

## **“Promoting Innovation and Product Development in Brunei: The Way Forward”**

Remarks by Dato Timothy Ong at the Opening of the CIPTA Seminar on Innovation at the Institut Teknologi Brunei (ITB) on Saturday 24<sup>th</sup> April 2010

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Ladies and Gentlemen:

Salam Sejahtera. Good Morning.

Firstly let me thank Dr Omar and ITB for inviting me to speak on the very important subject of Innovation in Brunei.

I have been thinking about ITB since the Think Big Business Plan Competition Awards earlier this year when Revo Tech, a team comprising 3 ITB students came first in the University Students Category with their finger print recognition technology. I was told by the organizer of the competition, the iCentre that many of the best entries for university students came from the ITB.

So let me encourage all of you - staff and students of ITB to continue to focus on innovation because it is in innovation that the economic future of our country lies.

I believe that innovation is crucial to Brunei’s economic future. If you look at Asia’s most successful economies, you notice that they have one thing in common: they are mainly poor in natural resources but rich in human capital and innovation.

Let me tell you a favourite story of mine.

### **Why innovation is important**

Once upon a time there were 2 countries which were very similar in economic terms.

Both were very poor. Both were agricultural economies.

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They had roughly the same number of people. Slightly over half their populations were of working age.

About 50 years ago, the economy of one country started to grow much faster than the other. Income per person in one country grew by 1.8%. Income per person in the other country grew by 6.2%. If you grow by 6.2%, you double your income every 11 years.

Today the fast growing country has become a developed nation. It is the most wired country in the world and it has an economy that is based on knowledge and innovation

Its products – its television sets, its computers, its cars, its technology, its television programs are sold throughout the world.

In the last 50 years, the gap between the two countries has grown very large.

Today the income per person of the fast growing economy is 9 times that of the other country and higher than that of Saudi Arabia, the world's largest oil exporter.

This is a true story. The developed country today is South Korea. The other country is the Philippines.

I like to tell this story because I find the story of South Korea's transformation quite inspiring and also because it is a good example of the power of knowledge and innovation.

South Korea is one of the most innovative countries in the world.

In the 2009 Global Innovation Index, South Korea was ranked No1 in the ranking of large countries (USA No2 and Japan No3) and No2 in the large and small countries ranking (Singapore No1 and Switzerland No3).

### **Brunei needs to be an innovative country.**

Brunei also needs to be an innovative country.

100 years ago, Brunei was a very poor country. At that time, Brunei's main industry was the extraction of tanning dye from mangrove trees.

Today Brunei is one of the wealthiest countries in the developing world with a high quality of life.

In terms of the HDI which measures quality of life taking into account income per capita, mortality and education, Brunei is 30<sup>th</sup> in the world; 1<sup>st</sup> in the Islamic world - followed by Kuwait, Qatar, UAE and Bahrain; 2<sup>nd</sup> in ASEAN after Singapore and 4<sup>th</sup> in Asia after Japan, Singapore and Korea.

The fact that we are 1<sup>st</sup> in the Islamic world, 2<sup>nd</sup> in ASEAN and 4<sup>th</sup> in Asia speaks well of us.

But our wealth is from oil and gas. Not from knowledge based industries or innovation.

The fact that we are behind Japan, Singapore and Korea in Asia that have no natural resources – no oil, no gas, no iron ore, no copper, no bauxite, no gold, no diamonds and the like except for skilled and educated people and innovation reminds us that we must make the transition from being just a resource rich economy towards being both a resource rich economy as well as a knowledge and innovation based economy.

### **How can we promote innovation in Brunei?**

I believe there are 3 things we must do.

#### **Firstly we must invest in education that supports innovation.**

We must promote education in Science and Technology and in Design and Product Marketing because technology however clever must be properly designed and marketed to be commercially viable. The genius of Steve Jobs and Apple is that he is BOTH a brilliant innovator and a brilliant designer and marketer. Look at the iPhone and the iPad. The technology is good, the design is wonderful and the marketing is brilliant.

#### **Secondly we must develop an environment that is supportive of innovation.**

Education itself is not enough. Innovation requires an enabling environment beyond the classroom. An enabling environment is one that encourages creativity and entrepreneurship, protects IPR and supports investment in innovation. Through education we create the seeds for innovation. But the seeds need soil to grow and flourish. In Brunei, there is still much work to do in terms of developing an enabling environment that is supportive of innovation but we in the BEDB are committed to working with stakeholders like ITB and other government agencies towards achieving it.

### **Thirdly, we must invest in innovation.**

Let us be clear about what innovation is about.

Innovation starts with an idea but an idea on its own however brilliant cannot be considered innovation. Ideas become innovation when they are developed, tested, marketed, bought and used. In short, innovation is about turning ideas into reality. This process requires money. Innovation requires funding and investment.

#### **A few Brunei stories**

Let me tell you a few Brunei stories.

##### **Rushdi's story**

Consider the case of Haji Rushdi who is a 31 year old Bruneian.

Rushdi's first career choice was to be a chef. His wife however introduced him to IT and he went on to form 2 ICT companies named after his wife 'Mimit'.

Rushdi develops vehicle tracking systems and Islamic mobile phone applications.

His application eMuslim which is a collaboration with the Ministry of Religious Affairs and B-mobile enables Muslims to access information like prayer times through the mobile phone.

Rushdi is now working on a new application called 'Go Halal' which is a halal product verification system. 'Go Halal' won 1<sup>st</sup> prize in this year's ThinkBig Business Plan Competition.

Rushdi has a good idea but now he has to develop it to demonstrate that it can be commercially viable. To do this he needs to develop a prototype and he needs money. But for a Brunei inventor, 'Proof-of-Concept' funding is hard to find.

##### **Keeran's story**

Consider the case of Keeran who is a 28 year old Bruneian.

Keeran is another young Bruneian entrepreneur with a similar challenge.

Those of you who know Keeran will know that he founded his company Expansys, 5 years ago when he was 23 years old.

In that year he won the CIPTA award for his laser tracking invention. He won \$6k and used it to start his business.

His latest project is called YouGotSnapped! - a Facebook application that allows users to share and purchase pictures online. The application has about 2500 users and there is growing interest in Canada.

Like Rushdi, Keeran's challenge is to develop his idea to the point where he can demonstrate commercial viability. To do this he needs money to develop his product. But for a Brunei inventor, product development funding is hard to find.

### **Haswandi's story**

Consider the case of Haswandi who is a 33 year old Bruneian.

Haswandi had a difficult childhood – broken family, financial difficulties, failed his O levels but Haswandi is tough and never gives up.

Haswandi is technologically brilliant and an entrepreneur. When he focuses on a technical problem he can find solutions, others cannot.

With a few others he founded a company called RITS 3 years ago. RITS developed a product called BruMesh which is a Wireless Internet Access Box now used in the London, Sweden and Malaysia. Last year, a British company was so impressed with Haswandi, it invested \$250,000/- into RITS.

Unlike for Rushdi and Keeran, Haswandi's company RITS has already demonstrated commercial viability.

RITS' challenge is to secure further investment to help take Brumesh to the next level.

### **Nicky's story**

Let me tell you about Nicky who is a 37 year old Bruneian.

Let me tell you about Nicky who became an entrepreneur because he could not find a job after graduating with a degree in Computer Science in Canada.

He started his first business at the age of 27 and today owns a number of successful businesses including Brunei's first online business QQeStore.

When the iPhone was launched, Nicky focussed on iPhone applications and developed EPL Life! an application that updates users on the scores of football matches in real time. EPL Life! was a major hit and is among the most downloaded of iPhone applications. Nicky has since developed more than 40 iPhone applications.

Nicky's business is growing rapidly but a rapidly growing business needs investment.

Fortunately for Nicky, AccelX a venture capital fund that the BEDB helped to establish to invest in promising Brunei ICT businesses invested into his company Infindo Technology.

These are stories of real people.

These stories remind us that the journey from idea to product can be long and tough. That is why innovation requires not just creativity but also stamina and resilience. A successful entrepreneur is NOT someone who has never failed. There is no such person. A successful entrepreneur is someone who will pick himself up every time he falls.

These stories also remind us that innovation needs funding. Funding to demonstrate that the idea will work (POC), funding for product development, funding to grow the business, funding to market the product.

For Brunei to be an innovative country, we need education provided by institutions like ITB. We need to develop an enabling environment that supports entrepreneurship and innovation. We need to fund and invest in innovation and product development.

Will we get there? Will Brunei become an innovative country?

It depends on us. It depends on our ability to work together in a purposeful way. We must try because in innovation, in becoming an innovative country, lies the economic future of our country.

Thank you.