JTC LaunchPad has grown into dynamic startup ecosystem: NUS study

Rise in startups, angel investors, venture capitalists and legal firms reflects new growth areas globally

By Jacqueline Cheok
jaccheok@nus.edu.sg
@JasCheok87

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THE JTC LaunchPad, a one-stop business incubator, has matured into a dynamic ecosystem for startups, according to latest research findings by TechSG, which was presented on Wednesday. For starters, the number of tenants, startups and facilitators such as angel investors, venture capitalists and legal firms grew 65 per cent to 425 from November 2015 to March 2017.

The number of startups based in the LaunchPad (a 6.5 hectare site in Ayer Rajah Crescent) rose by 67 per cent from 216 to 361 during the same period, while that of facilitators rose by 56 per cent from 41 to 64.

TechSG, a platform that offers a low-down on Singapore’s startup ecosystem, is created by IBM and NUS Enterprise, the entrepreneurial arm of the National University of Singapore.

Prof. Wong Poh Kam, director of NUS Enterprise, said on Wednesday that a dynamic ecosystem features a high turnover of tenants, and an increase in the number of startups and facilitators.

There is also a prominence of young firms at the LaunchPad, with more than half (58 per cent) of startups there aged two and below. Those aged between two and five make up 27 per cent, while those over five years old make up 15 per cent.

Prof. Wong said: “This reflects the new growth areas not just in Singapore but globally.”

Since November 2015, some 14 per cent of LaunchPad startups have ceased operations or become inactive. About a third (38 per cent) remained based in the LaunchPad, while close to half (47 per cent) have relocated, mostly to bigger offices.

Non-surviving startups (that is, those that have ceased operations) are found to be disproportionately concentrated in the Internet and mobile (31.6 per cent), media and lifestyle (36.8 per cent), and biomedical and health (16.5 per cent) sectors.

The LaunchPad has a high turnover, as a majority (73 per cent) of startups had set up shop there only within the last 15 months. Only less than a third (27 per cent) of startups had set up shop there more than 15 months, said Prof. Wong.

Prof. Wong Poh Kam (far right) with startup ecosystem players who are or were based in BLOCK71 of LaunchPad in Ayer Rajah Crescent.

He said: “It is a relatively young population of startups in the LaunchPad.”

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Interestingly, LaunchPad startups have a higher degree of "ecosystem engagement" compared to tech startups in Singapore. Eighty per cent of LaunchPad startups are found to have participated in at least one government funding scheme, versus 64.2 per cent of tech startups. Nearly 40 per cent of LaunchPad startups have received venture capital funding, versus 15.8 per cent of tech startups.

Prof. Wong said: “This shows that LaunchPad startups are systematically different from Singapore tech startups in general. It could be due to better access to ecosystem players in the LaunchPad that helps them be better at raising funds.”

LaunchPad startups are also found to be “highly internationalized” 84.4 per cent of them operate in emergent and growth markets such as Indonesia, and Thailand, compared to 75.2 per cent of tech startups in Singapore.

Prof. Wong said: “Five years ago, the target markets of startups were China, Europe and the US. Today, entrepreneurs have found it more viable to conquer South-east Asia.”