

LaunchPad attracts more high-tech start-ups

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SINGAPORE – Some 14 per cent of firms based at Singapore's start-up hub JTC LaunchPad @ one-north have shut down and another 47 per cent have "graduated" and relocated, found a study by the National University of Singapore (NUS) Entrepreneurship Centre.

The LaunchPad was established in 2015, to support young start-ups in Singapore.

The study also found that while the LaunchPad was dominated by start-ups in the areas of Internet and mobile services in the beginning, this has shifted to more high-tech start-ups in the areas of biomedical, engineering and hardware, as well as financial services.

Of the 216 start-ups that joined the LaunchPad in 2015, when it was

opened, 30 had not survived as of March this year.

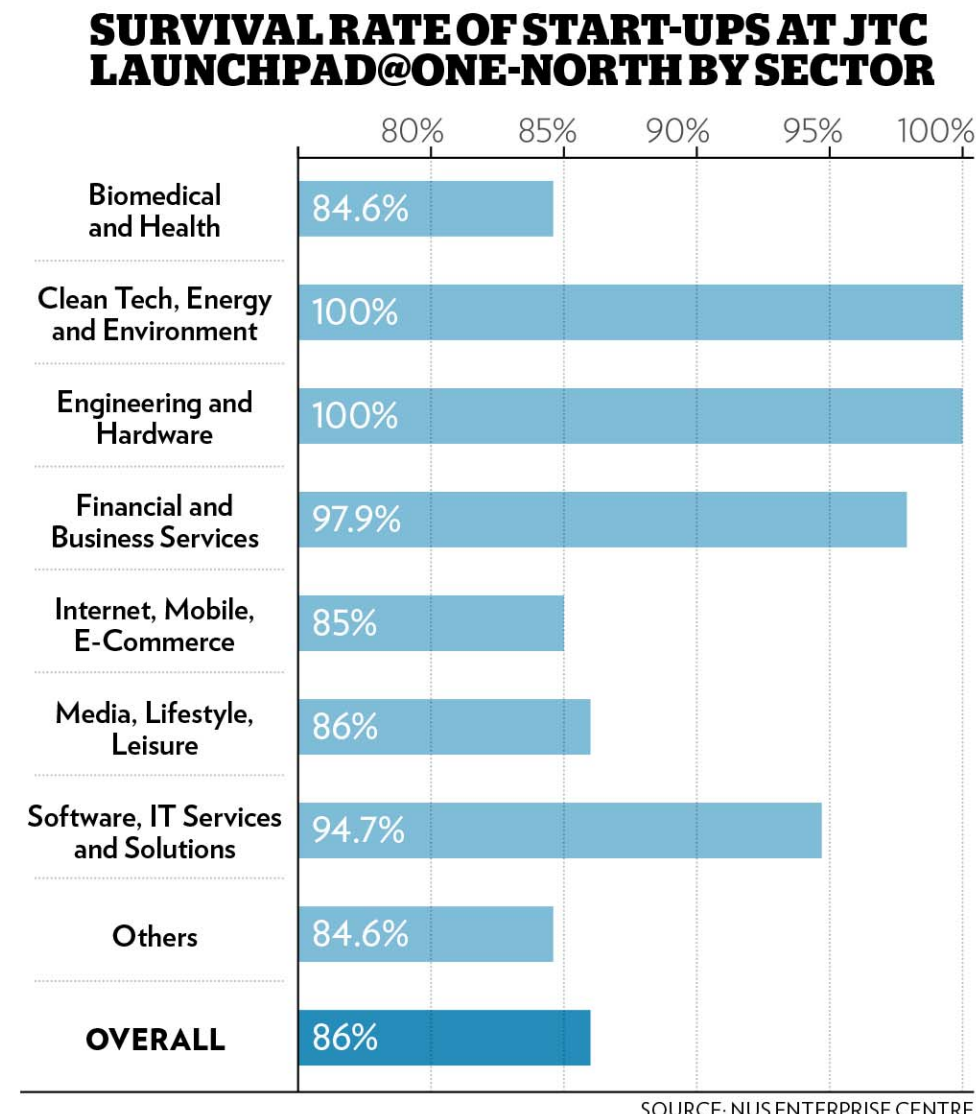
Of these failed start-ups, most of them were in the Internet and mobile services (31.6 per cent), media and lifestyle (36.8 per cent), and biomedical and health (10.5 per cent) areas.

As of March, the number of start-ups at LaunchPad had grown to 361 — a 67 per cent increase.

Professor Wong Poh Kam of the NUS Entrepreneurship Centre, who led the study, said the survival rate is better than expected.

He added, however, that this could be because the LaunchPad is still young, at less than five years old. The study was conducted two years after the launch.

Prof Wong said one reason why start-ups in the mobile and lifestyle space tend to die is because of low barriers to entry — leading many to flock to start businesses, yet they



often find it difficult to differentiate themselves.

"If they are not doing something truly innovative, and everyone is doing the same thing, then they will tend to die, Singapore is too small a market to have so many of the same services," he said.

"As for biotech and health, while this is a growing area, it is also high

risk. The solutions may not work well, or it might have taken too long to get regulatory approval."

Aimed to support young start-ups of no more than five years, the 6.5ha LaunchPad site comprises seven blocks and offers rentals that are far lower than the market rate, between S\$16.60 and S\$43.10 per sqm per month. Their tenancies last for three years, and renewals are subject to review.

Start-ups that have joined LaunchPad have tended to be high-tech, which Prof Wong said is in line with global trends.

In 2015, start-ups in financial and business services, for instance, formed 24.6 per cent, and this had risen to 32.9 per cent by March.

Start-ups that have graduated from LaunchPad have been found to do better than others in Singapore, said Prof Wong.

These start-ups are more internationalised, with 84.4 per cent operating in growth markets, compared with 75 per cent of the total number of start-ups here, said Prof Wong. He based this observation on a separate study he did earlier this year on 530 start-ups, 65 of which are LaunchPad start-ups.

More of the LaunchPad graduates (38.5 per cent) received venture capital funding, compared with the rest (15.8 per cent).