

Bangkok

ENTREPRENEURIAL
ECOSYSTEM
SNAPSHOT



Photo credit: British Council Thailand

SOUTHEAST ASIA



ABOUT ANDE

The Aspen Network of Development Entrepreneurs (ANDE) is a global network of over 280 organizations that propel entrepreneurship in emerging markets. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs will create jobs, stimulate long-term economic growth, and produce environmental and social benefits. Ultimately, ANDE believes that SGBs can help lift countries out of poverty. ANDE is a program of the Aspen Institute, a nonpartisan forum for values-based leadership and the exchange of ideas.

ANDE's East and Southeast Asia chapter, based in Bangkok, launched in 2016 with the aim of creating a platform that supports all stakeholders in the SGB ecosystem through training, knowledge sharing, facilitating introductions and fostering collaboration to bridge ecosystem actors through meetings and networking events.

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Acknowledgements

The Global Inclusive Growth Partnership: Building the SGB Support Ecosystem for 2020 and Beyond.

This report is designed to provide insight into the support available for entrepreneurs in Bangkok, Thailand. As this report is developed and published, the world is still dealing with the COVID-19 pandemic. The support ecosystem will be more important than ever as SGBs, capacity development organizations, and investors all face social and economic headwinds.

ANDE is excited to be joining a range of programs in the Global Inclusive Growth Partnership (GIGP), a collaboration between the Aspen Institute and the Mastercard Center for Inclusive Growth. The Global Inclusive Growth Partnership (GIGP) is a multi-year initiative that combines the expertise and networks of both the Institute and the Center to address income and information inequality through the lens of inclusive growth.

As part of this partnership, ANDE will map out entrepreneurial ecosystems across emerging markets, develop a series of convenings and communications campaigns to highlight the needs of SGBs and potential SGBs in these markets, and conduct deep-dive research into how SGBs and their supporters are coping with the COVID-19 crisis. This report is part of this effort.



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ABOUT THIS REPORT

ANDE's Ecosystem Snapshots are designed to collect basic information about the support available for small and growing businesses in a specific city or country. This information acts as a census of the local actors and represents a specific moment in time.

While the results are ultimately static, ANDE's Entrepreneurial Ecosystem Snapshot methodology is practitioner-focused. Research is primarily conducted by local teams who engage practitioners throughout the process.

For those who are interested in the Bangkok entrepreneurial ecosystem, here are some ways you might use this snapshot:

- 1 Understand what gaps exist in the support available to entrepreneurs in the ecosystem (noting that this is not an exhaustive list of actors in the ecosystem).
- 2 Create connections with other actors in the ecosystem that have similar goals/missions.
- 3 Use it as a tool to have conversations and collaborate with other players in the ecosystem

Although we have added context to the data, readers may be able to add other insights and understand the data differently. We hope that this will act as both a marker of the ecosystem at this particular time as well as a starting point for ecosystem actors, facilitated by a common knowledge base.



Photo credit: British Council Thailand

Bangkok, Thailand

ENTREPRENEURIAL ECOSYSTEM SNAPSHOT

Thailand is a unique case in terms of development for having made the dramatic shift from a low income to an upper income economy in just a few decades.¹ During that time, the country also faced a significant financial crisis that threatened its progress in many aspects. The Asian Financial Crisis in Thailand began in 1997 and was only resolved through support from the International Monetary Fund combined with other sources of multilateral and bilateral assistance.² The country has since recovered and has seen continued economic growth. In terms of gross domestic product (GDP), it falls within the top ten among Asian countries with just over \$529 billion in 2019, a positive change from 2018.³ Thailand was ranked among the top 25 performers in the World Bank's 2020 Doing Business Index, which examines business regulations by country.⁴ Since 2008, the Index has tracked at least 28 regulatory changes that positively impacted the ease of doing business in Thailand.⁵ While the country has experienced positive economic growth over the years, the COVID-19 pandemic has had severe impacts on the economy with "widespread job losses, affecting middle-class households and the poor alike and threatening hard-won gains in poverty reduction."⁶

Bangkok is the vibrant capital city of Thailand, known for being a popular tourist destination. The city's population, which accounts for 15% of the country's population, and its significant urban sprawl make it the country's largest and a critical part of the national economy. As the center of Thailand's economy, over a third of the country's banks are based here.⁷ Along with these financial institutions are a number of coworking spaces, accelerator programs, and universities that make it a growing hotspot for startups.



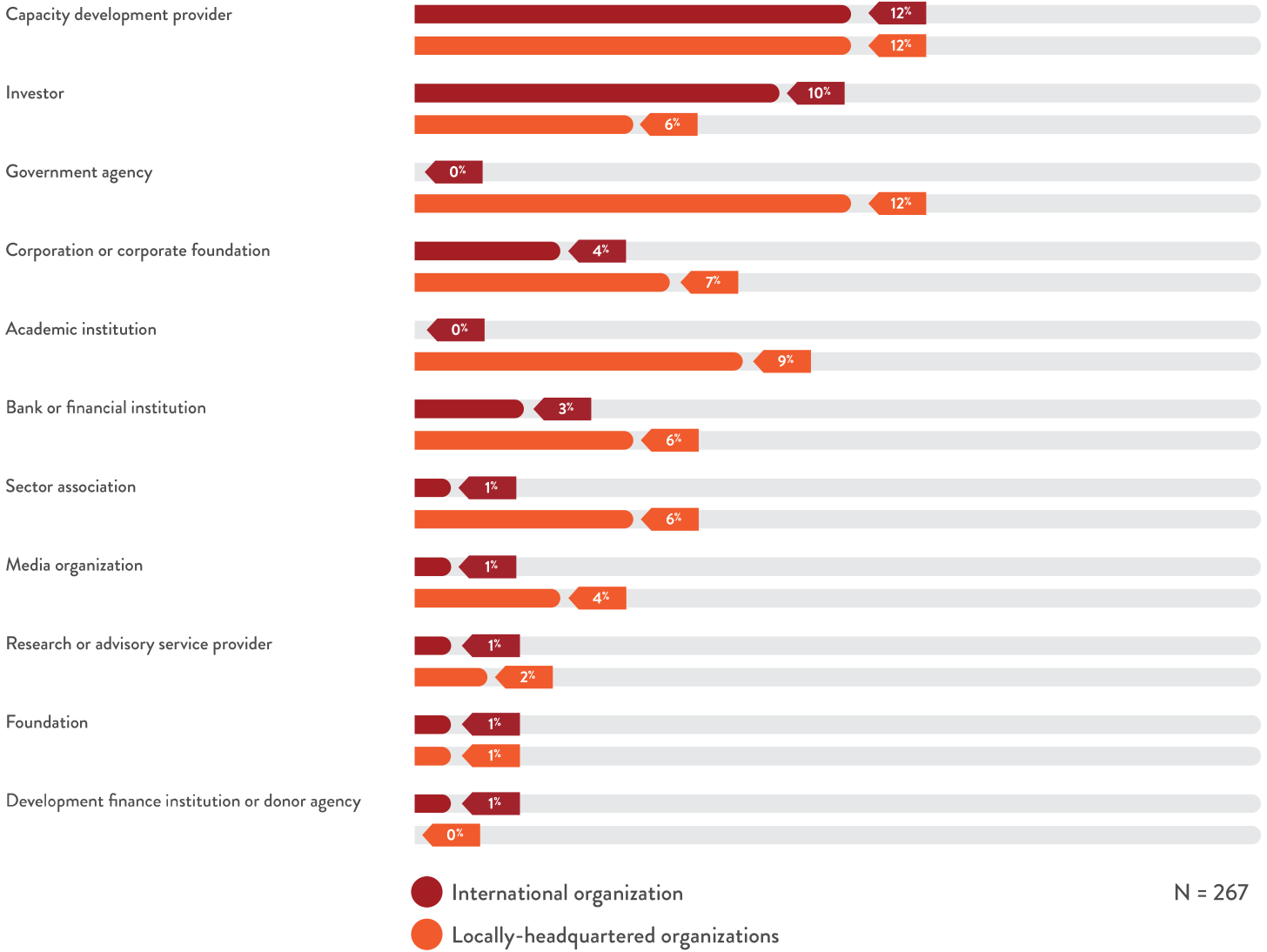
1 (2020). "The World Bank in Thailand: Overview." The World Bank.
2 IMF Staff. (2000). "Recovery from the Asian Crisis and the Role of the IMF." International Monetary Fund.
3 (2020). "List of Asian Countries by GDP." Statistics Times.
4 (2020). "Doing Business 2020: Comparing Business Regulation in 190 Economies." The World Bank.
5 *Ibid.*
6 (2020). "The World Bank in Thailand: Overview." The World Bank.
7 "Bangkok Economy." Cities of the World.

To see more data and findings, see the digital version of ANDE's Ecosystem Snapshots at:
ecosystems.andeglobal.org



Organization Type

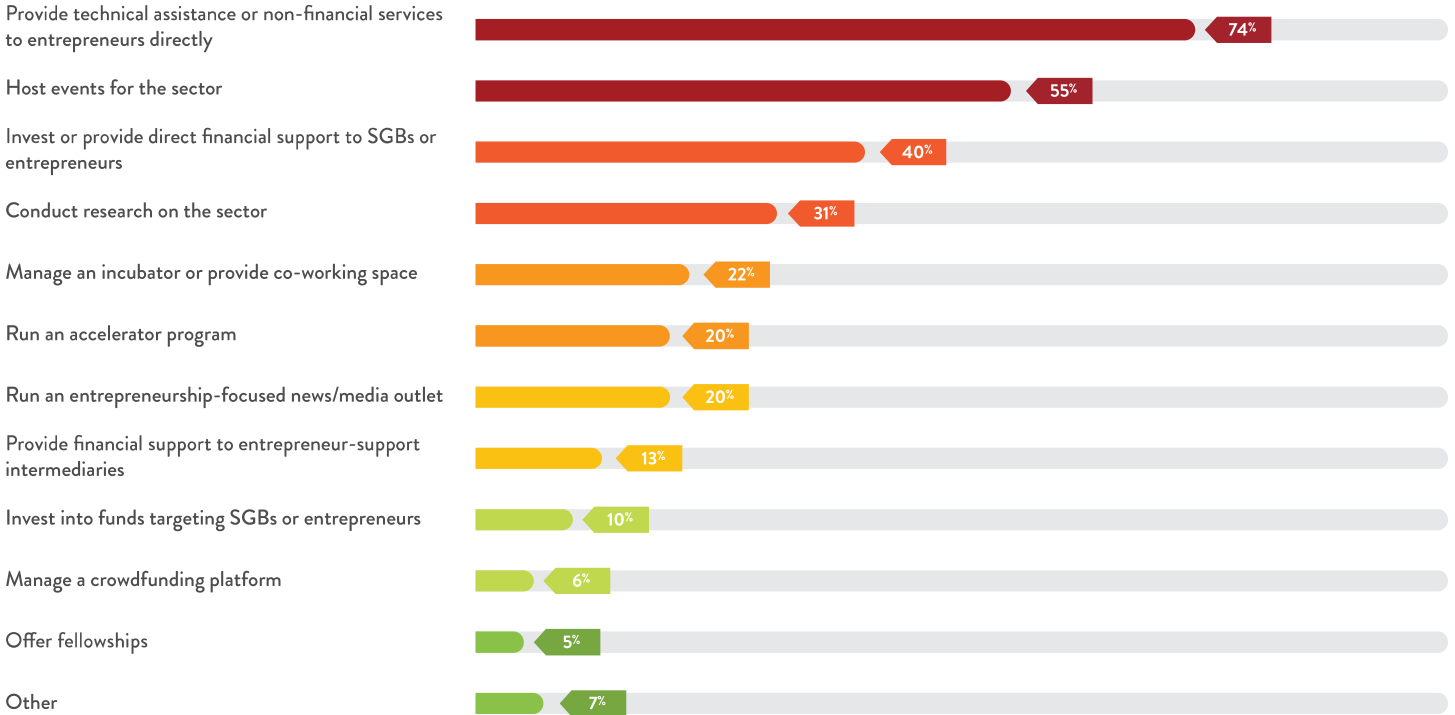
ANDE identified and collected data on 267 ecosystem players actively supporting entrepreneurs and small businesses in Bangkok. Capacity development providers make up the largest proportion of the sample, representing 23% of the organizations included in this snapshot. Additionally, the majority of actors (66%) included in the snapshot are locally based organizations.



DATA

Services Offered

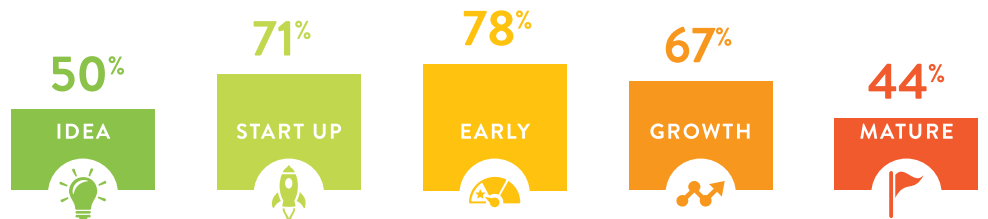
The most common services offered by respondents include technical assistance/capacity building (74%), hosting events for the sector (55%), and investing directly in entrepreneurs (40%). Least common were crowdfunding platforms and fellowship programs, with fewer than 10% of survey respondents indicating that they provide these services. These services are primarily delivered through a hybrid model of in-person and online programming (61%) followed by primarily in-person delivery (32%). Only 7% of programs are delivered completely online.⁸



N = 267

Stages of Focus

Organizations supporting the entrepreneurial ecosystem in Bangkok most commonly focus on start-up or early stage ventures. However, organizations tend to serve a wide range of stages, with at least half of all organizations open to enterprises at every stage except mature. Programs are also largely sector agnostic; those with a sector focus most commonly target ventures working in agriculture, health, energy, or information and communication technology. The tech sector is a particular focus of the ecosystem: Nearly half (46%) of respondents focus some or all of their programming exclusively on tech-enabled businesses.



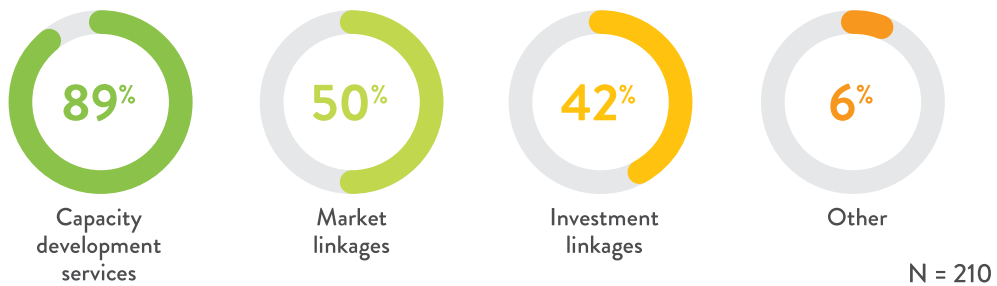
N = 260

⁸ This question was asked in reference to program structure pre-COVID pandemic. See the section on the effects of COVID-19 on support organizations for more information as to how programs have adapted and changed to the current challenges and conditions.

DATA

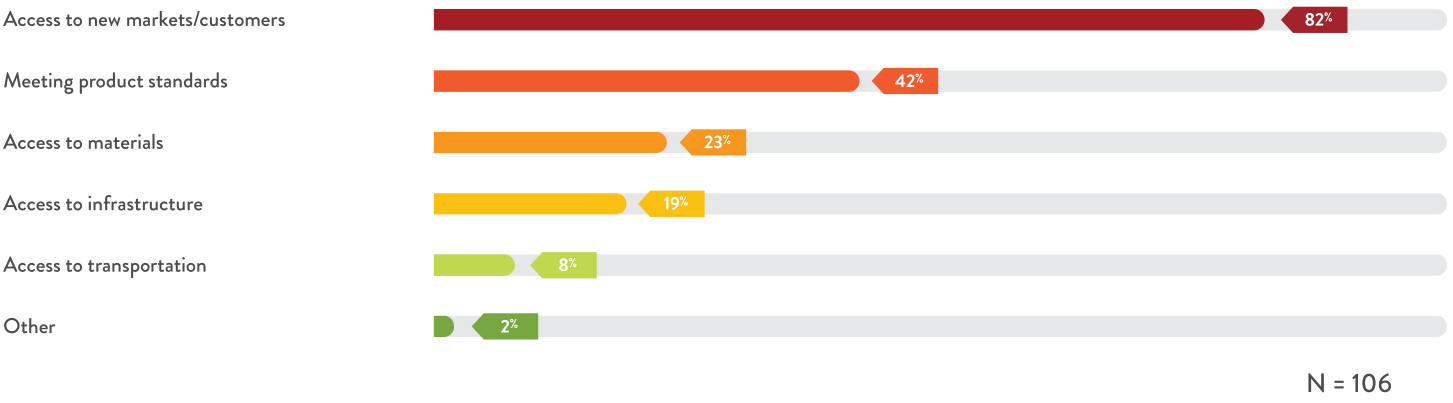
Nonfinancial Support Services

The most common focus of nonfinancial support providers is capacity development services, where a large majority of respondents focus their efforts. These services are often but not always complemented with better access to markets and investors: half of respondents provide market linkages, and just under half provide investment linkages.



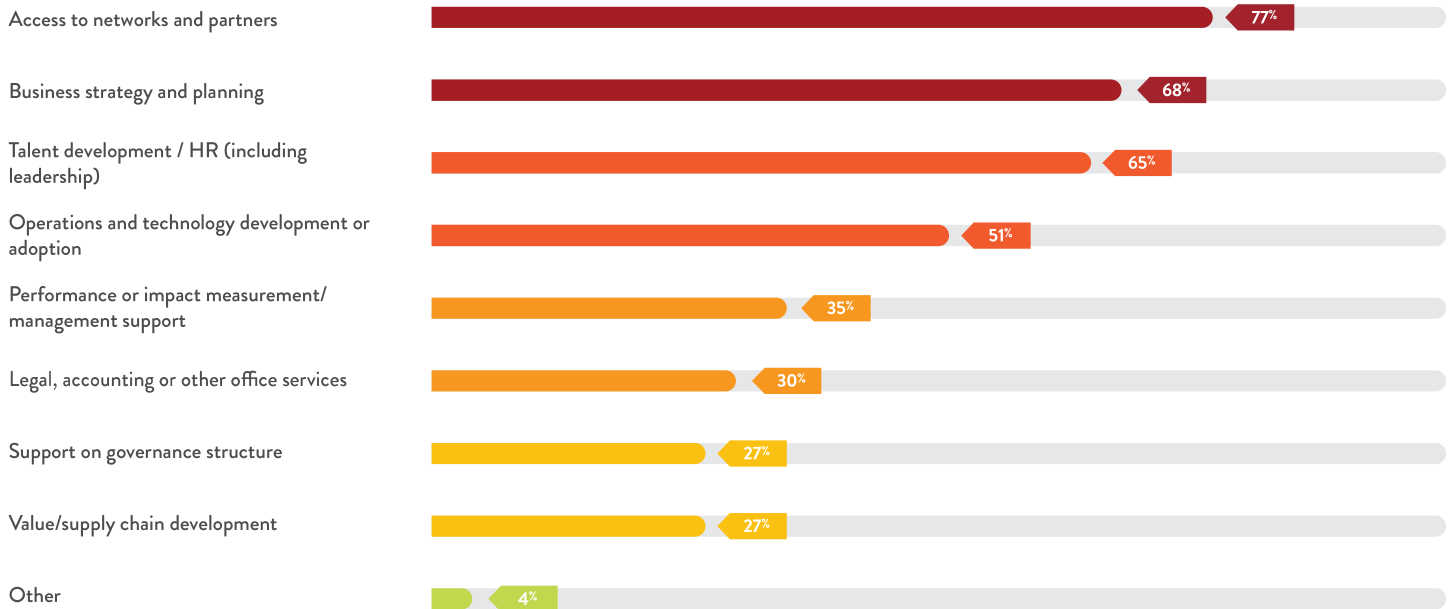
Market Linkage Services

Among ecosystem players that focus on providing market linkages, the most common focus is directly facilitating access to new markets and customers. Less common are those that focus on more indirect pathways to new markets, such as access to materials, infrastructure, and transportation. These services may be less needed in Bangkok, as there is a strong existing physical infrastructure which removes these as major barriers. In addition, infrastructure was not cited by any respondents as a challenge for the ecosystem.



Capacity Development Services

Within capacity development there are a range of specific services. The most common capacity development services provided to entrepreneurs in Bangkok include access to networks and partners, business strategy and planning, and talent development. More functional support such as legal and accounting services or value and supply chain development are less common, possibly because these services require more specialized knowledge and curricula. This shows a relatively clear emphasis on more general functions such as strategy with a dearth of services focused on more technical functions such as governance. An additional gap is the small proportion of organizations focused on supporting impact and performance measurement. Given the thriving social enterprise landscape in Bangkok, there is likely a need to measure the impact generated by these enterprises in order to better engage with investors and communicate their value. However, only 35% of capacity development providers focus on this area.



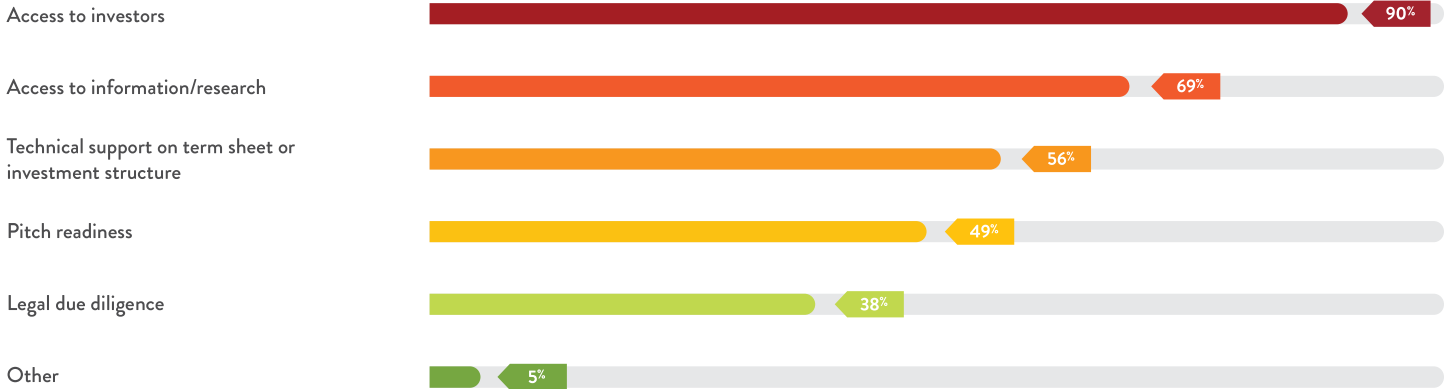
N = 187

Talent development and human resources is an important piece of the Bangkok ecosystem that intermediaries are addressing through their capacity development services. Nearly a third of respondents (31%) ranked a lack of skilled workers and talent developed as one of the top three challenges for the ecosystem. However, Bangkok ranks highly in terms of human capital; a 2019 Enpact Startup Ecosystem Report on Bangkok ranks the city number one globally for human capital.⁹ These seemingly paradoxical findings can be explained by the varied experience of hiring businesses based on their size. Startups are unable to compete with larger firms in terms of salary expectations of new talent entering the labor market, resulting in those enterprises being prevented from accessing much of this new talent.¹⁰

⁹ Thompson, H.D., Cardona, C. (2019). "Startup Ecosystem Report: Bangkok." Enpact.
¹⁰ *Ibid.*

Investment Linkage Services

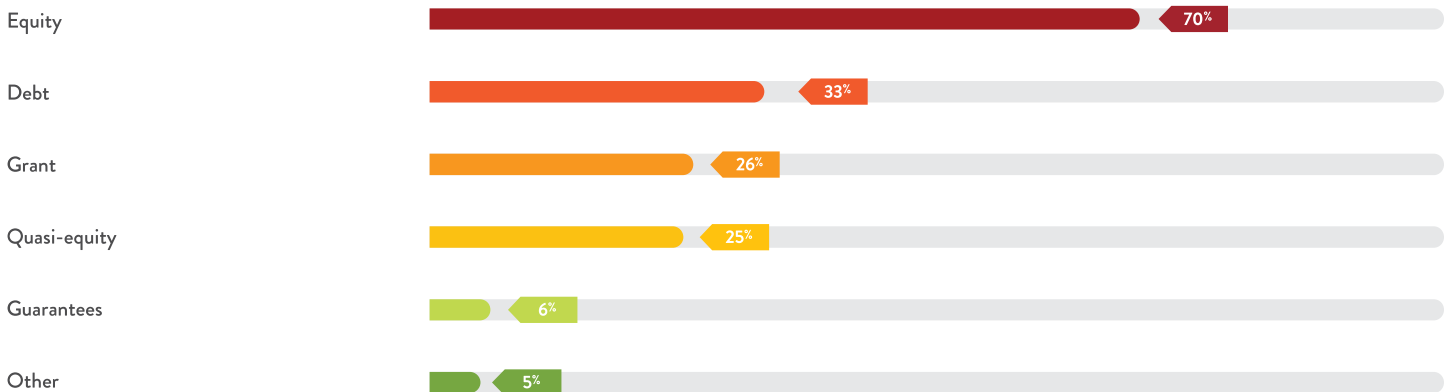
Most organizations that provide investment linkage services provide direct access to investors, although a majority also access to information or research on investment possibilities and technical support on term sheets. A minority offer support on developing pitches and doing due diligence. This is likely due to the fact that most providers of investment linkages are themselves investors, and as such focus more on introductions and support for their existing investees as opposed to supporting potential investees to develop pitches.



N = 88

Investment Instruments

Among organizations that invest directly, equity is the most common instrument, used by 70% of respondents. Less common are debt, grants, and quasi-equity which are used by only 25-30% of respondents. This illustrates the preference for equity among investors focused on growth-oriented entrepreneurs (the focus of this set of organizations) as opposed to traditional small business financing, which tends to take the form of debt.

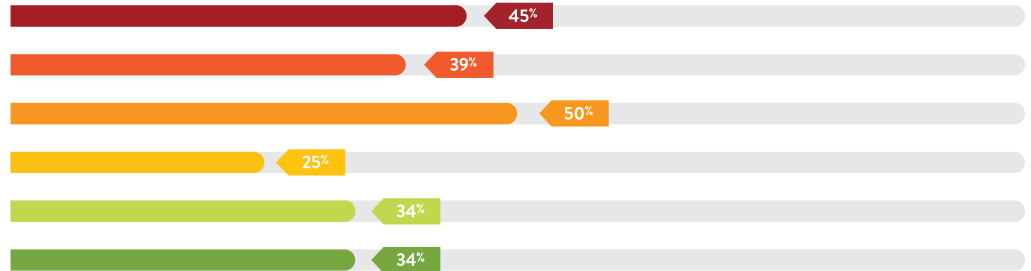


N = 107

Ticket Sizes

\$1.1 million to \$5 million
 \$500,000 to \$1 million
 \$100,000 to \$500,000
 \$50,000 to \$100,000
 \$25,000 to \$50,000
 \$0 to \$25,000

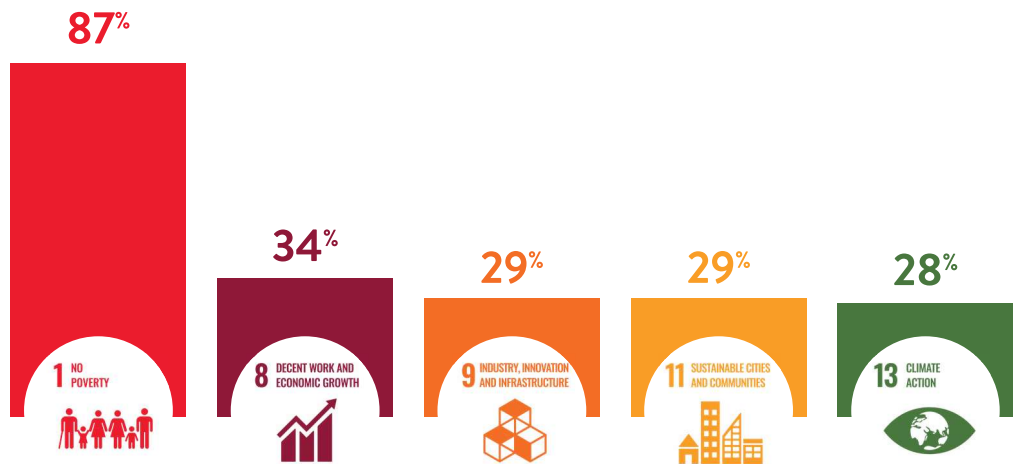
Organizations that invest directly most commonly offer ticket sizes between US \$100,000 - \$500,000 and \$1.1 - \$5 million. Being on the higher end of the spectrum, deals of these amounts are likely less accessible to earlier-stage ventures who may be seeking smaller ticket sizes or not able to meet the requirements that come with higher ticket sizes. Only a quarter of investors offer deals in the \$50,000 to \$100,000 range, representing an important potential gap.



N = 96

Alignment with the SDGs

Over half of organizations measure the impact of its entrepreneurship activities in Bangkok. A little less than half of respondents (43%) explicitly and intentionally align their program or activities with the United Nations Sustainable Development Goals (SDGs), consistent with global findings for the sector.¹¹ The figure below shows the top five SDGs that respondents selected as most representative of their organization’s impact focus. Most common are “No Poverty” and “Decent Work and Economic Growth”, which is consistent with other ANDE research that examined alignment with the SDGs globally.¹² However, sustainability and climate are also a top focus, which is more surprising and indicates that this is a higher priority for organizations working in Bangkok based on specific circumstances that are affecting the city and country. Bangkok, often referred to as the “sinking city” is listed as one of the cities at risk of being “hit by climate change by 2050,”¹³ due to rising sea levels and increased temperatures if the country continues with business as usual.



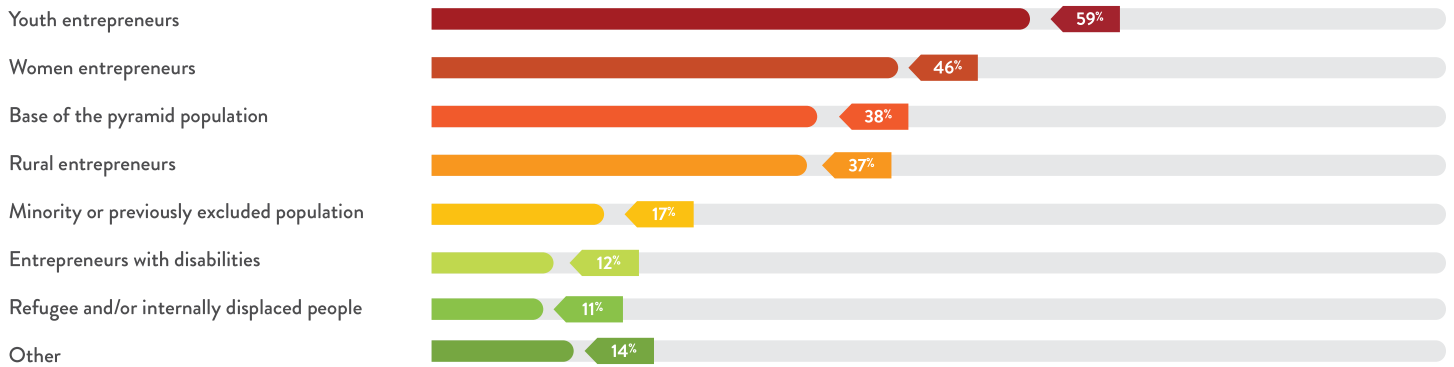
N = 85 (respondents were asked to select up to three SDGs)

11 Hume, V., Davidson, A., Guttentag, M. (2020). “State of the Sector 2019.” Aspen Network of Development Entrepreneurs.
 12 Hume, V., Davidson, A., Guttentag, M. (2020). “State of the Sector 2018.” Aspen Network of Development Entrepreneurs.
 13 (2020). “2050 Climate Change City Index.” Nestpick.

Target Population

Most support organizations target youth entrepreneurs, while just under half target women entrepreneurs. Very few of these organizations, however, specified how exactly their programming targets women, suggesting that this targeting may not be particularly prioritized or robust.

According to a World Economic Forum report in 2019, nearly a third (31.4%) of the youth population in the ASEAN region are either entrepreneurs or work for a startup¹⁴ and 14.6% of early-stage Thai entrepreneurs are between 18-34 years old.¹⁵ While there is a strong propensity within this demographic to engage in entrepreneurship, the barriers that affect the ecosystem are felt particularly strongly by youth entrepreneurs and they also face unique challenges. For example, financing is a common barrier in the ecosystem broadly; for youth entrepreneurs it is particularly difficult because they are 33% less likely to have the personal savings that older or more experienced entrepreneurs may have.¹⁶ This means they typically have to find financing externally and given the innate lack of experience often associated with youth, they're unlikely to qualify for the type of financing accessed by more experienced or mature ventures.



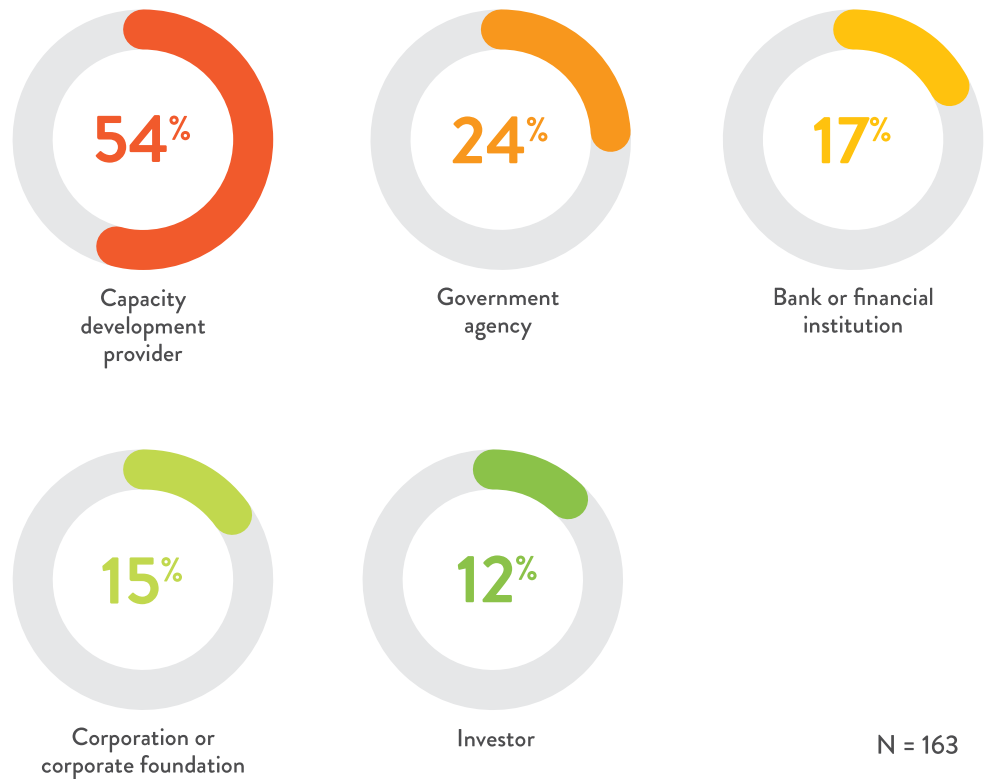
N = 126

14 (2019). "ASEAN Youth Technology, Skills and the Future of Work." World Economic Forum.
 15 (2019). "Thai youths want their own start-ups." The ASEAN Post.
 16 *Ibid.*

Women in Leadership

In a recent report, the Global Accelerator Learning Initiative identified that representation of women in leadership positions is positively correlated with the ability to reach and attract more women entrepreneurs.¹⁷ A little over a quarter of the organizations that shared information about their leadership indicated that the president or CEO is a woman. However, this is heavily skewed towards capacity development providers, of which over half are led by a women. In contrast, women lead only 12% of investment providers and 15% of corporates and corporate foundation. This gender gap reveals a clear missed opportunity in terms of reaching more women entrepreneurs.

PERCENT OF ORGANIZATIONS WITH A WOMAN PRESIDENT, CEO OR EQUIVALENT, BY ORGANIZATION TYPE

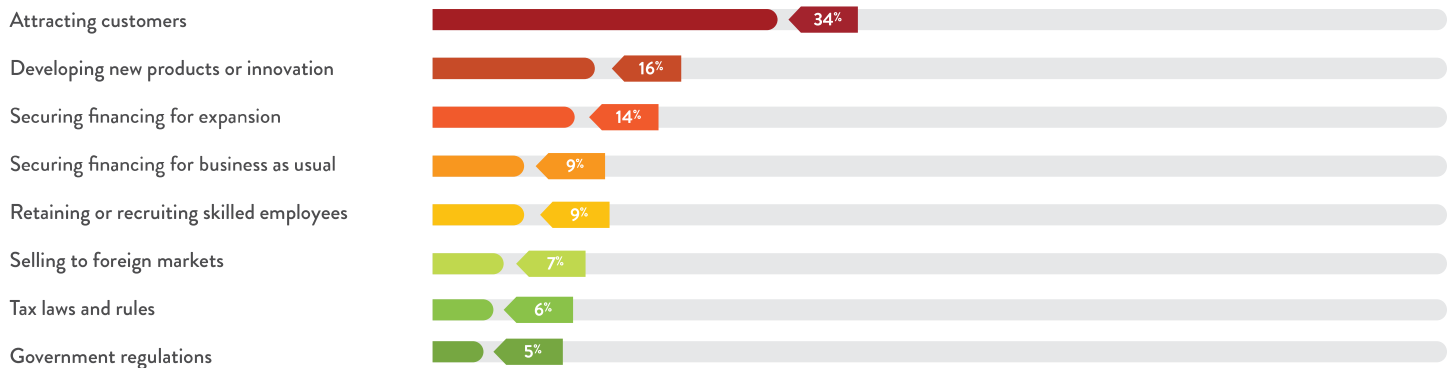


¹⁷ Davidson, A., Hume, V. (2020). "Accelerating Women-led Startups: A Knowledge Brief by the Global Accelerator Learning Initiative." Global Accelerator Learning Initiative.

FINANCIAL CONSTRAINTS

Access to finance is critical for businesses to have the capital needed to grow. Data from Thai SMEs indicate the challenge of financing: a survey of 518 enterprises from the joint OECD, World Bank, and Facebook “Future of Work” survey of Thai SMEs indicates that securing financing for expansion and for ongoing business operations represent the third and fourth most cited business challenge.¹⁸

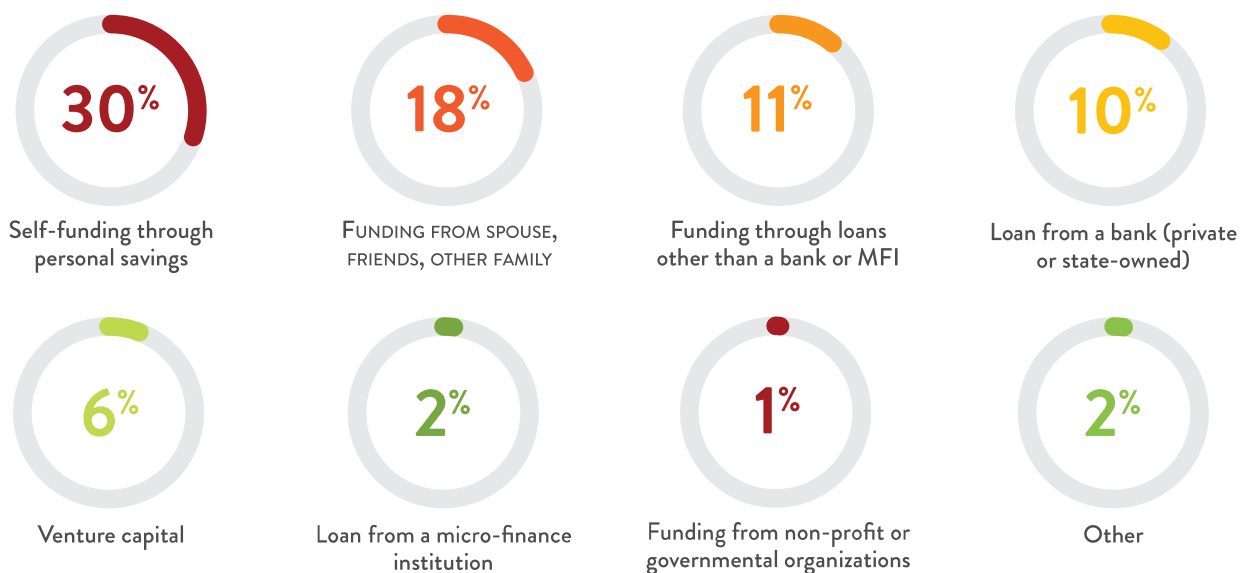
TWO MOST IMPORTANT CHALLENGES FOR BUSINESSES



N = 518

Overall, Thai SMEs are most likely to be “bootstrapped,” with nearly half of all SMEs founded using the founder’s own savings or support from friends and families. Approximately one-fifth of SMEs are funded through loans from institutions, with only six percent funded through venture capital.

FINANCING USED TO START SMES (APRIL 2018)¹⁹



N = 1,013

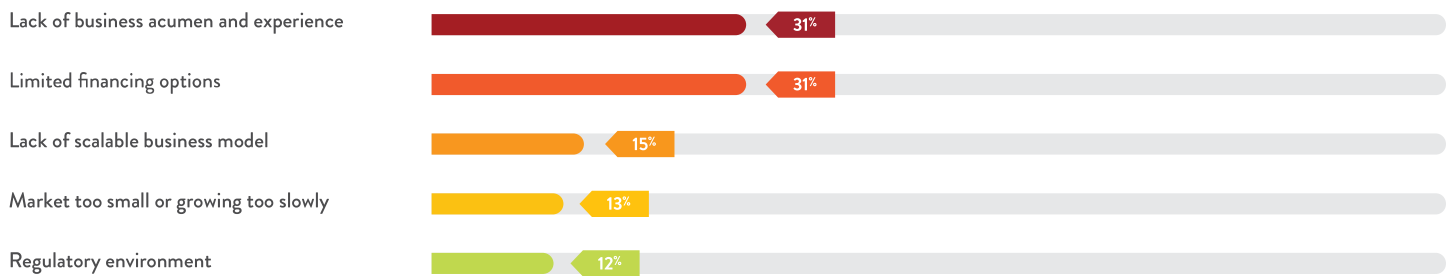
¹⁸ OECD, World Bank, and Facebook “Future of Business Survey” for Spring 2019, available at <https://data.humdata.org/dataset/future-of-business-survey-aggregated-data>
¹⁹ OECD, World Bank, and Facebook “Future of Business Survey” for April 2018, available at <https://data.humdata.org/dataset/future-of-business-survey-aggregated-data>

FINANCIAL CONSTRAINTS

Barriers to Financing

Given the importance of financing, the challenge, and the relatively small proportion of growth-oriented funding such as venture capital, ANDE conducted a deep-dive on financial constraints faced by entrepreneurs in Bangkok to more clearly identify high-potential intervention points. This included questions on financial constraints on the survey of intermediaries as well as 20 interviews with local stakeholders including entrepreneurs and representatives from financial institutions.

TOP 5 BARRIERS ENTREPRENEURS FACE WHEN SECURING FINANCING



N = 101

Overall, respondents to the survey pointed to a lack of business acumen and experience as well as limited types of financing options as the two most significant barriers Thai entrepreneurs face when attempting to secure capital. This points to the need to focus on both supply and demand side constraints.

Supply Side Constraints

On the supply side, the majority of finance providers offer traditional debt structures with relatively few options which are often more suitable for start-ups, particularly in their early stages.²⁰ Interviews indicate that start-ups, in particular those in the technology sector, often lack the credit history and capital assets needed to collateralized loans, while options for collateralizing alternative assets such as intellectual property, inventory, or cash flow is not straightforward or common. Fortunately, there are signs that efforts to address this constraint for SMEs broadly are growing: the OECD notes that government guarantees for SMEs increased each year from 2010 to 2017.²¹

In terms of seed-stage equity, another alternative to collateralized loans, options also remain limited: according to the Thai Venture Capital Association, there are only three active organized angel investment groups with limited capacity and experience to invest in innovative ventures. A lack of examples of successful exits presents a barrier to attracting potential angel investors to the market as the long-term upside of investments is less clear. There also may be a perception issue on the part of investors: the CEO of a local start-up pointed to what is commonly referred to as the “Thai doubt,” or the idea that Thai investors and financial institutions have a preference for foreign companies over local businesses.

The prevalence of corporate venture capital also presents a constraint on the nature of businesses with access to some of the most significant pools of local capital. Research and interviews from Techsauce media and the Thai Venture Capital Association suggests that up to 80% of venture capital in Thailand comes from corporates, which tends to be limited to start-ups with a clear corporate strategic alignment and to those already at least ready for Series A investment.

20 Torpey, W.J., Viscione, J.A. (1987). “Mezzanine Money for Smaller Businesses.” Harvard Business Review.
21 (2020). “Thailand: Key Facts on SME Lending.” OECD.

FINANCIAL CONSTRAINTS

Demand Side Constraints

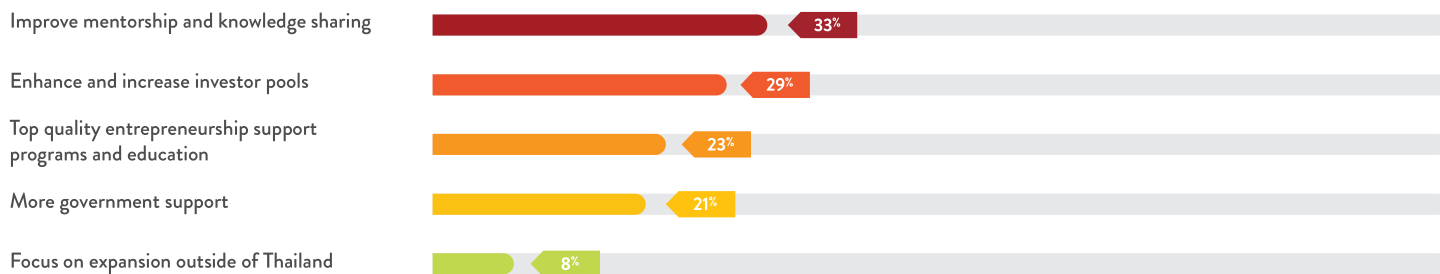
On the demand side, interviewees discussed a number of constraints faced by SGBs. In particular, one bank representative pointed to inexperience of management teams as a stumbling block for finding investible deals. Management capacity is often a major focus of investors in assessing SGBs, and so the difficulty many businesses face in attracting talent away from more traditional sectors such as consulting and family businesses represents a formidable barrier.

Some stakeholders involved in capacity building also see a proliferation of lower quality programs at the idea stage (such as hackathons) that do not focus enough on key success elements like product or market fit, market size, and growth, starting entrepreneurs on the wrong foot. Some of the most notable early-stage support programs, such as DTAC Accelerate and Digital Ventures Acceleration, have ceased operating, leaving a support gap. In addition, given the importance of moving into regional and international markets to truly achieve the growth desired by equity investors, some stakeholders see too much focus on smaller domestic market niches and too little focus on models that can scale beyond Thailand. In a recent survey conducted by Social Enterprise Thailand on the top challenges Thai social enterprises face when accessing finance, one of the top challenges cited by respondents was the lack of a developed business model to meet investment or financing requirements.

The prevalence of corporate players in the space also impacts the ability of SGBs to carve out an investible niche. Many of the most active corporate players such as Siam Commercial Bank, Kasikorn Bank, Petroleum Authority of Thailand (PTT), and Siam Cement Group (SCG) have opted to invest heavily in in-house venture building programs such as the SCB10X, Zero to One, and KASIKORN Business Technology Group (KBTG). This complicates early-stage fundraising as these in-house corporate ventures have significant market and resource advantages compared to independent start-ups that are seeking capital.

Support Needs

SUPPORT NEEDED TO IMPROVE ACCESS TO FINANCE



N = 101

When asked what support is needed to improve access to finance for Thai ventures, organizations most commonly pointed to improved mentorship and knowledge sharing. This indicates the importance of going beyond alleviating demand-side constraints through capacity building and also focusing on network development. Given the limited experience and knowledge that local founders have regarding international business and business dealings beyond the Thai market, many interviewees see international exposure in particular as an effective way to encourage founders to expand their business plans further and build a business that is more attractive to the venture capital market.

As noted previously, the depth and diversity of early-stage investors and the quality of entrepreneur support programs represent additional areas of need. But many respondents also indicated that the government has a significant role to play as well. Requests for changes in regulation, taxes, and immigration laws are well documented by key stakeholders in the ecosystem, but the slow speed of progress is due to instability in the government, prioritization of short-term initiatives versus long-term reform and the challenges between intergovernmental agency collaboration has made this request elusive. Even supportive laws announced in the past, such as the Startup Act (which facilitates the founding of local and international startups through foreign shareholders) have been held up rather than being implemented.

Streamlining support is also likely part of the solution. There are a multitude of government agencies and ministries tasked with supporting various types of entrepreneurship, leading to many government support programs overlapping and competing with one another. One entrepreneur notes that, “We’ve applied for and have pitched for several government grants and funds. However, when the heads of these agencies change, it feels like we have to restart the entire process all over again.”

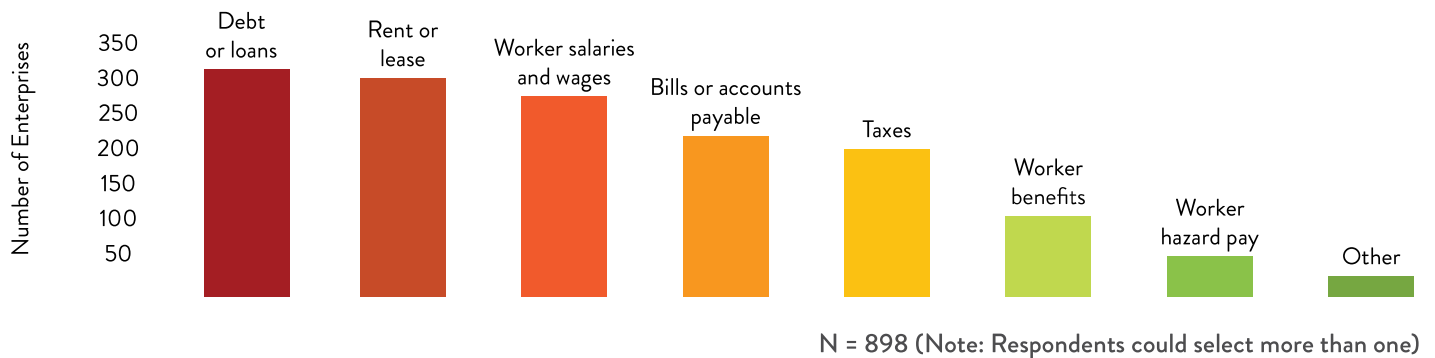
EFFECTS OF COVID-19

The COVID-19 pandemic has significantly impacted entrepreneurial ecosystems around the world, with Bangkok being no exception. Thailand was one of the early countries hit by the pandemic but also one of the first to control the pandemic domestically. By the fall of 2020 the Center for Disease Control and Prevention (CDC) classified the country as a low-risk level as new cases decreased or stabilized. However, the rest of the world (particularly the United States) is still dealing with the pandemic and both local and global suppression efforts have had a significant impact on start-ups.

Challenges to Entrepreneurs

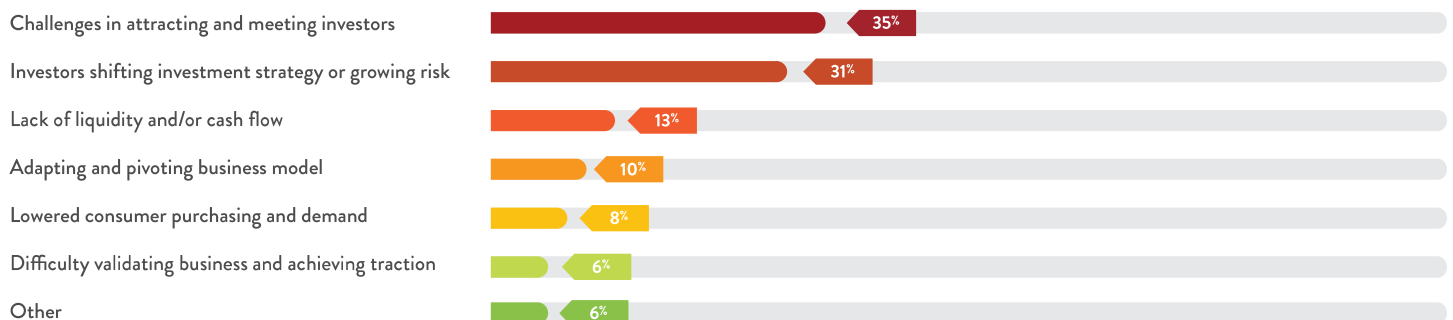
Data collected directly from SMEs in July 2020 as part of the Future of Business survey highlights the importance of finance as a major issue for small businesses in Thailand. Difficulty in repaying debts or loans was the most common challenge for SMEs in the survey.²²

IS THIS BUSINESS CURRENTLY STRUGGLING TO PAY ANY OF THE FOLLOWING?



ANDE's survey examined perspectives on how these challenges are manifesting specifically for growth-oriented entrepreneurs. One of the major factors hampering fundraising for these entrepreneurs is a reduced ability to attract and meet investors, especially when it comes to conducting due diligence without a face-to-face meeting. One entrepreneur explains, "We had several investors lined up earlier in the year, but with the pandemic peaking in March and April, all these investors halted the due diligence process leaving us idle."

COVID-19 IMPACTS



N = 97

22 OECD, World Bank, and Facebook "Future of Business Survey" for July 2020, available at <https://data.humdata.org/dataset/future-of-business-survey-aggregated-data>

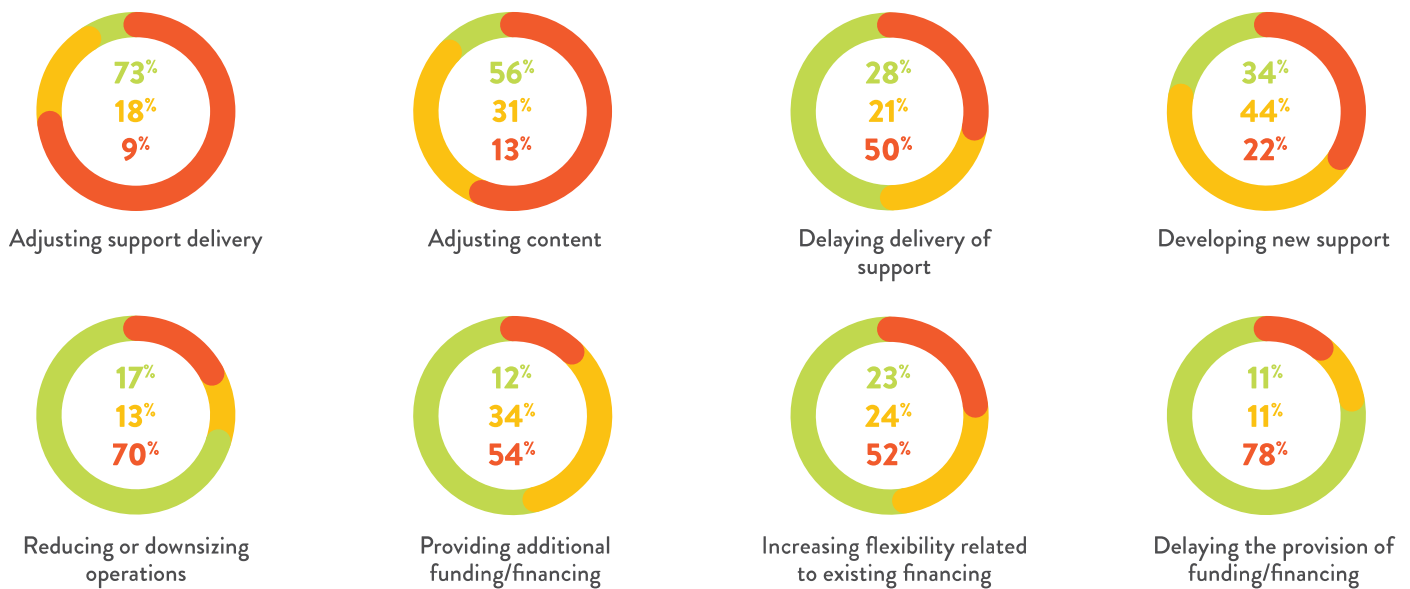
EFFECTS OF COVID-19

This is likely related to a growing risk aversion and ultimate shift in strategy for many investors as the global and Thai economies remain volatile. These macroeconomic conditions create a heightened possibility that ventures will not survive, increased investment costs, and increasing need for ventures to quickly adapt and shift their business models. Given all these additional risks, investors, particularly corporate venture capitalists, report that they are moving towards more stable, mature companies that are considered the market leader in their segment as investment targets, which is a departure from the focus reported in this snapshot's data regarding existing programs.

Cash flow challenges remain for small businesses and start-ups as the Thai economy is estimated to be hardest hit in Asia – in fact the economy shrunk over 12% from last year.²³ According to the National Economic and Social Development Council, this economic contraction marks the country's biggest decline in GDP in more than 20 years²⁴ since the country was hit by the Asian financial crisis in 1998. The decline in demand, high household debt and limited financial support for SGBs and start-ups to cushion the impact means that many companies are laying off workers and reducing working hours. Without bridge financing or easy access to debt, most companies are facing a liquidity crunch. One interviewed entrepreneur noted, "With COVID-19 significantly impacting our business and cashflow, we had to close down a couple of our branches as well as pivot from our core business model."

Intermediary Actions and Needs

ACTIONS TAKEN BY INTERMEDIARIES TO ADDRESS COVID-19



- Done
- Anticipate doing
- Do not anticipate doing

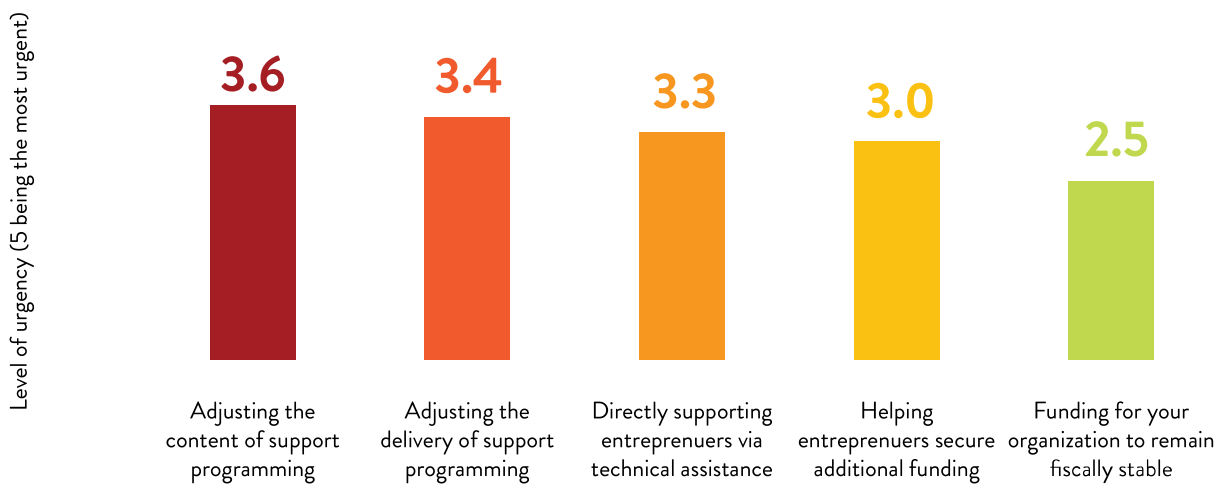
N = 103

²³ Languelin, O. (2020). "Thai economy shrinks most in more than two decades." Thailand Business News.
²⁴ *Ibid.*

EFFECTS OF COVID-19

The level of urgency around adjusting to the COVID-19 pandemic and its resulting circumstances for organizations supporting entrepreneurs in Bangkok is still relatively high. Fortunately, most of the actions that organizations have taken or anticipate taken relate to adjusting the content and delivery of programming to meet the needs of entrepreneurs in light of the pandemic. Very few organizations are delaying or downsizing their programming, a reflection of the fact that Thailand has been able to manage the impact of the pandemic relatively well. The greatest imperative for ecosystem-builders is therefore to help organizations make these adjustments to ensure support programs remain relevant and effective.

SUPPORT ORGANIZATION URGENCY OF NEEDS



N = 104

Another positive finding is that most organizations rate the need to find additional funding for their own organization to remain fiscally stable at a low level of urgency, indicating that many have found ways to support themselves and continue supporting entrepreneurs in light of the circumstances.

CHALLENGES

Lack of early-stage investment funding: 45% of respondents ranked this as one of the top challenges for the ecosystem. While this survey identified 121 organizations providing financial support, there are approximately 3 million registered SMEs operating in Bangkok according to the Office of Small and Medium Enterprises Promotion.²⁵ In addition to the limited amount of funding available in comparison to the number of ventures seeking investment, the type of funding is often not aligned with entrepreneur needs, in particular around collateral and credit histories for debt products and the stage and size of finance for equity investments.

Lack of collaboration among ecosystem organizations: 41% of respondents ranked this as one of the top challenges for the ecosystem. There are hundreds of ecosystem players in Bangkok; this snapshot features 267 which is not an extensive list (see [Methodology](#) for more detail on this). In such a dense and dynamic ecosystem, it is not surprising that there are coordination challenges. However, collaboration in the ecosystem was also listed as the most significant improvement respondents had witnessed in the ecosystem over the past three years. So, while there are still undoubtedly potential areas for increased collaboration, efforts such as the Thai Venture Capital Association, the Thai Tech Startup Association, and the Thai Management Association have clearly set the ecosystem on the right path towards greater coordination.

Barriers to accessing talent: Previous studies of the Bangkok startup ecosystem have cited human capital as one of the city's greatest strengths, with "general good access to skilled workers and a low unemployment rate."²⁶ However, this was listed as one of the greatest challenges for the ecosystem by almost a third of respondents. This is likely due to the fact that despite the large talent pool available, there are significant costs associated with accessing this talent that most small businesses can't afford, and critical management-level talent may be harder to access than entry-level skilled workers.²⁷

Creation and implementation of updated government policies: The ongoing unstable political environment plays a significant role in the continuity and focus of the government agencies which not only slows the ability of policy to progress but also results in prioritizing short-term improvements. However, as noted by a number of interviewees, the changes needed from the government side regarding tax policy, business regulation, and immigration law require more sustained long-term efforts and agenda consistency over a longer period.

25 (2018). "SME Policy Index: ASEAN 2018 Boosting Competitiveness and Inclusive Growth." OECD.

26 Thompson, H.D., Cardona, C. (2019). "Startup Ecosystem Report Bangkok." Enpact.

27 *Ibid.*

OPPORTUNITIES

Entrepreneur-friendly debt and equity: While there are a large number of investors and financial institutions active in Thailand, the lack of debt products using alternative collateral instruments and equity investments available at the seed represents an opportunity for those looking to fill a critical financial niche for Thai start-ups.

Easing access to information on regional markets: Access to information was cited as another area that has significantly improved over the last three years; however, many respondents pointed out that entrepreneurs in the ecosystem are still thinking too small and are too domestically focused. There is an opportunity to offer more information focused on expanding outside of the city and country to address this barrier limiting ventures from branching out beyond the domestic market.

Supply of management talent and skilled workers: While there is no shortage of talent in Thailand, there is a barrier to accessing that talent. Entrepreneurs often cite the high cost of reaching fresh talent as a challenge. Academic institutions focused more on entrepreneurship have the potential to improve the talent pool and its accessibility to entrepreneurs through alumni networks and by presenting the entrepreneurship/start-up sector as an appealing option for new talent entering the job market. Additionally, if start-ups can scale beyond the domestic markets, they may be able to attract talent that would otherwise be interested in larger companies.

Policy and regulatory environment: The World Bank ranked Thailand as the 21st easiest place for doing business in its 2020 iteration of the Ease of Doing Business Report.²⁸ Recent policy refreshes have made the already affordable city even more business friendly, with a conscious effort towards making the prospect of being an entrepreneur welcoming and lucrative.²⁹ National-level policies with a specific focus on start-ups offer an opportunity to build on the general enabling environment and specifically target growth-oriented businesses. However, there are still challenges related to policies and the speed at which they are implemented.

²⁸ Aditya, A. (2020). "Thailand Government – How Supportive is it for Business?" StartUp in Thailand.

²⁹ *Ibid.*

Recommendations



Improve the access to talent

With human capital being one of the ecosystem's greatest strengths, it is imperative that entrepreneurs and start-ups be given greater access to it by removing the cost barriers associated with finding and hiring new talent. Strategies to address this might include a policy to help startups be able to afford new hires in a way that makes them competitive with large corporations, academic institutions connecting entrepreneurial alumni with current students studying entrepreneurship, and capacity development providers continuing to offer support with talent and human resources.



Create a defined agenda for the ecosystem to improve collaboration

Collaboration was cited as both the greatest challenge as well as the greatest improvement for the ecosystem, which seems to indicate that it is top of mind for many ecosystem actors. With a large, dynamic ecosystem such as Bangkok, prioritization and a common focus are likely difficult to pin down. Ecosystem leaders such as the government agencies or sector associations can act as conveners to gather information on what entrepreneurs and intermediaries see as the top priorities for the sector are and synthesizing this into a publicly disseminated vision for the ecosystem.



Focus on scaling up startups

The most common challenge that intermediaries cited when working with startups is the inability to scale up, either through lack of vision to grow beyond the Thai market or through lack of know-how. While 86% of those who provide market linkages indicated they focus on creating access to new markets and customers, it is evident through interviews and intermediary responses that this is not enough to help Thai startups expand beyond its borders. One strategy to addressing this might be for academic institutions to help foster this vision in students studying entrepreneurship by bringing in successful entrepreneurs to speak with future entrepreneurs. For entrepreneurs who are already in the market, capacity development providers and advisors might focus on identifying those who have the potential to scale up and fostering this through very targeted and specialized support, rather than look for entrepreneurs to have the answers for scaling up.



Address support gaps related to access to finance

As access to finance has been identified as a key challenge for Thai startups with constraints on both the supply and demand side, a holistic strategy needs to be developed to address both sides of this issue. One key area of this strategy should be to develop a strong network of financial support providers beyond the Thai market to expose local founders with limited experience to international players.

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