

Start-ups to unicorns

By B.K. SIDHU
bksidhu@thestar.com.my

If you aspire to be a start-up then start looking around you, see where the problems are in the system and service areas.

The problem is not to create something new, but look around at what the problems are, see how you can change it with something faster, better, simpler and cheaper. And a high percentage of game changing ideas happen outside of your working hours.

Just create and launch it online, get feedback and keep changing as you go. Nothing is perfect but the most important thing to be a start-up is that you must have the passion and the willingness to persevere. This was told to participants of the Wild Digital Conference this week where nearly a 1,000 techies, geeks, investors and others converged over two days.

Create, so that what you created can be a

unicorn, or a takeover target of larger company or even go public at some point.

This is what the founders of Grab, DiDi, GoJerk, iflix did. Their creations have changed the dynamics of ride-hailing in the markets they are in.

While creating, think of the millennials, they are the most powerful group of consumers. A lot of factors like social media, quality and uniqueness influence their purchasing behavior and buying decisions, says a report.

The number of people on the internet are rising by the day, the hours they spend on their smartphones have increased tremendously and the millennials like buying and selling on their smart devices.

For start-ups it is about taking advantage of this and creating solutions that can sell.

A joint study by Google and Singaporean wealth fund Temasek showed that the region's internet economy is projected to generate more than US\$240 billion in revenue by 2025,

due to the widespread use of smartphones.

But the biggest problem that startups face is funding.

But increasingly, venture capitalists and private investors are converging into Asia, the hotbed of start-ups and they want to be part of a startup that hopefully will be the next unicorn.

In 2019, US\$81bil was invested into venture capital-backed startups in Asia across more than 5,000 deals, a report said. It added that it equates to nearly 12x increase in funding to Asian start-up since 2018.

A report by Bain and Company said that investment in startups in South-East Asia is projected to rise to US\$70bil by 2024.

A report estimates that the region will gain at least 10 new startups with a market valuation of US\$1bil each within the next five years. Private equity investment in the region had peaked at US\$9bil for years, which resulted in the tipping point taking longer to reach.

China and India has the most number of startups and unicorns.

Between 2017 and 2018, it was reported that 65 new unicorns were born in Asia including three in Indonesia.

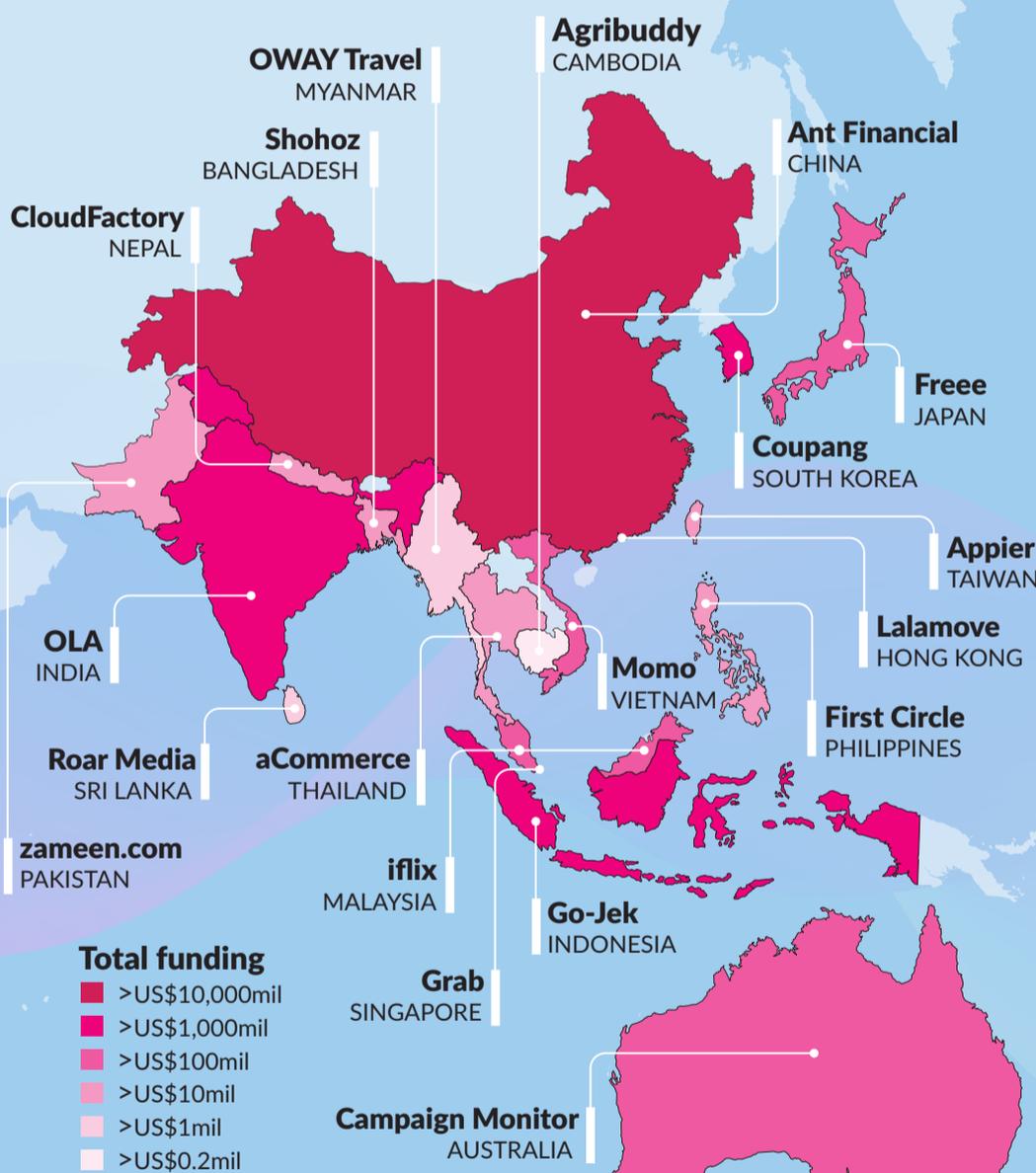
The report said the most well-funded start-up across Asia and the Pacific is payment company, Ant Financial Services Group in China, with over US\$19bil in total disclosed funding.

Buying up start-ups is also gaining popularity as it is an easier way for large corporations to modernise internal practices, buy in technology and connect with younger customers, another. Integrating a start-up into a large conglomerate, however, needs to be done with care to deliver results, says a report by Bain & Co.

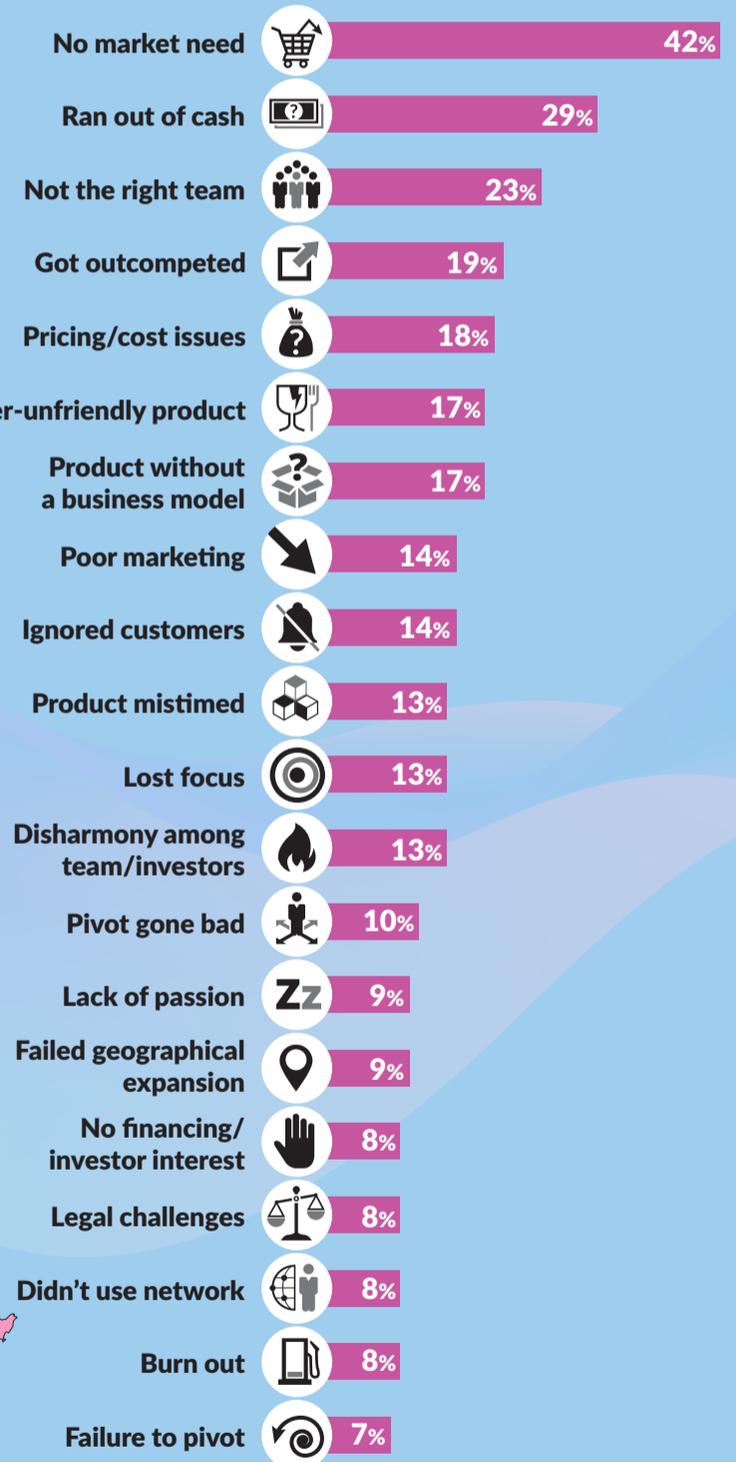
But there are also many failures and the biggest problem with startups is there was no market need for what was created. Find the niche and keep working on it.

START-UP CONTINENT

The most well-funded tech start-ups in the Asia-Pacific

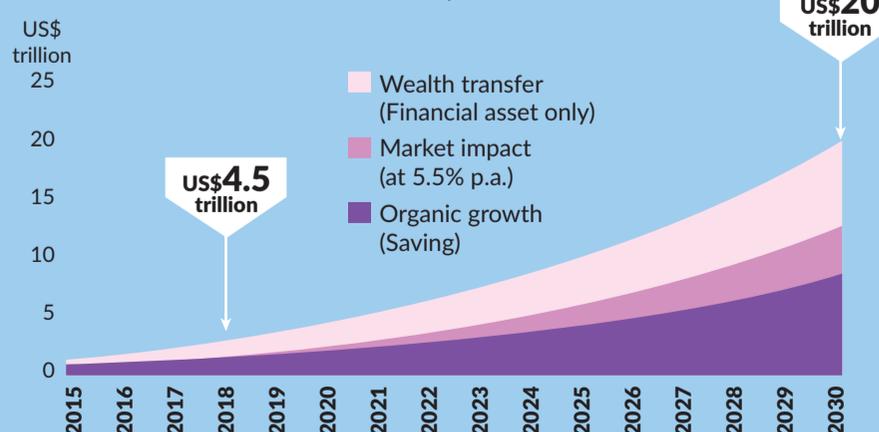


TOP 20 REASONS START-UPS FAIL



By 2030, millennials will hold 5x as much wealth

Forecast total financial assets held by millennials



Tech IPOs are now global and bigger

The 10 largest VC-backed tech IPOs in 2013 by valuation

- Twitter
- Veeva
- Zulily
- FireEye
- Tableau
- Criteo
- Nimble storage
- Gogo
- Chegg
- Rocketfuel

US\$32 billion in aggregate value at time of IPO

The 10 largest VC-backed tech IPOs in 2018 by valuation

- meituan.com
- xiaomi.com
- pinduoduo.com
- Spotify
- iQIY
- Dropbox
- adyen
- pahtg.com
- DocuSign
- GreenSky

US\$218 billion in aggregate value at time of IPO