

**SPEECH BY 2M DESMOND LEE AT THE ORANGETEE & TIE
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Good morning. It is a pleasure for me to be here with all of you at the OrangeTee & Tie Business Conference.

Freshly formed as a joint venture between OrangeTee and Edmund Tie & Company in August last year in response to disruptive challenges, I wish you well in harnessing the competitive advantages of the two founding firms. So please accept my congratulations on the inaugural Business Conference for your new company.

Digital Innovation in the Real Estate Industry

I think you all know that in every age, people will refer to “an age of uncertainty” – they said that a couple of millennia ago, and it is the same today. But I think you will agree with me that if you ask pundits, observers and commentators, they will say that this is an era of tremendous uncertainty for a different set of reasons. One of which, is technology, and other factors like globalisation as well. Technology and innovation are coming hard and fast, at all levels, transforming and upheaving entire industries, disrupting process chains and forcing people to go back to the drawing boards or be eliminated.

New innovations coming at a good clip and a pace that sometimes, it is hard to catch your breath, but it is coming at you whether you like it or not. There is no way you can put a wall around yourself. Not even for big countries, or big economies; that is at a global level – innovation and technology.

But certainly, geopolitical uncertainty and challenges transforming relationships between countries big and small also puts us in an era where we are feeling our way forward. United States is in a phase where it is thinking about its role globally, its relationships with countries at the global trading platform. China is already a behemoth in the region and the world, and all roads lead to The Middle Kingdom. India is awakening and beginning to explore opportunities in the region and the world.

In Southeast Asia, the dynamics are evolving geopolitically in individual countries, different mindsets – race, religion, and economy – all these are in the fundamental stage of rethink. We have to deal with all these things from outside, but even in Singapore, we feel it in geopolitical change and in technological change. We can talk about it generally and broadly, but it certainly is being felt right here in Singapore.

Today I would like to speak about how you, the real estate industry can continue to grow and to prosper in a time of change and disruption – in the case of your theme this year – by embracing digital innovation.

There are two ways to react to change. As I have just articulated, one is to be passive – wait and see what is going to happen and adjust as change comes hard and fast at you. Some industries you see have been eliminated completely. Completely disrupted and vanished from the face of the Earth, and not just moving from a high-cost country to a low-cost country. It has completely vanished, and jobs are completely gone. But in their place, a phoenix arises. So on one hand, music shops which used to sell music have vanished, but apps and the advent of technology in that front, has created the role of the app developer. We look forward to seeing Singapore multi-national corporations (MNCs) of the future. Giants of the future from small Singapore, facing the world.

Disruption – if you're passive, you get eliminated, but if you are pro-active, then what you are doing – just as firms in the real estate industry and the built environment industry as a whole are doing, is to embrace and ride the waves of disruption. Do not be passive when disruption comes. Rather, anticipate it, and embrace it. Change is always uncomfortable. We always prefer the status quo, but know that if you ride the waves of change, the opportunities are tremendous and you have a part to play in setting the rules of the game. Otherwise, the rules will be set for you, and the rules may say that you have no part to play.

I think that is very important, and I would like to commend Steven (MD, Orange Tee & Tie) for a presentation that is very broad, that gives us a very good sense of transformation in the industry, and has articulated all the challenges that all of us here

face – in terms of the value-add and role of a real estate professional, what the consumer expectation is, and how you can ride that change and go up the value chain, and offer that high touch, high trust, and high tech relationship with the Singaporean customer. I think that really encapsulates the fact that technology is not here to control you, you are going to control technology, and make it work for you, make it work for your firm, and make it work for Singapore. I think that is really important.

In recent years, we have seen the emergence of many property-related online portals and services, disrupting traditional players in the real estate transaction services.

DIY rates for HDB resale flats have grown from 11% in just eight years ago in 2010 to 28% in 2017. In recent years, you have seen players such as OhMyHome as well as DirectHome establishing online portals which would make property transactions simpler for owners to DIY.

Internationally, things are not standing still. Alibaba in China has teamed up with the Hangzhou Municipal Government to develop a one-stop online listing platform which will go beyond just matching buyers to sellers. In fact, it will allow landlords and tenants to sign contracts online through the portal, facilitate payment of rent through the portal, and post reviews of each other as well as of their agents involved in the transaction. So this is already happening.

These fast paced changes have been driven by two factors. First, a major shift in consumer preferences towards more efficient online services. People are more comfortable doing things on their own.

Over the past 10 years, people have gotten very used to doing everyday things online, such as shopping for household necessities and booking their own holidays.

Consumers now expect businesses to offer not just quick and convenient access, but also highly personalised online services which meet their specific needs. So that's the first – changing consumer preferences.

Second, is the lower costs of collecting, storing and processing big data. That really is transformative in many ways, even in the social service sector. I've talked about in Parliament that it is going to change the way that we deliver social services, and companies like Carousell are seizing it to drive the online space for consumers, and so it is for all of us here too.

This has enabled even traditional businesses like retail shops to collect, interpret, and act on consumer data to serve up personalised choices that shoppers are more likely to buy. I'm glad to see that even our heartland retail businesses are rising to the occasion. Traditional Chinese Medicine (TCM) shops, provision shops, knowing that the challenges are serious, have risen up and instead of taking it passively, are going forward and setting up WiFi, and creating their own portals. These online capabilities enhance its attractiveness for consumers.

In line with global trends, property agencies in Singapore also need to embrace this shift towards online and data-driven services, because it's good for you, it's good for your customers, and it's good for Singapore. You should find new ways of delivering value to consumers, by relentlessly and constantly innovating, but on the other hand, making sure that you bring all your fellow colleagues along with you. Because change can be frightening, can be uncertain, can turn existing hierarchies of experience and familiarity upside down, and reset them. So if you have been working and know how to do something for 20 years and you are really adept at it, suddenly, with new technology you are as good as a fresh entrant, all learning from the same page, but having different learning needs. I think it is important that as we change, we remember that everyone must be brought along with change.

In short, property agencies must transform. OrangeTee & Tie is in a good position to do this and manage this transformation well, having already made important moves in the right direction for you, with the agents in mind, and the consumers at the centre of it.

You are a first mover in engaging customers digitally and taking a customer-centric approach in the estates agency business. Your Property Agents Review platform is

the first and largest agent review platform today which provides customer ratings and reviews. A very brave thing to do as a first mover. I can imagine some people wondering why you are opening yourself up to such scrutiny, but transparency builds trust, and builds confidence.

Today, you are in fact taking this further by collaborating beyond the traditional realm of the property agents' industry, working with new age tech companies in Singapore, Carousell, to bring your agent reviews and listings to their marketplace.

As it has become commonplace for consumers to verify other customers' experiences online, such ratings and reviews are absolutely crucial to engaging customers online, because they want to feel that they can trust you and that you can work for them, and it helps to facilitate their decision making process.

Just like how websites like HungryGoWhere and TripAdvisor have become almost indispensable or essential resources for many Singaporeans, I think many customers will value your customer ratings and reviews. The Council for Estate Agencies (CEA) fully supports this, and encourages wider adoption of such practices within the property agency industry.

Your firm has also reached out to collaborate with other partners, and your collaboration with Ngee Ann Polytechnic will allow you to leverage on data analytics to provide critical insights such as the latest market trends on a geographical basis. That gives you a tremendous edge, in seeing not just the micro but the macro as well, will allow you to forecast, allow you to get a feel, and also allows your customers to get a sense of where the market is. Not asymmetry, but symmetry in information, which builds trust and confidence, and will allow customers to know that you are working for them, not just as a professional, but as a fiduciary. This will enable you to provide personalised and higher value-added services which better meet customer needs while allowing technology to take away some of the mundane things that I'm sure many of you would like to be rid of.

I would like to commend you on these efforts and encourage you to build on them, as you continue to innovate and transform.

Supporting Innovation through the Real Estate Industry Transformation Map

As you do so, at the firm level, at the team level, at the agent level, and I'm not just saying this to OrangeTee & Tie, but to all the firms across Singapore – let me assure you that you will not do this alone. Under the Real Estate Industry Transformation Map (ITM), Government and other partners will support you, and will support you specifically in four ways.

First, there are many grants and programmes to help property agents to develop new products and services. So what you're developing, government will support you because it's going in the right direction, for Singapore, for our Singaporean firms, and for Singaporean workers. For example, SPRING has a Capability Development Grant (CDG). It can help to defray up to 70% of your qualifying project costs in areas such as product development, business process enhancements and human capital development – developing your people. That's one – we have grants and schemes. Tap on it, make use of it.

Second, we will make it easier for you, your firm, and other firms across the industry to access HDB, SLA and MOM property-related data later this year so that property agencies can automate the numerous administrative processes that make up a property transaction. We're making government data available, to help you to make your work more efficient, more effective, more accurate.

Our goal is for agents to be able to automatically verify key details, such as whether a seller is the legal owner of the property in the first place, or whether a potential foreign tenant has a valid work pass in Singapore – all with the click of a button. You create the button, we give you the data behind the button.

This will free you from the more routine and administrative checks, so you can spend more time on providing better professional advice, a higher-touch environment, and value-added service to Singaporeans.

Third, we want to make the property transaction process more streamlined and efficient by minimising the use of hardcopy documents and physical payments, such as cheques and cashier's orders which are time consuming to process, as you all would know.

This way, firms will be able to deliver more seamless services to your customers. To this end, we have set up a digitalisation workgroup chaired by the CEA, bringing together all relevant government agencies and industry representatives across the sector, including your firm, to chart the way forward. So it's not just government thinking what we can do digitally, it is what you need, it is what Singaporeans need you to be able to do digitally, to serve them. We want to work together in the same room, drawing out a chart, and planning the way forward.

Fourth, as the industry continues to move towards more online services, and this is something I talked about earlier, about change having to be accompanied by change management – bringing the people together with their heart, head, and their hands. Property agents will need to be comfortable interacting with consumers online and using digital tools to assist them.

Before I came in, I was talking to a student from Ngee Ann Polytechnic. He was fiddling around with his app, like fish in water. He was born in technology. I had my first PC when I was in Primary 6, an XT computer using a floppy disk. For the younger generation, they are like fish in the water. So recognise that different people have different comfort levels with technology and we cannot just change relentlessly without realising that you must make sure that everyone gets comfortable, because all of us must learn and relearn if we need to.

This is why CEA has been studying carefully how best to help you level up your collective digital literacy.

Continuous skills training and upgrading will also be needed to make sure that you can deepen and upgrade your technical competencies over the course of your careers, so that you can continue to remain relevant and to excel and to thrive in a fast changing and uncertain economy.

Taken together, these are all substantial efforts to support firms in the property transaction services to innovate and transform. I hope that you will make use of these opportunities, and be active partners, put yourself in active gear, be in the driver's seat, have partners with you in this journey of change, and make sure that you ride disruption, command it, and don't get disrupted passively. If you have any ideas on what we can do to assist you, please let us know. We are partners, we want to help our firms thrive. We want to help our workers excel and do well in this uncertain age.

Many people have asked about the role of the Future Economy Council and what these ITMs are. But as I said at the start of my speech, in the tremendously uncertain world where as a small but thriving economy in the centre of Southeast Asia, and at the centre of the digital world, this change will have a real impact if Singapore sits passively.

If we wait for change to come to our shores, this change will be terribly disruptive – for Singapore, our survival, our economy, our firms, the competitiveness of our people, and our livelihood and rice bowl. We cannot sit back and see what happens around the world before we take action. We cannot afford to do that. We are not a giant ship like huge countries. We have to be in the driver's seat, so the Future Economy Council comprises not just government, but top people from Singapore's leading industries, experts, academics, and unions who represent the people and the workers. And under the work of the Future Economy Council, we have ITMs.

ITMs are not just acronyms. You are seeing it before your own eyes. You are seeing Steven present the fruits of the work of the ITM together, to make Singapore stronger, to help us survive as an economy and thrive, to help companies like OrangeTee & Tie, Carousell, and many other firms have the ability to do well, and certainly to make sure Singaporeans have a future ahead of us in this world.

So this is very important work. Continue to support the partnership in this aspect, and continue to be a firm at the forefront of the real estate industry in Singapore. Congratulations, and all the best.
