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Engine room for start-ups in S'pore gets a makeover

LaunchPad @ one-north houses vibrant ecosystem that spurs exchange of ideas, networking

Choo Yun Ting

Back in 2011, the uninspiring grey factory building in Ayer Rajah Crescent seemed an unlikely candidate to become the engine room of Singapore's start-up ecosystem, but eight years is a lifetime in this game.

That building – Block 71 – was given a radical makeover by the then Media Development Authority, NUS Enterprise and Singtel Innov8, and launched as an office and incubation space.

It is now one of eight blocks at LaunchPad @ one-north housing 800 start-ups and 50 enablers such as venture capital firms and accelerators. The drab buildings have been transformed, with additions such as a food centre, sports facilities and meeting spaces.

The innovation enclave has also fostered a vibrant ecosystem that encourages the exchange of ideas and networking.

With both new and mature start-ups in the same vicinity, younger companies are able to seek help, mentorship and collaboration opportunities from the community, as well as government agencies, said Professor Freddy Boey, deputy president of innovation and enterprise at the National University of Singapore (NUS).

GREATER COLLABORATION BETWEEN CORPORATES AND START-UPS

The physical transformation of the innovation hub in one-north has come with a mindset shift towards start-ups here, with more corporate organisations looking to link with these firms.

Mr Lim Junwei, director of the infocommunications, media and start-up cluster at industrial landlord JTC, said there is a stronger impetus for companies to collaborate and jointly conceive solutions to bring to market.

This is because it is increasingly difficult for firms to individually harness all the knowledge required and offer suitable solutions today, he added.

"Start-ups are nimble and can help corporates develop unique solutions. In return, they benefit from the networks of business connections that corporates provide."

Mr Anthony Chow, co-founder and chief executive of smart home solutions start-up igloohome, agreed, adding that his experiences with multinational corporations have changed over time.

"In the past three to four years, it felt like multinationals were sort of testing things out. They weren't very sure about how to work with start-ups because it's a different kind of organisation altogether," he said.

"But increasingly, the multinationals we engage are a lot more keen on growth-stage companies, and they're also structuring incubation programmes within their companies."

Mr Chow said that while there are challenges when engaging large companies, the key for a start-up is to present itself as a credible partner. "You need to have a very clear idea of the return on investment the multinational could have if it engages you, and you need to be bold enough to say you're not a small company and that you have big ambitions and are able to last.

"This is because many multinationals wonder if you have enough cash flow (for the long term) and they don't want to waste their time.

"When you have a very (idea) of how you can help these multinationals save or generate said amount of revenue, if you're able to understand their (key performance indicators) and (help them achieve that), I think they'll respect you more and treat you like a partner."

Mr Edmas Neo, chief executive at Action Community for Entrepreneurship (ACE), pointed out that while there were corporate acceleration programmes about four years ago, such as those organised by banks for fintech start-ups, there is more direct engagement between companies and start-ups these days.

"We are seeing a pool of corporates which have their own intellectual property and are looking for start-ups to help them better utilise (this intellectual property) and generate new ideas," he said, adding that some Japanese multinationals, in particular, have shown interest in doing so.

MOVING TO NON-PLATFORM-BASED SOLUTIONS

There has also been a shift in the type of start-ups seen here, with more working in non-platform-based solutions such as fintech, Internet of Things, machine learning and med-tech, said Prof Boey.

In comparison, platform-based solutions and e-commerce start-ups were more common in the earlier years.

In the past three years, over 70 technology-based start-ups have been spun off from NUS' research.

ACE's Mr Neo said B2C (business-to-consumer) start-ups are less common today than five years ago.

ACE, a private sector-led organi-

LOOKING TO REGION continued on C2

E-commerce firm ShopBack now occupies an 8,000 sq ft space in LaunchPad @ one-north, having started out renting a small office the size of a meeting room in a different block within the estate. PHOTO: ROOOT STUDIO

Mr Anthony Chow, co-founder and chief executive of smart lock company igloohome, says having the flexibility to move between office spaces at LaunchPad has been a great benefit. PHOTO: IGLOOHOME

Smart wearables firm KaHa has a 1,700 sq ft space in LaunchPad. Its head of business development and operations says the rents at the estate are attractive and help the company manage its operation costs. PHOTO: KAHA

A LaunchPad that gives start-ups flexibility to grow

There are about 800 start-ups and 50 ecosystem players, including venture capital firms and incubators, housed in eight blocks across the 600,000 sq ft LaunchPad @ one-north.

Several start-ups said competitive rental rates in the estate are among its draws. The rates, which have not increased since 2015, are pegged to market conditions, said a spokesman for JTC, which manages the estate.

Here are three start-ups that have thrived with the growth of the hub.

SHOPBACK

E-commerce firm ShopBack, which rewards users with cashback for online and offline purchases, started out in Block 71 in 2014 with a small office the size of a meeting room.

Two years ago, it moved into Block 77, one of the newer additions to the estate, taking up an 8,000 sq ft office on the third floor.

The company, which has the Economic Development Board's investment arm EDBI and SoftBank Ventures Asia among its investors, has more than 140 employees here.

Co-founder Samantha Soh said: "From an early stage, it was inspiring to be surrounded by like-minded individuals who wanted to make things happen while hustling side by side with other start-ups that also wanted to make a 'ding' in the universe."

ShopBack learnt a lot from the neighbouring companies, and approached them for help in user-testing and feedback for its platform, she added.

The ecosystem helped the firm to form partnerships with other companies, some of which it continues to work with today. For example, it works with fellow start-ups NodeFlair and Holistics for hiring and business intelligence data solutions, respectively.

IGLOOHOME

The smart lock company started out with four seats within NUS Enterprise's premises at Block 71 in 2015.

In just four years, igloohome has moved into two different blocks in LaunchPad and is in the midst of renovating its new 7,500 sq ft office space, which is in the same block it is currently housed in.

Its headcount has doubled since last year – the company has about 100 employees, half of them in Singapore, and the rest across its 13 offices globally.

Having the flexibility to move between office spaces at LaunchPad has been a great benefit for a constantly growing start-up like igloohome, "instead of being kicked out and having to find a bigger space on our own", said co-founder and chief executive Anthony Chow.

The firm's brand manager Cherry Lim added that the start-up-focused space at LaunchPad means that there are always events that are relevant to the company, such as career fairs, and plenty of networking opportunities with other start-ups in the area.

"We're also located near the universities, which makes it ideal for hiring interns," Ms Lim said.

KAHA

Smart wearables company KaHa has capitalised on the benefits of being in close proximity to key technology innovation and research agencies, conceptualising innovative solutions out of its Singapore headquarters in one-north.

The company, which started out in a 430 sq ft unit in May 2017 and now operates out of a 1,700 sq ft space, developed a smart T-shirt in collaboration with the Agency for Science, Technology and Research and home-grown textile company Tex Line last year.

The T-shirt tracks physical activity information, takes electrocardiogram readings of its wearer and can also detect cardiac abnormalities.

Ms Sim Seo Lay, head of business development and operations at KaHa, said the rents at LaunchPad, which are fixed for the tenancy period of three years, are attractive and help the company manage its operation costs.

Many ideas have been conceived and brought to life in the estate, she added.

"The (area) promotes a culture of innovation, and... you can see the many innovative ideas and solutions trialled and tested (here)," Ms Sim said, citing pay-per-use mobile gyms, autonomous vehicles and smart drones among the ideas that have been test-bedded in LaunchPad.

Choo Yun Ting

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Looking to the region to remain competitive

LaunchPad @ one-north houses 800 start-ups and 50 enablers such as venture capital firms and accelerators. Its transformation over the past eight years has seen additions such as a food centre, sports facilities and meeting spaces. ST PHOTO: KELVIN CHNG

FROM C1

sation aimed at driving entrepreneurship and innovation in Singapore, has worked with around 1,100 start-ups since 2015 and organises programmes such as those that help companies explore foreign expansion opportunities.

"In particular, there are fewer e-commerce start-ups these days," Mr Neo said, citing one of the more common types of B2C firms of the past.

He noted that it is tough for new e-commerce players today to compete with both seasoned local companies that have established their market share and companies from the region that have the advantage of a large domestic market.

"(This) is a good thing because the failure rate (in e-commerce) is very high, the marketing dollars that need to be put in to capture the market is (a large amount)," he added.

"Plus, there's very low defensibility for them as they're just leveraging a platform; they're tech-enabled but not a tech creator."

Mr Neo added that their low defensibility makes it easy for their technology to be replicated by others.

ACE has seen more deep technology start-ups entering the fold in recent years, as well as start-up founders who have prior experience in the industries they are entering and are focused on solving sectorwide problems.

The new focus for companies now is to build upon the foundation laid by digital commerce firms in areas such as payments and logistics to tackle specific issues in the economy, said a spokesman for venture capital firm Quest Ventures.

WHAT'S NEXT?

While ecosystem players have pointed to Singapore's strong regulatory framework and government support for start-ups and enablers alike, the country cannot become complacent, especially with the rapid development of economies such as Thailand, Vietnam and Indonesia, which boast not just larger markets, but hungry talent pools.

Singapore's ecosystem can remain competitive only if it continues to attract the best start-ups to locate here, said the spokesman for Quest Ventures. "As a market, Singapore is small and therefore not as attractive as its larger neighbours. Its edge is in its regulatory framework, corporate regime, talent and quality of life," she said, adding that start-ups need to be open to aggressive expansion overseas rather than be comfortable in Singapore.

The need for local start-ups to look at the regional market was echoed by Mr Neo, who noted that Singapore's neighbours have flourishing start-up ecosystems that are seeing rapid developments in infrastructure and policies, with help from the governments and the private sector.

Singapore has its advantages, such as its political stability, regulatory frameworks and availability of international talent, but it needs to constantly adapt and evolve with the region to remain competitive.

"We have to work with other ecosystems, we have to be in their ecosystems early, to understand what they're doing... and connect back to Singapore so that we can reach out to them and work with them," Mr Neo said.

yuntingc@sph.com.sg

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