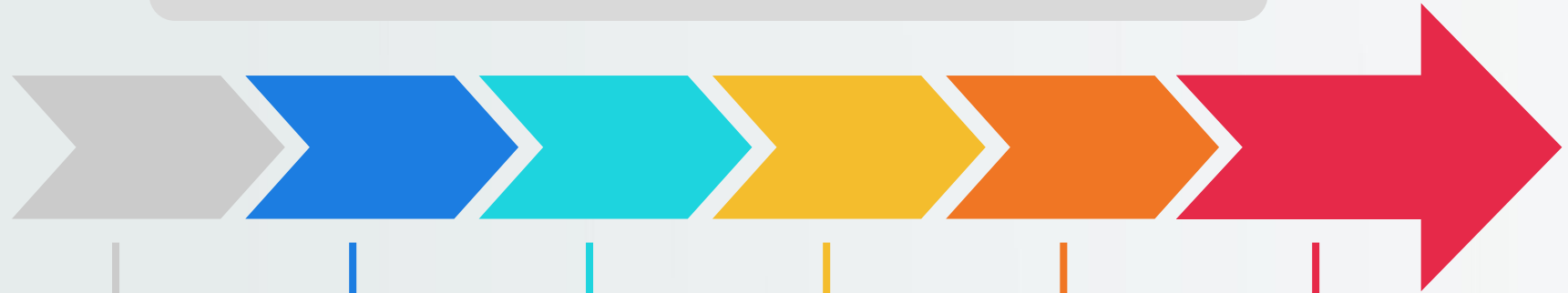


# TOWARDS A STARTUP NATION

ICT Agency of Sri Lanka



# Startup Ecosystem Growth Over a Decade



2010/11

- **ICTA Spirallation Tech Incubator**
- Lankan Angel Network
- Venture Engine
- Yarl Geek Challenge

2012/13

- MIT Global Startup Labs

2014/15

- Ath Pavura TV
- 4YFN

2016/17

- **Disrupt Asia**
- **GSER 2017**
- Startup Weekend
- GSEA
- Seedstars
- HackaDev
- StartupX
- JohnKeellsX
- SLASSCOM Startup Report
- LIIN Launch

2018/19

- StartupSL
- **ImaginELF**
- Venture Frontier Lanka
- Hatch Launch

2020/21

- Launch of Angel Fund
- **GSER 2020**
- **Startup Impediments Report**
- **Credit Scoring Model**
- **Exclusive Procurement**

# Entrepreneurship Support Ecosystem



Source: Entrepreneur Ecosystem in Sri Lanka (ITC Report)

# 2020



Procurement < LKR 2MN  
Sourced Exclusive From  
**441** Listed Startups



Tech Startup Seed Funding  
Support and Accelerator Program  
**20** Startups Incubated



- **Startup Impediments Report and Action Plan**
- **Alternative Credit Scoring Framework for Startups**




**Startup Ecosystem Branding & In-depth Country Assessment**



## Why you should invest in Sri Lanka

TOTAL EARLY STAGE FUNDING  
**<\$50 m**  
GLOBAL AVG.  
\$4.21 m

 **#2 Global Ecosystem  
Affordable Talent**

 **Top 20 Global Ecosystem  
Bang for Buck**

ECOSYSTEM VALUE  
**\$117 m**  
GLOBAL AVG.  
\$10.5 bn

**4X**  
Growth



EXIT GROWTH  
INDEX



INVESTOR ACTIVITY  
INDEX



FUNDING GROWTH  
INDEX

MOU between Berlin  
Senate and ICTA to  
Collaborate on Startup  
Ecosystem Development



# Areas of Focus

1. Impediments related to Insufficient digitalization of administrative tasks and requirements
2. Impediments related to Foreign Exchange
3. Regulatory Impediments that discourage foreign investors from investing in Startups
4. Impediments related to Intellectual Property
5. Impediments related to Taxation
6. Impediments related to Immigration
7. Impediments related to Research and Development
8. Impediments related to Government Support for cross border activity
9. Lack of regulations in Data Privacy and Cyber Security
10. Impediments related to Digital Payments Regulations
11. Challenge in Accessing Debt Funding for Startups
12. Impediments related to Telecommunication Regulations

# Collaborating Authorities

1. Ministry of Justice
2. Ministry of Industry and Commerce
3. Ministry of Higher Education
4. Ministry of Defence
5. Ministry of Finance
6. Department of Inland Revenue
7. Department of Registrar of Companies
8. Central Bank of Sri Lanka
9. Legal Draftsmen Department
10. Attorney General Department
11. Board of Investment
12. National Intellectual Property Office Sri Lanka

13. Department of Immigration and Emigration
14. University Grants Commission
15. Export Development Board
16. Sri Lanka Customs
17. Sri Lanka Computer Emergency Readiness Team
18. Information and Technology Agency of Sri Lanka
19. Telecommunication Regulatory Commission of Sri Lanka

# Accelerating the Sri Lanka Startup Ecosystem

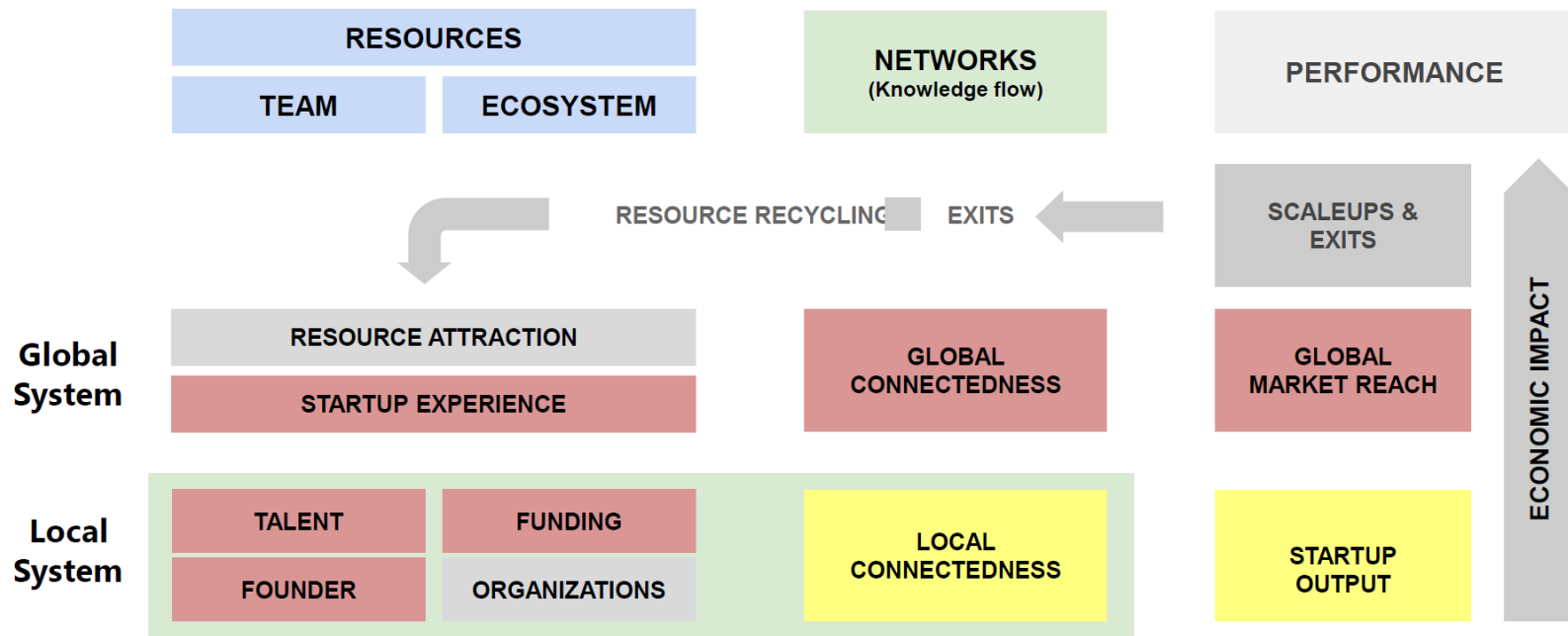
**JF Gauthier, CEO**

**Tricia Whitlock Naik, COO**

**Akshat Agarwal, Manager, Research**

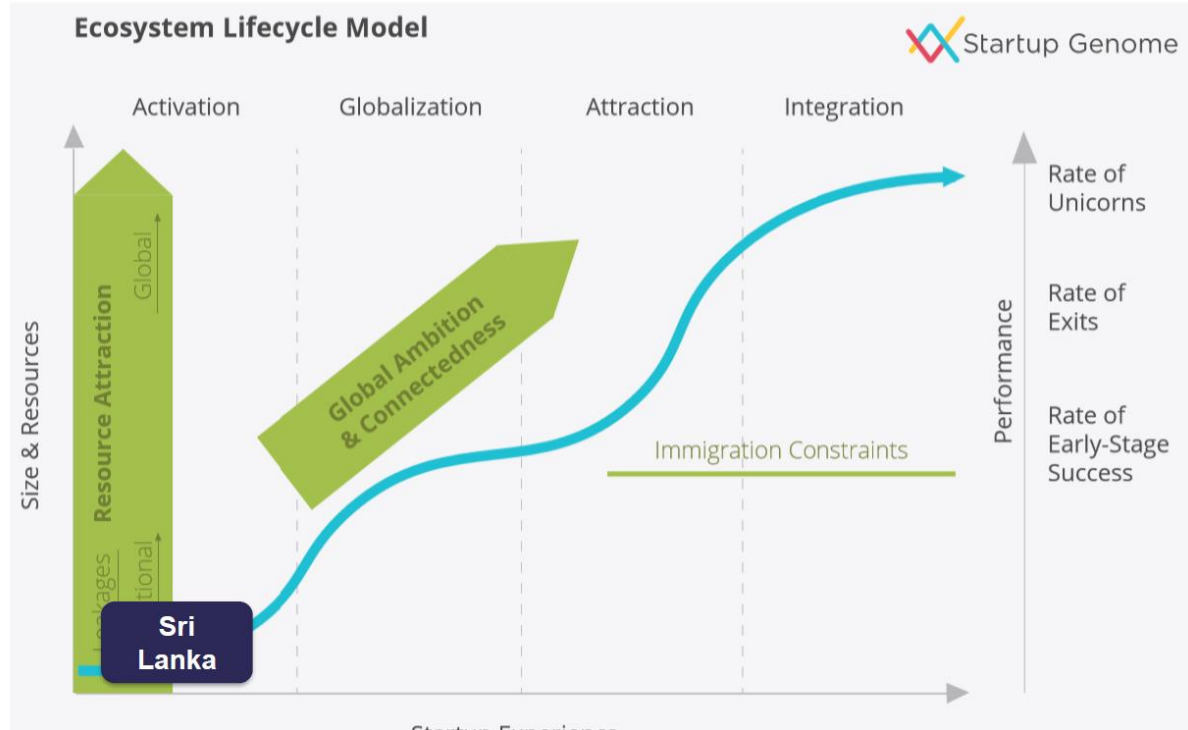
[startupgenome.com](https://startupgenome.com)

# Success Factors — Color-Coded Summary Scores for Sri Lanka





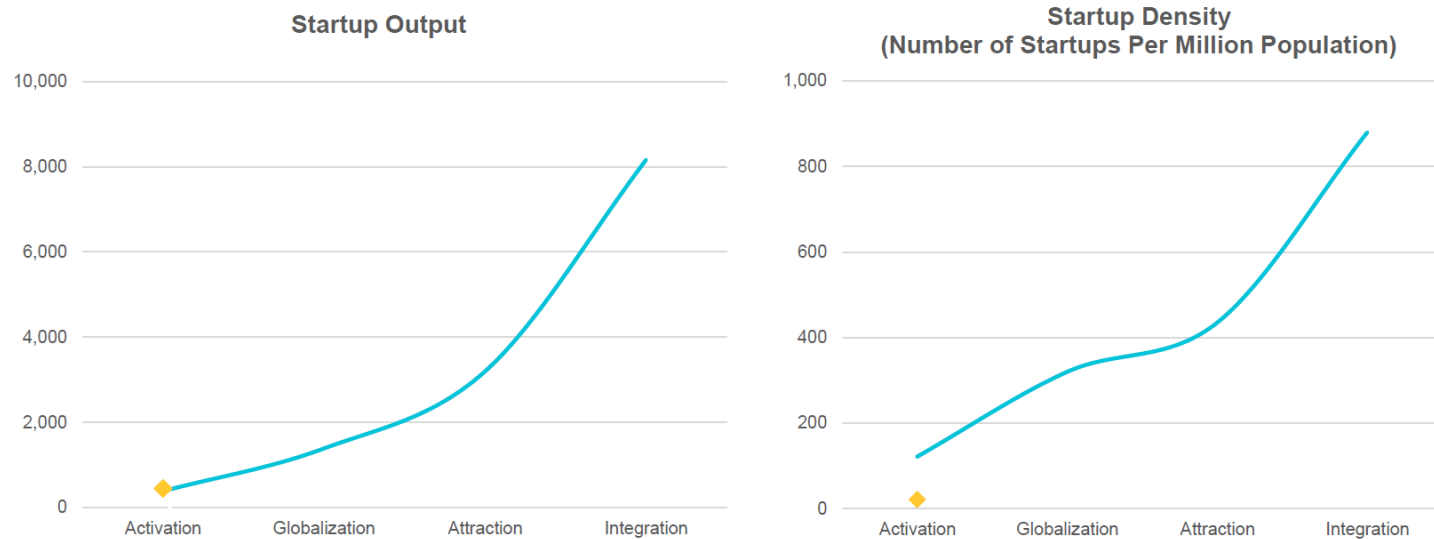
# Sri Lanka is in the Activation Phase



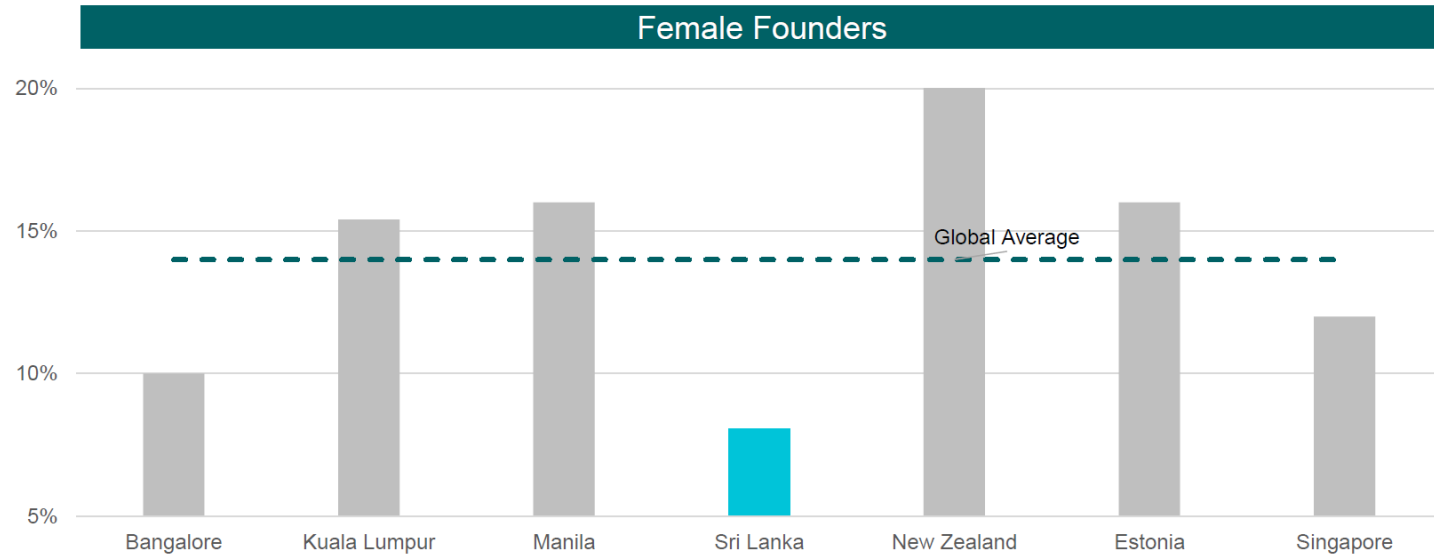
## At Activation, the focus should be on 3 objectives



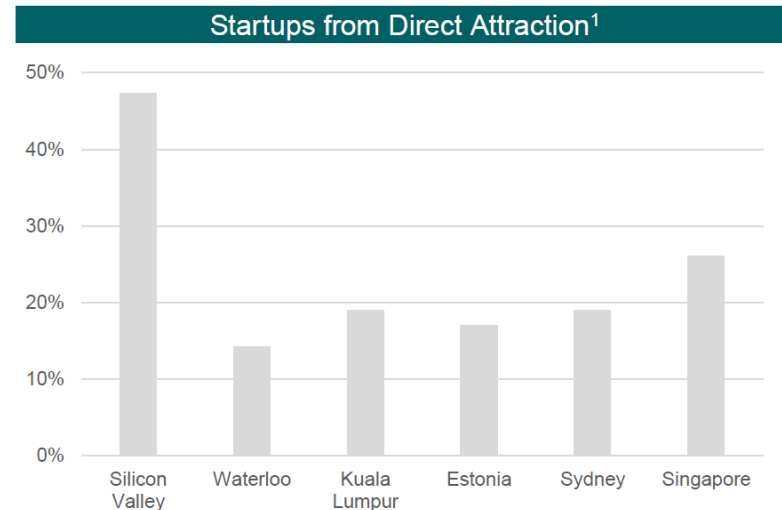
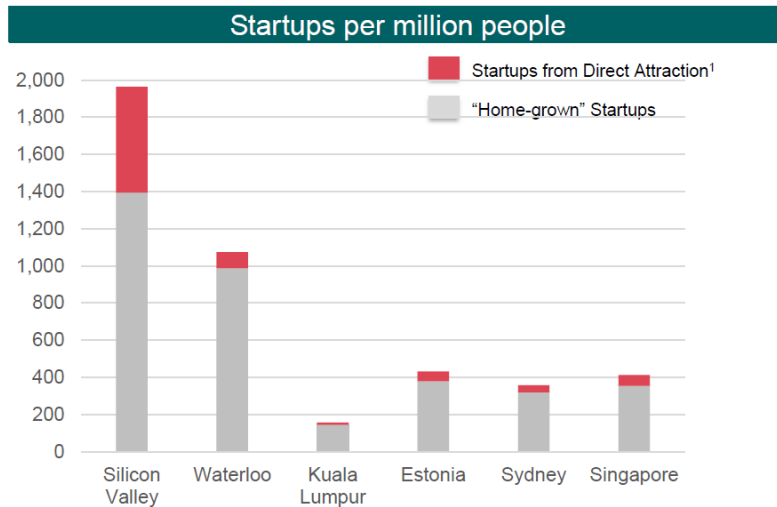
## Size: Sri Lanka's Startup Output is slightly above the phase average – low Startup Density shows potential for growth



## Percentage of Female founders in Sri Lanka is lower than the global average

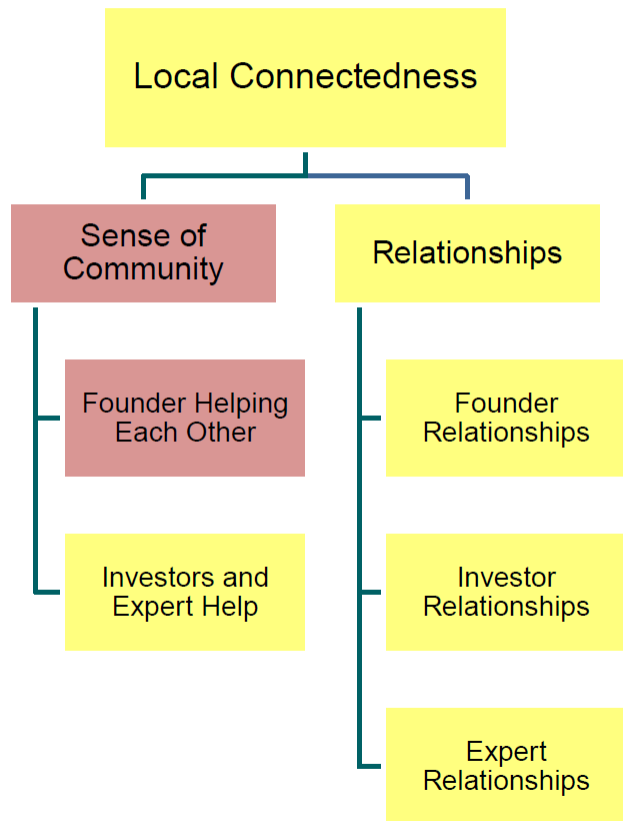


# SL's #1 growth opportunity is around increasing “home-grown” Entrepreneurship



- “Domestic” includes foreign students graduating from local universities and creating local startups
- Direct Attraction: entrepreneurs moving to the ecosystem with the intent of starting a startup
- **Global attraction will not be enough for the ecosystem to grow 5X without growing local entrepreneurship. Even Silicon Valley has 70% of domestic startups.**

# Sri Lanka scores low on Local Connectedness which is normal for activation phase ecosystems



## Findings

- Sense of Community within the community is weak
- Founders in Sri Lanka have fewer relationships with other local founders, investors & experts. These relationships normally also increase with ecosystem success
- While interviewing key stakeholders, we found that founders don't have much help and assistance from experts, investors or other founders.
- The low local connectedness in Sri Lanka is consistent with activation level ecosystems.

# Startup Quality: Major Components

## Components

## Issues

1

### Founder Know-How

High potential technologies and business models: from top technical skills and industry expertise  
Latest Business Models and technologies: **from access/connections to global knowledge**

2

### Customer Access

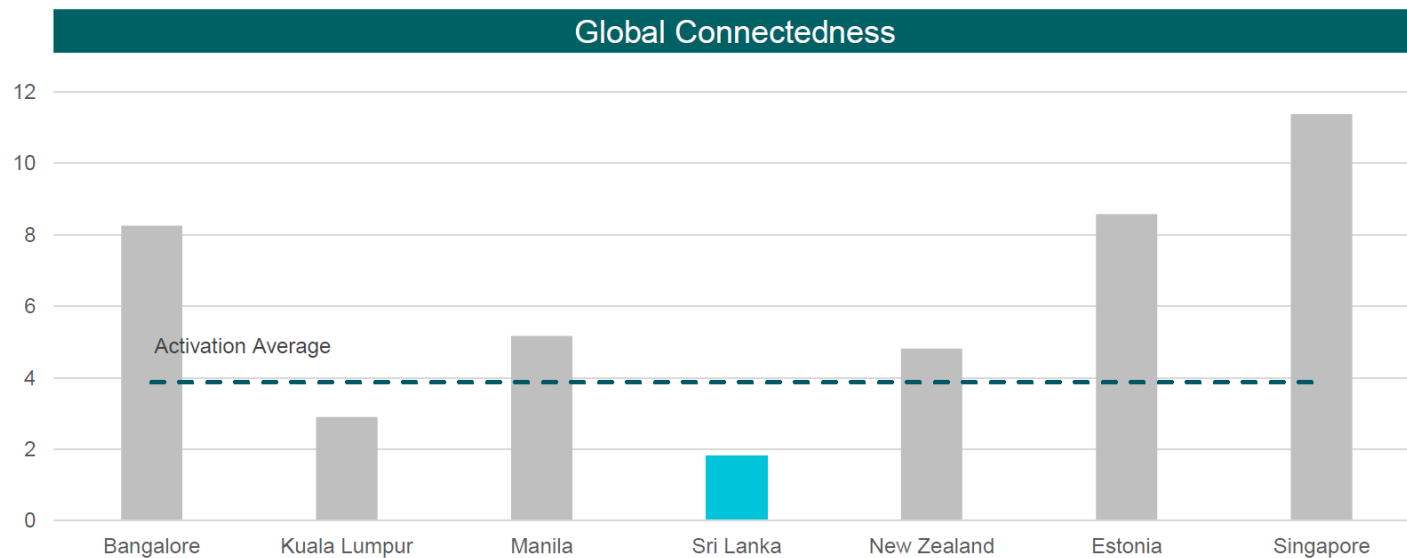
Interest in local innovation by consumers and corporations  
Growth skills and local channel  
Reaching global customers

3

### Talent Access

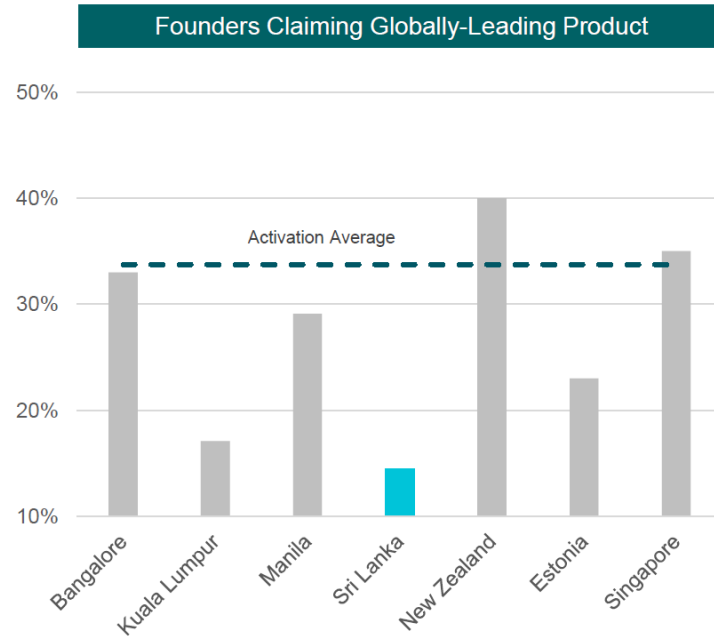
Access to employees that have great technical and growth skills AND startup experience

# 1 Know-How: Lack of Global Connections create gaps in founder knowledge of leading and failed products and business models

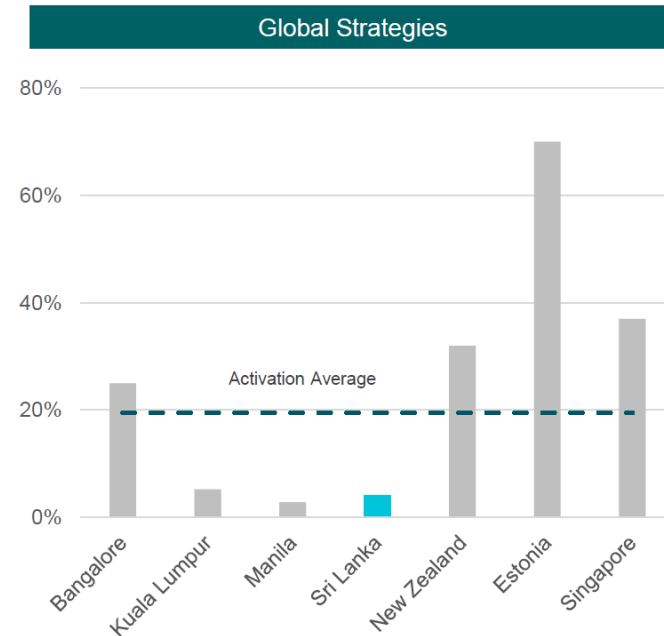




## 2 Global Customers: Startups in Sri Lanka are not developing globally leading products

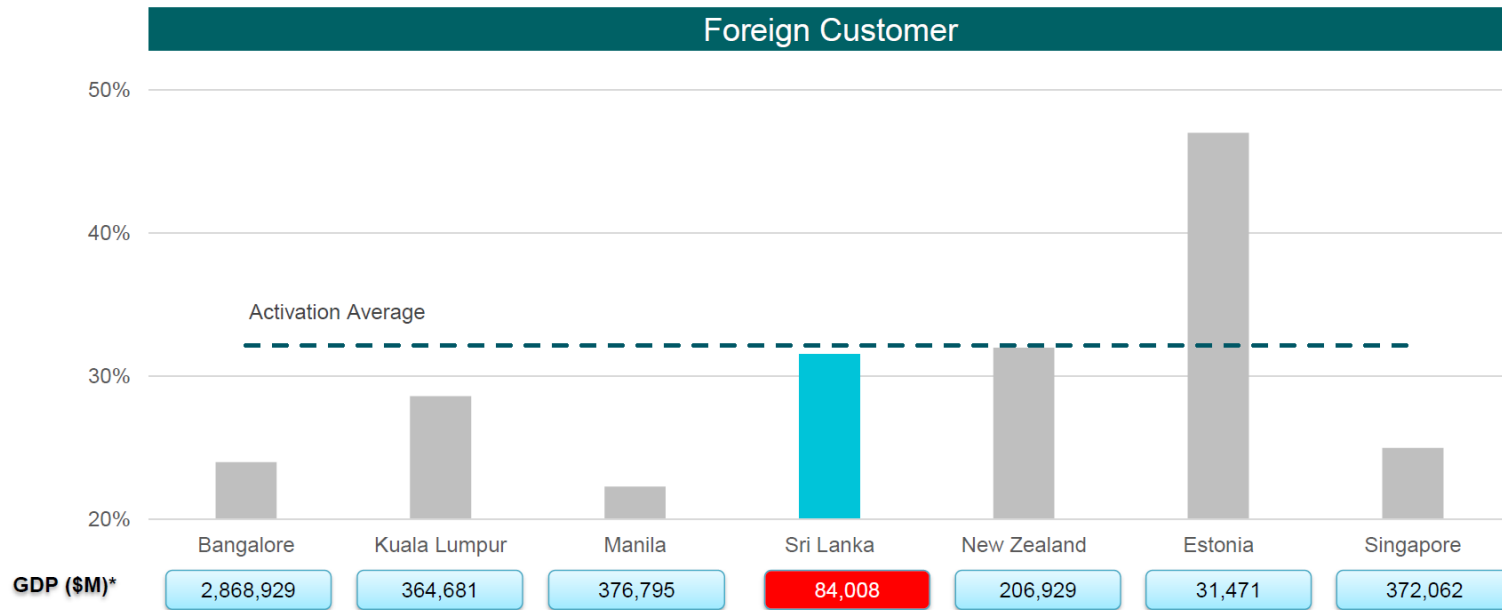


\*The score for Sri Lanka is based on 97 responses



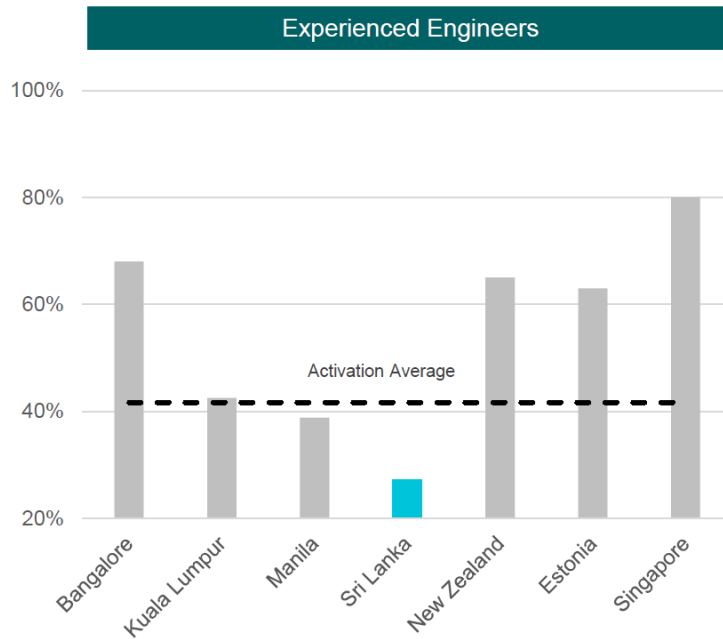
\*The score for Sri Lanka is based on 96 responses

## 2 Global Customers: Startups in Sri Lanka need to develop foreign customers earlier, due to a smaller domestic market



\* 2019 GDP values sourced from World Bank

### 3 Talent Access: Despite a strong presence of tech talent in Sri Lanka, experienced engineers working in startups are low

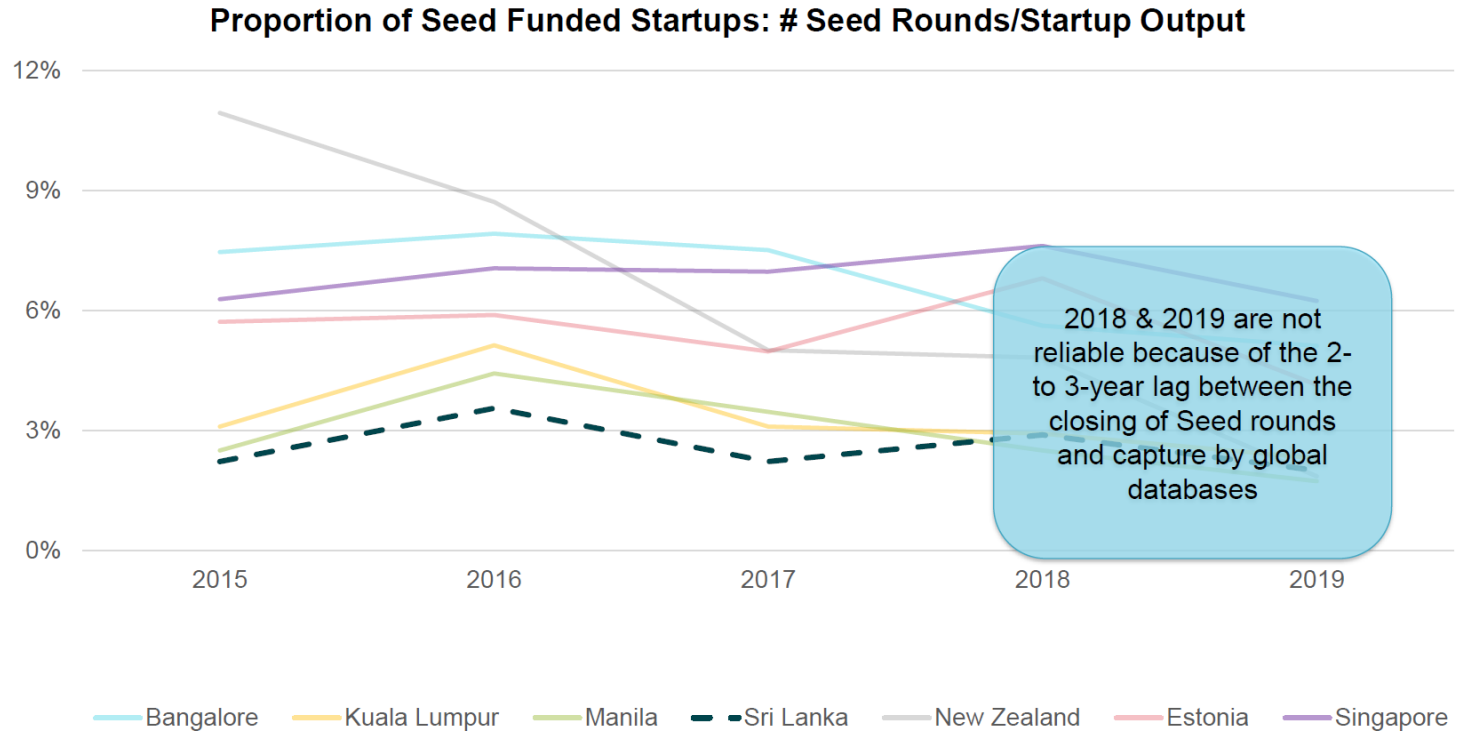


**Experienced Engineers:** Percentage of engineers with at least 2 years of startup experience prior to joining this startup. Value for Sri Lanka is based on 51 responses  
**Experienced Growth Employees:** Percentage of growth (customer acquisition) employees with at least 2 years of startup experience prior to joining this startup. Value for Sri Lanka is based on 44 responses

# Startup Quality: Focus on the right areas

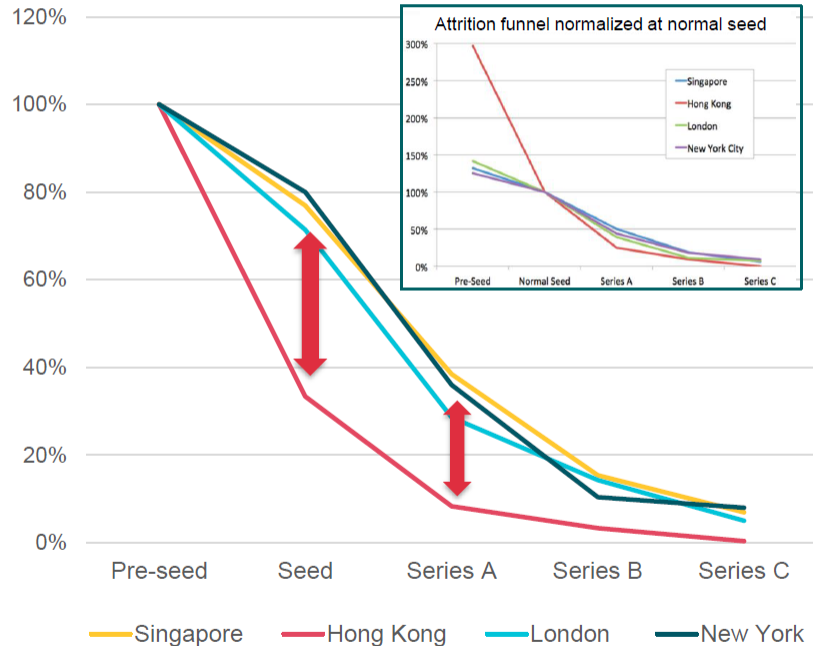
Components	Issues	Areas of Solutions
<b>1</b> <b>Founder Know-How</b>	Valuable ideas: top technical skills and industry expertise Global Knowledge: Latest Business Models and technologies	<ul style="list-style-type: none"><li>• Engagement of technical students, Deep Tech grads</li><li>• Sub-sector focused programs and innovation centers with engagement of corporate execs/employees</li><li>• Top acceleration programs for top startups</li><li>• Keystone organization with mandate and resources</li><li>• Top mentors with GC and GMR to top startups</li></ul>
<b>2</b> <b>Customer Access</b>	Interest in local innovation by consumers and corporations Growth skills and local channel Reaching global customers	<ul style="list-style-type: none"><li>• Increase growth skills</li><li>• Consumers: channel with media</li><li>• Sub-sector focused programs and innovation centers with engagement of corporate execs/employees (refer to next slide)</li></ul>
<b>3</b> <b>Talent Access</b>	Access to employees that have great technical and growth skills AND startup experience	<ul style="list-style-type: none"><li>• Engagement of technical students, Deep Tech grads</li><li>• Greater retention</li><li>• Larger funding amounts (later section)</li></ul>

# The proportion of seed-funded startups in the Sri Lanka is lower than peers



# Funding Program: Bigger problem is always Pre-seed and Seed

Attrition Funnel Normalized at Pre-Seed



Analysis

- Hong Kong has great capital yet large Seed gap
- Gap at Seed level is 50-60%.
- Gap at Series A seems to be even larger
- A simple analysis of Series A leads many to wastefully act on Series A first
- But 3/4<sup>th</sup> of it is due to the upstream Seed gap—the small window normalized at Seed provides a clearer view

**ALWAYS First Address the Pre-Seed and Seed Gap, and only later, Series A**

# Collaborate Towards...



**Startup  
Nation**

- Inclusive. Positive Impact. Sustainable
- Startup and Investor friendly Government, Legal and Policy
- Globally Recognized Tech Startups & Founders
- Entrepreneurial Education System
- Locally & Globally Connected Startup Ecosystem

# Thank you

