23 SEP 2019 | IMPACT HUB PHNOM PENH

# Entrepreneurship Platform for Engagement & Exchange



# Bringing Entrepreneurs and Government together to foster collaboration

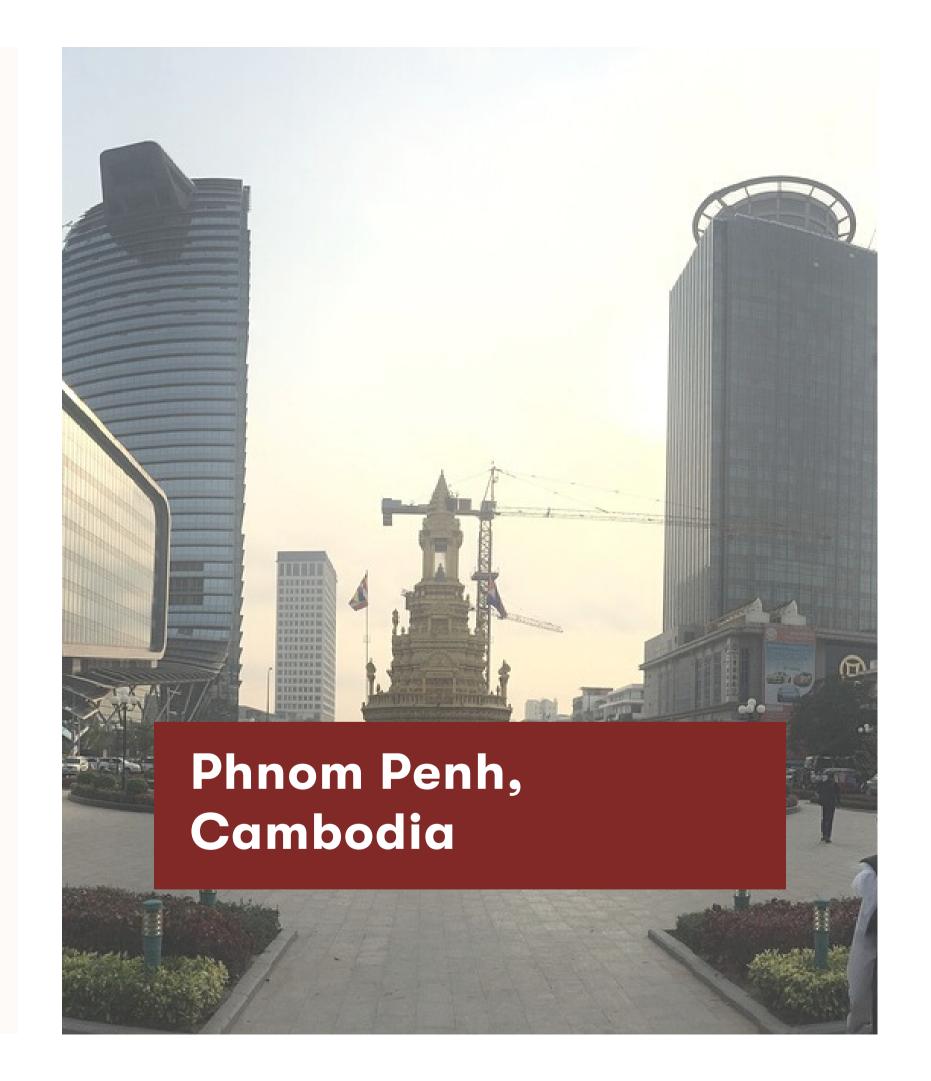
14 selected startups6 Ministries represented

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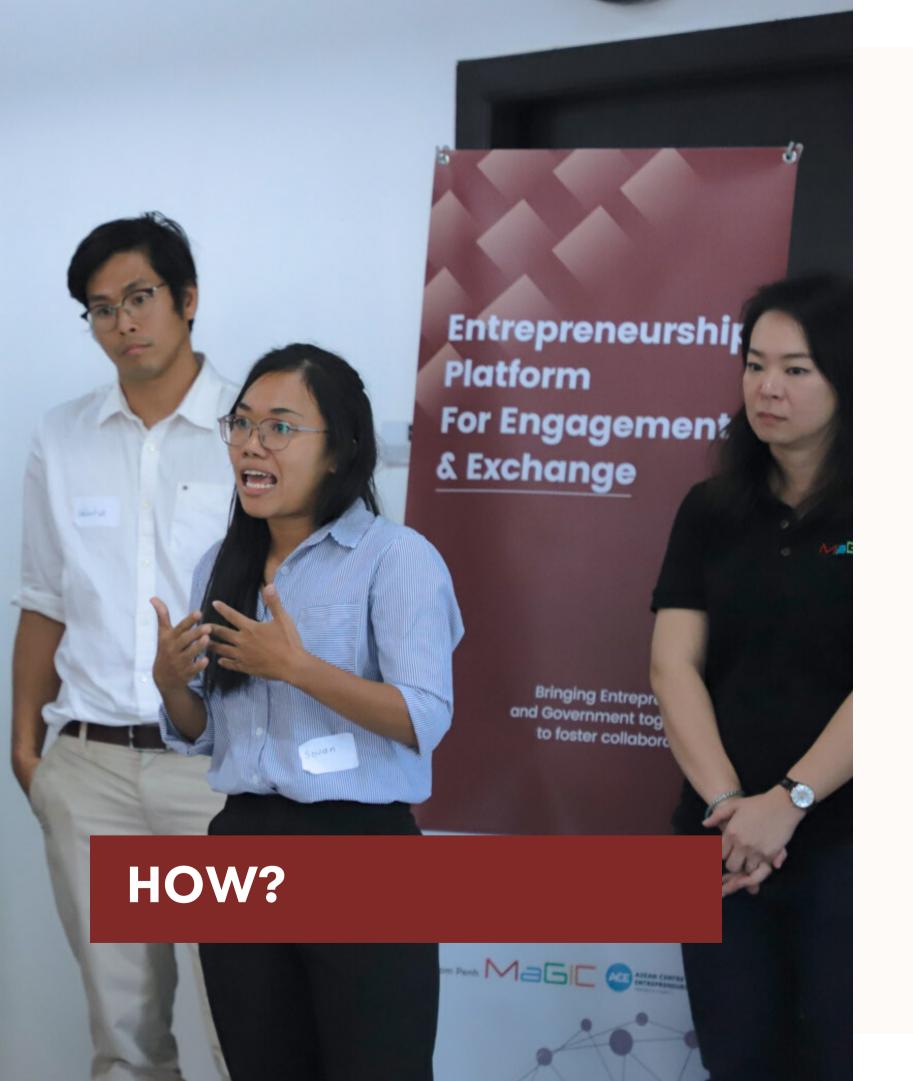
Manager





#### Introduction

Entrepreneurship and innovation is of growing interest in Cambodia, with significant interest spanning from Phnom Penh City Hall, the Ministry of Posts and Telecommunications, the Ministry of Economy and Finance, and more. This increasing support presents a significant opportunity for the startup ecosystem and will be crucial in ensuring startups thrive in Cambodia.



#### Introduction

In order to celebrate this increased support and to ignite more dialogue and civic engagement between startups and ministries, Impact Hub Phnom Penh decided to organise a one-day workshop, inviting key ASEAN partner MaGIC (Malaysian Global Innovation & Creativity Centre) to Cambodia. MaGIC have demonstrable success forging collaborations between the Malaysian government, startups and private sector, and they highlighted their lessons learnt and best practices, and alongside Impact Hub facilitated a Lightning Design Jam to unearth the main challenges, drivers, and opportunities that the startups believe the government can influence or solve.



#### Introduction

Over 80 startups applied to join the workshop, and we selected 14 high potential, youth led startups from a diverse range of industries to join.

The workshop was also a mechanism to ensure that youth entrepreneurs have the chance to be heard by their government, with the ultimate aim of building a business environment that holistically supports and sustains youth-led startups and initiatives. We hope that the findings from this workshop will inform the ministries in Cambodia who wish to support and foster entrepreneurship.

# This Report



This report will go through the questions the workshop aimed to address, the comments and contributions from both startups and ministries, the overall findings, and finally Impact Hub Phnom Penh's conclusions and recommendations.

Since this was a one-day workshop, much of the data in this report is qualitative and anecdotal, and from a relatively small group of entrepreneurs and government representatives.

# This Report



Some findings from the survey research with 65+ entrepreneurs are shared throughout, however please refer to **this report** for further details on the challenges, concerns and recommendations to government from a larger pool of entrepreneurs.

We are sharing these findings and outcomes with the aim of sparking new ideas and conversations, and promoting that similar initiatives be taken to continue to increase startup and government collaboration to foster a welcoming environment for innovation in Cambodia.

# Organizers



Impact Hub Phnom Penh The social venture incubator, a social enterprise builder, and a community of entrepreneurs. Through their innovation space, entrepreneurship programs and exhaustive local and international network they support aspiring Cambodian innovators and local organisations to create innovative solutions that contribute to the Sustainable Development Goals.



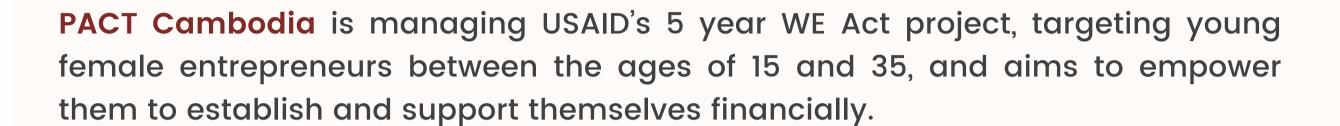
MaGIC The global, leading creativity & innovation centre for entrepreneurs. They enable and support the growth of entrepreneurship in Malaysia with a goal to drive sustainable ecosystem development, as well as create value and new economic drivers for Malaysia through collaboration with other government agencies, corporate sector players, and community stakeholders.



Asean Centre for Entrepreneurship The first startup support services platform in ASEAN which provides these key services to help startups expand their businesses regionally and globally.

#### Supporters







**USAID** is the world's premier international development agency and a catalytic actor driving development results.



#### Resources

Click on each icon to learn more!



Photos



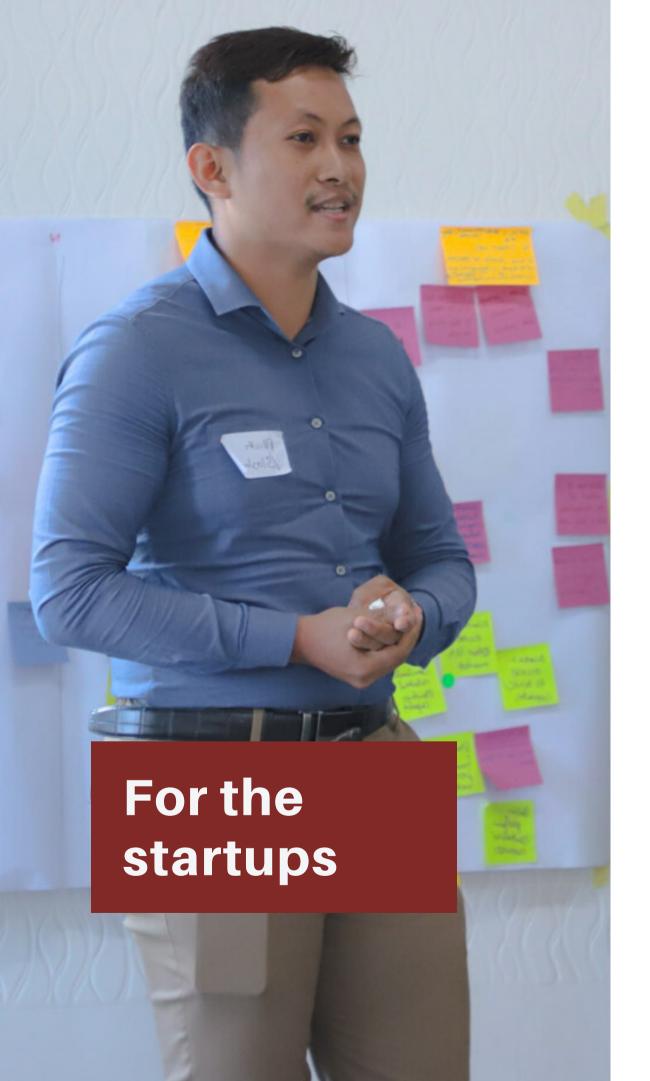
Attendance



ASEAN Startup
Ecosystem and
Best Practices
Presentation
by Mr
Amiruddin
Shukor,
Executive
Director MaGIC



Research into challenges and recommend-ations of startups (from 67 entrepreneurs)



#### **Intended Outcomes**

#### For the startups:

- Increased understanding of startup ecosystems in ASEAN region.
- Increased understanding of what types of support that ministries could offer, and what kind of partnerships they could have with them.
- Actively engaged in building recommendations of what a supportive ecosystem could look like.
- To support the development of the startup ecosystem by creating a space for startups to share recommendations, thoughts and needs to relevant ministries. Creating valuable dialogue between ministries and startups.
- Increased connections between startups and ministries for potential future collaborations
- Increased sense of collaboration in ASEAN region to support SE Asian startups
- Increased visibility for Cambodian startups through video and press content



#### **Intended Outcomes**

#### For the ministries:

- Increased understanding of startup ecosystems in ASEAN region
- Increased connections between startups and ministries for potential future collaborations
- Increased likelihood of grassroots recommendations reaching relevant and valuable ministries involved in startup ecosystem.
- Increased understanding of the challenges and concerns that youthled startups are facing

#### Arrival and registration

8:30am - 9:00am

Impact Hub Phnom Penh welcoming remarks

9:00am - 9:05am

ASEAN Startup Ecosystem and Best Practices

by Mr Amiruddin Shukor, Executive Director of MaGIC 9:05am - 9:35am

Sharing session with Startup - Government Collaboration

by Nasir Habizar CEO & Founder of JomParking. Moderated by Mr Amiruddin Shukor and Ms Melanie Mossard. 9:35am - 10:05am

Morning: Startups Focus

#### Lightning Design Jam session

"How to Create a Well-Functioning Startup Ecosystem in Cambodia"

10:05am - 12:05pm

Wrap up & next steps

12:05pm - 12:15pm

Lunch - in Innovation Garage.

12:15pm - 2:00pm

Morning: Startups Focus

Ministry reps arrive

1pm-1:15pm

Welcoming remarks by Impact Hub Phnom Penh to Ministries

1:15- 1:20pm

ASEAN Startup Ecosystem and Best Practices

by Mr Amiruddin Shukor, Executive Director of MaGIC 1:20- 2:00pm

Startups join

2:00 PM

Setting the scene by MaGIC & Impact Hub Phnom Penh

2:10pm - 2:15pm

Afternoon:
Ministries &
Startups Focus

Outcomes sharing with Cambodian Government

2:15pm - 4:15pm

Reflection led by MaGIC & Closing remarks

12:15pm - 2:00pm

Networking

4:30pm - 6:30pm

Afternoon:
Ministries &
Startups Focus

#### Sailboat Retrospective

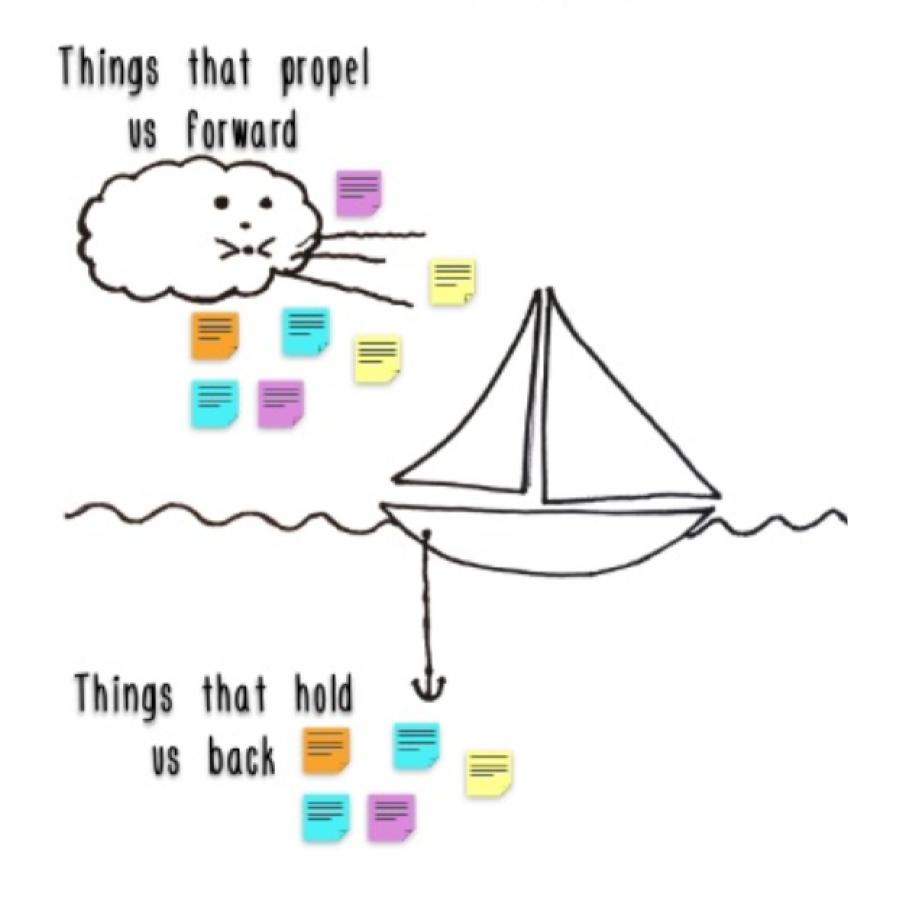
Step 1: Set the Stage

Step 2. Brainstorm

Step 3. Gather Data

Step 4. Decide What to Do

# Sailboat





What is working well & what are the problems in Cambodia's startup ecosystem according to Cambodian entrepreneurs?

We began the morning workshop by splitting the entrepreneurs into three groups, and drawing a sailing boat with an anchor on a flip chart. Using sticky notes, the teams rapidly brainstormed the main drivers and positive influences in the startup ecosystem and the main things holding back the ecosystem from thriving.

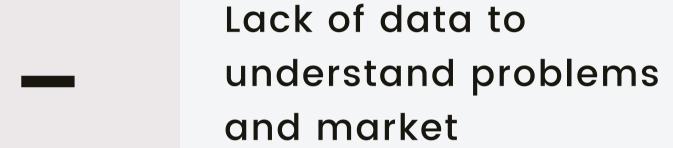
Take a look at the main drivers and pullbacks that the entrepreneurs highlighted during the workshop.

#### Context (1/3)

Opportunity, yet there is a challenge



Blank slate to build the future





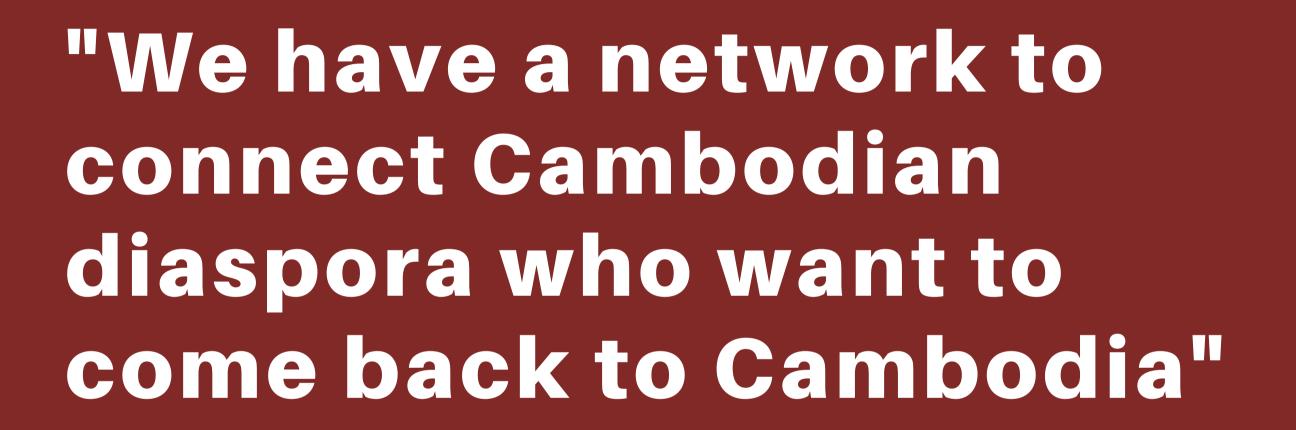
Driven young people (tech mindset, entrepreneurial, keen to learn, impact driven, student volunteers, capable)

Founder capability to lead, focus and community. Founder issues with anxiety and low self esteem/confidence.

## Context (2/3)

Opportunity, yet there is a challenge

Growing middle class.Growing number of returning diaspora Small, supportive Challenge of community of connecting with entrepreneurs (easy to corporates and connect & network) government, requiring personal connection



Valentin Nora, President of Anvaya and Co-founder of Krassna Management

# Context (3/3)

Opportunity, yet there is a challenge

+	Universities starting to support student entrepreneurs		Lack of entrepreneurial mindset/skills in teams
+	Improving public perceptions on entrepreneurship		Corporate companies hesitate to collaborate
	Anyone can be an entrepreneur, improving gender equality, free market. Supportive ecosystem for women.		Low inclusion and accessibility

"Once we start talking about advance technology like Computer Vision, AI & machine learning or blockchain, personally I think it's hard to depend so much on local talents; we still need lots of talents from other markets. A few countries in the region have talent visas, which help to attract talents from across the globe can come in and set up businesses in local markets which bring benefits to fill the gap. A suggestion to the government would be to create a startup visa or other attraction for these geniuses to come to Cambodia and build digital ventures here"

Sarath Uch, Rushero

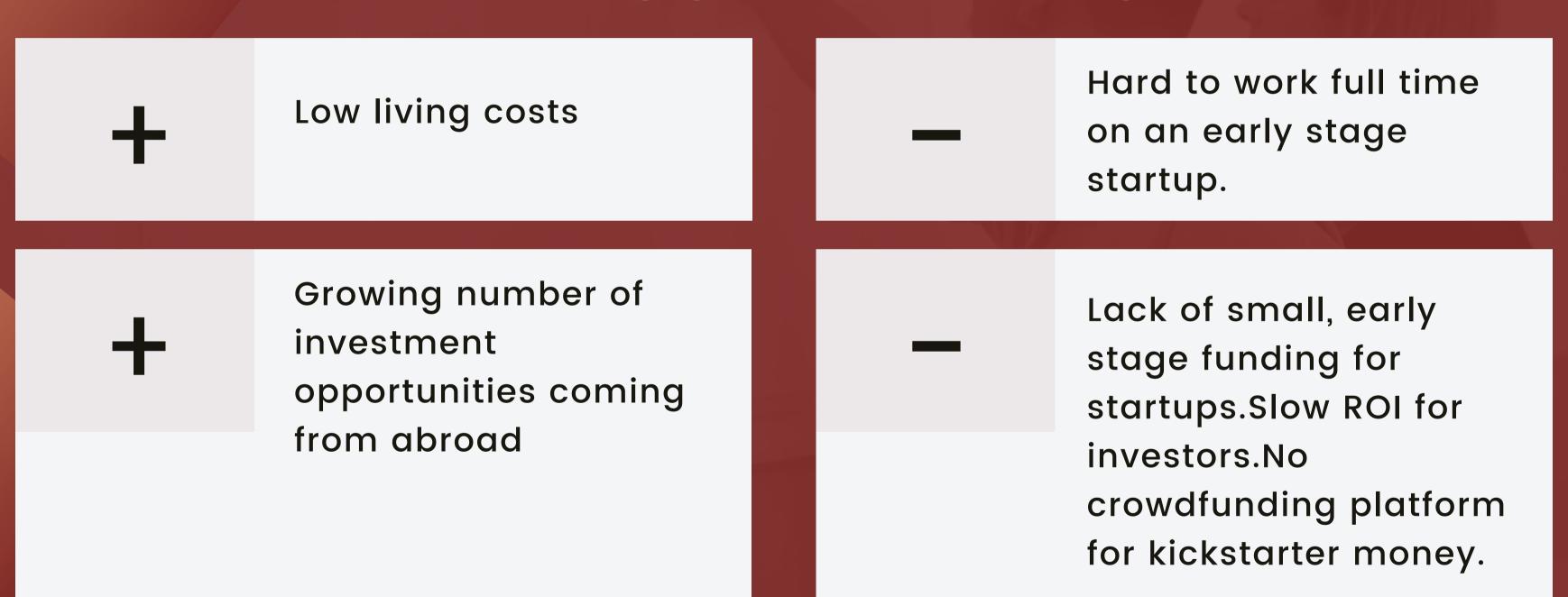


53% of entrepreneurs surveyed reported recruiting talented staff as one of their main challenges



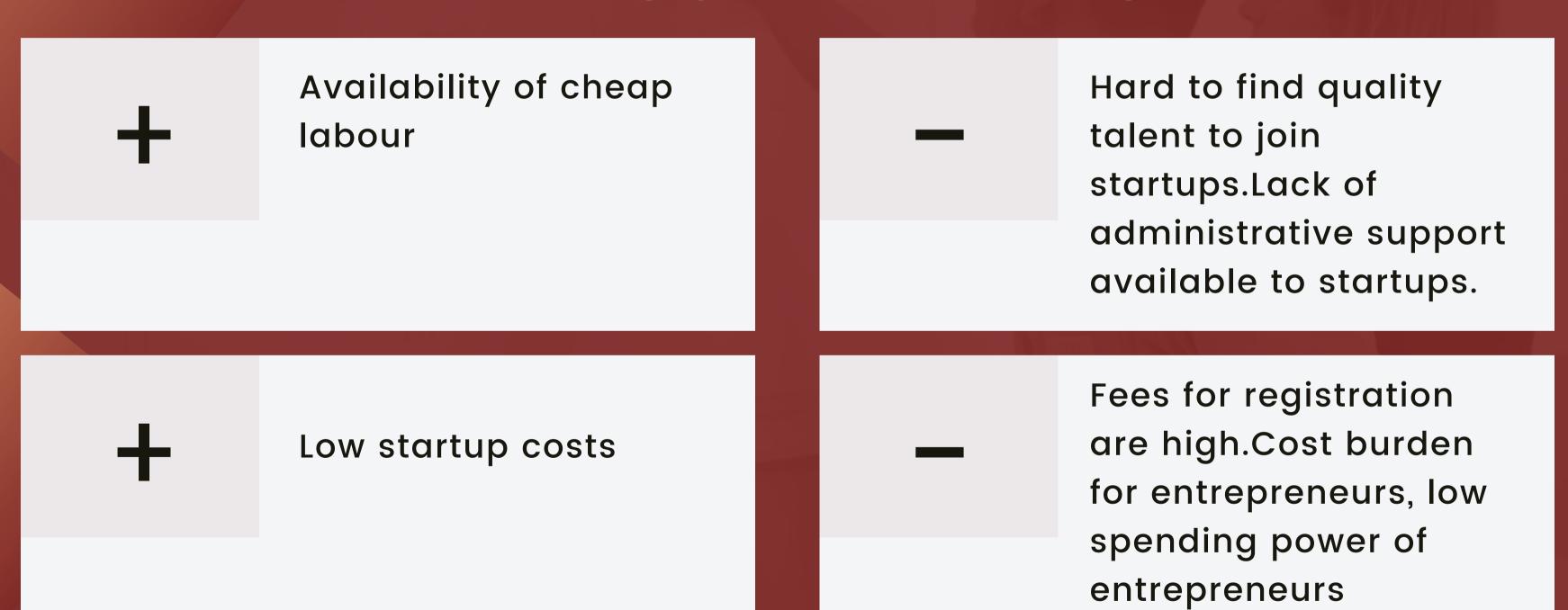
# Financing & Costs (1/2)

Opportunity, yet there is a challenge



# Financing & Costs (2/2)

Opportunity, yet there is a challenge



The most commonly reported concern of survey respondents was of competition with ASEAN/international businesses coming to Cambodia, spontaneously mentioned by 15% of respondents

#### Market (1/3)

Opportunity, yet there is a challenge

+

Market is young & dynamic meaning high penetration and adoption of products & services

grow and penetrate regional or global market.Lack of data on local market.Lack of research into customer behaviour in Cambodia.

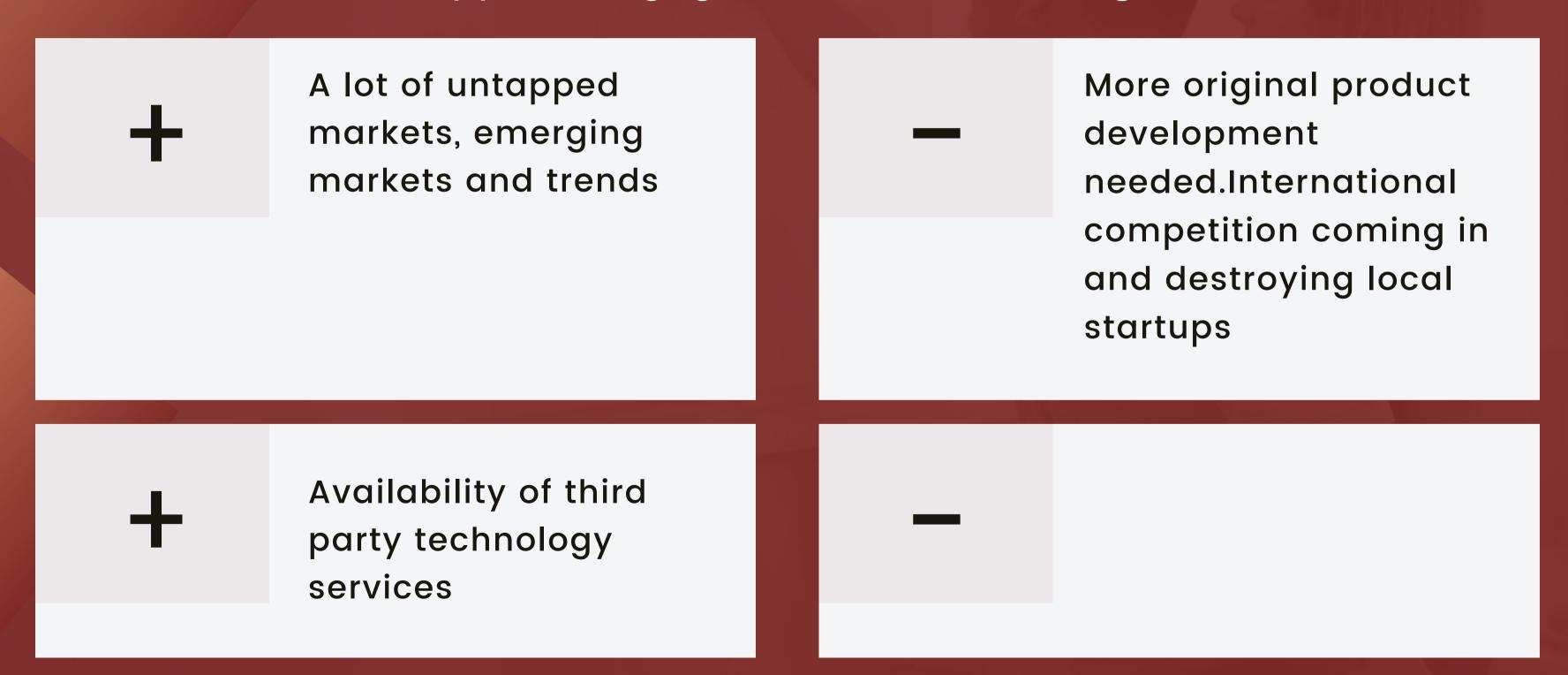


Successful
entrepreneurs
appearing as role
models



## Market (2/3)

Opportunity, yet there is a challenge

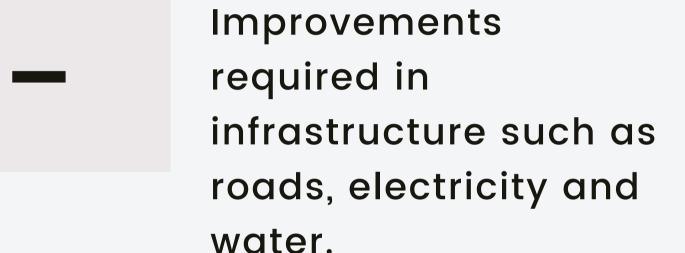


# Market (3/3)

Opportunity, yet there is a challenge

+

High
telecommunication &
technology use and
penetration, high
Facebook use, cheap
data





Easy to connect with media and a lot of media coverage of startups

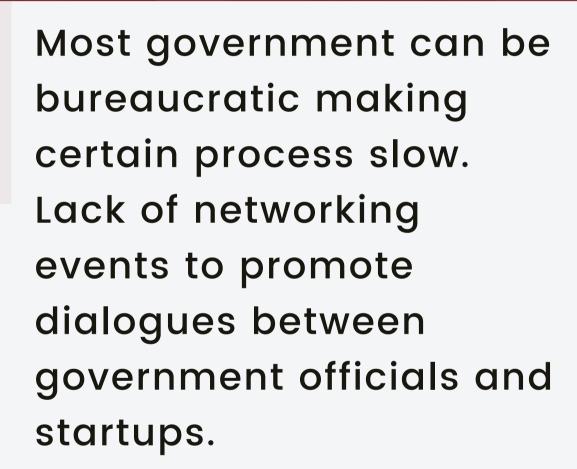


#### Government (1/3)

Opportunity, yet there is a challenge



Growing focus by the government to assist startups and promote entrepreneurship.



"(Our) Government has a stigma that it has lots of red tapes, but it's more of an assumption, try and try again, and you start to find people (government officials) that can build the connections for you - I hope to be amongst those officials. We are part of the rule, not the exception. I believe that there are many government officials that are very helpful. We are trying to show how (effective) the government can be. In the meantime, let me know if you need help."

Excellency Samheng Bora, Ministry of Commerce



#### Government (2/3)

Opportunity, yet there is a challenge



New government initiatives related to startup by MEF, MTIC, MIH and MoC



Need to put more emphasis on keeping startups informed and updated on regulations related to startups.

## Government (3/3)

Opportunity, yet there is a challenge

+

Easy to get started due to encouraging regulations and growing emphasis to promote entrepreneurship.



Need to promote the ease of access to information about registration, etc.



Steps to digitize the process, making it more transparent



Need to push visibility of standardization and keep the public informed on the ease of registration

"There are a lot of positive things happening in the startup ecosystem, for example, attention from Ministries, tax incentives for startups, online registration, Ministry of education who really boost entrepreneurship education in school, attention to moving Cambodia to industry 4.0." Srun Sovann, Co-Founder & CEO, Edemy

# Ecosystem (1/2)

Opportunity, yet there is a challenge

+

Several ecosystem
support players entering
the market (Impact Hub,
etc), diversity of
ecosystem supporters
(UNDP, Smart etc.), SDG
focused ecosystem



No single coordinated body, understanding what resources are available and where.Lack of networking opportunities with potential partners.Need for clear distinction/definition between startup & SME.



Many startup events and competitions (Bar Camp, Digital Cambodia etc.)



Too many events that are distracting with few concrete outcomes. Need more tradeshow events.

## Ecosystem (2/2)

Opportunity, yet there is a challenge



Availability of (free)
startup support
resources (mentoring,
incubation,
acceleration, business
training
workshops) Availability
of affordable coworking spaces

Lack of support for startups.Development money goes to ecosystem players rather than straight to startups.Low availability of mentors with entrepreneurial experience.No stipend offered to startups to join programs.



"Edemy registered 3 years ago but used the online system which really helped, even though it had some technical issues. The issue is not the tax itself, but how to be tax compliant. As a startup, we have a lot to deal with and understanding tax compliance is hard. For example our blended learning program for students in rural areas, by using the service to make a copy of the textbooks we have to pay 15%, but if we sold those textbooks we don't have to pay tax. These little details need to be understood and take a lot of time and effort. We'd have to hire a tax accountant which we need money to be compliant. If we are not tax compliant we need to revisit everything again and maybe face a penalty. Secondly, we spend a lot on R&D but have to pay annual tax on profit of 20%, but we need that critical money to spend on R&D. There is already a tax exemption for companies registered in 2017 for 3-5 years, but when we brought it up with the relevant department they didn't know about it, they considered us an education company even though we use technology. So the understanding of what is a technology business is not good in the tax department. It's not lazy, but it is expensive and simple things require a lot of time."

Sovann Srun, Co-Founder & CEO, Edemy



"How might we" problem statement & possible solutions from Cambodian Entrepreneurs

Following on from the previous activity, entrepreneurs created and agreed key problem statements that mattered most to them in order to dig deeper into them and brainstorm potential solutions.

In the afternoon, ministries joined the workshop and entrepreneurs had the opportunity to share their problem statements along with their ideas for solving them.

These were used to spark a conversation between ministries and startups. The ministries also had the opportunity to share any projects they have in the pipeline to address specific questions raised.



- Allow startups to request the data from Ministries or a central place
- Assign an industry expert/mentor in each department who is responsible for guiding startups on access to information
- Vertical specific program (accelerators and incubators)
- Funding for research and building a culture of research
- NGOs, universities, government bodies work together to consolidate information
- Centralised platform for all government data and resources
- Government makes existing data open for public use and analysis



- Bring coding school to Cambodia to build next generation of coders
- Create a startup visa to attract talented people to start businesses and employ and train the workforce
- Other friendly regulations to attract global talents
- Allow gap years at university to allow students to focus on their business without dropping out.
- Conduct an analysis of key skills required (soft and technical) for startups & share with students and education institutions
- Provide career mentorship programs to high school students.
- Feature startup employees in the media to promote career.
- Create a school program for becoming a startup employee.
- Build a strong mentoring program.

# "I do support the idea of internships and project-based learning."

Excellency Samheng Bora, Under Secretary of State, Ministry of Commerce



- Supportive legislation for intrapreneurship (entrepreneurs working at corporates)
- Each Ministry allocates a fund that startups can bid
- Free working spaceMake a city wide startup rap Cambodia song
- NGO can support early stage projects, government can support growth and scale stage startups (through tax incentives and procurement)
- Share information about what funders really want
- Release a regular report about the state of the ecosystem to inform investors
- Government sponsor Cambodian delegation to attend international startup events RISE and Echelon
- Build a strong, trustworthy ecosystem that investors want to invest in
- Create a crowdfunding platform where founders can test their ideas with pre-orders
- Advocate to allow Cambodian bank account in international crowdfunding platforms

72% of survey respondents selected "accessing finance" as one of their main challenges

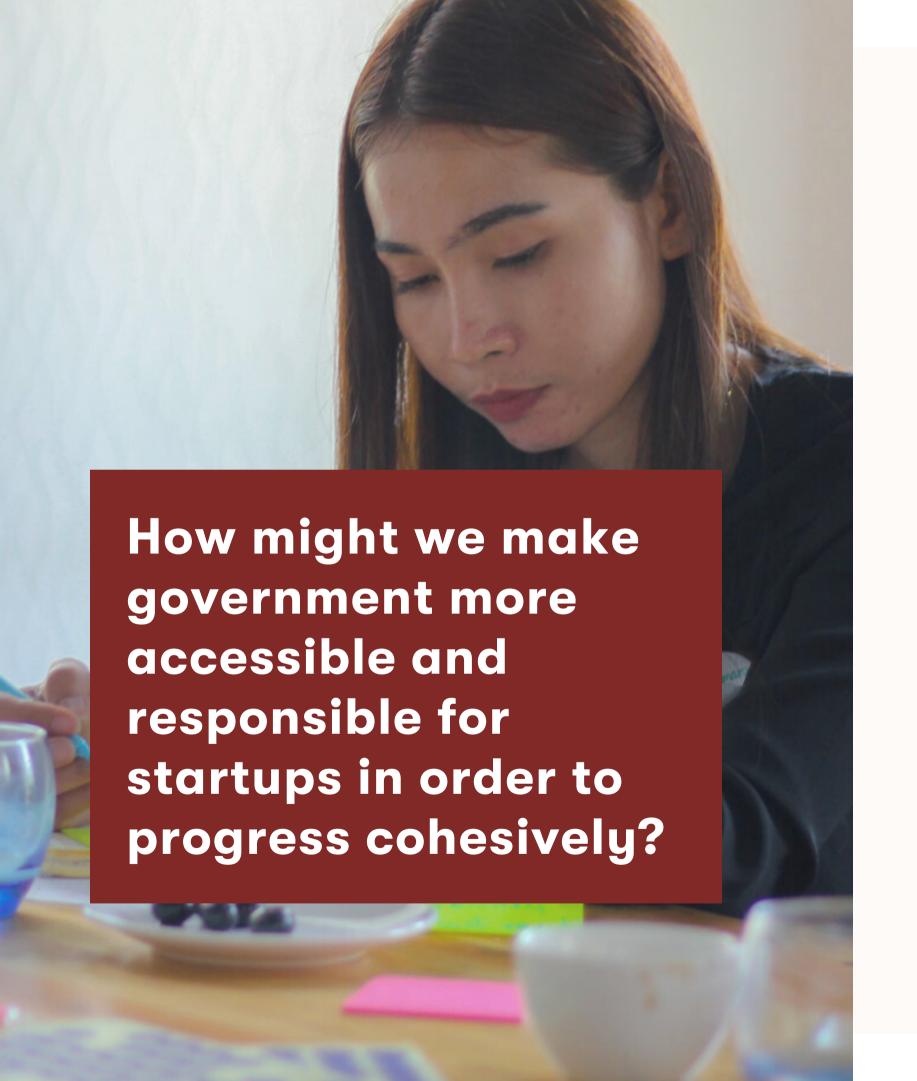




- Provide grants or scholarships to students working on startups (50% matched fund from student)
- A 3 month program designed to launch a side business and know when to go full time
- A 6 month program with a stipend for co-founders to kick start a business
- Grants for startup package (to cover registration, tax, rent, first employees)
- Option for 6 month 1 year work sabbatical to work on a business
- Encourage companies to allow work time for staff to work on new ideas
- Campaign on the difference between starting a business part time vs full time

"Tax incentives for startup" was the most commonly voted for suggestion to government, selected by 84% of respondents





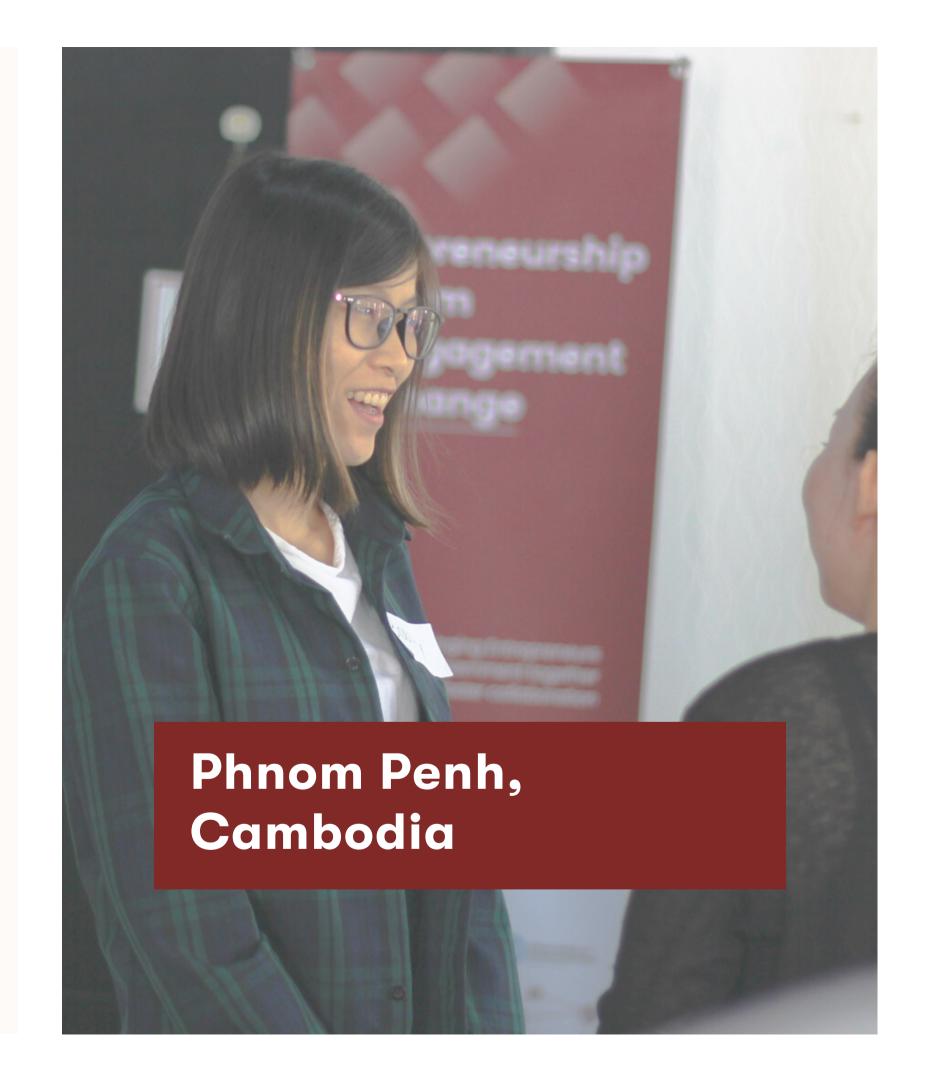
- Government chatbot or forum for sharing feedback and questions - respond within one week
- Produce an annual startup report of Cambodia (collaborate with Impact Hub, similar to YouGov)
- Startup Centre and processes online and offline for government support and information, independent body to support startups
- Fundraising support



# What would the resource centre look like?

- Have connection with ASEAN bodies to help startups to scale regionally
- Have a contact form for startup questions
- Share information on cybersecurity and consumer data protection
- Information about intellectual property
- Information about priority goals of government to encourage startups to focus efforts
- Ecosystem mapping and contact database who is doing what?
- Connected with key ecosystem players in Cambodia
- Centre is responsible for facilitating connections between startups and government agencies.
- Centre is responsible for facilitating connections between startups and corporates.
- Produce a startup report of Cambodia
- Provide early stage funding opportunities
- Online platform of startup learning resources

The most commonly made suggestion (mentioned spontaneously by 18% of survey respondents) to government was the creation of a startup hub or centre where entrepreneurs could access information, resources and advice





- One year tax free for qualified startups
- Online registration that is simplified
- Option to postpone fees of registration with interest till making money
- Tax free registration
- Build internal government team that is responsible for registration, train staff on registration rules.
- A special "startup registration" that is still valid but only lasts one year (easier and cheaper to get)
- Startup centre to provide support with registration process
- Team that can visit startups to help them register and access services.

"We understand that startup is difficult, and being compliant with best business practice is not a skill set that many entrepreneurs have accumulated yet. They have to do everything on their own from the start. Therefore, the center will be that one place for startups to seek for guidance and technical assistance, so they can navigate through those issues easily." Mr Chhieng Van Munin, Chief Executive Officer, Ministry of Economy & Finance

9% of survey respondents spontaneously mentioned that they want government to look at simplifying and speeding up the registration process



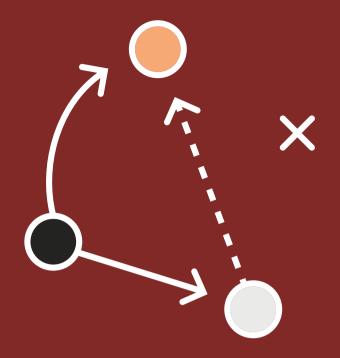


- Access to a list of angel investor and their area of interest
- Opportunities to pitch idea for early funding
- Database about pre-seed funding opportunities and startups
- Customized programs & support for each stage of a startup
- Create a fund that is split into startup stages, funding is released as milestones reached
- More funding allocated to government priority sectors (eg. smart cities, healthcare)
- Matching grants (50:50 public-private funding)
- Training in government on how funding for each startup stage works



- Open space for startups and government officials to meet and talk openly
- Agency to mediate between between startups and government
- Presentation from government on what they are doing in area of startup
- Resourceful website with information on government policies and work related to startup (like sba.gov in US)
- Startups need to raise up their own issues to government
- Channel for startups to provide feedback to government policies and activities
- Meetup calendar
- Training opportunities for startups
- More government representatives at startup events





Ministries' upcoming plans to support the startup and SME ecosystem



# Ministry of Commerce



- 2019-2023 CTIS is a strategy that offers a roadmap for trade integration that has chapters highlighting the importance of capacity building, e-commerce, and trade promotions.
- MoC is developing a platform to connect new startups with VCs and corporate investors, currently in the study period in cooperation with the EIF Tier 2 program.
- Cambodia E-Commerce Strategy
   Formulation is in the drafting process with strong engagements from many stakeholders from banks to incubators to online retailers.

# Ministry of Economy & Finance



- An entrepreneurship promotion center will open to the public in early 2020, focusing on 4 main sectors such as Technology, Hospitality, Agriculture and Manufacturing
- Will support startups and SMEs on their business operation issues such as business establishing, best practice, legal compliance, scale-up, and provide technical assistance as well as other support to help solve problems that startups and SMEs are facing

# Ministry of Economy & Finance



- First round funding of USD5 million to foster the Cambodian startup ecosystem, primarily on 4 programs: Capacity upgrading, Entrepreneurial culture promotion, Networking and Seed funding for potential startups and SMEs that fulfill the selection criteria and compulsory requirements
- Creating an SME Bank, aiming to provide
   USD100 million in loans for SMEs in Cambodia

# Ministry of Posts & Telecommunications



#### Fueling Tech Startup Ecosystem through:

#### Infrastructure

- Innovation Center
- Tech Center
- Social Innovation Center

#### **Human Resource Training**

- Incubation program (SmartStart, SmartSpark, Technovation, Business model challenge, USDP, etc.)
- Acceleration program (SmartScale)
- Talents development and scholarship (NIPTICT, ITC, NUM, RUPP etc.)
- ICT scholarships

# Ministry of Posts & Telecommunications



#### Fueling Tech Startup Ecosystem through:

#### Mobilization

- Capacity Building Research and Development Fund
- SmartStart Unipreneur Platform with Smart Axiata and Impact Hub Phnom Penh
- Digital Cambodia
- Cambodia Tech Startup Ecosystem Report
- ASEAN ICT Awards
- Cambodia ICT Awards
- Women in Tech Awards
- Policy consultation/meeting
- Hub sponsoring
- Cambodia on the global startup ecosystem map (Seedstars global, echelon, startup nation, ASEAN rice bowl startup awards)
- Digital Literacy
- National School Coding competition
- Smart TechTalk

# Ministry of Posts & Telecommunications



#### Fueling Tech Startup Ecosystem through:

#### Partnership

- Global: GEN, Seedstars, Impact Hub
- Regional: NIA (Thailand), to be more
- Local: Line ministry (MPTC, MEF, MoEYS, MIH, MoC, MoLVT), YEAC, KAS, GIZ, ICT and entrepreneurship related institutes/universities etc.

# Ministry of Education



#### Strategy:

- Rectangular Strategy Phase IV: Promotion of SME and entrepreneurship "One youth has at least one real skill in life".
- Educational Strategic Plan 2019–2023:
   Enhance creative and innovative thinking habits through the entrepreneurial spirit, promotion of self-employment, and access to employment and business-oriented services and labor market information.

# Ministry of Education



#### Programs:

- Community-Based Enterprise Development (C-BED), Cooperated with ILO is a 20 hour-entrepreneurship program aiming to develop entrepreneurial skills in Small and Medium-sized Enterprises (SMEs) for community.
- Know About Business (KAB), Cooperated with ILO is a 120 hour-entrepreneurship program aiming to develop entrepreneurial skills in Small and Medium-sized Enterprises (SMEs) for high school students. From 2018-2019, KAB classes are being piloted in 25 provinces totaling 625 students and the number will increase up to at least 5000 in 2023 or even more when KAB is rolled out in the school curricular.

# Ministry of Education



#### Programs:

- Unipreneurship Platform piloted in four universities with Smart Axiata and Impact Hub Phnom Penh, a blended online-offline course designed for students.
- New Generation School and the promotion of project based learning.



MaGIC delivered a presentation on what had been done in Malaysia in order to create a thriving, supportive startup ecosystem. They also shared some relevant policies relating to startups that the Malaysian Government had put into practice. This was to present a case study from the ASEAN region, an example of how support can be fostered and collaborations can occur between SMEs and government.



### 1.

MaGIC plays dual role in terms of developing and building capacities and the ecosystem that is needed for innovation driven entrepreneurship.

### 2.

At MaGIC we have programs to meet each of these stages, early-stage with an idea have a specific program, followed by proof of concept, and so on.



## 3.

We don't encourage startups to go straight into starting a company, there is a period for product and service validation, proven framework and applying startup methodology, they need to test it and validate it with partners before starting and scaling.

## 4.

There is a team in MaGIC that speaks to corporates to encourage them to do innovation and provide amongst others, market access to startups via corporate open innovation platform.



**5**.

MaGIC continuously supports the startups (alumni) by providing mentorship platforms and making easily accessible to the startups. It becomes the platform for startup to seek reference and guidance as and when they are in need of one along their entrepreneurship journey.



Tips from a Malaysian startup, JomParking, in collaborating with government



## Malaysian Startup Tips



Make sure you have a proof of concept when pitching to government



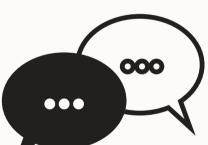
There are two ways to partner with government, direct reward (unique solution) or tender (not a unique solution) process for a few companies



It takes time to complete a deal with government, eg. 2 years for JomParking's first partnership



Participate in programs to make yourself visible to consumers, VCs and government agencies, it's free promotion.



Get external advice by using mentors when preparing for tenders or pitches to government.



Have connections or friends who have experience of working with government or are in government so they can advise.



Use mentors to give you advice and ideas to solve problems



What's next & recommendations from Impact Hub Phnom Penh



## Workshop Key Outcomes

29%

increase in entrepreneurs confidence in approaching and collaborating with governments

86%

of entrepreneurs intend to collaborate with government following the workshop

80%

of government representatives intend to collaborate with startups following the workshop

"Bring people from different sectors in the same room much more often. Then launch programs supported by a government agency." - government representative

# Thoughts from participants

"Create more of this platform so everyone has chance to put everything on the desk." - government representative

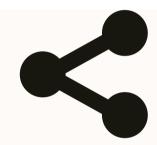
"Government know and are planning things to help but the information is not well spread and their process usually take time" - entrepreneur representative

"Having a government agency to support the startup ecosystem is fundamental." - entrepreneur representative

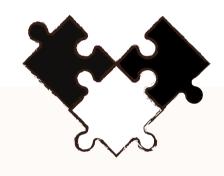
"The government has the same goal but just miss match expectation and understanding from each other" - entrepreneur representative

#### **Ministries**

## Impact Hub Recommendations



Share learnings about the challenges and recommendations of startups with relevant teams within government.



the planning and implementation of startup support initiatives including online registration, tax compliance and innovation centre.

**Engage entrepreneurs in** 



Push for the creation of more connection and networking between government officials and entrepreneurs.



Enhance communication of startup support initiatives in the pipeline.

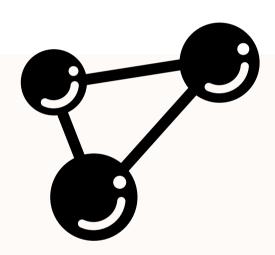
Use entrepreneurs "How might we" in this report as inspiration and ideas for own planning.

Malaysian Global
Innovation & Creativity
Centre to share lessons
learned and experience
from both sides.

Ministry
representatives to
attend relevant
entrepreneurship
events and encourage
colleagues to do the
same.

#### Startups

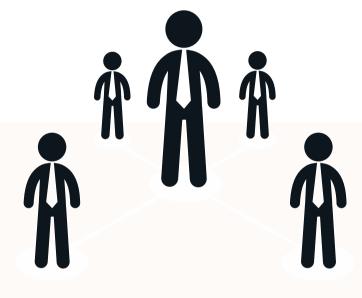
## Impact Hub Recommendations



Engage in any future platforms for networking and connections with government.

Do research into existing government initiatives to support startups and engage where relevant.

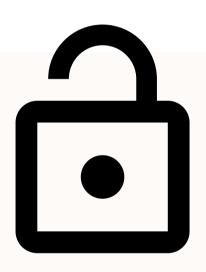




Make personal connections with government officials who are open to collaborating and supporting startups.

#### **Ecosystem**

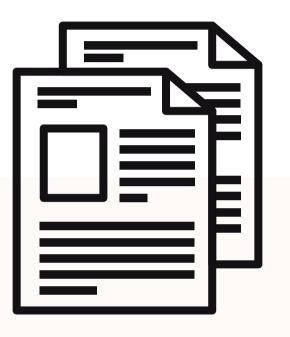
## Impact Hub Recommendations



Facilitate more open and safe dialogues between startups and government.

Better collaboration and coordination between ecosystem players.





Conduct formal research into the challenges and experiences of startups to provide evidence for appropriate actions.