



IS INNOVATION DELIVERING?



A photograph of two women sitting on a stage in front of a backdrop. The backdrop features the text 'DBS INNOVATION DELIVERING' in large, white, sans-serif capital letters. The woman on the left is wearing a dark blazer and has her hands clasped. The woman on the right is wearing a light-colored, patterned short-sleeved top and a pearl necklace. They are both looking towards the right side of the frame.

DBS
INNOVATION DELIVERING

Love them or hate them, startups such as SpaceX and Uber have led to a complete upheaval in not only business but also our way of life. The clinic's experts share with Neal Cross, Chief Innovation Officer, DBS Bank, their thoughts on how traditional corporations can encourage innovation internally so that they can thrive in this era of rapid technological change.

Floppy disks, cassette tapes, public payphones, and typewriters. We live in an era of rapid technological change, and history is littered with examples of technologies rendered obsolete by rapid strides in innovation. Innovation in recent years has led to the rise of disruptive companies such as Elon Musk's SpaceX and Travis Kalanick's Uber. Love them or hate them, these startups have led to a complete upheaval in traditional space technology and transportation.

Given the speed of technological revolution today, how can companies adapt to survive the challenge from startups? How do firms encourage innovation internally? Can Asian companies develop world-leading technologies? These were the tough questions posed to speakers in this year's panel. In

a wide-ranging discussion, leaders from industries spanning automotive to venture capital shared their benchmarks for assessing innovation, detailing how shifting preferences and technology are revolutionising their world.

Dr Rainer Feurer, BMW Group's Senior Vice President for Sales Development and Customer Relations, said the challenges brought by innovation mean market leaders must never rest on their laurels and keep evolving to keep pace with shifting technology and customer demand. Dr Feurer cited the example of BMW. Even as the German luxury automotive company is a household name in high-end cars globally today, the carmaker had initially started operations 100 years ago producing airplane engines, he said.

Innovation and adapting to strategic change brought the company its success over the last century, and are expected to continue to lead its expansion in the future, he said.

"Our industry is changing," Dr Feurer said. "The future of mobility will be electrified, it will be completely autonomous, connected and we will have it shared."

Mapping and parking services are increasingly being digitised, and ride-sharing could easily erase the need for traditional cars, he said. On top of that, incumbents face challenges from startups. He described how half of the total venture capital attracted by Silicon Valley companies now goes into the mobility sector.

With the automotive industry at a crucial crossroads, BMW has stepped beyond its comfort zone of car-making to stay relevant, he added. The automaker has made strategic acquisitions in mapping technology, opened innovation centres in the US and China, and started a venture capital business investing in promising startups.

"They want to have part of our profit cake, and we want to have it back," he said.



NEAL CROSS

I am convinced that the next 10 years will fundamentally change our industry in a way that we will see people moving into our space, and we (sic) also moving into new spaces



DR RAINER FEURER

East Versus West

The attentive audience in the packed room then heard venture capitalist Jenny Lee from GGV Capital describe how the West no longer holds a stronghold on globally disruptive innovation. Lee, a Shanghai-based Managing Partner at GGV, is the only Singaporean on the Forbes 2016 Midas List of top 100 tech venture capital investors in the world. She commented on how Asian companies are starting to take up the baton in leading technological change, and are no longer the “me-too” firms of before.

“I am often asked how is the innovative landscape like

in the US? In China? Is the East copying the West, or the West copying the East?” said Lee, who has been investing in startups in the US and China over the last 15 years. “In the last five years, Chinese business models are making it beyond the shores (of China).”

She cited the example of Musical.ly, a China-developed live-streaming video application with 90 million users that is now hugely popular among teenagers in the US and counts celebrities such as Jason Derulo among its users. The global widespread adoption of the smartphone and availability of only two operating systems (iOS and Android) have made it easy for a product or game developed in one market to



JENNY LEE

Innovation comes when there is a spark of new ideas. Many times, this spark of new ideas comes across because you have people from different backgrounds sitting together in the same room sharing ideas from across industries

travel rapidly overseas, Lee said. This was a strong enabler in helping apps such as Pokemon Go reach its rapid adoption levels so quickly, and was similarly working in Asia's favour, she said.

Furthermore, China is holding its own before the West even in terms of product and business model innovation. Lee described domestic tech giant Tencent Holdings' Wechat app. Wechat, which started out as a messaging service, is now also a platform to make payments, play games, and hail taxis on-demand. The increasing levels of smartphone adoption in China have made domestic firms more innovative and spurred them to find solutions to cater to a growing market, she said. There are about 700 million smartphone users in China, double the number in the US.

Xiaomi, a smartphone and appliance manufacturer and one of China's tech unicorns, also led the way in business model innovation by bypassing middlemen and selling directly to the consumer online, Lee added.

Last but not least, Nestle R&D Centre Singapore's Managing Director Dr Tan Sze related how innovation disrupts even the most basic industries such as food and beverage. Nestle, the world's largest food company, has witnessed such innovation before. Its coffee product range expanded from early products such as Nescafe instant coffee to current offerings like Dolce Gusto, its premium single-serve coffee capsules and espresso machines.

Innovation takes place to meet customer's lifestyles and needs, and is fundamentally an enabler to solve problems, Dr Tan said. Based on her definition of innovation, Asia will develop its own model of change and disruption, Dr Tan forecast.

"In Asia we have different constraints (versus the West)," she added. "In the future, I see a lot of innovation coming out to solve problems that are intrinsic to Asia."

Dr Tan then rounded up the chat with an urgent call for Singapore's workforce to adapt and embrace upcoming technological change.

Singaporeans are highly effective and highly operational workers, she said.

The downside to such a workforce was often an inability to think creatively, Lee added. "Many times, when we are asked to think out of the box. That is when you get a blank look," Dr Tan said.

Innovation is pointless without a culture of embracing risk and courage to fail, Dr Tan said. "For the past 51 years, that was the right model. (Former Minister Mentor) Lee Kuan Yew had a vision and at that time, we executed. But now, times have changed," she said. Singapore's "kiasu" attitude – one which describes a mindset of someone afraid to lose – needs to evolve, Lee said.

"To innovate, you need to encourage risk taking. You need to fail often, you need to fail early but fail forward. That's key," she added. ❌

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DR TAN SZE

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