



ASEAN NEW ECONOMY CONFERENCE HIGHLIGHTS & INSIGHTS

OCT 2020



Disclaimer

The information in this document is provided on an “as is” basis. The opinions expressed are those of the parties involved as of the date of writing and are subject to change without notice. It has been prepared solely for information purposes over a limited time period to provide a perspective on the market. Projected market and financial information, analyses and conclusions contained herein should not be construed as definitive forecasts or guarantees of future performance or results. EDBI, its affiliates or any third party involved makes no representation or warranty, either expressed or implied, as to the accuracy or completeness of the information in the document and shall not be liable for any loss or damage howsoever arising, whether directly or indirectly, from the use hereof.

Contents

Executive summary	1
ASEAN funding scene and “who’s who”	2
Uncovering investment opportunities in Southeast Asia	3
Picking ASEAN winners: lessons from China’s playbook	8
E-commerce trends in top ASEAN markets	11
Navigating logistics across Southeast Asia’s 25,000 islands	14
Leapfrogging systems & banking the underbanked	17
Impact of technology on doctor-patient dynamics	19
Conclusion	21

Executive summary

With a rising middle class, high internet and smartphone penetration, as well as rapidly increasing e-commerce spending, ASEAN's new economy is poised for exponential growth in the coming years"

~ Dr Basil Lui, Managing Partner, EDBI

"You always pursue the big ideas, the bigger the problem is, the bigger the opportunities are."

~ Bao Fan, Chairman & CEO, China Renaissance

"Singapore is a very open and welcoming economy, it may be a good platform for foreign companies to jumpstart their investments in Southeast Asia."

~ David Su, Founding Managing Partner, Matrix Partners China

EDBI and China Renaissance jointly organized an ASEAN New Economy Conference 2020 on 15 October 2020, featuring 27 speakers over six panel sessions, with over 500 registered participants from all over the world. Participants include public and private equity investors, corporates, and government agencies. Through this conference, investors and companies were able to gain further insights into the investment opportunities and digital backbone of Southeast Asia, as well as the rising new economy sectors, ranging from e-commerce and logistics, to fintech and healthtech.

Southeast Asia shares many characteristics with China ten years ago, including young and supportive demographics, rising middle class and high internet mobile penetration. Along with a vibrant start-up scene, these factors make Southeast Asia attractive for digital disruption. A 2019 study by Google, Bain and Temasek values the ASEAN internet economy at US\$100bn in 2015, and it is forecasted to grow at 33% CAGR to reach US\$300bn by 2025.

Covid-19 has been both boon and bane for Southeast Asia new economy companies, with management quality and speed of response to the crisis being the key differentiating factors between good and mediocre companies. While fundraising during this period has been tough since it is hard to pinpoint what the right valuations are, various companies have managed to raise capital despite the challenging environment.

ASEAN funding scene and “who’s who”

Several start-ups and companies featured in the conference have successfully completed fund-raising activities in recent months despite Covid-19, including **Waresix** (US\$100m), **Sociolla** (US\$58m), **Payfazz** (US\$53m), **Funding Societies** (US\$30m), and **Doctor Anywhere** (US\$27m).

Across local and foreign private equity (PE) and venture capital (VC) funds, the likes of **EDBI**, **East Ventures**, **Golden Gate Ventures**, **Insignia Ventures**, **Matrix Partners**, **Sequoia Capital**, **SK Group**, **SPRIM**, **Tencent Investments** continue to be on the lookout for opportunities within exciting verticals in ASEAN.

Figure 1: Southeast Asia’s Internet economy is expected to hit US\$300bn by 2025F

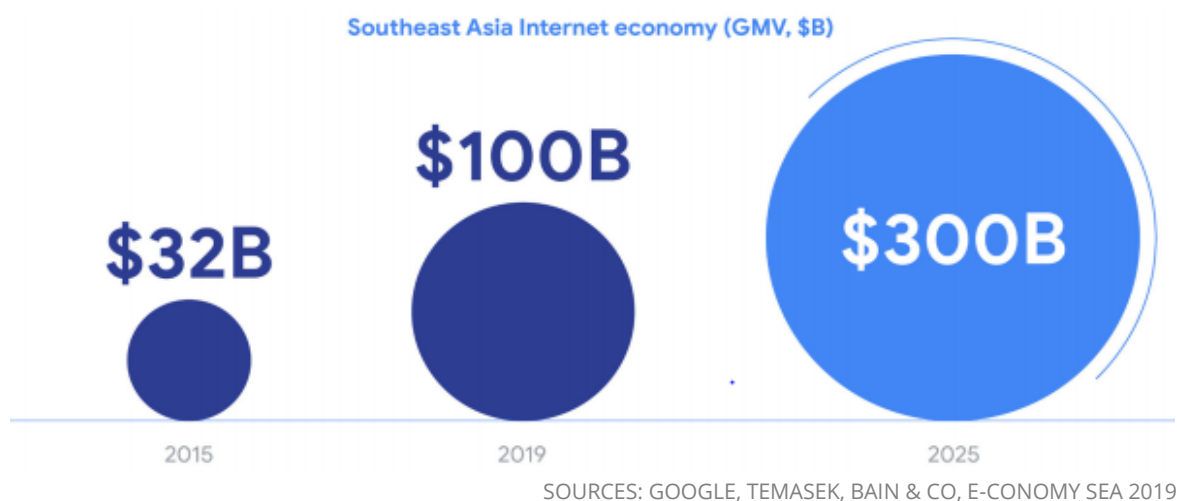
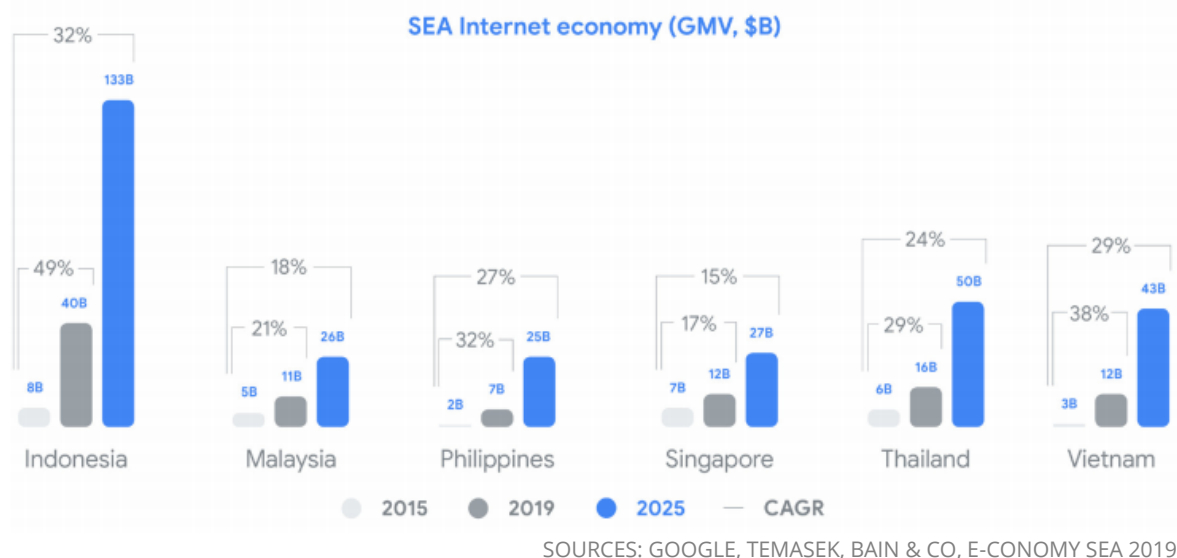


Figure 2: Indonesia’s Internet economy has the highest potential among the Southeast Asian countries

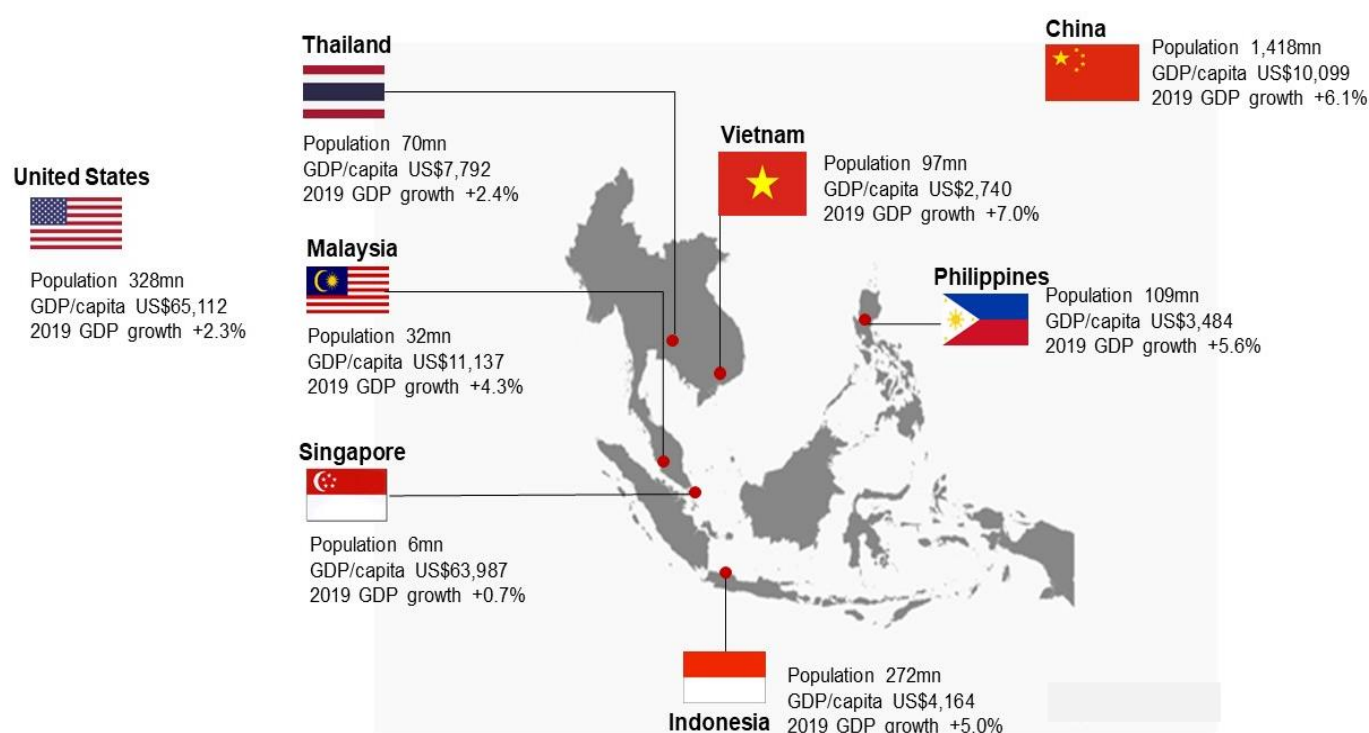


Uncovering investment opportunities in Southeast Asia

Southeast Asia¹ is made up of primarily six countries (Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam) with a combined population of 571m and multiple languages spoken. This makes ASEAN the third most populated region in the world, after China and India.

Apart from favourable demographics (such as a growing young population and rising middle class), the high mobile ownership but low penetration of online retail and banking services make ASEAN well-poised for digital disruption. Artificial intelligence (AI) adoption is also nascent, as more than 80% of the region is still in early stages of AI adoption.²

Figure 3: Overview of ASEAN, China and US demographics



SOURCES: United Nations (population as of 2018), Bloomberg (historical GDP growth data)

¹ While Southeast Asia comprises of 11 countries, we focus on the six economically-active countries in this report.

² Racing toward the future: Artificial intelligence in Southeast Asia 2020 report by Kearney & EDBI

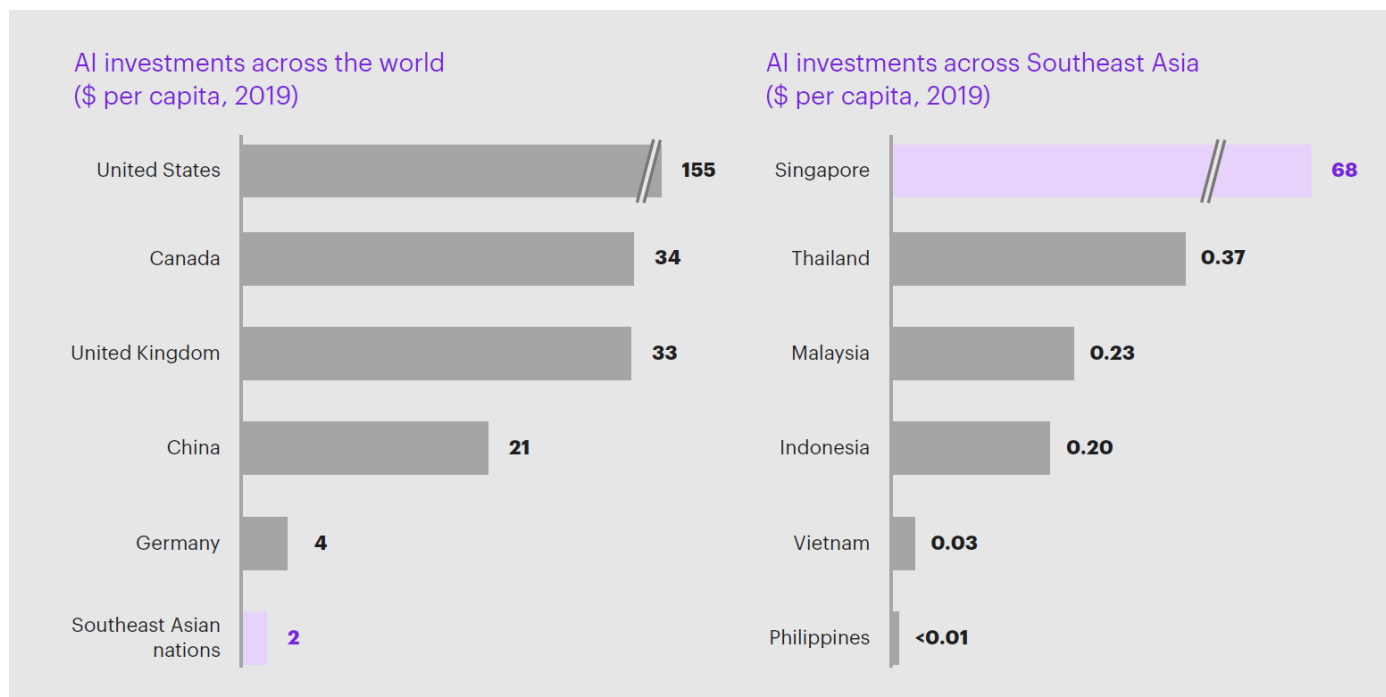
Figure 4: Overview of key players in various ASEAN new economy verticals

E-hailing	Food delivery	Ecommerce	E-wallet/Fintech	Online travel agency	Logistics	Healthcare	Lifestyle
Grab	Grab	Shopee	Grab	Traveloka	Ninja Van	<i>Dr Anywhere</i>	Redmart
Gojek	Gojek	Lazada	Gojek	AirAsia	<i>LalaMove</i>	<i>Us2.ai</i>	Kaodim
MyCar	Foodpanda	<i>Tokopedia</i>	Momo	Klook	Lazada Express	Pharmacy	Happy Fresh
Ryde	Deliveroo	Bukalapak	Boost 2C2		<i>Waresix</i>	Homage	tukang.id
FastGo	DahMakan	Qoo10	Ankulaku		<i>Janio</i>	Bioformis	ServisHero
Be	LINE Man	Carousell	<i>VNPay</i>		<i>TikiNow</i>	Alodokter	Shopback
Angkas	Vietnammm.com	<i>Tiki.vn</i>	<i>Funding Societies</i>			Halodoc	Fave
GoBike	Instaburp	<i>Sociolla</i>	<i>Payfazz</i>				ifix

SOURCES: App Annie, Web Index, CRSHK compiled

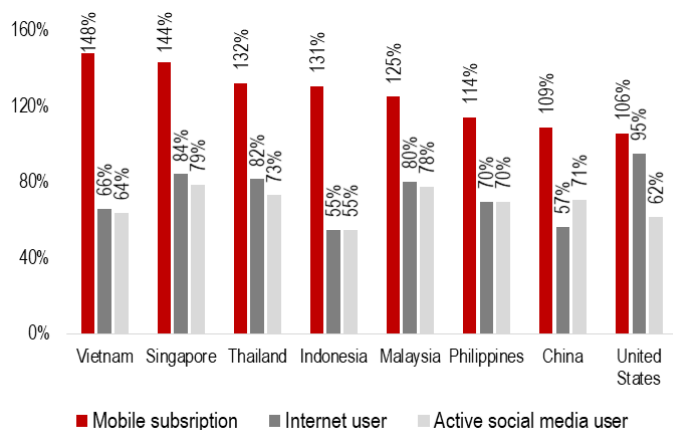
Italicized companies featured in conference

Figure 5: AI investments in Southeast Asia lag more advanced countries, with Singapore being the exception



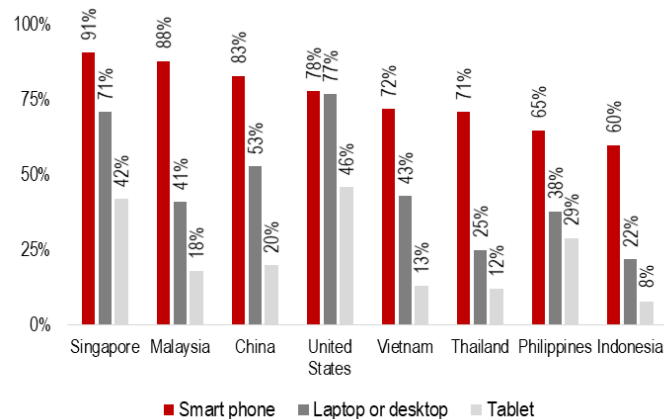
SOURCE: Kearney-EDBI artificial intelligence report

Figure 6: ASEAN mobile penetration is even higher than in China and the US



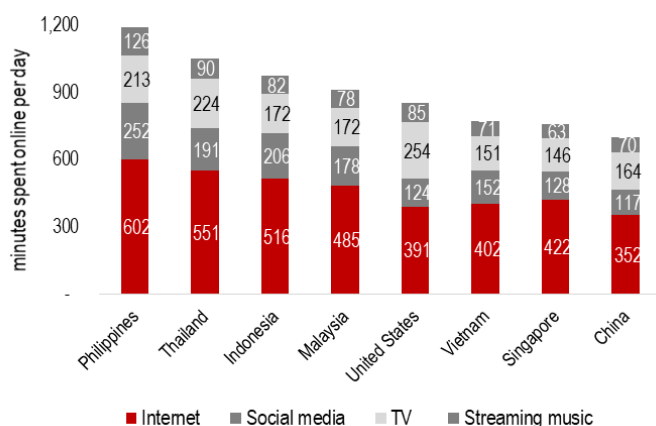
SOURCE: Internet World Stats, GSMA, penetration is sim card, internet and social media account divided by population
Data as of 2019

Figure 7: ASEAN users prefer smartphones over other devices



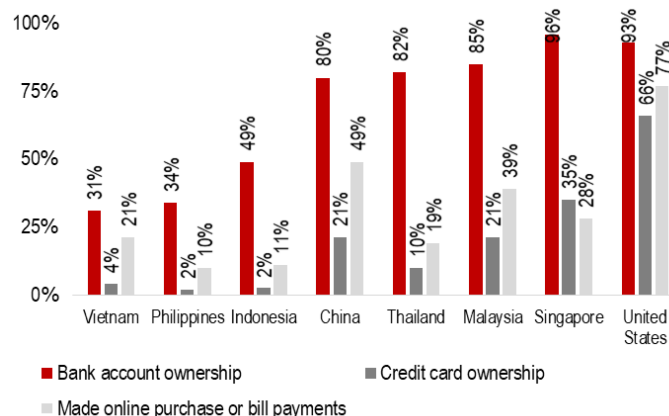
SOURCE: Google Consumer Barometer. Percentage of population owning smartphone, laptop or desktop, and tablet
Data as of 2019

Figure 8: ASEAN Internet users spend more time online than China users



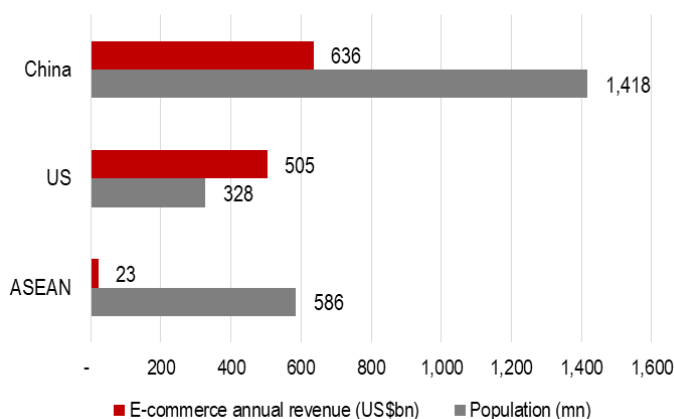
SOURCE: Global Web Index
Data as of 2019

Figure 9: Most ASEAN countries remain severely underbanked



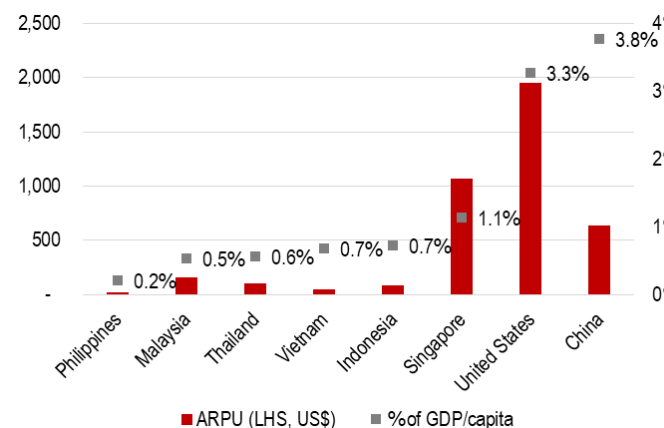
SOURCES: Central banks of mentioned countries
Data as of 2019

Figure 10: ASEAN e-commerce spend is less than 5% of that in China and the US



SOURCES: World Pay United Nations
Data as of 2019

Figure 11: ASEAN spends less than 1% of GDP per capita online



SOURCES: World Pay. Note: ARPU stands for average rate per user, measuring online spend per person
Data as of 2019

Key investing strategies in ASEAN

Many local and foreign private equity and venture capital funds (the likes of **East Ventures, Sequoia Capital, SK Group, Tencent Investments**) have started investing in Southeast Asia from 5-10 years ago. Given that majority of their investment mandates are sector agnostic and multi-stage, these funds have invested and remain open to investing in diverse businesses, including high-touch retail, e-commerce, travel and edtech. This year, the accelerated digitalization brought by Covid-19 has created further opportunities across several industries, including digital platforms powering online payments, B2B commerce and supply chains.

For investors like **East Ventures** that have adopted the strategy of “single market domination” (winning at home before expanding overseas), their portfolio companies tend to operate in larger, homogeneous markets like Indonesia and Vietnam. As **Sequoia Capital** sees itself more as a business partner to proactively help its portfolio companies navigate the changing regional landscape, it continues to invest in its human capital and recently made three senior hires (with technology expertise, regulatory and public policy backgrounds) to “build muscle into their existing teams”.

Corporate VC funds like SK Group and Tencent Investments adopt a slightly different approach

The 2nd largest conglomerate in South Korea, **SK Group** is committed to opportunities that synergize with their existing businesses, comprising of healthcare, semiconductor value chain, logistics, mobility, electric vehicle (EV), artificial intelligence (AI), as well as social impact areas. They also seek co-investment opportunities with strong local partners, such as through their strategic collaboration with **EDBI** in Singapore. **Tencent Investments** describes themselves as “long-term patient capital”, and focuses on both new and old economy sectors. They seek businesses that can grow independently on their own (in terms of management team and financial resources) (e.g. SEA Limited, Gojek), and offer support with their ecosystem in return.

Good founders do not exit, especially in crisis

Covid-19 has not only taught businesses important lessons, but also informed PE and VC funds of the key traits they should look out for in the next generation of ASEAN start-ups. Start-ups with management resilience, sound crisis management and clear communication skills have proven to outperform during the pandemic, which **East Ventures** saw in some of its portfolio companies including **Sociolla, Traveloka, and Waresix**. While fundraising activity has slowed down in Q2 and Q3 amidst Covid-19, PE and VC funds have seen a recent resurgence in investments, with quality companies continuing to command high valuations.

Picking ASEAN winners: lessons from China's playbook

The ASEAN economy today is similar to China ten years ago, with almost half the population but higher mobile phone penetration. It also has the fastest-growing internet economy in the world, which has tripled in size to US\$100bn (from 2015 to 2019), and is forecasted to grow at 33% CAGR to reach US\$300bn by 2025³.

This has attracted many investors to ASEAN, hoping to replicate China's success in the region. Chinese tech giants like Alibaba, Tencent and JD are already active in Southeast Asia, and local start-ups like **Tokopedia** have observed more Chinese funding into ASEAN over the last 18 months.

Figure 12: Southeast Asian consumers are the most engaged mobile internet users in the world

Country	Population Size (million)	Avg Age (yrs)	GDP Per Capita (US\$bn)	Internet Penetration (%)	Mobile Phone Penetration (%)
Indonesia	264	30	3,873	56.8%	135.0%
Malaysia	32	29	11,205	81.7%	127.0%
Philippines	106	24	3,153	72.4%	118.0%
Singapore	6	35	64,343	87.7%	149.0%
Thailand	69	38	7,056	82.6%	134.0%
Vietnam	96	31	2,525	67.0%	150.0%
ASEAN-6	571	31	4,901	66.2%	134.0%
China	1,366	37	9,671	57.8%	111.0%

SOURCES: CIA, E-commerceIQ, IMF, Google, Temasek, Wearesocial, World Bank

Figure 13: Notable ASEAN investments by Chinese Tech Giants



SOURCES: CRSHK compiled

³ e-Economy SEA 2019 report by Google, Bain and Temasek

ASEAN v.s. China

Despite its similar growth potential to China, one of China's leading venture capitalists, David Su from **Matrix Partners** does not rule out initial difficulties in penetrating the diverse cultures and economies of ASEAN. Most European multinational companies (MNCs) have in their ASEAN expansion plans adopted a 'hub-and-spoke' model in their ASEAN expansion plans. His advice to aspiring entrepreneurs in Southeast Asia is "to start with a great business idea" and learn from past mistakes made by China and US investors and corporates.

While geopolitical tensions would make investments ahead trickier, David believes that ASEAN companies backed by Chinese money could navigate the political sensitivities by "downplaying" such ties, and Chinese investors venturing into new markets should begin the local stakeholder engagement process (e.g. with local regulators) early.

Figure 14: Chinese tech companies and their ASEAN "equivalents"

	China	ASEAN
E-Commerce	  	     
Fintech	 	  
Logistics	 	  
Medtech	 	  
Online Booking	 	 
Ride Hailing		 
Proptech		 

SOURCES: CRSHK compiled

China: then v.s. now

Rising political tensions between US and China have spurred investment shifts into biotech, semiconductor, supply chain, industrial automation and materials sectors, according to **Matrix Partners**.

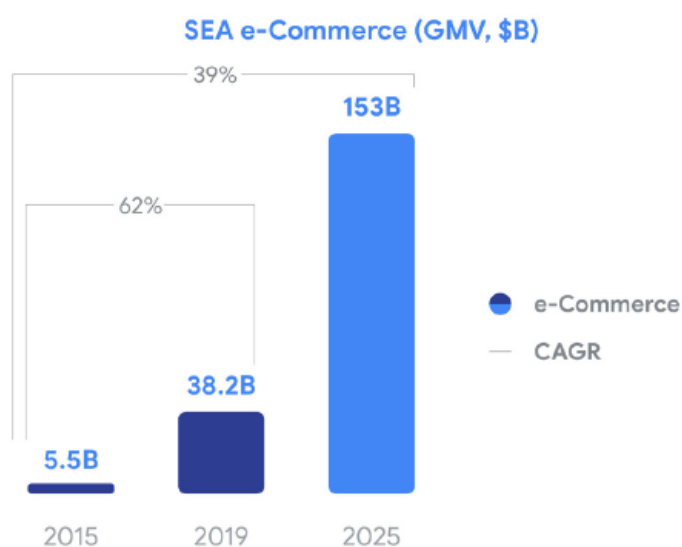
Unlike 5-10 years ago when **Matrix Partners** invested more in consumer internet, 3G, mobile infrastructure and software applications sectors (catalyzed by slowing population growth, increasing adoption of internet and mobile connectivity), they now see more opportunities in aerospace companies, satellite-making as well as biotech and healthcare. For instance, healthcare expenditure as a percentage of GDP in China remains low as compared to that of US, and drugs manufactured in US and Europe are still relatively expensive in China, representing significant potential.

E-commerce trends in top ASEAN markets

The e-commerce industry has become the largest sector of the Internet economy in ASEAN

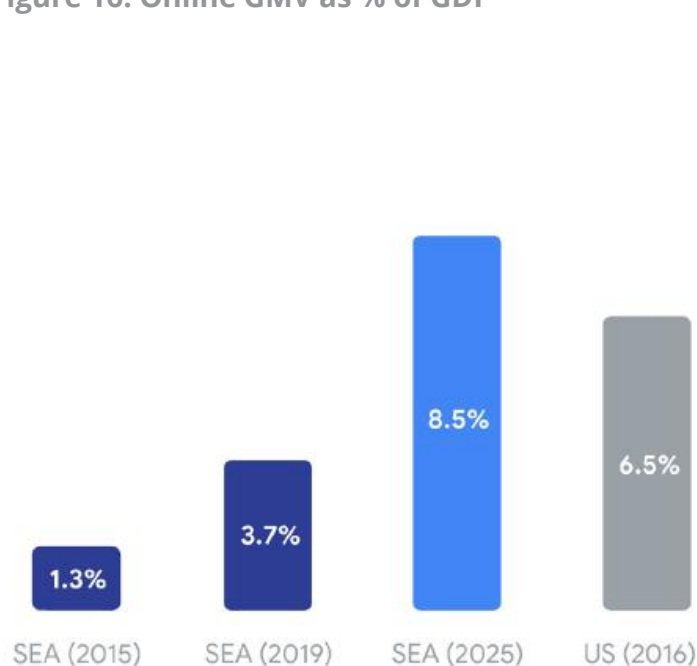
According to the “e-Conomy SEA 2019” report by Temasek, Google and Bain & Company, Southeast Asia’s total gross merchandise value (GMV) expanded c.7.0x from 2015 to 2019 to reach US\$38.2bn. Southeast Asia’s GMV is projected to grow by another c.4.0x to reach US\$153bn by 2025F, with Indonesia expected to lead this growth based on its c.45% market share of total e-commerce market in ASEAN⁴. While e-commerce sales as a percentage of total retail value in Southeast Asia has increased from 1.2% in 2014 to 6.2% in 2019 based on Euromonitor estimates, it still falls below China’s 27% and US’ 17-18%, signaling ample potential for e-commerce to play catch-up in ASEAN.

Figure 15: SEA e-commerce gross merchandise value is forecasted to multiply to US\$153bn by 2025F



SOURCES: STATISTA

Figure 16: Online GMV as % of GDP



SOURCES: GOOGLE, TEMASEK, BAIN & CO, E-CONOMY SEA 2019

⁴ Economics Research Institute for ASEAN and East Asia

Notable e-commerce trends during Covid-19

Apart from accounting for the largest portion of internet economy in ASEAN, the panelists (including **Sociolla**, **Tiki**, and **Tokopedia**) pointed out that e-commerce is also one of the sectors that has benefitted the most from this year's accelerated shift from offline to online. Year-to-date observations include:

- Vietnam-based **Tiki**, which was predominantly strong in books and electronics, saw a big drop in consumer electronics, while 20% of its GMV from fast-moving consumer goods (FMCG) grew quickly. The launch date of its grocery offerings (initially end 2020) was brought forward.
- While the lockdown in Vietnam was relatively shorter (2-3 weeks), consumers seem to have realized that e-commerce is not only convenient but also offers better value. Tiki has seen more retailers and suppliers open to working with each other, and this shift is still ongoing.
- For Indonesia-based **Tokopedia**, March was its best-performing month due to panic buying. Apart from FMCG, health and wellness recording higher number of orders and average amount spent, home and living also benefitted from the lockdown measures.
- While the mass stocking of toilet paper and sanitizers has subsided, these have been replaced by beauty purchases and nicer outfits for work-from-home (WFH) arrangements and online meetings.
- The largest e-commerce marketplace in Indonesia also saw higher purchases in baking accessories, bicycles and toys for kids. Within the fashion category, they saw consumer purchasing behavior change from buying "bags, cosmetics and shoes" to more loungewear. While most categories grew in orders, they noticed consumers downtrading (in terms of quality and specifications of products), as well as shifts from discretionary to non-discretionary.
- **Tokopedia** benefitted from a higher take-up of digital services (for e.g. paying utility bills) during the lockdown in Indonesia. **Tiki** also recently launched its digital offerings in Vietnam (and acquired a ticketing platform in 2019), which is increasingly becoming a substantial part of its e-commerce business.
- The shift towards local brands was evident, possibly because consumers wanted faster, cheaper delivery and to "support local". According to **Sociolla**, this could also be attributed to "smaller players having more agility to push out products faster" without logistical constraints.

- With less travelling this year, **Sociolla** noted that consumers have tilted their budget towards more premium, local skincare products.
- The trend in growing internet penetration has now extended to the lower tier cities in Indonesia and Vietnam, according to **Sociolla** and **Tiki**. Predominantly strong in the metropolitan and urban areas of Vietnam, which used to contribute 70-80% of its GMV, **Tiki** is now able to do 2-3 days' deliveries even in rural areas, which are forming a rising portion of its GMV.

Regulatory environment remains favourable for local start-ups

Local regulators have been progressive and supportive of start-ups during Covid-19, according to all panelists, who also think that the implementation of import taxes and value-added tax (VAT) on consumption of digital goods and services help to level the playing field for local start-ups v.s. the bigger foreign players (e.g. Amazon, Facebook, Netflix). All three e-commerce players are not affected by the import restrictions due to their focus on local merchants, away from cross-border e-commerce.

Governments across the ASEAN markets have also been supportive of local small-medium enterprises (SMEs) and start-ups by expediting licensing or product approval processes, and piloting employment programs to help reskill talent.

Navigating logistics across Southeast Asia's 25,000 islands

With e-commerce and food delivery booming as a result of the Covid-19 pandemic, demand for logistics and delivery services as one of the key enablers of these services has also significantly increased. Other trends observed include new entrants in the market and more investments in improving infrastructure.

Across the value chain of e-commerce logistics, there are multiple players, including **Janio** (technology platform that offers integrated supply chain solutions), **Lalamove** (HK-based last mile delivery company with operations in ASEAN, India and Latin America), **TikiNow** (fastest e-commerce company in Vietnam), and **Waresix** (logistics platform providing trucking and warehouse services in Indonesia, focusing on first and mid-mile deliveries),.

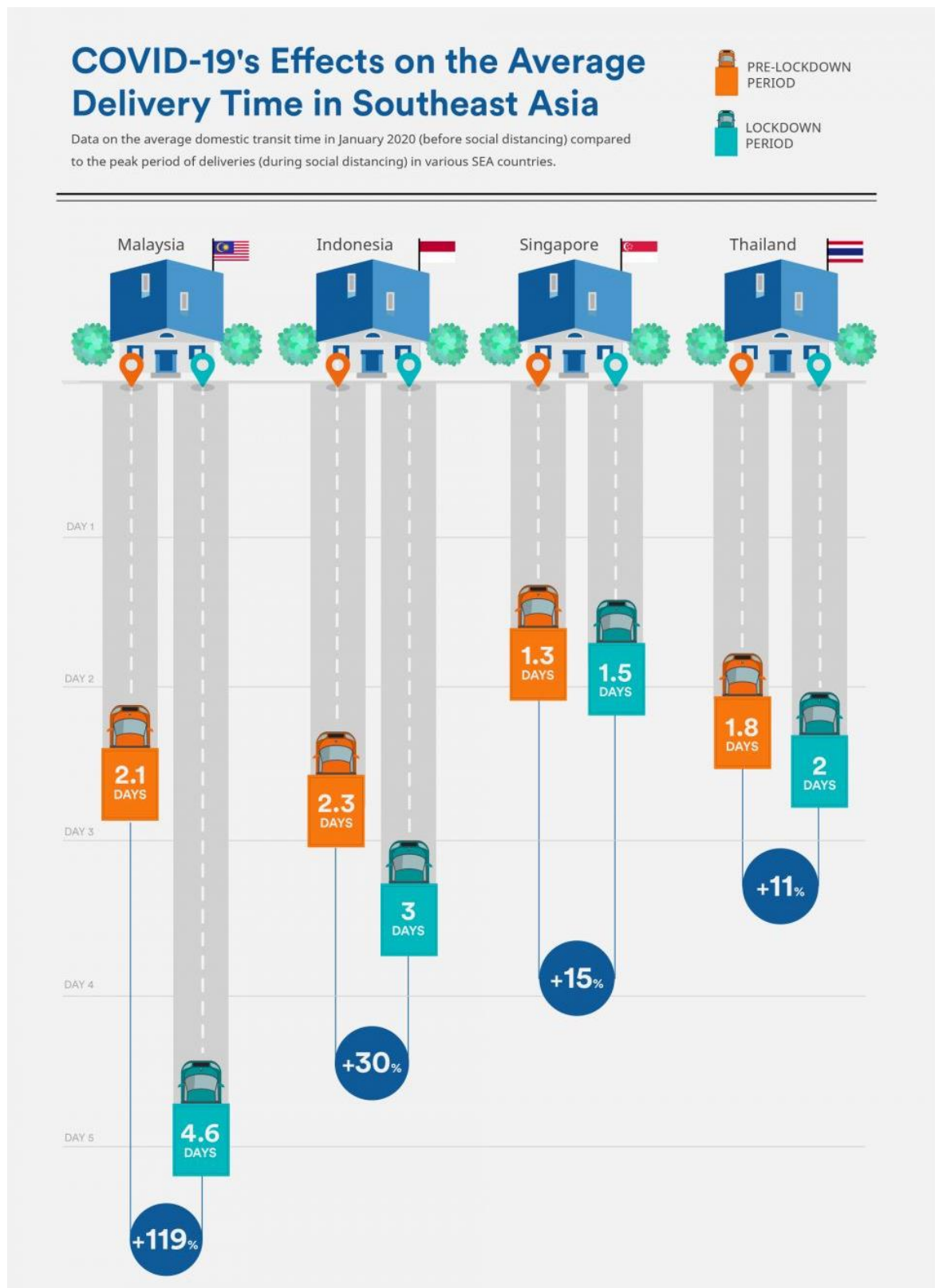
Supply chain disruption

Covid-19 and the varying social distancing measures in ASEAN have brought about unprecedented challenges to many logistics players. According to a study by Parcel Monitor and iPrice Group, the average delivery time in Southeast Asia grew by 11-119% between pre-lockdown and lockdown periods, over the duration of Jan and Jun 2020. **Janio**, which was doing more cross-border business, witnessed intense supply chain pressures and had to seek alternative solutions in ocean freight and trucking when aviation sector was brought to almost a standstill. Impact was more mixed for **Lalamove** due to its business segments in SMEs (which was more badly affected), and consumers (demand for groceries and food & beverages went up). Due to the surge in logistics demand, **TikiNow** incentivized their customers to choose the “free next day” delivery option, instead of the usual 2-3 hour deliveries, which resulted in 20-30% logistics cost savings that have been passed on to their sellers and partners.

But Covid-19 also offers other opportunities

While **Janio** strengthened its offering of capabilities during the pandemic, and **Sociolla** also secured more warehouses at competitive pricing and good locations across Indonesia; **Tokopedia** saw a trend of “dark warehousing” where empty offices and retail stores were converted into temporary warehouses. **TikiNow** brought forward the launch of new programs (e.g. Tiki Ngon) to capitalize on the online shift. Across the board, logistics players also reported more customers jumping on the digital bandwagon, which is a plus for them in the longer term given their technology backbone.

Figure 17: Covid-19 disruption on logistics delivery in ASEAN



SOURCES: Parcelmonitor, Iprice

Tips to navigate ASEAN

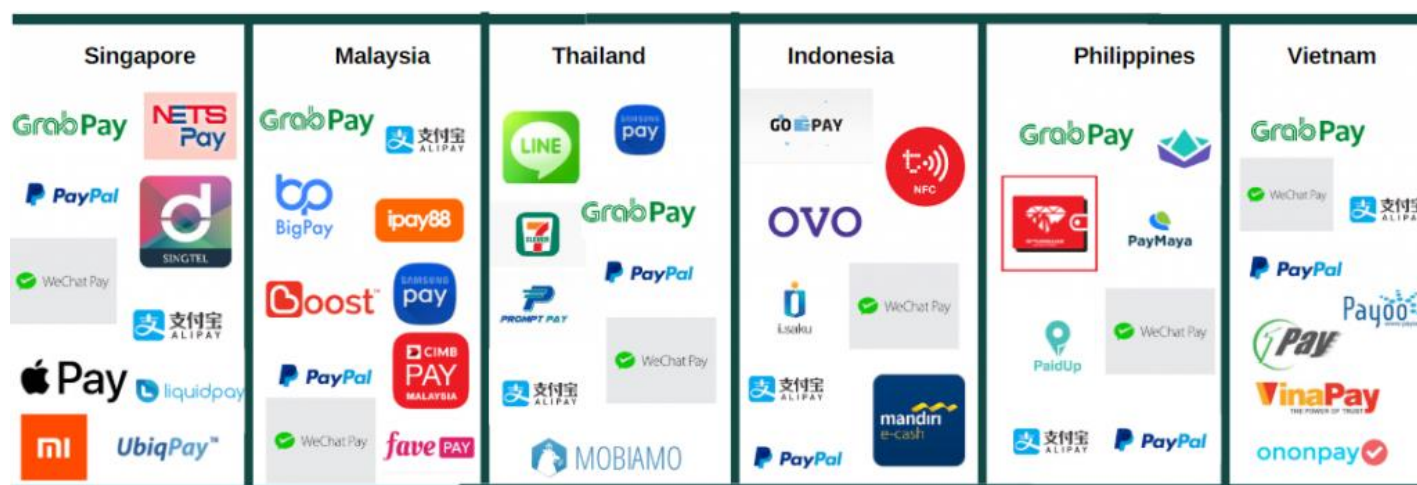
Many do not disagree that ASEAN logistics is highly competitive, with challenges posed by different languages, regulations and physical terrain. While the industry could see consolidation in the future, each logistics company has its way of thriving in its space. For example, **Waresix** operates on an asset-light model and **Janio** provides end-to-end and value-added solutions which help in customer stickiness and better margins. **TikiNow** leverages on its in-house tech platform, and like the other players, also relies on its extensive partnerships to drive down costs and improve service quality. Apart from diversification, **Lalamove** also believes that scale and leverage are important to bring down overall unit costs.

Leapfrogging systems & banking the underbanked

Within the fintech space lies different pillars ranging from digital payments (e-wallets) to lending and asset management. Unlike in China, where 90% of the payments market is dominated by two major players, AliPay and WeChat Pay⁵, the industry in Southeast Asia is highly fragmented with at least 150 e-wallet license holders, including Grab, Go-Jek and other fintech firms, according to Reuters in 2019.

Outside of the mobile payments industry, there are other rising players like **CreditEase** (China-based business consulting firm that provides wealth management services), **Funding Societies** (online peer-to-peer lending marketplace for SMEs to acquire loans), **Payfazz** (agency-based financial platform that facilitates digital transactions and payments) and **VNPay** (payment solution company of Vietnam). Incumbents and new entrants compete for market share either through investing heavily on customer acquisition or mergers and acquisitions to scale up.

Figure 18: The mobile payments market in Southeast Asia is highly fragmented



SOURCES: SPEEDA, UZABASE

⁵ Speeda

Southeast Asia's population has limited access to financial services

As compared to major economies like US and China, Southeast Asia is still lagging in terms of percentage of population with bank accounts, credit cards or debit cards, and there continues to be a mismatch between Internet and banking penetration. The 2019 study by Bain & Co., Google and Temasek Holdings found that more than 70% of the adult population in ASEAN is either underbanked or unbanked, and many SMEs face significant funding gaps. The same study reported that digital financial services from lending to asset management are expected to generate at least US\$38bn of annual revenue across Southeast Asia by 2025F, more than tripling from US\$11bn in 2019.

Covid-19 both boon and bane

Lending business experienced a short-term drop in 1H20 as the pandemic brought many businesses (particularly SMEs) to a standstill, while delinquency levels spiked temporarily because of the shocks to the financial system. These have since largely recovered with exposure under control, according to **CreditEase** and **Funding Societies**. On the other hand, **CreditEase** saw healthcare insurance demand rise on the back of greater awareness and willingness to purchase, leading to lower customer acquisition costs (especially via online channels). The faster pace of online adoption is also prevalent in other areas like wealth management (more people signing up for online seminars and teach-ins), and traditional financial institutions (account opening and Know-Your-Customer processes), as observed by **Creditease** and **VNPay**.

Fintech firms willing to work with incumbents

Similarly, **Funding Societies** saw a step-up in partnerships post the Covid-19 lockdown, partly due to its market leadership in a growing underbanked region, sharpened capabilities and continual geographical expansion. **Payfazz** positions itself as a key distribution partner to major banks to extend their reach to rural areas with its 100k agents; **VNPay** also sees itself as an enabler by tapping on products from traditional financial institutions and acquiring more customers in a win-win situation.

They also want to be regulated

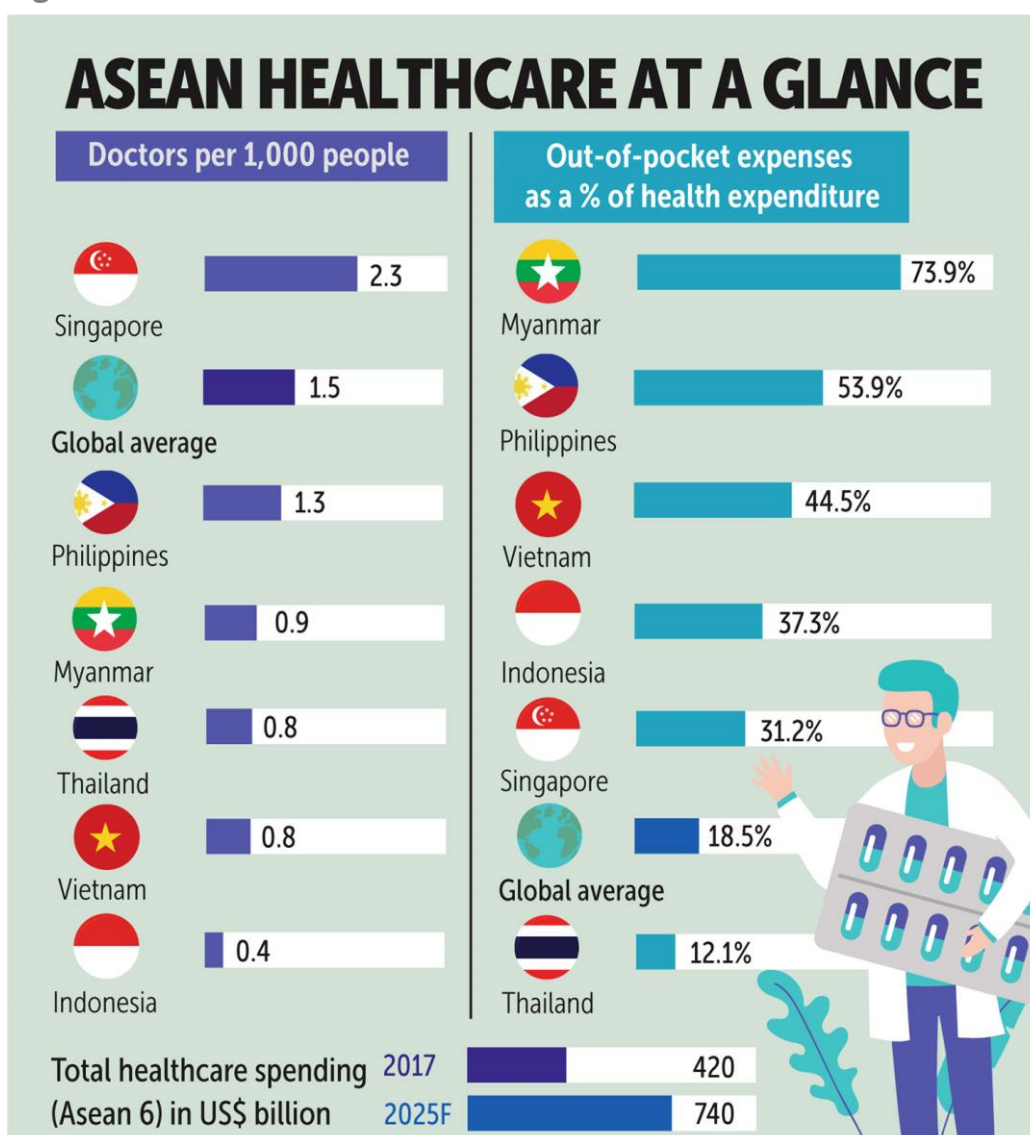
Singapore is regarded as a forerunner in the fintech space with its **Monetary Authority of Singapore** playing both a regulator and innovator role. On the progressive introduction of digital banking licenses across the various ASEAN economies, most fintech companies are open to adaptive regulations, the panel expressed positive reception to adaptive regulations, citing China also, as a possible alternative playbook for governments given the evolution of the fintech landscape there.

Impact of technology on doctor-patient dynamics

Unlike the other verticals in ASEAN such as ride-hailing, e-commerce and digital financial services, digitalization of healthcare and biotech is still at its nascent phase and possibly requires cautious navigating, according to experts and industry players who attended the ASEAN New Economy Conference.

With entrenched healthcare systems and higher entry barriers, penetration level of telemedicine and medical innovation remains low in many parts of the ASEAN countries. **Doctor Anywhere** (Singapore-based telehealth company) and **Us2.ai** (smart ultrasound technology company specializing in heart diseases) think that a lack of trust, inertia to change and data privacy concerns could be some of the roadblocks to a higher adoption rate.

Figure 19: ASEAN healthcare statistics



SOURCES: Solidiance, World Bank data

Technology helps lower some entry barriers

Healthcare is highly localized – patients turn to primary care clinics (or General Practitioners) in Singapore as their first contact point for medical treatment, while primary care in Vietnam is dominated by pharmacies, according to **Doctor Anywhere**. Meanwhile, Dr Gang Yu from **111,Inc** (China-based online health company in hospital, pharmacy and drug distribution) sees the drugstore industry in China as largely fragmented, as compared to only three wholesale distributors with over 90% market share in US. However, the technology push brought by Covid-19 has helped lower entry barriers. For **Us2.ai**, it can now bring diagnostics technology to patients' homes instead of moving them to healthcare institutions. During this year's lockdown period, **Doctor Anywhere** recorded an online revenue surge of more than 3x, while **SPRIM** (life science innovation and consulting agency) saw good take-up momentum for diagnostic platforms with its portfolio companies.

Exciting growth opportunities ahead

Apart from geographical expansion (adding Malaysia and Philippines to its current operations in Singapore, Thailand and Vietnam), **Doctor Anywhere** has also gone offline to establish physical clinics, and will be broadening its service offerings to include mental health. It is also exploring the aggregation and analytics of healthcare data in its next growth phase. **Us2.ai** has progressed from clinical trials to working with more vendors to increase the mobile adoption for ultrasounds. The projected US\$740bn healthcare industry in ASEAN by 2025⁶ continues to attract more investments and stimulate medical innovation in the region. Over the last six months, **SPRIM** has successfully completed some fundraising, and **111,Inc.** continues to see tremendous interest despite Covid-19. **111, Inc.** remains focused on the China market for the next 1-3 years, with its recently launched lifetime health management platform for cancer patients as its next growth engine.

⁶ Solidiance

Conclusion

“Those who act fast, decisive & quickly at the beginning of the crisis...are the ones benefiting now.”

~ Willson Cuaca, Co-Founder & Managing Partner, East Ventures

“Old ways of doing business are no longer viable and tech is taking over the world, even more so than it was in the past.”

~ Abheek Anand, Managing Director, Sequoia Capital

Covid-19 has, in some ways, changed the trajectory of Southeast Asia's new economy. Business models were stress-tested during the crisis, regardless of the age of companies. Learning curves were shortened, with consequences often drastic and even brutal.

What emerges from this is an ecosystem of new economy companies that is resilient and agile to changes in business environments and market fluctuations. Management quality and strong communication stand out as key determining factors for survival and success.

Given Southeast Asia's Internet economy consists of primarily six countries with diverse cultures and languages, Singapore can be a good place for companies looking to set up regional ASEAN businesses, and for companies looking for a launchpad to invest into this region.

Lessons can also be learnt from the China playbook, though business models and strategies need to be localized to each individual ASEAN country. Adaptability to regulations and engagement with stakeholders are key.

Southeast Asia new economy is now at an inflection point. For a long time, **Tencent** was the only listed new economy company in China, before a whole slew of Chinese new economy companies became listed and took valuations to new heights. We now have a similar case in **SEA Ltd** being the main Southeast Asia new economy company that is listed. We may well be entering a new era where Southeast Asia new economy takes off to greater heights.

Contacts

Gan Wee Leong, Head of Equities ASEAN, China Renaissance, WLGan@chinarenaissance.com

Dr Basil Lui, Managing Partner, EDBI, basil_lui@edbi.com

Acknowledgements

This paper captures key insights and perspectives from the ASEAN New Economy Conference jointly hosted by EDBI and China Renaissance on 15 October 2020.

We would like to express our appreciation to the conference panelists who generously shared their experience and insights on the burgeoning growth opportunities in the ASEAN region: Lawrence Low, Willson Cuaca, Abheek Anand, Jang Won Seuk, Chris Ning, Vinnie Lauria, Christopher Madiam, Son Tran, Patrick Cao, Bao Fan, David Su, Sopnendu Mohanty, Dennis Cong, Kelvin Teo, Hendra Kwik, Niraan de Silva, Tan Yinglan, Ng Junkai, Paul Loo, Henry Low, Andree Susanto, Dr Michael Shleifer, Dr Gang Yu, Lim Wai Mun, and Dr Carolyn Lam. In addition, a special thank you goes to all attendees who participated in the conference.

For more information, please get in touch with us.

China Renaissance

China Renaissance is the leading investment banking and investment management firm dedicated to China's new economy businesses, which are transforming traditional industries through entrepreneurship, technological advancement, and innovative business models. The Group has built its business specifically to discover best-in-class entrepreneurs in businesses and provide them with advisory and capital markets services and investment through all phases of their development. The Group's network of entrepreneurs and investors plays a critical role in supporting investment capital flows into leading new economy business and structuring industry-shaping transactions.

chinarenaissance.com

EDBI

Investing since 1991, EDBI is a Singapore-based global investor in select high-growth technology sectors, including information and communication technology, emerging technology, healthcare, and other strategic industries. As a value-creating investor, EDBI helps companies achieve their ambitious goals by leveraging our broad network, resources, and expertise. With our growth capital, EDBI supports companies seeking to expand in Asia and globally through Singapore.

edbi.com
infoHQ@edbi.com

EDBI Pte Ltd and/or any of its holding persons, subsidiaries, associated companies, and affiliates and any of their respective directors, officers, agents, advisers or employees are together known as "EDBI". This document has been prepared for the recipient's information purpose only. The recipient shall conduct its own investment review, evaluation and assessment. It is sent to recipient at its request. This document is not and shall not to be construed as any investment advice or as an offer or recommendation to sell or a solicitation of an offer to buy any security or investment product in any jurisdiction. This document has been prepared based on information provided to EDBI, and EDBI has not independently verified or confirmed the accuracy or completeness of such information or the contents in this document. EDBI does not provide any representations, warranties or any other assurances with respect to the contents of this document. This document is not a research report. EDBI does not act for the recipients of this document. Distribution of this document in or from certain jurisdictions may be restricted or prohibited by law or regulations. Recipients are required to comply, and shall be solely responsible for complying, with all restrictions or prohibitions in such jurisdictions. EDBI may have interests, shareholdings, relationships or any other revenue generation arrangement with any company(ies), institutions or parties referred to in this document that the recipient may or may not consider to give rise to any actual or potential conflict of interest. By receipt of this document, the recipient acknowledges that even in the case where such conflicts of interest exists, the recipient hereby unconditionally consents to and waives any of such conflicts of interest that EDBI may have. EDBI disclaims any liability over the use, misuse, reliance, distribution or possession of this document which shall be at the recipient's own risk. This document is for Institutional Investors or Professional Investors (as defined in the relevant laws and regulations) who are capable of making their own investment decisions. Neither this document nor any of its contents may be reproduced, disclosed or used for any other purpose without EDBI's prior written consent. If the recipient has any question, the recipient shall seek its own independent advice.

