Win-win collaboration between local enterprise and large enterprise

1. Helping small and medium enterprises (SMEs) to raise their capabilities and be more productive is a continuous effort by the Government to build a strong SME sector. We support our SMEs by creating a supportive environment for businesses and provide a wide range of schemes for them.

2. One such company which had benefitted from the Government's assistance is CEI Contract Manufacturing Limited (CEI). Minister of State for Trade and Industry Mr Teo Ser Luck visited CEI, a Singapore-based company that specialises in equipment and module assembly, to understand first-hand how CEI has effectively tapped on SPRING's Capability Development Grant, and also benefitted from collaboration with a large enterprise, Ultratech.

CEI's collaboration with Ultratech

3. Established in 1980, CEI provides printed circuit board assembly (PCBA), equipment and cable harness assembly and manufacturing services, serving the semiconductor, medical and aerospace sectors. CEI also designs and manufactures its own brand of equipment in its Singapore plant.

4. At Ultratech, the semiconductor original equipment manufacturer specialises in the design and manufacture of photolithography and laser processing equipment, which are used to manufacture semiconductor devices and high-brightness LEDs (HB-LEDs). Looking to better-serve its large customer base in Asia, Ultratech set up its international headquarters in Singapore in 2010 and it now has an engineering and manufacturing team based here.

5. CEI partnered Ultratech to establish full turnkey manufacturing capability of Machine Vision System (MVS). The system is deployed in Ultratech's stepper and advanced packaging platform, for pattern recognition and alignment. Through the partnership, CEI was able to build capabilities and gained in-depth knowledge of optical equipment assembly, alignment, calibration and testing. By outsourcing parts, modules and sub-assemblies to local supplies, Ultratech was able to save on cost and delivery time.

6. Commenting on the company's collaboration with Ultratech, Mr Tan Ka Huat, Managing Director of CEI said, "CEI has been constantly upgrading our capabilities in this competitive market. Through our partnership with Ultratech, we acquired knowledge of optical equipment assembly, alignment, calibration and testing, which has helped us greatly in serving our customers. For this project with Ultratech, we were supported by SPRING under the Capability Development Grant for capabilities upgrading. It is especially

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important for local enterprises like us to continue to upgrade ourselves and tap on opportunities to ensure business growth and sustained competitiveness"

7. Mr Simon Chua, General Manager of Ultratech's Singapore Operations said, "By outsourcing our parts, modules and sub-assemblies to local suppliers such as CEI, Ultratech has benefited from the cost saving and shorter delivery time. Being in close proximity, we get the technical and spare part support within a day to resolve issues which in turn reduces our manufacturing cycle time".

Helping SMEs Grow their Businesses

8. Collaboration between large enterprises and SMEs is one way for SMEs to upgrade and enhance their capabilities. To foster such partnerships, the Partnerships for Capability Transformation (PACT) scheme provides funding support to foster collaborations between SMEs and large enterprises in areas that involve co-innovation, technology test-bedding, knowledge transfer and sharing of best practices.

9. Mr Teo Ser Luck urged SMEs to tap on these available schemes and work together with partners to reap mutual benefits. He said, "CEI's collaboration with Ultratech is a good example of how a local enterprise can gain from a large enterprise's expertise. This partnership also exemplifies how a large enterprise can lead upgrading projects involving a local enterprise. We want to encourage more of such projects which would benefit our local enterprises."

10. First introduced in 2010, the PACT scheme encourages win-win partnerships between global manufacturers and their suppliers by upgrading the suppliers' capabilities through the sourcing and qualification process. In Budget 2013, PACT was expanded to include additional manufacturing sectors as well as non-manufacturing sectors. PACT will also support initiatives that improve SMEs' productivity and capabilities by facilitating and supporting SMEs to work with Large Enterprises (LEs).

Please refer to Annex A for an Overview of the Precision Engineering Industry.

MINISTRY OF TRADE AND INDUSTRY
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Annex A

Overview of the Precision Engineering Industry

Singapore's Precision Engineering (PE) activities began in the 1970s to support the first manufacturing investments. Today, there are some 2,800 companies, ranging from small and medium enterprises to large multinational corporations in the precision engineering sector. Singapore also plays host to the headquarters and R&D functions of many of these companies.

Singapore's PE industry is the primary pillar of the manufacturing sector. It plays a crucial role in attracting and retaining Singapore's key manufacturing clusters by providing high quality components, sub-assemblies and finished products. PE companies range from module and component manufacturers, contract manufacturers to full solution providers, who offer design, prototyping, and production capabilities. PE skills such as shaping and forming metals and plastics to high tolerance are required in emerging industries such as aerospace, semiconductor, medical technology, alternative energy and defence and security. For instance, in the aerospace industry, PE SMEs manufacture jet engine blades and vanes that power the Airbus and Boeing airliners. In the medical technology sectors, hearing aids and guide wires for endoscopy are manufactured.

PE SMEs are expected to grow and become key Asian partners offering unique manufacturing solutions to world-class companies from a diverse range of emerging manufacturing industries. SPRING helps PE SMEs to enhance their technical capabilities and engage in higher value-added activities. To stay one step ahead of the competition, they need to offer product design and development, supply chain management, total solutions and explore new growth markets.

Precision Engineering Industry Statistics

Indicators	2007	2008	2009	2010	2011
No. of Establishments	2,848	2,759	2,973	2,882	2,840
No. of Workers	100,883	100,233	91,582	91,382	93,303
Total Output ($m)	24,381	24,130	20,313	25,551	33,190
Value-added ($m)	7,100	6,728	5,902	6,928	8,683
Value-added per worker ($'000)	70.4	67.1	64.4	75.8	93.1
GDP Contribution (%)	2.8	2.6	2.3	2.4	2.8

Source: Economic Development Board & SPRING Singapore

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