

APRIL 2017

# REPORT OF THE WORKING GROUP ON LEGAL & ACCOUNTING SERVICES



## 1.0 INTRODUCTION

### 1.1 Formation of Working Group on Legal and Accounting Services

1.1.1 On 1 October 2015, Prime Minister Lee Hsien Loong announced the establishment of the Committee on the Future Economy (CFE) to develop economic strategies to position Singapore well for the future.

1.1.2 Five Sub-Committees were formed under the Steering Committee to review various aspects of the economy, one of which was the Sub-Committee on Future Growth Industries and Markets. The Working Group on Legal and Accounting Services (Working Group) was established in February 2016 under this Sub-Committee with the following terms of reference:

“To develop vibrant and competitive legal and accounting services through:

- (i) Identifying key demand drivers and growth areas for legal and accounting services and making recommendations on strategies as well as the necessary capabilities to enable law and accounting firms to remain relevant, increase their exports of services, and seize opportunities abroad.
- (ii) Identifying potential disruptors, such as technology (e.g. automation, artificial intelligence), new business models, and new entrants, and assessing their impact on the legal and accounting services.
- (iii) Identifying skillsets needed for the sectors, including new skillsets to adapt to changes, and how Singapore can attract and develop talent for legal and accounting services.
- (iv) Identifying and recommending supporting infrastructure and services for the sectors.”

### 1.2 Key Thrusts of the Working Group’s Recommendations

1.2.1 The CFE has completed its work and released its report on 9 February 2017. The Committee identified seven mutually-reinforcing strategies to achieve the vision of enabling Singaporeans to be the pioneers of the next generation:

- (i) Deepen and diversify our international connections;
- (ii) Acquire and utilise deep skills;
- (iii) Strengthen enterprise capabilities to innovate and scale up;
- (iv) Build strong digital capabilities;
- (v) Develop a vibrant and connected city of opportunity;
- (vi) Develop and implement Industry Transformation Maps (ITMs); and
- (vii) Partner each other to enable innovation and growth.

1.2.2 The Working Group’s recommendations are in alignment with the CFE’s seven strategies and can be summarised under four key thrusts:

- (i) Strengthening global market position;
- (ii) Transforming the legal and accounting sectors;
- (iii) Building thought leadership; and
- (iv) Equipping legal and accounting professionals to be future-ready.

1.2.3 The report provides more details on the recommendations under each of the four key thrusts.

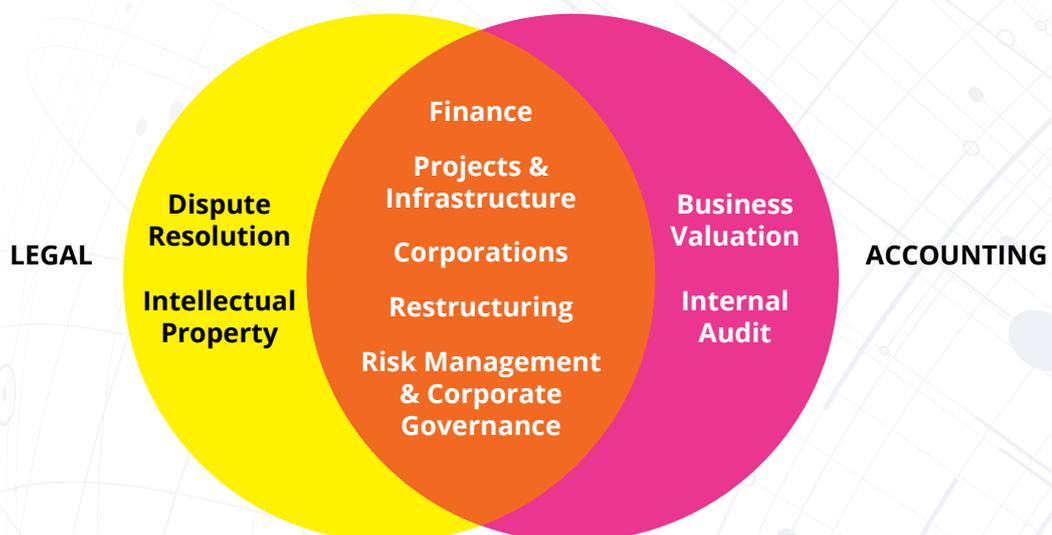
## 2.0 SINGAPORE AS A TRUSTED GLOBAL EXCHANGE FOR INTERNATIONAL COMMERCIAL TRANSACTIONS

### 2.1 Vision

- 2.1.1 The vision is for Singapore to serve as a trusted global exchange for financing, brokering, structuring and dispute resolution for international commercial transactions.
- 2.1.2 To perform this role, Singapore needs to establish a strong global market position for high value, specialised and cutting-edge legal and accounting services. Its law and accounting firms must be competitive, with top firms breaking new ground to become international and regional leaders. Practice leaders and professionals need to work closely with academics to establish Singapore as a leader in pioneering and setting standards for the region and the world. Finally, it needs a pool of future-ready professionals and leaders who are highly ethical, skilled, internationally connected, business-oriented, innovative, technologically savvy, and forward thinking.
- 2.1.3 Singapore is in a strong position to achieve this, and its operating context provides opportunities for it to do so. Asia's position as the engine of growth for the global economy has intensified in recent years. Today, it accounts for about 40% of the world's GDP – up from 25% in 1990 – and contributes about two-thirds of global economic growth.<sup>1</sup> As a member of key regional trade agreements, including the ASEAN Economic Community (AEC) and the Regional Comprehensive Economic Partnership (RCEP), Singapore is at the heart of this activity.
- 2.1.4 Singapore is also an international hub for business, finance, commodities, shipping and trading. The deals that are transacted through Singapore as a hub serve as a demand base for legal and accounting services.

### 2.2 High Growth Practice Areas

- 2.2.1 The Working Group has identified nine high growth practice areas for the region which can help drive the demand for Singapore's legal and accounting services. More than half present opportunities for both the legal and accounting sectors.



<sup>1</sup> Rhee, Changyong. "Asia Is the Growth Engine in Turbulent times." Khaleej Times, 09 Mar 2016. Web. Accessed 19 Sep 2016.

## 3.0 RECOMMENDATIONS

### 3.1. Overview

3.1.1 The nine high growth practice areas present opportunities for Singapore's legal and accounting sectors to become globally recognised. All stakeholders in the legal and accounting sectors – law and accounting firms, industry associations, institutes of higher learning (IHLs), businesses, and the Government - need to work in concert to entrench Singapore's position as Asia's leader for legal and accounting services.

### 3.2 Strengthening Global Market Position

#### Capturing international demand for legal and accounting services

3.2.1 Singapore's legal and accounting sectors should leverage the growth opportunities presented and capture international demand for these services. This will grow high-value activities in Singapore, thereby generating opportunities for Singapore-based law and accounting firms and creating good jobs for professionals in these sectors.

3.2.2 To become the go-to location for international commercial transactions, the Working Group recommends the following initiatives:

- (i) Developing and implementing specific strategies to capture work in the identified high growth areas.
- (ii) Integrating efforts across private sector players, law and accounting<sup>2</sup> and other business/industry associations, and Government agencies to capture demand in identified high growth areas.
  - a) Inter-agency programmes should be set up to coordinate strategies to capture growth opportunities, and strengthen and promote the identified high growth areas.
- (iii) Building capabilities and competencies to better respond to demand.
  - a) Law and accounting and other business/industry associations to organise thematic seminars on identified high growth areas for lawyers, accountants and clients to encourage the exchange of information on business opportunities and develop capabilities needed by law and accounting firms.
  - b) Law and accounting associations to engage clients on a regular basis to identify the new capabilities needed by law and accounting firms, and publish findings.

#### Catalysing internationalisation of law and accounting firms

3.2.3 As Singapore develops strategies to attract international commercial transactions, its law and accounting firms should also venture out and seize opportunities abroad. This will allow Singapore to capture a greater share of international demand for legal and accounting services.

<sup>2</sup> Law and accounting associations include associations in the legal sector (e.g. Law Society of Singapore; Singapore Academy of Law), and associations in the accounting sector (e.g. Institute of Singapore Chartered Accountants).

3.2.4 To catalyse internationalisation of law and accounting firms, the Working Group recommends the following initiatives:

- (i) Working with local firms, as well as law, accounting, and other business/industry associations to access opportunities and build inroads into overseas markets through deeper engagement with local governments, international organisations and potential business partners.
- (ii) Encouraging law and accounting firms to work with companies from other sectors to internationalise by leveraging trade missions and business and networking platforms as well as bringing together law and accounting firms with clients for overseas projects.

### 3.3 Transforming Legal and Accounting Sectors

#### Spurring growth and productivity of small and medium-sized law and accounting firms

3.3.1 Every firm, large or small, should develop a growth strategy, transform to move up the value chain. Support should be provided to help medium-sized firms explore growth opportunities, including developing a niche specialisation and/or moving into higher value work.

3.3.2 To aid medium-sized firms develop the necessary competencies, it is recommended that:

- (i) Law and accounting and other business/industry associations work with IHLs and other partners to conduct courses and events on identified high growth areas to encourage medium-sized law and accounting firms to specialise and/or move into higher value work.

3.3.3 Small law and accounting firms should leverage technology to stay competitive and build a sustainable practice. Adoption of technology enhances productivity which allows firms to concentrate resources on higher value work.

3.3.4 To strengthen technology adoption among small law and accounting firms, a key proposal is:

- (i) Increasing awareness and adoption of technology to enhance productivity.
  - a) Law and accounting associations to engage technology consultants who can work with small law and accounting firms to identify and recommend suitable technology solutions and facilitate hands-on learning.
  - b) Law and accounting associations to aggregate demand for technology software for members.

#### Fostering a culture of pervasive and collaborative innovation

3.3.5 Trends such as the increasing pace of technology developments, growing sophistication of client demand and rising competition from non-traditional service providers are reshaping Singapore's legal and accounting sectors. These trends pose both challenges and opportunities to traditional law and accounting firms. For example, certain types of work traditionally undertaken by incumbents are increasingly carried out by alternative service providers such as technology solution providers and legal process outsourcing firms. This will result in increased competition. To succeed, law and accounting firms need to innovate to deliver services faster, smarter and at cost competitive rates.

3.3.6 Innovation can come in two main forms – technology innovation and business model innovation.

3.3.7 Technology is changing the process and delivery of legal and accounting services. Leveraging technology enables firms to not only enhance productivity – such as automating repetitive tasks – but also provide additional value to clients. Law and accounting firms which fail to take advantage of technology and do not adapt to new realities risk losing market share to more forward thinking practices or may even be replaced by technology solution providers altogether. To enable technology adoption, the Working Group recommends:

- (i) Developing national platforms for advanced search and analytics for law and accounting firms.
  - a) Creating and curating open Application Programme Interfaces (APIs) for companies, start-ups and other interested parties to access national platforms to promote the development of innovative and intelligent solutions.
  - b) Enhancing LawNet, e.g. with semantic technology.
  - c) Developing or customising audit software that can be adopted by small and medium-sized accounting firms.
  - d) Developing cloud-based IT platforms for SMEs to perform accounting, enterprise resource planning and human resource administration functions.
- (ii) Improving accessibility of non-confidential data to companies for research and innovation.

3.3.8 Business model innovation presents opportunities to traditional law and accounting firms to meet their clients' need for fuller services in a variety of disciplines. The Big Four accounting firms have diversified their businesses and have expanded beyond audit services by providing higher-value services, e.g. consulting, risk management services. They have also partnered companies from other industries, e.g. technology companies, to leverage each partner's strengths to enhance its services to clients. To assist more law and accounting firms in diversifying their businesses and collaborating with partners from other industries, the Working Group recommends:

- (i) Facilitating innovation of business models and provision of multi-disciplinary services.

## 3.4 Building Thought Leadership

### Driving thought leadership through standards and research

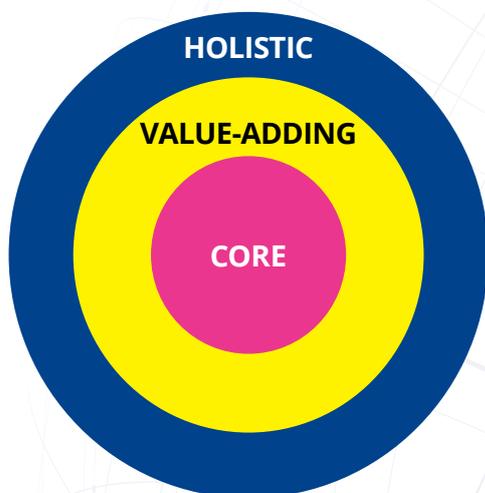
3.4.1 To support the growth of legal and accounting services, Singapore needs to ensure that its standards and frameworks are kept up-to-date and remain relevant to the industry. Singapore can also promulgate standards and frameworks for the region. This will bolster its reputation as a thought leader in the legal and accounting sectors. To achieve this, the Government should take the lead in:

- (i) Developing and strengthening Singapore standards and frameworks and promote their use internationally.
  - a) Work with the Singapore Academy of Law to promote the use of Singapore law, and Singapore’s dispute resolution offerings.
  - b) Promote and market certification frameworks such as Chartered Accountant of Singapore and Chartered Valuer and Appraiser.
- (ii) Stimulating collaboration between industry and IHLs.
  - a) Direct funding towards collaborative research projects between IHLs and industry.
  - b) IHLs to set up innovation labs to promote technology collaborations between accounting firms, non-accounting firms and technology start-ups.

### 3.5 Equipping Legal and Accounting Professionals to be Future-Ready

#### Developing future-ready professionals

- 3.5.1 The continued growth and competitiveness of the legal and accounting sectors will rest on its professionals. While lawyers and accountants are recognised and valued for their core skillsets – strong values and technical skills and knowledge, this alone is no longer sufficient. In the increasingly interconnected and complex business environment, clients view their lawyers and accountants as trusted advisors who are partners to their business. Today, lawyers and accountants are expected to not only provide legal and accounting advice but to also use their professional expertise to bring value and help clients shape business strategies.
- 3.5.2 There is thus a need for Singapore’s lawyers and accountants to build on their core skillsets and become professionals who can add value to their clients. This requires lawyers and accountants to have deep regional knowledge and networks; regional legal expertise; and knowledge of their clients’ industries and needs.
- 3.5.3 Singapore’s lawyers and accountants should strive towards becoming holistic trusted business advisers to their clients. This would entail the ability to “see around the corner” to guide clients in making strategic business decisions.



#### CORE

- Values (e.g. integrity)
- Technical skills & knowledge

#### VALUE-ADDING

- Regional knowledge & network
- Regional legal expertise
- Knowledge of client industry (e.g. infrastructure) and needs

#### HOLISTIC

- Go beyond just a lawyer/accountant and be a trusted business adviser
- Ability to see around the corner and guide the client in strategic business decisions

3.5.4 To build a pipeline of future-ready professionals, the Working Group recommends the following initiatives:

Developing professionals with:

- (i) Multi-disciplinary skillsets and business orientation:
  - a) IHLs to design curriculum and executive programmes to place sufficient focus and emphasis on cross-disciplinary and practice-oriented elements.
- (ii) Familiarity with technology:
  - a) IHLs to infuse technology into law and accounting curriculum;
  - b) Law and accounting associations to work with IHLs to develop technology courses for practising lawyers and accountants.
- (iii) Specialist expertise in identified high growth areas and sector-specific knowledge.
  - a) Initiate programmes for mid to senior lawyers and accountants to be seconded to clients (e.g. government linked companies, international organisations);
  - b) Law and accounting associations to work with relevant stakeholders to develop professional competency frameworks in identified high growth areas for legal and accounting professionals.

## 4.0 CONCLUSION

4.1.1 Singapore's legal and accounting sectors have developed strengths and are well-poised to benefit from the growing opportunities in Asia. The Working Group believes that the strategies proposed, when implemented with the collaborative efforts of all the legal and accounting sector stakeholders, will enable Singapore to capitalise on the opportunities presented and become a global leader for legal and accounting services.

## 5.0 ANNEXES

### 5.1 Annex A – Members of the Working Group

#### Co-Chairs

- i. Ms Indranee Rajah S.C. Senior Minister of State,  
Ministry of Law and Ministry of Finance
- ii. Mr Chaly Mah Chairman,  
Singapore Accountancy Commission

#### Members<sup>3</sup>

- iii. Mr Chang Zi Qian Co-Founder,  
Intelllex Holdings Pte Ltd
- iv. Ms Chia Yong Yong Consultant,  
Foo Kwok LLC
- v. Mr Chng Lay Chew Chief Financial Officer,  
Singapore Exchange Limited
- vi. Ms Rachel Eng Deputy Chairman,  
WongPartnership LLP
- vii. Mr Han Kok Juan Deputy Secretary,  
Ministry of Law
- viii. Mr Peter Hoad Singapore Office Leader,  
Arup Singapore Pte Ltd
- ix. Ms Vanita Jegathesan Corporate Counsel,  
Chevron International Pte Ltd
- x. Mr Evan Law<sup>4</sup> Chief Executive,  
Singapore Accountancy Commission
- xi. Mr Lee Wai Fai Group Chief Financial Officer,  
United Overseas Bank
- xii. Mr Loh Uantchern<sup>5</sup> Chief Executive,  
Singapore Accountancy Commission
- xiii. Mr Irving Low Head of Risk Consulting/Head of Markets,  
KPMG Services Pte Ltd
- xiv. Ms Pek Siok Lan Senior Managing Director, General Counsel,  
Temasek International
- xv. Mr Mohamad Saiful Saroni Partner,  
PricewaterhouseCoopers LLP
- xvi. Mr Paul Seah Partner,  
Tan Kok Quan Partnership
- xvii. Mr Daren Shiau Partner,  
Co-Head of Corporate & Commercial Department,  
Allen & Gledhill LLP
- xvii. Mr Sarjit Singh Executive Chairman,  
Ardent Associates LLP

<sup>3</sup> The members are listed in alphabetical order of their surnames.

<sup>4</sup> From 1 July 2016.

<sup>5</sup> Until 30 June 2016.

- xix. Assoc Prof (Adj) Eric Teo Adjunct Associate Professor, Division of Accounting,  
Nanyang Business School
- xx. Mr Thio Shen Yi, S.C<sup>6</sup> President,  
Law Society of Singapore
- xxi. Ms Serene Wee Chief Executive, Singapore Academy of Law
- xxii. Mr Kelvin Wong Assistant Managing Director  
(Cluster Group Enterprise),  
Economic Development Board
- xxiii. Mr Yee Ping Yi Deputy Secretary (Policy),  
Ministry of Finance

## 5.2 Annex B – Members of the Secretariat

### Co-Leads<sup>7</sup>

- i. Mr Clarence Chua Director, Professional Services,  
Economic Development Board
- ii. Mr Terence Ho<sup>8</sup> Director, Economic Programmes,  
Ministry of Finance
- iii. Ms Gloria Lim Director, Legal Industry Division,  
Ministry of Law

### Ministry of Finance

- iv. Ms Barbara Chua Head, Accountancy & Corporate Regulations
- v. Mr Glenn Choo Associate, Accountancy & Corporate Regulations

### Ministry of Law

- vi. Ms Celia Sia Programme Director,  
Legal and Intellectual Property Office
- vii. Dr Ellis See Deputy Director, Legal Industry Division
- viii. Mr Tay Hui Mun Assistant Director, Legal Industry Division
- ix. Ms Shi Qian<sup>9</sup> Assistant Director, Legal Industry Division
- x. Ms Sarah Sim Senior Officer, Legal & IP Programme Office

### Economic Development Board

- xi. Ms Josephine Moh Head, Professional Services
- xii. Mr Alex Teo<sup>10</sup> Head, Infocomm and Media
- xiii. Mr Desmond Chan Assistant Head, Resource Development
- xiv. Mr Joel Ang Assistant Head, Resource Development
- xv. Ms Xu Yinghui Assistant Head, Infocomm and Media

### Singapore Accountancy Commission

- xvi. Mr Philip Cheng Head, Industry Development
- xvii. Mr Germin Ong Head, Strategy & Planning (Industry)

<sup>6</sup> Until 31 December 2016.

<sup>7</sup> The Co-Leads are listed in alphabetical order of their surnames.

<sup>8</sup> Until 27 December 2016.

<sup>9</sup> Until 30 September 2016.

<sup>10</sup> Until 31 December 2016.

### 5.3 Annex C – Attendees of the Focus Group Sessions

#### 5.3.1. Focus group on high growth practice areas, evolving client needs, and potential disruptors



#### 5.3.2. Focus group on technology disruptors and business model innovation



#### 5.3.3. Focus group on business model innovation and internationalisation for the accounting sector



5.3.4. Focus group on banking, finance & insurance, and private wealth



5.3.5. Focus group on compliance, risk management, and internal audit



5.3.6. Focus group on intellectual property





All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanised, photocopying, recording or otherwise, without prior permission of the copyright holder.