

**A**N interesting element of the Singapore story is the city-state's transformation into a "smart" city. A city can be defined as smart when urbanites enjoy a high quality of life, good education, jobs, health, connectivity, security, mobility and so on, enabled by good governance and relevant technologies (for example, sensors) aimed at enhancing urban sustainable development.

One milestone in Singapore's journey towards a smart city is Gardens by the Bay with its stunning Supertrees (tree-like structures stretching up to 50 metres into the sky). Looking from one of the sky bridges within the Cloud Forest (one of two cooled conservatories) in the Bay South Garden at Singapore's skyline, the Marina Barrage built across the Marina Channel or the city's new cruise terminal, one can only marvel at the determination of the Republic's planners to turn it into "a great place to live, work and play".

Unlike other small countries whose economies are heavily dependent on just one or two sectors, Singapore started its diversification programmes early on the basis of a cluster-based development approach. A new cluster is currently in the making. Policymakers are determined to turn Singapore into a successful start-up nation as evidenced by the planned expansion of an existing start-up cluster (located in a 200-hectare science-cum-business park developed by JTC Corporation to attract R&D and high-tech firms in the biomedical, ICT and media industries) to be known as LaunchPad @one-north, and an increasing number of venture capitalists.

Three new Web businesses which have attracted investors include (i) restaurant reservation site Chope led by CEO Arrif Ziaudeen, who raised S\$1.1 million in 2011 from Innosight Ventures, a venture-capital firm, and angel investor Hian Goh, co-founder of Asia Food Channel (in 2013 it managed to raise another S\$3.2 million from a subsidiary of Singapore Press Holdings and some individual investors); (ii) online motoring portal sgCarMart (founded by Vincent Tan and Tan Jinglun), which was acquired by Singapore Press Holdings for up to S\$60 million in April 2013 and (iii) online video website



**AIMING HIGH**

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# From smart cities to start-up hubs

Singapore is on track towards being a successful start-up nation, but there are some hurdles to clear. **By Thomas Menkhoff**

Viki co-founded by American Razmig Hovaghimian and husband-and-wife team Changseong Ho and Jiwon Moon (Viki, which has more than 20 million users in about 50 countries, was recently snapped up by Japanese e-commerce giant Rakuten for an undisclosed sum that insiders believe is close to S\$300 million).

A big hurdle in sustaining Singapore's ambition to become one of the world's most innovative, smart cities is arguably its hierarchical culture. In The New York Times bestseller *Start-Up Nation - The Story of Israel's Economic Miracle*, authors Dan Senor and Saul Singer pointed out that (its growth story notwithstanding) "Singapore's leaders have failed to keep up in a world that puts a high premium on a trio of attributes historically alien to Sin-

gapore's culture: initiative, risk-taking and agility". They believe that Israel, on the contrary, is full of vivid entrepreneurial success stories because of its adversity-driven culture which has created a fertile ground for innovation and entrepreneurial mindsets.

While Singapore is shifting gears towards a less hierarchical societal system, the fear of failure is still a barrier deterring many young Singaporeans from starting a company despite new policy measures introduced recently (for instance, in higher education) to nurture creativity, entrepreneurship and new ventures (Germany is facing similar issues). A related challenge faced by every new entrepreneur is to develop an innovative business model. Both geeks and founders need to be well versed in monetising skills. A popular approach

is Internet advertising, which delivers ads to Internet users via Web sites, e-mail, ad-supported software, text messaging or smartphones.

Website owners, for example, receive payouts based on the number of times a link on a Web page is clicked compared with the number of times it is displayed (note: this can be risky, especially if it is the only source of income generation). Even giants such as Google whose money-making foundation is advertising via AdWords and AdSense or Twitter, whose main revenue source is also advertising are not 100 per cent future-proof. Weak revenue models caused many new tech firms to fold during the dot.com bust.

Making innovation work by successfully innovating the customer value proposition can be learnt as indicated by the en-

trepreneurial journeys of Asian and Western innovators such as Harvard University grad Tony Hsieh, CEO of online shoe and clothing e-shop Zappos, or Germany's start-up star Lars Hinrichs, the founder of Xing, a platform for business networking.

Proven revenue-generating business approaches include (1) freemium (Amazon Web Services, for example, introduced a free usage tier for customers of its cloud services; if they exceed the free usage amount as stipulated under the offer, standard charges apply); (2) subscription (as practiced by Netflix, a subscription-based movie and television show rental service that offers media to subscribers via Internet streaming and via US mail); (3) affiliate marketing (payouts depend on whether customers click ads as well as the respective marketing formula which could be based on pay-per-click, pay-per-sale or pay-per-lead; note: if the majority of customers do not make a purchase or use affiliate links, the business may go bust); or (4) sense and respond strategies as pursued by many integrated resorts who track and followup on customers' online purchasing patterns via special rewards cards and game applications.

Leveraging on new innovation frameworks such as collaborative innovation, new social models or smart city technologies can help to create new successful business ventures. Wash & Coffee, a new laundromat and social gathering place with an integrated café in Munich (<http://wash-coffee.com/>) and Facebook presence ([facebook.com/washcoffee](https://www.facebook.com/washcoffee)), pro-

vides a great new experience for customers with dirty clothes. The new service features clean designs, energy efficient programmable Bosch washers and dryers, sustainably produced detergent products from Henkel (Persil brand) and entertainment. It's a successful example of the power of collaborative innovation between two big firms who combined their expertise for the benefits of specific customer segments such as singles, students and commuters. Online charity Donor-sChoose.org (US) enables contributors to select and financially support a particular school project (initiated by educators) listed on its website.

According to *FastCompany*, Donor-sChoose.org has raised US\$225 million from more than one million citizen philanthropists since it was established by Charles Best in 2000 for the benefit of more than 175,000 teachers, some 400,000 class projects and about 10 million students. "Sin Cities", too, can benefit from innovative entrepreneurship in their quest to become smarter. Zappos CEO Tony Hsieh is currently investing US\$350 million into the makeover of Downtown Las Vegas aimed at creating a new tech hub propelled by a creative class of techies, artists and new businesses such as a community car-sharing venture.

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