THE FUTURE OF THE STARTUP ECOSYSTEM

Many countries are recognising startups as the driving force of national growth. Successful startups can be achieved if healthier startup ecosystems are created.

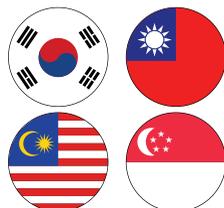The startup ecosystem consists of **6** domains

FINANCE | HUMAN CAPITAL | MARKETS | SUPPORTS | POLICY | CULTURE

The assessment

TODAY — **2030**

Participating countries

1 Assessment of the current quality of the six domains of startup ecosystem.

2 Assess the impact and plausibility* of the identified future issues by the year 2030.

3 Assess the possibility of implications derived from the future issues by the year 2030.

4 Assess the future quality of startup ecosystem, that is, whether each domain of startup ecosystem will have sufficient capacity by the year 2030.

Scoring:

1 highly insufficient ———————————— highly sufficient **7**

This infographic shares the findings of a survey conducted in 2018 among 4 countries, South Korea, Malaysia, Taiwan & Singapore - highlighting a future scan of the startup ecosystem. The future issues and implications of startup ecosystem were identified and assessed, and the results are expected to provide new implications as well as insights as they pursue various startup policies at their respective locations and innovation levels. This will help the government in establishing policy measures to cope with changes in the startup ecosystem.

Current startup status

South Korea: The South Korean government chose the nurturing of startups as the most important strategy in the innovative growth, pledging to support 2.5 million won yearly, encouraging startups as well as small and medium enterprises. The number of startups had increased in recent years. However, the growth rate of technology-based entrepreneurship is still slow despite boasting world's fastest internet speeds as well as sophisticated consumer and financial services markets. This is firstly due to the significant difference in the average investment scale for the startup companies. Secondly, the software engineer salary is low. Thirdly Seoul's overseas market access is far below the global average which will be a challenge in reaching the global market.

Malaysia: With the population reaching 37 million in 2030, trend towards greater urbanisation of the population is indicative of growing economic opportunities. The Malaysian government supports local startups through various initiatives including policies, implementation bodies, training programmes as well as business platforms. Several ministries are involved directly and indirectly in developing and encouraging the startup ecosystem in Malaysia. In the Global Entrepreneurship Index, Malaysia performed well in areas such as process innovation, human capital, opportunities for startups, risk acceptance and networking. However, there are several areas of improvement including startups skills, technology absorption, product innovation, business growth as well as risk capital.
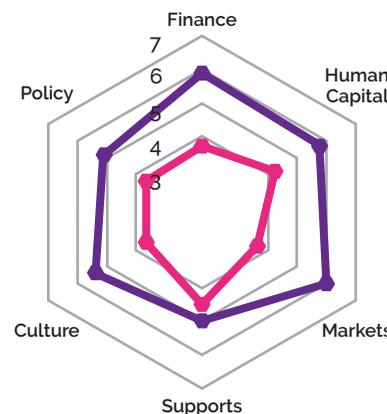
Taiwan: The Taiwan Government launched a series of entrepreneurship policies since the 2010s, offering Taiwan entrepreneurs a better startup ecosystem condition to unleash those foreground and innovation ideas fully developed. However, despite the efforts, the current Taiwan startup ecosystem is still insufficient. The entire startup ecosystem of Taiwan seems to perform moderately. But Taiwan still needs to work on all domains of startup ecosystem.
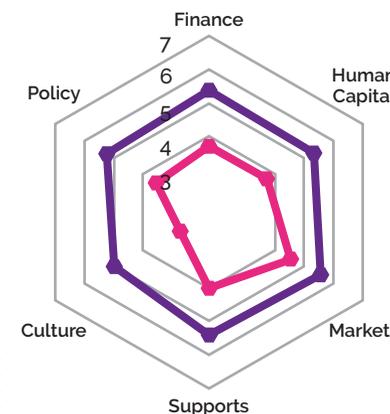
Singapore: Singapore is among the top startup ecosystems around the world. Most startups are in the area of digital technology, followed by fintech and enterprise tech startups. Enterprise Singapore will be deepening efforts with global and local partners to strengthen the startup ecosystem in Singapore. Enterprise Singapore partnered with various government agencies to encourage open innovation that startups can take part in. With the Singapore government's enterprise-friendly approach, supported by many benefits, the nation's forward-looking position towards innovation continues to attract startups and emerging technology to its shores.

The quality of the startup ecosystem in all countries was assessed to be insufficient presently but it will suffice in the future. This is an indication that respondents are **not satisfied** with the **current startup ecosystem**. This is expected to change for the **better** with the development of technology in the **future**. Hence, the need for **policy intervention**.
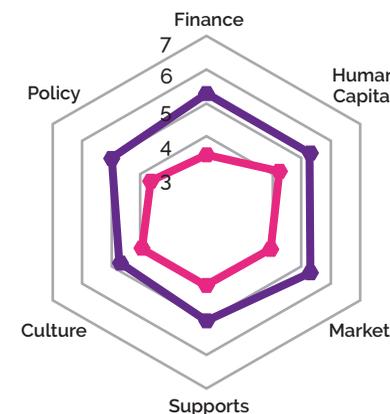
Radar charts: **South Korea**, **Malaysia**, **Taiwan** — domains: Finance, Human Capital, Markets, Supports, Culture, Policy (scale 3–7)
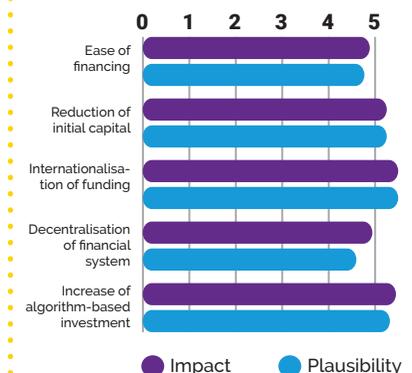
- **Today** (2020)
- **2030**
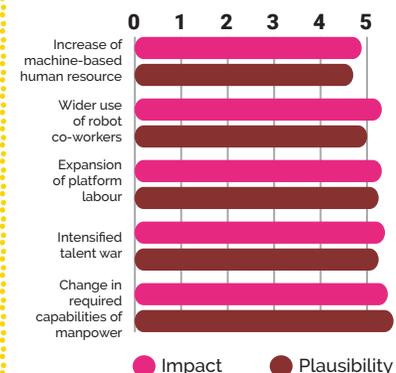
2020 vs 2030

The **market** domain will be the most affected by technology development with **culture** being least affected

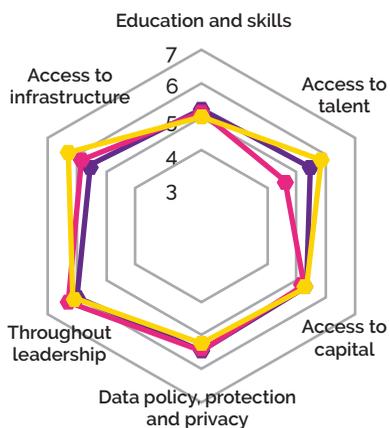## Issues on impact of technology development by 2030

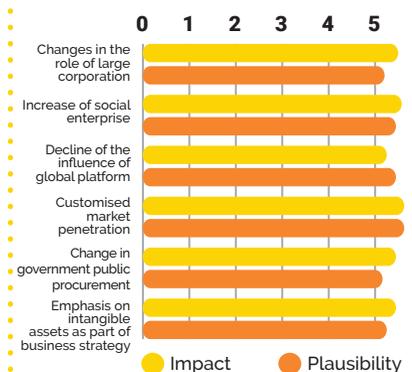### Five issues were identified in the domain of finance.

(scale 0 1 2 3 4 5 6)

- Ease of financing
- Reduction of initial capital
- Internationalisation of funding
- Decentralisation of financial system
- Increase of algorithm-based investment

Impact | **Plausibility**

Five issues were identified in the human capital.

(scale 0 1 2 3 4 5 6)

- Increase of machine-based human resource
- Wider use of robot co-workers
- Expansion of platform labour
- Intensified talent war
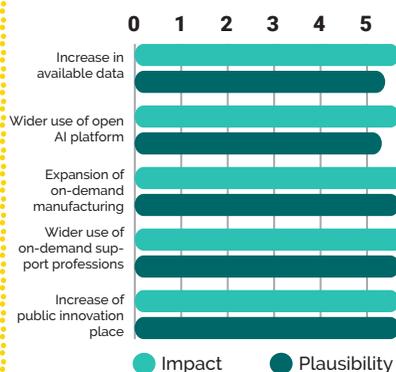- Change in required capabilities of manpower

Impact | **Plausibility**

Policy issues that should be considered as priority to improve the quality of startup ecosystem by the year 2030.

Radar chart (scale 3–7): Education and skills, Access to talent, Access to capital, Data policy, protection and privacy, Throughout leadership, Access to infrastructure

South Korea | **Malaysia** | **Taiwan**

Six future issues were identified in the domain of markets.

(scale 0 1 2 3 4 5 6)

- Changes in the role of large corporation
- Increase of social enterprise
- Decline of the influence of global platform
- Customised market penetration
- Change in government public procurement
- Emphasis on intangible assets as part of business strategy

Impact | **Plausibility**

Five issues were identified in the domain of supports

(scale 0 1 2 3 4 5 6)

- Increase in available data
- Wider use of open AI platform
- Expansion of on-demand manufacturing
- Wider use of on-demand support professions
- Increase of public innovation place

Impact | **Plausibility**

While the focus is towards the future, the implementation has to start in the present.