

S'pore SMBs to spend US\$1.5b on Net, telecom

Spending likely to rise as SMB workers become mobile

By AMIT ROY CHOUDHURY

SMALL and medium-sized businesses in Singapore are on track to invest up to US\$1.5 billion on Internet access and telecom services this year, up 3 per cent over last year.



Spending on cell phones and long-distance telephony services will make up about 50 per cent of the total, according to the latest study by New York-based Access Markets International (AMI) Partners Inc.

Speaking to BizIT, Vu-Thanh Nguyen, AMI's Singapore-based research analyst, said SMBs - which AMI defines as companies with up to 999 employees - in Singapore are expected to boost their spending on Internet access and telecom services over the next few years.

'That's because of the growing number of mobile and telecommuting employees, the increasingly high penetration of notebooks among SMBs, the Singapore government's initiative to grow the wireless broadband market, and the growing popularity of Internet-enabled hand-held devices,' Mr Nguyen said.

The top three reasons for SMBs opting for notebook computers are to save office space, to take advantage of their built-in Wi-Fi capability in highly connected Singapore, and for ease of use, given that most employees are either telecommuting or on the move.

'About half of Singapore's small businesses (companies with up to 99 employees) and 68 per cent of medium businesses (companies with 100 to 999 employees) have staff that are increasingly mobile and need to travel on the job,' Raju Chellam, AMI's Singapore-based vice-president for the Asia-Pacific, told BizIT.

'Mobile employees make up from 10-50 per cent of their workforce depending on the vertical segment. Thus, there is an increasingly high penetration of notebooks among SMBs. Currently, there is one laptop for every three desktop PCs in a typical Singapore SMB. More PC-owning SMBs are, however, migrating from desktops to notebook PCs,' Mr Chellam noted.

The Singapore government has initiated an island-wide wireless broadband program called Wireless@SG.

This is free of charge and is targeted towards people on the move, including tourists, business travellers, and enterprise users.

Users of the free service get wireless connection with speeds of up to 512 kbps, but many SMBs are spending on premium services to get higher speed and quality of service, AMI's Mr Nguyen added.

One key catalyst is the growing popularity of Internet-enabled hand-held devices, he added.

'With the introduction of smart phones at cheaper prices, there will be a higher adoption of these devices by SMBs. With the wireless infrastructure in place, this will encourage usage of more bandwidth-intensive applications like VoIP (voice over Internet Protocol) and even video conferencing. This will help SMBs reduce their spending on long-distance telephony services.'

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At the same time, service providers can gain more from connection charges and new Web-based services like enterprise e-mail and CRM (customer relationship management) systems.

Several vendors have been working to take advantage of this trend. In June, Nokia announced its collaboration with the Infocomm Development Authority of Singapore (IDA) and wireless providers to try an enhanced version of Wireless@SG in order to improve usability, security, and WiFi usage among handheld device users.

SingTel also announced its winning bid to be a provider of IDA's SMB Infocomm Package initiative. SingTel will provide SMBs broadband access, e-mail, web hosting, push-mail, and other Web-based business solutions in a single package.