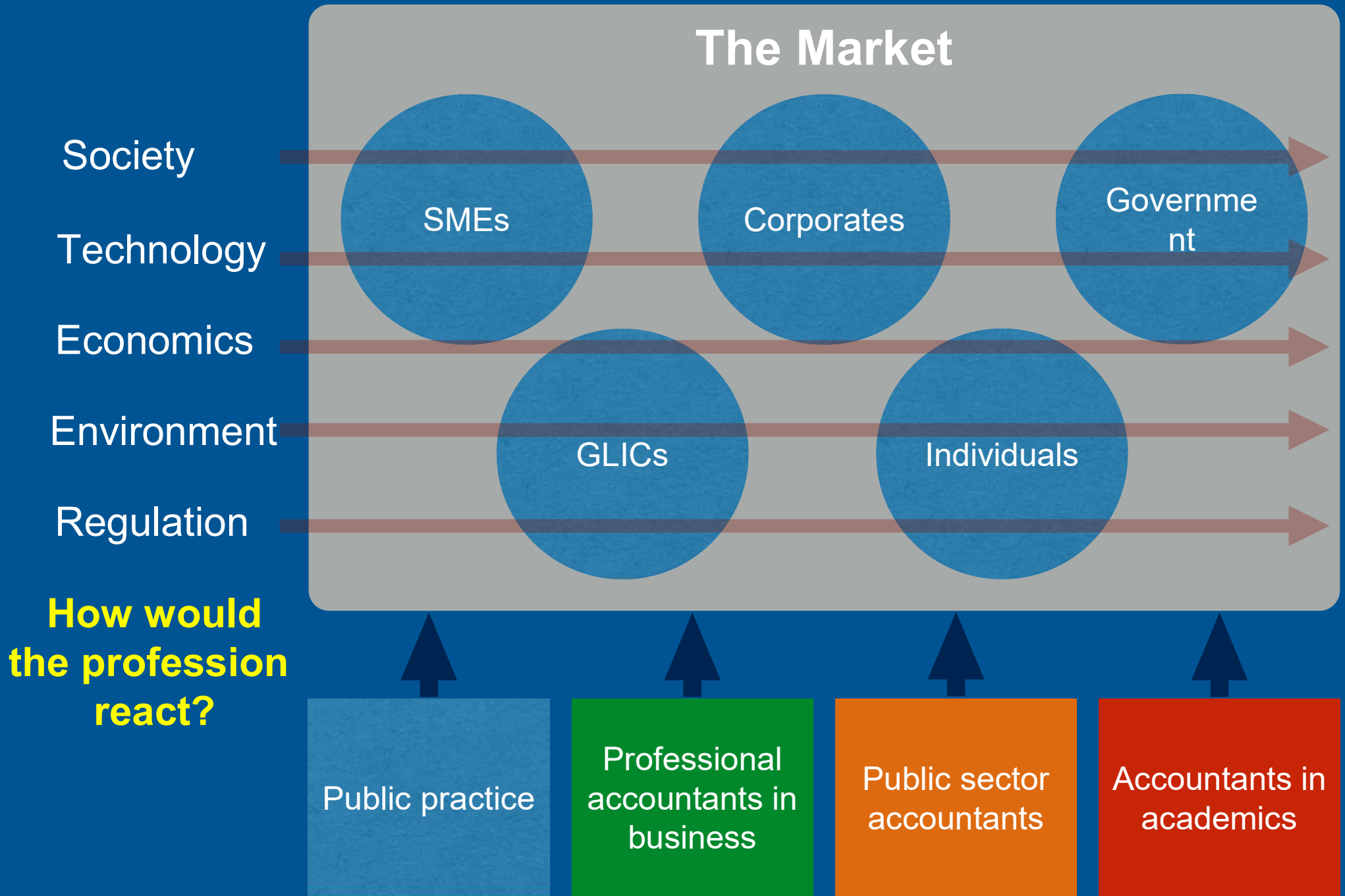


Dealing with Change - Transforming the SMP landscape

Presentation at the Institute of Indonesia Chartered
Accountants, Jakarta, 21 November, 2016

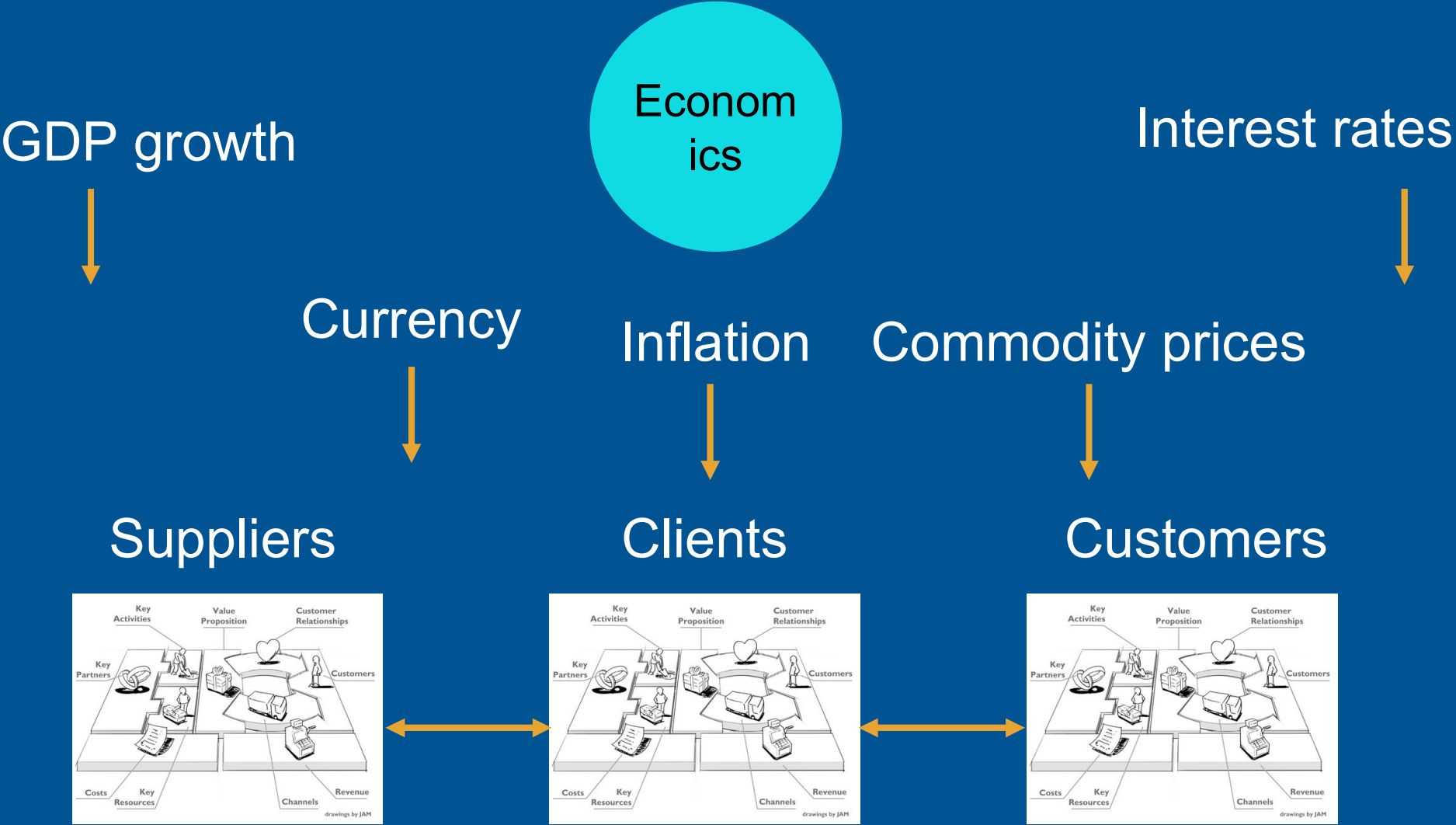
From Small and Medium to Significant and Meaningful Practices

How change drivers influence market and stakeholders



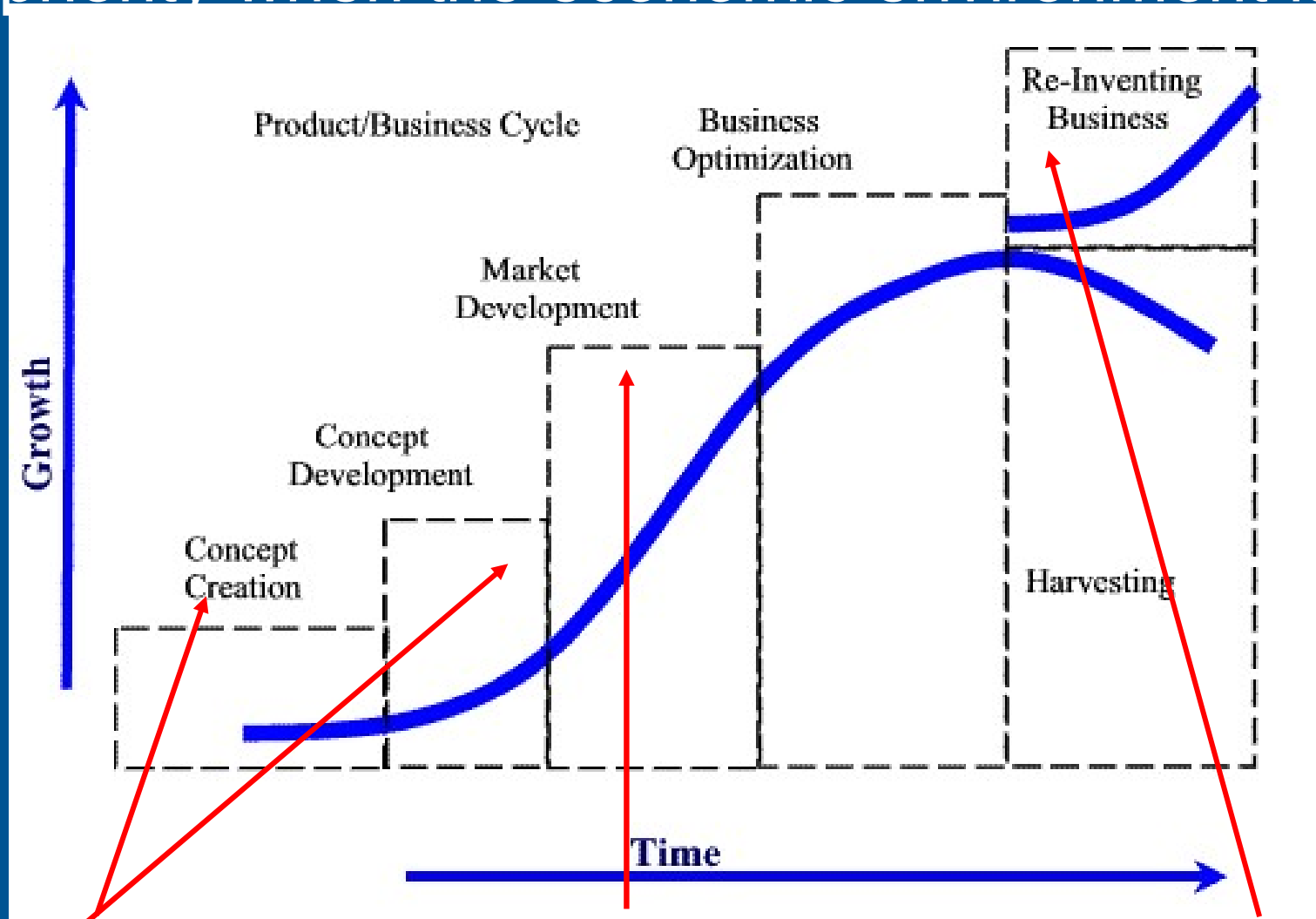
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Change would affect SMEs, their supply chain and value chain



From Small and Medium to Significant and Meaningful Practices

Capital and cash flow management would be given higher priority when the economic environment is tough



Capital is required when the business is at the infancy stage with high risk of defaulting

Capital is required to finance operations and expansion

Capital is required to innovate, diversify and grow

From Small and Medium to Significant and Meaningful Practices

Where are the SMEs struggling?

Q8: Which statement is true with respect to the management of strategy of the company?

Answered: 92 Skipped: 50

Answer Choices	Responses
The company has a clear mission (purpose of existence)	69.57% 64
The direction of the company for the next 3 years have been set	47.83% 44
The detailed action plans in order for the company to achieve its strategic direction have been put in place	41.30% 38
For every action item, the expected outcomes have been identified	21.74% 20
The person responsible for the completion of each action item has been identified and aware of his/her responsibility	32.61% 30
Management is aware of the progress (or lack of progress) of each action item	47.83% 44
All elements which will prevent the achievements of all the outcomes expected of the action items have been identified	17.39% 16
Relevant measures have been taken to mitigate the risks arising from the identified elements on the outcomes of action items	27.17% 25
Total Respondents: 92	

Inovastra ongoing survey on SME business practices in Malaysia

From Small and Medium to Significant and Meaningful Practices

Where are the SMEs struggling?

Q12: Which statement is true with respect to financial management of the company?

Answered: 84 Skipped: 58

Answer Choices	Responses
The business has an annual budget which was prepared based on the company's strategic plan and credible and realistic assumptions	48.81% 41
The financial statement of the company is prepared monthly based on the required financial reporting standards and provided to management for analysis and follow up	50.00% 42
Key information regarding margins, profitability and variances from budgets are analysed and made available to all relevant department for feedback and actions	39.29% 33
The cash flow requirements of the company form the next 6 months is known and the cash flow position of the company is monitored by management	39.29% 33
Credit given to customers is based on policies which takes into account the sales strategy and the current economic realities	23.81% 20
All major capital expenditures decisions are made after appropriate financial analysis are performed	29.76% 25
The company has competent and skilled personnels to provide the necessary financial and management information	33.33% 28
The management has the competency and ability to understand the financial information presented	39.29% 33
Total Respondents: 84	

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Who do they turn to for solutions?

Q15: Who, outside your company, provides most solutions to your business management issues?

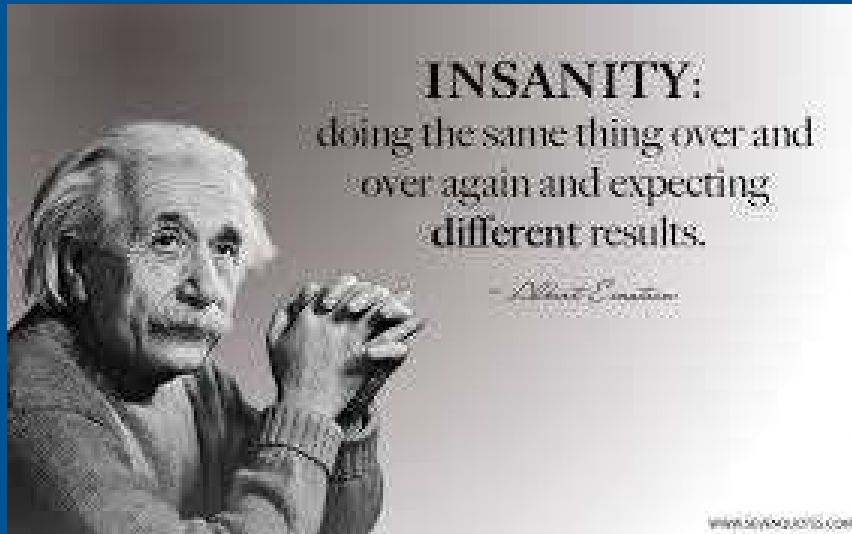
Answered: 86 Skipped: 56

Answer Choices	Responses
Company secretary	9.30% 8
Tax agent	2.33% 2
Auditors	17.44% 15
Lawyer	6.98% 6
Banker	1.16% 1
Management consultant	25.58% 22
Government officers	2.33% 2
Business coach	23.26% 20
Other (please specify)	11.63% 10
Total	86

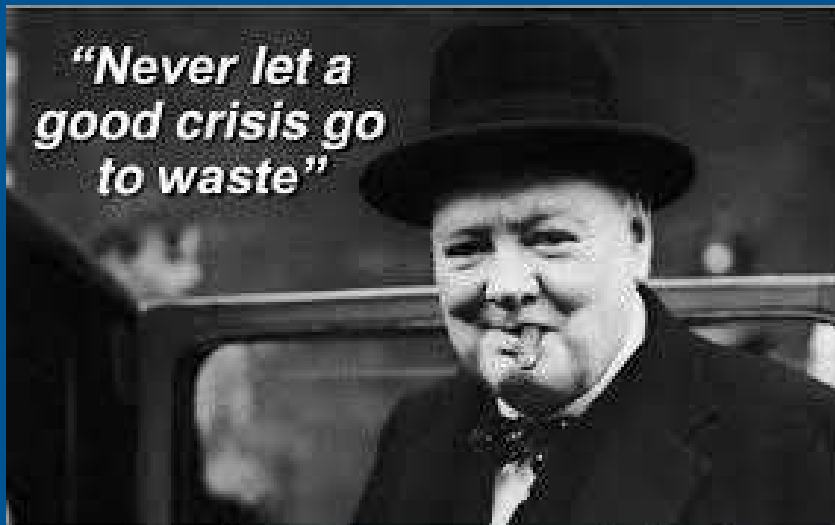
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From Small and Medium to Significant and Meaningful Practices

This is the best opportunity to be different



- By becoming more **MEANINGFUL** and **SIGNIFICANT** to clients through providing services which would make them better businesses, e.g.:
 - Ensuring financial system provides relevant and timely information
 - Budgeting and forecasting
 - Performance analysis
 - Cash flow and fund management
- SMPs are not starting from ground zero as they know their clients and could already be providing some relevant services



This is the best opportunity to be different

Re-configure, Re-invent, Re-think

- Re-configure your value chain – what is your **unique selling proposition**? How would your new **fee structures** be?
- Re-invent your **business model** – how do you structure your business to interact with business partners and suppliers to offer your USP to your clients?
- Re-think your **business process** – could it be done differently in a more effective and efficient manner which add more value to clients?



This is the best opportunity to be different

Invest in people, including yourselves

- Change requires strong and determined leadership who inspires people to commit to the cause
- The path of the journey has to be shared with your team and other key stakeholders
- Skills and competency could be developed, acquired or shared
- Invest, invest, invest



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This is the best opportunity to be different

Capturing the Opportunities



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Don't miss the fintech revolution

Equity Crowdfunding



Peer to Peer Lending



B2B finPAL



Peoplender

- Guidelines on Recognised Markets became effective on 2 May 2016
- Allowed 6 equity crowdfunding platforms to operate
- Bursa Malaysia issued a consultation paper on SME Board in September 2016

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Ekonomi Indonesia.

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Pendanaan **Rp. 28.5M**



Menangkan iPhone 7
dan hadiah menarik lainnya



[Pinjaman](#) | Pendanaan

Berapa yang Anda butuhkan?

Berapa lama?

Nama

Telepon

Email

Nama Perusahaan




Bentuk Usaha

Simulasi

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Don't miss the fintech revolution



<p>Final Phase: Eco-Resort Development Ubud, Bali, Indonesia</p> <p>S\$63,000 raised out of S\$63,000</p> <p>9% Projected Returns Based on profit sharing</p> <p>9 months Projected Timeline</p>  <p>100% FUNDED - Project in progress</p>	<p>Housing Development For Large Factory Cianjur Region, Indonesia</p> <p>S\$491,000 raised out of S\$491,000</p> <p>17% Projected Returns Based on profit sharing</p> <p>12 months Projected Timeline</p>  <p>100% FUNDED - Project in progress</p>	<p>50 Affordable Housing Units In Jakarta Greater Jakarta, Indonesia</p> <p>S\$257,700 raised out of S\$257,700</p> <p>8.3% Projected Returns Based on profit sharing</p> <p>12 months Projected Timeline</p>  <p>100% FUNDED - Project in progress</p>
<p>Eco Resort Development Phase 1 & 2 Ubud, Bali, Indonesia</p> <p>S\$827,715 raised out of S\$825,000</p> <p>15% Projected Returns Based on profit sharing</p>	<p>Short-Term Trade Of 4 Condotel Units Bandung Indonesia</p> <p>S\$ 251,000 raised out of S\$ 251,000</p> <p>10% Projected Returns Based on profit sharing</p>	<p>Discounted Jakarta Townhouse Greater Jakarta, Indonesia</p> <p>S\$230,000 raised out of S\$230,000</p> <p>12.5% Projected Returns Based on profit sharing</p>

From Small and Medium to Significant and Meaningful Practices

Don't miss the fintech revolution

“Ethis has established itself as a thought leader and mover of Islamic Fintech, specifically in crowdfunding. We have proven our model, and now seek to expand rapidly,” he said.

Ethis grew organically from a S\$200 minimum viable product website in early 2014 to one of the preeminent Islamic Crowdfunding Platforms in the world. The company focuses on crowdfunding to provide bridging finance to Developers for Social Impact Real Estate Developments.

Ethis has grown steadily over the past two years, and currently has a base of almost 10,000 members it refers to as ‘EthisCrowd’.

This year alone, EthisCrowd has invested S\$1,000,000 in subsidised housing Development projects in Indonesia.

Ethis crowdfunds from Singapore, facilitated by the MAS’s ‘regulatory sandboxing’ approach. It noted that 60 per cent of investment comes from Singapore, with an increasingly larger proportion of investment coming from the Middle East.

Important disclaimer

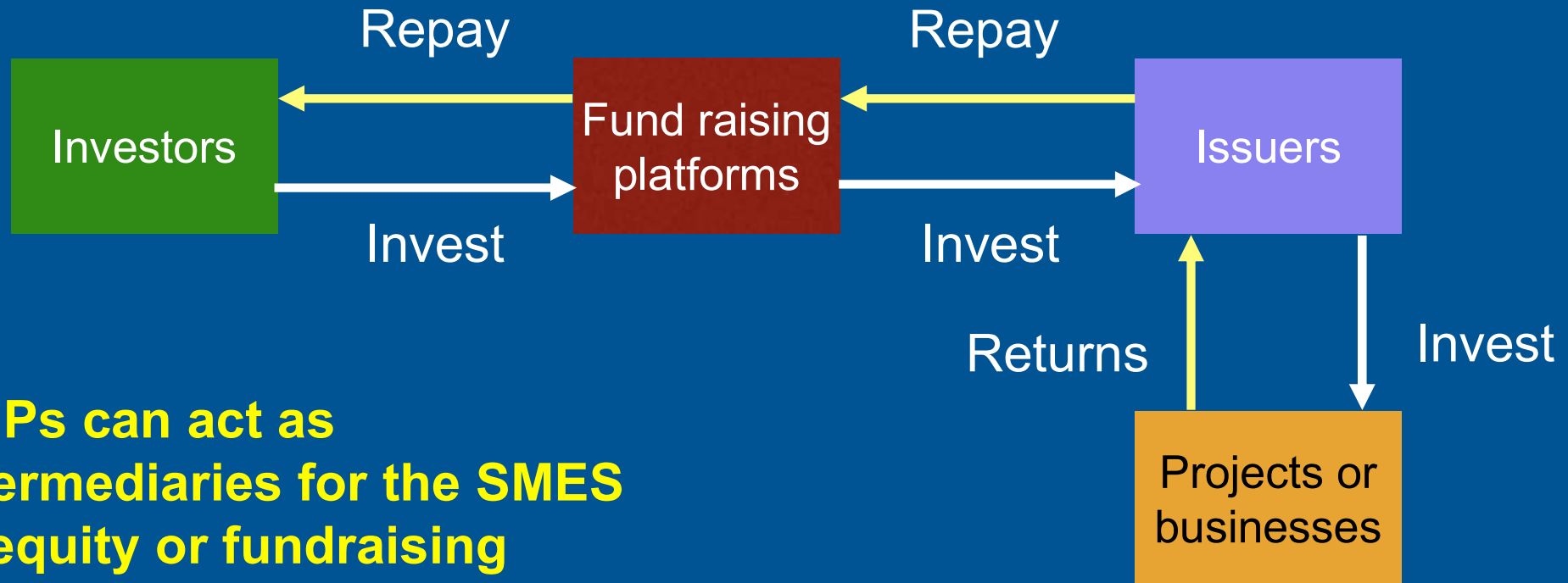
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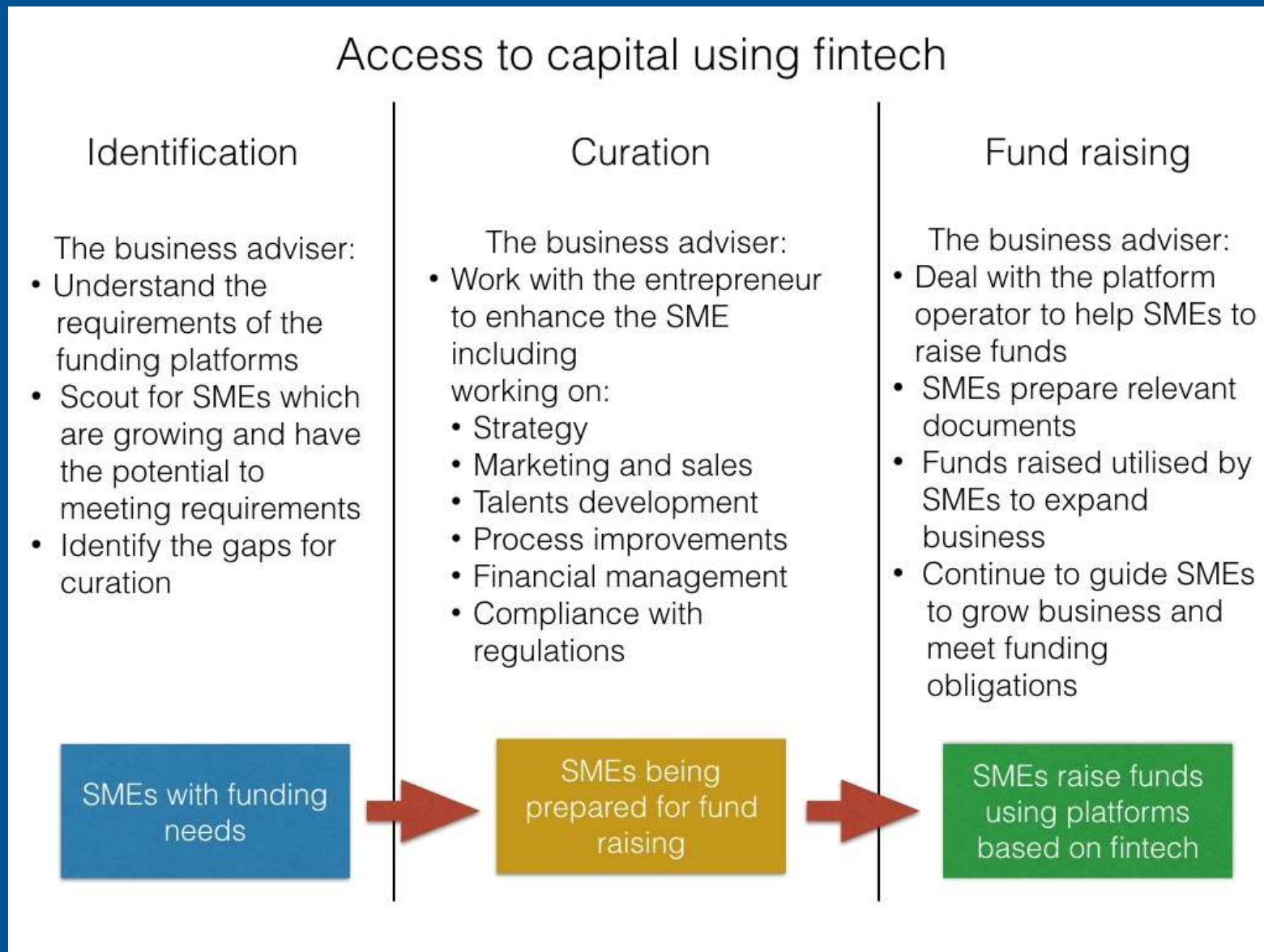
This is the best opportunity to be different

Crowd-based funding platforms

Funds raise either as
equity or loans



Don't miss the fintech revolution



From Small and Medium to Significant and Meaningful Practices

Moving forward

- By being Significant and Meaningful to their clients, SMPs can leverage on challenging economic situations to transform themselves
- Leadership and people would be critical in this transformative journey, be prepared to invest
- New forms of business structures including strategic networking should be considered
- Do not miss out on the fintech revolution

