Feedback Sessions

SID held two dialogue sessions, on 1 and 6 February 2018, for members to share their views on the recommendations of the CG Council. Over 60 industry professionals and corporate leaders attended the lunch-time sittings at Capital Tower.

The two sessions were chaired by the Deputy Chair and Chair of SID's Advocacy and Research Committee, Mr Adrian Chan (Senior Partner, Lee & Lee) and Mr Lee Kim Shin (Managing Partner, Allen & Gledhill) respectively. They walked through the key recommendations and invited feedback on each of the 17 consultation questions.

Members present at the sessions were generally supportive of the recommendations. There were significant discussions on matters such as:

- The nine-year rule;
- Disclosure of non-controlling shareholder votes on independent directors;
- Lowering of shareholder threshold from 10 per cent to five per cent for assessing director independence;
- Multiple directorships;
- Majority of the board to comprise directors with no management or business relationships;
- Remuneration disclosure; and
- Practice guidance.

Following the feedback sessions, SID has provided its response to the Consultation Paper. ■

The Audit Committee Seminar 2018

Rebooting Corporate Governance

The fourth ACRA-SGX-SID Audit Committee Seminar dealt with and went beyond accounting and audit developments, to discuss broader board and directorship matters with its theme of "Rebooting Corporate Governance". Indeed, the seminar marked the launch of the Consultation Paper on the Corporate Governance (CG) Council Recommendations.

With its promise of a first look at the proposed changes to the Code of Corporate Governance (the Code), more than 400 directors and professionals packed the ballroom of Marina Mandarin Singapore on 16 January 2018 for a firehose of information on regulatory developments impacting boards and directors.

Opening the event, Mr Ong Khiaw Hong, CEO, ACRA, highlighted the three key areas that ACs should pay attention to, namely, raising the quality of financial disclosures, providing deeper insights through AC commentary and giving priority to valuation and impairment issues.

Guest of honour Mr Chew Choon Seng, Chairman of the CG Council, explained the background to the Council and process by which it made its recommendations. He also highlighted the key proposed changes to the Code that aim to bolster board performance and transparency and encourage greater stakeholder engagement.

This was followed by a series of presentations on the regulatory matters affecting ACs.

Ms Bong Yap Kim, Divisional Director of Financial Reporting Division at ACRA, kicked off with an update of the Financial Reporting Surveillance Programme (FRSP) as ACRA resumed its third review cycle. She highlighted the changes to the FRSP review process and the areas of focus for its review of 2017 financial statements. She also urged ACs to provide insightful AC Commentaries in the annual reports.

Mr Daniel Ee, Deputy Chairman of the SID AC Chapter, followed through with a review of the challenges and responses of ACs to these regulatory requirements including the convergence of accounting framework, new accounting standards, audit quality indicators and the enhanced auditor's report. However, he assured ACs of the support available to them, including that from the newly-formed SID AC Chapter.

Ms June Sim, Senior Vice President and Head of Listing Compliance at Singapore Exchange Regulation, rounded off with updates from SGX. She identified the consequential changes to the SGX listing rules arising from the changes to the Code. In addition, she spoke of sustainability reporting and a new guide on anti-insider training, and shared four case studies on corporate situations to illustrate how the listing rules can and should be interpreted.

A panel discussion then followed with the three subcommittee chairmen from the CG Council: Mr Willie Cheng, Chairman of SID; Ms Rachel Eng, Deputy Chairman of WongPartnership LLP; and Mr Tham Sai Choy, Board Member of ACRA. They shared key highlights of the proposed revisions to the Code relevant to ACs, and took questions from the floor.

In his closing address, Mr Tan Boon Gin, Chief Executive of SGX RegCo, spoke on how the different rules click together, how SGX RegCo intends to make the rules count, and how it is thinking of "carrots" to reward those who follow the rules.

The key points made by the various speakers and audience at the event are summarised in the following pages.

ACRA 2018 Regulatory Updates

Key Regulatory Developments

- Financial Reporting Standards
  - o Convergence of the Singapore Financial Reporting Standards (SFRS) with International Financial Reporting Standards (IFRS) → SFRS(I).
  - o Two new standards with effect from 1 January 2018:
    - ◆ SFRS(I) 15 – Accounting for Revenue for Contracts with Customers.
    - ◆ SFRS(I) 9 – Accounting for Financial Instruments.
- Enhanced Auditor Report.
- Audit Quality Indicators (AQIs).
- Enhanced Financial Reporting Surveillance Programme (FRSP).

FRSP Enhancements

- Guide on review procedures by ACRA.
  - o Issued 2 January 2018, with third review cycle.
  - o Covers following processes:
    - ◆ Selection of financial statements.
    - ◆ Review and facts gathering.
    - ◆ Enquiry and evaluation.
    - ◆ Deliberation and conclusion.
    - ◆ Remediation for material findings and findings of significance.
  - o Enquiry process modified to first gather facts via meeting with company representatives (CEO, CFO, directors) and correspondences made with the CFO copying others in the company.
  - o Remediation is still based on "restatement first" but depends on their impact to key measures used by investors (material versus significant), they could include:
    - ◆ Restating comparatives or adding/ improving disclosures in the next year's FS.
    - ◆ Restating comparatives in the next results' announcement.
    - ◆ Restating, re-auditing and re-filing past years' FS.
- Modified audit reports.
  - o Of the 584 FY2016 FS of Singapore-incorporated companies: 91% clean audit opinion, 3% emphasis of matters, 6% modified auditor's reports.
  - o Qualified areas not always due to non-compliance of accounting standards
    - ◆ 36% – impairment of assets.
    - ◆ 20% – going concern.
  - o ACs can and should bridge the gap to avoid qualification.
- Review focus on 2017 financial statements (Practice Guidance 1 of 2018).
  - o New accounting standards – Is financial effect adequately disclosed?
    - ◆ Going concern – Can the entity continue to operate in the near term?
    - ◆ Value of long-lived assets – Any indication of impairment? If yes, impairment test conducted? If previous impairment is reversed, how is this supported?
    - ◆ Significant one-off gains or losses – Does it make business sense?
    - ◆ Consolidation or equity accounting – Beyond legal forms, have the rights to participate in decision-making by various parties been considered?
    - ◆ Business acquisitions – Are other intangibles carved out of goodwill and separately recognised? What is the acquisition date for accounting purposes? Are there terms that affect purchase consideration?
    - ◆ Statement of cash flow – Are these properly classified within operating, investing or financing cash flows?
    - ◆ Significant judgements and estimates – Are the disclosures sufficient?

- Collaboration with Institute of Valuers and Appraisers, Singapore (established under the SAC) for enquiry on business valuation, impairment testing and valuation of financial instruments.

AC Commentary in Annual Reports

- 67% of 134 investors surveyed said it is important that AC reports their views on key audit matters.
- Analysis of 180 annual reports:
  - 33% voluntarily reported AC Commentary.
  - 47% AC commentary similar to auditors' report.
  - 2.3 KAMs reported in AC Commentary.
- Further areas to be covered in AC commentary:
  - How AC obtained comfort over areas with critical judgements and key estimates not covered as KAMs.
  - AC's work done to address shareholders' concerns on emerging issues.
  - Consider elements of insightful AC commentaries:
    - ◆ Provide context.
    - ◆ Describe AC actions.
    - ◆ Clearly indicate conclusion.
    - ◆ Explain reasons for conclusion.
    - ◆ Cross-reference to related information.
  - Highlight AC commentary and invite questions at AGM.

Transparency and Financial Reporting

"One key tenet of good corporate governance is transparency. Confidence in our markets will depend on the quality of information available to investors for making investment decisions. In this regard, audit committees play a critical role in raising the quality and transparency of corporate disclosures, particularly, in the areas of financial reporting and audit."

Ong Khiaw Hong
CEO, ACRA

ACs' Role in Improving Financial Disclosures

"ACs should pay attention to raising the quality of financial disclosures. They should provide deeper insights in the AC Commentary, such as by sharing their independent views on the KAMs and comment on other significant accounting issues which may not be raised as KAMs. Another key area that ACs should watch out for is valuation and impairment issues. ACRA is collaborating with the Institute of Valuers and Appraisers, Singapore to tap on their technical expertise in this area for its FRSP reviews of financial reports."

Bong Yap Kim
Divisional Director, Financial Reporting Division, ACRA

ACs' Response to Recent Developments in Financial Reporting

New Accounting Framework and Standards

- IFRS convergence began as "not a big problem" to "a huge challenge" because there was late appreciation of need and complexity of impact analysis.
- Compounded by the two new accounting standards effective 1 January 2018: SFRS(I) 15 (Revenue Recognition) and SFRS(I) 9 (Financial Instruments).
- New standard effective 1 January 2019: SFRS(I) 16 (Leases).
- Effort to date has been patchy with the larger companies more prepared with the help of their external auditors.
- 2018 advisory: Seek external auditor's help and nail down the changes.

Enhanced Auditor's Report

- Introduced with effect from 1 January 2017.
- New items were: Key audit matters (KAM) and "Other Information" (OI).
- Average 2.3 KAMs reported in first year.
- AC Commentary: Not mandatory, only 33% provided, and only 11% did three-part explanation.
- 2018 advisory:
  - o Expect greater scrutiny from regulators.
  - o Proactively discuss KAMs with auditors and at AGMs.
  - o Do AC Commentary and provide deeper insights.

Audit Quality Indicators

- Eight AQIs first introduced in 2015, six targets in 2016.
- Rich tool for auditor evaluation but under-used and lack comparatives.
- 2018 advisory: Audit firms to make enhancements to disclosures to make indicators more meaningful.

AC Support System

- Expectations of the AC are high, but AC does not operate in isolation.
- While ACs need to assume accountability for financial reporting and state of internal controls, they should be cognisant of the support that is available.

SID AC Chapter

- SID AC Chapter established in January 2017 to build capacity and improve effectiveness of ACs.
- In 2017, it organised six AC Pit-Stops: Two-hour concise training on the fundamentals of new accounting standards, sustainability reporting, FRSP, etc. Another seven planned for 2018.
- It has also compiled and made available a series of curated articles for members from a wide variety of sources.
- AC Chapter members have also contributed articles in various forums.
- AC Chapter work on the 2018 AC Mini-Guide with ACRA and PwC.

Helping ACs

"2017 saw a slew of initiatives that impacted the work of ACs. From the convergence of and new financial reporting standards to the enhanced auditor's report, ACs have their work cut out for them. The pace will continue into 2018 with increased scrutiny by regulators and an enhanced FRSP.

For sure, demands on ACs will continue to increase – it's a reality we have to accept. To be effective, ACs would need to be continually formed and kept up to date. This is where the SID AC Chapter comes in.

We started in 2017 with six AC Pit-Stops and compiled a curated list of articles. There are more AC Pit-Stops and articles on the latest issues in 2018. After the AC mini-guide, expect to see updated AC Guide in the second half of 2018 when the new Code is issued."

Daniel Ee
Deputy Chairman, AC Chapter, SID
Former Vice-Chairman, SID

Implementing the New Accounting Standards

"ACs should work closely with management to ensure smooth implementation of the new accounting standards and convergence to SFRS(I). ACs should ensure the quantification of the potential impact of the new standards is disclosed in the 2017 financial statements. This will help investors understand the impact and make more informed investment decisions."

Bong Yap Kim

SGX RegCo 2018 Regulatory Updates

LR Changes Arising from CG Code Revisions

- Some existing code requirements would be shifted to the Listing Rules (LR) based on recommendations of the CG Council.
- While the Code provides for variation from provisions with explanations by companies, compliance under LR is mandatory with no variations.

Sustainability Reporting

- Introduced in June 2016, effective for FY ending on or after 31 December 2017.
- Key components:
  - o Material ESG factors.
  - o Policies, practices and performance.
  - o Targets.
  - o Sustainability reporting framework.
  - o Board statement.
- Board statement is needed, there can be variations in the form.

Handling of Confidential Information and Dealings in Securities

- New Guidebook launched in December 2017.
- Principles and guidelines to help companies and advisers in:
  - o Retaining control over the flow of confidential information.
  - o Appropriately restricting staff dealing in the company's securities.
  - o Creating a culture of compliance.

New Baseline Rules

- Independent directors to form one-third of the board.
- Objective tests of director independence. A director is not independent if:
  - o Employed by issuer or related corporations for current or past three FYs.
  - o Immediate family member employed or was employed by issuer or related corporations for past three FYs and remuneration determined by remuneration committee.
  - o Substantial shareholder or immediate family member is substantial shareholder.
  - o Has been on the board for aggregate period of more than nine years. Two options: (1) Hardcode in LR, (2) Subject to yearly vote with separate resolutions from all shareholders and non-controlling shareholders.
  - o Mandatory training for first-time directors.
  - o Directors to submit themselves for re-nomination at least once every three years.
  - o Establishment of one or more committees to perform the functions of nominating, remuneration and audit committees, with written terms of reference setting out the authorities and duties of the committees.
  - o An effective internal audit function that is adequately resourced and independent.
  - o Board to comment on the adequacy and effectiveness of the company's internal controls (including financial, operational, compliance and IT risks) and risk management systems. Where weaknesses are identified, they must be disclosed with the steps taken to address them.
  - o Disclosure of reasons for not declaring dividends.

- Areas covered include:
  - o Arrangements to ensure confidential information remains confidential until it is reasonably expected to be disclosed under the relevant regulations.
  - o How to minimise the risks of accidental leakage of confidential information.
  - o Characteristics of effective trading restrictions on dealings in securities.
  - o How to promote strong awareness of the importance of appropriate handling and control of confidential information.

Importance of Independent Directors

"Independent directors act as a safeguard against dominant shareholders. Looking at the state of compliance, where 98 per cent of mainboard companies have independent directors that make up at least one-third of the board, I urge the remaining two per cent to just do it ...

The nine-year rule will affect companies that have directors who have served more than nine years. Almost 30 per cent of the directors in this room have served more than nine years. In fact, we have some independent directors who are very wise, they have served more than 30 years."

June Sim
SVP and Head, Listing Compliance, Singapore Exchange Regulation

A Green Lane for Well-Governed Companies?

"At the last SID forum, I talked about how we need to move away from using a stick and move towards using carrots instead to reward good corporate governance …

Many of you here are supportive of a green lane and faster turnaround time for deserving companies. I would like to give you the assurance that I have taken note of your feedback, in particular, your points about the transparency of the process, and how the fast-track criteria should be applied fairly and equally to all companies across the board."

Tan Boon Gin
CEO, Singapore Exchange Regulation

Corporate Governance Changes

Purpose of CG Council Review

- Keeps the Code up to date, relevant and effective.
- Validates the comply-or-explain model and enhance its practice.
- Considers how good corporate governance can be better inculcated and fostered in Singapore on an ongoing basis.

Key Considerations for Code Changes

- Fit Singapore's own context and profile of companies here.
- Sensitive to need for companies to not only keep up with change, but also to innovate, improve continuously and be well prepared for the future.
- Sustain and strengthen investor trust and confidence in Singapore's capital markets.

Restructuring of Code

- Streamlined:
  - o Starts with Principles that are overarching and non-disputable statements of good corporate governance.
  - o For each Principle, there are Provisions that are actionable steps to guide companies on living up to the Principle.
  - o Companies have latitude to vary from Provisions by taking alternative measures and explaining how the Principle is upheld just the same.
- Simplified:
  - o Avoids being coercive, refrains from use of "should".
  - o Moves prescriptive elements to SGX Listing Rules.
  - o Added non-binding Practice Guidance for clarification and amplifications of best practices.
- Concise:
  - o Three fewer Principles.
  - o Word count reduced by half.

Thrust of Key Changes

- Improving board performance by means of a more diverse and more independent mix of directors, and by planning for renewal and succession.
- Make remuneration more transparent and relating it to long-term objectives and performance.
- Get boards to engage with the wider community of stakeholders beyond shareholders.

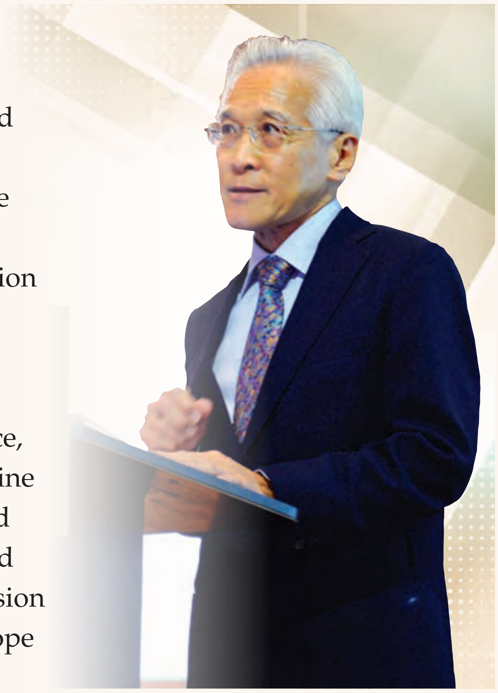
Advisory Committee

- Formation of an advisory committee to advocate good practices, monitor progress of implementation, and issue practice guidance.
- Comprises subject experts, experienced directors and representatives from stakeholder groups (large and small enterprises, institutional and retail investors, audit and legal professions).
- Has no formal regulatory powers but will act as a resource on corporate governance for the regulatory authorities.

Making the Code Work

"The Code by itself is not an Act of Law, and the Council came to an early consensus that the Code can be simplified and streamlined. The intention is to move companies away from a mindset of compliance – manifested in many cases as a 'tick the box' approach, with explanations for non-compliance by way of platitudes with little illumination – to one of thoughtful application of the Principles to their own business missions, objectives and circumstances...

I would say that no matter how we try to codify good governance, ultimately it will be the management and the board who determine how well the company performs and how well it is managed and governed. The imperative is for companies to recognise that good corporate governance helps in accomplishing their business mission and objectives and is therefore in their own best interests. The hope is for good corporate governance to become second nature."



Chew Choon Seng
Chairman, Corporate Governance Council

Making the Code Count

"In 2016, SGX commissioned KPMG to produce a report on the state of compliance with the CG Code. Based on the study, we individually engaged companies and shared with them their 'report card' showing key areas that are lacking and which can be improved upon. The response from our engagement sessions has been very positive. Companies can do it, they want to do it, but sometimes they just want to do it their own way...

I expect that after [the new Code is issued and] a suitable bedding-in period, a similar corporate governance review will be conducted by SGX, perhaps together with the proposed CG Advisory Committee. I look forward to improved results and no more boilerplate, template or copycat disclosures."

Tan Boon Gin

Corporate Governance Ecosystem

"Improving corporate governance is a collective responsibility. Corporate governance rules alone cannot ensure a well-functioning capital market that is trusted by all stakeholders. Companies must also play their part and engage meaningfully with their stakeholders, and implement good corporate governance practices."

Ong Khiaw Hong

Panel Discussion

L-R: Tham Sai Choy (Board Member, ACRA), Rachel Eng (Deputy Chairman, WongPartnership LLP), Willie Cheng, (Chairman, SID).

Importing Corporate Governance Rules

"Corporate governance boils down to trust, confidence and transparency. We should not simply import corporate governance rules wholesale from other jurisdictions into Singapore. We need to bear in mind the needs of our local companies, especially the smaller ones."

Yu-Foo Yee Shoon
Independent Director, ARA Trust Management (Suntec) Limited

"In the restructuring, what goes into the Listing Rules are baseline requirements which most companies should and can comply with. We do recognise that there are smaller companies who may not have the resources so we try to introduce some flexibility through what goes into the 'comply-or-explain' Code Principles and Provisions, and the Practice Guidance."

Rachel Eng

"We are a global city and so we need to look at what other countries are doing. Yet we need to be clear and understand our challenges, and how to improve our CG regime. In this day and age, companies are complaining about the weight of compliance and compliance costs. In Singapore, we have always been very clear that we do not implement regulations just because everyone else is doing it. And the CG Council has certainly been doing so if you go through the various recommendations."

Tham Sai Choy

Stakeholder Engagement

"Companies operate in a much more complex environment and to do well, they need to consider the varied requirements of various shareholders. The Code should be more specific and identify these stakeholders to maintain a transparent communications channel."

Tham Sai Choy

CG Advisory Committee

"The key objective of establishing a CG Advisory Committee is to monitor the quality of CG disclosures by companies, issue opinions on CG practices and perhaps issue practice guidance along with changing times and more importantly, act as a reference to regulators for CG matters. It can also monitor ongoing regional and international developments in CG areas."

Rachel Eng

"I support the set-up of an Advisory Committee which is a good step to promote good corporate governance practices."

Chaly Mah
Chairman, Singapore Accountancy Commission

The Nine-Year Rule and Director Independence

"Independence is a state of mind. If you do not have the right state of mind, you will not be objective, even if you only serve for a year. Having said that, I can understand the Council's rationale for proposing a nine-year rule as guidance to determine independence in order to prevent familiarity threat which could impact objectivity. Between the option of a two-tier vote or a hard coded nine-year rule, I would prefer the nine-year rule for clarity and consistency."

Chaly Mah

"The nine-year rule is already there in the current Code. It is important to note that a director can still continue to serve on the board as a non-independent director after nine years – if the other rules on board composition regarding the number of independent directors are complied with."

Willie Cheng

Disclosure of Non-Controlling Shareholders' Vote

"What is the Council's rationale for disclosure of non-controlling shareholders' vote on reappointment of directors with less than nine years? Are we empowering minority shareholders excessively?"

Chaly Mah

"Over 80 per cent of listed companies have a controlling shareholder. The disclosure is thus a vehicle for the non-controlling shareholders to express themselves and encourage IDs' engagement with these non-controlling shareholders. Note that this is merely an advisory vote, it is purely for information and not binding."

Willie Cheng

$50,000 Threshold for Payments to an Individual Director

"The revised Code sets a threshold of $50,000 for payments to a director. Any board or management that wants to have an increase in the director's pay of $50,000, or any company that circumvents the rule by increasing the director's pay by $50,000 – does this make the independent directors non-independent?"

Chew Hai Chwee
CEO, SureCanLah

"The $50,000 threshold is a guidance on what constitutes a significant payment to an individual director – apart from the regular director fee. The threshold for payment to or by a company is $200,000. These guidelines for assessing director independence are in the non-binding Practice Guidance. Director fees, on the other hand, have to be approved by the shareholders."

Willie Cheng

What it Takes to be an Effective Chair

The Masterclass module on "Leading from the chair – What it takes to be effective" by Professor Stanislav Shekshnia, Senior Affiliate Professor of Entrepreneurship and Family Enterprise at INSEAD, drew an engaged audience of over 40 at Marina Mandarin Singapore on 23 January 2018.

Prof Shekshnia set the stage with a description of the fundamental role of the chair and the leadership instruments required to fulfil it. For effective board leadership, he highlighted what chairs should do before, during and after meetings. His insights included adopting an "empty head" approach, using the 3Es (engage, enable, encourage) leadership framework; and ensuring that the agenda contains strategic and ripe-for-discussion items that no one else can handle. He also provided practical guidance on fostering relationships with the CEO and shareholders.

He rounded off by differentiating the attributes of effective CEOs, who need to be results-oriented, with those of chairs, who require effective listening and framing skills. ■

NC Chairmen's Conversation

On 18 January 2018, Korn Ferry hosted 13 Nominating Committee Chairmen at the Ritz Carlton Hotel to discuss "The Asian Leadership Deficit in the Age of Disruption".

Mr Graham Poston, Senior Client Partner, set the stage by emphasising the pertinence of digital transformation in a time of rapid change and accelerating disruption to businesses, which warrants the attention and involvement of leadership.

Together with Mr Mike Distefano, Chief Operating Officer, Asia Pacific Korn Ferry; President Asia Pacific Korn Ferry Hay Group and Mr Nick Evans, Senior Client Partner, Global Financial Services, they provided insights on the enablers of transformation at the leadership and organisational levels, and discussed how Singapore presently stacks up. There is a need to reshape the organisational culture and pivot our focus towards embracing challenges, collaboration, innovation and risks, and move away from a top-down approach.

In closing, Mr Poston articulated that apart from good governance and oversight, boards must work with management to anticipate future trends. NCs play an instrumental role in shaping board composition, but they need to spearhead a shift from succession to progression planning. ■

BFS 3: Sustainability for Directors

SID held the Business Future series on "Sustainability for Directors" at the Singapore Sustainability Academy on 21 February 2018.

Mr K. Sadashiv, Managing Director (ASEAN) of Ernst & Young's Climate Change and Sustainability Service, gave an engaging presentation on key sustainability milestones and touched on trending sustainability topics such as green bond financing, the role of the board in ensuring sustainability and global and societal expectations of companies in delivering sustainability.

Using industry case studies, he explained how sustainability reporting, which is now required of SGX-listed companies, can be done.

Ms Esther An, Chief Sustainability Officer, City Developments Limited (CDL), highlighted the

many opportunities that adoption of sustainable practices can bring, drawing on examples from CDL's sustainability journey over the past two decades.

Both speakers took questions which ranged from matters such as lower carbon emission and population density. ■

Harnessing Data and AI in the Digital Economy

On 9 February 2018, SID partnered with the Personal Data Protection Commission (PDPC) to discuss the topic, "Harnessing Data and Artificial Intelligence (AI)".

PDPC Deputy Commissioner Mr Yeong Zee Kin kicked off the forum by introducing participants to the evolution of machine learning and algorithms. He not only explained how data mining has changed the way businesses operate, but also illustrated how AI can help organisations make more informed decisions.

Professor Simon Chesterman, Dean of the Faculty of Law at the National University of Singapore, led an engaging panel discussion on "Governing Data through Design". The other panel members were Mr Lam Chee Kin (Managing Director and Head, Group Legal, Compliance and Secretariat,

DBS Bank), Mr Lim Chin Hu (Managing Partner, Stream Global) and Mr Yeong.

Current topics like existing data protection schemes, regulatory compliance and how data protection can be incorporated in the risk management framework were discussed. Participants raised various questions on anticipating internal threats, creating value on intangible assets and personal data protection. ■

AC Pit-Stops

Financial Reporting and Audit Considerations for 2018

The first SID AC Chapter's Pit-Stop in 2018 aims at preparing AC members for key changes in financial reporting and audit considerations in the coming year.

The three-part programme, "2018 Financial Reporting and Audit Considerations" held on 8 January 2018 at Capital Tower, kickstarted with Ms Kok Moi Lre, Partner of PwC who discussed the changes in accounting standards and requirements. These included the new standards for revenue and financial instruments, adoption of SFRS(I) by the entities with SGX-listed equities and bonds, regulator's expectation on disclosures in FY2017 financial statements, and application of the new standards on leases.

The convergence of SFRS to IFRS invited several questions regarding practical challenges and considerations. This was a timely reminder for directors to see if their company is ready to meet the new requirements.

The second session of the programme went on to highlight observations from the first-year implementation of the enhanced auditor's report (EAR), which include key audit matters (KAMs). Mr Jonathan Chiang, Audit Partner and Ms Ong Li Qin, Senior Manager, both from KPMG, led the discussion.

They highlighted that the KAMs should emphasise and disclose risks involving significant auditor judgement, report on areas of significant audit difficulty and circumstances relating to any significant modification of the audit plan when they are encountered.

Mr Lim Tze Yuen, Assurance Partner, Ernst & Young LLP rounded up the third and last session with a presentation on the benefits of EARs. He highlighted the difficulties faced by auditors and management in contextualising issues. The approach to adopting the EAR is an art more than it is science as there is a critical need to balance what investors want with the right of companies in maintaining confidential information.

With the numerous changes taking place and under tight timelines, the ACs present at the Pit-Stop were urged to be fully prepared for a busy 2018.

INSEAD's International Directors Forum & Programme

On 26 February 2018, close to 40 participants came together for the annual International Directors Forum, themed "Culture and Risk Challenges in 21st Century Boards", held at the INSEAD Asian Campus.

The event was helmed by Professor Ludo Van der Heyden, who is Academic Director of INSEAD's Corporate Governance Centre and Director of the International Directors Programme (IDP).

The keynote speech was delivered by Ms Beatrice Weder di Mauro, Professor of Economics at the University of Mainz in Germany.

Mr Mikko S. Niemela, CEO of Kinkayo and Chair of Silverskin, shared on how boards can respond to cyber threats. Mr Erik Van De Loo, Affiliate Professor of Organisational Behaviour at INSEAD, and Ms Doris Albisser, Partner of EurAsia Competence AG, discussed the thorny subject of sharpening corporate culture at the board level.

The afternoon session on gender diversity created the most buzz. Professor Zoe Kinias, Academic Director of the Gender Initiative at INSEAD provided insights into the science of gender diversity. Ms Euleen Goh (Chair of SATS), Mr Dominic Nixon (former Partner of PWC), and Ms Mary Sue Rogers (Board Member of Women on Boards Australia) shared their perspectives of female directors on boards in a panel discussion led by Professor Van der Heyden.

The Forum rounded off with a ceremony to honour the new INSEAD IDP-C directors, those who attended IDP and qualified for the INSEAD Certificate in Corporate Governance.

The next evening, prospective candidates of the IDP converged at SID's Governance Resource Centre for an exclusive preview.

The nine-day international programme, conducted in Singapore and Fontainebleau, aims to develop effective directors and boost board performance beyond compliance. Since 2014, SID has been collaborating with INSEAD to offer this premier programme, which attracts directors from over 60 countries.

Professor Van der Heyden provided an overview of the programme. Past alumni were present to interact with participants and address their queries.

The 2018 IDP is now open for registration. SID members enjoy a five per cent discount off the course fees and eligible Singaporeans can apply for the SkillsFuture Study Award of S$5,000. ■

Foreigners on Boards

The Ministry of Manpower (MOM) recently clarified that foreigners working in Singapore on Employment Passes (EPs) must first obtain approval by way of a Letter of Consent (LOC) before taking on a directorship in another organisation. The application for an LOC is to be made by the organisation which wishes to appoint the director.

There has been confusion on the purpose and nature of this requirement on secondary directorships. Further to enquiries by its members on the rules and its application, a delegation from SID led by Mr Willie Cheng (SID Chairman) and Mr Lee Kim Shin (Chairman, SID Advocacy and Research Committee) met with Mrs Penny Han, Divisional Director, Controller of Work Passes, Ministry of Manpower (MOM), and her team to understand and clarify matters.

MOM officials shared the essential aspects of the regulation (see box on “EP Holders Taking Up Secondary Directorships”). Mrs Han explained that EP holders are given their work passes based on their primary employment, and thus any other employment, such as taking on secondary directorship, would require further approval from the authorities.

The SID team explored several scenarios, and determined that an LOC may be granted by MOM (although each case will be assessed on its own merits) if:

- The requesting company is related by corporate shareholding to the EP holder’s primary employer.
- The requesting company is related by an indirect shareholding relationship with the EP holder’s primary employer through a corporate structure.

- The relevant sector government agency overseeing the industry supports the application.
- An EP holder wishes to take on pro bono and intermittent directorship, for a registered charity or other nonprofit organisation.

The SID team also obtained clarifications from MOM on the following:

- S Pass and Work Permit holders are not allowed to be directors of any company in Singapore.
- EP holders who are pro bono committee members, but not directors, of nonprofit organisations are generally not required to apply for an LOC, if their involvement is intermittent.
- Eligible foreigners who are not EP holders but wish to live in Singapore and undertake directorship as their primary employment can apply for a Personalised Employment Pass (PEP), provided they are not a shareholder of the company. The PEP is valid for up to three years, and offers greater job flexibility as the pass is not tied to a single employer. PEP holders need not re-apply for a new pass when they change jobs; and would only need to notify MOM. Nonetheless, the PEP holder cannot remain unemployed in Singapore for more than six continuous months at any time.

EP Holders Taking Up Secondary Directorships

EP holders are generally only allowed to work for the employer specified on their work pass.

When EP holders undertake directorship appointments (executive or non-executive) in other companies, they are required to discharge directorship duties under the Companies Act. This constitutes a form of work for which a work pass is required.

Should they wish to do so, such EP holders will have to apply for and be granted an LOC by MOM pursuant to Regulation 11 of the Employment of Foreign Manpower (Work Passes) Regulations 2012.

In determining whether to grant an LOC or not for such secondary directorships, MOM distinguishes between related and unrelated companies.

Related companies

MOM will generally grant an LOC to allow EP holders to take up secondary directorship appointments in companies that are related by corporate shareholding to the EP holder's primary employer, as these appointments may be critical to their primary job role.

MOM may also grant an LOC for EP holders to take up secondary directorship appointments in companies that have an indirect shareholding relationship with the EP holder's primary employer. This may include holding companies of the primary employer or subsidiaries of the holding company of the primary employer.

Unrelated companies

If the secondary directorship appointment is in an unrelated company, MOM relies on the assessment of a sector government agency regulating or promoting the development of the industry. The LOC may be granted if the agency supports the application. For instance, employees of fund managers licensed by the Monetary Authority of Singapore (MAS) would be allowed to take on directorship for their investment vehicles as this is supported by MAS.

For exceptional cases, MOM may also grant an LOC if the EP holder is sufficiently senior or has a significant ownership stake in the company. Each case is assessed on its merits and MOM will ask for relevant information to make the assessment.

Applying for an LOC

Eligible companies that wish to appoint an EP holder from another company to their Board of Directors may refer to the MOM website (www.mom.gov.sg) for detailed steps on how to apply for an LOC.

Secondary directorship LOC applications will generally be processed within five weeks. Employers are asked to factor this processing time in their planning when submitting applications. ■

Source: MOM

Partners' Evening: A Fun and Magical Night of Science

Supporters and friends of SID were treated to an evening of awe and wonder at the Science Centre Singapore on 26 January 2018. Despite the heavy downpour, many braved the rain and evening peak-hour traffic to attend the appreciation event for SID's partners and sponsors.

Guests and their families mingled over drinks and a sumptuous buffet spread before exploring the interactive exhibits and display galleries specially opened for them that night. Some notable exhibits included optical illusions, a maze of light and mirrors, flight simulators, an experimental play on phobias and an interactive dialogue with time.

Much of SID's work would not have been possible without the kind sponsorships and contributions from our many valued partners. The occasion was a fitting one for SID to thank its partners for their ongoing support. ■

"*Huat Ah!*" to a Brand New Year

To welcome the Year of the Dog in the Chinese lunar calendar, SID hosted some 80 council and committee members to a *lo hei* lunch at the Straits Chinese Restaurant on 27 February 2018.

The annual get-together is to recognise and appreciate SID volunteers. SID Chairman Mr Willie Cheng said that SID would not have been able to do its work without their contribution.

With the tossing of the symbolic prosperity *yu sheng*, committee members reconnected with old acquaintances and some made new friends, all while tucking into a scrumptious Peranakan spread. ■

Director Appointments

SID members appointed as directors of listed companies during the period December 2017 to February 2018.

COMPANY	PERSON	DESIGNATION
Axcelasia Inc.	Dr. Veerinderjeet Singh a/l Tejwant Singh	Non-Executive Chairman
Best World International Limited	Adrian Chan Pengee	Independent Director
BM Mobility Ltd.	Simon Koo Ah Seang	Executive Chairman
BM Mobility Ltd.	Tay Wee Kwang	Executive Director
Boustead Singapore Limited	Loh Kai Keong	Non-Executive Director
British and Malayan Holdings Limited	Paul Martin Pavey	Executive Director
China Jishan Holdings Limited	Lien Kait Long	Non-Executive Chairman
China Jishan Holdings Limited	Yong Kok Hoon	Executive Director
Chip Eng Seng Corporation Ltd.	Abdul Jabbar Bin Karam Din	Independent Director
GP Industries Limited	Lim Jiew Keng	Independent Director
Health Management International Ltd.	Chong Ton Nen @ Peter Chong	Independent Director
HL Global Enterprises Limited	Andrew Goh Kia Teck	Independent Director
HL Global Enterprises Limited	Goh Kian Chee	Independent Director
Hong Leong Asia Ltd.	Tan Chian Khong	Independent Director
Infinio Group Limited	Sovann Giang	Independent Director
Keppel Corporation Limited	Loh Chin Hua	Executive Chairman
Keppel Land Limited	Loh Chin Hua	Executive Chairman
M1 Limited	Tan Wah Yeow	Independent Director
Memories Group Limited	Basil Chan	Independent Director
Memories Group Limited	Robin Lee Chye Beng	Independent Director
Ocean Sky International Limited	Chia Boon Kuah	Independent Director
Olive Tree Estates Limited	Ee Hock Huat, Daniel	Non-Executive Chairman
Polaris Ltd.	Carl Johan Pontus Sonnerstedt	Executive Director
Resources Prima Group Limited	Chow Wai San	Independent Director
Resources Prima Group Limited	Khoo Song Koon	Independent Director
Sapphire Corporation Limited	Teh Wing Kwan	Non-Executive Director
Shangri-La Asia Limited	Yap Chee Keong	Independent Director
Singapore O&G Ltd.	Ng Boon Yew	Independent Director
Singapore Telecommunications Limited	Gautam Banerjee	Independent Director
TA Corporation Ltd.	Fong Heng Boo	Independent Director
TEE Land Limited	Edwin Neo Weng Meng	Non-Executive Director
The Straits Trading Company Limited	Tan Chian Khong	Independent Director
TMC Education Corporation Ltd.	Kwan Chee Wai	Independent Director
TMC Education Corporation Ltd.	Woo Peng Kong	Independent Director
Venture Corporation Limited	Kuok Oon Kwong	Independent Director
Viking Offshore and Marine Limited	Ng Yeau Chong	Executive Director
Wilmar International Limited	Lim Siong Guan	Independent Director
Yinda Infocomm Limited	Henry Tan Song Kok	Independent Director

Love's Not a Lost Cause

By **LEE CHONG KWEE**
Council member, SID

AFTER HOURS

Being caught up with work is part and parcel of life in Singapore. And I am one of the guilty ones.

Personally, it took the aftermath of Typhoon Haiyan, while visiting the country to see the progress of relief efforts, to push me in the right direction and look for a meaningful way to help those stuck in the vicious cycle of poverty.

All this time, I have been just an observer while my wife busied herself with her myriad projects in the Philippines. One in northern Cebu stood out. Through partnering with like-minded volunteers, she was involved in helping the folks in this community alleviate poverty through goat-raising, pig-farming and growing organic produce, which generate income for the families.

Unfortunately, in 2013, they were found ravaged by Typhoon Haiyan (or Yolanda as the Filipinos called it) which was a major setback to these projects. Thankfully, no lives were lost.

The relief efforts were tailing off after about five months, which was when I made my first trip to see how the recovery effort was progressing.

It was an eye-opener.

I saw dwellings with roofs missing and many – young and old – still living in makeshift tents. But the human spirit to pick up the pieces and start all over again was strong.

It was at that time that I decided to see if I could play a little part in helping people get out of the poverty trap (notwithstanding that there is little we can do to avert the frequent natural calamities that afflict this population).

And one of the projects I have been working on since is Green Garden Christian School (GGCS), because I strongly believe that education is a great leveller and it can inculcate the right values in people when done well.

I met Bernie Cal, the lady who started GGCS in 2002, which squatted in the compound of an old church.

But after about 10 years, the school had outstayed its welcome as the number of students enrolled became too overwhelming to bear. These students come from poor households with a number being sponsored by Americans. Sponsorship often dried up – resulting in mounting debts to the point where the teachers were owed salaries – when the US recession hit, yet Bernie remain doggedly determined to continue with the school.

Moved by Bernie's passion and resolve, my wife and I decided to lend a hand for a new school building, and support it with an administration system.

We developed a plan to construct a two-storey 10-classroom facility. We managed to purchase land on which to build the school at a steal, owing much to the kindness of the landowner. We also made curriculum recommendations (especially in mathematics) modelled closely after Singapore's education system, and impressed upon financial discipline in running the new school, as well as a "light version" of corporate governance. This, in spite of my extensive experience in the area, admittedly, was very hard to do.

In May 2017, after 18 months of construction work, the new GGCS was opened. Building the facility was easy. Putting in the financial and operating processes was not. Bernie needed to ensure students were either paying fees, or they would have to find sponsors, so that financial viability will not become an issue in the future. The vision is for the school to start a scholarship fund from retained earnings so that dependence on sponsors will in time, decrease as it can be difficult to secure sponsors and their support is not always consistent.

In the course of this project, we faced multiple roadblocks. However, the satisfaction derived from this labour of love cannot be matched by any corporate endeavour I have had. The project is still a work-in-progress on many fronts, but a satisfying one. I would encourage every person to find a cause to labour over and eventually love. ■

Directors Financial Reporting Fundamentals • 6 December 2017 & 26 February 2018

Listed Companies Director Course • 1-24 January 2018

NonProfit Directors Programme • 11 January - 8 March 2018

Directors Compliance Programme • 23 January 2018

So, You Want To Be A Director/NonProfit Director • 30 January & 1 March 2018

Board & Director Fundamentals • 7 February 2018

SID's Q1 Events (Jan 2018 – Mar 2018)

DATE	TYPE	EVENT DETAILS
8 Jan 2018	PD	AC Pit-Stop: Financial Reporting and Audit Considerations for 2018
11 Jan 2018	PD	NPD Module 4: Strategic Decision Making
16 Jan 2018	Event	ACRA-SGX-SID Audit Committee Seminar
18 Jan 2018	PD	Nominating Committee Board Conversation
23 Jan 2018	PD	Directors' Compliance Programme
23 Jan 2018	PD	MCD Module 4: Leading from the Chair
24 Jan 2018	PD	LCD Module 1: Listed Company Directors Essentials
26 Jan 2018	Event	Partners' Night
30 Jan 2018	PD	So, You Want To Be A Director
7 Feb 2018	PD	Board and Director Fundamentals
8 Feb 2018	PD	NPD Module 5: Fundraising and Outreach
9 Feb 2018	PD	CTP 1: Harnessing Data and AI in the Digital Economy
21 Feb 2018	PD	BFS Module 3: Sustainability for Directors
23 Feb 2018	PD	Director Financial Reporting Fundamentals
26 Feb 2018	PD	INSEAD International Directors Forum Asia 2018
27 Feb 2018	Event	SID Lo Hei Lunch
27 Feb 2018	PD	INSEAD International Directors Programme Tea/ Cocktails
1 Mar 2018	PD	So, You Want To Be A NonProfit Director
8 Mar 2018	PD	NDP Module 6: Financial Management and Accountability
13 Mar 2018	PD	LCD Module 1: Listed Company Directors Essentials
14 Mar 2018	PD	LCD Module 2: Audit Committee Essentials
14 Mar 2018	PD	LCD Module 3: Risk Management Essentials
15 Mar 2018	PD	LCD Module 4: Nominating Committee Essentials
15 Mar 2018	PD	LCD Module 5: Remuneration Committee Essentials
16 Mar 2018	PD	LCD Module 6: Investor and Media Relations Essentials
20 Mar 2018	PD	Directors Compliance Programme
29 Mar 2018	PD	AC Pit-Stop: Anti-Money Laundering/ Countering the Financing of Terrorism for Non-Financial Companies

Upcoming Events

Core Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
SDP Module 2: Assessing Strategic Performance	4-6 Apr 2018	0900 – 1730	SMU Campus
NPD Module 7: Social Trends	12 Apr 2018	1700 – 2030	Crossings Cafe
CTP 3: Strategic Value of Design and Design Thinking	13 Apr 2018	0900 – 1100	Capital Tower
SDP Module 1: The Role of Directors	17-19 Apr 2018	0900 – 1730	SMU Campus
MCD Module 5: Anticipating Risk and Precaution at the Board Level	24 Apr 2018	0900 – 1230	Marina Mandarin Singapore
SDP Module 5: Strategic CSR and Investor Relations	3-4 May 2018	0900 – 1730	SMU Campus
LCD Module 1: Listed Company Directors Essentials	10 May 2018	0900 – 1730	M Hotel
Listed Company Directors Programme (Mandarin)	17-18 May 2018	0900 – 1730	M Hotel
SDP Module 3: Finance for Directors	23-25 May 2018	0900 – 1730	SMU Campus
MCD Module 3: Strategy at the Board Level	24 May 2018	0900 – 1730	M Hotel
MCD Module 1: The Director as an Innovation Driver	25 May 2018	0900 – 1730	M Hotel
CTP 4: Managing Millennials in a Multi-Cultural Workplace	31 May 2018	0830 – 1130	Capital Tower
Directors Compliance Programme	8 Jun 2018	1300 – 1730	Capital Tower
So, You Want To Be A NonProfit Director	13 Jun 2018	1700 – 2100	Capital Tower
MCD Module 2: Value Creation for Private Owners and Directors	19 Jun 2018	0900 – 1230	Marina Mandarin Singapore
IDP Module 1: Board Effectiveness and Dynamics	19-22 Jun 2018	0900 – 1730	INSEAD Campus
CTP 2: Sustainable Financing	20 Jun 2018	0900 – 1100	CDL Academy
CTP 5: Data and Insights-Driven Digital Innovation	21 Jun 2018	0900 – 1100	Capital Tower
Board and Director Fundamentals	27 Jun 2018	0900 – 1730	M Hotel
Director Financial Reporting Fundamentals	29 Jun 2018	0900 – 1730	Capital Tower
SDP Module 1: The Role of Directors	4-6 Jul 2018	0900 – 1730	SMU Campus
So, You Want To Be A Director	5 Jul 2018	1000 – 1200	Capital Tower
LCD Module 1: Listed Company Directors Essentials	10 Jul 2018	0900 – 1730	Marina Mandarin Singapore
Family Business Director Fundamentals	18 Jul 2018	0900 – 1730	M Hotel
CTP 6: Executive and Director Remuneration	26 Jul 2018	0830 – 1130	Capital Tower
BFS Module 1: Disruptive Technologies for Directors	31 Jul 2018	0900 – 1530	Accenture Liquid Studio
SDP Module 2: Assessing Strategic Performance	1-3 Aug 2018	0900 – 1730	SMU Campus
Startup Director Fundamentals	3 Aug 2018	0900 – 1730	M Hotel
Director Financial Reporting Fundamentals	15 Aug 2018	0900 – 1730	Capital Tower
CTP 7: Investor Savvy Board – Clear Eyes Provide Better Vision	28 Aug 2018	0900 – 1100	Capital Tower
Social Enterprise Director Fundamentals	31 Aug 2018	0900 – 1300	Capital Tower
SDP Module 3: Finance for Directors	5-7 Sep 2018	0900 – 1730	SMU Campus
Directors Compliance Programme	18 Sep 2018	1300 – 1730	Capital Tower
Board and Director Fundamentals	19 Sep 2018	0900 – 1730	M Hotel
IDP Module 2: Board Efficiency and the Role of Committees	24-26 Sept 2018	0900 – 1730	INSEAD Campus
LCD Module 1: Listed Company Directors Essentials	25 Sep 2018	0900 – 1730	Marina Mandarin Singapore
CTP 8: Board Dynamics	26 Sep 2018	0900 – 1300	Marina Mandarin Singapore
BFS Module 2: Cybersecurity for Directors	28 Sep 2018	1300 – 1700	Aperia Tower
SDP Module 4: Risk and Crisis Management	4-5 Oct 2018	0900 – 1730	SMU Campus
LCD Module 6: Investor and Media Relations Essentials	9 Oct 2018	1230 – 1730	Marina Mandarin Singapore
CTP 9: Board Performance	9 Oct 2018	0900 – 1230	Marina Mandarin Singapore
LCD Module 2: Audit Committee Essentials	10 Oct 2018	0900 – 1230	Marina Mandarin Singapore
LCD Module 3: Risk Management Essentials	10 Oct 2018	1230 – 1730	Marina Mandarin Singapore
LCD Module 4: Nominating Committee Essentials	16 Oct 2018	0900 – 1230	Marina Mandarin Singapore

Core Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
LCD Module 5: Remuneration Committee Essentials	16 Oct 2018	1230 – 1730	Marina Mandarin Singapore
Listed Company Directors Programme (Mandarin)	18-19 Oct 2018	0900 – 1730	China
CTP 10: Anti-Money Laundering and Countering Terrorist Financing	23 Oct 2018	0900 – 1100	Capital Tower
SDP Module 5: Strategic CSR and Investor Relations	1-2 Nov 2018	0900 – 1730	SMU Campus
LCD Module 1: Listed Company Directors Essentials	8 Nov 2018	0900 – 1730	Marina Mandarin Singapore
LCD Module 6: Investor and Media Relations Essentials	20 Nov 2018	0900 – 1230	Marina Mandarin Singapore
LCD Module 2: Audit Committee Essentials	21 Nov 2018	0900 – 1230	Marina Mandarin Singapore
LCD Module 3: Risk Management Essentials	21 Nov 2018	1230 – 1730	Marina Mandarin Singapore
LCD Module 4: Nominating Committee Essentials	22 Nov 2018	0900 – 1230	Marina Mandarin Singapore
LCD Module 5: Remuneration Committee Essentials	22 Nov 2018	1230 – 1730	Marina Mandarin Singapore
SDP Module 6: Effective Succession Planning and Compensation Decisions	29-30 Nov 2018	0900 – 1730	SMU Campus
IDP Module 3: Development of Boards and Directors	11-13 Dec 2018	0900 – 1730	INSEAD Campus

Other Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
Remuneration Committee Chairmen's Conversation	15 May 2018	1200 – 1400	Sofitel Singapore City Centre
AC Pit-Stop: The AC's Role in Crisis Management	23 May 2018	0900 – 1100	Tower Club
AC Pit-Stop: Getting Ready for FRS 116 (Leases)	28 Jun 2018	0900 – 1100	KPMG
AC Pit-Stop: Harnessing the Full Potential of Internal Audit	19 Jul 2018	0900 – 1100	PwC
Board Chairmen's Conversation	27 Jul 2018	1200 – 1400	Fullerton Hotel
Board Risk Committee Chairmen's Conversation	23 Aug 2018	1200 – 1400	Marina Mandarin Singapore
AC Pit-Stop: Base Erosion and Profit Shifting and Other Tax Implications for Boards and ACs	27 Sep 2018	0900 – 1100	EY
Nominating Committee Chairmen's Conversation	3 Oct 2018	1200 – 1400	Fullerton Hotel
CEO Conversation	26 Oct 2018	1200 – 1400	Fullerton Hotel
AC Pit-Stop: What ACs Need to Know about Big Data, Crowdfunding and Regulatory Technology	26 Nov 2018	0900 – 1100	Capital Tower

Major Events

EVENT	DATE	TIME	VENUE
Launch of Women on Board Book and ASEAN Corporate Governance Scorecard	3 Apr 2018	0900 – 1100	Marina Mandarin Singapore
Singapore Corporate Awards	18 Jul 2018	1800 – 2200	Resorts World Sentosa
Singapore Directorship Report	31 Jul 2018	0900 – 1100	Marina Mandarin Singapore
Singapore Governance and Transparency Index Launch	6 Aug 2018	0900 – 1100	Marina Mandarin Singapore
SID Directors Conference	7 Sep 2018	0900 – 1630	Marina Bay Sands
Annual Corporate Roundup	20 Nov 2018	1000 – 1330	Orchard Parade Hotel

Socials

EVENT	DATE	TIME	VENUE
SID Golf Tournament	17 June 2018	1130 – 2030	Sentosa Golf Club

Course dates and venues are subject to change. Please refer to www.sid.org.sg for the latest updates.

Welcome to the Family

December 2017

Anne Ang
Adrian Jose Boelens
Cai Lizi
Fong Heng Boo
Benjamin Fry
Christopher Gibson-Robinson
Jonathan Ho
Jayaprakash Jagateesan
Marcus John
Farzin Ratan Karma
Lee Yi Shyan
Michael Lien
Lim Jin Wei
Lim Wen Chyi
Lawrence Loh Yeow Khoon
Jessie Loong
Richard Allan Lorentz
Ni Sheng Jie
Henry Ong
Ong Teck Chye
Srinivasan Venkita Padmanabhan
Pang Wai Yin
Nirav Parikh
Manalo Michael Poon Ka Ho
Haslam Preeston
Simon De Villiers Rudolph
Seow Choong Huei
Khuza Suparto
Tan Jui Tong
Peter Tan
Kenichi Tanabe
Teoh Chia-Yin
Christophe Thuet
Nelson Yoh Chee Ping

January 2018

Ang Chuen Beng
Ang Yau Choon
Rodolfo Castillo Balmater
Beh Siew Kim
Michael Chan Heng Chew
Jacqueline Chang Pui Yook
Kevin Chee Tien Jin
Chew Peet Mun
Nicholas Chia H.C.
Chin Rui Shan
Chin Rui Xiang
Chong Eng Wee
Chua Phuay Hee
Alexia Gan
Patrick Goh Yong Chian
Timothy M. Grant
Todd James Heinzl
Henry Ho Hon Cheong
Petrus Huang Yen San
Kang Siew Fong
Edna Ko Poh Thim
Benny Koh
Daniel Koh Kok Yu
Stefanie Koh Lin Siew
Koh Soo Boon
Anil Lalwani
Joel Lam Fook Chong
Adelene Lau
Lee Choong Pew
Leng Tong Yan
Lim Cheng Teck
Ng Sock Keng
Ong Seow Leong
Dominic Jude Christian Peters
Quah Ban Huat
Richard Caron Roi
Paul Gilbert Say
Michael Yuri See Teck Jen
Aman Singh Sethi
Vivek Sharma
Jeffery Tan Beng Huat
Tan Boon Yen
Junlynn Tan
Eileen Tay
Lionel Tay Ser Chye
Teo Hwee Ping
Rainer Teo Jia Kai
Ted Teo Wee-Tiong
Valerie Velasco
Keith Wong
Kim Wong
Stephen Yeo Siew Chye
Yoong Koon Teck
Yu-Foo Yee Shoon

February 2017

Amanda Huan
Ronald Kurniadi
Chiwi Lee
Lee Kean Guan
Anthony Peter Mitchell
Radhey Shyam Neelakantan
Edwin Neo Weng Meng
Angelic Ng
Ong Khiaw Hong
Ong Whee Teck
Kevin Phua
Jose Carlos Reis
Florence Saw Chin Choo
Esabelle Saw
Marcelo De Souza Sobreira
Anshul Sonak
Thambyrajah T.
Orlando Tan Cham Khain
Jacqueline Tan Geok Leng
Teo Chee Shi
Tham Chee Soon
Lawrence Toh Leng Poh
Ronald Francis Tong
Erik Versavel
Kent Wilson
Elke Wolf
Yeo Ai Mei
Richard Young

SID Governing Council 2018

CHAIRMAN
Willie Cheng

FIRST VICE-CHAIRMAN
Tham Sai Choy

SECOND VICE-CHAIRMAN
Soh Gim Teik

TREASURER
Gerard Tan

COUNCIL MEMBERS
Ramlee Buang
Robert Chew
Wilson Chew
Ferdinand de Bakker
Junie Foo
Philip Forrest
Pauline Goh
Theresa Goh
Lee Chong Kwee
Lee Kim Shin
Lee Suan Hiang
Ng Wai King
Poh Mui Hoon
Tan Boon Gin
Tan Yen Yen
Wong Su-Yen


Review the year's past numbers.