

ANNUAL SURVEY ON INFOCOMM INDUSTRY 2019



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PART I: SURVEY COVERAGE AND METHODOLOGY

Introduction

Conducted since 1999, the 2019 Annual Survey of the Infocomm Industry (“Survey”) is the 20th in the series, with the objective of tracking the market performance of the Infocomm industry.

Survey Methodology

The Survey covered a representative sample of Infocomm establishments, which was selected from the establishment sampling frame maintained by the Singapore Department of Statistics (DOS).

Notes on Data

Past years’ data are included for comparison purposes where appropriate. Due to rounding, the sum of the individual parts may not add up to the total or 100%.

Starting from the 2018 Annual Survey on Infocomm Industry, Infocomm industry revenue will be defined as revenue from the Hardware, Software, IT Services and Telecommunication Services segments. Revenue data from Content Services will henceforth be reflected in the Annual Survey on Media Industry. Published overall statistics for the period of 2012 to 2016 were recomputed for comparability.

PART II: SURVEY FINDINGS

1. Executive Summary

Overall Performance

- The Infocomm industry revenue increased by 18.3% year-on-year from 2017 to 2018 to reach S\$235.6 billion.
- The revenue growth in 2018 was mainly attributable to an increase in Hardware re-exports. The compounded annual growth rate (CAGR) of the Infocomm industry revenue grew by 9.0% from 2013 to 2018.
- The *Hardware* segment continued to be the largest contributor to the Infocomm industry revenue, with a share of 77.1% of revenue. This is followed by the *IT Services* and *Software* segments that contributed 11.5% and 7.4% of revenue respectively.
- *Telecommunication Services* segment was the smallest contributor to Infocomm revenue, with a share of 4.0%. The revenue contributed by this segment saw a year-on-year decline since 2014, from S\$13.9 billion in 2014 to S\$9.5 billion in 2018.

Export Market and Destinations

- Export revenue, the main contributor to the Infocomm industry revenue, increased from S\$144.9 billion in 2017 to S\$174.6 billion in 2018.
- Re-exports¹ formed 90.9% of the export revenue or S\$158.8 billion while processed exports² formed the remaining 9.1% or S\$15.8 billion that year.
- The *Hardware* segment continued to be the largest contributor of re-exports (96.5%), while the *Software* and *IT Services* segments were the largest contributors of processed exports (40.7% and 40.6% respectively).
- East Asia, which includes China and Japan, was the top export destination by region for Infocomm products and services in 2018.

Domestic Market

- Domestic revenue increased from S\$54.3 billion in 2017 to S\$61.0 billion in 2018.
- The *Hardware* segment was the key contributor to domestic revenue, with a share of 42.8%.

Business Outlook

- About 38.6% of firms is optimistic about the business conditions for 2020 while nearly a quarter (24.0%) of firms foresees slower business. The remaining 37.5% of firms anticipate the level of business activity to remain the same.
- High labour cost was most frequently (45.3%) indicated by enterprises as a factor that limits their growth.

¹ Re-exports refer to all products/ services which are exported from Singapore in the same form as they have been imported without any transformation or value-added (VA). Re-packing, splitting into lots, sorting or grading, marking and the like are not considered as undergoing the process of transformation.

² Processed exports refer to exports of Singapore origin comprising primary commodities produced in Singapore and they also comprise products/ services which have been transformed, that is, manufactured, assembled, or processed and had value-added (VA) in Singapore including those with imported materials or parts.

2. Performance of the Infocomm Industry

2.1 Overall Performance

Infocomm industry revenue increased by 18.3% year-on-year from 2017 to 2018

The Infocomm industry revenue in 2018 increased to S\$235.6 billion from S\$199.2 billion in 2017 ([Chart 1](#)). From 2013 to 2018, the Infocomm industry revenue grew by a CAGR of 9.0%.

Chart 1: Infocomm Industry Revenue by Year, 2013 – 2018

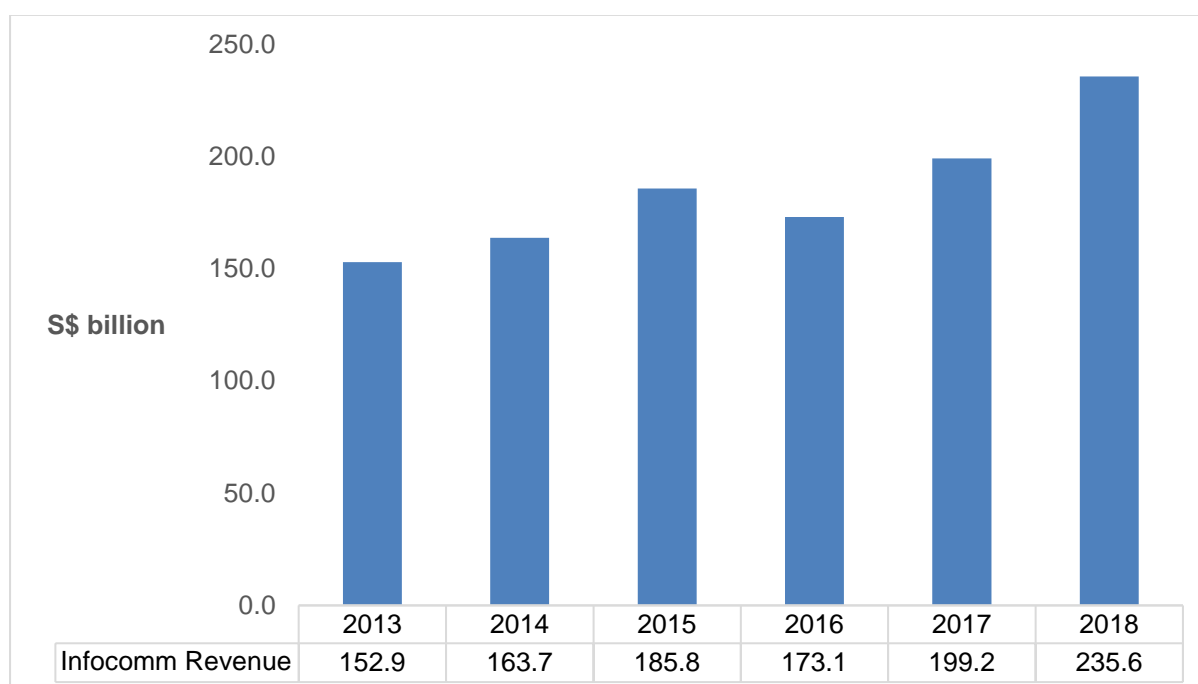


Table 1: Proportion of Domestic and Export Revenue by Year, 2013 – 2018

	2013	2014	2015	2016	2017	2018
Domestic revenue	30.5%	29.7%	27.3%	26.8%	27.3%	25.9%
Re-export revenue	60.4%	61.8%	64.4%	65.3%	65.7%	67.4%
Processed exports revenue	9.1%	8.6%	8.3%	8.0%	7.0%	6.7%

Hardware segment continued to be the largest contributor to Infocomm industry revenue

The revenue contributed by the *Hardware* segment increased from S\$147.8 billion in 2017 to S\$181.6 billion in 2018 ([Chart 2](#)). The *Hardware* segment continues to be the largest contributor, with a share of 77.1% ([Table 2](#)).

Telecommunication Services segment was the smallest contributor to Infocomm revenue, with a share of 4.0%. Notably, the revenue attributed by the *Telecommunication Services* segment saw a year-on-year decline since 2014.

Chart 2: Infocomm Revenue by Segment, 2013 – 2018

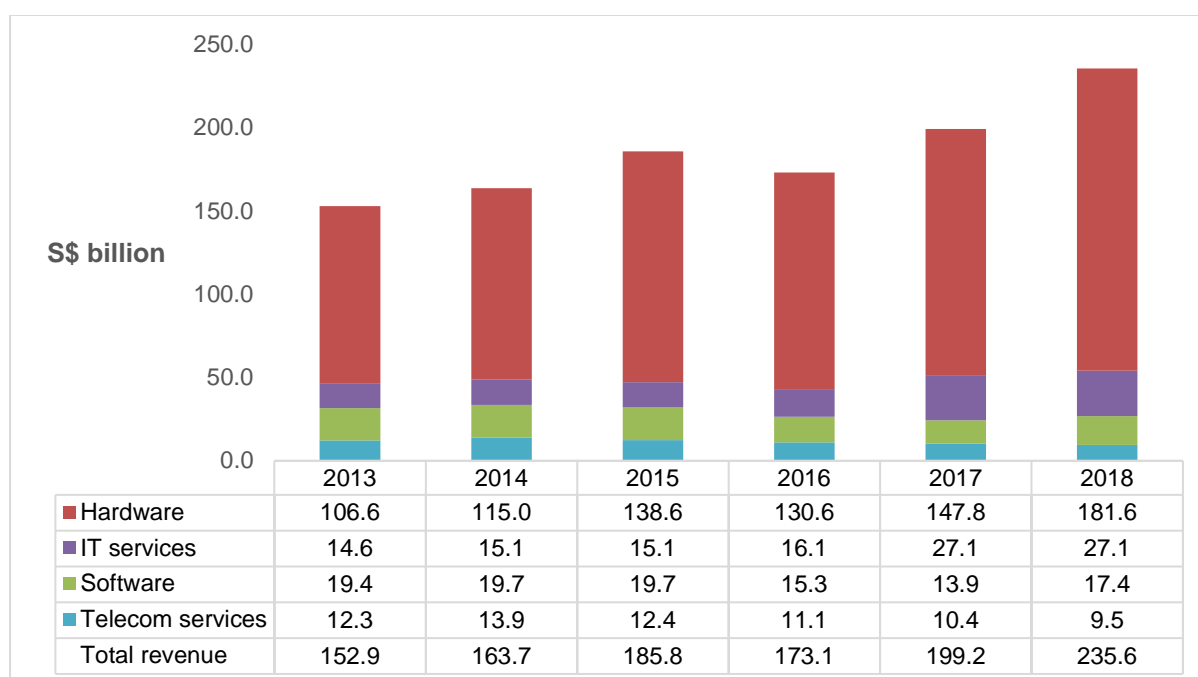


Table 2: Proportion of Infocomm Revenue by Segment, 2018

2018	Hardware	IT Services	Software	Telecom Services	Total Infocomm
Share of Infocomm revenue	77.1%	11.5%	7.4%	4.0%	100.0%

The increase in total Infocomm revenue was primarily due to the growth in export revenue (Chart 3). Total export revenue grew by 20.5% to reach S\$174.6 billion in 2018, from S\$144.9 billion in 2017. Exports accounted for about 74.1% of total Infocomm revenue in 2018 (Table 3).

Chart 3: Infocomm Revenue by Market, 2013 – 2018



Table 3: Proportion of Infocomm Revenue by Market, 2013 – 2018

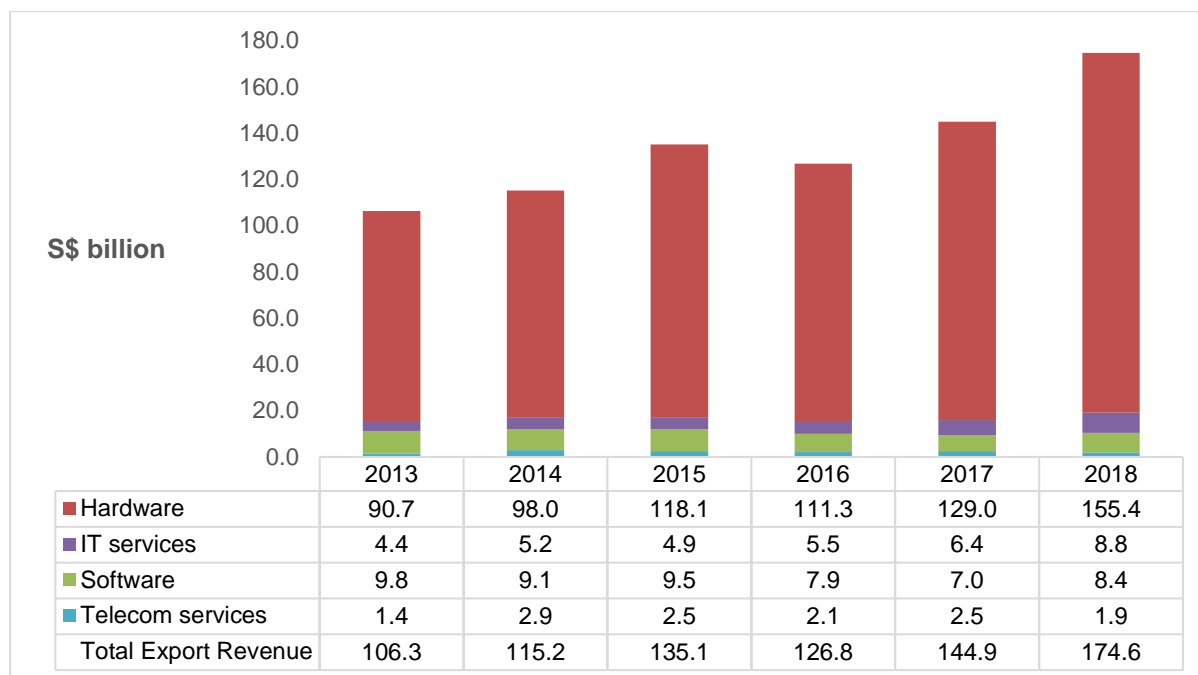
	2013	2014	2015	2016	2017	2018
Share of domestic revenue	30.5%	29.7%	27.3%	26.8%	27.3%	25.9%
Share of export revenue	69.5%	70.3%	72.7%	73.2%	72.7%	74.1%
Total Infocomm revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

2.2 Export Market and Destinations

Increase in Infocomm export revenue primarily due to increase in Hardware re-exports

Infocomm export revenue consists of re-export and processed export revenue. The total Infocomm export revenue in 2018 was S\$174.6 billion (Chart 4). The *Hardware* segment was the largest contributor of export revenue with a share of 89.0%.

Chart 4: Infocomm Export Revenue by Segment, 2013 – 2018



Re-exports formed 90.9% of export revenue in 2018, while the remaining 9.1% were from processed exports (Table 4).

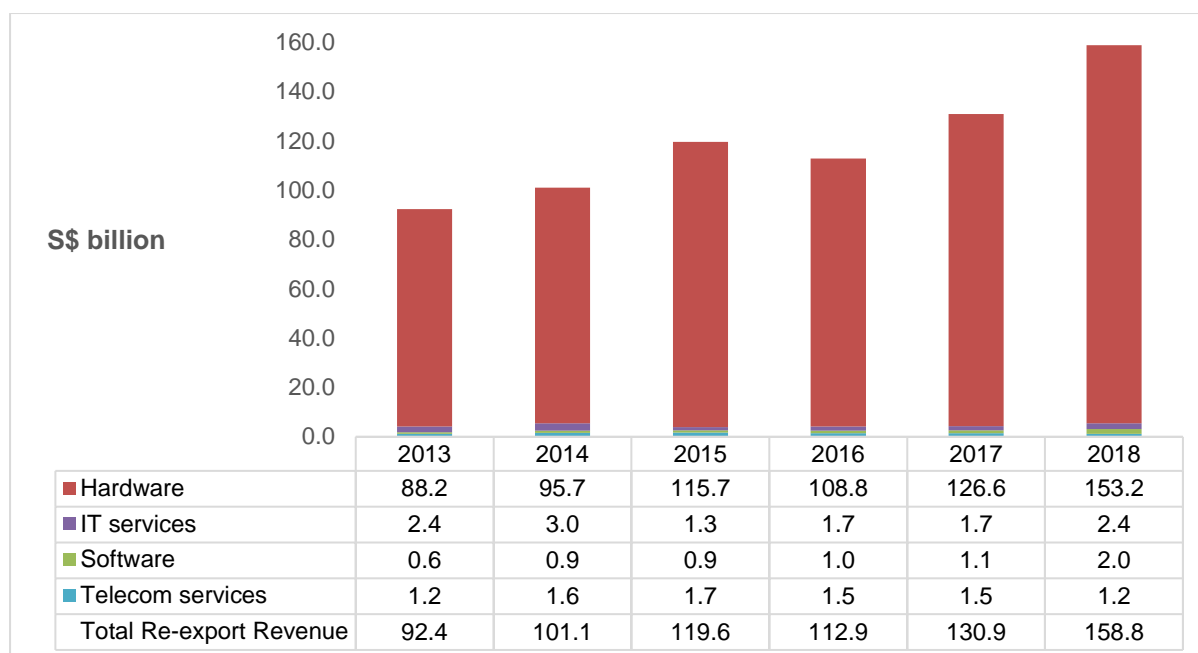
Table 4: Proportion of Infocomm Export Revenue by Type, 2013 – 2018

	2013	2014	2015	2016	2017	2018
Share of re-exports	86.9%	87.8%	88.6%	89.1%	90.3%	90.9%
Share of processed exports	13.1%	12.2%	11.4%	10.9%	9.7%	9.1%
Total Export Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Hardware segment contributed to the bulk of re-exports while Software and IT Services segments contributed to the bulk of processed exports

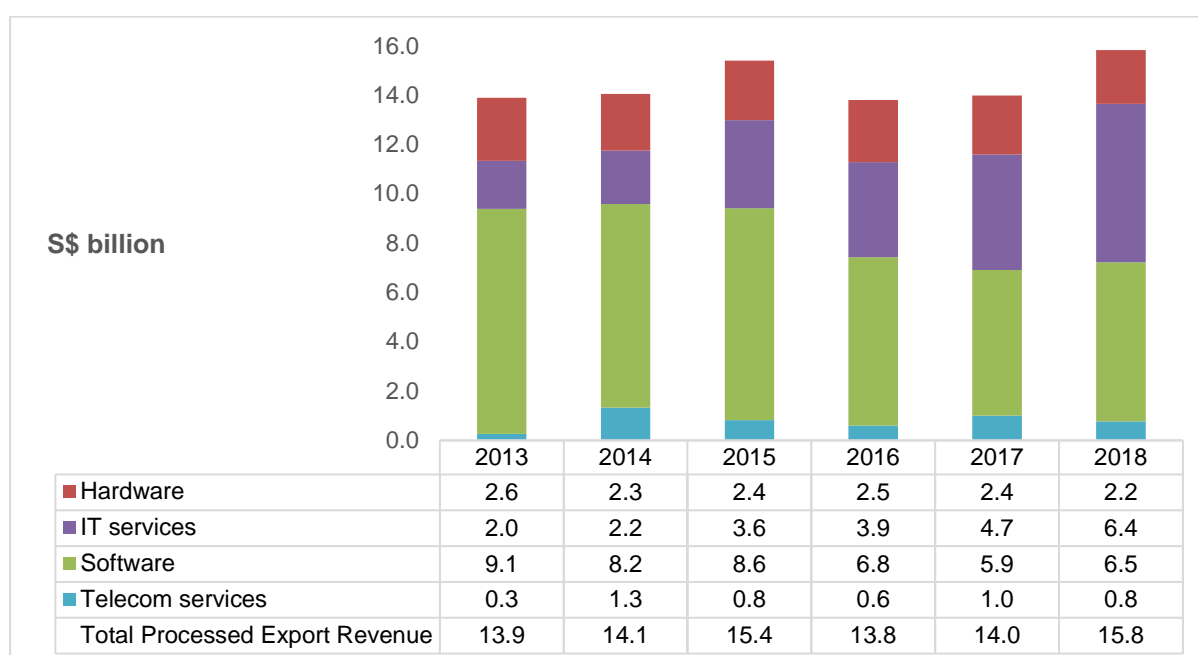
Infocomm re-export revenue increased from S\$130.9 billion in 2017 to S\$158.8 billion in 2018 (Chart 5), mainly due to an increase in the *Hardware* segment which accounted for majority (96.5%) of re-exports.

Chart 5: Infocomm Re-export Revenue by Segment, 2013 – 2018



Infocomm processed export revenue increased from S\$14.0 billion in 2017 to S\$15.8 billion in 2018 (Chart 6) mainly due to an increase in the *IT Services* and *Telecommunication Services* segments.

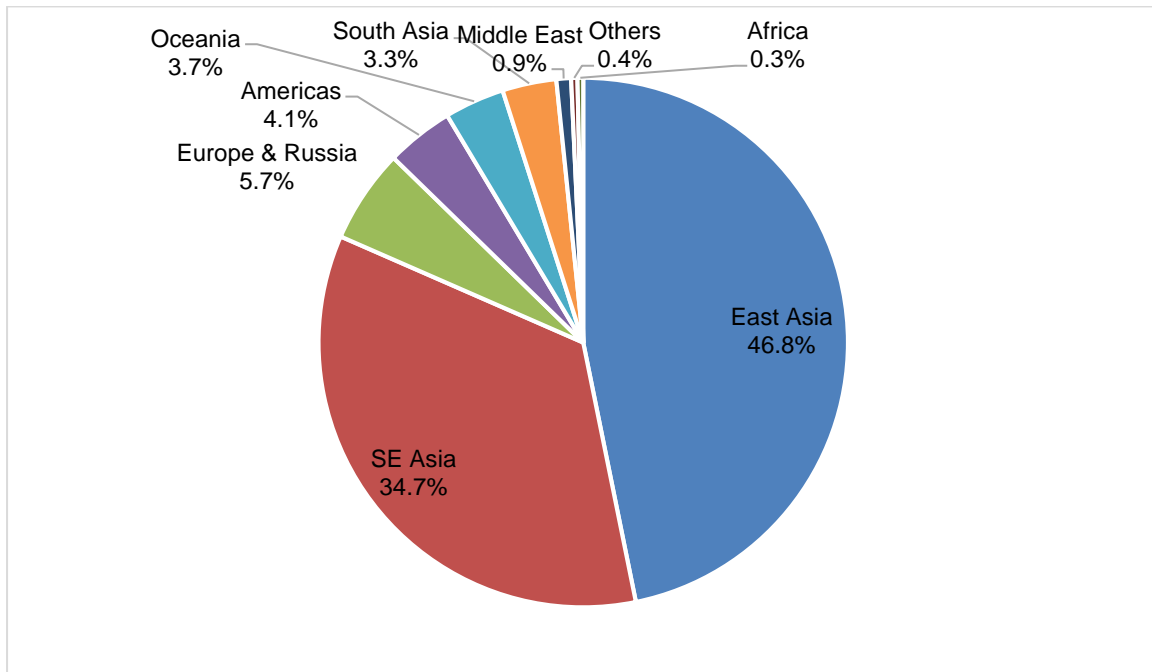
Chart 6: Infocomm Processed Export Revenue by Segment, 2013 – 2018



East Asia was the top region for exports

East Asia, which includes China, Japan and South Korea, was the top export destination region for 2018, accounting for 46.8% of export revenue (Chart 7).

Chart 7: Infocomm Export Revenue by Region, 2018



2.3 Domestic Revenue and Market Composition

Increase in domestic revenue due to Hardware segment

Infocomm domestic revenue was S\$61.0 billion in 2018, an increase from S\$54.3 billion in 2017 ([Chart 8](#)). The *Hardware* segment was the largest contributor of domestic revenue with a share of 42.8% ([Table 5](#)).

Chart 8: Infocomm Domestic Revenue by Segment, 2013 – 2018

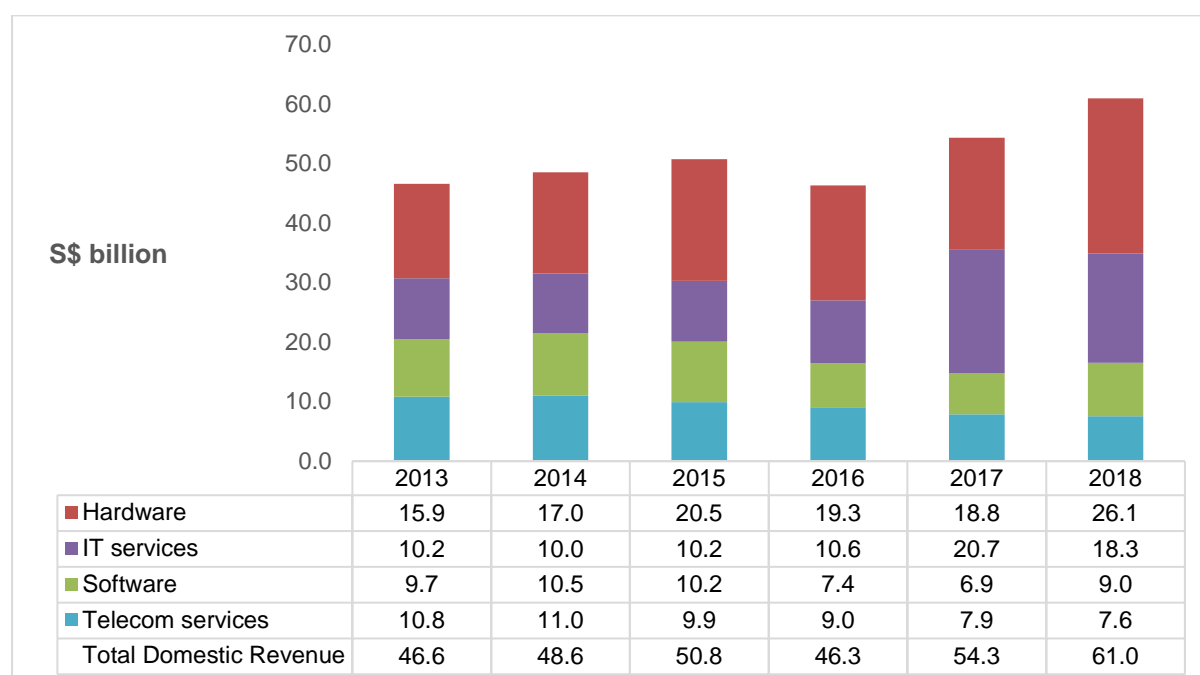


Table 5: Proportion of Infocomm Domestic Revenue by Segment, 2018

2018	Hardware	IT Services	Software	Telecom Services	Total domestic revenue
Share of domestic revenue	42.8%	30.1%	14.7%	12.4%	100.0%

3. Business Outlook

About 38.6% of firms is optimistic about the business conditions for 2020 while nearly a quarter (24.0%) of firms foresees slower business. The remaining 37.5% of firms anticipate the level of business activity to remain the same.

Chart 9: Business Outlook for 2020

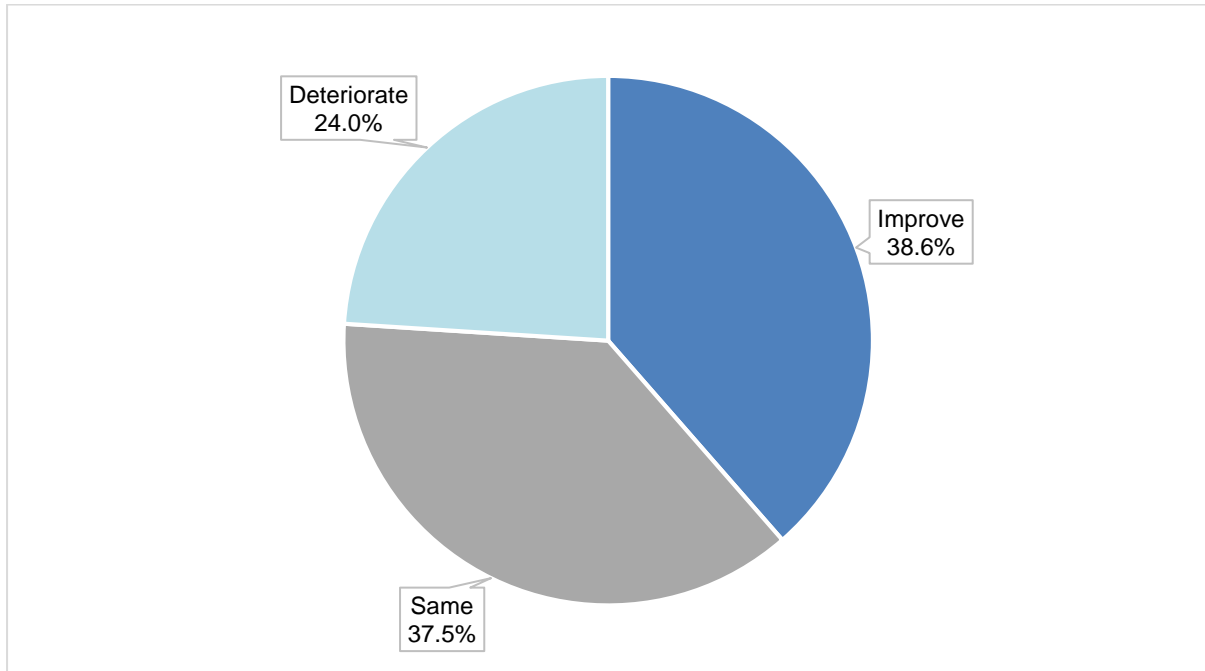


Chart 10 below lists the top five factors that limit the growth of enterprises. About 45.3% of enterprises indicated that high labour cost is a factor that limits their growth.

Chart 10: Top 5 Factors That Limit Growth of Enterprises

