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**15 December 2015** 

## SGX launches independent research paper on Digital sector

As part of its investor education efforts, Singapore Exchange (SGX) launched an independent research paper titled "Investing in Financial Technology and Consumer Digital Technology Companies" today. Conducted by independent research firm Frost and Sullivan, the paper commissioned by SGX aims to provide insights to enhance investors' understanding of the fast evolving digital sector.

Examples of key findings in this research include the surge in connected devices to 50 billion units globally in 5 years' time – the equivalent of ten connected devices per person. Another upcoming trend to watch is the rise of Big Data market which is experiencing exponential growth and set to reach US\$78 billion globally by 2020.

The paper also uncovers interesting insights from analysing the business models, key drivers and risks as well as valuation metrics of ten key digital sub-sectors, namely Internet of Things (IoT), wearables, social media, ecommerce, epayment, crowd funding, big data and predictive analytics, cyber security, data centre and cloud services and blockchain. Each of these sub-sectors will also be featured in a series of investor education seminars focusing on digital sector that SGX will roll out in 2016.

Mohamed Nasser Ismail, Head of SME Development & Listings, SGX, said, "We're seeing an increasingly vibrant digital sector in Singapore and investors getting more interested in these companies. The aim of the research paper is to better enable investors to understand the complexities and constantly changing nature of this sector and be better informed."

A copy of the research paper can be downloaded at <a href="www.sgx.com/digitalsector">www.sgx.com/digitalsector</a>. Please refer to Annex A for an infographic overview of the Financial Technology and Consumer Digital Technology Trends set out in the research paper.

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#### **About Singapore Exchange (SGX)**

Singapore Exchange is Asia's leading and trusted market infrastructure, facilitating the exchange of capital and ideas to create value for people, businesses and economies. As a multi-asset exchange operating equity, fixed income and derivatives markets to the highest regulatory standards, SGX is a vertically integrated business that provides listing, trading, clearing, settlement, depository and data services.

With about 40% of listed companies and 90% of listed bonds originating outside of Singapore as well as established linkages across the region and in Europe, SGX is Asia's most international and connected exchange. Offering a full suite of derivatives products across Asian equity indices, commodities and currencies, SGX is the

**Singapore Exchange** 

2 Shenton Way #02-02 SGX Centre 1 Singapore 068804 main: +65 6236 8888 world's most liquid offshore market for the benchmark equity indices of China, India, Japan and ASEAN.

The exchange was one of the first globally to adopt the Principles for Financial Market Infrastructure, the first and only central counterparty in the region to be fully approved by U.S. regulators as a Derivatives Clearing Organisation and a Foreign Board of Trade, and is recognised by European Union regulators for both securities and derivatives.

As Asia's pioneering central counterparty, SGX is globally recognised for its risk management and clearing capabilities. In 2015, SGX was awarded Derivatives Exchange of the Year by Asia Risk, Futures and Options World and Global Capital as well as Central Counterparty (CCP) of the Year by Asia Risk.

Headquartered in AAA-rated Singapore, SGX has over 700 employees including offices in Beijing, Hong Kong, London, Mumbai, Shanghai and Tokyo. For more information, please visit <a href="www.sgx.com">www.sgx.com</a>.

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TEN KEY TECHNOLOGY AREAS CREATING SIGNIFICANT VALUE FOR CONSUMER AND FINANCIAL SERVICES

**SCAN HERE TO READ** THE WHITE PAPER OR VISIT sgx.com/digitalsector



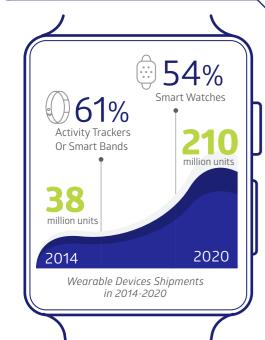
**INTERNET OF THINGS** 



globally by 2020 that's approximately

CONNECTED **DEVICES/PERSON** 

**2** WEARABLES



Value Drivers	Key Risks
Device Appeal & Cost	Device Acceptance
Customer Traction	Technology Obsolescence and Changing Market Preference
Application & Device Ecosystem	Competition
IPRs & R&D Capability	

**3** SOCIAL NETWORK

## **Emerging Social Media Platforms**



Microblogging Sites that allow instant broadcast of short text, photographs and multimedia posts to a large audience or selected friends.

**Texting** Several text messaging platforms come with more privacy features such as self-destructing messages, time-limited pictures and anonymous posts.

#### Chatting & Dating

New-generation mobile dating (or location-based) apps offering users an ever-increasing range of options.



Location-based, Query, Entertainment Find locations of interest based on

recommendations, post news to be shared with those nearby or pose a question to a pool of users.

## **ECOMMERCE**



### **Value Drivers**

Scale & Funding

**Customer Stickiness** & Growth

Potential Market

EBITDA Margin & Working Capital

#### **Key Risks**

Viability of Business Model & Funding Availability

Not Reaching Eventual Profitability or Cash Flow

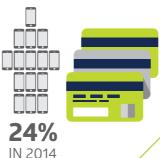
New Competitors and Business Models

Technological & Market Obsolescence

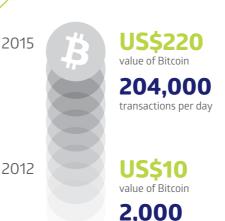
# **BLOCKCHAIN**

The increasing penetration of smartphones, at 24% of the global population in 2014, is influencing the growth of mobile payments.

**EPAYMENT** 





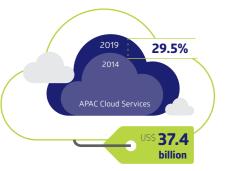


# **DATA CENTRE & CLOUD SERVICES**

Frost & Sullivan estimates the global Data Centre & Cloud Services market to be valued more than US\$42 billion in 2014, a growth of 17.0% over 2013.







Software-as-a-service is the largest cloud segment with an estimated global market size of around US\$37.4 billion in 2014 as per Frost & Sullivan. Growth rate in APAC from 2014 to 2019 is projected at 29.5%.

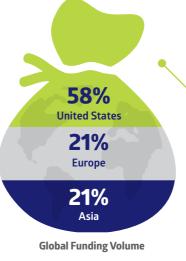
# **CROWDFUNDING**

transactions per day

#### **Funding Volume Raised** Via Crowdfunding

Based on 2014 statistics, Asia is recording exponential growth in the crowdfunding market contributing 21% to the global funding volume.

Blobally, an estimated JS\$**87.000** is raised every hour



2015

Security spending set

to grow in the

banking & finance

# US\$36.9 billion

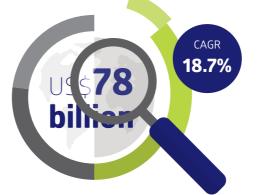
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**CYBER SECURITY** 

2024

Value Drivers	Key Risks
Existing Installed Base	Technological Obsolescence
Technological Edge & Efficacy	Competition
Completeness of Solution	Security Breach Event

**BIG DATA & PREDICTIVE ANALYSIS** 



The global Big Data market is experiencing exponential growth, to reach US\$78 billion by 2020, growing at a CAGR of 18.7% for the period of 2014-2020.

## **Valuation Metrics for Big Data Companies in Different Stages**

Early Stage	Growth Stage	Late Stage
Number of software downloads	Sustainable revenue model and growth	Sustainable revenue model and growth
Active Users	Number of licences	EBITDA margin
Growth		Cash flow