8 September 2016

Media Release: NTE/15/2016

Food Services Industry Transformation Map to Steer Sustainable Growth with Innovative Formats and Technology Adoption

First of 23 industry-specific roadmaps launched

1 Mr Tharman Shanmugaratnam, Deputy Prime Minister & Coordinating Minister for Economic and Social Policies, launched the Food Services Industry Transformation Map (ITM) today. Led by SPRING Singapore (SPRING), the Food Services ITM is the first industry-specific roadmap to be rolled out and details the extent of restructuring required for its sustainable growth. With a focus on the adoption of innovative business formats and technology, the ITM addresses one key challenge faced by the Food Services industry – the continued reliance on manpower - and maps out strategies to help food enterprises progress and seize new growth opportunities. Beyond introducing technology improvements to new establishments, the plan also involves transforming existing formats to uplift the entire industry.

2 The Food Services ITM will integrate the efforts of various government agencies and associations as the industry works towards the achievement of an annual productivity growth target of 2% without any increase in manpower over the next five years.

Uplifting the Food Services Industry through Innovative Formats and Technology

3 The Food Services industry plays a vital role in Singapore’s economy, but its growth over the past few years has been challenged on various fronts. Whilst the Food Services industry contributes to 0.8% of Singapore’s GDP, it employs about 160,000
workers, which is a disproportionate 4.5% of our workforce\(^1\). With an aging workforce and changing career aspirations among younger workers, the critical issues facing the industry are those of raising productivity and reducing reliance on manpower.

4 The Food Services ITM will focus on steering growth of the industry with strategies mapped out in four key areas:

*Innovating with New Business Formats and Transforming Existing Models*

5 A key strategy of the ITM is the introduction of innovative business formats. Food companies can explore innovative, manpower lean formats such as retailing of ready meals or implementation of food vending machines and productive coffee shops to better meet the changing needs of consumers in a more resource efficient manner.

(i) Retailing of Ready Meals

Through existing distribution channels such as in supermarkets, convenience stores and eateries, retailing of ready meals enables food businesses to expand their markets without opening more outlets or hiring more workers.

The advancement of food technology has presented new growth opportunities for food businesses in this largely untapped ready meals market. Developing the capability to produce ready meals, such as preparing and packaging meals in a ready-to-eat or ready-to-heat form, while retaining the quality, taste, and nutritional value of the food, is essential for the industry’s transformation. Food companies can also leverage Singapore’s brand name of quality and trustworthiness to export these products.

SPRING is working with the Restaurant Association of Singapore to encourage more companies to venture into the ready meals market, whilst working with regulatory agencies.

---

\(^1\) Based on the 2014 employment data, Ministry of Manpower.
(ii) Food Vending Machines

Food vending machines represent another distribution channel for ready meals, featuring more efficient use of manpower and space. The first VendCafé launched at Anchorvale Drive is a good example of this manpower-lean dining format that requires 70% to 90% less manpower than a typical food stall. A VendCafé can be built within weeks, and is able to better meet consumers’ growing demand for more round-the-clock wholesome and tasty hot meals. SPRING is evaluating the feasibility of implementing this at another 10 sites over the next 12 months.

(iii) Productive Coffee Shops

Traditional coffee shops are heavily reliant on manpower, and operators are finding it increasingly difficult to hire workers. To address this, they will have to transform their businesses to become more efficient.

To ensure the sustainability of operating local coffee shops, SPRING and the Housing & Development Board, in consultation with major coffee shop operators, have reviewed the tender requirements for bidders of new coffee shop spaces. The new requirements will include productivity considerations beyond just rental bids.

For a start, the new tender system will be piloted at two sites in Tampines and Choa Chu Kang, and the tender will open in mid-September 2016. The private sector will be invited to put in proposals for new coffee shop designs that feature manpower-lean formats in addition to a good variety of affordable food. When launched, consumers can expect a different experience, such as digital ordering and cashless payment. More information will be available when the tender opens.

---

2 The VendCafé at Anchorvale Drive, Sengkang, was launched on 7 Aug 2016. The VendCafé serves a variety of food via a cluster of vending machines in a café setup.

3 Based on the 2015 Productive Business Formats Study commissioned by SPRING Singapore.
Driving Productivity through Mass Adoption of Technology

6 To encourage more enterprises to improve operational efficiency and raise the productivity baseline, SPRING will drive the mass adoption of digital service\(^4\) at the front-of-house, as well as kitchen automation\(^5\) and automated dishwashing at the back-of-house. SPRING will also work with the National Environment Agency to see how these productive technologies can be incorporated in new hawker centres.

7 “The next few years will be critical for the Food Services industry’s restructuring efforts. To achieve sustainable growth, the industry must invent innovative, manpower-lean business formats and adopt technology at a quicker pace. For example, only 15% have adopted digital service solutions and we would like to encourage more companies to embark on such productivity initiatives by 2020. To facilitate this, SPRING will offer time-limited grant support till the end of 2018”, said Mrs Kee Ai Nah, Group Director (Industry & Enterprise), SPRING Singapore.

Re-skilling Workers to Take On Value-Added Roles

8 Industry transformation and redesigning of jobs will bring about the need for the workforce to acquire new skills to stay relevant. The shift to lean and technology-enabled business models will also help create better quality jobs for employees, while providing a more seamless and enhanced customer experience. Singapore Workforce Development Agency (WDA) and SPRING are developing the Food Services Skills Framework\(^6\), which helps employers map out clear career progression pathways and skills training needs, to facilitate employees’ career progression and mobility within the sector. The two agencies will continue to guide the development of a leaner workforce that is equipped with skills to manage the business formats of the future.

\(^4\) Digital service refers to the use of technology like mobile apps, digital kiosks, iPad ordering to replace manual processes like order taking and payment.

\(^5\) Kitchen automation refers to the use of equipment to eliminate manual food preparation. The equipment can be deployed in central kitchens or food outlets.

\(^6\) For more information on the Food Services Skills Framework, visit [www.skillsfuture.sg](http://www.skillsfuture.sg).
Expanding Singapore Food Companies Internationally

Companies are encouraged to embrace a global mindset due to the limited domestic market. IE Singapore works with companies to build their capabilities to scale up for overseas expansion. Food companies that have ventured overseas have highlighted the importance of building capabilities in the areas of intellectual property protection, franchise programme development or setting up a central kitchen. For example, companies with strong central kitchens have the flexibility to scale with different concepts and formats, from quick service kiosks to elaborate restaurants. They can also service multiple channels such as catering, supplying to hotels and restaurants, and distributing ready-to-cook and ready-to-eat products through e-commerce channels. Companies can tap on IE Singapore’s schemes, such as the Global Company Partnership and Market Readiness Assistance programmes⁷ to scale up for overseas expansion.

More information on the available support for companies who are interested to embark on the initiatives under the Food Services ITM is enclosed at the Annex.

- End -

⁷ For more information on the Global Company Partnership and Market Readiness Assistance programmes, visit www.iesingapore.gov.sg/Assistance/Overview.
About SPRING Singapore

SPRING Singapore is an agency under the Ministry of Trade and Industry responsible for helping Singapore enterprises grow and building trust in Singapore products and services. As the enterprise development agency, SPRING works with partners to help enterprises in financing, capability and management development, technology and innovation, and access to markets. As the national standards and accreditation body, SPRING develops and promotes internationally-recognised standards and quality assurance infrastructure. SPRING also oversees the safety of general consumer goods in Singapore. Please visit www.spring.gov.sg for more information and news about SPRING Singapore.

For media enquiries, please contact:

Kathryn Zhang (Ms)
Senior Manager, Corporate Communications
SPRING Singapore
DID: 6279 3177
Mobile: 9762 4802
E-mail: kathryn_zhang@spring.gov.sg
ANNEX: FOOD SERVICES INDUSTRY TRANSFORMATION MAP

Supporting Food Companies in their Adoption of Innovative Business Formats and Technology

Innovating with New Business Formats - Food Vending Machines and Ready Meals

1. For food companies looking to build up their capability to produce ready meals, some of the areas to consider include automation of ready meal production lines, shelf life extension and product improvement. To ensure the quality and safety of the food dispensed, companies may need to invest in product innovation and R&D, for example, cook-chill technologies to retain nutritional value and taste, packaging and food hygiene standards. In addition, companies may need to redesign workflow and invest in equipment and software.

2. Companies keen to embark on incorporating vending machines as a new food format or to build up their capability in producing ready meals can approach SPRING to share their business plans. Companies can apply for support under the Capability Development Grant (CDG) for product or process improvements. Interested companies can contact SPRING at food_division@spring.gov.sg.

Driving Productivity through Mass Adoption of Technology

3. To facilitate the mass adoption of digital service at the front-of-house, as well as kitchen automation and automated dishwashing at the back-of-house, SPRING will offer time-limited grant support for these three initiatives till 31 December 2018.

4. The time-limited grant is supported under the CDG, and is subject to the same set of funding guidelines and eligibility criteria. The three initiatives are currently supported under the CDG. With the time-limited grant, companies are encouraged to embark on the three initiatives before the end of 2018. From 2019, such technology-enabled operations are expected to be widely adopted and will not be supported under the CDG. Future areas of support will be for initiatives that set new benchmarks for the industry. Other existing areas that are currently supported under the CDG will not be affected by the time-limited grant scheme.

---

8 CDG defrays up to 70% of qualifying project costs such as consultancy, training, certification and equipment costs. Company needs to be registered and operating in Singapore with at least 30% local shareholding.
5. The areas supported under the three initiatives are as follows:

<table>
<thead>
<tr>
<th>S/N</th>
<th>Initiative</th>
<th>Areas Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Digital Service</td>
<td>▪ Refers to the use of technology like mobile applications, digital kiosks, iPad ordering to replace manual processes like order taking and payment.</td>
</tr>
<tr>
<td>2</td>
<td>Kitchen Automation</td>
<td>▪ Refers to the use of equipment to eliminate manual food preparation. The equipment can be deployed in food outlets or central kitchens.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ At outlet level, this includes the automation equipment and processing line to improve productivity. The equipment should be able to reduce manpower reliance. Equipment that is operational in nature (e.g. woks, chillers) is not included.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ At central kitchen level, where food preparation is consolidated in an offsite industrial facility, the areas of support include:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(i) Purchase of automated equipment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(ii) Workflow redesign that helps to streamline work processes to maximise efficiency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(iii) 5S housekeeping - Sort, Systemise, Shine, Standardise and Self-discipline, to help improve operational efficiency and space utilisation</td>
</tr>
<tr>
<td>3</td>
<td>Automated Dishwashing</td>
<td>▪ Refers to the use of equipment to eliminate manual dishwashing activities</td>
</tr>
</tbody>
</table>

6. For more information on SPRING's CDG and the application process, companies can refer to [www.spring.gov.sg/Growing-Business/Grant/](http://www.spring.gov.sg/Growing-Business/Grant/).

**Supporting Food Companies in Re-skilling Workers**

7. In addition to the Food Services Skills Framework, SkillsFuture initiatives such as the Enhanced Internships (EI) and the SkillsFuture Earn and Learn Programme support young entrants by giving them a head-start in their careers, and equipping them with the knowledge and skills to meet the emerging needs of the sector. Companies can tap the SkillsFuture Mentors Programme to help develop the skills of their employees, deliver quality internships and participate in the SkillsFuture Earn and Learn Programme. As supervisors and managers play a key role in developing their people, the SkillsFuture Mentors will provide guidance and coaching to help them improve their training delivery to the trainees. Eligible companies will be matched with a SkillsFuture Mentor over a
nine-month period to develop and implement the mentorship plan. The Mentors will help companies strengthen their learning and development capabilities and build up their branding as employers of choice with attractive career development and growth opportunities. For more information on the SkillsFuture Mentors Programme, visit www.spring.gov.sg/sfmentors.

8. The SkillsFuture Study Awards for Food Services supports the efforts of early to mid-career Singaporeans with relevant work experience as they deepen their skills and facilitate their career progression in the industry. Study Award recipients will be awarded $5,000 to help them with their training fees. Under the Adapt and Grow initiative by WDA, employers can benefit from hiring and re-skilling mid-career entrants through P-Max and Professional Conversion Programmes to build a pipeline of local talent, enhance their HR practices and provide sustainable career progression pathways.

9. Employers can also leverage SPRING’s HR Diagnostic Tool as a first step to strengthen their HR capabilities. The HR Diagnostic Tool, administered at no cost, aims to help companies understand their current state of HR maturity and identify gaps for improvement, across 11 functional areas such as recruitment, training and development, performance management, talent management and employee engagement. HR maturity describes the state of company’s leadership and mindset towards human capital, including its practices and processes. Companies can also receive up to 70% in funding support for both smaller and large-scale HR capability projects to strengthen their core HR competencies, under SPRING’s CDG and Innovation & Capability Voucher (ICV). More information on the HR Diagnostic Tool can be found at www.spring.gov.sg/hcd.

10. For more information, companies can refer to www.skillsfuture.sg.