



Key Findings

US Embassy Singapore Tech & Innovation Virtual Dialogue #2: Making the Digital Leap: Innovation & Transformation

November 24, 2021 (US) | November 25, 2021 (Singapore)

On November 24, 2021, with the support from the US Embassy Singapore, the Pacific Forum hosted the inaugural session of the US Embassy Singapore Tech & Innovation Virtual Dialogue, “Making the Digital Leap: Innovation & Transformation,” with 25 participants (not including speakers or staff) from the government, private sector, academia, and other non-governmental organizations.

Sakshi Chadha, Digital Expert for Bangladesh at the UN Capital Development Fund (UNCDF) moderated the session while **Lydia Ng**, Founder and CEO of Thinktechniq and **Michaela Wong**, Senior Manager of Policy for Asia of the Information Technology Industry Council (ITI) discussed digitalization and digital innovation in fields such as e-commerce and manufacturing in Southeast Asia amid the global pandemic. The discussion also focused on how digital transformation positively affects these industries while highlighting concrete challenges faced, especially among Micro, Small and Medium Enterprises.

Key findings from this meeting are described below.

SME digitalization

Due to technological developments, many small and medium-sized enterprises (SMEs) have strengthened their strategic approach to digital transformation. They have adopted the strategic use of digital technology to enhance their business in various operations. Regardless of industry, SMEs have adopted technology to make their services attractive to their customers.

Yet it was Covid-19 that truly accelerated digital transformation and technologies by several years. SMEs have sought ways to transform their offline companies to online businesses. By taking advantage of online tools, SMEs have attempted to control costs and ensure supplies while providing their services online to respond to the demand of consumers during the pandemic. According to a February 2021 [report](#) by Argidius Foundation and the Aspen Network of Development Entrepreneurs, organizations supporting SMEs carried out 24% of their support services in a digital format before the pandemic started. This rate increased to 72% by the end of November 2020. Although it was the pandemic that hastened the transformation from in-person to digital-first models, business owners have now been able to experience the convenience of these models and realize the importance of designing an appropriate strategy in the era of digitalization.

After two years of living with Covid-19, the major powers and regions have recognized the



importance of constructing digital infrastructure. Identifying common ground in constructing digital infrastructure is a first step in building a new and better digital order.

Key-Challenges for US-Singapore cooperation

Achieving a functioning digital economy for SMEs is not a simple task that can be accomplished through a top-down approach. Rather, it can only be attained by finding the right balance between top-down and bottom-up approaches. There is no one-size-fits-all method to achieving a digital economy. The public and private sector need to the right balance that reflects their resources and aptitudes to satisfy both citizens of their countries and clients of their businesses.

One of the biggest challenges the public sector faces is the absence of a universal digital order. Without basic standards and rules for how data is used and how digital markets should operate, the world is missing out on potential solutions to problems that new technologies have to offer.

Data protection law is an area in which a universal digital order has not been established. Currently, there are three competing visions of digital capitalism articulated by the United States, China, and the European Union. The incompatibility of the three competing visions is problematic. Developing and emerging economies are still deciding how to expand and govern their digital capabilities such that new technologies serve their broader strategies for sustained economic growth. Considering this state of affairs, the three digital powers would do well to forge a stable and coherent global digital order that accepts a certain degree of interoperability among their different norms to address current and emerging global technology challenges.

The unprecedented nature of the dual health and economic crises caused by Covid-19 has also changed the ways in which the private sector operates. Regardless of sector, business owners must constantly assess the readiness of their business models for future shocks and adapt to the new normal. In light of the pandemic, businesses need accept future uncertainties and adopt new innovative technology. Specifically, they need to have a mindset of adopting technology to improve resilience and adaptability.

Areas of US-Singapore cooperation in the digital economy

Digital economy is one of the four pillars of US-Singapore Partnership for Growth and Innovation. Both government and the private sector should take specific measures to mitigate disproportionate hardships that marginalized certain populations during the pandemic.

As for the US and Singaporean governments, they could take advantage of existing US-ASEAN working groups and global events to focus on the digital economy. These channels could help both governments construct a digital and economic community, powered by secure and transformative digital services, technologies, and an ecosystem that fosters trust and sustainable growth. For instance, regular discussions on areas where our governments can cooperate in digitalization would allow them to focus on new areas like digital trade agreements. By taking advantage of already established channels such as the US-Singapore Free Trade



Agreement, our two governments could seek new policies to address digital trade challenges. Through these open discussions, our governments could contribute to creating joint policies to help SMEs prosper in the era of digitalization.

As for the private sector in both countries, businesses should share best practices in the realm of digitalization. Specifically, they could collaborate on multiple fronts including artificial intelligence, cross-border data flows, and e-payments. These efforts may contribute to the creation of a framework like trade agreements but in which the public and private sectors jointly shape the international digital order.

Finally, moving up the digital transformation ladder remains challenging for many SMEs in both the United States and Singapore. Although levels of awareness and adoption of digital technology have increased since 2018, SMEs continue to see only moderate levels of success in their digitalization journey. To truly achieve digitalization, SMEs should learn from their peers to construct a digital-friendly business environment, while the government provides the necessary financial and educational support.

This document was prepared by Su Hyun Lee. For more information, please contact Dr. Crystal Pryor (crystal@pacforum.org), Vice President of Pacific Forum. These preliminary findings provide a general summary of the discussion. This is not a consensus document. The views expressed are those of the speakers and do not necessarily reflect the views of all participants. The speakers have approved this summation of their presentation.