

# Inavate

ASIA  
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Manufacturing giant expands to R&D hub



# AV'S LITTLE RED DOT

REPORT: SINGAPORE



# LOCAL EXPERTISE, REGIONAL AMBITIONS



View of Singapore's central business district

**Hurrairah bin Sohail** discusses Singapore's AV market with those that know it best, the integrators that work in the country. We evaluate the state of the market, opportunities for growth and ambitions for expansion.

**T**o understand the Singapore AV market, one must understand Singapore. The country's small land mass defines the characteristics of the market, directly or indirectly. However, it would be a mistake to correlate the size of Singapore with the significance of its AV market.

Christopher Lim, general manager for ESCO, says: "The value of the AV market in Singapore punches far above its weight considering the size of the country. For many AV manufacturers who have a presence in Southeast Asia, Singapore is actually their biggest market in terms of value which is astounding considering we are much smaller than all of the surrounding countries."

An indicator of Singapore's importance as a market in the scheme of the global AV industry is the number of manufacturers

that have established regional headquarters and offices in the country. This bolsters confidence among integrators as Lam Tze Tze, executive director at EAS, says: "The constant stream of first hand product and software updates, and dedicated training sessions from our global partners is a good sign, as this indicates they are invested in their brand and partnership with us, giving us the confidence to craft robust well thought out designs by leveraging on their products and enhance our capability to provide dependable after-sales support."

Singaporean integrators understand the importance of selecting the right products as Lam from EAS continues: "As a professional AV systems integrator, we work closely with our clients and are ultimately responsible for the solutions and products we've designed and specified; which is why it is important to pick your business

partners carefully, as there are currently simply too many 'Me Too' products and rouge companies out there."

Growth in Singapore is driven by the government and this holds true for the AV segment. Lim from ESCO says: "Government expenditure in AV related projects is quite consistent, though margins are facing increased pressure. Due to Singapore's modus operandi of attracting foreign investment, there are many MNC projects in the market as well. But project's size and frequency in this sector are tied far closer to how the global economy is doing. For mega-hospitality projects, like Singapore Sports Hub and Marina Bay Sands, it's true that they only come around once every few years. But with regards to hotel projects, there is always something going on. Probably helped by the fact that Airbnb is rendered practically ineffectual

in Singapore due to laws and regulations.”

According to Lam from EAS, the government’s driving of segments, results in the market being cyclical. She says: “This [the cyclical nature of Singapore’s AV market] is due in large to the government’s development plans for the country and subsequent investments in certain sectors, and these sectors will tend to increase their spending when their budgets increase.”

Jeffrey Lee, business director at 3S, says: “For Singapore, in my opinion, someone has to take the first step and someone has to set the trend. Whenever a new AV system or solution is deployed, usually everyone will follow suit.”

He continues: “The mindset for Singapore, when compared to the US and Europe, is to be more risk averse. With new technology we find that very often the government is the one to take the leap. We of course as integrators are always willing to try new things and serve our customers

better but they also have to be willing to take a chance.”

The rate at which Singapore adopts new technology is a matter of debate. Lim from ESCO says: “With regards to Southeast Asia, we are quite advanced technologically, but we are slower than Australia and New Zealand, who have a more open mindset towards embracing new technology. I’d say for Asia, we generally adopt the newest technologies two to three years slower than the US and Europe.”

Lam from EAS says: “I would classify Singapore as a sophisticated market in terms of growth and the technologies that are introduced and deployed. Sophisticated for its receptiveness to new technologies and sophisticated in terms of our clients’ understanding and demands of pro AV. As expected, growth in a sophisticated market like Singapore, would be slower than a developing market for sure.”

Whatever the individual’s

## The value of the AV market in Singapore punches far above its weight considering the size of the country.

*Christopher Lim, ESCO*

take on the adoption of new technology, Singapore’s AV market is changing in the face of global trends and influences. Lam from EAS says: “The Singapore AV market is transforming at a rapid rate due to the evolution of technology as a whole. Perhaps more so than other countries, we are often challenged, in a good way, to design and integrate even more comprehensive, functional and creative solutions for our clients.”

Jeffrey Lim, managing director of Pave System, says: “Digitalisation has gathered pace resulting in a substantial increase in AV over IP deployment, UC applications and cloud services.”

Lee from 3S adds: “The AV platform is no longer just a generic AV platform. Today, when we talk about AV we are really referencing both AV and IT platforms which have converged. Our business is also transitioning from AV towards IT. Without this convergence, AV would be stagnant.”

## Inavate + Shure: The take on Singapore’s AV market

Based in Singapore, Eric Ong, senior regional sales manager for Shure in Southeast Asia, says: “Overall, the AV industry in Singapore is quite advanced and opportunity-driven. It’s a stable market and demand is relatively consistent even during slower economic intervals. Singapore is a well-known and recognized regional hub with enormous business opportunities. Of course, the performance of local and global economy influences budgets and purchase decisions. However, evolving work and lifestyles, the dynamic business environment, as well as changes in infrastructure requirements, e.g. radio frequency spectrum and the integration of AV and IT platforms etc., fuels demand and paves the way for growth opportunities.”

He continues: “We are optimistic about the Singapore AV industry. It is very technology driven and supported by many government-led infrastructure initiatives and investments which encourage regular tech refresh and early adoption of new technological platforms. This has helped the local industry to adapt quickly and address the constantly evolving needs of our customers across different vertical markets. “In terms of specific growth areas, we see them coming from education and government-funded projects, hospitality and entertainment such as hotels, theme parks and performance venues, houses of worship, as well as corporate projects. The needs of these markets are quite diverse, so it requires specialised expertise, network, and understanding of the target segments.”

Ong continues: “As a manufacturer, even though we have a direct presence in Singapore we choose to work with different distributors to

support the market in Singapore and Southeast Asia. We use our in-region presence to work even more closely with our channel partners, invest in needed infrastructures and resources to augment what they do. This allows us to play to the strengths of our partners and so better cater to the needs of our clients, as well as uncover opportunities for unmet needs. “Singapore has a ready pool of growing resellers and integrators with tailor made professional services and expertise. The fact that the local AV industry serves clients across countries and regions also makes it important to interact with global networks such as PSNI and GPA. By elevating our practices to match the global standards promoted by these organisations, we are able to expand the network and gain access to additional opportunities.”

Singapore also provides a stepping stone to expand further into Southeast Asia. Eric explains: “There are growing opportunities in many emerging countries in SEA due to infrastructure development and influx of foreign investment. In many cases, existing SG-based customers such as those in education, MNCs and hospitality sectors have also grown into surrounding countries with additional regional or sub-regional headquarters. Naturally, the industry wants to capitalise on this. Manufacturers and integrators who want to continue serving their expanding customers have to grow alongside them and make their products and services available outside of Singapore as well. Ultimately, this also results in a transfer of know-how and expertise across SEA, which helps to advance the region as a whole.”



Lam goes into detail and identifies some of opportunities present in the Singapore AV market: “If a place needs to be created, enhanced or transformed, pro AV will be required. In this day and age where communication of ideas and sharing of knowledge happens on a daily basis, especially with the development in AV/IP, IoT and 5G, pro AV is positioned to play an important role going forward.”

She continues: “Singapore is the perfect test bed for companies and brands wishing to launch new products, which means products of higher added value would have opportunities for growth. As most clients in Singapore are equipped with at least a basic understanding of AV, a product of quality that meets market needs, is robust in its design and engineering, will always prove to be a worthy competitor and may even outperform existing brands and products.”

Lim from ESCO adds: “There are a few [opportunities for growth]. The transitioning of AV integrators to a more managed

service led model, the ability to offer OPEX models to end users and the ability to provide thought leadership and innovative solutions to the higher echelons of the market.”

Lee from 3S says: “We cannot just be an AV integrator. We have to have network capabilities. We need more knowledge of IT systems and must acquire this expertise because our job is no longer just plugging A to B and B to C and then setting up a switch. Now we deal with more IT integration as well.”

Yet, even with all these opportunities for growth, Singaporean AV system integrators are actively pursuing expansion plans in Southeast Asia and ASEAN. We return back to the core defining feature of Singapore, its small land mass, to understand this strategy from the perspective of the integrators.

Lim from PAVE says: “Expansion is a route mainly due to the saturated Singaporean AV market with suppressed profit margins.”

Lee from 3S says: “Singapore is really small. We have to find some form of expansion somewhere.

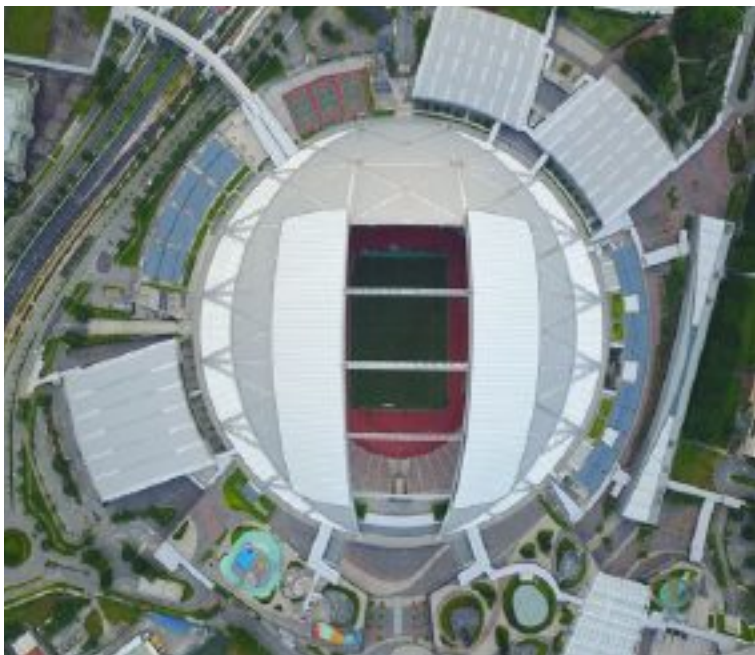
When you grow and reach a certain level, whether you like it or not, overhead costs become a killer. The only option then becomes to go out.”

Singapore’s standing in the region helps as Lee from 3S offers further insight: “Singapore has always been regarded as a tech leader in the region. Whenever an AV system or solution is used in Singapore, it is like it has an automatic endorsement. Singapore’s reputation in the region when it comes to AV is something, we are very proud of.”

Lim from ESCO says: “It is a question of survivability. As much as Singapore has a high per capita spend for AV, competition is also intense. We are now the world’s most competitive economy and the cost of running a business is increasing faster than the local economy is growing. That is not to say you cannot run a successful business focusing solely on the Singapore market, of course you can, but your competition will find a way to be cheaper, faster and better than you if you rest on your laurels.”

He continues: “The other factors are external. Large US and European-based integrators are expanding into Asia and they are much closer to the global headquarters of MNC’s. They can offer products and services on a global level, something which most local SI’s struggle to offer effectively. Then we have large IT companies who will begin to offer AV as part of their scope, these large IT companies are also well embedded with large corporate clients. Lastly, developing markets around Asia are growing at a rate of two to three times that of Singapore. Combine that with lower labour costs, they are a good long-term investment.”

Lam from EAS says: “With an estimated growth to USD 230 billion by 2023, the Asia market is projected to capture the largest market share of the global pro AV market as reported in AVIXA’s ‘2018 AV Industry Outlook and Trends Analysis Global Summary’. As Singapore is a member of the ASEAN community, it is natural that Singaporean companies will try to find business opportunities in Southeast Asia.”



Landmark projects, like the Singapore Sports Hub, cement Singapore’s AV reputation in the region and globally

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*Jeffrey Lee, 3S*