

Business in Asia: Practical Considerations

Intro – Olavs J. Ritenis



LATS



L Latvia: Heritage



A Australia: Birthplace



T Thailand: Home



S Singapore: Business Base

Business in Asia: Practical Considerations

Intro – Olavs J. Ritenis

Relevant Business Background

- Lived/work in Australia, Europe, Asia
- Senior roles with US multinationals
- Entrepreneurial pursuits since 1986 – started software distribution business in Australia
- First Asian companies founded in Singapore and HK in 1991
- 25 years of business operations in Asia

Business in Asia: Practical Considerations

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First Business in Asia

- Invested own capital, time, and effort
- Learnt many "doing business in Asia" lessons - "*the hard way*":
 - Business Culture
 - Business Relationships
 - The Value of strong Local Partners ("indirect" versus "direct")

Business in Asia: Practical Considerations

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First Business in Asia

- Built a successful APAC software business with Partners and Customers in Singapore, Malaysia, Japan, Taiwan, Thailand, HK/China - as well as operations in Sydney & Melbourne

KEY TO SUCCESS

Finding, managing, and effectively collaborating with strong PARTNERS

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Current Business Background

- CEO and Founder of Ventures International Group in Singapore
- Capital Raising, Market Entry Services "Asia Gateway", Strategic Advisory, M & A
- Frequent business trips to Latvia (Current Client and Partner business)

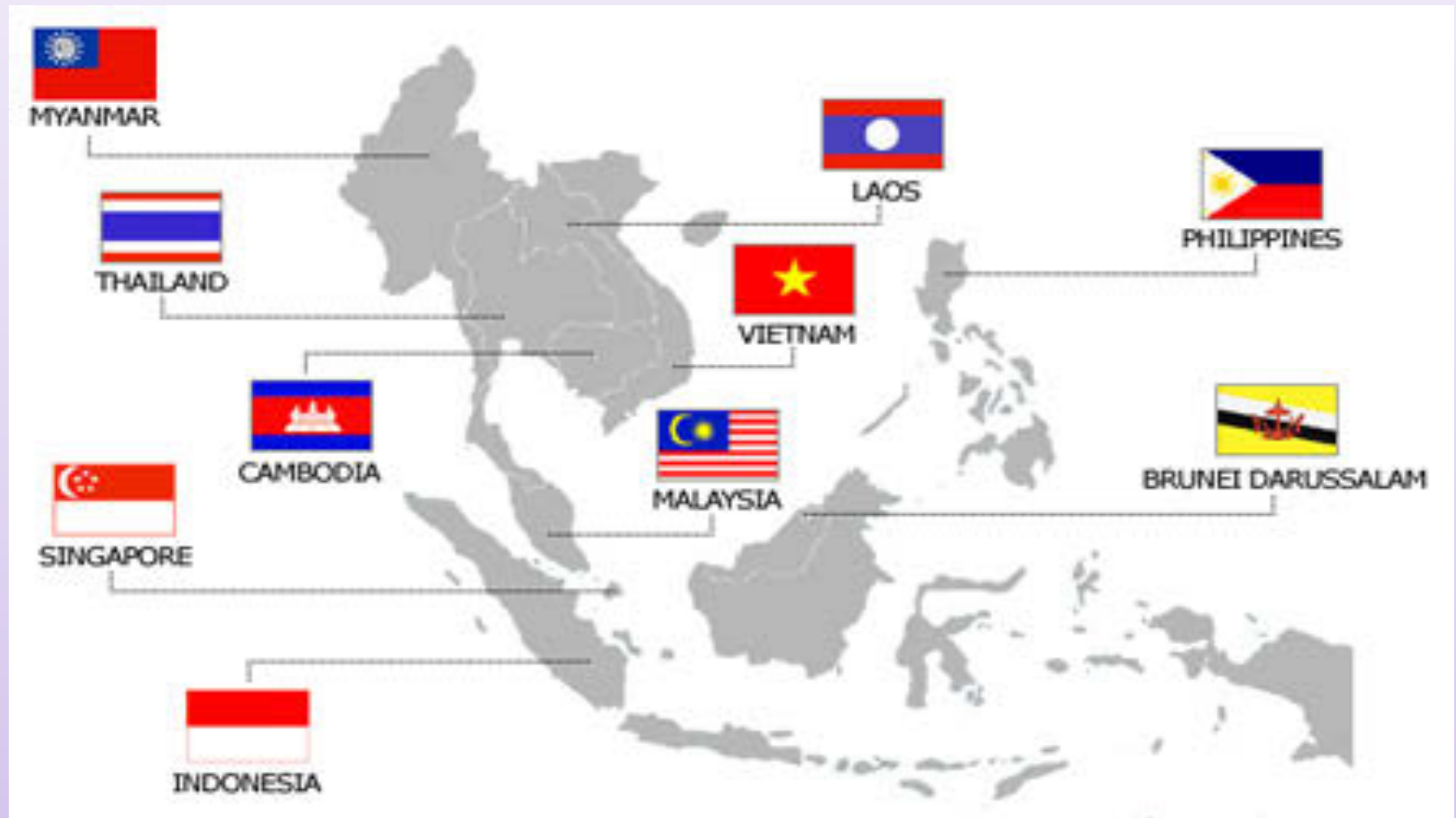


Doing Business in Asia: Practical Considerations

- Asian Economic Growth makes doing business in Asia appear attractive
- Market Size of China and India is "extremely tempting"
- These are also the most challenging of Asian markets:
 - *"Higher Reward, Higher Risk"*
 - **CHINA:** The market opportunity is obvious, the obstacles are hidden
 - **INDIA:** The obstacles are obvious, the opportunity is less obvious
- China GDP Growth 6.6%, India GDP Growth 7.6%, massive & rapidly growing markets
- Challenges:
 - Finding the right customers/partners
 - Navigating massive markets and geographies
 - Legal framework, Intellectual Property, Ease of Doing Business, Corruption

Doing Business in Asia: Practical Considerations

Consider ASEAN markets as an
Alternative to China & India



Doing Business in Asia: Practical Considerations

ASEAN – Association of South East Asian Nations

- Major Economic/Political Bloc
- Singapore, Malaysia, Indonesia, Thailand, Vietnam, Philippines, Brunei, Laos, Cambodia, Myanmar
- 625M people (larger than EU and US)
- 6th largest global Economic Grouping (behind US, China, Japan, Germany, UK)
- Asia is global 'economic growth engine'
- 4.6% GDP growth for ASEAN in 2016
- > 50% of ASEAN FDI goes to Singapore (\$60B)
 - Singapore is Focal Point for investing and doing business in ASEAN

Doing Business in Asia: Practical Considerations

More on ASEAN

- Economic powerhouse, solid GDP and productivity growth
- 3rd largest labour force in the world (after China, India)
- Diverse group of countries (GDP, income, scale, culture, religion etc):
 - Widely varying markets – local preferences and cultural sensitivities, "one size does not fit all" – needs separate approach for each country
 - Singapore seen as a "leader" and "trend setter"
- Growing hub of Consumer Demand
 - 67M households part of the "consuming class" with growing discretionary spending, growing to 125M by 2025
 - ASEAN to become Pivotal Consumer Hub
- 4th largest exporting region in the world
- Singapore is 4th most connected country globally (trade inflows/outflows)

Singapore – "Gateway to Asia"



Gateway to ASEAN - and China, India

Singapore – "Gateway to Asia"

- **Ease of doing Business - #1 or #2 globally**
- **Efficient Bureaucracy - ONLINE**
- **Innovation - "Singapore Works"**
- **Attracting global businesses – tax incentives, subsidies, co-investing**
- **Favourable tax system ["Legal tax haven"]**
- **"Switzerland of Asia" – Wealth Management & Investment Hub**
- **5th most competitive economy in the world**

Singapore – "Gateway to Asia"

- **Major transportation, transit, financial services, high tech hub**
- **World's best practice, remarkably open & corruption-free environment**
- **Highest % of millionaires per capita (11%)**
- **Leadership of ASEAN (Association of South East Asian Nations) bloc**
- **Excellent "Gateway to ASEAN and Asia" (China, India)**
- **Regional HQ for many global companies**

Singapore – "Gateway to Asia"

- **Regional Hub and "springboard" for ASEAN markets**
- **Extensive Government and Business Links to China/India (FTA's, DTA's)**
- **Many Singapore Businesses with Connections and Experience in dealing with Chinese/Indian businesses (language, culture etc)**
- **Find trusted partners in Singapore, who can connect with carefully selected, trusted business partners in China/India – risk mitigation**
- **Two step process – less direct, and takes longer, but MUCH SAFER**

Doing Business in Asia: Practical Considerations

PRACTICAL SUGGESTIONS

- Cancellation of TPP (Trans Pacific Partnership) by US potentially creates additional business opportunity with Asia for LV and EU, based on less competition from US
- India & China both focused on increasing domestic supply and are pruning access to their markets (e.g. protectionist measures, "Make in India" etc)
- Explore ASEAN market potential
- Do your "homework" (thorough Market Research etc)
- Use Singapore as "launch pad" for ASEAN business
- Focus on finding effective Partners

Doing Business in Asia: Practical Considerations

PRACTICAL SUGGESTIONS

- Enlist the aid of:
 - LIAA (Investment & Development Agency of Latvia)
 - LCCI (Latvian Chamber of Commerce & industry)
 - Latvia's Embassies and Consulates (esp. Singapore, Malaysia, South Korea, Japan, China, Thailand TBA)
 - Business Consulting Firms
- Connect with Latvian Business People & Entrepreneurs
 - Web Search, LinkedIn etc
 - Utilise the Latvian Global Diaspora (good examples: Jewish and Irish Diasporas)
- *Side note: urgent need for a comprehensive, global, centralised database of Latvian business people, contacts, interested parties – and better use of social media for an ongoing Latvian Business Forum*

Doing Business in Asia: Practical Considerations

Paldies 🙏

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Singapore – "Gateway to Asia"

KEY CONSIDERATIONS for SELECTING PARTNERS

- **Capacity** (Reseller, Agent, Distributor, Franchisee, Licensee, JV)
- **Suitability** (Credentials, Track Record)
- **Focus and Commitment** (Investment of Capital & Resources)
- **Business Plan** (Agreed Plan and Performance Targets)
- **Trustability** (Reputation)
- **Relationship** (Mutual Compatibility, Trust, Comfort)