

Startups will be the backbone of the Southeast Asia recovery

As Singapore extends its lockdown until June, it has been tough to watch this cruel disease spread from Asia across the planet and back again. Right across the world, the startup sector is suddenly faced with a common enemy and is working out new ways of conducting business to survive. Amit Anand of Jungle Ventures explores how startups and tech can be vital to the recovery of an economy.

Whether you are in Shoreditch or Singapore, tech startups, always fragile whatever the prevailing weather, are having to adapt and innovate at speed. In tech hubs everywhere companies are looking at which aspects of their business are most relevant right now. It was no surprise that our London-headquartered investment, [builder.ai](#), launched a range of pre-packaged apps for smaller businesses like florists, grocery stores and clothing stores, to help them build their own e-commerce and delivery apps.

Coronavirus is first and foremost a human tragedy for all those affected and as an investor, I am deeply concerned about the global panic I have seen proliferate. Yet at the same time, I am also optimistic that Southeast Asia and the emerging tech sector in our region will emerge stronger than ever from this period of uncertainty. At Jungle Ventures, we're convinced that startups will

lead economies across the 12 countries we invest in, into recovery.

Our past experience of SARS and Avian flu has helped those of us in Southeast Asia to understand what impact a sudden collapse in consumer demand can have and the supply problems that pandemic causes. Jungle Ventures is 10 years old this year and having started the firm in the immediate aftermath of the global financial crisis, we have always known that good times can not be taken for granted. Prepare for the worst and hope for the best is sound advice for all entrepreneurs, wherever they are in the world.

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But even while we are tackling the crisis, we should think about what we can learn from the chaos and build something new and better from it. Optimists are always seeking green shoots and the strongest green shoot I can see is all things digital. Connectivity is the medicine that will propel the developing countries in our region forward.

Parts of our tech sector now have a huge opportunity to catch up with the US, China and Europe. Education has always been important to parents in Southeast Asia and if the new normal is remote learning, we know that families will pay for this. Health care can also adapt to a world of telemedicine, perhaps more rapidly than people had realised, and that will become an increasingly important tech sector in this region, as in others.

“Coronavirus adds uncertainty, but it does not change the fundamentals of Southeast Asia.”

The SARS virus in 2003, long before the launch of the iPhone, was a turning point for the Chinese titans Alibaba and Tencent. At the time, e-commerce was relatively primitive but as the outbreak left many Chinese suppliers with few brick-and-mortar stores to sell their goods, many turned to the online platforms that hadn't been forced to close.

Many great tech companies – Airbnb, Square and Stripe of the US – were founded from the debris of the 2008 financial crisis.

In the Western world, the scale of the social and economic impact of COVID-19 is harshly unfamiliar. In Southeast Asia, we are perhaps more used to periods of rapid upheaval, where the social and economic evolve fundamentally.

Coronavirus will push our region even further online, both from a consumer perspective and in forcing businesses to put in place software that helps them to ride out shocks. Our SMEs, on which so many family livelihoods depend, will need better communications tools, databases, inventory management systems and procurement processes. A younger generation of digital natives is keen to adopt these, to make their parents' businesses more agile.

Before the outbreak, more than 80 per cent of 370 middle-market firms across the region recently surveyed by EY said they planned to increase investment in “transformative technologies” over the next three years. My hunch is that when things settle down, this will become a priority for most businesses, large and small.

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A decade ago, 80 per cent of Southeast Asians had limited or no access to the internet, according to the 2019 Southeast Asia Internet Economy Report from Google, Temasek and Bain & Company. But now, the region's 360 million internet users are the world's most engaged and spend between four and five hours a day online. Every major life event or transaction this generation will undertake will be enabled or facilitated online.

In February, in what feels like a lifetime ago, I visited our [European investors](#) and was planning to return to London in June, for London Tech Week. While it looks like I won't be needing my passport anytime soon, my European investors have reassured me that while they know 2020 will be a tough year for startups in some sectors, everywhere, their long-term investment ambitions have not changed markedly.

In Southeast Asia, we have a region of more than 360M people who fully believe in the power of tech to improve their finances, their lives and the businesses they own or work for. And that is why ultimately our emerging tech

sector – though rocked and roiled by coronavirus right now – will come back stronger. The pandemic, if anything, will accelerate tech adoption and confirm that Southeast Asia is a region with the proficiency and resources to build global companies.

As soon as the travel bans are lifted, I expect to be returning to Europe to explain further what a huge opportunity there is here.

Amit is co-founder and managing director of Jungle Ventures, a pioneering venture capital firm based in Singapore, which counts some of Europe's biggest family offices among its LPs, including German finance group DEG and World Bank affiliate IFC. The firm's portfolio includes Livspace, Kredivo, RedDoorz and Builder.AI.

A Kauffman Fellow, Amit is passionate about building global brands out of Asia. He was earlier the Vice Chairman for Business Angels Network South East Asia (BANSEA) and currently sits on the Advisory Council for Ethics in AI & Data by the Singapore Government.

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