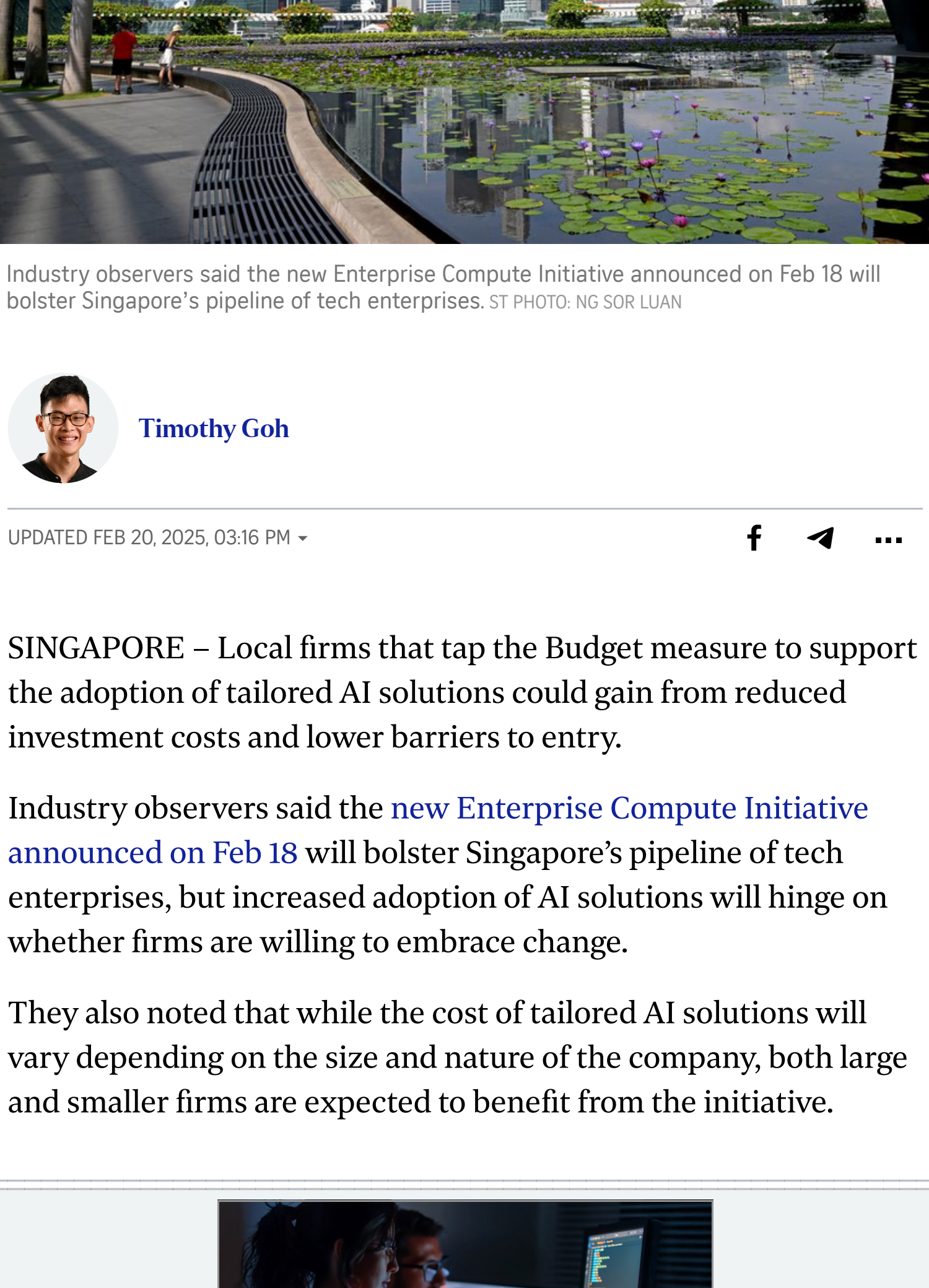


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# S'pore firms poised to benefit from Budget 2025 AI initiative: Observers

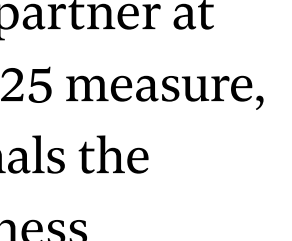


Industry observers said the new Enterprise Compute Initiative announced on Feb 18 will bolster Singapore's pipeline of tech enterprises. ST PHOTO: NG SOR LUAN



**Timothy Goh**

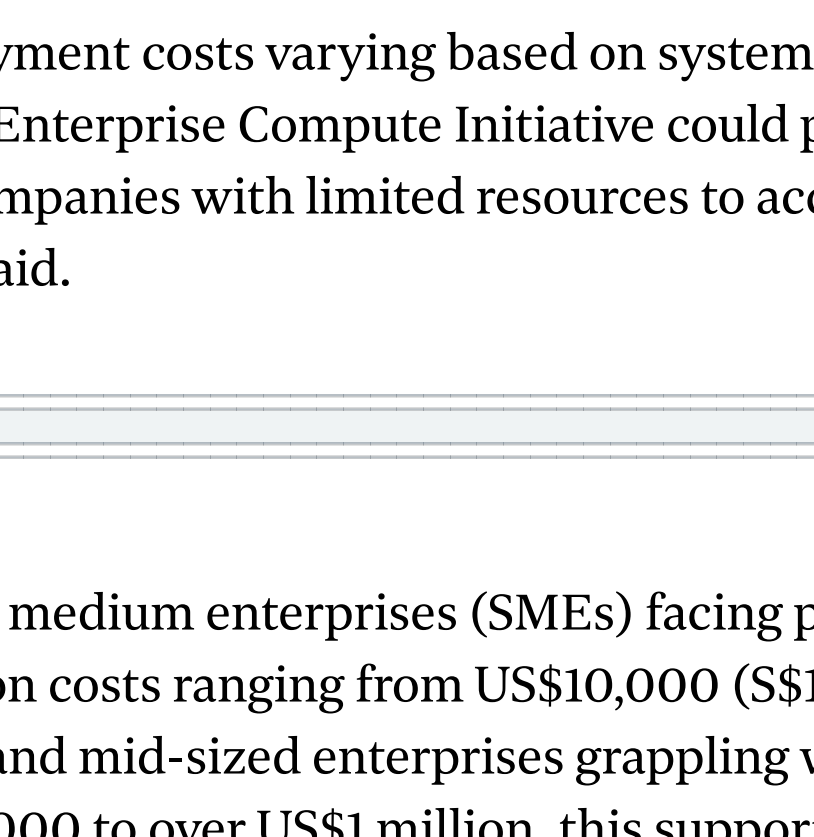
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SINGAPORE – Local firms that tap the Budget measure to support the adoption of tailored AI solutions could gain from reduced investment costs and lower barriers to entry.

Industry observers said the **new Enterprise Compute Initiative announced on Feb 18** will bolster Singapore's pipeline of tech enterprises, but increased adoption of AI solutions will hinge on whether firms are willing to embrace change.

They also noted that while the cost of tailored AI solutions will vary depending on the size and nature of the company, both large and smaller firms are expected to benefit from the initiative.



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Mr Lyon Poh, head of corporate transformation and partner at professional services firm KPMG, said the Budget 2025 measure, which will receive up to \$150 million in funding, signals the country's commitment to fostering an AI-ready business ecosystem.

"This initiative is poised to reduce barriers such as investment costs and technical expertise gaps, empowering enterprises to experiment with AI and integrate it into their workflows," he added.

Mr Poh also noted that achieving widespread AI adoption among companies in Singapore will require more than financial incentives, noting: "It necessitates a fundamental shift in mindset among business leaders."



"Singapore's leadership must champion a future-forward approach to ensure businesses gain the confidence and capability to undertake AI-driven transformations at scale."

Mr Shashank Sharma, senior director of digital experience for South-east Asia and Korea at Adobe, said the initiative would be a "critical catalyst" for large enterprises looking to invest in innovation and remain competitive.

With AI deployment costs varying based on system complexity and scale, the Enterprise Compute Initiative could provide crucial support for companies with limited resources to accelerate AI adoption, he said.

"For small and medium enterprises (SMEs) facing potential AI implementation costs ranging from US\$10,000 (\$\$13,400) to US\$200,000, and mid-sized enterprises grappling with figures from US\$200,000 to over US\$1 million, this support might be the difference between participating in the AI revolution and being left behind," Mr Sharma added.

Prime Minister Lawrence Wong noted in his Budget statement that firms can adopt ready-made solutions like AI-powered analytics and digital marketing tools, but beyond a certain stage, they will need AI solutions tailored to their needs and integrated into their business processes and systems.

This is why eligible enterprises will be able to partner with major cloud services to access AI tools and computing power, as well as consultancy services.

The Straits Times understands that more details on the initiative will be announced during the Ministry of Trade and Industry's budget debate.

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Ms Phoebe Poon, vice president of product management at Temasek-backed tech company Aicadium, highlighted that AI implementation is not a one-size-fits-all process.

She said that every company must consider its unique needs, industry landscape and existing digital infrastructure, while the cost of deploying AI solutions can vary significantly.

"Some businesses may benefit from off-the-shelf AI tools, while others may require more customised solutions involving specialised expertise and infrastructure investments," Ms Poon noted.

"As AI continues to evolve, we believe that this initiative will help local enterprises gain access to the right support and expertise, ultimately maximising its impact across industries."

Mr Luke Soon, digital assets leader at PwC Singapore, said the Government's commitment towards enterprise AI adoption is a "timely and strategic move".

"As AI becomes a critical driver of business innovation, this initiative will empower enterprises – especially SMEs – to access the necessary compute power, AI tools and expert guidance to stay competitive," he added.

Companies told The Straits Times that they are keen to be part of the Compute Enterprise Initiative, while tech firms, including cloud providers, welcomed the opportunity to partner with them.

Mr Alex Chan, chief executive of video software start-up Babbobox, said his firm is exploring "more advanced" AI solutions, which are expected to cost between \$15,000 and \$30,000 a year.

"We welcome the benefits of this initiative, but the key questions are whether our company and chosen solutions qualify, and which cloud providers we can partner with," he added.

Mr Jeffrey Tiong, founder and chief executive of Singapore-headquartered AI start-up Patsnap, said his firm is keen "explore" the initiative.

"We have invested tens of millions of dollars in building our AI capabilities; this initiative will help reduce our cost to further enhance our AI-powered solutions to IP and R&D teams of our customers," he said.

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Mr Tiong also noted that the overall business landscape in Singapore will benefit from the new scheme, as lower barriers to AI adoption will also benefit SMEs.

"Along with the advancement of models like Chinese chatbot DeepSeek, the cost of implementing AI solutions has significantly decreased, enabling more companies to leverage cutting-edge technology without prohibitive expenses," he added.

Mr Anand Nirgudkar, chief technology officer of local digital financing platform Funding Societies, said that the company wants to participate in this initiative.

"The initiative will serve as a strategic push toward advanced AI adoption, allowing businesses like ours to leverage high-performance AI infrastructure without the burden of heavy upfront costs," he said.

Mr Nirgudkar noted that it is crucial for Funding Societies to develop customer AI models for credit risk, analysing customer behaviour and monitoring real-time transactions.

"This means integrating AI to develop solutions in the areas of AML (Anti-Money laundering) and KYC (Know Your Customer) to strengthen compliance and security in financial transactions," he said.

Microsoft Singapore managing director Lee Hui Li said cementing Singapore's reputation as a hub for AI innovation is a shared focus for Microsoft and the Government.

The ST understands that Microsoft is one of the cloud providers that will be partnered with the eligible firms.

Ms Serene Sia, Google Cloud's country director for Singapore and Malaysia, said that the platform will be a part of the initiative.

Existing Google Cloud programs like the Google for Startups Accelerator: AI First Singapore, and Google Workspace with Gemini for SMEs run in close partnership with the Government and have already helped "hundreds" of companies, she said.

"By combining our resources with the nation's vision, we hope to create a thriving ecosystem where businesses of all sizes can harness the power of AI to innovate, compete and succeed." Ms Sia added.

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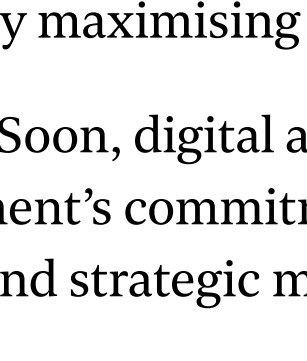
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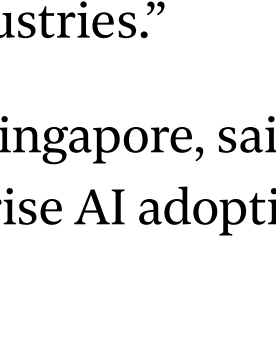
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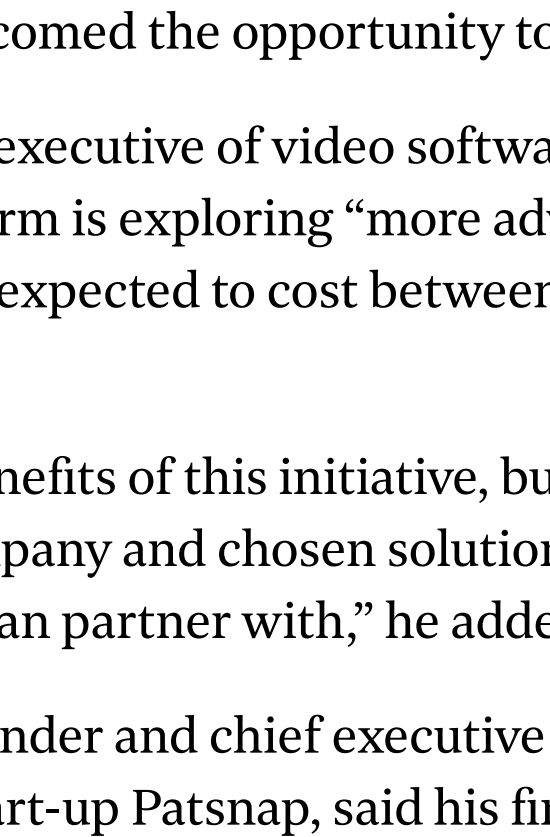
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