

## SINGAPORE

Crowe Singapore



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## Accelerating the pace of digital transformation in Singapore

**Sivakumar Saravan and Liew Kin Meng of Crowe Singapore examine how measures set forth in Singapore's recent budget announcements will help businesses adapt to new norms arising from the coronavirus pandemic.**

Even as Singapore is slowly easing restrictions on social and economic activities across June and July, the challenges faced by businesses are far from over as they battle the ravaging effects of COVID-19.

However, on the positive side, it has accelerated the transformation in business models as companies turn to technology to reduce their reliance on manual processes and physical infrastructure to do business locally and overseas. While businesses have started to realise the benefits of telecommuting and adopting IT solutions, the cost of implementation has been prohibitive especially for small and medium sized businesses at a time when they are facing depressed revenues.

Recognising this, helping businesses digitalise has been an important part of the COVID-19 relief measures introduced by the Singapore government in four separate budget announcements to date. A further round of measures were announced on May 26 2020 to enhance the support under previously announced relief measures and to introduce new ones to help businesses deal with the evolving challenges.

This article examines some of the measures, resulting from the announcements in the four budgets, to help businesses implement IT solutions to adapt to new norms arising from COVID-19.

### Productivity Solutions Grant

The Productivity Solutions Grant (PSG) supports companies in adopting IT solutions and equipment such as accounting and sales management systems to enhance their business processes.

The PSG has been expanded to include generic digital solutions for remote working such as online tools for employees to collaborate on documents and tasks, and virtual meeting and telephony tools such as webinars, online meetings, virtual con-

ferences and cloud-based phone systems.

The level of grant has been increased from 70% to 80% of the qualifying costs from April 1 2020 to December 31 2020. The PSG is generally targeted at small and medium enterprises (SME) with at least 30% local shareholding. An SME is defined as any company with group annual sales turnover of not more than S\$100 million (US\$71.8 million) or with an employment size of not more than 200 workers at a group level.

SMEs can also consider the "laptop-bundled remote working solutions" under the PSG to transit to remote working arrangements for their employees. From April 17 2020 to December 31 2020, eligible SMEs can receive an 80% grant on the purchase up to three bundled laptops with remote working software installed.

### Enterprise Development Grant

Companies looking to adopt or develop more sophisticated software solutions customised for their business can apply for the Enterprise Development Grant (EDG). The EDG funds qualifying project costs such as consultancy fees, software and equipment, integration of systems and the training of staff to deploy the solutions.

The level of grant for SMEs has been increased from 70% to 80% of the qualifying costs from April 1 2020 to December 31 2020. Non-SMEs can receive grants up to 60% of qualifying costs. The level of support for enterprises that are severely impacted by COVID-19 may be raised to 90% on a case-by-case basis.

### Singapore e-commerce programme

This programme is targeted at encouraging local brick-and-mortar SME retailers with minimal or no e-commerce presence to sell their products online to expand their market within Singapore.

Eligible local retailers who sign up by September 30 2020 will receive funding to defray 90% of eligible costs (up to a maximum of S\$9000) for up to six months when they engage one of the appointed e-commerce platforms.

### Going global

Another key thrust in the budget announcements is to help businesses get a head start in going global by leveraging on technology at a time where setting up physical infrastructure overseas is challenging. Under the Grow Digital programme, SMEs can apply for support to use established business-to-consumer (B2C) and business-to-business (B2B) e-commerce platforms to grow their overseas business without having a physical presence overseas. Eligible businesses will also receive

training and support to enhance their e-commerce capabilities.

### Digital resilience bonus

This initiative was announced on May 26 2020 and will provide cash grants to eligible businesses to adopt certain cloud-based, mobile-based or web-based solutions. This is to help them improve their competitiveness and productivity through digitalisation in the post-lock-down period where safe distancing requirements may still affect their business.

As a pilot, food services and retail enterprises that are incorporated on or before May 26 2020 and have adopted certain pre-defined digital solutions by June 30 2021 will receive up to a maximum of S\$10,000. The pre-defined solutions include e-payment, e-invoicing, e-commerce, e-procurement, inventory management, online food ordering and food delivery platforms. Businesses that have adopted a solution that qualified for PSG are still eligible to receive the digital resilience bonus if certain conditions are met.

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