

How Startups Are Disrupting Mobility and What Large Companies Should Do About It

Southeast Asia focus

19 May 2023



Knowledge Partner



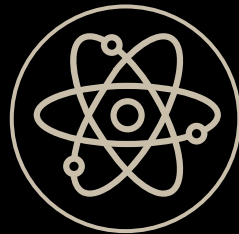
Build Beyond As One.



What are the pain points in Southeast Asia, and how can CASE trends alleviate them?



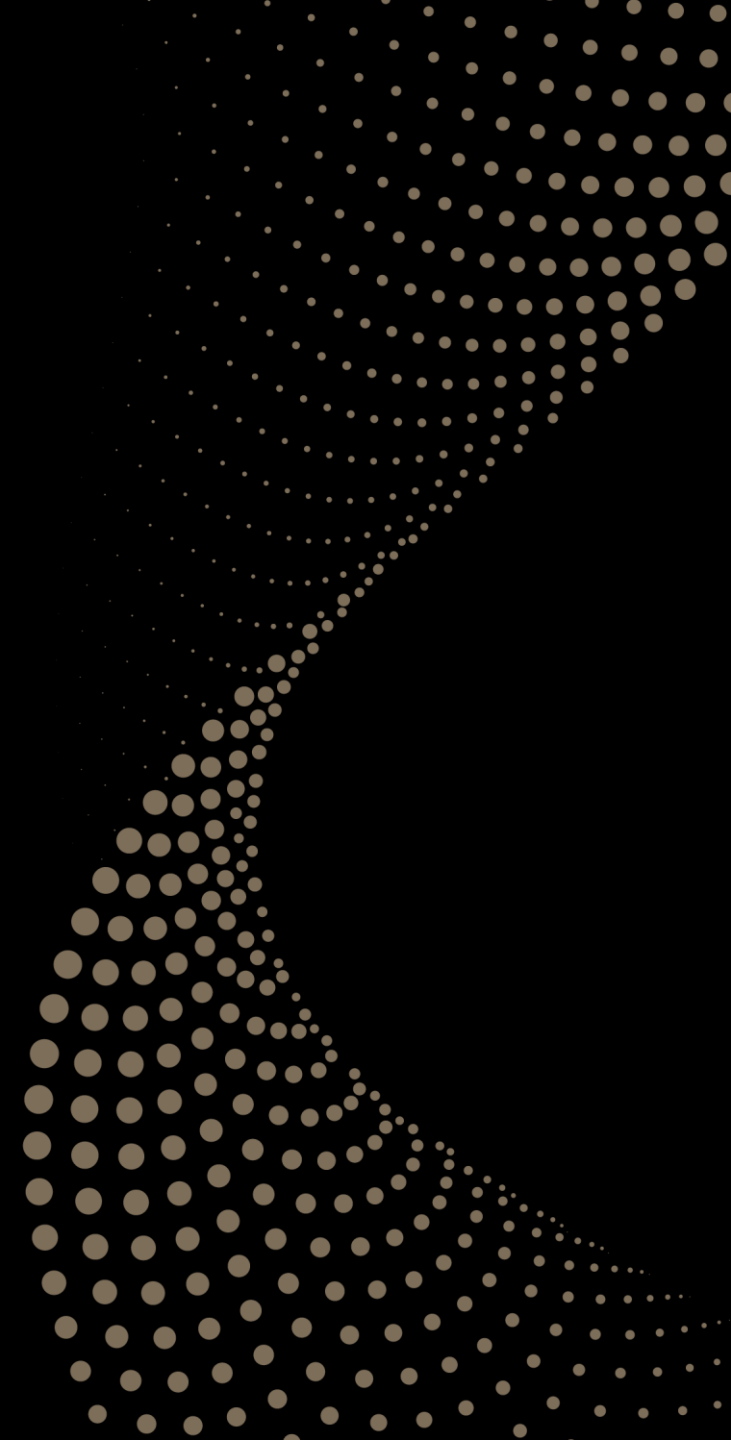
What is the current status of the mobility startup ecosystem in Southeast Asia?



How can large companies play a bigger role in the startup ecosystem?

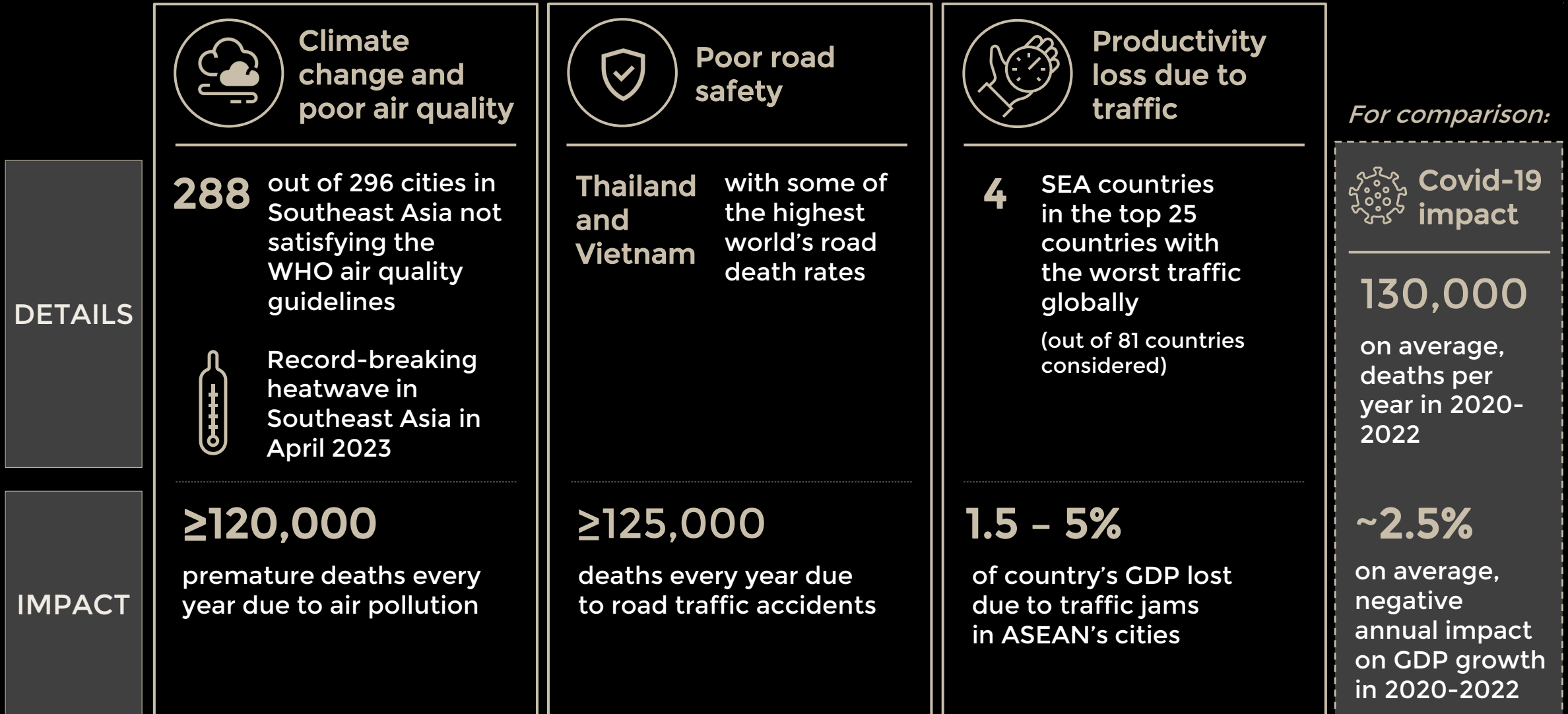


**Pain points
and opportunities**



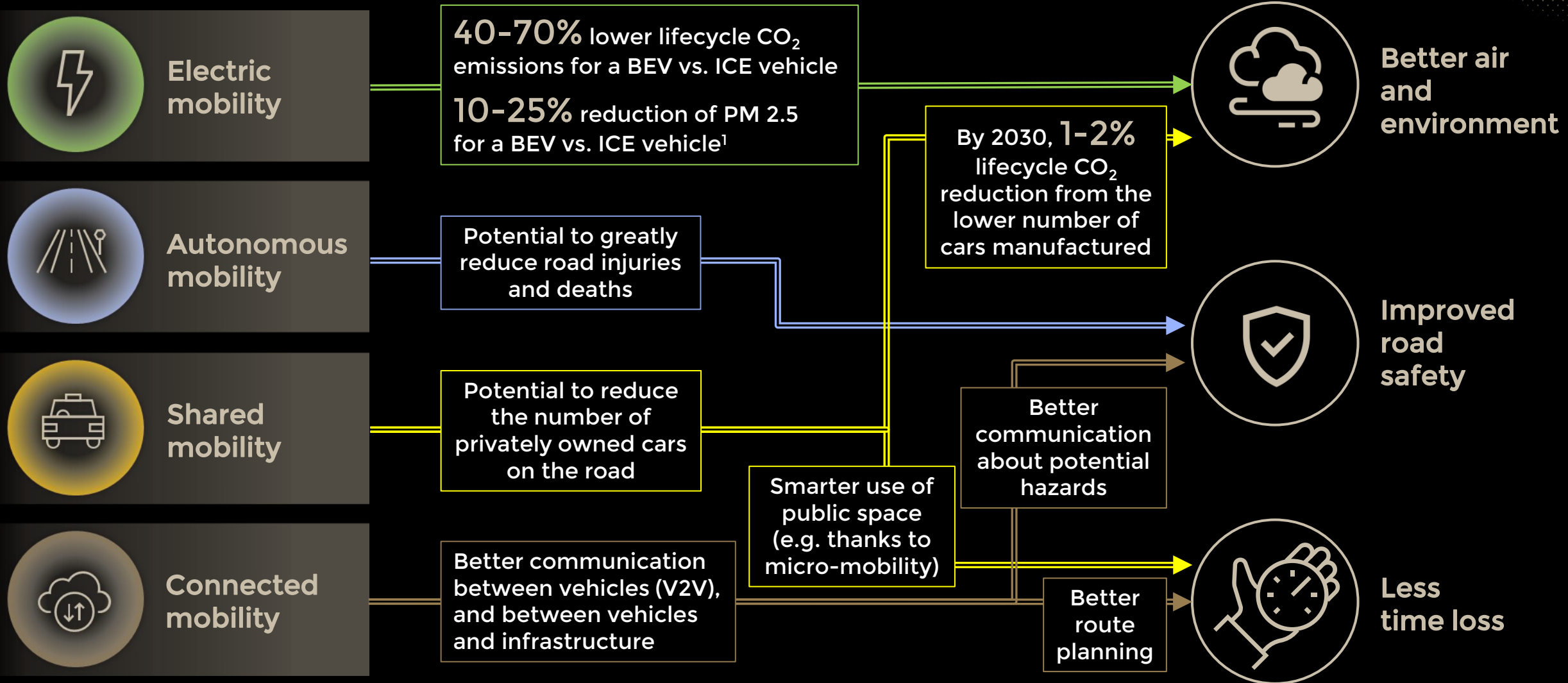
Southeast Asia experiences ongoing pain points that outweigh the impact of the Covid-19 pandemic

Selected major pain points in Southeast Asia



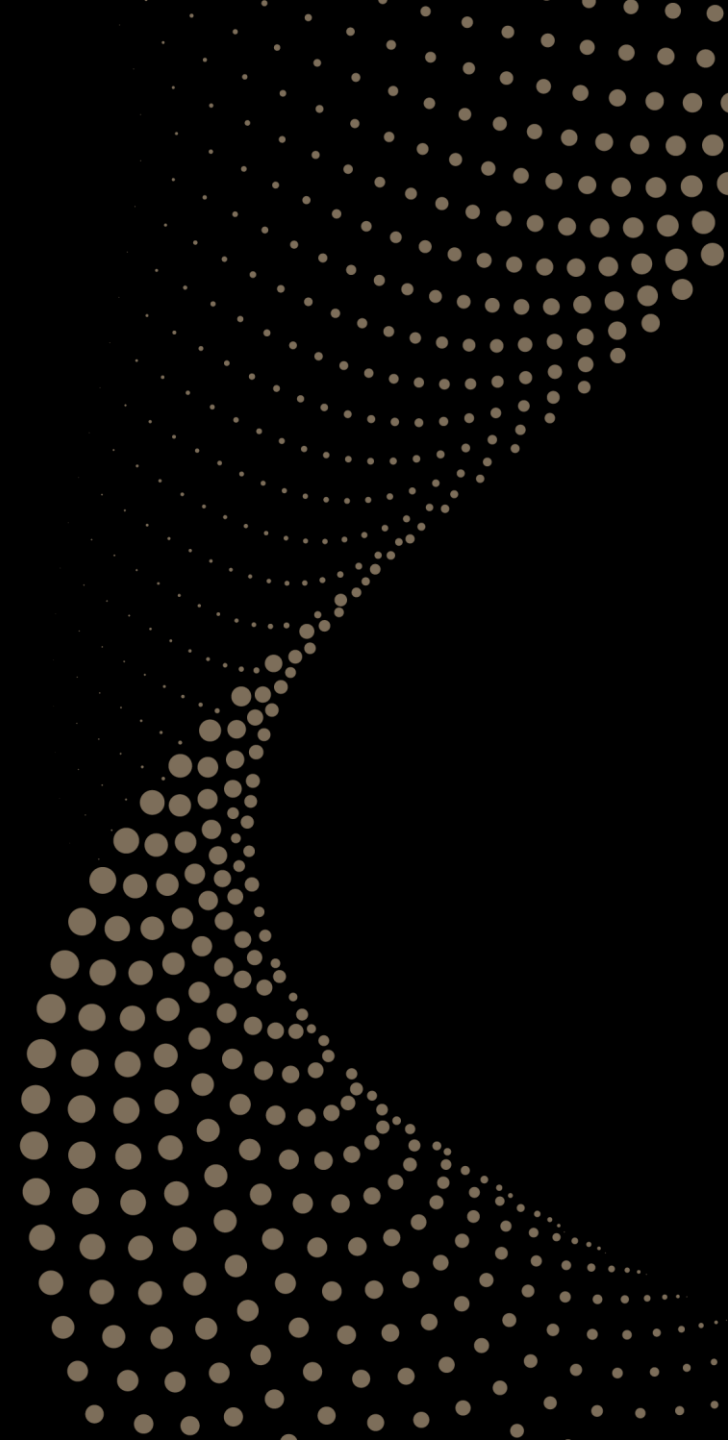
CASE trends have the potential to contribute to building a better future in Southeast Asia

Potential impact of CASE trends in Southeast Asia



¹ Assuming a 4-wheeled vehicle complying with EURO 4 fuel emission standards

**Current status
of the mobility
startup
ecosystem**



WHAT IS A STARTUP?

“

A young company that is pursuing an innovative business model or technology with the potential for rapid growth and disruption of established industries, and whose investment needs are at least partially covered in exchange for equity by non-founding investors such as angel investors, venture capitalists, or large companies.

”

WHAT IS A MOBILITY STARTUP?

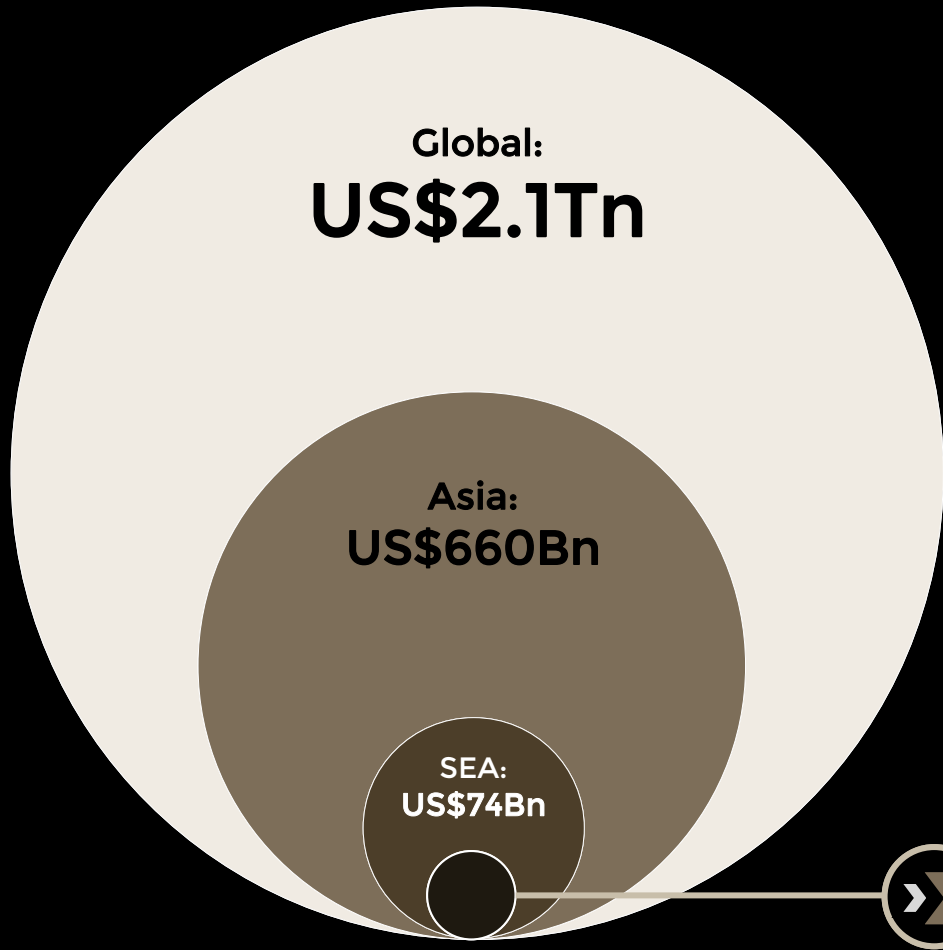
“

A mobility startup is a startup that focuses on providing innovative solutions related to the CASE trends or the main stages of the traditional automotive value chain.

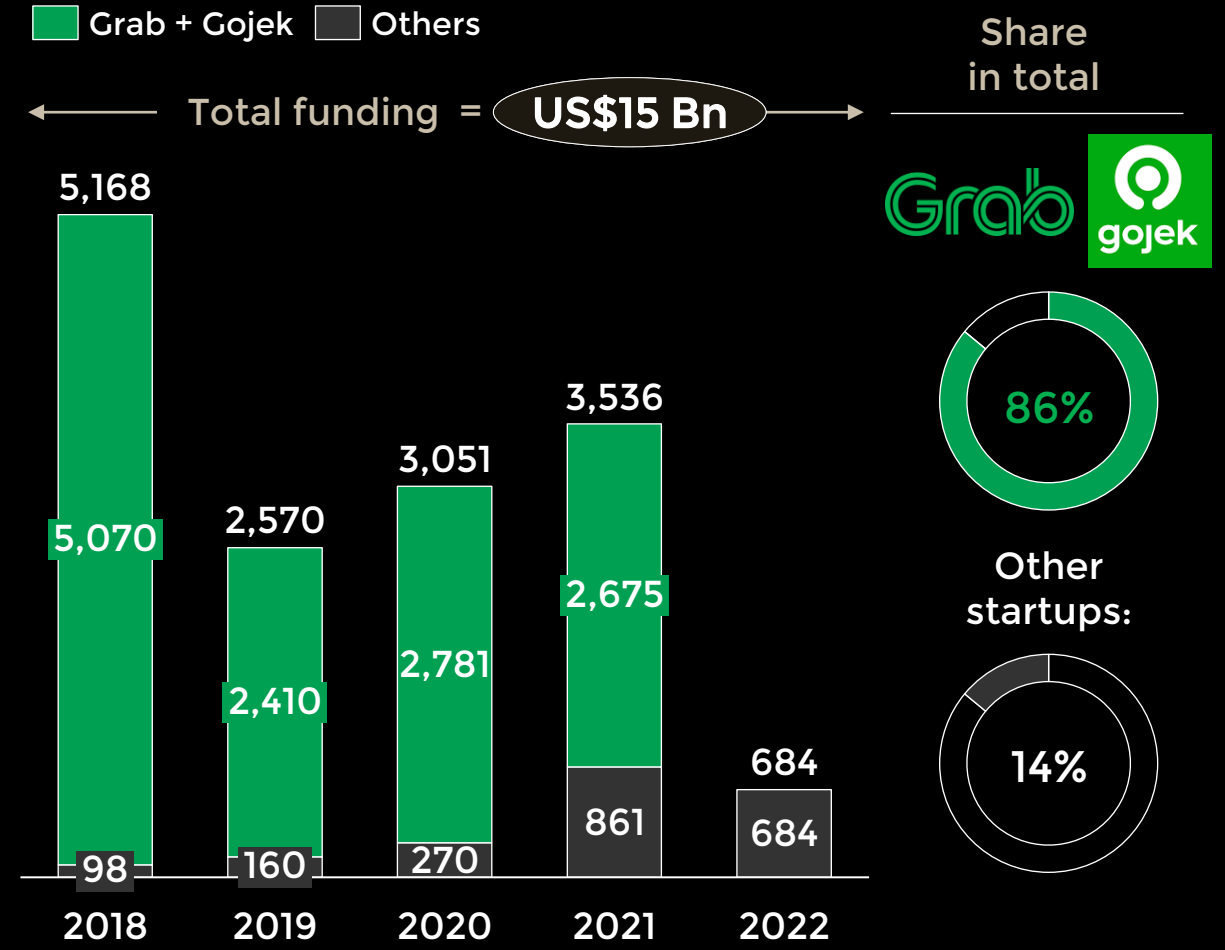
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Mobility startups in Southeast Asia received less than 1% of global investment, but around 20% of funding in Southeast Asia, largely due to Grab and Gojek

Accumulated startup investments between 2018 and 2022 by startup HQ location¹



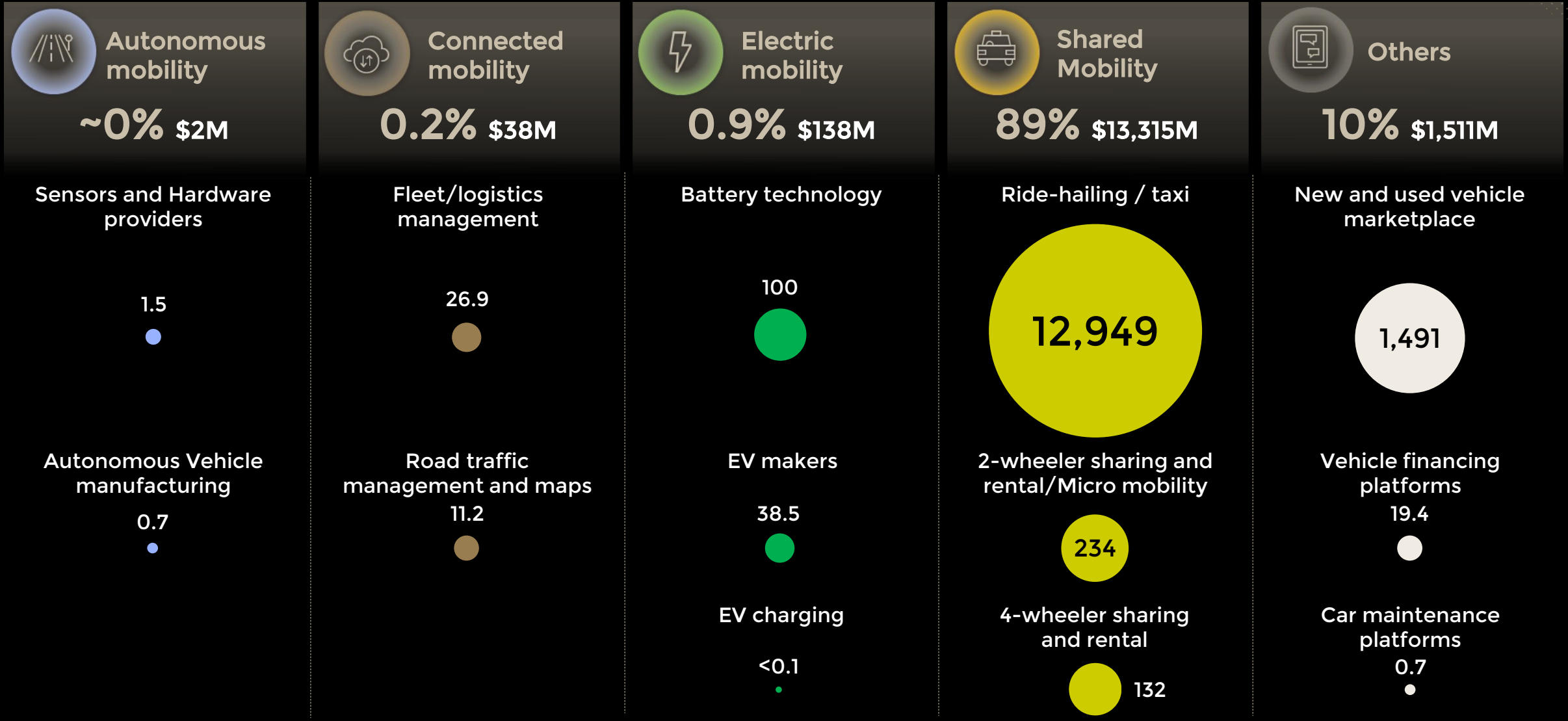
Investments in mobility startups in Southeast Asia¹
US\$M



¹ Based on publicly reported data, includes angel investing, early and late stage investing until IPO and debt financing

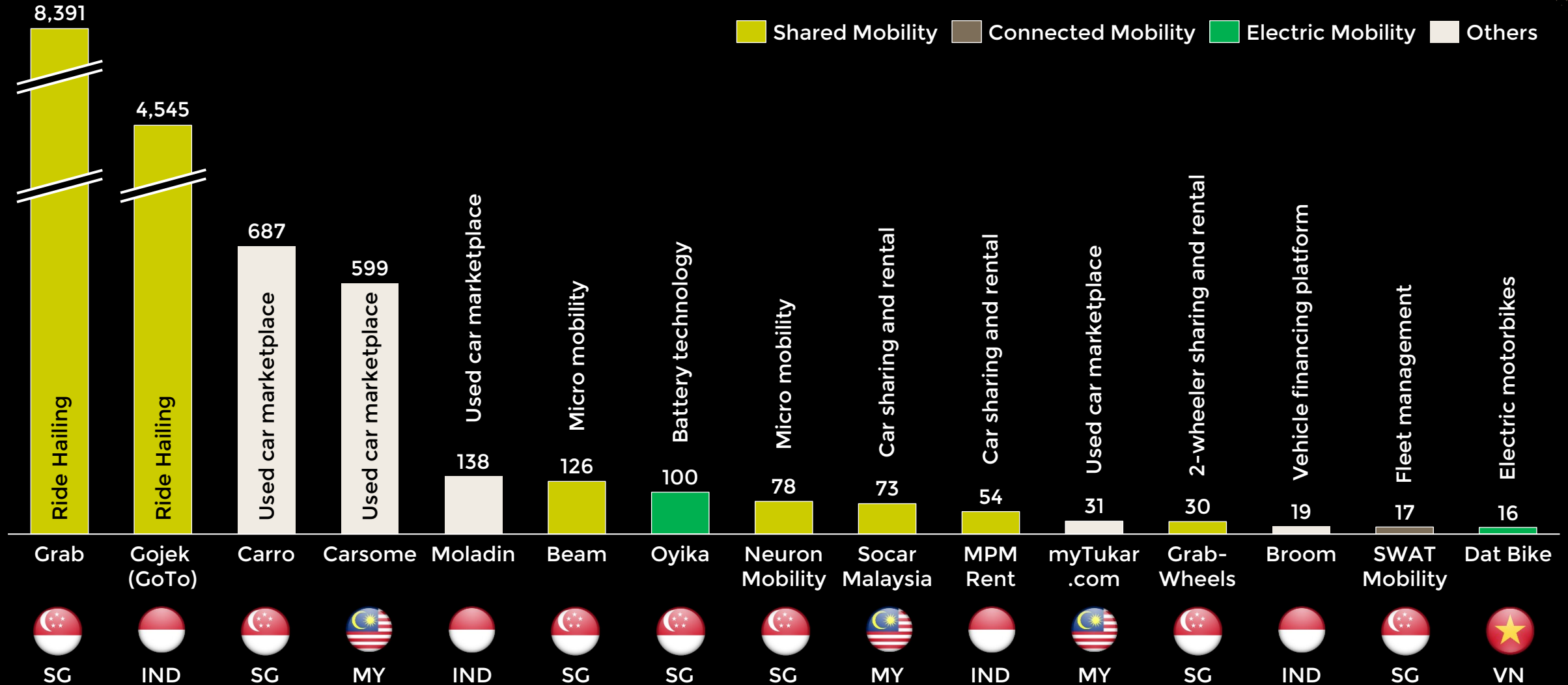
Ride-hailing dominated funding with a 89% share, trailed by digital marketplaces; startups associated with ACE-trends received very little funding

Reported investments in mobility startups in Southeast Asia in 2018-2022, US\$M



Ride-hailing giants dominated the funding raised, but the used car marketplaces are the most prominent in the top 15

Top 15 startups by reported investments in 2018-2022¹, US\$M

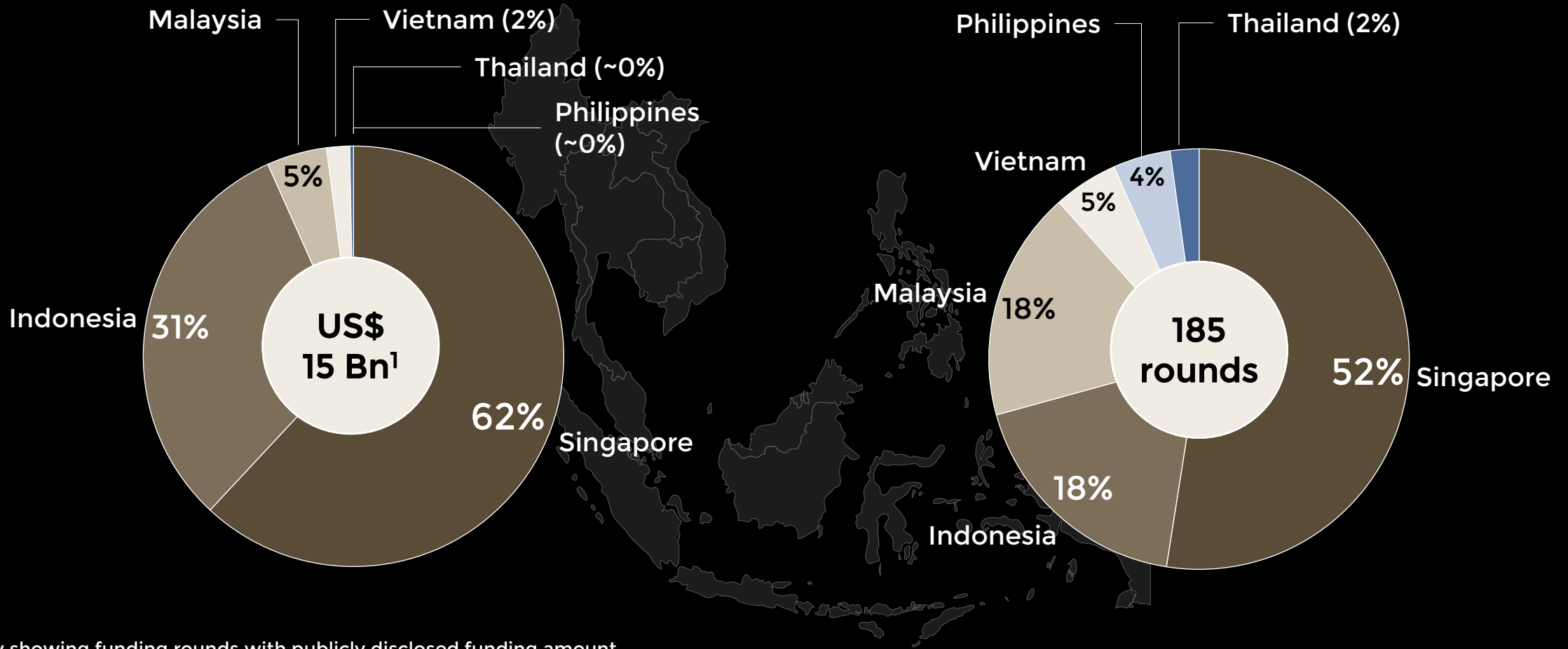


¹ Based on publicly reported data, includes angel investing, early and late stage investing until IPO and debt financing

Startups from Singapore received over 60% of total funding and accounted for 50% of all funding rounds

Accumulated startup funding between 2018 and 2022 by startup HQ location¹, US\$M

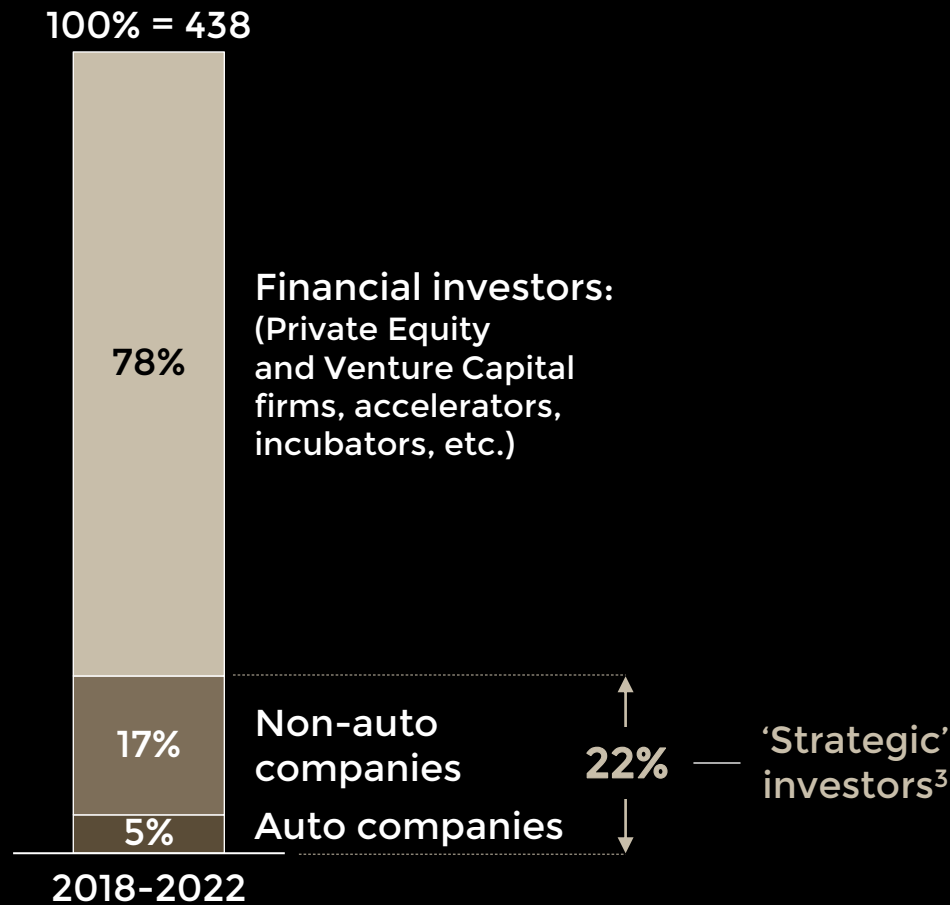
Number of funding rounds between 2018 and 2022 by startup HQ location



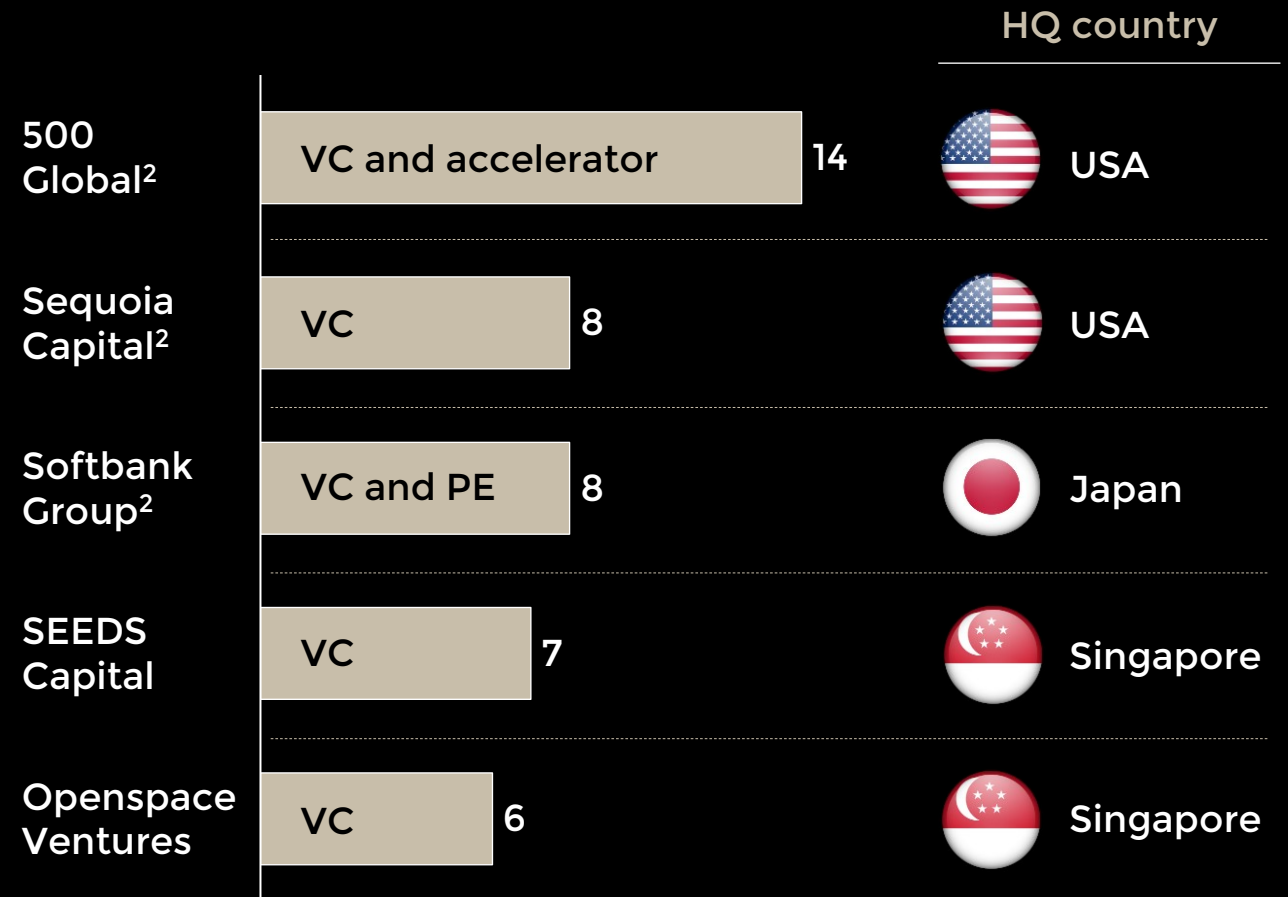
¹ Only showing funding rounds with publicly disclosed funding amount

Most of the funding has come from financial investors, with relatively few investments made by automotive companies

Number of investments by investor type¹
2018-2022



Top 5 most active investors¹
Number of investments made, 2018-2022

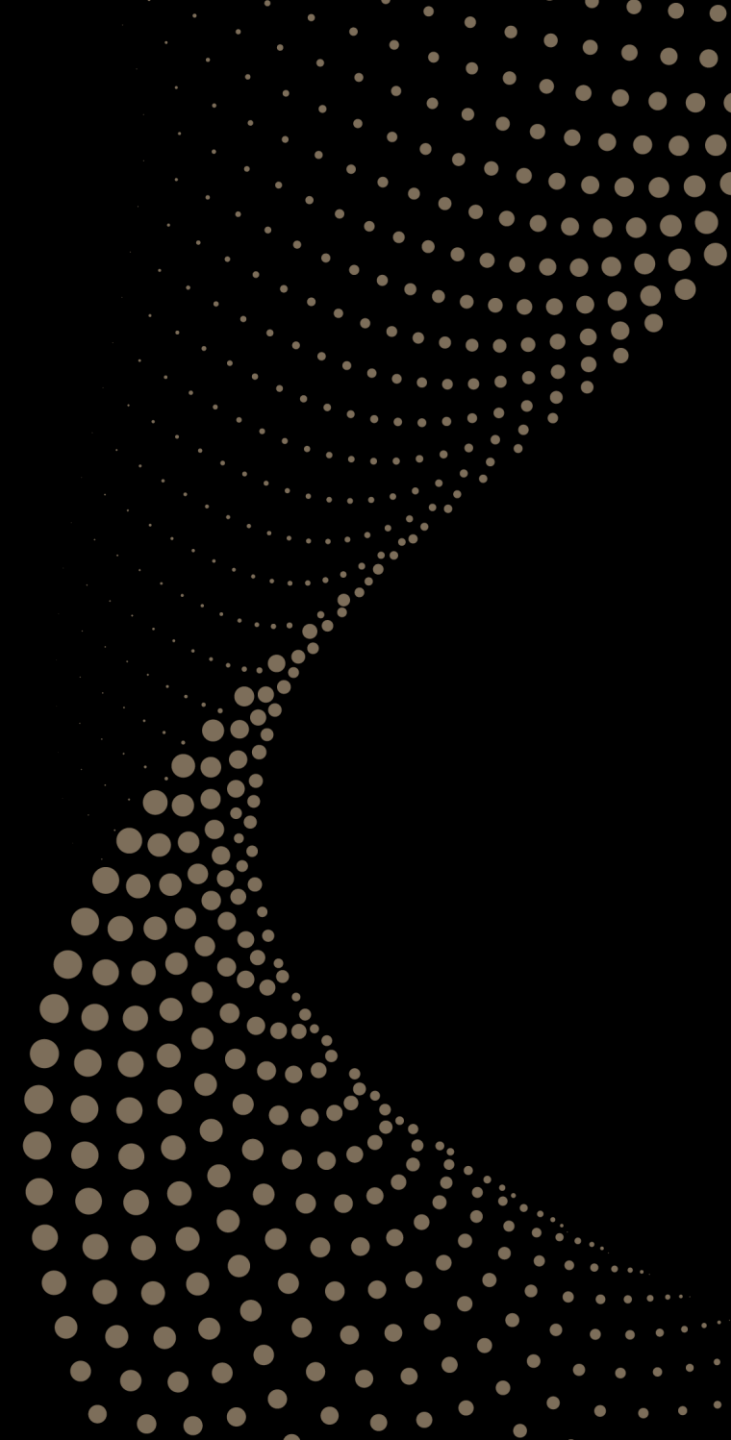


¹ An investment is the participation of a single investor in a funding round. In the case of multiple investors, one funding round would consist of multiple investments

² Includes investments from more than one fund

³ Includes investments through Corporate Venture Capital units

**How can large
companies play a bigger
role in the ecosystem?**



Rising business complexity requires companies to repeatedly redefine their vision and approaches for future growth

Selected mega trends

Key steps for players in the mobility ecosystem



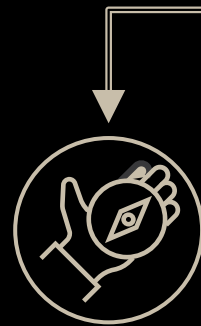
RAPID TECHNOLOGY CHANGES



SUSTAINABILITY REQUIREMENTS



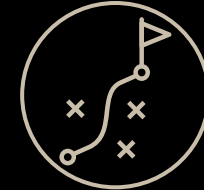
EVERCHANGING COMPETITIVE LANDSCAPE



REDEFINING THE VISION (FUTURE-BACK APPROACH)



GAP ASSESSMENT



GAP BRIDGING PLAN

- New products and services
- New capabilities
- New business models
- New partnerships



EXECUTION

- Corporate Venture Capital / M&A
- Strategic alliances and Joint Ventures
- Venture building

Large companies have three main approaches to directly participate in the startup ecosystem



ENGAGE WITH LOCAL STARTUPS

- Invest in local startups via **Corporate Venture Capital** programs
- Support startups with local market access

ENGAGE WITH FOREIGN STARTUPS

- Establish strategic partnerships or local **joint ventures** with foreign startups
- Lead activities related to go-to-market while leveraging the startup's technology

BUILD NEW VENTURES

- Build new products and services (**new ventures**)
- To reduce risk, seek external investors after the initial investment and scale-up period





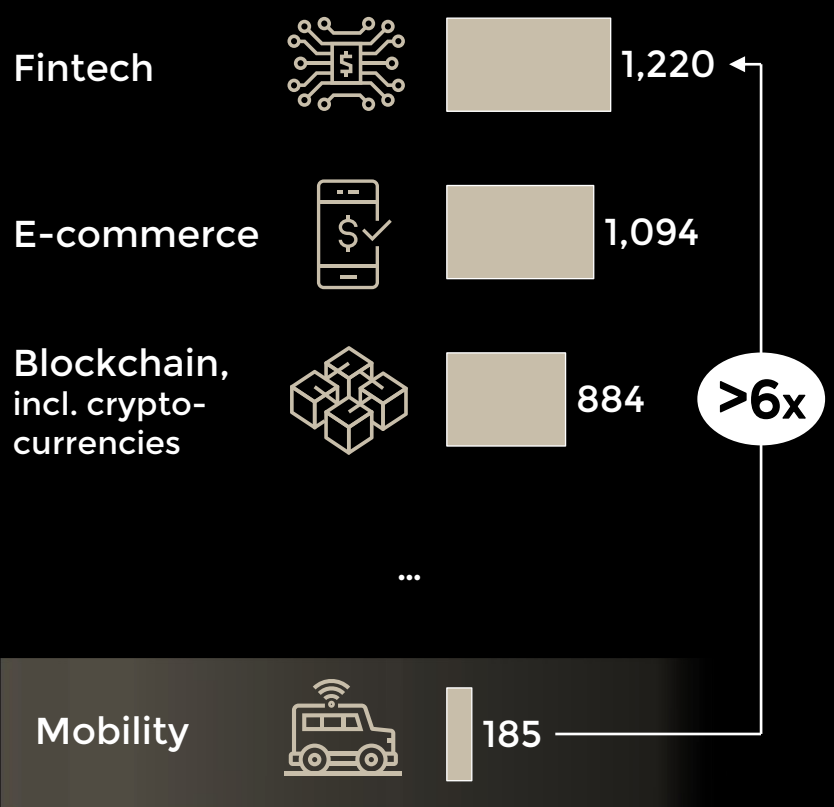
Engaging with local mobility startups while important may not be enough

Opportunities for investment in mobility startups are relatively limited...

...showing some signs of a chicken-and-egg dilemma

Key observations

Number of funding rounds in Southeast Asia by industry, 2018-2022



- Innovations in the mobility sector often require:
 - High capital investment
 - Supporting regulations
 - Long time to mature
- Counterintuitively, corporates sometimes may be better positioned than financial investors to make early-stage investments



With the exception of Singapore, Southeast Asian countries do not have well established startup ecosystems yet but they are large markets

Startup ecosystem by country¹

Rank	Country	Index score
#1	USA	195.4
#2	UK	52.6
#3	Israel	45.1
#4	Canada	35.3
#5	Sweden	28.5
...		
#7	Singapore	23.4
...		
#38	Indonesia	5.6
...		
#42	Malaysia	5.4
...		
#53	Thailand	3.8
#54	Vietnam	3.5
...		
#57	Philippines	3.3

Economy size forecast by country

GDP in current prices, 2027	Rank
30,281	#2
4,524	#9
649	#49
2,739	#16
831	#40
...	
886	#36
...	
5,801	#6
...	
1,523	#29
...	
1,953	#26
2,001	#23
...	
1,712	#27

Δ rank, Startup rank - GDP rank

-1
-7
-46
-12
-35
...
-29
...
+32
...
+13
...
+27
+31
...
+30

¹ Each startup ecosystem is scored based on the number of startups and startup ecosystem enhancing organizations, startup quality metrics, and overall business environment



Southeast Asia is attractive for startups from smaller countries such as Taiwan or Israel who perceive local companies as valuable partners

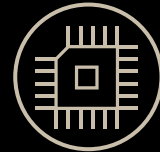


TAIWAN - KEY HIGHLIGHTS



#24

Global Startup index



#3

IoT & Hardware Startup index



US\$0.8 Bn

in startup funding in 2022

Examples of startups



A solid-state battery developer, partnerships with Mercedes-Benz, VinFast and others



An electric two-wheeler and battery-swapping player, partnering with local companies in Indonesia

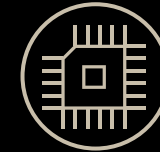


ISRAEL - KEY HIGHLIGHTS



#3

Global Startup index



#2

IoT & Hardware Startup index



US\$11 Bn

in startup funding in 2022

Examples of startups



Cyber security platform for connected vehicles and smart mobility, partnerships with local players for market access



autofleet

Vehicle-as-a-Service platform to optimize fleet operations, partnerships with local players for market access



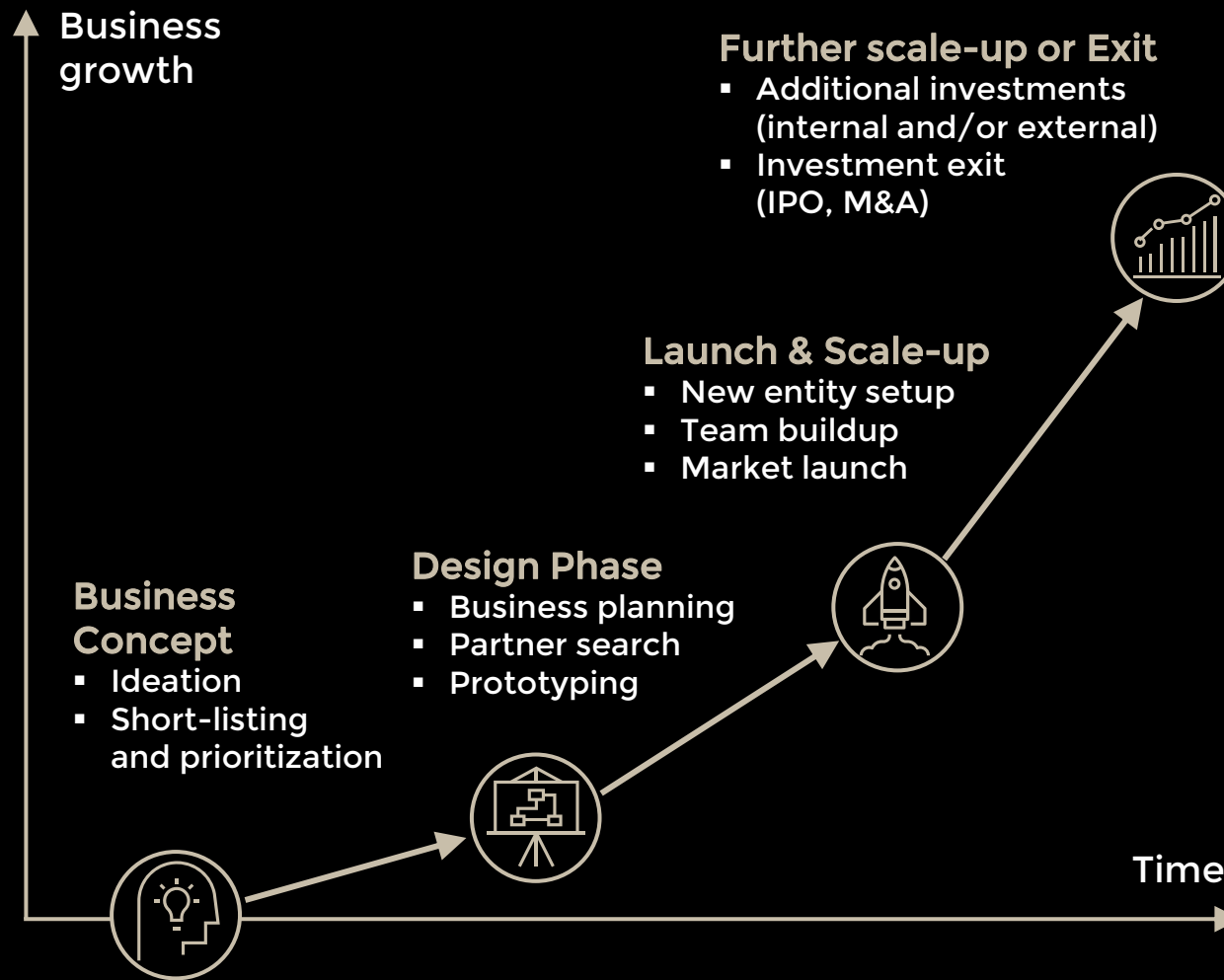
Venture building lets corporates use their resources to create and shape new businesses, even when external investment opportunities are scarce

What is venture building?

Stages in venture building

Examples

Creating brand-new products and services by corporates in-house, with the goal of launching successful startups



SERIAL 1



E-bicycle company started as an internal project in 2018 and spun off as a separate entity in 2020



Winnonie



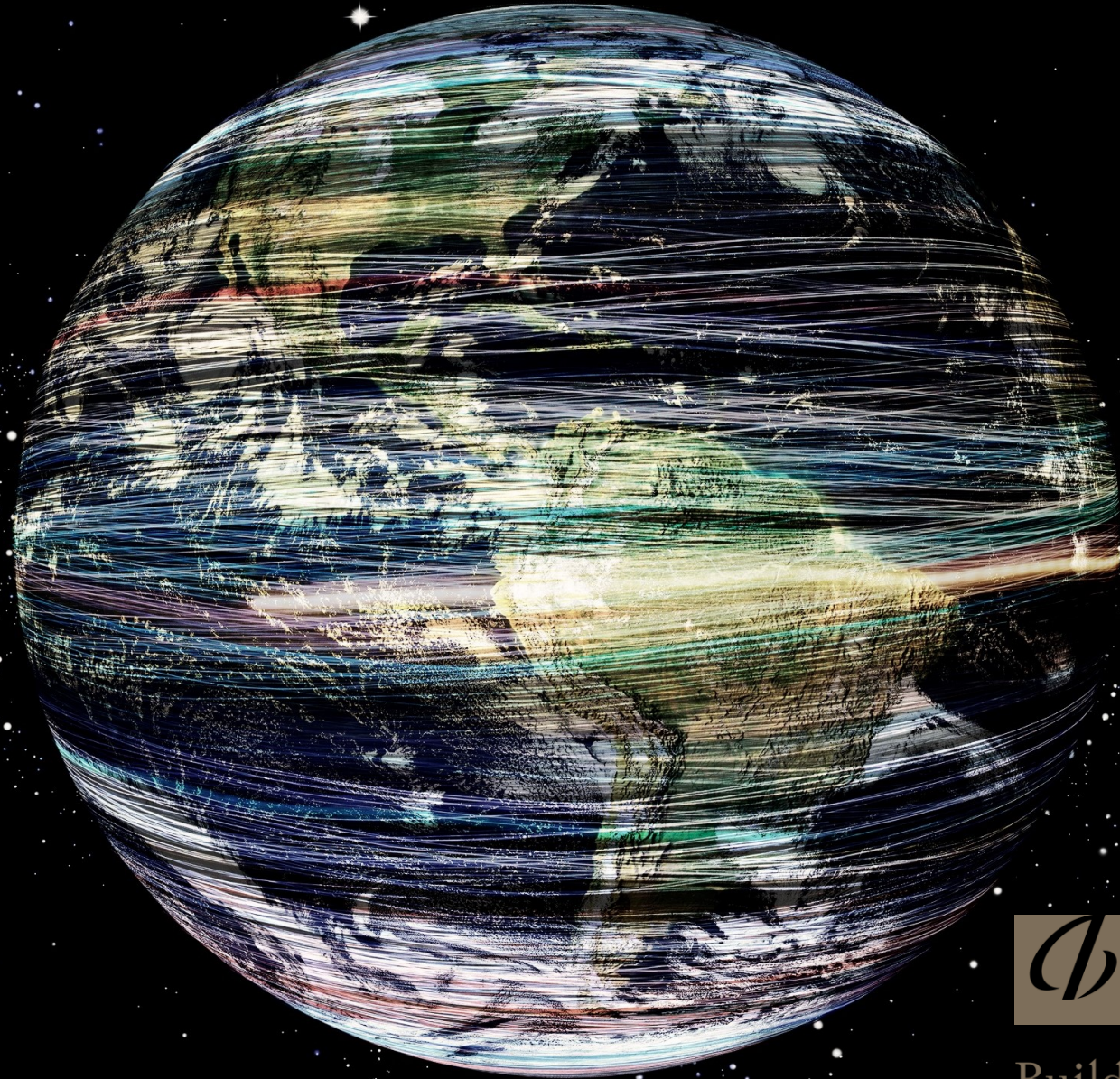
bangchak

Subscription service offering E2W rental with battery swapping services that started as Bangchak's internal project in 2020 and secured external funding in 2021



Alone We Can Do
So Little. Together
We Can Do So
Much.

Helen Keller
American author



Build Beyond As One.

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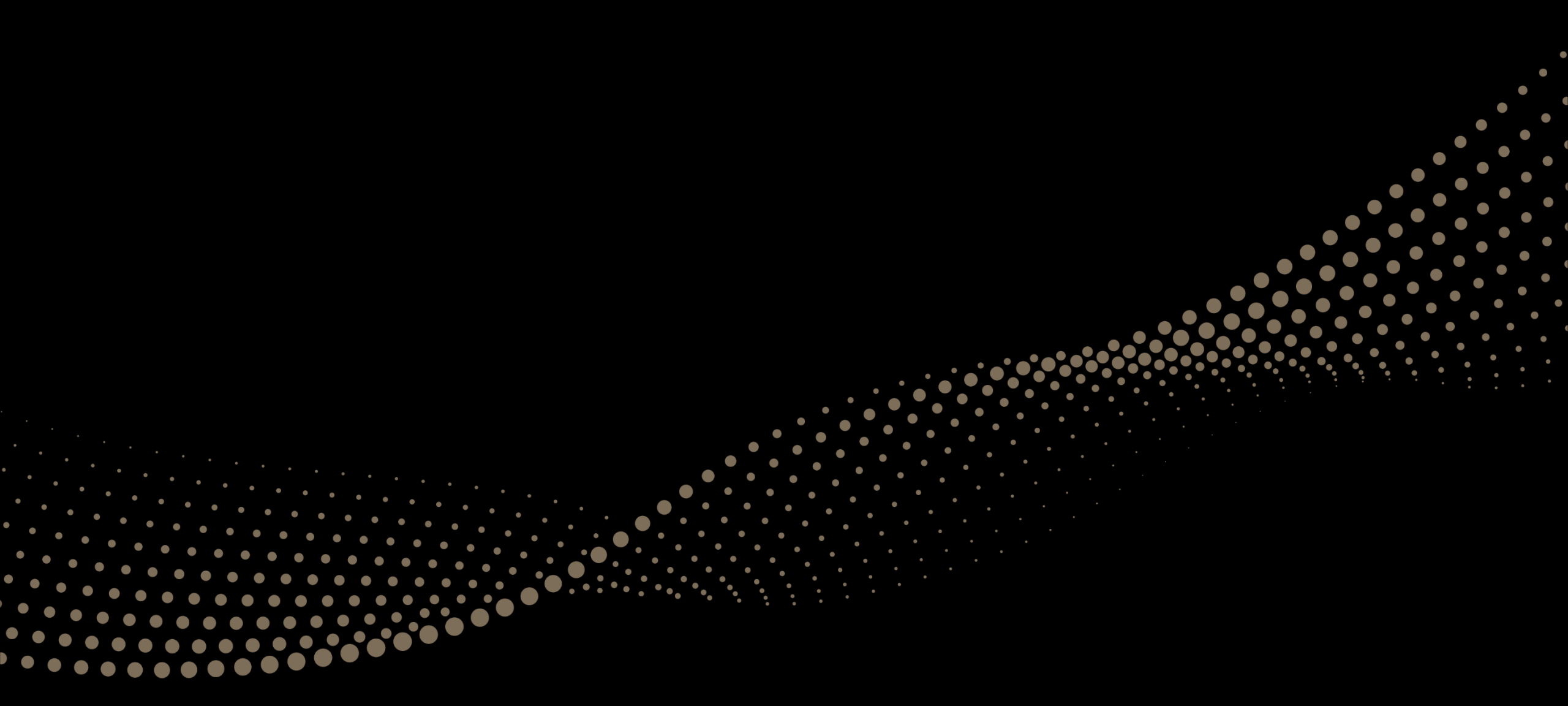


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