

# STARTUP ECOSYSTEM

- Executive Report -

## BANGKOK

Version 1.0 - 2018

# Bangkok Startup Ecosystem

## Startup Friendliness Index

### Ranking

Ranking	City   Country	Score   Max Score
01	Singapore   Singapore	70.0   100
02	Bangkok   Thailand	53.5   100
03	Bengaluru   India	50.0   100
04	Tunis   Tunisia	43.3   100
05	Amman   Jordan	40.8   100
06	Jakarta   Indonesia	40.2   100
07	Manila   Philippines	36.7   100

Bangkok scores 53,5 out of 100 points, which makes it not yet a mature startup ecosystem with the need to still be improved. It currently ranks second at enpact's Startup Friendliness Index (SFI) for emerging economies and lacks almost 17 points behind Singapore, bringing it on a competitive level with Bengaluru, India. In fact, Bangkok possesses the basis to become a dynamic and strong ecosystem, more favourable to startup creation, if some of its weaknesses are being addressed.

### Methodology

The SFI is an indicator-based framework measuring the startup friendliness of cities. The index contains 84 indicators that are categorised into 6 domains and 14 subdomains, with the domains representing the key aspects of an ecosystem.

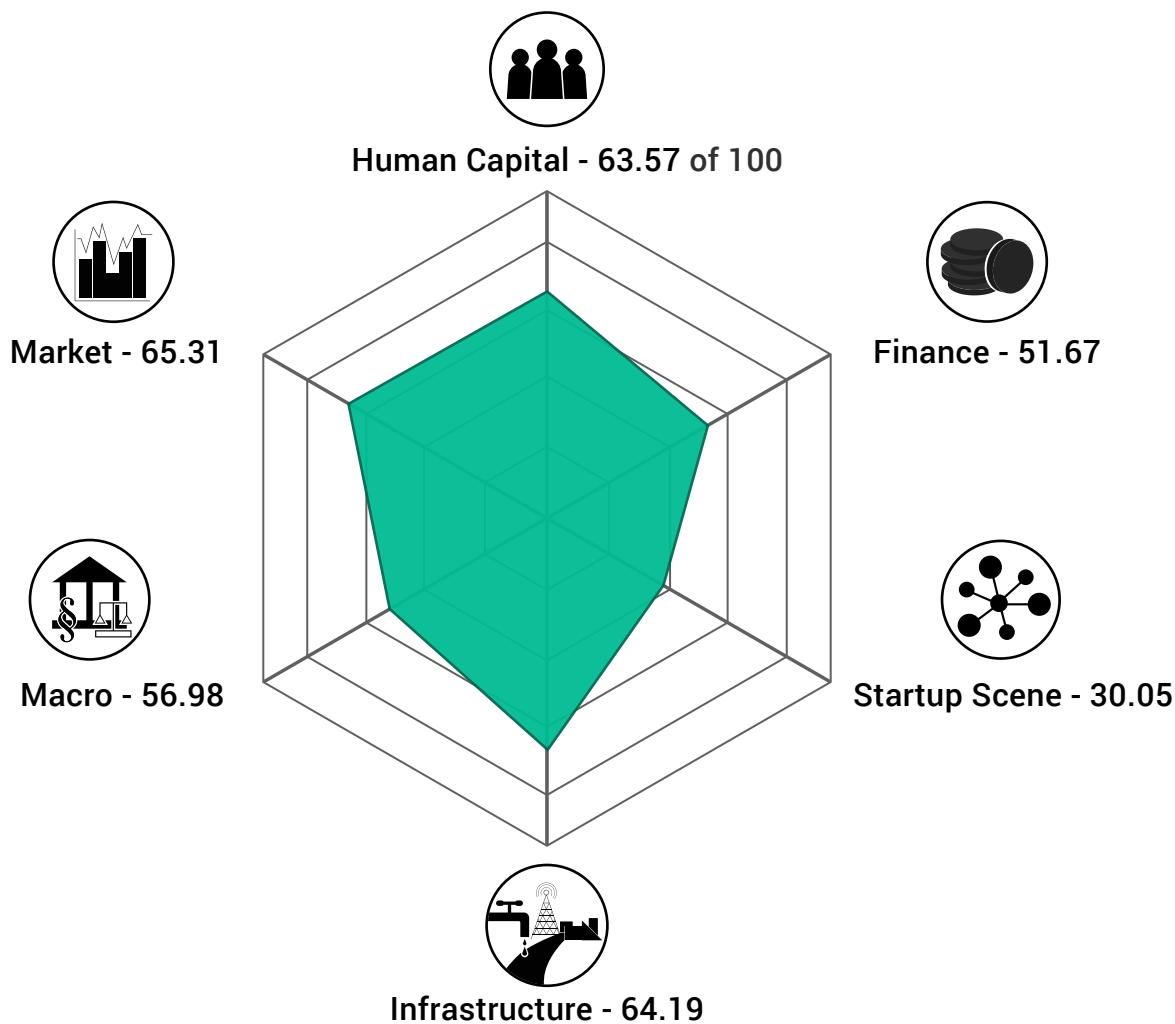
For comparison, all data points are normalised, ranking between 100 (excellent) to 0 (weak). For all measured ecosystems, the lowest value in a specific indicator is translated into "0" and the highest into "100", all in between follow proportionally.

The composite index-score penalises imbalances on the domain level. That is, being strong in some domains cannot compensate for weaknesses in others (e.g. great Human Capital cannot compensate for a weak Infrastructure).

*For further details about methodology, index composition, definitions, and sources see:*

<http://startup-meter.org/methodology>

# Key Findings - Overview



## Strengths

Bangkok's startup ecosystem is on the rise, it scores best in **Human Capital** among all measured cities. While labor regulations are advantageous, the city is also very strong when it comes to accessing talent at good rates, especially for software developers, who are well skilled at lower costs than anywhere else. With 64 out of 100 points, its **Infrastructure** is well developed, especially when it comes to Information and Communication Technologies (ICT), which makes it a great test market for mobile services. The Legal Framework, which is part of the **Macro** domain, is advantageously setup for startup and business founders. A strong Market Performance and high growth rates indicate a dynamic economy. The **Finance** domain signals an early development stage for startup ecosystems, the numbers of Business Angels and their investments are strong.



## Challenges

Low numbers of Accelerators, Incubators, and Venture Capital firms are signs of low maturity levels for the startup ecosystem of Bangkok in respect to **Startup Scene** and **Finance** opportunities. A lack of later stage investments are especially a challenge for growth startups and scaleups. On a **Macro** perspective, the lack of Political Stability creates risks and a further challenge is Corruption. Important for further developing Bangkok startup ecosystem will be more professional offers and services. Startup knowhow might need to be imported also through external partners from other maturer ecosystems. Building ties via networks, events, and personal or institutional connections is a necessity.

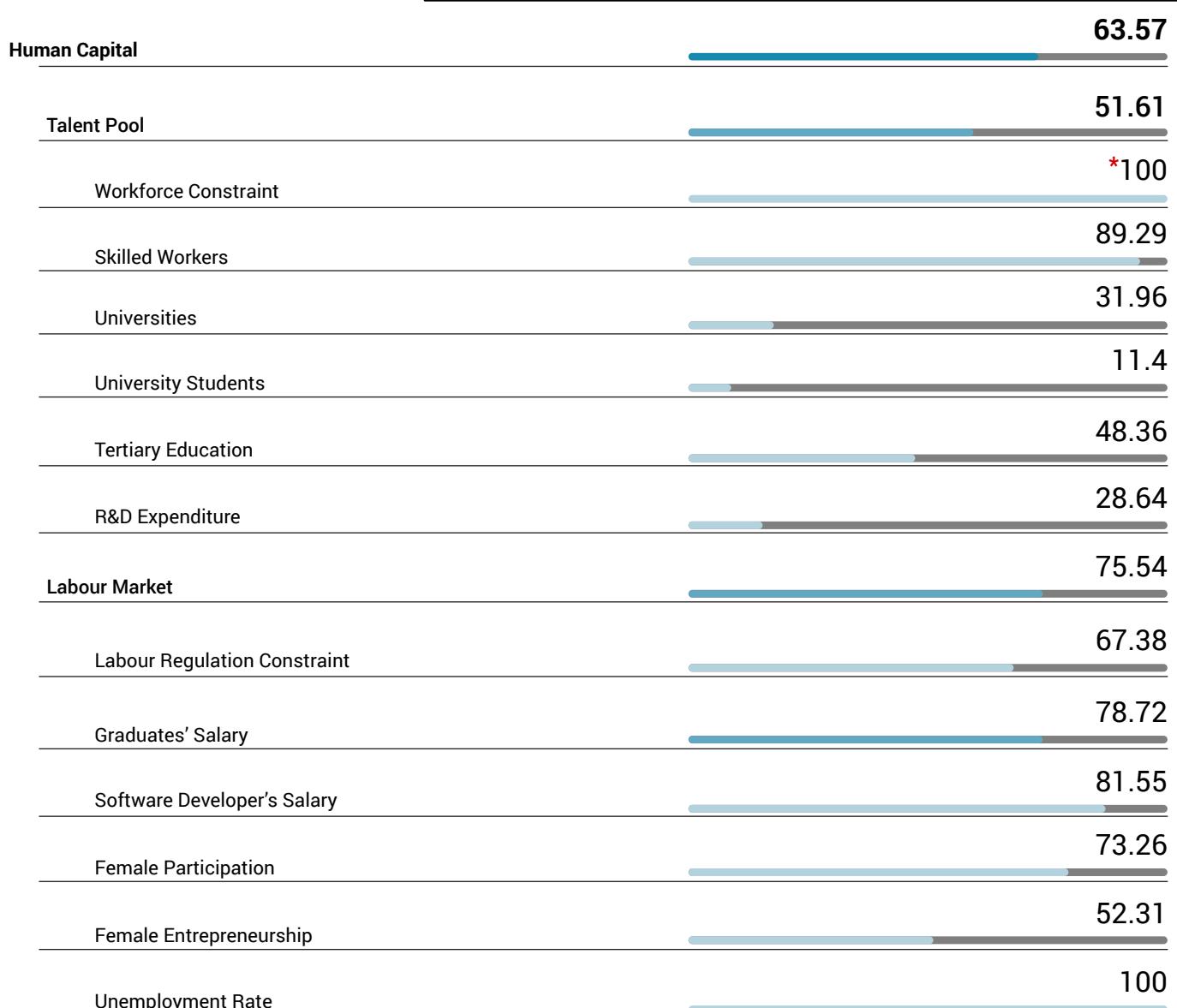


# Human Capital Champions

Bangkok is scoring best in the **Human Capital** domain among all measured startup ecosystems. It has the best conditions for startups to find the right talent, well qualified and at reasonable costs. Labour Market conditions are beneficial and the Talent Pool is good: **Labour Regulation Constraints** are low, so are **Workforce Constraints**. Recent graduates are comparably affordable, **Software Developers' Salaries** are low in relation to the other startup ecosystems, while their skills and quality are considered to be quite high. While the **Unemployment Rate** is very low, **Female Participation** on the labour force is among the highest, and so is the percentage of **Female Entrepreneurs**. With 0,63% **R&D Expenditures** out of Total GDP, the level could be higher in order to develop a competitive advantage. The Total number of **University Students** could also be improved.

## Score of Bangkok in Human Capital Domain

# 63.57 of 100



\* The value 100 means, that Bangkok scores best among all 12 measured startup ecosystems in this indicator.

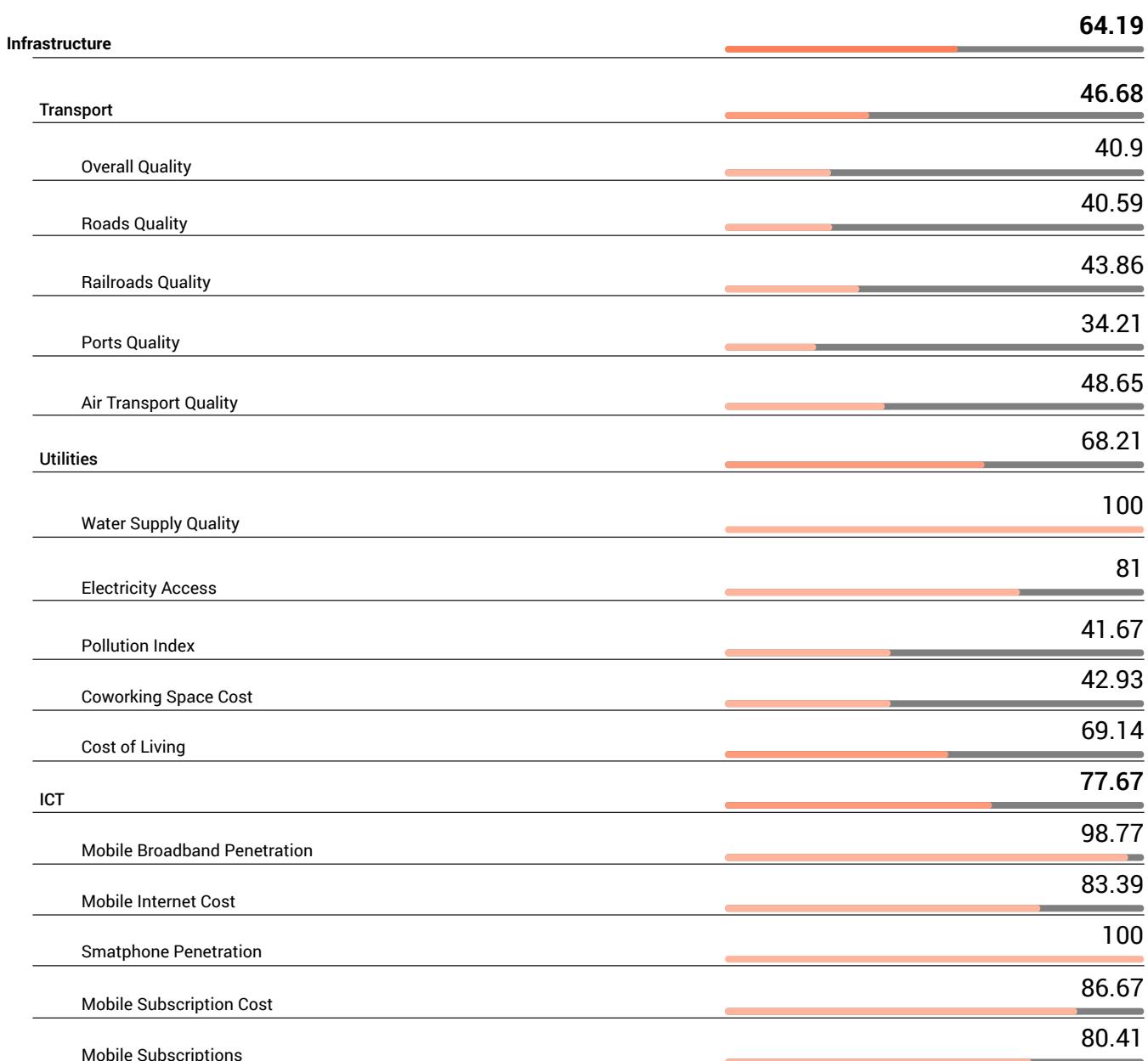


# Well Developed Infrastructure

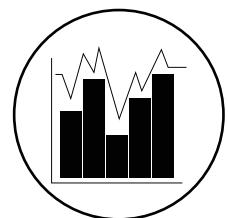
Close to Singapore, Bangkok's **Infrastructure** is scoring well with 64.2 out of 100 points. **Water Supply Quality** is high, so are **Electricity Access** and **Electrical Outages**. **Costs of Living** are considerably lower than Singapore, however slightly higher than Jakarta, Manila or Bengaluru. **Costs for Coworking Space** on the other hand are quite high. On a positive note, the **Pollution** level is better than in other Asian capitals, excluding Singapore. The ICT infrastructure is excellent, making Bangkok not just a good place to live, but also especially interesting to test in the mobile market. **Smartphone** and **Mobile Broadband Penetration** are the highest of the compared ecosystems. **Mobile Subscription Costs** are low and in consequence the number of **Mobile Subscriptions** high.

## Score of Bangkok in Infrastructure Domain

**64.19 of 100**



# Market Performance Stability

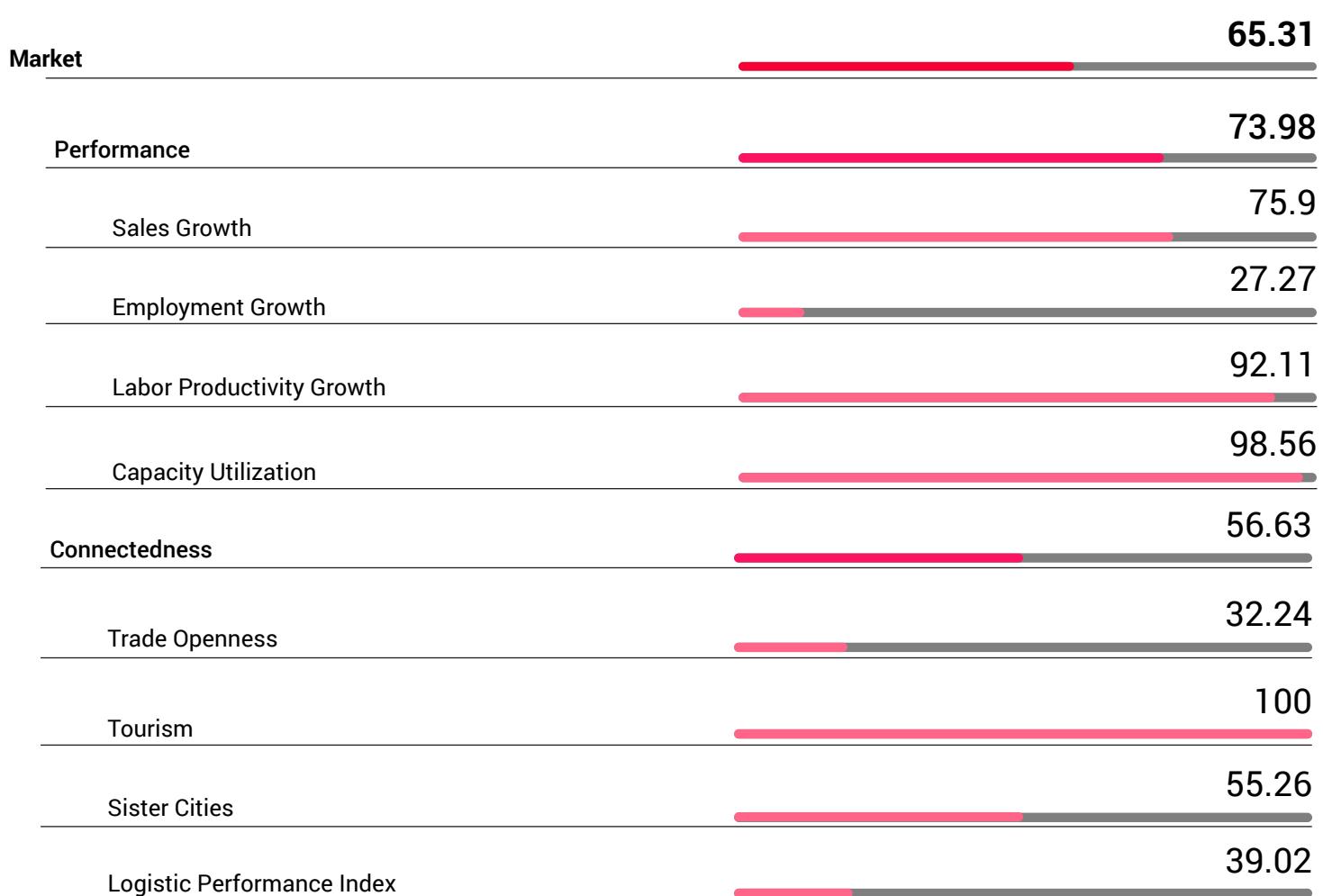


Bangkok has a good **Market Performance** subdomain, achieving a score of 73.98 out of 100. The fast growth on **Sales and Labour Productivity**, combined with a high score on **Capacity Utilization** (how efficient are manufacturing firms in the use of resources), reflects a dynamic local economy. **Employment** is also growing, although at a slower rate. Taken together, these numbers point out that Bangkok has not met its full potential, yet there is still enough ground to grow and become more efficient.

In terms of **Connectedness**, Bangkok has an overall good performance, with a score of 56.63. A more open and better connected ecosystem with foreign markets can indeed be the source of a sustained growth in the future, not to mention this could also make Bangkok a more attractive place for entrepreneurs and investors from abroad. Bangkok is the preferred tourist destination among the ecosystems contained in the SFI; this already indicates the city of Bangkok has a good image internationally, and may capitalize this advantage to attract the attention of foreigners interested in settling in the city.

## Score of Bangkok in Market Domain

**65.31 of 100**



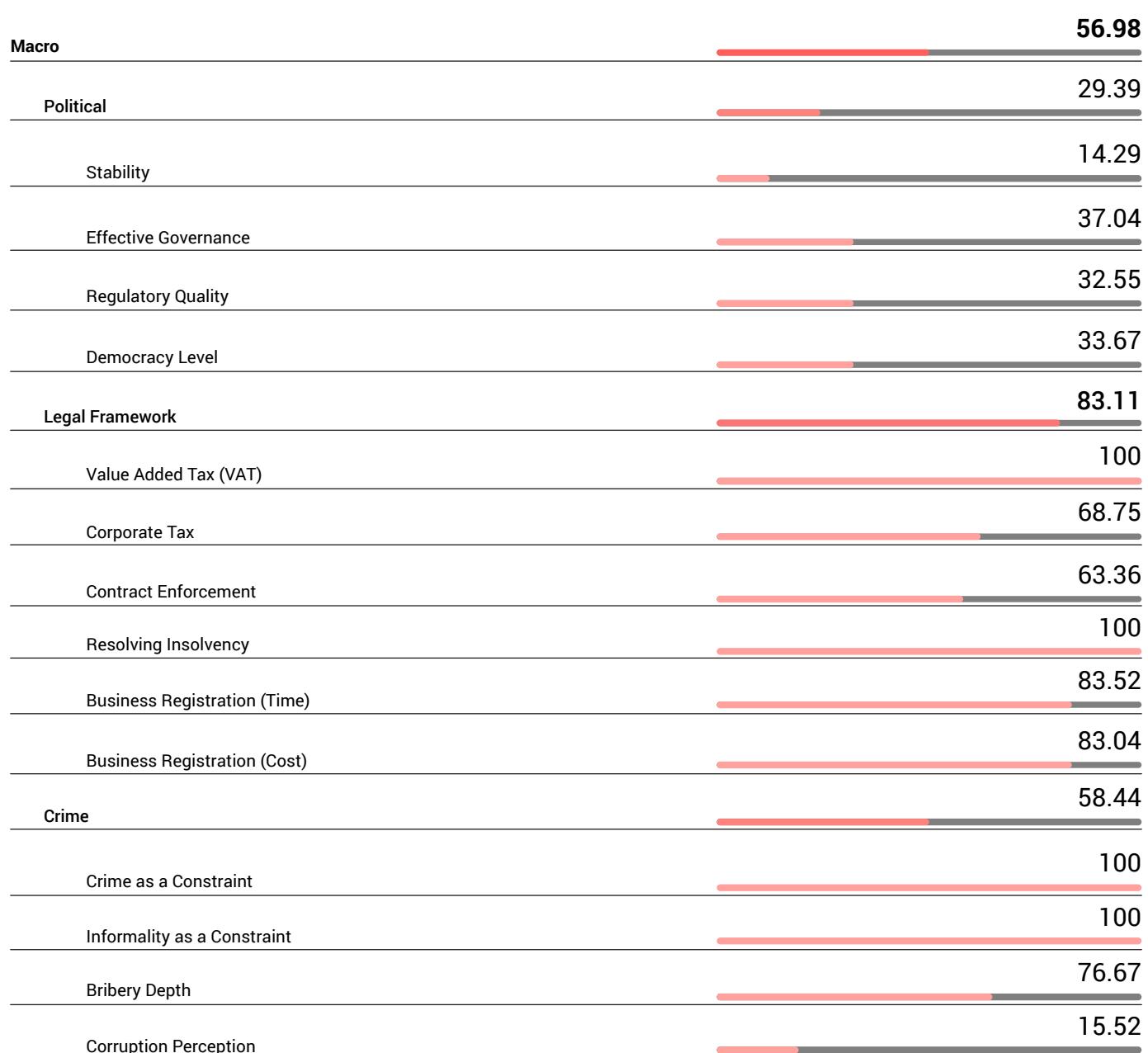


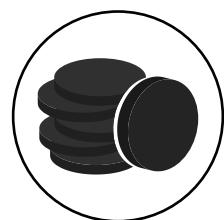
# Macro Imbalanced

Bangkok's Macro domain, its political and legal framework, is strongly contrasting. It has strengths in some aspects and weaknesses in others. Its **Legal Framework** benefits entrepreneurs, **Business Registration Time and Costs** are among the lowest. The World Bank's Doing Business Report shows best results in comparison to the measured ecosystems on **Resolving Insolvency**, **VAT**, **Corporate Tax**, and **Contract Enforcement**. While **Crime** and **Informality** is not perceived as a constraint by firms, the overall **Corruption Perception** measured by Transparency International as well as **Corruption Control** are scoring weak. A further weakness is **Political Stability**, with 14 out of 100 possible points.

## Score of Bangkok in Macro Domain

**56.98 of 100**



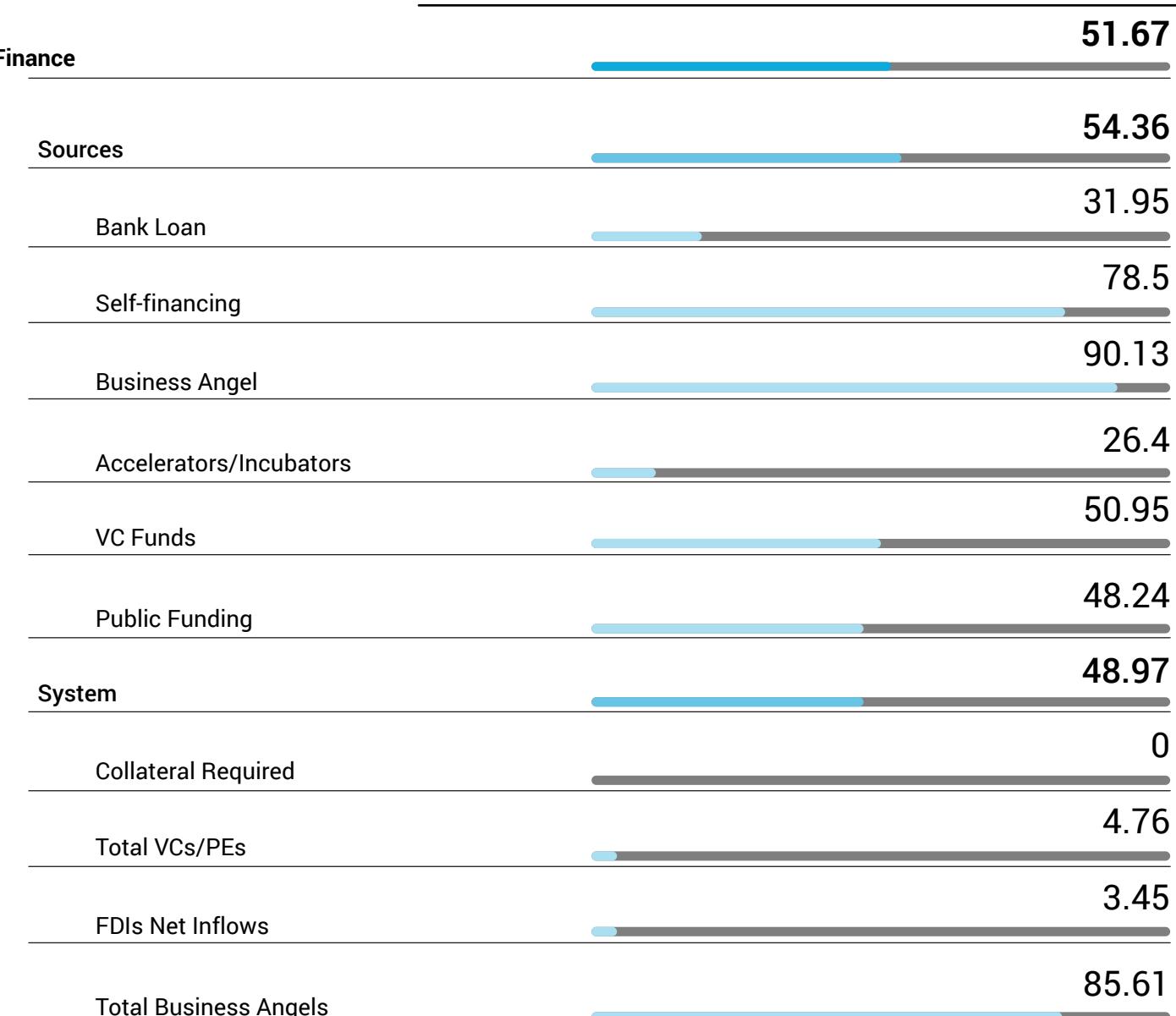


# Mediocre Finance System

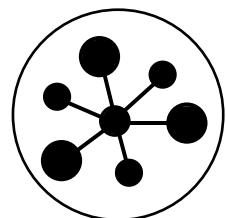
In the **Finance Domain**, the Financial System is well developed and the **Sources** for funding are diversified and manifold. A high proportion of founders consulted through our survey use self-financing and/or have a **Business Angel** funding. **Public** and **VC funds** were mentioned to a lesser degree as their source. A less developed option seems to be access to **Accelerators** and **Incubators**. On the **System** side, a large number of **Business Angels** strengthens this picture, however there is a strong lack of **Venture Capital (VC)** in comparison to the other startup ecosystems. For retrieving loans, **Collaterals** are needed, thus creating a high barrier. Finally, **Foreign Direct Investment** as a broader indicator is quite low.

## Score of Bangkok in Finance Domain

**51.67 of 100**



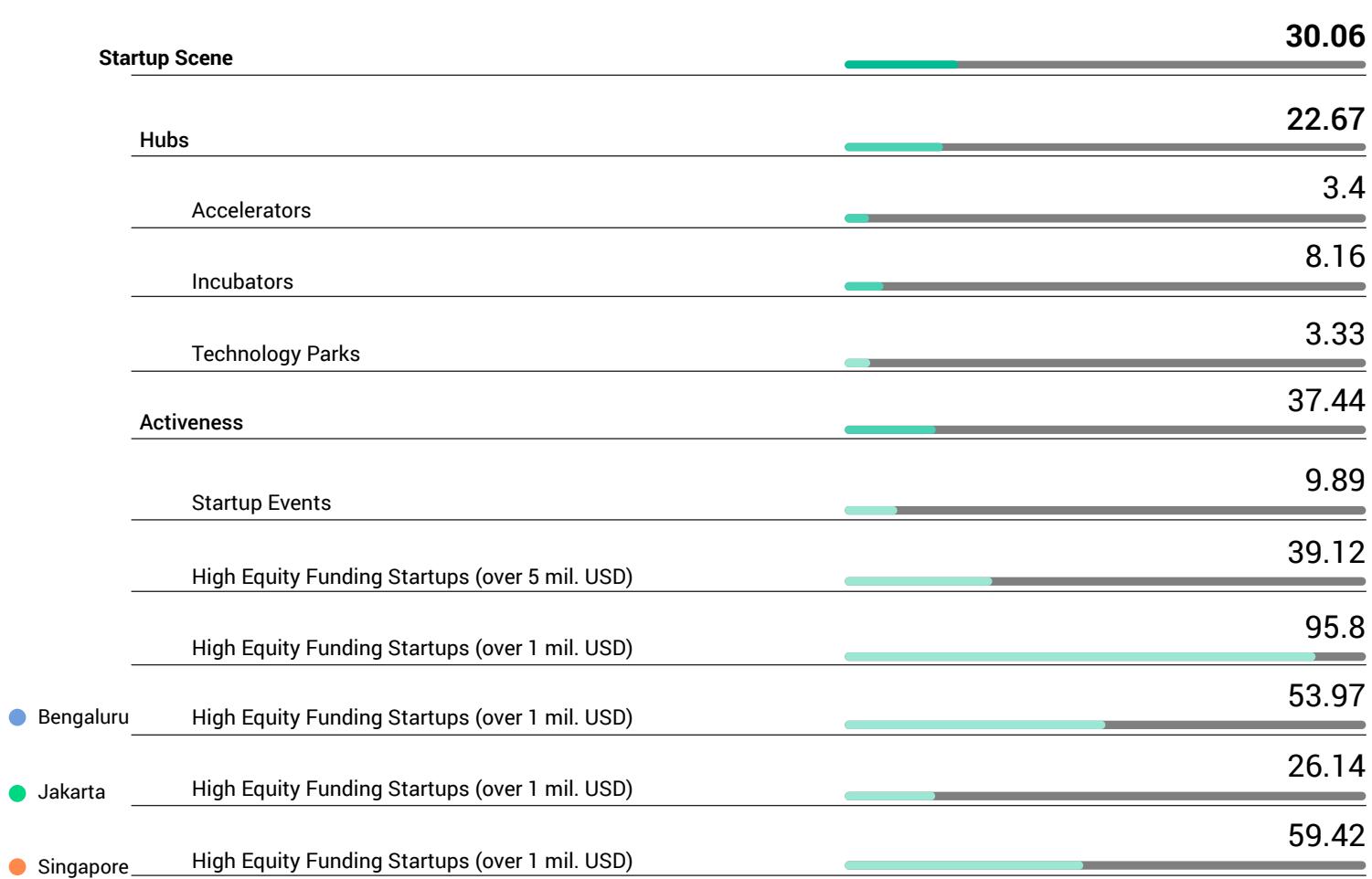
# Startup Scene Development Potential



Bangkok biggest potential for improvement lies in the development of its **Startup Scene**. With 30 out of 100 possible points, it scores comparably low. It is particularly weak in the number of **Accelerators, Incubators, and Science & Technology Parks**, where it falls behind most of the measured startup ecosystems. The number of **Startup Events** could be substantially improved to enable knowledge transfer and network effects. On a positive note, the number of **High Equity Funding Startups with a funding of over 1 million US-Dollars** is comparably high, scoring well beyond other ecosystems such as Jakarta, Bengaluru or even Singapore.

## Score of Bangkok in Startup Scene Domain

**30.05 of 100**



# Challenges & Policy Recommendations

## Challenges

- **Developing the Startup Scene**

Bangkok startup scene is quite young, events, initiatives and professional players need to still flourish

- **Increasing Incubators & Accelerators**

A lack of high-professional Incubators and Accelerators is identified, which should link also the corporates to the startup world as much as bringing international knowledge to Bangkok

- **Lacking VCs & Smart Money**

Money to grow after a first seed investment is needed including the know-how (smart) to successfully scale in specific verticles

- **Knowledge/-how to Scale**

Transfer of knowledge and know-how to scale internationally from experienced entrepreneurs and startup experts

## Policy Recommendations

→ Fostering startup connections and learning across the city and internationally

→ Incentivising the development and setup of incubators & accelerator programmes

→ Creating networks and incentives for attracting international investors

→ Facilitating the development of entrepreneurs within the startup scene by mentors/mentoring programmes

These are selected policy recommendations. Our startup city toolkit and lean policy framework are disposable.

The full report as well as customised research can be purchased upon request.

Please reach out to us for more information.

# Who we are?

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## **enpact**

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The non-profit organisation enpact aims to empower entrepreneurs and strengthen the relations between startup scenes in emerging markets. enpact implements its mission in four programmes: Startup Mentoring connects startup founders from different regions with international mentors, Startup Connect organises delegation trips to startup ecosystems for and with the relevant players, Startup Spaces establish co-working and founder centers within focal regions, and Startup Meter measures, through a scientifically grounded approach, the framework conditions of urban startup ecosystems. Having started in 2013 with a focus on the MENA region and Europe, enpact now operates also in East and West Africa as well as Asia and Latin America.

## **startup meter**

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Startup Meter is enpact's research department. Supporting entrepreneurship is becoming a prominent policy tool within economic and development cooperation. However, extensive knowledge of a region's contextual circumstances is necessary for informed decision-making. Startup Meter offers a holistic approach and an indicator-based framework, that analyses city startup ecosystems and aims to enable more effective and specifically targeted policies, incentives and international development cooperation.

## Find us on:

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