

# Strategies for Successful Business in Asia

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**Fasico is proud to be a partner of**

**+ SWITZERLAND  
GLOBAL  
ENTERPRISE**

*enabling new business*

# Introduction to Fasico

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- Established as a fully independent consulting firm, in position to support European companies in Asia. We operate with a high degree of efficiency, flexibility and professionalism to meet mutually defined targets
- Information: [www.fasico.com](http://www.fasico.com)
- Our team



Martin Silberstein



Pete Swee



Benedikt Banz

# Our other partners

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## *Swiss-Asian Chamber of Commerce*



Partnership offering prospective and current investors in Asia a comprehensive range of services



Fasico is a registered partner with the Singapore Economic Development Board (EDB), the government's lead agency to attract foreign investments



Long standing partnership with inova Management AG for product sourcing and production outsourcing

## Fasico focus areas

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**Fasico Pte Ltd is a Singapore based business consulting firm supporting small and medium sized European companies in Asia**

- Company start-up in Asia
- Market penetration and –development
- Acquisitions and integrations advisory
- Turn-around and repositioning
- Management coaching (cultures and mentalities)
- Divestments



# Agenda

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- 1 Introduction and Asia market overview
- 2 Why and how to do business in Asia
- 3 Opportunities for business in Singapore
- 4 Conclusions & final remarks



# 1 Introduction and market overview

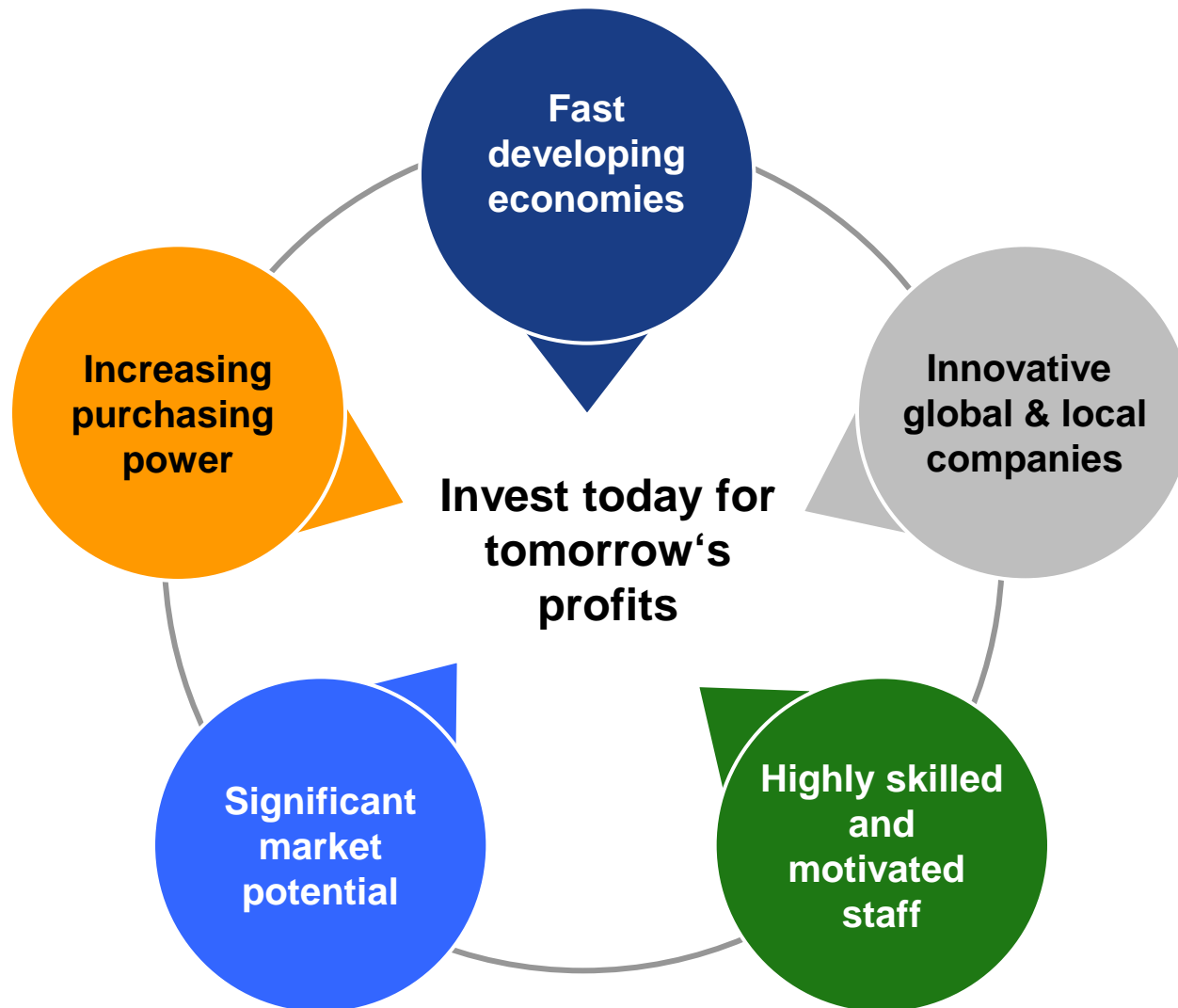
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- Asia's markets our future success
- Introduction
- Asia in 2020 (a slightly different approach to key figures)



# Asia's markets: our future success

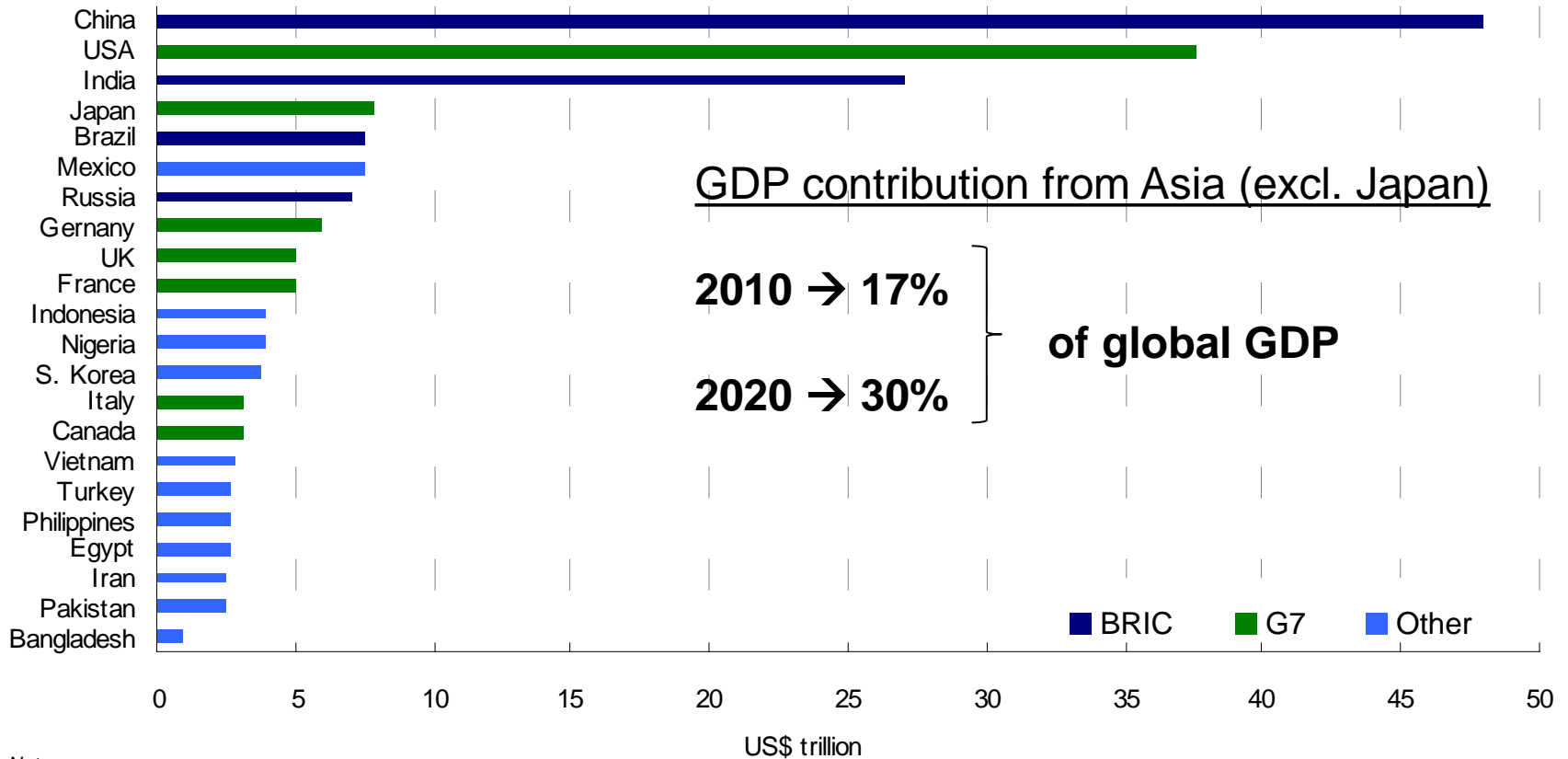
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# Largest economies by GDP in 2050

Source: Goldman Sachs (2008)



Notes:

- 1) China, India, Russia, South Africa, Turkey, and economies listed in footnotes 4, 6, and 7
- 2) Includes only economies that report quarterly data
- 3) Australia, Canada, Czech Republic, Denmark, euro area, Hong Kong SAR, Israel, Japan, Korea, New Zealand, Norway, Singapore, Sweden, Switzerland, Taiwan Province of China, United Kingdom, and United States
- 4) Indonesia, Malaysia, Philippines, and Thailand
- 5) Newly industrialised Asian economies (NIEs) comprise Hong Kong SAR, Korea, Singapore, and Taiwan Province of China
- 6) Bulgaria, Hungary, Latvia, Lithuania, and Poland
- 7) Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Venezuela



# Singapore the Gateway to Southeast Asia (ASEAN)

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- 604 million consumers
  - (EU 503 m)
- GDP 2.2 trillion
  - (EU 14.8 trillion)

Singapore  
Indonesia  
Malaysia  
Thailand  
Philippines  
Vietnam  
Cambodia  
Laos  
Myanmar  
Brunei

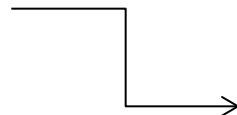


**Average GDP growth per year 5%**

# Asia in 2020

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- By 2020 Asia is going to **double consumption** to 8,6 Trillion. Food consumption will reach 80% of the US one.
- **Double medical spending** between now and 2020. Bringing Asia to par with the US
- Between 60's and now Asia income levels did grow 5-8 times!! Still lot of catch-up to be done

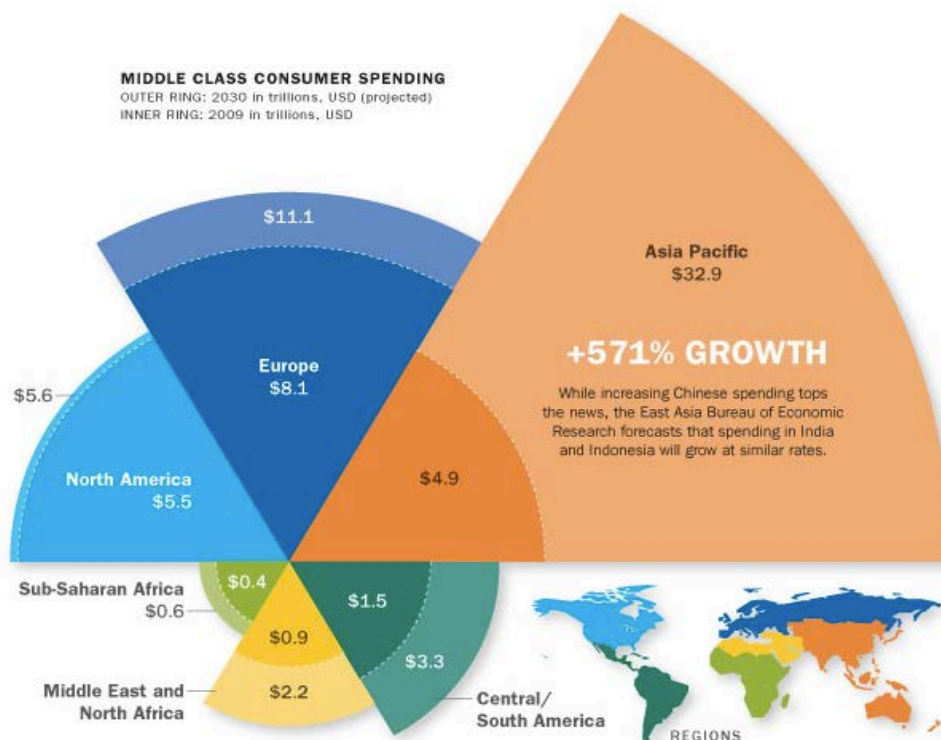


**Future growth very impressive and fast**

# Asia in 2020

- Asia home of nearly **4 Billion people** (half of the world's population).

Asia today 525 Mio middle class people  
(28% of world's middle class)

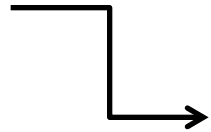


In 10 years 1,74 Billion  
(54% of world's middle class)!!!!

# Asia in 2020

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- Rising middle class is significant factor to reshape nations and economies



- **Procter & Gamble and Unilever HQ in Singapore to be closer to customers**
  - **New innovation centers to provide products for Asia in Asia**
- First of all strong growth of demand for **durable goods** (refrigerators, cars, TV-sets, mobile phones, etc.)
  - Increased willingness to spend more on **education** and **health care** (more schools and hospitals)

# Asia in 2020

- China's **car market** is already the largest. Last year 18 Mio. Units per year

2020 every 2<sup>nd</sup> Chinese has a car → 30 Mio per year!!!

Triggers also large infrastructure investments



- Housing demand** is forecasted to grow from 694 Billion USD to 1,1 Trillion USD

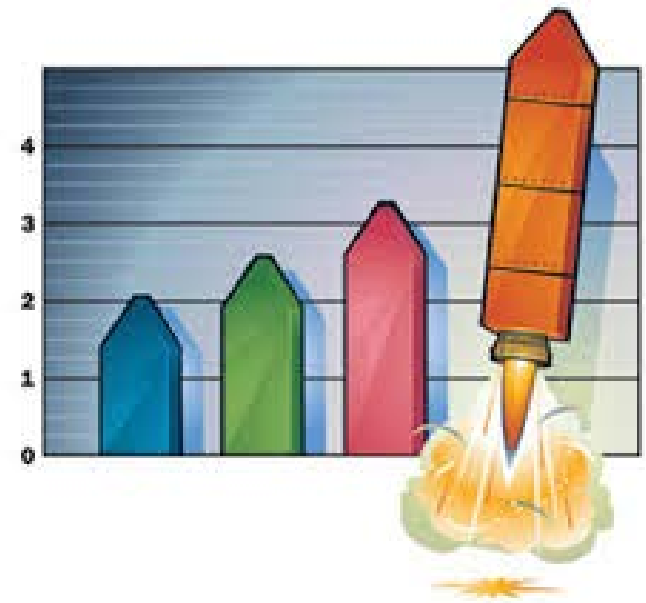


# Asia in 2020

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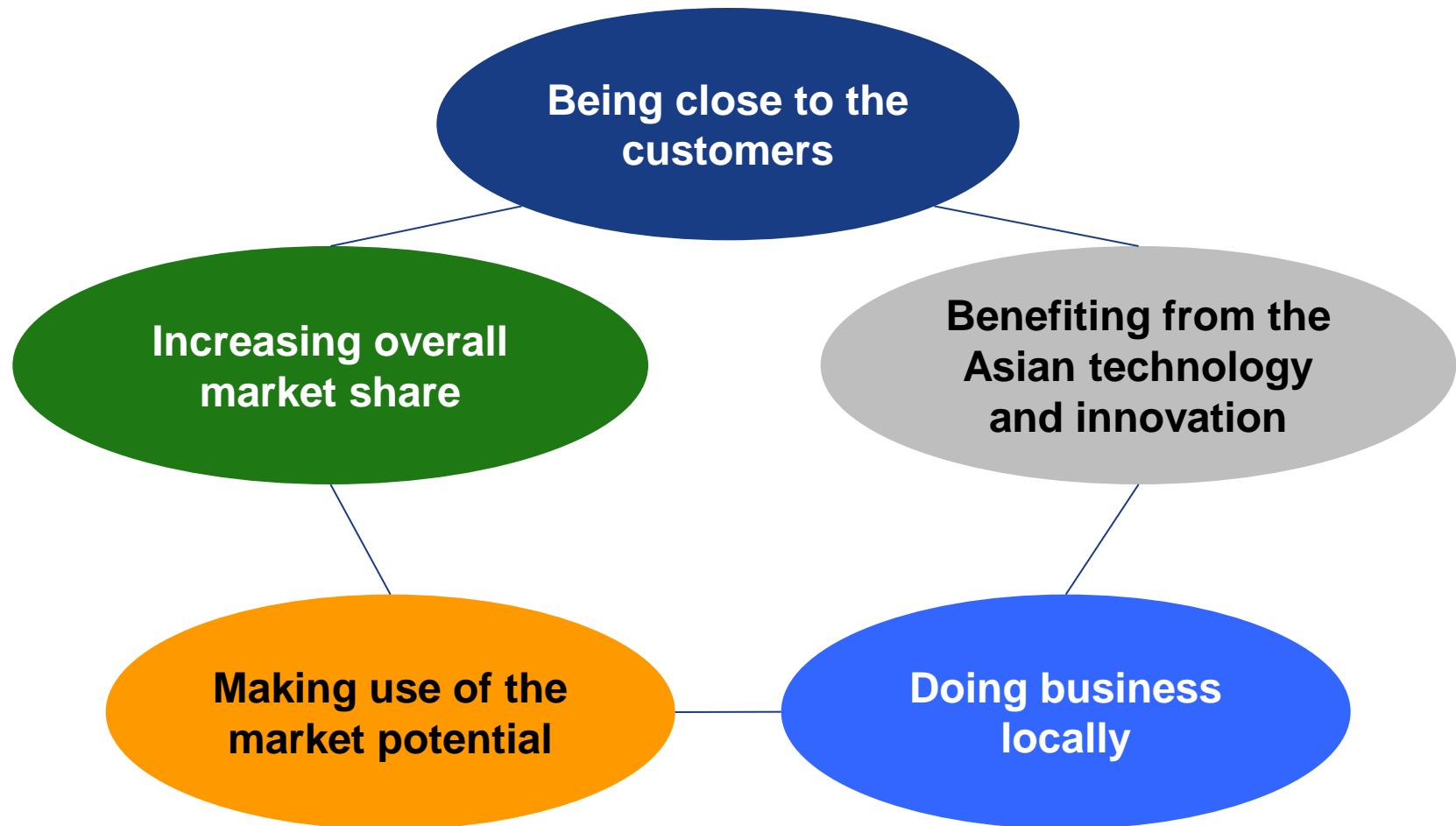
## 6 Sectors to watch !!

- Housing & infrastructure
- Energy & raw materials
- Healthcare
- Consumer goods (durable)
- Agribusiness and Food industries
- Travel & Tourism industries



## 2 Why to do business in Asia

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# Challenges

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- People, people, people → only the best!
- Intellectual property → Copy
- Loyalty – your partner of today is your competitor tomorrow
- Unpredictability of law and order in certain countries
- Corruption
- “Gold-rush mood” – loosing the base of reality
- Everything has to go extremely fast



# Key Success Factors

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- Do not even think about doing it the Swiss way
- Strong long term commitment → there is no quick success
- No over-investment / clear profit target
- Do not put all eggs into the same basket
- Fully owned companies
- Minimize risks by know-how distribution on different locations and/or people
- Consider Asia as an addition rather than a competition or replacement to traditional markets and locations
- Balanced teams with young local professionals and international experts → committed expatriates



# Lessons learned

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- Asia is a growing market with great opportunities
- Asia is changing and it's changing incredibly fast
- The market approach needs to be properly structured and the business model has to be clearly defined
- The sales activity needs to be given into local hands and to be done the "local way" → boundaries must be clearly defined and aggressive bonus system is required

## Lessons learned (2)

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- Trust of the staff has to be earned and once this is achieved Asians can be very loyal and supportive (family feeling)
- “Copy” is not negative in the Chinese view – just a business model
- What seems great from a western point of view may be seen differently by Asians
- You can not manage a business in Asia by “remote control” out of Europe
- The biggest challenges might be back at home

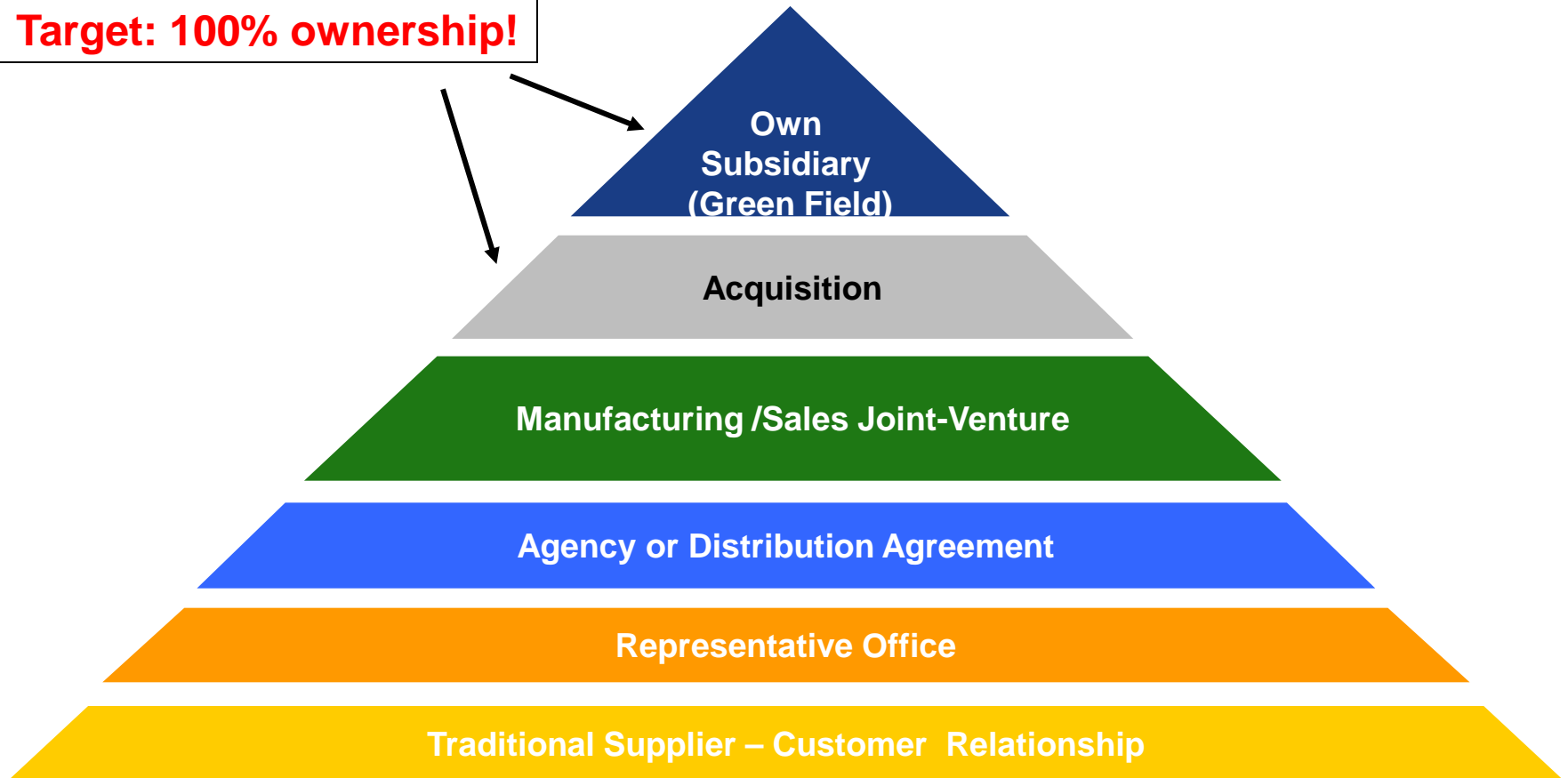


Special thank you goes to my friend Felix Aepli (V-ZUG)

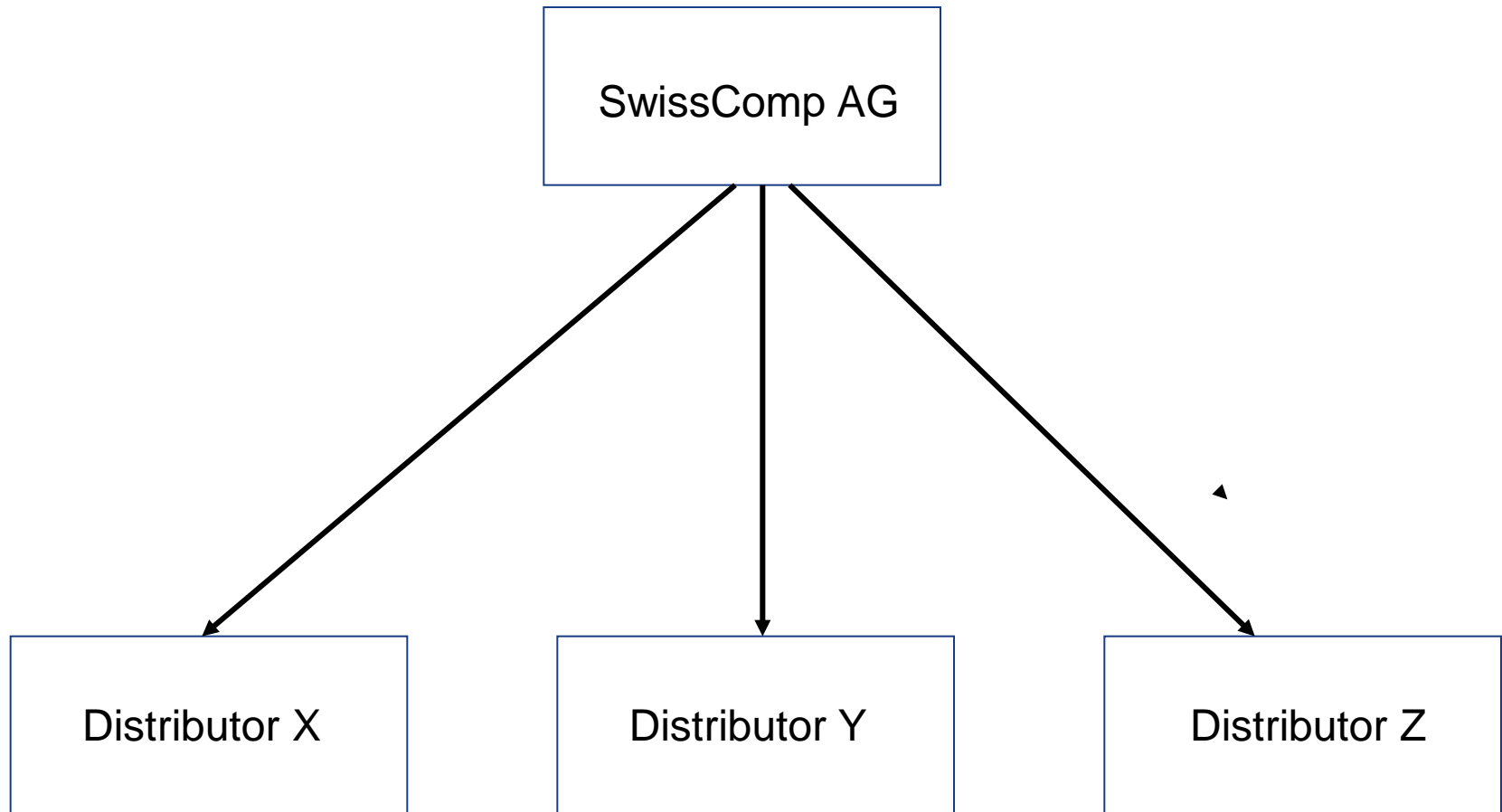
# Partnership models

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**Target: 100% ownership!**



# SwissComp Concept 1 – Business directly from HQ



# SwissComp Concept 1 – Asian Distributor's

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## ■ Advantages

Limited investments

No business risk only creditor's

## ■ Disadvantages

Far away from market

Totally dependent from distributor

Difficult to control the distributor

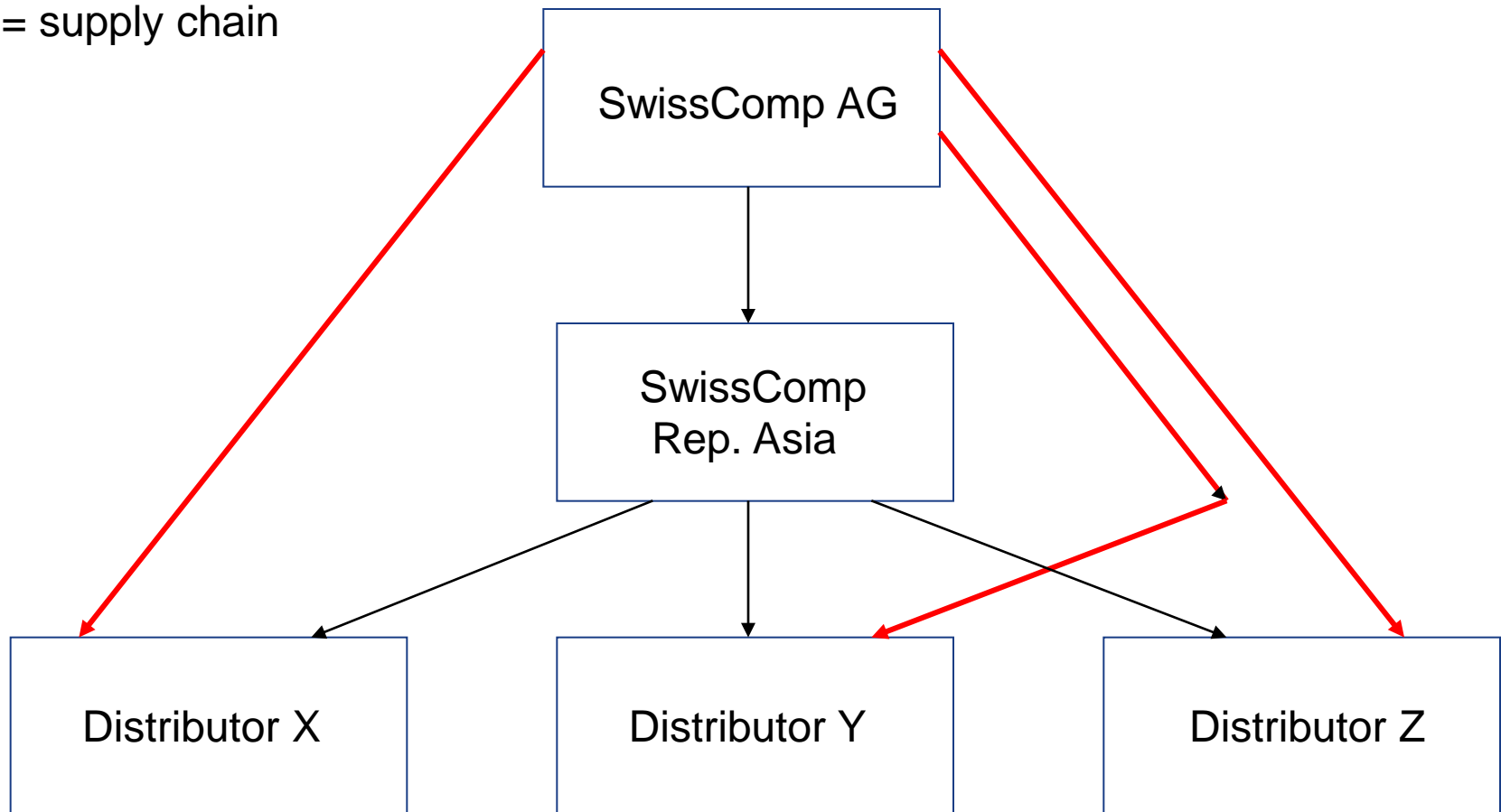
Very limited brand building





# SwissComp Concept 2 – Representative office

— = supply chain



# SwissComp Concept 2 – Representative office

## ■ Advantages

Close to the markets  
Collaboration with the distributor  
Add customized product range  
Satisfy market requirements  
Good communication to HQ

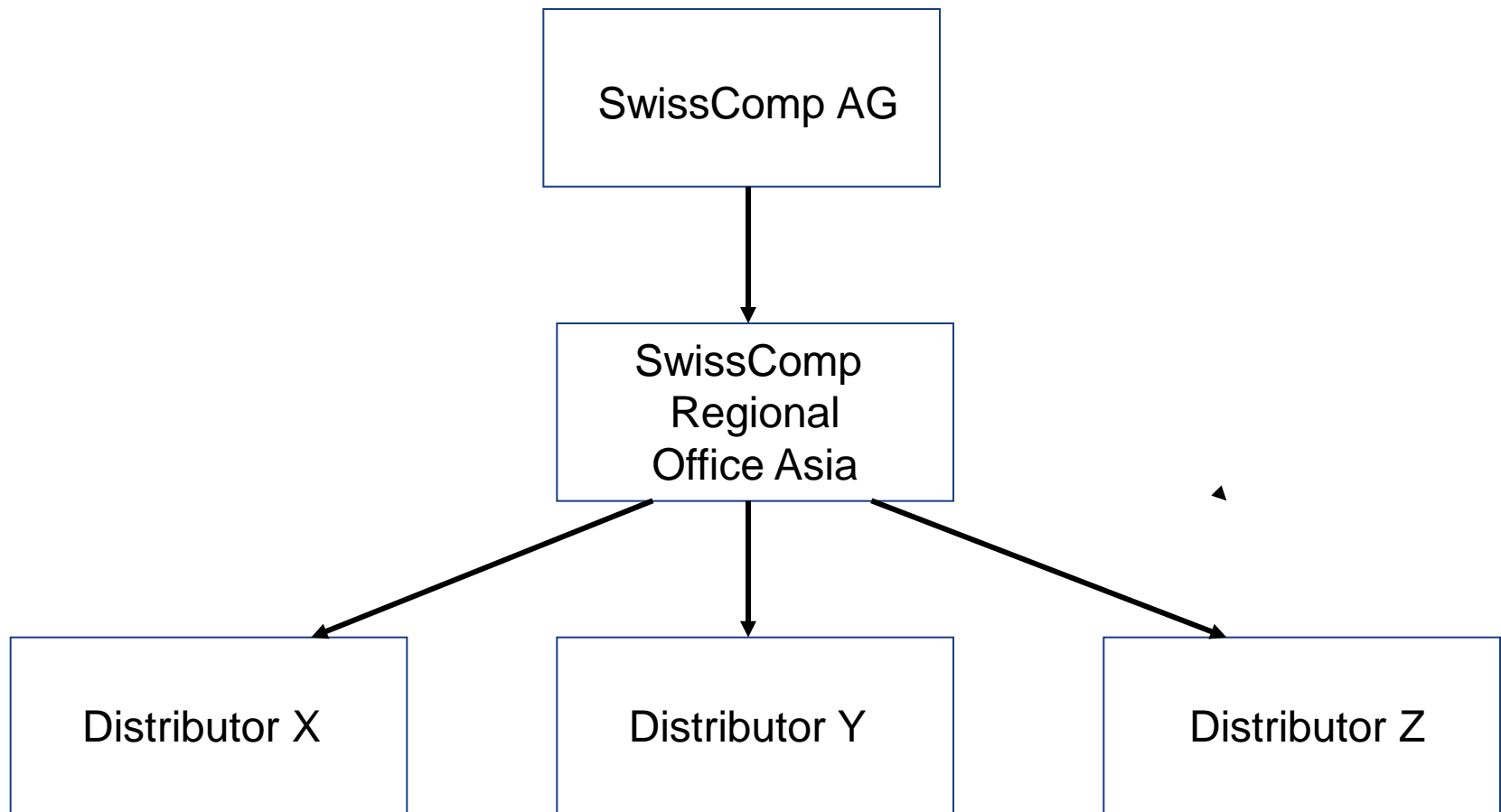
## ■ Disadvantages

Investments into regional office  
Regional distribution is difficult  
Relative long reaction time  
Business controlled by HQ  
No direct business with partners



# SwissComp Concept 3 – Regional office

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# SwissComp Concept 3 – Regional office

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## ■ Advantages

Close to the markets

Collaboration with distributors

Regional distribution, warehousing

Add customized product range

Satisfy market requirements

Building-up strong brand

## ■ Disadvantages

Investments into regional comp.



### 3 Opportunities for business in Singapore



# Geographic position

- Island located 1° north of the equator between the tip of Malaysia and the islands of Indonesia
- About same size as the “Kt. Glarus” (692 sq km)
- Tropical climate (hot, humid, rainy in the afternoon)





# Why doing business in Singapore

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- Strategic location
- Infrastructure
- Legal system
- Taxes
- IP protection
- Business environment
- R&D capabilities
- Regional HQ → ASEAN market





# Gateway to Asia → Regional Headquarters

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- Infrastructure for expatriates
- Attractive labor market
- Low corporate taxes
- Tax incentives and tax exemptions
- No capital gain taxes
- Foreign income exemption
- Regional HQ incentives
- Excellent infrastructure
- Singapore's hub-function
- Good quality of life (Garden City)



## 4 Conclusion & final remarks

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- The future sustainable economic growth is in Asia !
- Asia offers a great variety of investment opportunities
- Singapore can be the ideal business gateway to Asia
- Doing business in Asia is not that difficult if you:
  - are open to other cultures and mentalities
  - want to learn to understand others
  - are open-minded
  - have well defined strategy and business plan
- To make your investment a successful one, be patient, diplomatic, fair, determined, reliable and persistent



# Thank you!

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## Fasico business consultants help to shape your future in Asia

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