

THE BUSINESS TIMES



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Tuesday, June 27, 2017

STAVING OFF CYBERATTACKS

Cost of data breach down 10% globally, says study

TOP STORIES / 2



BEYOND BITCOINS

Cryptocurrencies: A BT Infographics insight TOP STORIES/ 2

LEE FAMILY DISPUTE

Indraneel Rajah sees 4 options for 38, Oxley Road TOP STORIES/ 6



TAKING ON THE BIG PLAYERS

Local beauty brands take on the world SME/ 26

MARKETS

	Monday	Change
STI	Closed	-
KL COMP	Closed	-
NIKKEI 225	20,153.35	+20.68
HANG SENG	25,871.89	+201.84
SHENZHEN B	1,144.59	+12.48
DOW (11.45am EDT)	21,444.08	+49.32

DAILY DIGEST

Royal Dutch Shell aims to be a leader in clean energy and sees an opportunity in using its global presence and established brand to scale up the new energies business quickly as and when.

TOP STORIES / 4

Keppel Land China and Alpha Investment Partners have tied up with a co-investor to acquire an office and retail mixed-used development, SOHO Hongkou in Shanghai, China, for some US\$25 million.

COMPANIES & MARKETS / 8



Newly qualified New Zealand carpenters are commanding six-figure salaries and construction costs have risen by half in under three years, symptoms of an unprecedented building boom straining the nation's much-envied economy.

REAL ESTATE / 11

A hastily-assembled group of investors looks set to win the bid for Toshiba Corp's prized memory chip business, but a lack of clear leadership or industry clout is raising questions about who will take tough decisions about strategy and investment.

TECHNOLOGY / 16

Activist investor Daniel Loeb's Third Point LLC on Sunday unveiled a stake of more than one per cent in Nestle SA and urged the world's largest packaged foods maker to improve its margins, buy back stock and shed non-core businesses.

GOVT & ECONOMY / 20

Takata Corp filed for bankruptcy protection in the biggest postwar Japanese corporate failure in the manufacturing industry, as the 84-year-old company buckled under liabilities from millions of recalled air bags that have been linked to more than a dozen deaths.

TRANSPORT / 21

Disruption looms for property sector as technology investments mount

US\$6b in venture capital pumped into "proptech" since 2011; 2017 proptech financing expected to hit US\$3b

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REAL ESTATE has been a spectator to technology disruption for years, but all that could be changing as the traditionally tech-laggard sector moves into the epicentre of a technology revolution.

Some say it is a new generation of managers and executives, digital natives themselves, who are driving the change. Regardless, a new term has been coined to describe this phenomenon: "proptech" – the real estate version of "fintech".

This leveraging of technology to improve property services ranges from an increased use of big data to the introduction of a distributed database such as blockchain technology, to even inventions such as robot receptionists.

At a recent proptech panel discussion hosted at the Tech in Asia Singapore conference, JLL Asia Pacific CEO Anthony Couse said: "The next five years is critical to anyone in the real estate sector, whether you are a service provider, or in the world of developing or investing in real estate."

Disruptproperty.com lists about 33 proptech companies in Singapore, ranging from property search engines, to asset management companies, crowdfunding websites, smart building firms, market research companies, augmented reality service providers and video analytics solution providers to track human traffic in retail malls.

According to CB Insights, a venture capital database, the volume of proptech financing globally has been on a steady increase, rising 36 per cent year on year to US\$2.7 billion in 2016, and projected to increase another 10 per cent in 2017 to US\$3 billion.

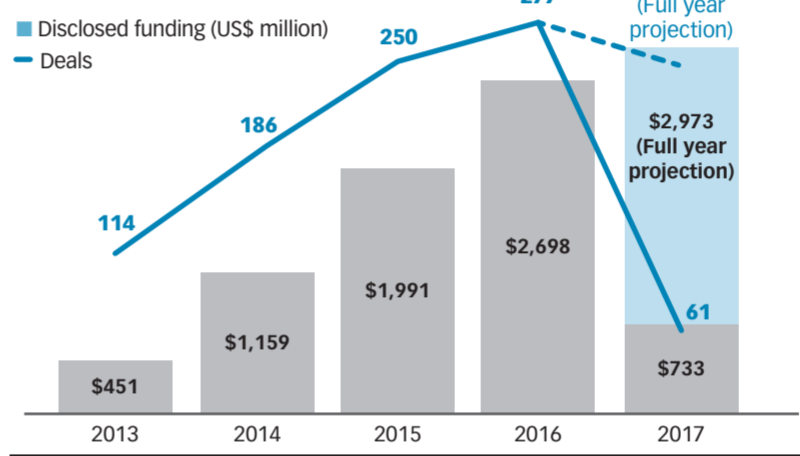
Of the approximately US\$6 billion in venture capital that has been invested in proptech since 2011, about 70 per cent was in the last two years.

Those in the industry see opportunities for more investment in the sector.

In an interview with *The Business Times*, Robert Courteau, CEO of Altus Group, a software and data company for real estate, said: "What's fascinating to me is how little has been spent on technology in this industry when I look at the spectrum of things that

Growing investor interest

2013 to Q1 2017



Property information such as ownership details, addresses, maintenance and repair history, et cetera, is recorded on the immutable digital ledger, such that home buyers and sellers can enter into "smart contracts" – digital contracts that automate the offline functions presently handled by agents, lawyers and banks. This also makes transactions cheaper and quicker.

But Mr Couse said that for this to fully work, it requires the buy-in of the government. The "holy grail" of transacting online is to find a solution that will allow an end-to-end transaction with no break in the process.

"If we can crack that and convince governments to completely digitise titles and ownership, then we can have end-to-end transactions and that's really the end of the agent."

"But just like fintech hasn't removed the traditional banker, this hasn't really happened. It's still early days in the property sector, but the manual aspect of real estate is really going to go with automation."

There are early attempts to implement this in Singapore. For instance, peer-to-peer real estate start-up Averspace has launched blockchain-enabled house rentals on its mobile app. Continued on Page 2

SP Group poised to transform into 'power sector's Uber'

CEO says the moment electricity can be stored, it changes how power will be delivered or consumed

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Singapore

AS WAVE after wave of disruption buffets the power sector, grid operator SP Group is taking steps to turn itself into the industry's "Uber": In time to come, it sees itself providing a platform that matches the supply and demand of power, especially as power generation becomes a fragmented and distributed business.

At the heart of this transformation is the desire to stay relevant to the Singapore consumer, particularly as the progressive liberalisation of Singapore's electricity market will lead to a fully open market by mid-2018.

SP Group – formerly known as Singapore Power Ltd – owns and oper-

ates electricity and gas transmission networks in Singapore and Australia. The group, fully-owned by Temasek Holdings, made S\$923.5 million in net profit last year, on revenue of S\$3.9 billion.

In an interview with *The Business Times*, group chief executive Wong Kim Yin said that while every industry is being disrupted, the power market is undergoing multiple dimensions of such changes.

Besides digital transformations, the industry also has had to face rapid technological advances in renewables and battery storage. "For the longest time, you cannot store electricity, or rather you cannot store it cheaply or efficiently. But increasingly that is changing," he said. "And the moment you can store power, it changes how power will be delivered or consumed." On top of these, consumers are now demanding sustainability. In order to stay true to its mission of enhancing the quality of life for Singaporeans, the group therefore

has to start building capabilities that will allow for the types of life Singaporeans may want to lead in 30 years, said Mr Wong. To do so, the group has adopted a three-pronged strategy: to be exposed to the latest technologies and ideas in the industry; to test promising ideas, and to have the capability to handle proven technologies.

Under the first prong, the group in January this year partnered seven other utilities around the world to launch a global accelerator programme. Called Free Electrons, the programme supports startups developing solutions in areas such as clean energy, energy efficiency and mobility, digitisation, and on-demand customer services.

SP Group has also put money in funds, including the Europe-based Environmental Technologies Fund which invests in clean technologies and greentech sectors. "By getting involved in these, we get exposed to all the ideas that people have come up



SP Group chief executive Wong Kim Yin: "For the longest time, you cannot store electricity, or rather you cannot store it cheaply or efficiently. But increasingly that is changing." PHOTO: KELVIN CHNG

with," Mr Wong explained. "We also have the opportunity to work with the entrepreneurs and to invest into them if those are things relevant to us."

A technology of interest to SP Group is blockchain, a decentralised and distributed digital ledger used to record data across many computers. This will be useful in the future energy world – one that is expected to be more distributed in nature with consumers also having the means to

generate power using renewables or batteries, said Mr Wong.

"Blockchain could potentially be a solution that will enable that distributed transaction to be done between someone who owns a battery and someone who owns a solar panel or even demand management..."

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• Shell aims to ride branding, global clout in clean energy race, Page 4
• Electric vehicles compel change in grid operators and oil firms, Pg 4

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TAKASHIMAYA DEPARTMENT STORE, THE SHOPPER AT MARINA BAY SANDS AND AUTHORIZED WATCH RETAILERS

SP Group poised to transform into 'power sector's Uber'

Continued from Page 1

"We don't know whether it works yet. But we want to stay on top of it, we want to stay ahead."

SP Group is supporting Energy Web Foundation, a global non-profit organisation that is working to accelerate blockchain technology in the energy sector, said Mr Wong.

Under the second prong to test-bed ideas with high potential, the group has in 2015 started a S\$30 million Centre of Excellence, supported by the Economic Development Board. Here it will develop, test and integrate new technologies by other companies in the Singapore grid – regarded as one of the best in the world.

As it does so, the group will gain insights into the problems and also the capability to resolve them. It might also have the option to invest in these solutions, or earn the intellectual property rights which it can then bring overseas, said Mr Wong.

The group is also working with US multinational General Electric to develop a digital replica of the Singapore grid. This will capture real-time data that can be used to enhance asset management, predict failures and optimise maintenance schedules, among others.

Thirdly, to build capabilities in already-mature technologies, the group is installing solar panels at its new Kallang headquarters so as to gain in-house expertise on how solar panels work and interact with batteries.

It has also converted its fleet of service vehicles into electric vehicles. "By doing that we ourselves learn how it charges, what is the variability of the range between one car and an-

other, what the maintenance cycle is like and how often it breaks down," said Mr Wong.

A key plank of its efforts in the third prong is a new app that the group launched in March to allow customers to view and pay bills, and to compare their consumption with those in the neighbourhood.

This app is just a starting point for future plans, said Mr Wong. One possibility is to use it as a platform for consumers to compare various electricity retailers when the market is fully liberalised mid-next year. Or it could be used to aggregate users who are willing to reduce their electricity usage in exchange for payment, a practice known as demand side management.

"Uber is about the matching, and so is Airbnb. So this is about matching also. Demand side management is about matching someone who is willing to back off (from electricity usage) with someone who wants to use it notwithstanding that it is expensive."

Further down the road, it could also be used for consumers to transact with one another, especially if paired together with blockchain technology.

"Think about the possibilities," he said. "We're not there yet, but without this (app) we can't even go there. You need to have something associated with you and the account. And once they are ready this account can be used as a platform, subject to regulatory frameworks."

Reflecting the group's desire to move quickly, the app was built in only three months – compared to the one to two years it would otherwise have taken – by a newly-formed digital team in the group, said Mr Wong.

Besides developing the app, this team – whose current headcount of 60-70 will eventually be expanded to 100 – is also responsible for deploying digital solutions within the group as it embraces technology to improve its work processes. Every employee, for example, was given an iPad in 2015. The group has also experimented with Google Glass.

Even while embracing digital solutions, SP Group is also conscious that it is exposed to cybersecurity risks, and is working with the Cyber Security Agency of Singapore and Ministry of Home Affairs, among others, to ensure it has the latest safeguards.

"As we build new digital capabilities we are always putting in the defences along the way," said Mr Wong. "Having said that, no amount of defence is foolproof. We always plan on the case that they will come in eventually, and when they do that, we need to first identify and contain, slow them and block them, and then recover."

In time to come, SP Group envisions that the digital platform it is developing can also be used by other retailers, especially since the residential electricity market, despite having 1.3 million customers, consume only 15 per cent of Singapore's electricity. As it may not make sense for retailers to set up a call centre to serve these customers, SP Group could provide this service for them.

"We can white-label our products and services to enable the retailers to have their own signature and to engage their customers," said Mr Wong.

"I don't see ourselves competing with the retailers. I see ourselves enabling the retailers, but at the end of the day enabling the consumer. The consumer must win."