

UPS Asia Business Monitor 2010



Survey conducted by



LOOKING BEYOND RECOVERY, DISCOVERING GROWTH



**SMEs discover their own backyard
can deliver their growth story...**

Q. What percentage of your business is with the following regions now?

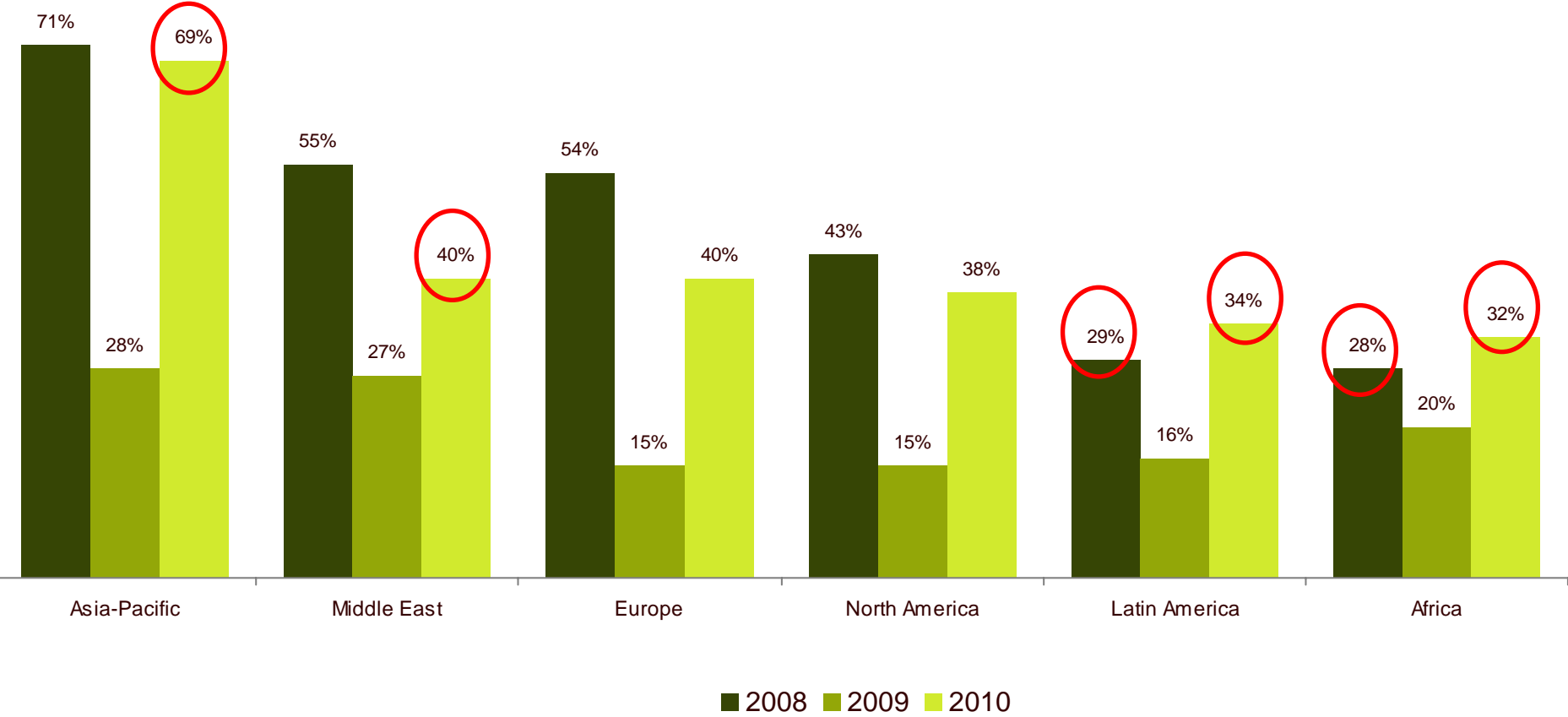
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% Growth	Asia Pacific	Europe	North America	Middle East	Latin America	Africa
All Markets	80.6	8.1	6	2.9	1.5	0.9
Australia	92.1	3.9	2.5	0.6	0.2	0.8
China	78.2	9.7	6	2.8	1.3	2
Hong Kong	65.5	19.2	10.7	1.4	2.3	1
India	79.6	6.3	6.3	5.6	1.2	1
Indonesia	76.5	12.1	5.9	2.1	2.3	1.1
Japan	95.4	1.1	2.9	0.2	0.5	0
Korea	85.3	4.3	3.4	3.7	2.3	1
Malaysia	75.2	9.2	7.9	5.4	1.1	1.2
Philippines	69.1	11.8	12.6	3.3	2.2	1
Singapore	80.4	7.3	4.7	5.5	1.4	0.8
Taiwan	74.1	9.8	8.8	3.6	3.3	0.4
Thailand	84.6	7.3	3.3	3.2	0.9	0.8
Vietnam	93.3	2.1	3.3	0.5	0.3	0.5

Q. Which of the following regions do you anticipate expanding into over the next 3 years?

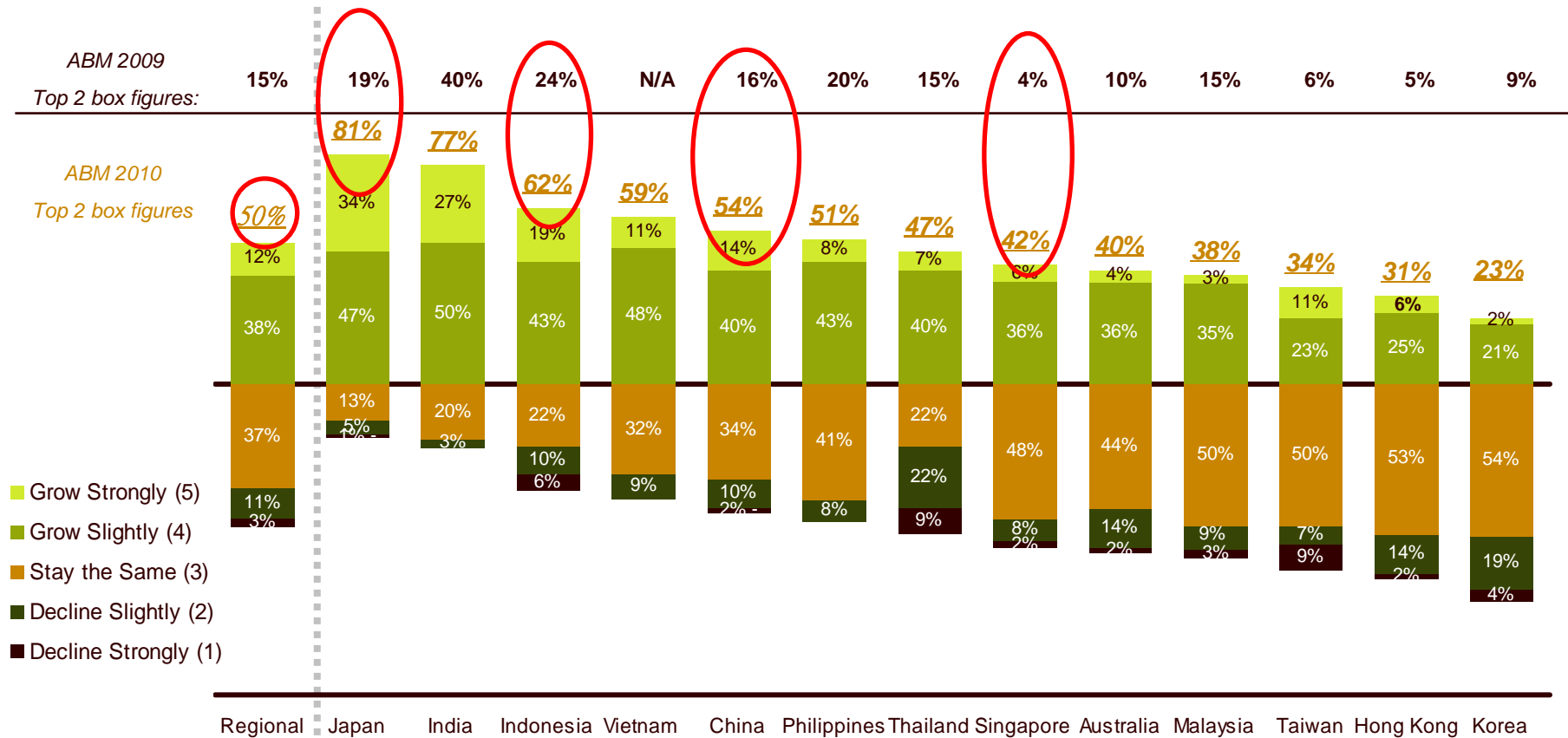
%	Asia Pacific	Europe	Middle East	North America	Africa	Latin America
All Markets	56%	20%	19%	14%	12%	11%
Australia	29%	5%	5%	5%	1%	1%
China	19%	13%	7%	13%	9%	6%
Hong Kong	41%	12%	19%	10%	7%	14%
India	35%	16%	8%	13%	9%	4%
Indonesia	86%	42%	47%	27%	25%	22%
Japan	68%	3%	7%	6%	4%	8%
Korea	50%	5%	18%	5%	17%	11%
Malaysia	80%	30%	37%	15%	15%	8%
Philippines	77%	35%	18%	25%	8%	16%
Singapore	81%	12%	23%	4%	9%	7%
Taiwan	47%	30%	16%	27%	5%	17%
Thailand	78%	49%	45%	21%	41%	31%
Vietnam	57%	8%	2%	9%	1%	1%

Q. How do you rate the prospects for volume of trade growth between your country and the following in 2010?

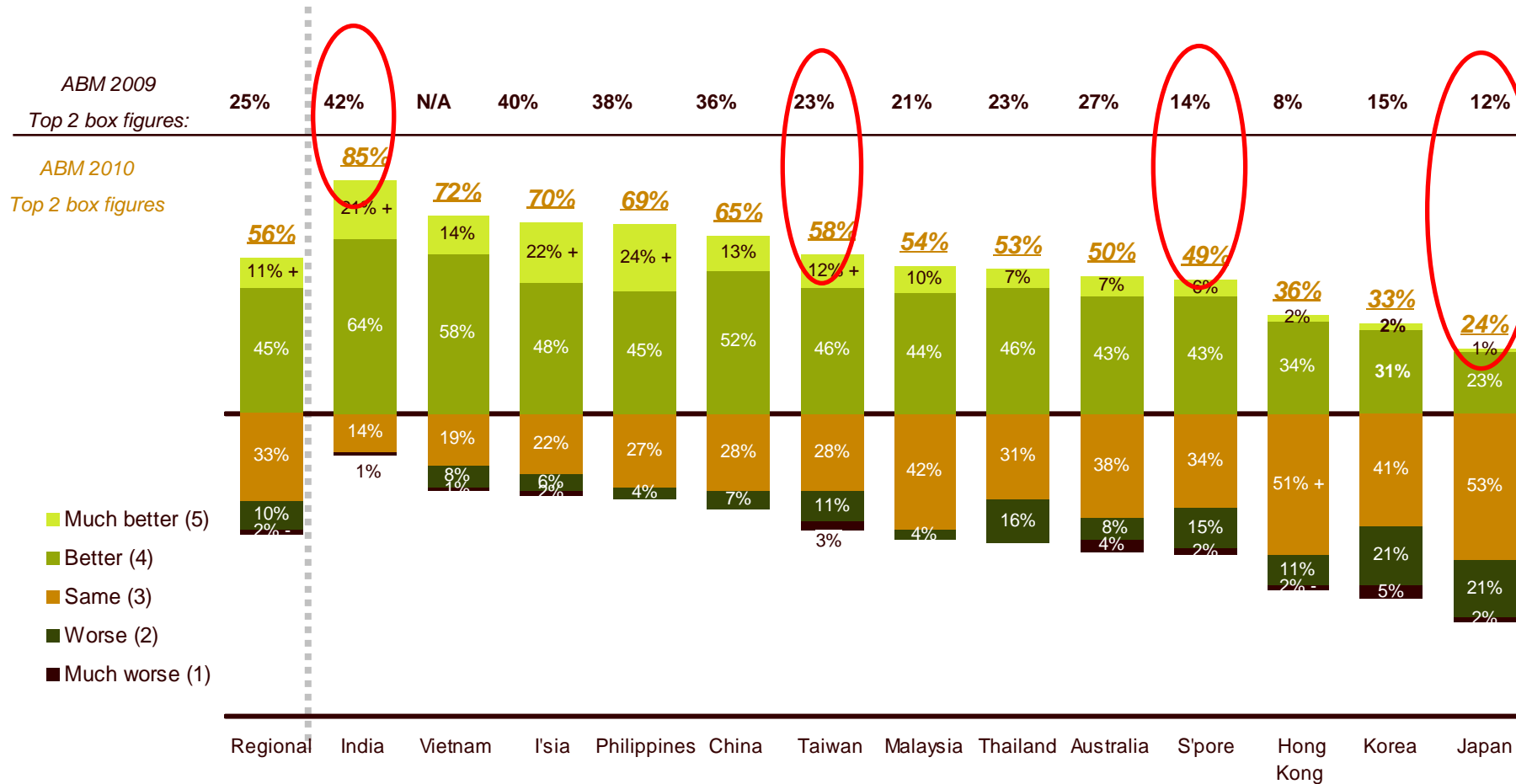


**Post-meltdown, SMEs are getting
back to positive thinking...**

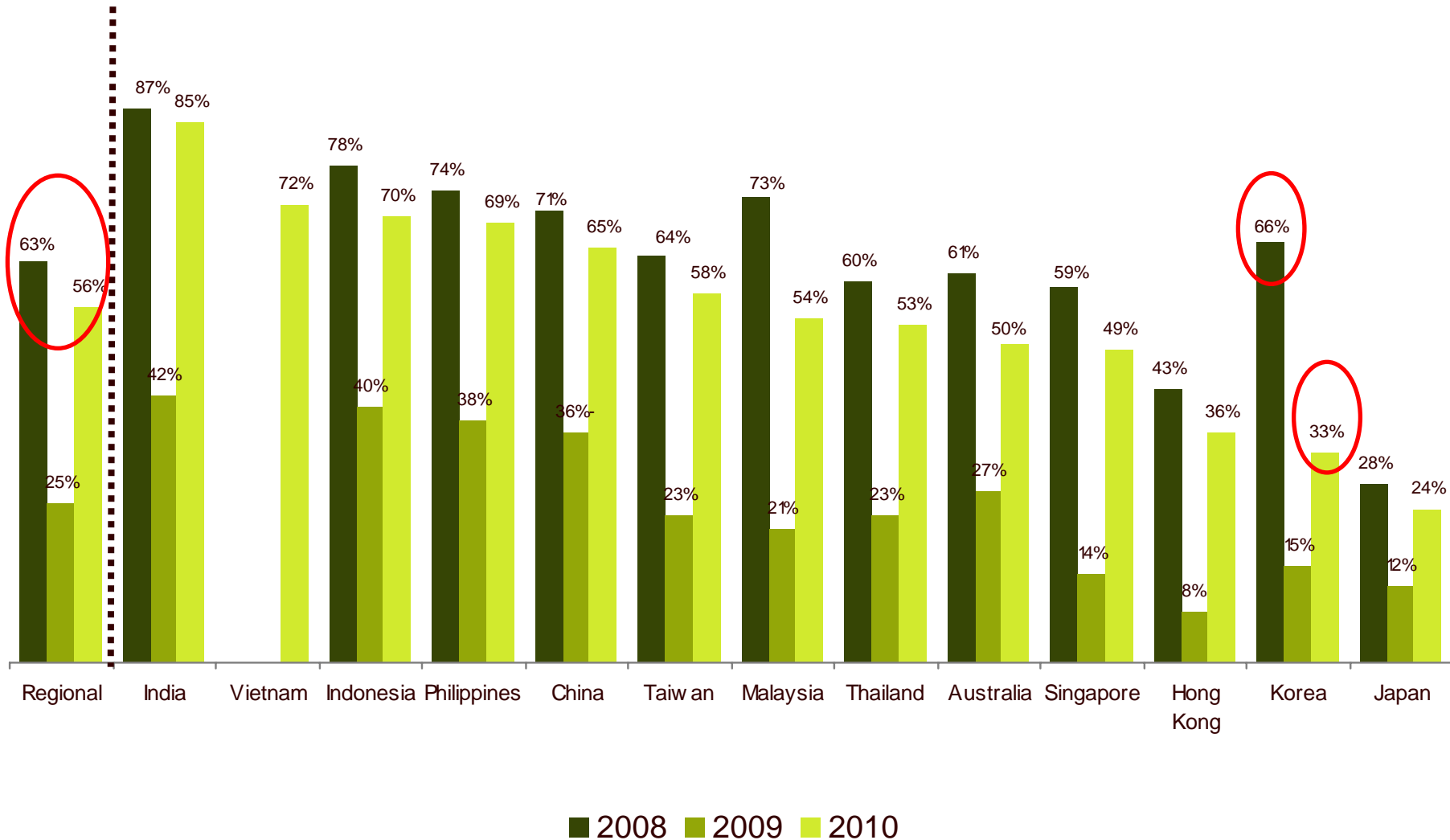
Q. How do you rate the prospects for economic growth across the region in 2010?



Q. Do you think your company's overall prospects for 2010 will be better, worse or about the same as 2009?



Q. Do you think your company's overall prospects for 2010 will be better, worse or about the same as 2009?

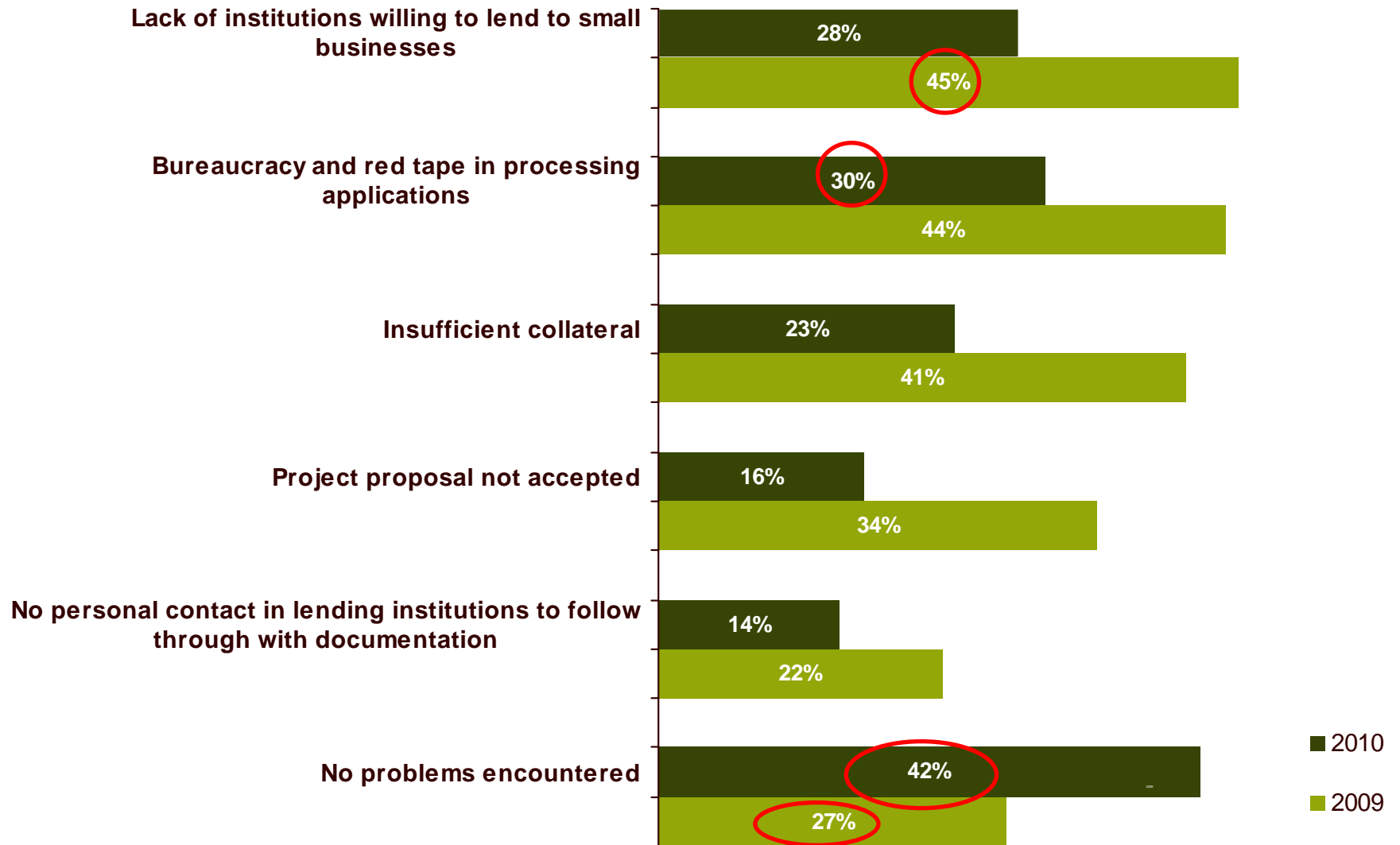


**There is a growing sense of
confidence among SMEs**

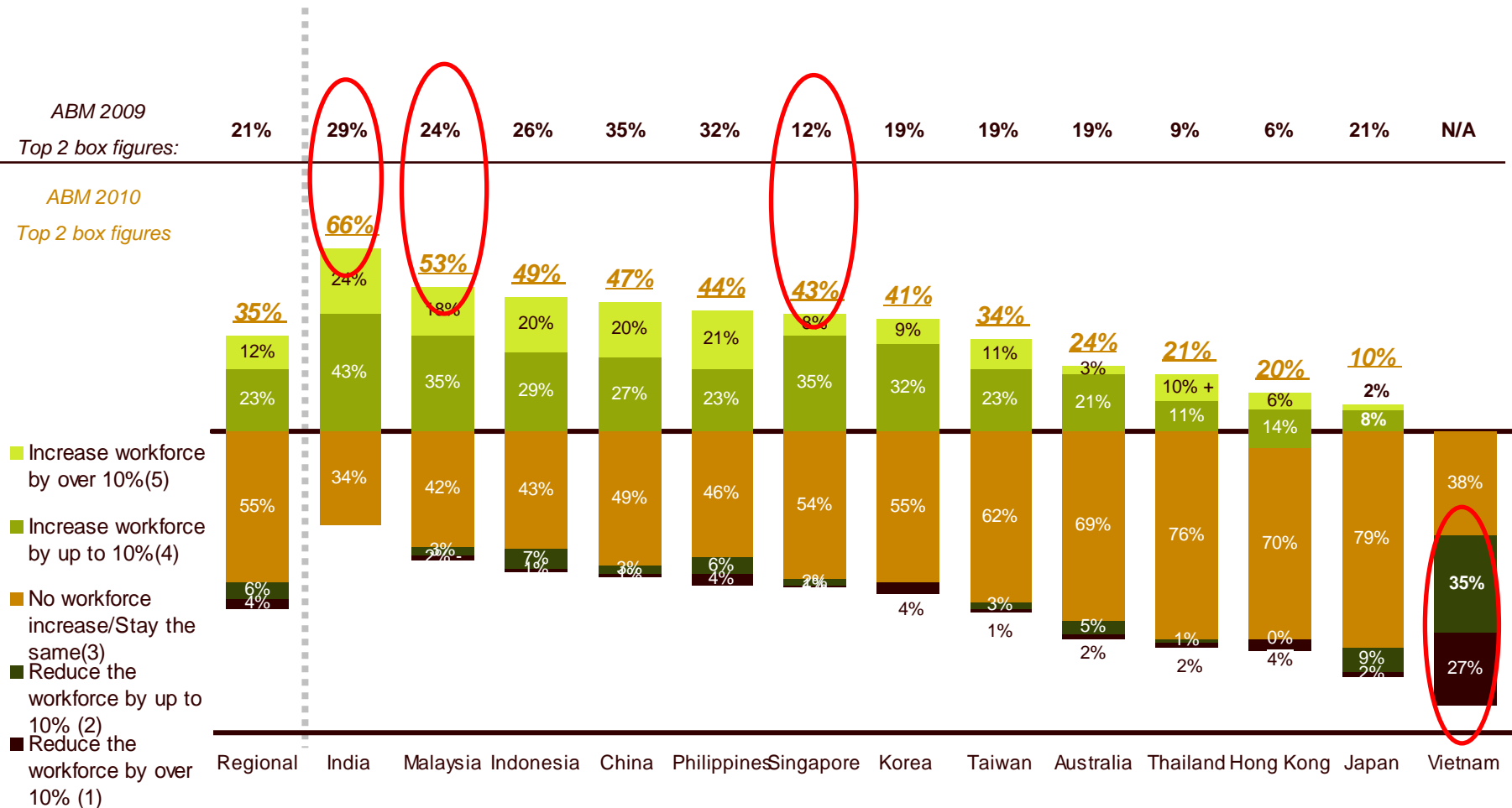
Q. Looking specifically at opportunities for SMEs in your country in 2010 versus 2009, what level of opportunities do you see for your business in 2010? Would you say there are....



Q. Which of the following problems have you encountered in financing your business?

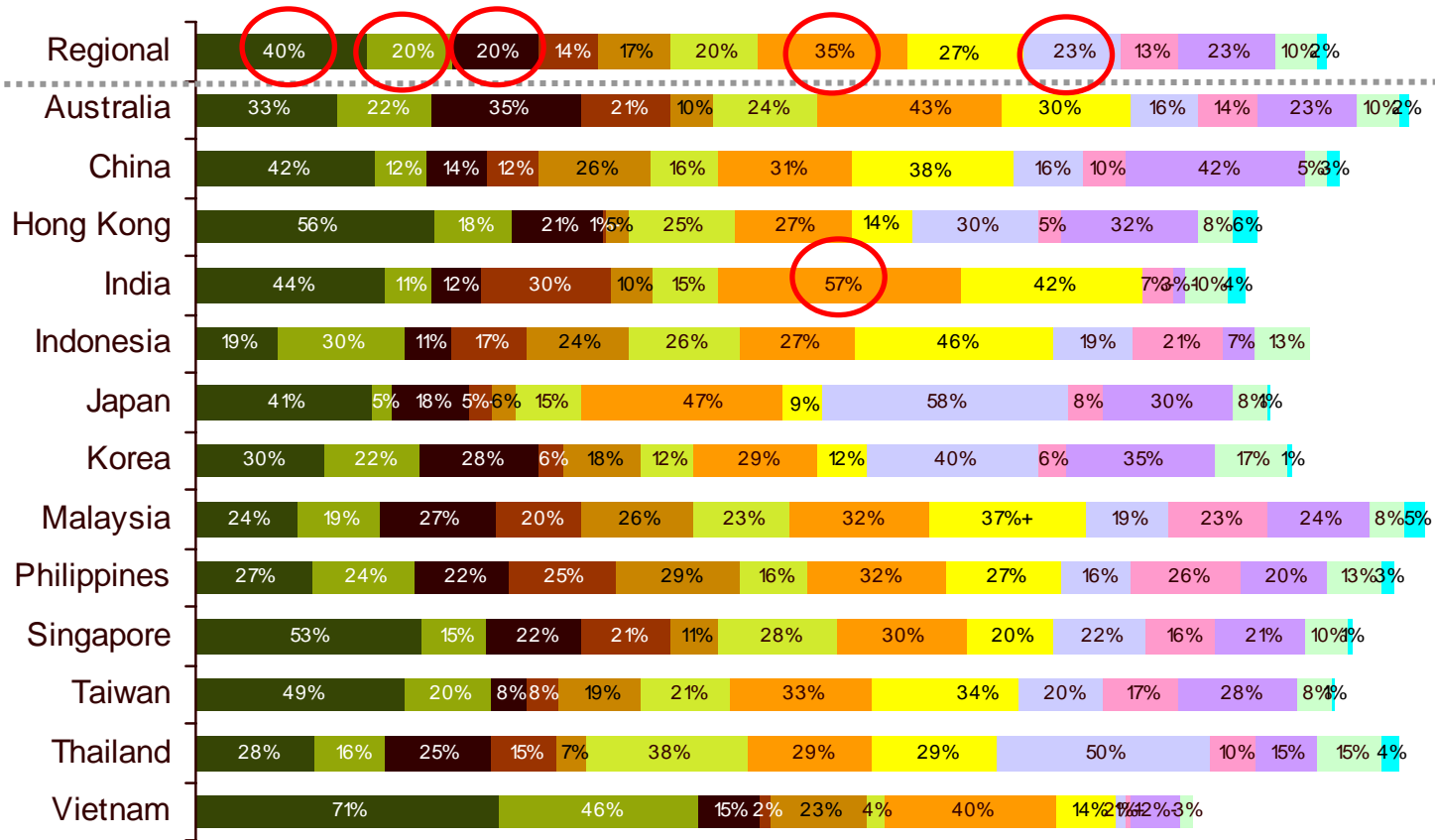


Q. In 2010, what workforce projection do you have for your company?



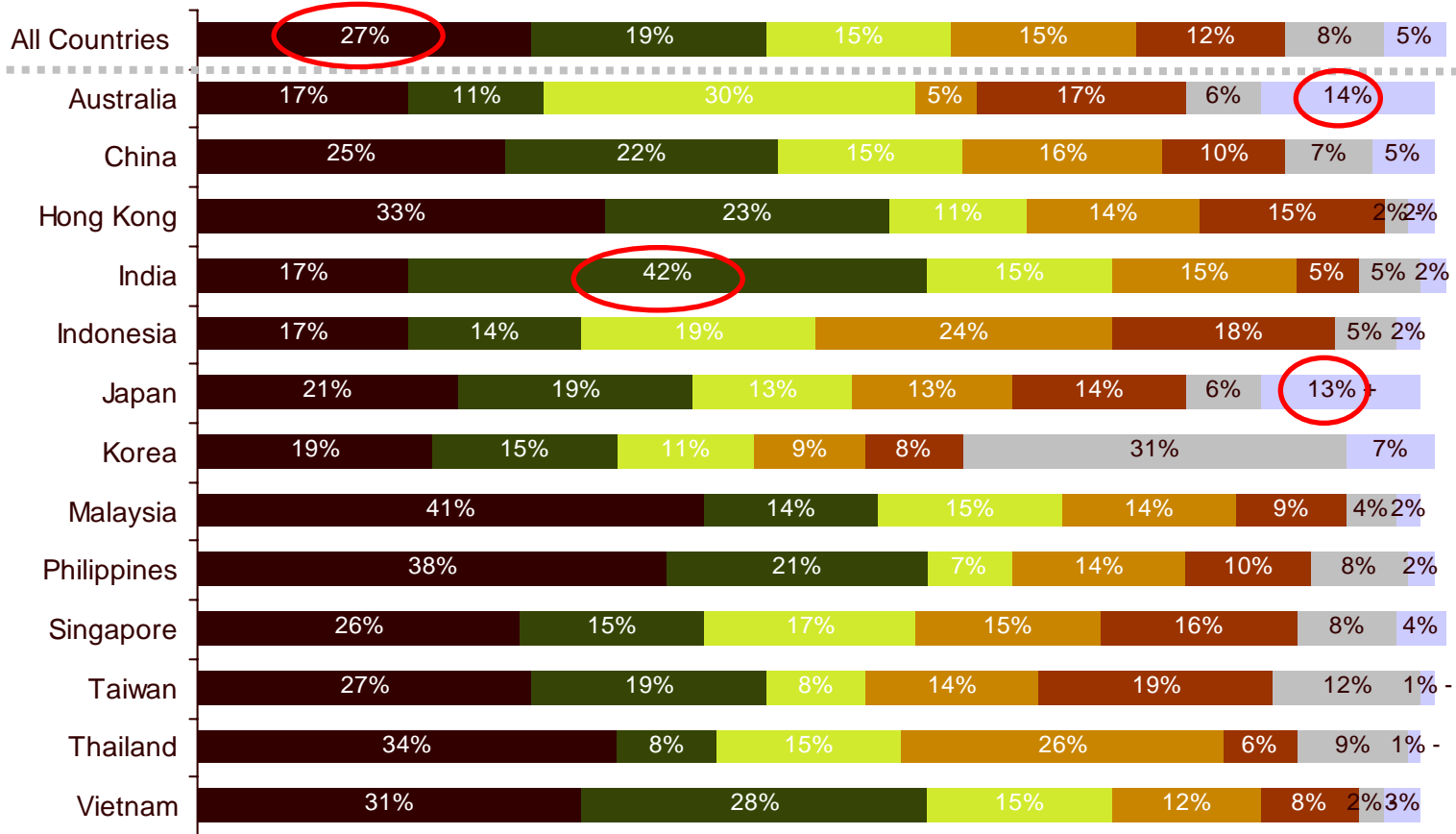
**Despite the renewed confidence,
money is still an issue**

Q. What are your most pressing business concerns in 2010?



- Costs
- Interest rate hikes
- Debt/Cash flow
- Availability of credit
- Business infrastructure
- Skills shortages
- Competition
- Government legislation and taxation
- Industry downturn
- International trade conditions
- Staff retention and remuneration
- Inability to meet demand
- Other

Q. Do you see supply chain management as:



■ A means to cut cost

■ A competitive advantages

■ A means to maintain control through visibility of the supply chain

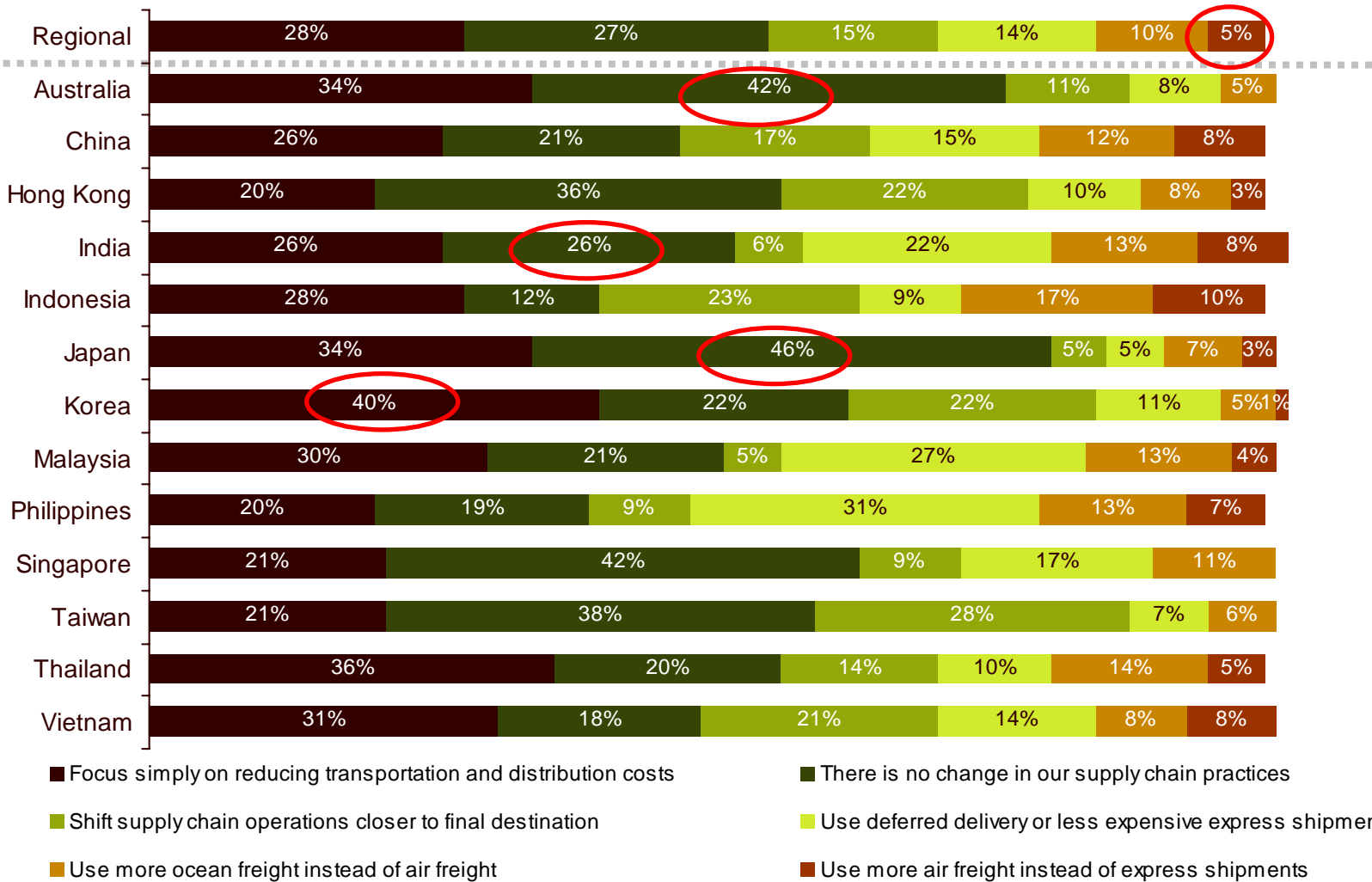
■ Not a necessity to business success

■ A method for quality assurance

■ A method to benefit consumers (efficiency, transfer of cost benefits, etc)

■ A means to forecast demand

Q. What changes are needed in your supply chain practices to support future growth?

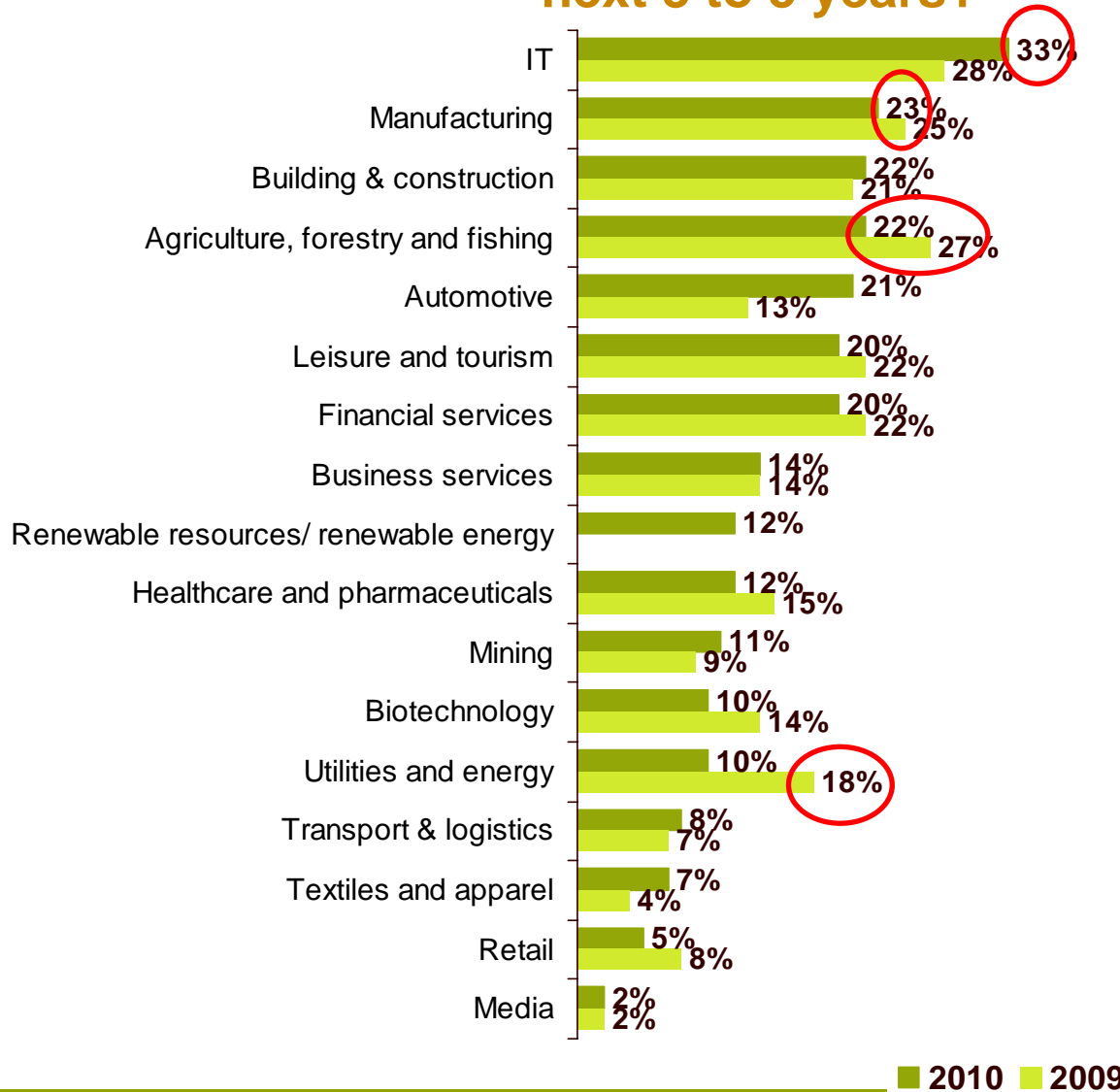


Still feeling the heat, SMEs are looking for new options

Q. Which three industry sectors will present the biggest growth opportunities for SMEs in Asia in 2010?

%	IT	Manufacturing	Automotive	Building & construction	Agriculture forestry and fishing	Leisure and tourism	Financial services	Business services	Health-care	Renewable resources/renewable energy	Biotechnology	Textiles and apparel	Utilities and energy	logistics	Mining	Retail	Media
All Markets (2010)	37%	26%	20%	20%	17%	16%	15%	14%	12%	11%	11%	10%	10%	9%	8%	7%	3%
(2009)	27%	23%	7%	18%	26%	14%	10%	17%	23%	N/A	13%	6%	19%	7%	5%	13%	4%
Australia	14%	19%	4%	19%	10%	16%	13%	18%	7%	18%	3%	1%	2%	6%	54%	3%	3%
China	42%	32%	10%	23%	5%	21%	14%	14%	6%	14%	5%	9%	14%	11%	5%	5%	1%
Hong Kong	20%	15%	2%	10%	2%	24%	53%	17%	8%	11%	11%	6%	3%	17%	1%	23%	4%
India	52%	37%	35%	33%	28%	1%	12%	13%	25%	0%	3%	25%	6%	18%	3%	3%	3%
Indonesia	22%	7%	29%	9%	57%	21%	8%	5%	5%	6%	1%	37%	2%	7%	17%	5%	1%
Japan	33%	35%	45%	10%	8%	4%	5%	5%	9%	25%	13%	3%	8%	3%	2%	9%	2%
Korea	62%	23%	29%	17%	5%	6%	6%	4%	5%	19%	24%	3%	11%	3%	1%	0%	9%
Malaysia	41%	35%	15%	22%	14%	20%	16%	27%	16%	5%	20%	0%	15%	7%	2%	4%	3%
Philippines	48%	39%	8%	26%	21%	11%	3%	27%	13%	11%	6%	5%	9%	11%	3%	14%	5%
Singapore	19%	38%	6%	24%	8%	26%	20%	16%	38%	10%	19%	2%	19%	11%	3%	11%	3%
Taiwan	67%	17%	14%	12%	9%	17%	18%	21%	12%	19%	43%	4%	10%	6%	2%	1%	3%
Thailand	22%	14%	36%	5%	40%	13%	1%	5%	8%	5%	1%	23%	30%	8%	2%	5%	0%
Vietnam	36%	22%	26%	53%	18%	28%	19%	10%	9%	1%	3%	14%	4%	4%	6%	4%	5%

Q. Given the changes in the financial services sector, which three industries will be the key economic pillars for your country over the next 3 to 5 years?



SMEs on learning to leverage the playing field

Q. What can SMEs offer that big enterprises can't?

All Markets

Top 5 Mentions

More flexible/ flexibility	20%
Better services/ better quality/ Quality service	14%
Offer better prices/ cheaper rates	11%
Local/ Personalised/ Tailored service	8%
Faster services/ prompt services/ quicker services	8%

Australia

Top 5 Mentions

Local/ Personalised/ Tailored service	36%
Better services/ better quality/ Quality service	33%
More flexible/ flexibility	27%
Faster services/ prompt services/ quicker services	15%
Offer better prices/ cheaper rates	14%

China

Top 5 Mentions

More employment opportunity	30%
More flexible/ flexibility	19%
SME business helps the economy to improve better	17%
Target a niche market / Less Red Tape	13%
Offer better prices/ cheaper rates	11%

Hong Kong

Top 5 Mentions

More flexible/ flexibility	45%
Faster services/ prompt services/ quicker services	17%
Better services/ better quality/ Quality service	13%
Offer better prices/ cheaper rates	9%
Target a niche market / Less Red Tape	7%

India

Top 5 Mentions

Better services/ better quality/ Quality service	24%
Offer better prices/ cheaper rates	19%
Local/ Personalised/ Tailored service	14%
More efficient than large company	12%
Faster services/ prompt services/ quicker services	11%

Indonesia

Top 5 Mentions

More efficient than large company	10%
Offer better prices/ cheaper rates	9%
More employment opportunity	8%
Better services/ better quality/ Quality service	7%
Able to give credit/ Longer Credit terms	6%

Japan

Top 5 Mentions

More flexible/ flexibility	40%
Faster services/ prompt services/ quicker services	20%
Target a niche market / Less Red Tape	17%
Artisan skills	15%
Better services/ better quality/ Quality service	13%

Korea

Top 5 Mentions

Using higher technology/ following the latest technology	10%
Target a niche market / Less Red Tape	10%
Better services/ better quality/ Quality service	6%
Local/ Personalised/ Tailored service	6%
Offer better prices/ cheaper rates	5%

Malaysia

Top 5 Mentions

Offer better prices/ cheaper rates	18%
Better services/ better quality/ Quality service	12%
Local/ Personalised/ Tailored service	6%
Give you innovative/ creative ideas/ solutions	6%
Target a niche market / Less Red Tape	5%

Philippines

Top 5 Mentions

Offer better prices/ cheaper rates	15%
Better services/ better quality/ Quality service	10%
More flexible/ flexibility	9%
Local/ Personalised/ Tailored service	7%
Give you innovative/ creative ideas/ solutions	4%

Singapore

Top 5 Mentions

More flexible/ flexibility	27%
Better services/ better quality/ Quality service	20%
Local/ Personalised/ Tailored service	16%
Faster services/ prompt services/ quicker services	14%
Offer better prices/ cheaper rates	12%

Taiwan

Top 5 Mentions

More flexible/ flexibility	40%
More employment opportunity	8%
Give you innovative/ creative ideas/ solutions	7%
Local/ Personalised/ Tailored service	5%
Available of new product/ new product development/ has own patent	3%

Thailand

Top 5 Mentions

More flexible/ flexibility	26%
Better services/ better quality/ Quality service	17%
More efficient than large company	9%
SME business helps the economy to improve better	7%
Faster services/ prompt services/ quicker services	7%

Vietnam

Top 5 Mentions

Better services/ better quality/ Quality service	31%
Offer better prices/ cheaper rates	26%
More flexible/ flexibility	11%
Faster services/ prompt services/ quicker services	8%
With lower operational cost, SMEs are able to produce more	8%

Q. How can SMEs outcompete the big corporations?

All Markets

Top 5 Mentions

Better services/ better quality/ Quality service	18%
Offer better prices/ cheaper rates	14%
More flexible/ flexibility	9%
Give you innovative/ creative ideas/ solutions	7%
Faster services/ prompt services/ quicker services	5%

Australia

Top 5 Mentions

Better services/ better quality/ Quality service	45%
Local/ Personalised/ Tailored service	34%
Offer better prices/ cheaper rates	20%
More flexible/ flexibility	16%
Faster services/ prompt services/ quicker services	12%

China

Top 5 Mentions

More flexible/ flexibility	25%
Offer better prices/ cheaper rates	23%
Better services/ better quality/ Quality service	22%
Give you innovative/ creative ideas/ solutions	15%
Target a niche market / Less Red Tape	12%

Hong Kong

Top 5 Mentions

Better services/ better quality/ Quality service	19%
Offer better prices/ cheaper rates	15%
More flexible/ flexibility	13%
Give you innovative/ creative ideas/ solutions	10%
Faster services/ prompt services/ quicker services	10%

India

Top 5 Mentions

Better services/ better quality/ Quality service	13%
Can't be better than big enterprises	12%
Better Customer service	6%
More efficient than large company	6%
Offer better prices/ cheaper rates	5%

Indonesia

Top 5 Mentions

Better services/ better quality/ Quality service	18%
Give you innovative/ creatives ideas/ solutions	13%
Offer better prices/ cheaper rates	10%
More efficient than large company	8%
Opportunity for partnership/ United together/ Form union and association	6%

Japan

Top 5 Mentions

More specialised in specific area	24%
Artisan skills	13%
Better services/ better quality/ Quality service	12%
Give you innovative/ creative ideas/ solutions	12%
Can't be better than big enterprises	12%

Korea

Top 5 Mentions

Using higher technology/ following the latest technology	22%
Offer better prices/ cheaper rates	14%
Available of new product/ new product development/ has own patent	10%
Better services/ better quality/ Quality service	9%
Give you innovative/ creative ideas/ solutions	7%

Malaysia

Top 5 Mentions

Offer better prices/ cheaper rates	21%
Better services/ better quality/ Quality service	14%
More flexible/ flexibility	6%
Faster services/ prompt services/ quicker services	5%
Target a niche market / Less Red Tape	5%

Philippines

Top 5 Mentions

Offer better prices/ cheaper rates	18%
Better services/ better quality/ Quality service	12%
More efficient than large company	6%
Give you innovative/ creative ideas/ solutions	6%
Can't be better than big enterprises	3%

Singapore

Top 5 Mentions

Offer better prices/ cheaper rates	19%
Better services/ better quality/ Quality service	13%
More flexible/ flexibility	11%
Faster services/ prompt services/ quicker services	9%
Target a niche market / Less Red Tape	9%

Taiwan

Top 5 Mentions

Can't be better than big enterprises	24%
Available of new product/ new product development/ has own patent	22%
More flexible/ flexibility	11%
More specialised in specific area	4%
Better services/ better quality/ Quality service	3%

Thailand

Top 5 Mentions

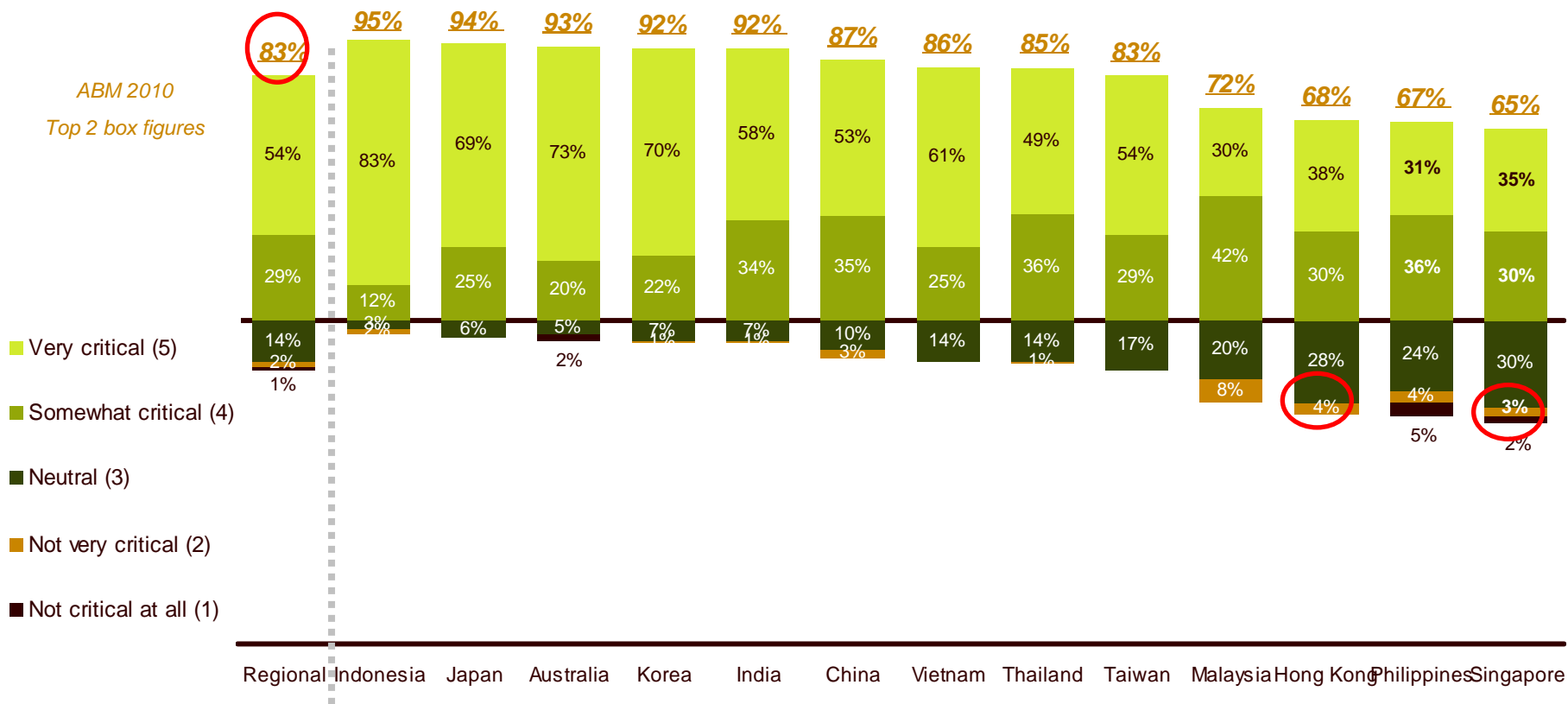
Better services/ better quality/ Quality service	22%
With lower operational cost, SMEs are able to produce more	9%
More flexible/ flexibility	8%
Offer better prices/ cheaper rates	7%
Able to give credit/ Longer Credit terms	4%

Vietnam

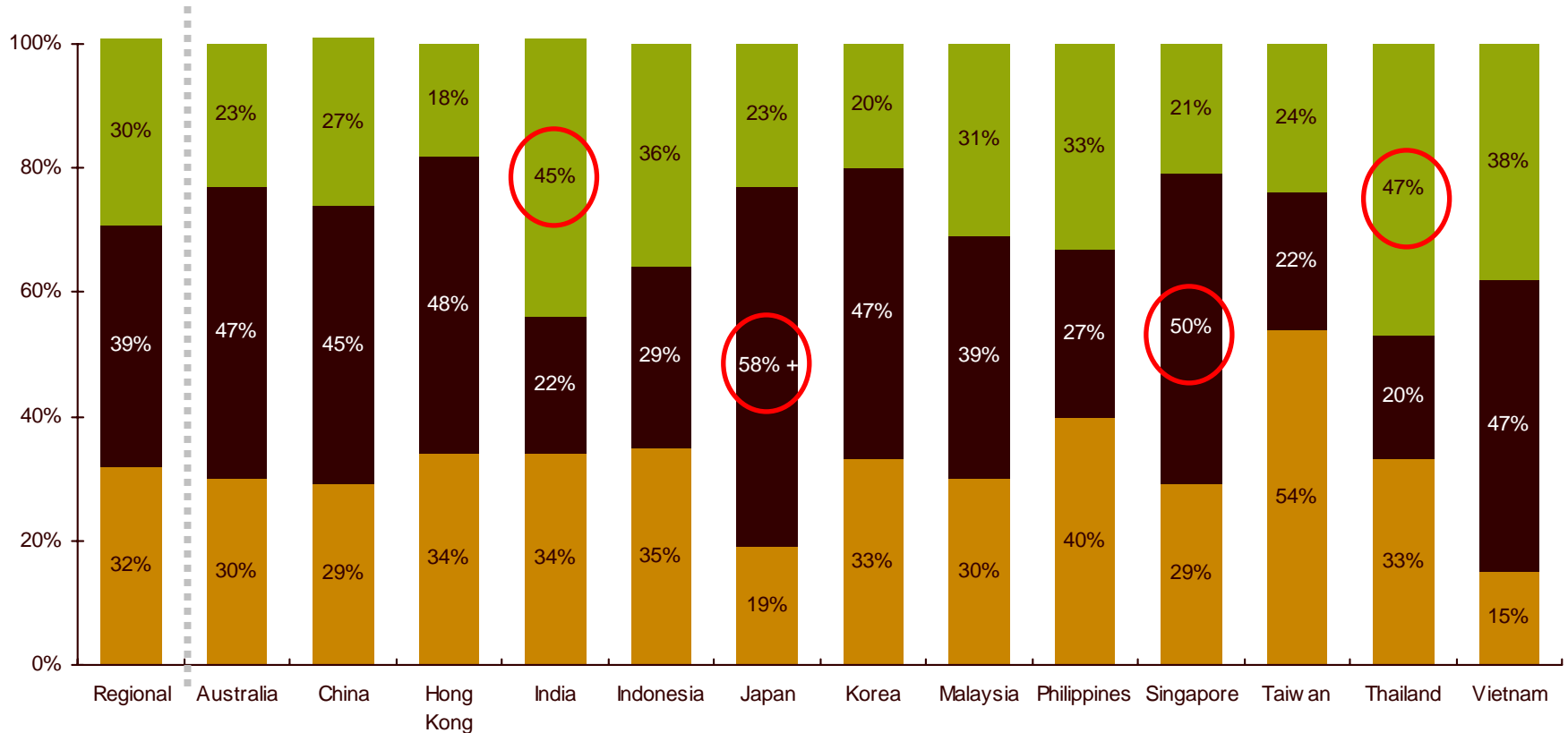
Top 5 Mentions

Better services/ better quality/ Quality service	31%
Opportunity for partnership/ United together/ Form union and association	29%
Offer better prices/ cheaper rates	17%
SME could penetrate the lower market	6%
With lower operational cost, SMEs are able to produce more	5%

Q. How critical are SMEs to the future of your country's economy?

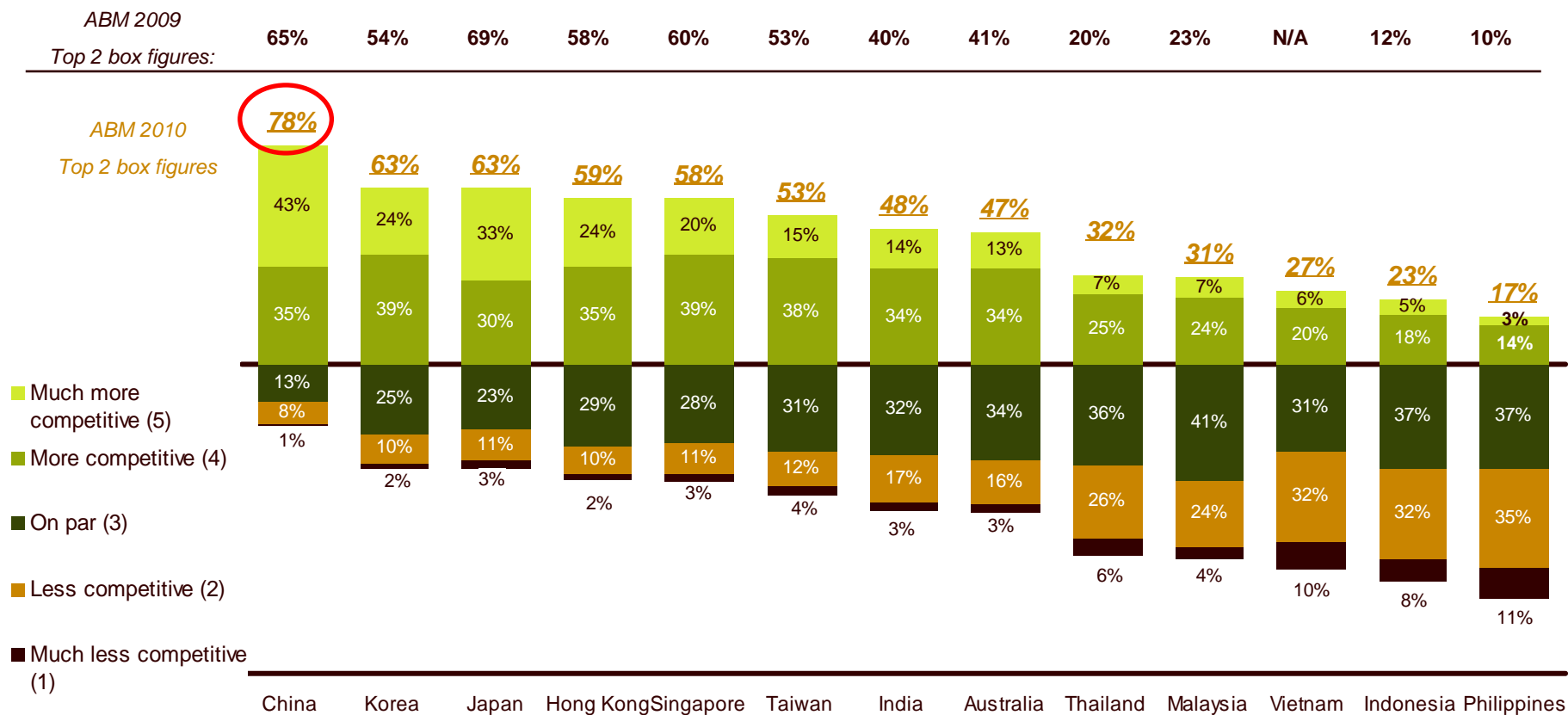


Q. Which of the following best describes your current thinking about your company and the environment?



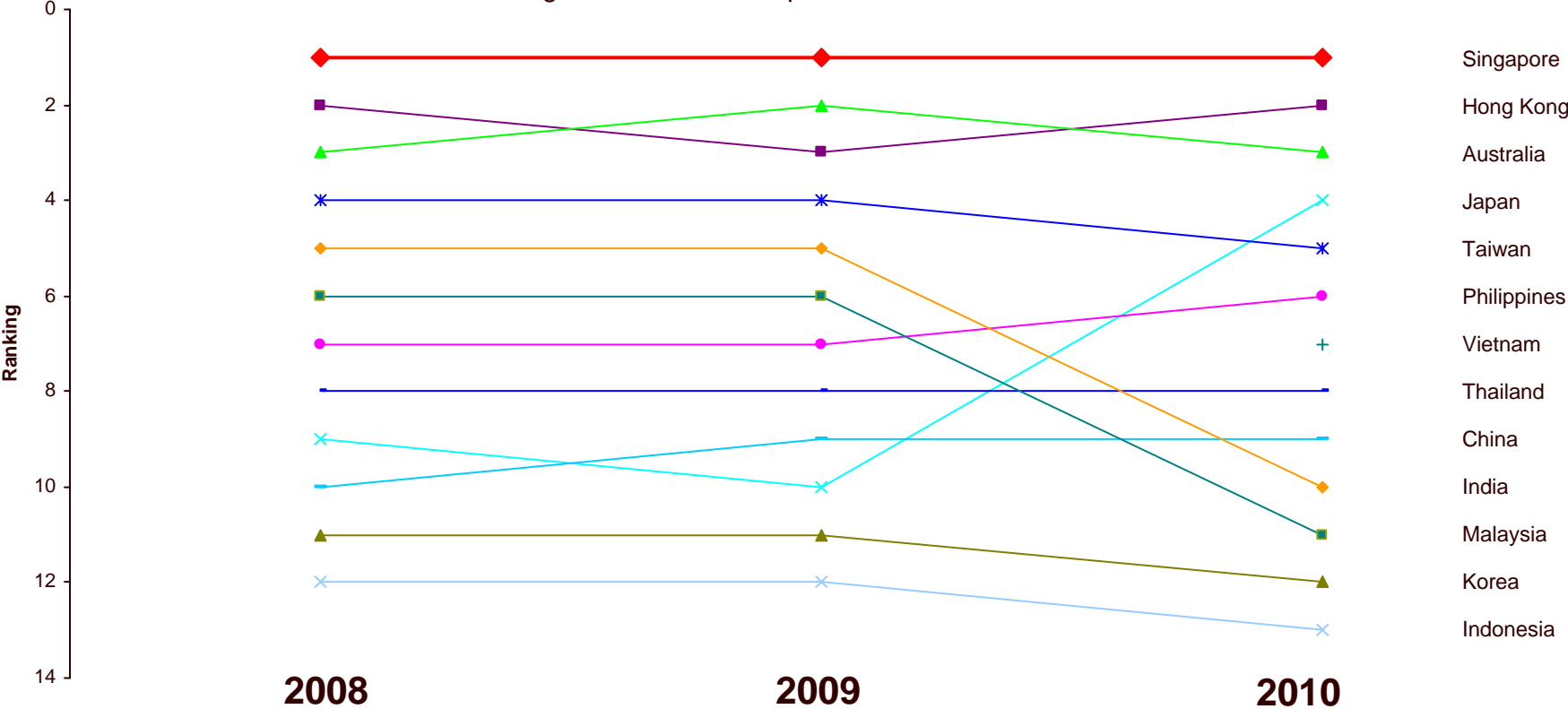
- I can achieve long-term cost savings by investing in environmentally conscious mechanisms today
- Investing in environmentally conscious mechanisms has a place - but not in my 2010 plans
- Investing in environmentally conscious mechanisms should be addressed by government and big businesses, not SMEs

Q. How would you rate SMEs in each of the following countries compared with SMEs in your own country?

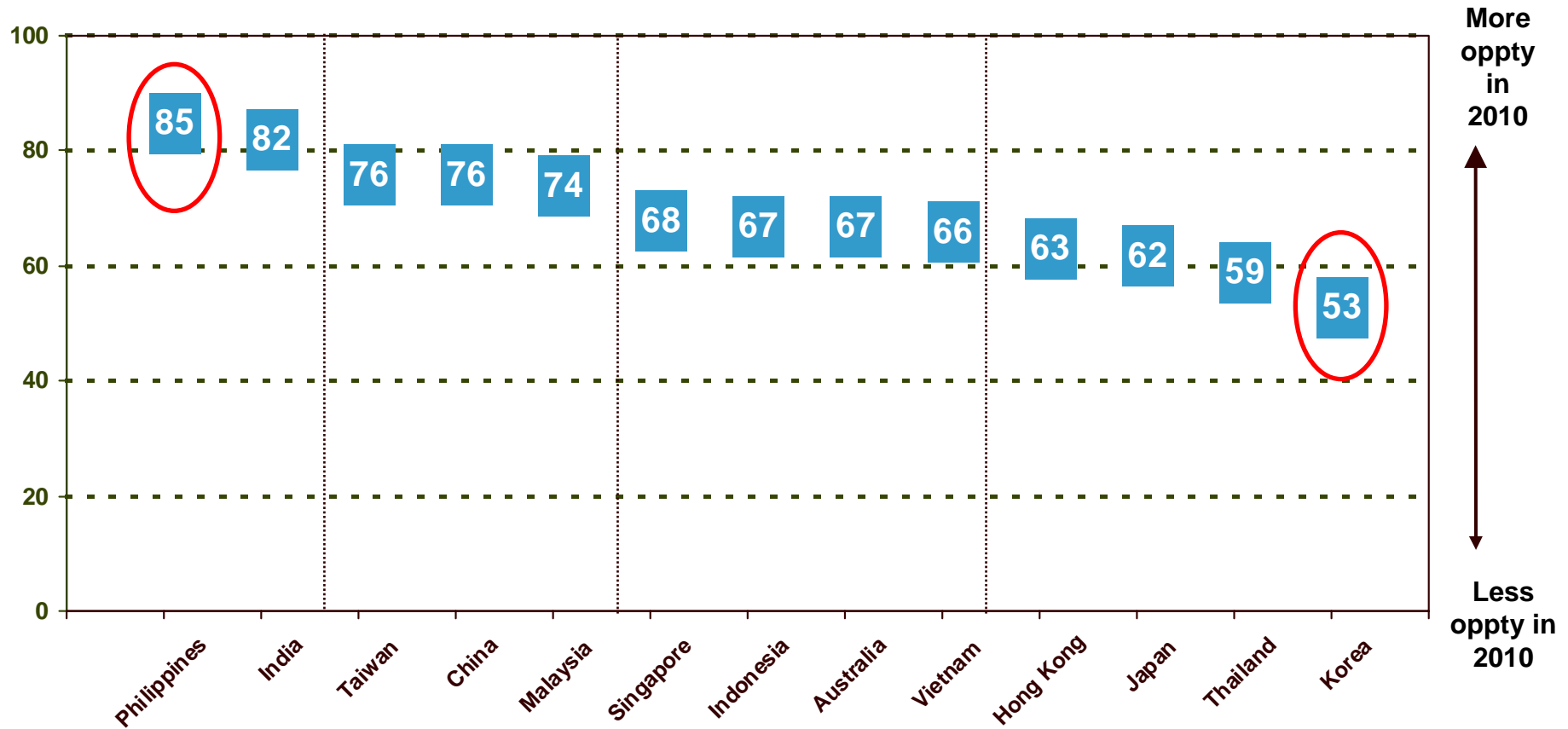


The Competitiveness Index

Ranking Order of SME Competitiveness Index since 2005



The Opportunity Index



THANK YOU!

