

Funding for tech start-ups held steady for first half-year: Report

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Funding for technology start-ups has been encouraging for the first half of the year despite the coronavirus pandemic, according to a report by professional service firm PriceWaterhouseCoopers (PwC).

Ride-hailing company Grab and logistics business Ninja Van were among the best performers as start-ups raised a total of about \$3.3 billion during this period, more than half of the \$6.5 billion of funding garnered for the whole of last year.

The two companies are the poster boys for the urban solutions and sustainability sector, which continues to attract the most attention from investors.

The report, released on Wednesday, said the sector drew \$1.89 billion in funding in the first six months, underpinned by Grab's \$1.2 billion raised from Toyota Motor Corp in February and Ninja Van's near \$400 million from investors such as Facebook co-founder Eduardo Saverin's B Capital.

PwC Singapore's Venture Hub leader Patrick Yeo said: "The Covid-19 crisis has disrupted fund raising in Singapore's start-up ecosystem, but we will continue to see investments coming in this year and ahead.

"We believe there are significant opportunities in Singapore with high-growth innovative companies for investors to consider."

The report noted that Singapore saw a slide in tech start-up funding last year, with investors turning more cautious and focusing more on business fundamentals and cash generation instead of measures of

growth potential such as the total value of goods sold.

In comparison, start-ups raised more than \$10 billion in 2018.

Investors were also seen to be more demanding at the start of this year, looking for cheaper valuations and deals of smaller quanta.

This led to fewer deals and fewer large deals being struck, PwC said.

Professor Wong Poh Kam of the National University of Singapore Business School pointed out that while the funding figures look to be on a par with last year's, the impact of the Covid-19 outbreak on deals may not have been as apparent in the first half of this year, as the deal-making process spans several months and may have begun before the virus struck.

"The effect will be more obvious in the second half of the year, and there will probably be a slowdown in at least the number of deals," he said.

He added that the pandemic would have affected how venture capital firms carry out their due diligence before making their investments.

Still, such firms have ready capital on hand, and there could be an increase in the size of funding even if the number of deals falls, Prof Wong said.

PwC's report said health and biotech start-ups have garnered greater attention from investors, particularly given the Covid-19 pandemic. These companies raised \$342 million between January and June, exceeding the \$230 million injected for the whole of last year.

Fintech also continues to be a stronghold in the Republic's start-up ecosystem, with about \$400 mil-



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Ninja Van was among the best performers in the first half of the year when it came to fund raising by start-ups – the logistics business drew nearly \$400 million from investors such as Facebook co-founder Eduardo Saverin's B Capital. PHOTO: NINJA VAN

lion invested in start-ups in this domain in the first half of the year.

Meanwhile, the urban solutions and sustainability segment looks to continue its run as an investors' darling.

"In terms of renewable energies, innovations in biomass, bioenergy

and solar also have massive growth potential, as Asia is projected to account for 64 per cent of the global increase in renewable energy capacities by 2040," said Mr Hau Koh Foo, director of the Singapore Management University's Institute of Innovation and Entrepreneurship.

A spokesman for the Action Community for Entrepreneurship said investors are more cautious about deploying their funds into start-ups during this pandemic period, when recovery is uncertain.

"Start-ups should ensure that they can survive without equity fi-

nancing and instead source... the best capital – customers who buy their services and products.

"Investors will continue to back companies that have market demand," he said.

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