

South-east Asia's young startup alumni are changing the face of investments

They're moving into angel investments, a risky asset class once reserved for the wealthy and well-connected

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THEY helped build South-east Asia's current wave of startups. Now, tech founders and employees are helping to fund a new generation of companies and pass on important lessons.

Angel investments, a risky asset class once reserved for well-connected and affluent individuals, are increasingly being done by those in their 20s and 30s with experience operating startups.

Some have benefitted from payouts after their companies were acquired, went public, or did a secondary share sale following increases in company valuation. More could join the investor community as a pack of startups head for the public market.

The angel investing phenomenon is also driven by people backing people they know. South-east Asia's first generation tech platforms – such

as Lazada and Sea – birthed alumni that went on to create and lead over 1,000 startups in the region, research by Bain & Co and the Tech For Good Institute found.

Those jumping from startup operator to angel investor are comparing notes and earning their chops through the region's sprawling angel networks.

XA Network, formerly known as Xoogler Angels and initially comprising Google alumni, have members ranging from Grab employees to the founders of StashAway, Kopi Kenangan and BukuKas.

"I started investing in startups because I saw an opportunity that I can't miss given the rise of the Internet economy in South-east Asia," said Edward Tirtanata, the 33-year-old CEO of Indonesia-based coffee chain Kopi Kenangan. His first angel investment was in Otoklix, a startup he believes will change the automotive industry in Indonesia.



Edward Tirtanata (left), CEO of Kopi Kenangan, says: "Personally, with the inflation rate, it's riskier if you don't invest in great companies – blue chips and startups." Chia Jeng Yang (right) co-founded Fintech Angel Operators, which he calls "a Rolodex for fintech founders".

"Given that other asset classes like bonds and property are stagnant, equity is the better bet now. Personally, with the inflation rate, it's riskier if you don't invest in great companies – blue chips and startups."

Together with his co-founders, Tir-



tanata set up an investment vehicle called Kenangan Fund to invest in startups with friends and family. They also have a small WhatsApp community called Kopital Network to discuss interesting startups.

Tirtanata cuts a different figure

from the angel investors of over a decade ago. In the early days of Singapore's startup ecosystem, for instance, the handful of angel investors were senior folk from global multinational corporations or government-linked groups.

Among them were Koh Boon Hwee, a former Hewlett-Packard managing director who later became chairman of several state-linked companies, and Wong Poh Kam, a former entrepreneur turned business professor.

Then in the 2010s, founders who had built and sold their startups with little to no venture capital (VC) funding began investing as well. Those who started JobsCentral, tenCube, Zopim and HungryGoWhere directly invested over US\$4.6 million in the equity of at least 60 startups, data compiled by BT from VentureCap Insights showed.

Angel investors are much easier to find these days. In August, 50 of them joined the S\$1.5-million pre-seed round of coding education startup Rocket Academy.

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SEA's young startup alumni changing investment scene

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Angel networks have in fact existed informally for years. Active investors often referred deals to each other or invested in the startups of ex-colleagues, as in the case of Rocket Internet executives.

But these were private circles for those who knew the right people. The formalisation of networks today is lowering the barriers to angel investing, tossing factors such as age and experience out the window. By pooling their cash together, some angel investors are also able to invest in smaller cheque sizes.

Angel networks that have sprung up in South-east Asia include McKinsey alumni's Alumni & Angels, Amazon Web Services' AWS Super Angels, and corporate executive women network she1k. They follow a phenomenon already seen in Silicon Valley.

Some young angel investors might not have the financial firepower of the investing-elite, but founders value them for their sharp advice and industry connections – perhaps more precious than cash, for startups struggling to get off the ground.

“A Rolodex for fintech founders”, is how Chia Jeng Yang describes Fintech Angel Operators, the angel network he co-founded. Since its launch in end-June, the network has accepted more than 60 members.

“We want to provide a community for many great quality founders who are looking for very specific expertise,” Chia said.

NUS Alumni Ventures, from the National University of Singapore, was started by alumni and undergraduates frustrated with the lack of a bridge between the university's first-time founders and angel investors.

Inspired by Stanford University's angel network, the co-founders took matters into their own hands and set up a programme run by 56 students and fresh graduates. The network connects about 80 angel investors, said its chairman Chen Pinzhang, a founder and former president of NUS Entrepreneurship Society.

Having gone through the tribulations of building a startup from

scratch, some founders are banding together to become venture capitalists or investors in funds. VC firm True Global Ventures (TGV) started when 16 individuals met up at an angel investing conference in Luxembourg, and found themselves stranded after flights were cancelled due to a volcanic eruption in Iceland.

“We were basically sitting and thinking, why don't we kind of pull together and start to always invest with each other?” said founding partner Dusan Stojanovic.

Eleven years on, TGV is run by serial entrepreneurs and corporate leaders globally. Zopim co-founder Lim Qing Ru and PropertyGuru co-founder Jani Rautiainen are partners in the fourth fund.

In Indonesia, the CEO of fintech startup Fazz Financial Group is doubling as a partner at Magic Fund, a global VC firm managed by entrepreneurs.

Startup operators like Fazz Financial's Hendra Kwik could become an integral part of South-east Asia's investments landscape in the years to come.

Vcs like Sequoia, 500 Startups and Monk's Hill Ventures are already counting on individuals like Bukalapak co-founder Achmad Zaky and serial entrepreneur Turochas Fuad to sniff out the next unicorn. They call them “scouts”, and may allocate to them a portion of VC money to invest in startups directly.

Last month, new VC firm Forge Ventures launched with a rather unique base of investors in its fund. The majority of backers were founders and operators at tech companies including Carousell, Funding Societies and Fabelio.

Forge partner Foo Tiang Lim said former founders are a source of mentorship in product development, and their businesses could serve as early adopters of the startups' tech.

“Most importantly, there's a high degree of empathy among founders, investors and limited partners. They've all been fellow travellers along the journey.”

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