

18 July, 2021

In line with the recently concluded Sri Lanka Investment Forum (SLIF) 2021 organised by the BOI, the Council for Startups (CFS) of the Ceylon Chamber of Commerce (CCC) and the Colombo Stock Exchange held a webinar on the Startup Ecosystem Landscape to attract investments via the local Tech and Innovation opportunities.

The aim of the webinar was to showcase the local tech and innovation potential and to boost the venture funding ecosystem in Sri Lanka. The panelist included Managing Director, Sequoia Capital, Rajan Anandan; Director and Group CEO, Dialog Axiata PLC, Supun Weerasinghe; Chairman, Asia Securities, Dumith Fernando. Chairman, Council for Startups of The Ceylon Chamber of Commerce, Prajeeth Balasubramaniam moderated the session.

Over the past 10 years Sri Lanka on average has had venture funding of approximately \$2.5m per year where leading countries spend close to 0.5% of GDP per annum. This equates to \$400M per annum in Venture Funding for Sri Lanka. Thus the objective during the session was to see how Sri Lanka could gradually increase this funding by at least targeting 0.1% of GDP (\$80M) for 2022-2023 by highlighting the following:

Geopolitical location - Connected with over eight trillion GDP within five-hour flying time which makes it easier for startups to scale.

Untapped market – Still at an early stage with only approximately 400 startups, thus becoming attractive compared to the region for investors that are early movers.

Tech talent – Small in numbers but proven talent that can build world class products to compete globally.

Brain gain - Sri Lanka has been ranked second best for digital nomads in 2021 ahead of Singapore by Club Med. This study by the French travel company looked at cost of living, safety, average internet speed, presence of nature and wellness spots, as well as adventurous activities in each country. There is plenty of young Lankan talent returning to the country and many successful startups in Sri Lanka were founded by them. These entrepreneurs studied in the best schools globally, worked for a few years and came back. They have a worldview but want to be in Lanka.

Govt incentives and support – Tax breaks, infrastructure development focused on ICT exports, Digital ID cards, Internet for every citizen.

Untapped innovation potential in the last mile, Fin-Tech, Ed-tech, Health-tech, and Agri-tech and startups are able to become profitable fast in a smaller test market.

It was also noted that many startups have not grown and/or have shut down due to lack of funding.

Therefore, a mechanism of increasing the depth and breath of the investor pool to boost this ecosystem should be looked at. With the increased focus of the government, this new asset class can become vibrant like in other countries, increasing new employment opportunities and FDI.

The discussion stressed the need to increase the funding and to create a friendly environment for the startups. The panel highlighted the need for startup business incubator providers in Sri Lanka to be more comprehensive and support startups holistically. The panelists pointed out the importance of a proper entrepreneurial education system to transform Sri Lanka into a world class technology and innovation hub.

B2B meetings were organised to support the Sri Lankan Startups to reach out to international investors and showcase their product or service offerings and secure investments.

The Council for Startups of the Ceylon Chamber of Commerce called in applications and showcased the selected startups based on the merit of their offerings to address the world problems which also had high growth potential.

The Startups selected to exhibit their offerings classified by the sector were:

Agriculture: SpectrifyAI, and Agrithmics, Education: Headstart, and CrowdLearn, Financial Services: Niftron, DirectPay, Thyāga E-gift Vouchers, and InsureMe, Food and Beverage: Issso Restaurants, Sozo Beverages, and OMAK Technologies, Healthcare: oDoc, Logistics: Layer 7 Innovations, and Gensoft, Marketing and Advertising: ReapDigital, and Roar Global, Retail: Stripes & Checks, and Zigzag. The CFS-Exhibitor virtual lounge was designed to connect these startups with potential investors and it successfully connected 12 B2B meetings with investors from several countries. The feedback from the investors and startups were very positive.