

Singapore Startup Ecosystem Report 2016

Location overview



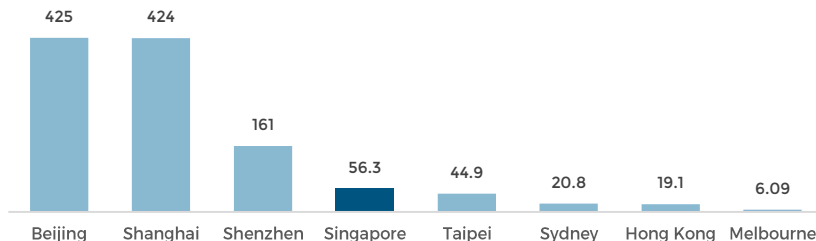
Singapore has grown into a melting pot for technology startups across Southeast Asia. For the aspiring entrepreneur, the presence of a dynamic and multicultural generation as well as supportive business and financial infrastructures make Singapore a great place for starting a business and subsequently making a global impact.

Singapore has also demonstrated itself as a significant base where it is home to startups with large valuations - including the magic of witnessing US\$1 bn unicorns. Garena's >US\$2.5 bn valuation and the recent US\$200 mn acquisition of Viki are only some of the stirring factors for the entire market to speculate when the next magic will happen.

Valuation overview



Average Valuation Vs Other Locations (US\$ mn)



Singapore Startup Ecosystem Report 2016

Singapore's Charm as home to startups with large valuations

Singapore has grown into a melting pot for technology startups across Southeast Asia. For the aspiring entrepreneur, the presence of a dynamic and multicultural generation as well as supportive business and financial structures make Singapore a great place for starting a business and subsequently making a global impact.

As in all other industries, the Singapore government is heavily involved. From their matching funds for venture capitals to other government driven initiatives for nurturing the startup landscape, Singapore's startup ecosystem is one that does not come without continued support from a number of stakeholders in the public sector.

Despite Singapore being a small island city, it has proven strength in empowering globalization and has a unique ability to embrace both the East and the West. For this reason, the city is frequently seen as a platform in Asia to the US and Europe. Singapore has also demonstrated itself as a significant base where it is home to startups with large valuations - including the magic of witnessing US\$1bn unicorns. Garena's >US\$2.5 bn valuation and the recent US\$200 mn acquisition of Viki are only some of the stirring factors for the entire market to speculate when the next magic will happen.

However, the city has yet to see a ground-breaking technology startup that is founded by a local Singaporean. There is a deficit in technical talent and much like many of the resources that the city relies on, talent too, is imported. Nevertheless, exits and startups with growing valuations still prove that opportunities are abound for entrepreneurs in Singapore.

Oddup assessment of Singapore

5.5	Quality	Although not many startups in Singapore are at global levels, we have seen a few large and successful names, such as Garena, Zalora, and Redmart.
7.3	Growth	We have seen fast startup growth in Singapore in last few years, in terms of numbers of startups but not as fast as other Asian tech hubs such as in Hong Kong. Growth could continue at a rapid pace going forward but we believe Singapore will see more interaction from neighboring countries in the ASEAN market.
4.3	Location	Geographically, Singapore is a very good entry gate for Southeast Asia market, supported by world-class transportation infrastructure.
5.5	Investor	Plenty of angel/early stage investors are active in Singapore but it would be better if there are more latter stage investors for Series B/C or growth stage investment. Further room for development in terms of better exits, particularly IPO.
3.7	Talent	In Singapore, there is suitable talent supply (in terms of education background and skill sets required) for startup development, however, capacity (absolute measure of labor supply) is presently the key concern for growth.
5.8	Market	As an international financial and business center, Singapore offers various elements like attractive tax incentives, ease of doing business, strong infrastructure and world-class IP protection - which can altogether provide a better environment for startup development.
3.9	Regulations	We believe the Singapore government has been very supportive to the startup scene by offering different kinds of support, including financial grant from SPRING.

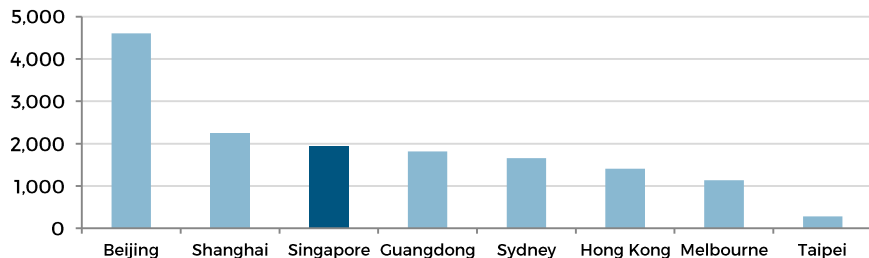
Singapore Startup Ecosystem Report 2016

Targeting regional market should be Singapore's top priority

The Singapore domestic market is small - in fact, with a population of less than 6 million, it is too small. However, we believe Singapore has a solid market environment that serves as an attractive hub for startup establishment due to its well established infrastructures, internet network, regulatory framework and also investor network. With competitive advantages such as geographical location, reputation, and a free trade agreement among the ASEAN countries, Singapore can be a good entry port for the Southeast Asian market.

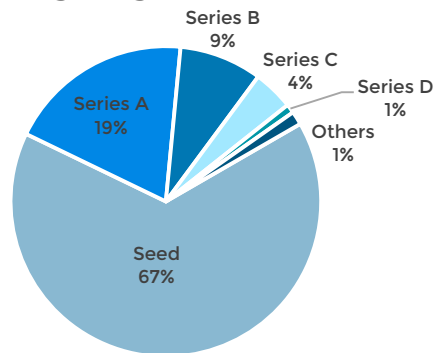
When taking into account statistics from all ASEAN countries, Singapore is actually positioned for a large market with 600 mn population on its lower bound. Due to Singapore's strategic location, we believe locally grown startups are naturally positioned well to target opportunities in the ASEAN market such as Thailand, Indonesia, Vietnam, the Philippines and Malaysia. As such, startups are unlikely to become a unicorn by operating solely in Singapore. 'Going regional' becomes a must.

Number of startups in Singapore vs others



Source: Oddup

Singapore funding stage distribution



Source: Oddup

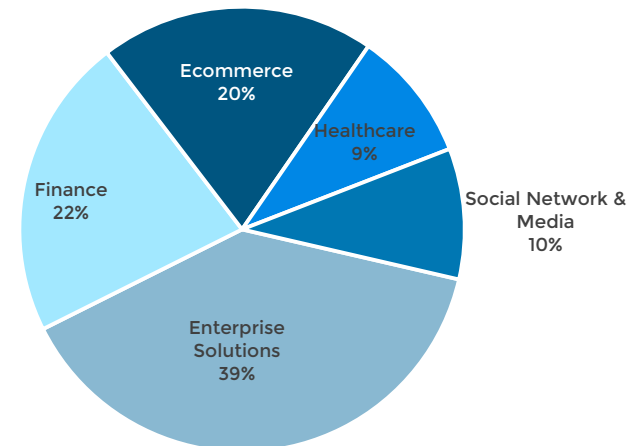
Singapore Startup Ecosystem Report 2016

Funding: strong public funding, but could see improvement in Series B and C stages

In Singapore, public funding is more prevalent at the seed stage and has been vital to the overall development of the ecosystem. This has resulted in the creation of many new startups. The Singapore government being one of the key drivers for this early stage funding sets the scene for a fertile bed of growth. For example, government funded organizations and scheme like the SPRING Startup Enterprise Development Scheme and the ACE Startups Grant offering government grant to startups at the pre-seed stage, provide funding of US\$50K-US\$500K.

Conversely, there is a perceived lack of funding options at the Series B and C stages in Singapore. Our research shows that VC activity in Singapore has been on the rise in recent years and that Singapore-based VCs are beginning to more actively invest in startups. Owing to more successful startup exit cases and acquisitions, the number of deals in 2013 reached 70, which was 50% of the sum of deals during the period 2007-2012. However, if we look at the average deal size, the amount sums to around US\$6 mn. This is still lower than the peak in 2008 when the average deal amounted to almost US\$7 mn. The surge in 2013 could be due to few large investments speckled throughout the year but since 2007, there has not been a consistent or clear upward trend.

Top 5 startup industry distribution in Singapore



Source: Oddup

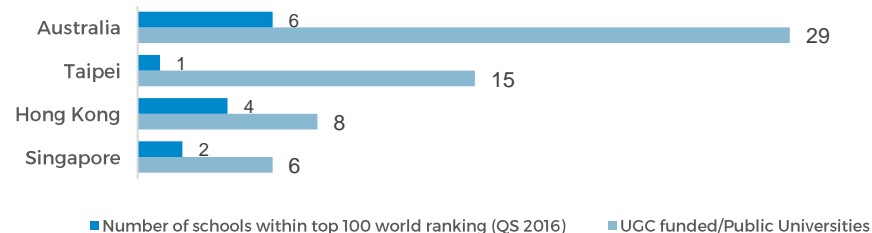
Singapore Startup Ecosystem Report 2016

Talent and universities' support

Talent is the life-blood of the tech industry. Like a lot of technology firms in different cities or startup hubs, most founders cite a talent shortage in Singapore as a key bottleneck that hinders growth. Yet, Singapore has one of the most developed talent pools in the world. Singapore's internationally renowned academic institutions such as National University of Singapore and Nanyang Technological University attract and produce many qualified engineers and computer scientists each year. These skill sets are typical prerequisites for today's global entrepreneurs (29% have a computer science background, followed by 23% with a business education). In Singapore, more than half of the higher education graduates earn degrees in Engineering Sciences, Business & Administration and Information Technology - roughly constituting 58% of all graduates each year.

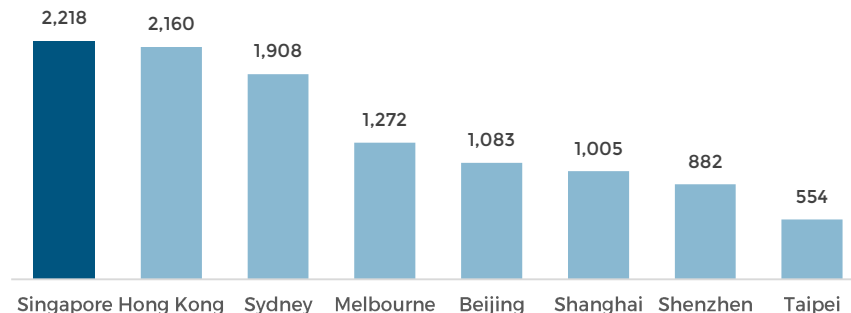
In our view, the key concern is not how well-fitted graduate backgrounds are, but the absolute capacity (i.e. number of graduates) and competition for talent from the MNCs and the well-compensated public sector. Every year, there are only around 50,000 graduates in Singapore and >70% show stronger interest in other segments like MNCs, the public sector and overseas destinations rather than startups. This phenomenon could be a result of the Asian conservative parent's aversion to risk and the reluctance for their children to decline a job at a prominent company.

Tertiary education opportunity in Singapore vs Others



Source: Oddup, QS World Ranking

Monthly apartment rent* in Singapore vs others (US\$)



*The monthly rent calculation is based on 1 bedroom apartment located in the city center

Source: Oddup, QS World Ranking

Singapore Startup Ecosystem Report 2016

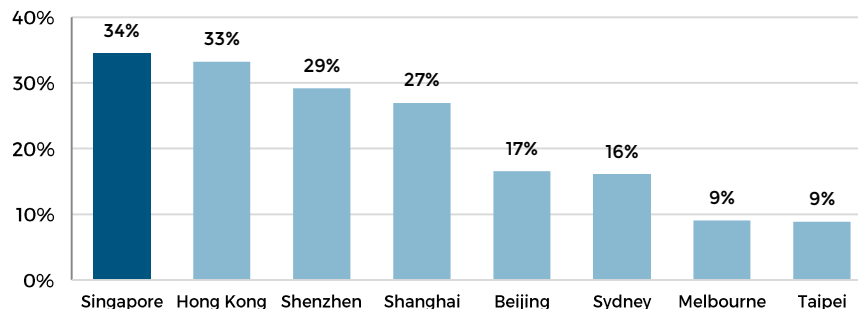
Talent and universities' support

Although there is a limited pool of local talent, the good news is that imported talent can be another source. With the English speaking environment, Singapore is still seen as expat-friendly and is "Baby Asia". In Singaporean founding teams, nearly half of them are from top venture-backed companies in Silicon Valley. For example, just one of Razer's founder is from Singapore. Therefore, we believe looking outwards could be a practical choice for local startups to build up teams. However, we would also highlight that the strict foreigner employment policy has been a long criticism for the country.

In our view, there is further potential for funding in Singapore to mature to levels that are comparable to those of other global ecosystems such as Silicon Valley and Tel Aviv. To attain this however, Singapore may require greater maturity of the local exit options and the IPO market. For example, there have been only two tech listings on the Singapore Stock Exchange since 2010, compared with 13 and 18 listings in Malaysia and Australia during the same period.

Singapore can improve their listing procedures for new tech companies. For example, whether dual shareholder structure should be allowed in Singapore has been a long debate since the famous football club Manchester United listing case in 2013 vs US and UK markets now already allows the specific listing structure. The country can also position itself as the startups' listing hub for ASEAN countries as we expect to see more promising tech startups rise up within the region over the next few years. Although other ASEAN countries have their own stock market, the liquidity, facilities and investor attention are all at much higher levels in Singapore.

Startup recruitment rate* in Singapore vs Others



*Startup Recruitment Rate is calculated as $(\text{number of open positions available in the startup sector}) / (\text{number of total startups in the city})$

Source: Oddup

Singapore Startup Ecosystem Report 2016

Key Findings (Part 1)

Singapore already has its unicorns: There are two Unicorns (>US\$1 bn), 13 Centaurs (>US\$100 mn) and 29 little Ponies (>US\$10 mn).

Smallest population among ASEAN countries, but home to some of the wealthiest citizens: Singapore has one of the smallest population among ASEAN countries (6.0 mn), but highest GDP per capita (US\$71,310).

Fair exits and acquisitions: In the last 10 years, around 40 Singapore-based startups have been acquired for almost US\$ 530 million.

Mixed company types for exits: There had been more than 10 exits in 2014-2015, among which three are travel-related and another three software companies. The rest included fashion, marketplace, E-commerce and marketing-related startups.

Top Rated Startups



RedMart
Ecommerce



Chope
Consumer Software/App



Grab
Transportation



iCarsclub
Transportation



99.co
Real Estate

Top Investors



Golden Gate Ventures
Investor



SingTel Innov8
Investor



Temasek Holdings
Investor



500 Startups
Investor



Wavemaker Partners
Investor

Singapore Startup Ecosystem Report 2016

Key Findings (Part 2)

Plenty of venture capitalists in the region: There are more than 400 active VCs in the Southeast Asia region.

Well-developed internet and mobile infrastructure: High household broadband penetration rate (89%) and mobile penetration rate (150%) among the highest in the world.

Ranked 5th for IP protection and 4th for Global Financial Center, following New York, London and Hong Kong

Rising Stars



99.co
Real Estate



Pamperologist
Finance



RedMart
Ecommerce



Burple
Consumer
Software/App



Fundnel
Finance

Of Concern



Collectibly
Ecommerce



Mesis
Finance



TripZilla
Travel & Hospitality



SnappyFit
Ecommerce



TradeHero
Finance