

# Strategic Singapore

Singapore has emerged as a strategic base for digital startups in Asia, and several of these startups are developing blockchain platforms for energy and commodity businesses.



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These startups see opportunity in Singapore's position as the largest trading hub in Asia as well as the lack of digitization in physical commodities trading, a business that has not changed in decades. Some shippers still fax bills of lading to each other.

When Singapore decided to deregulate its power sector and introduce electricity trading on its stock exchange, it was one of the first countries in Asia to do so. Most other Asian countries still operate government-controlled power utilities and grids.

Businesses in Singapore can already pick their source of electricity supply from a laundry list of retailers, and, by the end of 2018, small consumers like households will also be able to do so. The problem is that there is no common platform where this can be done.

Enter Electrify, a local startup that raised \$30 million through initial coin offerings to create an online marketplace for buying electricity, and executing the trade through smart

contracts. It is backed by cryptocurrency exchange OmiseGo's CEO Jun Hasegawa, Ethereum co-founder Wendell Davis and Japanese venture capital firm Global Brain.

Electrify's blockchain platform for small scale peer-to-peer power trading is called Synergy.

Using blockchain introduces security and transparency, automates the contracting and settlement process, and cuts transaction times and service costs by as much as 30%, said Electrify's co-founder and CEO, Julius Tan.

He plans to bring Synergy online between late 2018 and early 2019, in time for Singapore's launch of the Open Electricity Market, and proof-of-concept trials are scheduled in the third quarter.

Another commodities trading platform planning to use blockchain is SourceSage, a homegrown startup that began as an app to

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*— Sim Jian Min, SourceSage Co-Founder*

crowdfund prices of palm oil and its products in Southeast Asia. It then evolved into an online platform to match buyers and sellers in a very fragmented industry spread across Malaysia and Indonesia.

“We are in the process of utilizing blockchain in the areas of document generation, trade financing and also verification of suppliers and buyers,” SourceSage co-founder Sim Jian Min said.

Sim said it all started with a simple request from his father, who was an old school petrochemicals trader, to build a website for his trading business.

### Multiple options

Startups in Singapore have been adamant that blockchain is not the only solution.

TradeCloud, an online platform created by a group of ex-Trafigura executives for the metals and minerals space, is designed to connect traders, match bids and offers and even standardize and share contracts.

Co-founder Simon Collins considers it “the Airbnb” for commodities trading. He said TradeCloud’s first challenge is to bring commodities trading into the digital space, before even attempting to introduce technologies like blockchain.

“We see multiple areas in commodities trading where they [distributed ledger technologies] can be leveraged, and TradeCloud will use more than one type of blockchain – applying each where it is most appropriate,” co-founder Justin Wilson said.

