

BLACKSTORM
CONSULTING

BUSINESS SENTIMENTS 2020

SINGAPORE, MALAYSIA & THAILAND

BlackStorm Consulting Pte. Ltd. | Southeast Asia
May 2020

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Foreword

JESLIN BAY
CO-FOUNDER, BLACKSTORM CONSULTING

COVID-19: An unprecedented crisis

The novel coronavirus startled the world in the new year. As the situation persists to develop, the economies across the globe are falling fast. To curb the spread of the virus, countries in Southeast Asia (SEA) have implemented several restrictive movements measures. The enforcements hit the companies off guard as businesses are disrupted, and employees are to work remotely at home, causing adverse impacts to the operations.

Most companies are experiencing a major slowdown in businesses with some struggling to survive in the next 3 to 6 months. As the crisis persists with uncertainty, enterprises have initiated and activated Business Continuity Plan (BCP) to help safeguard businesses in carrying on even during this virulent period. A few companies have also innovated by integrating different business models and developing new products to tide through this term.

Businesses need to respond, refresh and escalate contingency planning to ensure business survival during the downturn and position for growth when the recovery comes. We hope this report could give business owners some insights and prepare them for whatever is approaching in the rest of the year ahead.

Methodology

The report mainly covers three countries in Southeast Asia (SEA) - Singapore, Malaysia and Thailand.

Business owners from various industries were interviewed through email and phone from 11 April to 24 April 2020, and 5 of them were selected to be reflected in this report, sampling the cross-section of startups and SMEs. They were asked the following aspects:

- Impacts on the company
- Measures adopted by the company
- Resumption as normal
- Opportunities in a crisis

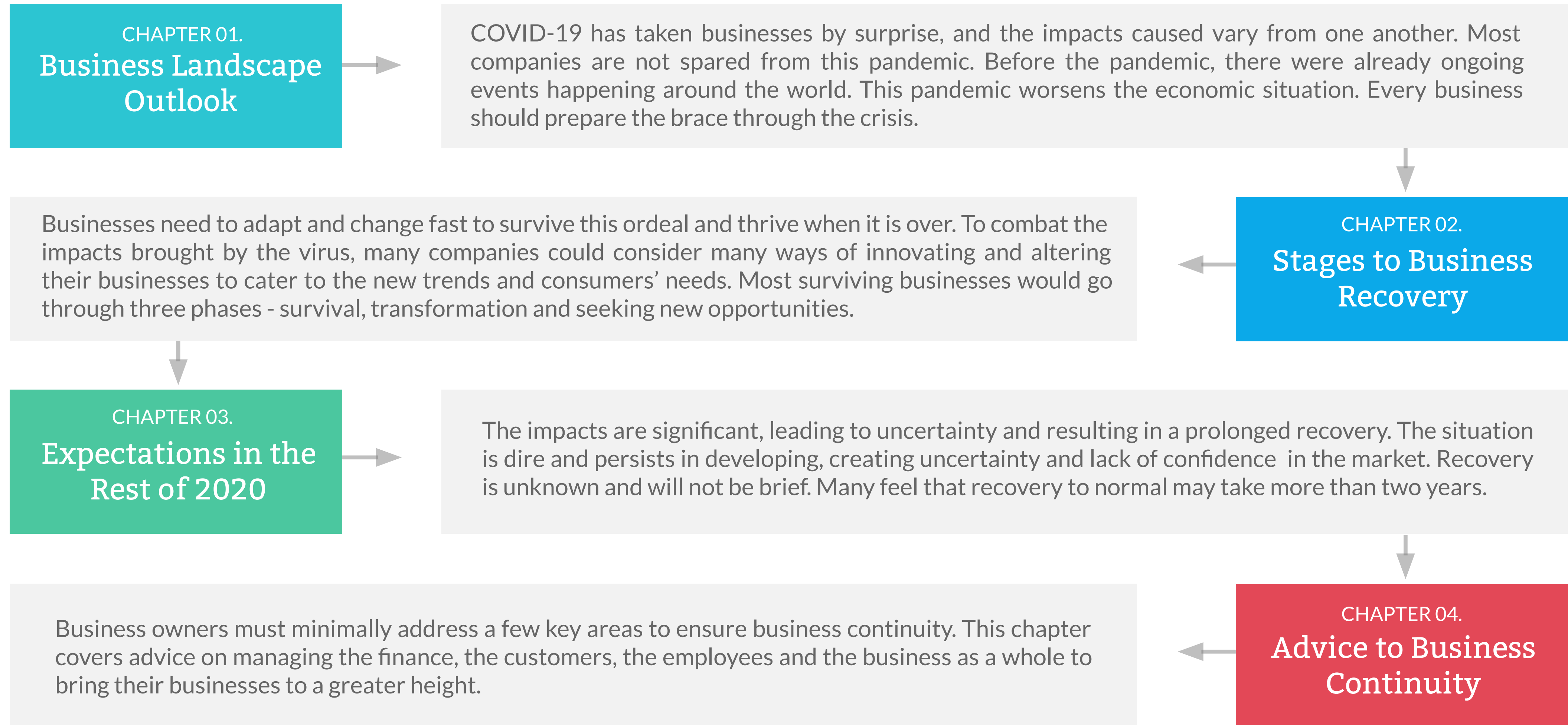
The approach adopted in this report is an aggregation of findings from diverse sources. Through the aggregation, we conducted an analysis of the findings, with the support of the data represented from social media using our partner Zanroo's social listening tools.

Zanroo's social listening tools were well-utilised to capture social chatters over different topics that hover in social media during this pandemic. This allowed us to have access to the insights of the industry trends.

The purpose of this report is to offer insights, recommendations, analysis and best practices to help businesses mitigate risks and scale up business resilience against economic uncertainty in the remaining year ahead.



Executive Summary



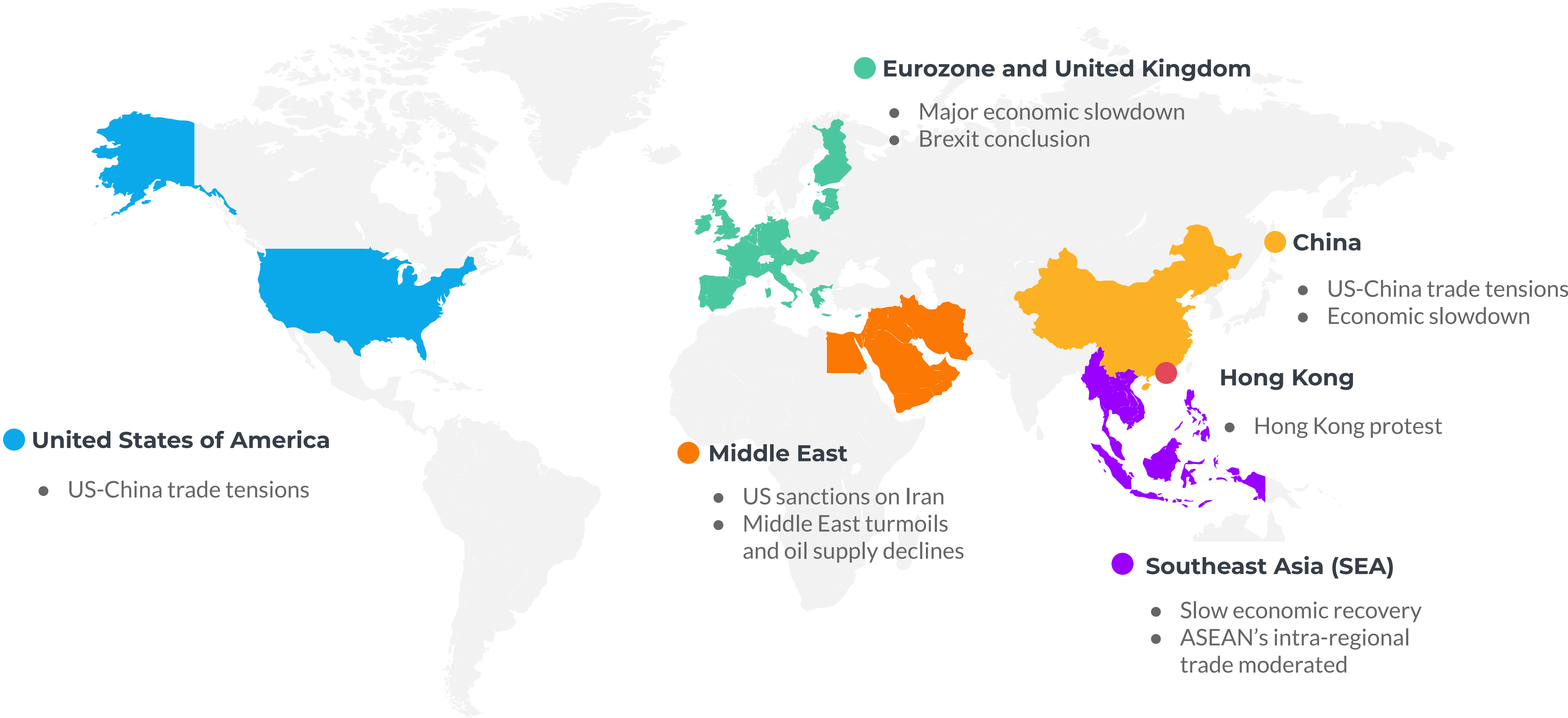
CHAPTER 1.

BUSINESS LANDSCAPE OUTLOOK

ECONOMIES AT RISK

US-China trade wars, Brexit conclusion
and now COVID-19 put the world into great slumber

Global Situations Prior to COVID-19



Growth Projections for Southeast Asia

Table: Growth projections for Southeast Asia (in %)

Economy	2019	2020			2021
		Initial	Revised	Difference	
SEA	4.4	4.7	1	3.7	4.7
Singapore	0.7	0.5 to 2.5	-4 to -1 (as of 26 Mar 2020)	3.5	2
Malaysia	4.3	4.8	-2 to 0.5 (as of 3 Apr 2020)	4.3 to 6.8	5.5
Thailand	2.4	2.7 to 3.7	1.5 to 2.5 (as of 17 Feb 2020)	1.2	2.5

Source: Asian Development Bank, ASEAN

COVID-19 has brought instantaneous turmoils on the economic activities across SEA, as visible in the sharp drop in tourism flows due to air travel disruptions, and increasing decline in consumer and business confidence. Various countries took measures such as restrictive movement orders, lockdowns, travel bans, community quarantines and temporary business closures to curb the virus spread.

At the onset of the virus outbreak in Wuhan, the main concern was the potential impact on supply chains due to the temporary closure of factories in the Hubei provinces and subsequently other parts of China and the world. Furthermore, China is ASEAN's biggest external trade partner and investor. The supply chains are densely integrated with China's manufacturing sector, and the tourism sector has also gained from the massive arrivals of Chinese tourists. All countries in SEA are directly and adversely affected by the pandemic, with the overall impact to be deep and considerable.

Views from Business Owners

Impacts on the Company since COVID-19

It is challenging for companies to sustain sales unlike before.

Stuart Tan

CEO
Zero1

“Sign-up rates have dropped by more than half (from 300 to 100 plus) due to this pandemic and business has slowed down tremendously. This is a chain effect as most of the supply chains and industries are affected including Zero1, our partners and vendors.”

Hadi Rahmad

CCO
WhatsHalal

“Growth is expected to be slow in the coming months as majority of our clients in the F&B industry are being hit. This includes businesses across the supply chain from manufacturers to the next street stall. Businesses are spending much less, limiting expenses to necessities to stay afloat and tide through this trying period.”

CHAPTER 2.

STAGES TO BUSINESS RECOVERY

SURVIVAL, TRANSFORMATION AND OPPORTUNITIES

Three stages to business recovery for companies who are facing difficulties during this perilous period

Stage 1: Surviving Through the Crisis

Adaptation and Preparation

COVID-19 has taken countries and businesses by surprise. As a result, many businesses may find it difficult to conform to the sudden changes - the imposition of measures to close temporarily, ability to sustain and future development.

To some, only if the situation gets worse, they will then think of alternatives to support their business and restructure operations.

As the economy before 2019 is already inclined towards the gloom due to multiple economic risks, COVID-19 is just aggravating the impacts, leaving more uncertainty for businesses. Many governments have stepped in to mitigate the adverse effects so that businesses can prolong their health in surviving.

Most businesses will probably be on a survival model with various restrictions on business activities imposed by governments to curb the spread of the virus.

QUESTIONS TO ASK YOURSELF

- Are you prepared to reduce staff?
- What are the other cost reduction alternatives?
- Are you ready to cease the business completely?
Will halting operations temporarily help with the survival of the organisation?
- Have you been transparent to your team about the situation of the organisation?
- Is there any temporary measure to improve the organisation's survivability?

Stuart Tan

CEO
Zero1

“It is important to attempt the first step and continue to evolve. Take risks and do not be afraid to make mistakes as this is the only way to “discover” new things. We need to be creative and leverage on whatever resources we are equipped with especially during this pandemic period.”

Vilon Ho

Commercial Director, APAC
Zanroo

“We can seize the opportunities by changing how we do things from offline to online. The initiation is all within us.”

Views from Business Owners

Opportunities in a Crisis

Refusal to change will lead to one outcome – the downfall of the company.

CHAPTER 3.

EXPECTATIONS IN THE REMAINING OF 2020

THE NEW SHIFT

The future may not be what it used to be

Analysis #1: Gloomy Economic Outlook

AMBIGUITY LOOMS OVER THE MARKETS

With the coronavirus spreading and new cases being reported every now and then, it is still premature to determine the real impact on the economies of Singapore, Malaysia and Thailand. Although the following magnitude will rely upon how fast the pandemic can develop to the peak, many analysts and economists have been cutting economic projections.

One good example will be of Singapore. According to the Ministry of Trade and Industry (MTI) in March 2020, the GDP forecast is further downgraded to a range of -4% to -1% (contracted 2.2% year-on-year in Q1 2020). This is to account for escalating uncertainties in the global economy and deteriorating domestic conditions.

Before the pandemic, Singapore anticipated growth to come in between 0.5% to 2.5% as the economy was picking up slightly in Q3 2019. This was based on the forecast made in November 2019. The growth was weak but showed signs of gradual recovery. Many sectors were to see modest growth, especially construction, information and communications, and finance and insurance.

Economic activities may resume progressively as normal by the later half of 2021, but with some countries facing economic recessions after this prolonged battle. Issues like US-China trade wars are still not resolved.

HEAR WHAT OUR EXPERTS SAY

Hadi Rahmad
CCO, WhatsHalal (Singapore)

“The confidence on the economy will only be back 1-2 years after COVID-19 loosens its grip on the people and businesses.”

Views from Business Owners

Resume as Normal


Full recovery will not be immediate – companies must brace well to survive.

Hong Sin CEO and Founder Sinwattana

“I did not overthink on the timeframe as I face what is current than to worry about recovery. What matters to us in Sinwattana is to face the day and make the best of the worst day; being appreciative may help us to ground on empathy and compassion.”

Yadia Colindres Co-Founder FOX-TECH

“We forecasted based on the 2008-2009 recession that it may take around 18 months for things to go back to normal. However, in the next 6 months we will see a new version of what normal will look like first, impacting the customer behaviour patterns and then followed by how society behaves in large open spaces. Many small businesses will be heavily affected and up to 50% of them may not even open their doors again.”



CHAPTER 4.

ADVICE ON BUSINESS CONTINUITY

PLANS TO MOVE ON

In the face of the pandemic, businesses need to act quickly but in a coordinated manner in order to stay in control.

Manage the Employees



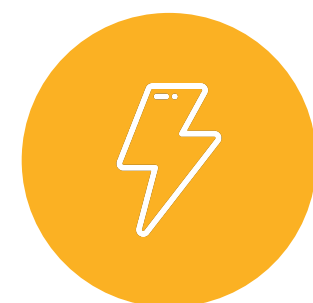
Ensure Employee Wellness

- Instantly alter the ways of working to focus on employee wellness and health



Empathise with Employees

- Obtain prompt understanding on employees
- Understand that employees need time to adapt to the sudden disruption



Provide Necessary Tools

- Identify tools that help employees to fulfil their roles and responsibilities

COMMIT TO ACTIONS

Prioritise Communication

- Ensure all employees know their roles and responsibilities well
- Use tools such as Slack, Zoom, Basecamp, Dropbox, Microsoft Team, and other similar collaboration tools
- Set the best time to connect and address how best to share information

Make Necessary Work Arrangements

- Facilitate any making of arrangements to ensure work productivity is not badly affected during remote working
- Cross-train employees and establishing covering arrangements to minimise disruptions

Provide Support

- Appoint at least one Point of Contact (POC) or a selected team to coordinate pandemic readiness activities

Vilon Ho

Commercial Director, APAC
Zanroo

“As part of the BCP, we reviewed and decentralised our members based on job functions and client accounts to ensure there are teams A and B to substitute each other to meet the promised results.”

Yadia Colindres

Co-Founder
FOX-TECH

“Our suggestion for other businesses through this challenging period is to prepare a BCP for the next 18 months. BCP will ensure minimal disruptions to operations, especially when your customers and their stakeholders have interest in the activities happening across different geographies.”

Views from Business Owners

Measures Adopted

Companies must always be ready, even when a crisis hits.

About Us

Receive latest updates about Southeast Asia business landscape by following us:

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BlackStorm Consulting

BlackStorm Consulting (<http://blackstormco.asia/>) is a Singapore-based boutique growth consultancy firm that specialises in corporate strategy, profit management and investment management. We scale businesses in Southeast Asia.

Our clients and connections are internationally present and range from small and medium sized businesses, MNCs, to government agencies.

We aim to transform our clientele into a
BLACKSTORM -
a profitable and aggressive player.

Special Thanks to Our Partner, Zanroo

About
Zanroo



Established since 2013 as a Marketing Technology Company, Zanroo (<https://zanroo.com/>) helps solve the language and social data challenge across Asia countries through offering Social Listening and Engagement Solution, helping brands connect with customer and stay competitive in the future of digital economy.

■ CUSTOMER SERVICE

Zanroo desk for online channel, VOLP, chatbot and customer data platform

■ MARKETING

Zanroo social listening, master dashboard, warroom, influencer monitoring and search

■ COMMERCIAL / SALES (Q3 2020)

Zanroo live - fully automated with AI for commercial and advertising

■ ZANROO PLATFORM

Centralised data storage, full cloud or hybrid mode, open-API with ISO27001

Special Thanks to Our Interviewees

About Our Interviewees

Visit <http://blackstormco.asia/covid19/>
for the full coverage of the interviews.

Zero1

Zero1 (<https://zero1.sg/>) was incorporated in Singapore in early 2017. The Company's vision is to become a major regional mobile service provider without owning any mobile infrastructure. It aims to achieve this by providing mobile services in the region over existing mobile telecommunication infrastructure through strategic partnership as well as innovative and disruptive use of over-the-top technologies.

FOX-TECH

FOX-TECH Pte. Ltd. (<http://www.fox-tech.co/>) enables farming, logistics, cold chain, and manufacturing owners to monitor, track, and improve their operation by our data analytics IoT Platform. FOX-TECH combines secure, low power consumption, efficient data structure, and high sensor accuracy devices with its cutting-edge platform to simplify IoT for everyone. FOX-TECH is empowering business owners to have the required temperature and humidity changes alerts when it's needed, while also providing a global coverage for monitoring.

Sinwattana

Sinwattana (<https://www.sinwattana.com/>) curates and supports businesses looking to expand into the Asian market, starting with Thailand. From crowdfunding, to business resources, to helping position your business across a broad range of industries. Sinwattana is the new funding pathway to do business in the Asian market.

WhatsHalal

WhatsHalal (<https://whatshalal.com/>) is a technology company based in Singapore focusing on the halal industry. We aim to provide a global halal data infrastructure that connects and digitise both the supply chain and certification platform internationally, ultimately providing true traceability and ensuring food security, safety and assurance.

Disclaimer

The report has been prepared for general guidance and information purposes only. The report is under no circumstances intended to be used as accounting, tax, or professional advice. Please seek professional advice for specific advice.

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For inquiries, contact:

BlackStorm Consulting
27 West Coast Highway,
#02-22
Singapore 117867

Email: media@blackstormco.asia

Main Authors

BlackStorm Consulting (Lionel Chia, Paddy Tan, Jeslin Bay and Shelby Tee)

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