

STARTUP LANDSCAPE

JTC LaunchPad has grown into dynamic startup ecosystem: NUS study

Rise in startups, angel investors, venture capitalists and legal firms reflects new growth areas globally

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THE JTC LaunchPad @ one-north has matured into a dynamic ecosystem for startups, according to latest research findings by TechSG which were presented on Wednesday.

For starters, the number of tenants (startups and facilitators such as angel investors, venture capitalists and legal firms) grew 65 per cent to 425 from November 2015 to March 2017.

The number of startups based in the LaunchPad (a 6.5 hectare site in Ayer Rajah Crescent) rose by 67 per cent from 216 to 361 during the same period, while that of facilitators rose by 56 per cent from 41 to 64.

TechSG, a platform that offers the low-down on Singapore's startup ecosystem, is created by IBM and NUS Enterprise, the entrepreneurial arm of the National University of Singapore.

Wong Poh Kam, director of NUS Enterprise, said on Wednesday that a dynamic ecosystem features a high turnover of tenants, a prominence of young firms (aged two and below), a diversity of firms (in size, activity and maturity), and evolving firm profiles.

The LaunchPad has a high turnover, as a majority (73 per cent) of startups had set up shop there only within the last 15 months. Only less than a third (27 per cent) of startup tenants have been there for more than 15 months, said Prof Wong.

There is also a prominence of young firms at the LaunchPad, with more than half (58 per cent) of startups there aged two and below. Those aged between two and five make up 27 per cent, while those over five years old make up 15 per cent.

Prof Wong said: "It is a relatively young population of startups in the LaunchPad." Firm profiles in the LaunchPad have become more diversified, with startups engaging in a wider range of business activities since November 2015. Notably, there has been a shift away from the Internet, media and lifestyle sectors towards biomedical, fintech and business analytics.

Prof Wong said: "This reflects the new growth areas not just in Singapore but globally."

Since November 2015, some 14 per cent of LaunchPad startups have ceased operations or become inactive. About a third (38 per cent) remained based in the LaunchPad, while close to half (47 per cent) have relocated, mostly to bigger offices.

Non-surviving startups (that is, those that have ceased operations) are found to be disproportionately concentrated in the Internet and mobile (31.6 per cent), media and lifestyle (36.8 per cent), and biomedical and health (10.5 per cent) sectors.

Interestingly, LaunchPad startups have a higher degree of "ecosystem engagement" compared to tech startups in Singapore. Eighty per cent of LaunchPad startups are found to have



Prof Wong Poh Kam (far right) with startup ecosystem players who are or were based in BLOCK71 of LaunchPad in Ayer Rajah Crescent. He said: "It is a relatively young population of startups in the LaunchPad."

participated in at least one government funding scheme, versus 64.2 per cent of tech startups. Nearly 40 per cent of LaunchPad startups have received venture capital funding, versus 15.8 per cent of tech startups.

Prof Wong said: "This shows that LaunchPad startups are systematically different from Singapore tech startups in general. It could be due to better access to ecosystem players in the LaunchPad that helps them be better at raising funds."

LaunchPad startups are also found to be "highly internationalised": 84.4 per cent of them operate in emergent and growth markets such as Indonesia and Thailand, compared to 75.2 per cent of tech startups in Singapore.

Prof Wong said: "Five years ago, the target markets of startups were China, Europe and the US. Today, entrepreneurs have found it more viable to conquer South-east Asia."