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GIULIO XILOYANNIS, Zalora: "Rocket companies have a history of going very aggressively into the marketing space within the first six months of their lifetime. And they do so with a big injection of funding."

Industry experts share their insights in SBR's Hottest Startups Panel Briefing

From funding to optimising big data, panelists shared what worked for their now-lauded enterprises.

Hundreds gathered to gain insights at the Startups Panel Briefing 2017 held last July 11 at the Suntec Singapore Convention and Exhibition Centre. Singapore Business Review brought together the companies listed in the 20 Hottest Start ups 2017, along with venture capitalists, investors, entrepreneurs, and startup founders from various industries such as fintech, property, e-commerce, retail, healthcare, education, and many others. The panelists delivered valuable insights in spades as they shared what made their start ups succesful.

The region is a prime startup territory, not only for entrepreneurs, but also for investors looking for the next big thing. **Vikas Jain,** director of marketing, partnerships, and customer experience at Funding Societies, said, "Purely from an investment standpoint, I think it's quite rich. There are a lot of venture capital firms who have moved to Singapore in the last few years and are looking at Singapore and Southeast Asian startups because one, there are a lot of ventures in Southeast Asia; and two, the economies are growing." Moreover, investors now are looking beyond scalability and giving a premium to impactful and disruptive businesses.

Raghav Kapoor, CEO and co-founder of Smartkarma, also noted the privileged position of those setting their roots in Singapore. Indeed, startups five years ago had to compete for the small pool of serious institutional money. "That changed quite dramatically with the government sort of really stepping up and creating the ecosystem. I think at the early stage, VCs came into being maybe three and a half or four years ago and started investing quite rapidly," said Kapoor.

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Singapore's startup landscape

However, it is interesting to note that whilst Singapore is a premier startup territory, 99% of budding enterprises close shop within the first year of their existence. Jain explained that this is especially the case with those operating outside the fintech and tech space.

"When most startups outside the fintech and tech space start off, they're probably still relying on money from friends, family, or angel investors. What's happening to the other 99% is a big question. They probably can't scale up. They're probably just running on their revenues that they earn on a regular basis." Jain also posited that this particular avenue still has a long way to go to fully equitise Singapore's business landscape.

However, this doesn't mean that the whole tech strata of startups get an easy pass. Praveen Velu, co-founder of Mimetic.ai, said that those involved in deep tech actually experience the funding gap faced by other segments, particularly because VCs aren't yet accustomed to investing in such ventures. Velu added, "With deep technologies, there's also long gestational periods. It takes time to build platforms, get out there, and acquire users. It takes many years before you hit revenue." But for the lucky 1% that do get over the first year hump, the name of the startup game remains the same—getting enough financial resources to grow and improve.

The funding conundrum

The formula could be as many as there are startups present, because as Aki Ranin, COO and co-founder of B2B robo-advisor firm Bambu, stated, "It's going to be different for fintech, consumer services, retail, e-commerce, etcetera." However, what will be useful is to network with the startup community to get a sense of what's realistic and applicable to a segment or industry. "Definitely don't listen to anybody," advised Kapoor. "I think it's more about understanding where you're going, who can get you there, and how much you need to get there."

Ankur Mehrotra, managing director of Grab, also agreed that it depends on how and what you need. "If you think you can live on ramen, then the money you need to raise is different than if you need to feed two kids. You have tax, valuation. But in general, obviously, it's easier to convince [investors] when you have a product."

Accelerators are also invaluable to the fledgling startup. "No shortage of those in Singapore also. I think finding an accelerator that focuses on your segment or industry could be a really good place to start rather than immediately trying to raise a million dollars," added Ranin.

Asking for more money than what is actually needed could negatively impact a startup and hinder its growth in the future. Velu explained this, saying "I think the rule of thumb is you want to raise as little as possible to get through that first 12 to 15 months. You want to raise as little as possible at that stage because valuation is a story you tell. At that stage, that story is a little hard to tell." Velu added "You want to get your product or your business to a point where you're able to negotiate your first institutional round from a position of strength."

Whilst startups need to look at all their available options, they should also be thinking about and communicating with possible partners and investors, even those that are at first glance out of the box. **Ayesha Khanna**, CEO and co-founder of ADDO AI, recommended partnering up with academia especially when it comes to talent and skill-building. "It takes skill to work with academics, but if you can work with them really well, they are the people with a lot of the skills you need," she explained.

Khanna ended the session saying that startups shouldn't waste their time waiting for the iron to get hot. "I think that whatever way you decide to go, don't wait. It takes a long time. My experience took quite a long time, because you want to give yourself the flexibility to choose a good investor, a strategic partner."

Creating a brand story

Besides money, startups need to build their brand if they hope to sustainably expand. Having an ever-increasing user base, steady balance book, and business acumen, coupled with a fleshed out brand story and marketing strategy, is a surefire way to get ahead of the competition.

A brand story isn't just a few paragraphs of how and why a startup was founded, though. According to **Rhonda Wong,** CEO of Ohmyhome, "It's very important to be able to illustrate and talk about your benefit very clearly. Because all users, what they want is the benefit they can get from your brand."

This user-oriented approach was how **Anna Haotanto,** CEO of The New Savvy, managed to build a loyal following for her platform. "I think one of the things that we do very well is we focus a lot on our end users. We try to engage them and understand their needs." More than being a single-sided relationship, a user base fostered this way helps a lot in building communities. When you're bootstrapping and don't have a lot of marketing money to spend, an engaged community will work wonders towards promoting your brand.

On the other hand, say you're fortunate enough to have some serious money to use in promoting your business. What then? Just like figuring out how much money you should be raising, the answer highly depends on what industry you're in and how receptive people are to your efforts. What worked for one business may not work for another, and what worked in the past is not guaranteed to deliver the same results in the future.

For e-commerce players like Zalora, the marketing effort kept evolving as it grew. Zalora managing director **Giulio Xiloyannis,** noted three areas they focused on for marketing: search engine, mobile and social media, and then television.

"Now this is subject to funding. It's subject to being a rocket company. Rocket companies have a history of going very aggressively into the marketing space within the first six months of their lifetime. And they do so with a big injection of funding," Xiloyannis commented.

Marketing efforts shouldn't only evolve through time, but they should also adapt to the local culture and business environment of wherever a startup is expanding in. For companies such as Zalora which work with physical goods, the supply chain is an additional factor to consider on top of local fashion trends, traditions, and customs. Depending on the business model, elements

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Panelists share their inisghts

Session 1: Overview of the start-up landscape in Asia

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such as language, level of internet penetration, and culture of transaction will also have to be localized for expansion efforts to even have a chance of thriving.

Knowing your market

Meanwhile, **Karl Loo,** CEO and co-founder of ServisHero, put an emphasis on having market readiness and good local talent that can both steer the ship in the right direction, as well as provide deep insight into how their particular part of the world behaves. "For us, it's really access to a good talent pool that is local as well as ensuring that there is market readiness of consumers and suppliers on our platform."

Alternatively, influencer and partner campaigns worked incredibly well for lifestyle and wellness company GuavaPass. **Emma Harris,** GuavaPass vice president for global brand strategy, said influencer campaigns netted them a lot of acquisitions that were low cost for them because they were really doing just a barter exchange. "Partner campaigns also helped us a lot by being able to tap into other people's database and really getting the word out on what we were as a company and what our product was," she added.

"Partnerships are incredibly important. I think for anyone looking into a strategic partnership with a telco or a bank, look for corporate investment opportunities as well," said Loo. Collaborating with other businesses not only raises brand awareness, it also bridges any trust gaps and legitimises a startup for potential customers. Better still, a well-executed partnership opens up the door for referrals and long-lasting business ties.

Wong also advised startups to start partnerships within their niche, saying "I think it's also important to find partnerships that are more relevant for your business first because you have a limit in resources so you can't be writing to everybody in the world. Start with things that are relevant to you." Afterwards, startups should pitch to businesses who are less aligned yet are willing to tap their customers.

Another factor would be the industry and whether an entrepreneur is pitching to the right funder. "I think it's important to realise that every investor has their own perspective of what they want to invest in. For venture capital, that is hype, generally high tech, high growth, and exponential growth. If a restaurant comes and pitches to us, that's an easy kind of 'No' because it doesn't fit the model," explained Vinnie Lauria, managing partner at Golden Gate Ventures.

"It's just important to understand what your business is. Does it fit the venture model? That's number one," he added. He also said that if a startup is the first of its kind in an uncharted territory, VCs may hold off on their investment until other fledgling enterprises begin to sprout and prove that the particular segment has a bright future.

Show me the money

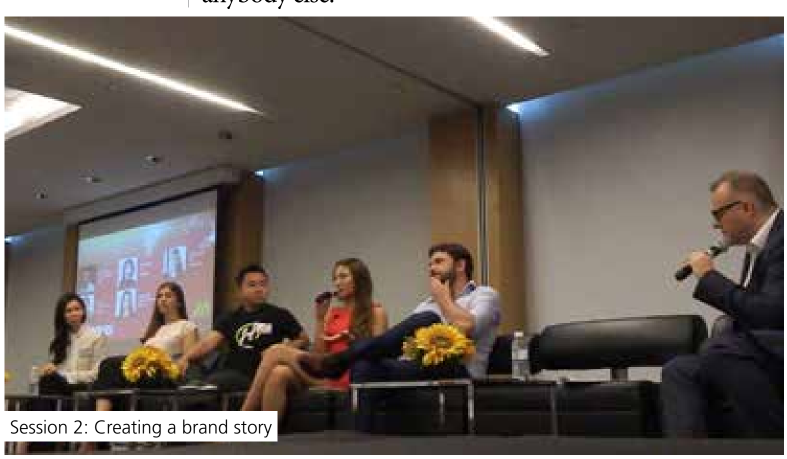
One of the industries that's having its cake and eating it too is fintech, wherein startups are being built by financial professionals who made the entrepreneurial jump. **Gerben Visser,** co-founder of FinTech Consortium, said that around 110 of the 354 startups they have tracked have now received funding. "If you look globally, Singapore now is definitely one of the top three hubs for setting up in fintech. On the flip side, the challenge for investors in the fintech space is a lot of it is very technical; a lot is still very much B2B based," Visser noted.

How about those not in fintech? **Turochas "T" Fuad,** CEO of Spacemob, also discussed something that most startups would tend to forget; something that will mark the difference between a congratulatory and a rejection handshake: the fundamentals.

He noted that every business can be boiled down to the basics, and there's no fundamental difference between making the best potato chip and innovating something in neuroscience. Sadly, businesses tend to forget about the simple matters that actually support their entire model.

"I'm always focused on the fundamentals. The how you run your business. And how A+B=C. That drives valuation. That allows investors to see and realise that if they put a dollar into your company, they'll be able to make a hundred dollars back in a few years. As simple as that," said Fuad.

Gillian Tee, CEO and co-founder of Homage, agreed and said that knowing their business inside and out is one of the key things startups need to undertake before even approaching an investor. "As a good entrepreneur, no one can tell you more about your business than you already know. You should know your business better than anybody else."



Session 2: Creating a brand story

Session 4: The rise of big data

"Who are you? What's your story? Why are you working on this particular problem and service? How is it working right now in the market that you're offering? And what are some of the proxies that show that there is a real need for what you're building?" were just some of the questions Tee faced when she was raising funds.

Meanwhile, **Callum Laing,** partner at Unity Group, encouraged startups to build a board of advisers—people knowledgeable about the industry—while they're still trudging out of the early game. On the onset, startups can bounce ideas off of these advisers, getting valuable feedback for little more than a lunch or dinner out every so often.

"Start giving those guys updates. Every week, just drop them an email," said Laing. Once they're ready to raise funds, startups can approach their advisers and ask to be introduced to investors.

"They're much more likely to know investors that are interested in your sector who are likely to invest. You instantly build so much more credibility than if you're a new entrepreneur knocking on peoples' doors for the first time," Laing related.Fuad also reminded startups to take care of their standing within the community. "Money is easy to make. Money is easy to raise—in some ways better than others. But your reputation is only one time. I think that's something that you need to focus on rather than all the other stuff."

Rise of the data scientists

Data—love them or hate them, they make a business run. From convincing possible investors, to optimising work processes, and to planning future endeavours, proper utilisation of available data ensures that businesses aren't shooting themselves in the foot. That's why data scientists are slowly rising to prominence. Doing the nitty-gritty number crunching behind the scenes, they enable decision makers to steer their ships in the most profitable direction.

That's what data scientists, like **Roger Sundararaj** from DataStreamX, do day in and day out. He mentioned "I need to understand the patterns inside the data. I need to find the necessary insights that drive businesses." Sundararaj gave social sentiment, financial, foot fall, and stock data as some of the things his company derives value from. **Vincent Wong,** country head of ShopBack Singapore, attested to the valuable insights his data team produces. He said "The data that is reported to us is about the things we need to know to run our business. [We try] to understand our customers and their transactions more intimately." However, in the race to gather the best insights, startups may fall into the trap of investing too much into data collection and analysis systems. Some may even hoard massive amounts of data that don't meaningfully contribute to their business.

Wong dissuaded this practice, saying "We don't collect data that we don't use. Every startup has a different objective in the beginning. You need to understand that objective first and then you'll be able to collect the correct data points that serve your purpose."

In fact, businesses can collect as much as 65m data points a day and they'll make all of it useful, as what **Kuldeep Singh,** CEO and founder of Biofourmis, revealed. "We are learning lots of things from these data. When we talk about big data, it's not just about how you have specific models, but how you evolve to learn."

What does Biofourmis do with that mind-boggling amount of data, you ask? They use it to help the patients of their partner clinics and hospitals. "The way remote patient monitoring was done was more reactive. So with this approach of continuous model training, personalised baselines, and predictive analytics, we can be much more predictive, rather than being more reactive," explained Singh. **Rio Inaba**, COO of Sansan Global Pte. Ltd., also encouraged startups to get into big data, and not just think of it as something solely for scientists. With the calling cards and contact information they get, his company is able to pin point business opportunities that would otherwise have been glossed over.

"Most of the time, people just don't realise that the people you meet in networking events like this, there's a lot of opportunities you guys are bringing back to the company but you never utilise. That's what we do. Big data is definitely for the business people," Inaba said.

Again, valuable data that can be harvested and leveraged for returns vary from company to company. What's important is that startups know how to read between the lines of data, to harness the most relevant specific to the company to come up with results. "The key takeaway is the more variety of data you have, the more creative you can be in processing your data points," ended Sundararaj.

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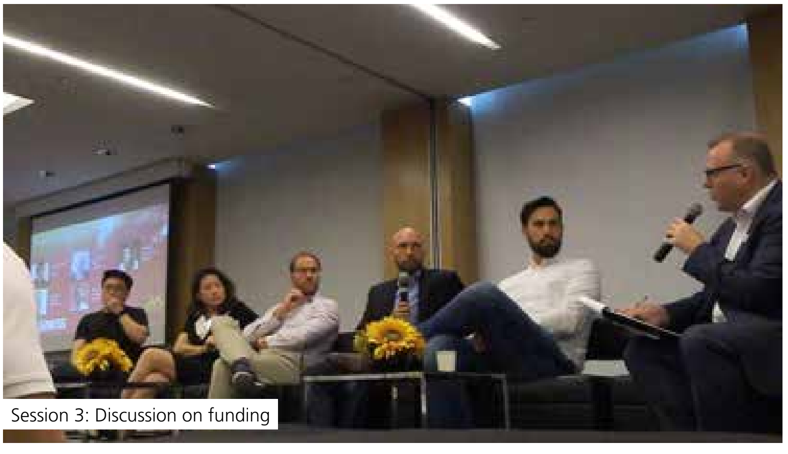

Session 3: Discussion on funding