

## **BACKGROUND**

### **DIRECTIONAL EMPHASIS OF SECTOR**

Information Technology (IT) has been identified as a key pillar of growth for the economic and social development of Singapore. It is considered a strategic tool by which organizations can become more efficient, productive, and internationally competitive.

Broadly defined, IT consists of all types of software and hardware used to collect, store, process, package and disseminate information. Its application are wide ranging from consumer services (eg : computerized home banking) to the use of computer-aided design (eg : manufacturing sector).

The National Computer Board (NCB) has been given the task of promoting and developing the IT industry in Singapore. It works in close coordination with other government organizations like the Economic Development Board and Singapore Telecom.

In 1986, recognition of the importance of IT led to the formulation of a National Information Technology Plan (1986) which mapped out an integrated strategy to promote the use of IT by all sectors of the economy. Subsequently a series of action programs have been drawn up and are being implemented by the NCB and other agencies. The programs include :

- Introduction of fiscal and financial incentives to help encourage local companies to develop hardware and software products for export. The incentives also encourage leading companies in the world to use Singapore as a base for software R&D, regional technical support and training and operational headquarters' activities.
- Expansion of civil service computerization to set an example for the private sector to emulate.
- Expansion of IT by small and medium businesses through handholding assistance, consultancy grants, soft loans, and investment allowances under a Small Enterprise Computerization Programme.
- Implementation of tradenet (an Electronic Data Interchange [EDI] network to facilitate the movement of trade documents within Singapore and eventually between Singapore and its trade parties), Medinet (an EDI network within the hospital and medical community), and Globalink (an EDI network which provides trade information for local businesses and exporters).
- Upgrading of existing infrastructure of IT manpower through better training in areas such as communications and artificial intelligence.
- Promotion of an IT "culture" through public awareness programs.
- Establishment of IT research and development centers to carry out innovative research in the uses of IT systems.
- Continuation of investment in the information communication infrastructure by Singapore Telecom.

The government welcomes foreign investment, particularly in areas which will help enhance existing technological, management and labor skills. Tax incentives are available to firms which invest in high technology R&D activities resulting in high-value added software services. Similar tax incentives are also given to manufacturers of computer hardware and peripherals engaged in high levels of technology transfer.