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# PHILIPPINE VENTURE CAPITAL REPORT

2 0 2 0

## E-COMMERCE

SHOWS PROMISE WITH E-COMMERCE GROSS MERCHANDISE VALUE PROJECTED TO REACH USD \$12.0 BILLION BY 2025, ON TRACK TO BECOMING AMONG THE FASTEST-GROWING IN SOUTHEAST ASIA

## FIRST HALF OF 2020

RECORDS USD \$51.8 MILLION IN EARLY-STAGE FUNDING, HIGHER THAN FULL-YEAR 2019 OF USD \$37.9 MILLION, WITH FINTECH, IT AND SOFTWARE, AND TRANSPORT AND LOGISTICS AS LEADING SECTORS

## IMPACT OF COVID-19

ACCELERATES GROWTH IN FINTECH, WITH TRANSACTION VALUES FORECASTED TO INCREASE BY 24% AT THE END OF 2020

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## DEAR COLLEAGUES,

Our report launches in the midst of one of the most significant global challenges that we will collectively face in a lifetime. We keep everyone in our thoughts as we navigate through this new normal.

We do appreciate that it's a difficult time for all, and we present this report with the greatest sensitivity. Deal flow and venture capital activity seems secondary to the collective challenge that we all face, but we do want support and showcase our local community.

It is interesting to note that despite the rapid spread of COVID-19 in the Philippines in 2020, there was still some marked movement and growth in deals.

With that in mind, we are proud to present our first venture capital report – one of the first that focuses on deal activity in the Philippines. This report will introduce many of the major players in the Philippine startup industry - from the various established and nascent funds, to the startups that are beginning to take hold.

Despite the economic burden that COVID-19 has placed on this country and all others, we've found one thing to be clear: that startup activity in the Philippines has matured significantly in a very short period of time.

Just within the past three years, we've seen fund managers like Kickstart and JG DEV announce new funds from \$250 million to \$50 million respectively. We've seen the establishment of the Venture Capital and Private Equity Association of the Philippines (VCAP) and the Manila Angel Investors Network (MAIN), both created to organize and structure the investing side of the industry. Additionally, the ecosystem as a whole has jumped 17 global positions from 70th in 2017 to 53rd in 2020.

We've observed that despite COVID-19, the first half of 2020 saw USD\$51.8 million in venture capital funding, which surpasses the entirety of 2019's amount of USD\$37.9 million.

Meanwhile, on the startup side, there's been significant activity that's been rarely seen before in the Philippines. Locally founded companies like coins.ph have exited, while newer companies like Kumu have found strong local and even regional support.

The increased activity in the industry, mixed with the challenges related to COVID-19 truly make this a unique time in the Philippines. We hope that you find this inaugural edition of our report insightful and helpful.

If you have any questions or need further details, please feel free to reach out to any of Foxmont's General Partners or our Fund Principal, Santino Ongsiako.



**Jesse Maxwell**  
Partner

**Franco Varona**  
Managing Partner

**Mark Kooijman**  
Partner

Signed,

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## CONTRIBUTORS

### FOXMONT CAPITAL PARTNERS

#### Editors

Reyna Mabalay  
Catrina Magsadia  
Fides Morales  
Chelsey Pua  
Miguel Villenas  
Jeremy Young

#### Director

Santino Ongsiako

### PWC PHILIPPINES

#### Lead Coordinator

Karen Patricia Rogacion

### QBO INNOVATION HUB

#### Lead Coordinators

Natasha Bautista  
Katrina Chan

### UBX

#### Lead Coordinator

Matthew Kolling

### MANILA ANGEL INVESTORS NETWORK

#### Lead Coordinator

James Lette



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Investments in Philippine startups have improved in the past three years. While the number of corporate venture arms, VCs, and angel investors in the country has grown, we still need to catch up with the rest of Southeast Asia. With the world’s current situation, a majority of investors are taking a wait-and-see approach.

Given the difficulties that businesses are facing, I hope that investors, specifically VCs and corporates, will adjust their requirements to help more startups in the Philippines. We can explore financing options creatively to help manage the risks while enabling our entrepreneurs. The government may also help boost such investments by introducing incentives for startup investors.

Congratulations to Foxmont Capital for launching the first VC report in the Philippines. We at PwC Philippines are privileged to contribute to this initiative. We hope that this report inspires more corporates and VCs from the Philippines and other countries to support our local startups.

Our startup ecosystem has been growing at a faster rate until COVID-19. While several startups are experiencing challenges at this time, I am confident that our creative and agile entrepreneurs will thrive in the changing market environment. With proper support from the government and investors, our startups will get through this.



Alexander B. Cabrera  
Chairman and Senior Partner



The Philippine startup ecosystem has undergone tremendous change over the past few years. Startups and enablers alike have pushed boundaries and produced results including high profile exits with substantial returns to investors, all of which have generated increased interest in the country’s startup ecosystem.

With a vibrant community brimming with highly-skilled and ingenious entrepreneurs, we’re certainly geared towards making the Philippines a diverse startup powerhouse. Motivated by the vision of Filipino startups changing the world, QBO plays a key role in developing the Philippines as a center for innovation and unleashing the potential of an entrepreneurship-driven economy through ‘moving ideas forward’. QBO continues to aim to be a catalyst that helps local startups thrive, and serve as a platform dedicated to helping aspiring entrepreneurs develop groundbreaking solutions and transform their ideas into profitable ventures.

Although we’ve made significant strides in cultivating the Philippine innovation ecosystem and continue to experience a surge in the volume of disruptive technology, our local venture capital ecosystem remains extremely opaque—a barrier to creating a globally competitive startup landscape. As the industry is poised to rapidly mature over the next few years, encouraging investor participation is critical in sustaining the local startup scene’s momentum and traction. I truly believe that a thriving ecosystem of venture capital and angel investors is interlinked with the growth and success of our Filipino-led startups.

While caught against the crippling backdrop of a pandemic, prospects of the Philippines’ startup ecosystem remain positive as the country continues to accelerate its entrepreneurial culture. Heading into 2021, we hope to keep the ecosystem abuzz through providing a macro-focused venture capital report that will help generate increased investor participation which in turn will further fuel the engine of the local startup ecosystem.



Rene “Butch” Meily  
President



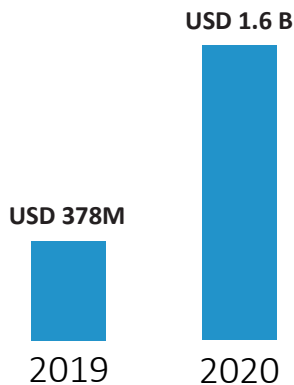
# AT A GLANCE

## VENTURE CAPITAL: THE SUNRISE INDUSTRY OF THE PHILIPPINES

The Philippine startup ecosystem is on the rise, ranking 53rd across the globe in 2020 and advancing by 17 positions from its rank in 2017. It is home to 400+ startups, 50+ angel investors, 40+ venture capitalists, and 35+ incubators and accelerators and has seen an estimated 47 known deals in 2019. The Philippines also continues to experience an increasing level of startup activity across its regions. Metro Manila, the country's National Capital Region located in the Luzon island group, recently joined Startup Blink's 100 cities club to rank 88th among 1,000 cities across the globe and has advanced by an astonishing 830 positions from its rank in 2017. Meanwhile, Cebu City and Cagayan de Oro located in Visayas and Mindanao, respectively, also made noteworthy developments in 2020 rankings.

Between 2018 and the first half of 2020, total investments into startups in the Philippines amounted to about \$547M. Of these, venture capital investments totaled approximately \$200M with significant average year-on-year growth. The funding values of the first half of 2020 alone, which include private equity investments in startup companies, surpassed 2019 year-round values at \$184M and \$38M, respectively, registering about a 384% increase so far. The industry has also been seeing increasing maturity with the smallest funding rounds, from accelerators and incubators to early-stage funding, contributing more and more to the Philippine total. Whereas in 2018, these rounds in aggregate make up only 12% of funds raised, it has gone up to 86% of total funds raised in 2019, and to 26% of the total in the first half of 2020. The venture capital industry in the Philippines remains relatively small but is remarkably poised for growth across the board.

### Metro Manila ecosystem valued at USD 1.6 billion by Startup Genome



**Ecosystem Value:** sum of total exit valuations and startup valuations in a 2.5 year period

### The Philippines ranks 53rd across the globe with Startup Blink



\* Represented by Manila, Cebu and Cagayan de Oro

### Manila ranks 36th for Startup Genome's Top 100 Emerging Ecosystems

Manila scores highly in Market Reach and Talent, while Funding remains to be a challenge

#### Factor Scores (Highest: 10)



## STARTUPS ARE AT THE FOREFRONT OF PHILIPPINE DIGITIZATION

The rise of the digital economy posits the continuous growth of many startup sectors in the country. The number of internet users stands at 65 million people as of 2019, representing a 67% internet penetration rate, and is forecasted to reach 92% by 2031 due to sustained efforts to improve mobile experience and digital connectivity by the government and major players in the private sector. Improvements in infrastructure, along with a young, tech-savvy population driving the demand for digital products and services, have encouraged the rapid emergence of tech startups across the board.

The Philippines is evidently moving towards digitization efforts across different industries, with a significant majority of startup fundraising in the past three years targeted towards either the expansion of

information technology and Software-As-A-Service offering offline to online solutions, or the entry into untapped geographic regions in sectors such as digital banking, web-based traffic management, and e-commerce. Another evident trend is a shift away from established business centers like Makati and Taguig into promising areas such as Pasig, Mandaluyong, and Quezon City. In fact, the leading city in terms of deal value in the past three years is Mandaluyong City, accounting for approximately 62% of total funds raised in the Philippines. Additionally, investment activity has also been progressively moving outside of Metro Manila, with cities like Davao being a prime choice for bases outside of NCR. These trends suggest an unmistakable growth course for digital inclusivity spearheaded by startups.

# STARTUP FOUNDERS AND INVESTORS EXPECT A PROMISING FUTURE IN THE LANDSCAPE - 2020 PHILIPPINE STARTUP SURVEY

The Philippines enjoys a talented English-speaking workforce, a young population with a median age of 25.7 years old, and an economy that is globalizing at an increasing rate. The growth of local founders is accelerated by many advantages for today's entrepreneurs, including access to more mentors, the entry of new funds and investors, and the rising number of successes. Today, capital is not only flowing into businesses with the purpose of regional expansion - it's pouring into original ideas and energetic founders. The country is experiencing a shift from an ecosystem that has traditionally been dominated by subsidiaries of foreign startups, to seeing an emergence of home-grown startups solving inherently Filipino problems through new and imaginative solutions

## FOUNDERS

**96%** are confident about their prospects for revenue growth over the next two years

**95%** are planning to enter into strategic partnerships in the next 12 months

**95%** are aiming to enter new territories in the next 5 years

## INVESTORS

**78%** are confident about their prospects for revenue growth over the next two years

**73%** want to inject up to \$5 million in Philippine startups in the next three years

**65%** have exit plans in the next three to five years

## THE PHILIPPINES STILL WAITS ON LOCAL HEROES



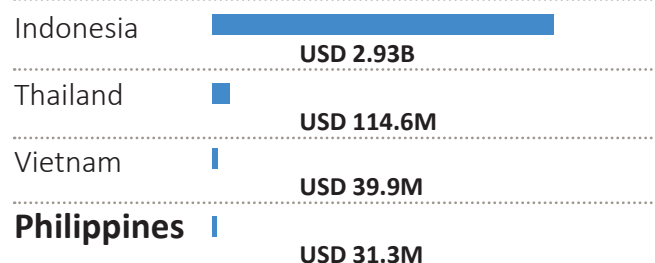
**The Philippines requires more early-stage funding - Startup Genome**

The developments of the country's ecosystem can be attributed to the increasing number of participants and level of involvement from key stakeholders, the growing existence of innovation infrastructures and platforms, as well as the collaborative culture of a young industry.

But despite exciting prospects for the future, taking the landscape to the next level presents its own set of challenges. The lack of external funding has been slowing the growth of the industry in comparison to Southeast Asian neighbors, with a funding void making it difficult for businesses to quickly scale. A majority of support systems such as government legislation, incubators, and sandboxes have been focused on early stage efforts, and initiatives to boost startups in the growth stage towards becoming unicorns have remained scarce. Consequently, the absence of local unicorns and more success stories have kept promising startups under the radar from offshore sources of capital.

The country's technical talent pool also needs to match that of neighboring regions like Singapore. More traditional career aspirations have likewise dwarfed entrepreneurship potential in the country, with graduates tending towards corporate jobs with stable paychecks. Lastly, brain drain remains prevalent in the workforce, and surveys among Generation Z and millennial (15 to 34 year-old) Filipinos reveal that a significant number (53%) have desires of working abroad in the next 3 years.

**The PH trails behind its SEA neighbors in terms of deal volume - CB Insights**



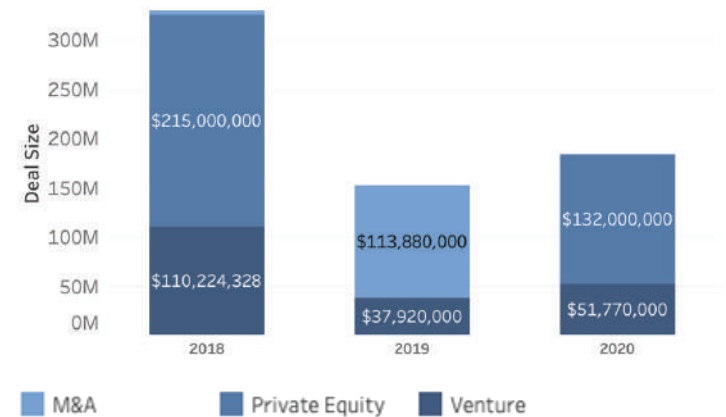
Values as of August 2019

# THE FIRST HALF OF 2020 SURPASSES 2019 IN TERMS OF VENTURE CAPITAL DEAL ACTIVITY

The first half of 2020 recorded USD 51.8 million in venture capital funding in the Philippines at the early-stage level, surpassing 2019's recorded amount of USD 37.9 million, but still far behind 2018's recorded amount of USD 110.2 million. Activity for 1H2020 was driven by capital raised at the seed round which totaled USD 24.0 million and is heavily attributable to the Tonik Financial deal which raised USD 21.0 million. Deal flow remained slower with 14 completed deals in 1H2020 as compared to the 24 deals recorded in 1H 2019.

M&A refers to corporate mergers and acquisitions transactions involving startup companies and were included to provide a more comprehensive overview of startup deal activity, Private Equity refers to funds raised from private equity funds or funds raised at a much later stage, and Venture encompasses earlier fundraising such as venture capital, venture debt, and accelerator funding.

Announced Startup Deal Activity 2018 - Mid-2020  
Including M&A, and Private Equity Deals pertaining to PH-Startups

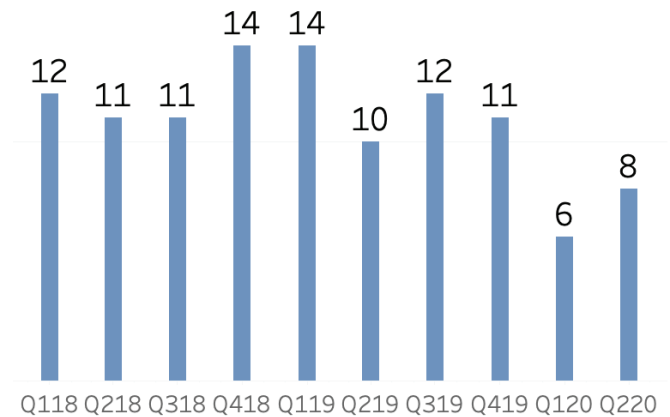


Funds Raised by PH Startups (2018 - Mid-2020)



Funds Raised refers to capital raising activity for private equity and venture, and exclude M&A

PH Startup Deal Count (2018 - Mid-2020)



## IN THE PAST THREE YEARS, TOP 6 DEALS ACCOUNT FOR 80% OF TOTAL FUNDS RAISED

The Philippine startup ecosystem still remains in its nascent stages with 6 deals in the past three years accounting for nearly 80% of total startup funds raised. This is expected to become less concentrated as the ecosystem matures and becomes witness to successful landmark exits. Gojek's investment into Coins.ph in January 2019, for example,

is a noteworthy transaction setting a precedent which is believed to pave the way for more landmark exits to come. Funds raised saw a spike in Q4 2018 and Q2 2020 because of private equity capital raised by Voyager Innovations in the amounts of USD 175.0 million and USD 120.0 million, respectively.

# FIRST HALF OF 2020 SEES SIGNIFICANT DEAL ACTIVITY DESPITE COVID-19



The first half of 2020 yielded substantial announced deal activity, bringing \$184M in capital for startups. The FinTech sector in particular was responsible for over 80% of the total announced invested capital in startups and almost half the deal volume in this period.

This indicates that the market has been pivoting its focus and support from traditional financial services towards innovative solutions and technology-driven enhancements to processes, products, and platforms in the finance industry.

Tonik, Inc is an example of a regional startup staking their claim to build the first digital-only bank in the Philippines. While the country has been overlooked in the past, it's interesting to see a regional player setting up the first neobank in SEA here in the Philippines.

With the exception of deals with private equity firms, the first half of 2020 saw over 390% more capital invested in Philippine startups as compared to the same period of the prior year despite deal volume falling by almost half.

## 2020 PHILIPPINE STARTUP DEALS (Q1-Q2)

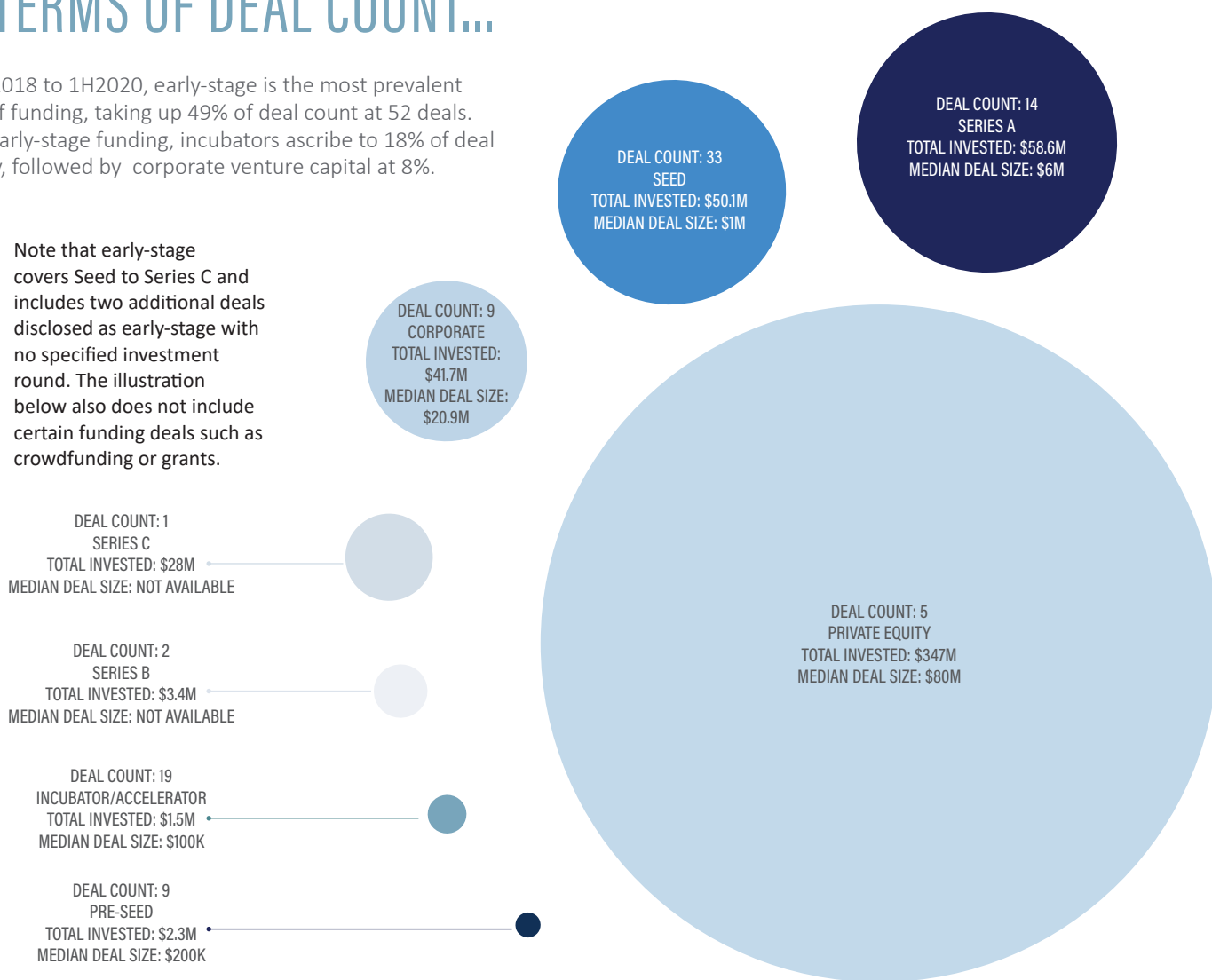
| Company                     | Industry Group                     | Deal Value    | Deal Stage               | Investor/Buyer  |
|-----------------------------|------------------------------------|---------------|--------------------------|---|
| Advance                     | Fintech                            | undisclosed   | Seed                     | Next Billion Ventures, Wavemaker Partners, Dymon Asia Ventures, and Accion                                      |
| Avion School                | Education                          | undisclosed   | Pre-Seed                 | Justin Mateen, Fourth Realm, Maxime Comeau, Mehrad Yaghmai  |
| Ayannah Global              | Fintech                            | undisclosed   | M&A                      | Electronic Cash and Payment Solutions (ECAP)  |
| CloudEats                   | Restaurants/Hotel/Leisure          | \$1,400,000   | Seed                     | undisclosed   |
| Edukasyon.ph                | Education                          | \$3,370,000   | Series B                 | undisclosed   |
| Ellana Mineral Cosmetics    | Consumer Goods & Services          | \$3,370,000   | Venture - Series Unknown | SEAF Women's Opportunity Fund   |
| Expedock                    | Logistics, Artificial Intelligence | undisclosed   | Venture - Series Unknown | Bain Capital Ventures, Pear, Angel Investors  |
| GoodWork.ph                 | Media & Entertainment              | \$1,600,000   | Seed                     | Chaac Ventures, Elysium Venture Capital, Kairos Society, and other undisclosed investors                        |
| Great Deals E-commerce Corp | E-Commerce                         | \$12,000,000  | Private Equity           | Navegar   |
| Inteluck                    | Logistics                          | \$5,000,000   | Bridge Round             | MindWorks Capital, Lalamove, and Infinity Ventures  |
| Kumu                        | Media & Entertainment              | \$5,000,000   | Series A                 | Openspace Ventures, Kickstart Ventures, Gobi Ventures, Foxmont Capital Partners, and Summit Media (Philippines) |
| TendoPay                    | Fintech                            | \$150,000     | Incubator/Accelerator    | Joined Iterative Accelerator Summer 2020 program  |
| TendoPay                    | Fintech                            | \$150,000     | Incubator/Accelerator    | Ventures One  |
| Tonik Digital Bank, Inc.    | Fintech                            | \$21,000,000  | Seed                     | Sequoia Capital, Point 72 Ventures, Insignia, and Credence  |
| Uplon                       | Fintech                            | \$10,200,000  | Series A                 | Infinity Ventures   |
| Voyager Innovations Inc.    | Fintech                            | \$120,000,000 | Private Equity           | PLDT, KKR, IFC, IFC Emerging Asia Fund, and Tencent Holdings  |



# INCUBATORS, CORPORATE VENTURE CAPITAL ARMS, AND EARLY-STAGE VENTURE CAPITAL FIRMS ARE THE MOST ACTIVE IN TERMS OF DEAL COUNT...

From 2018 to 1H2020, early-stage is the most prevalent form of funding, taking up 49% of deal count at 52 deals. After early-stage funding, incubators ascribe to 18% of deal activity, followed by corporate venture capital at 8%.

Note that early-stage covers Seed to Series C and includes two additional deals disclosed as early-stage with no specified investment round. The illustration below also does not include certain funding deals such as crowdfunding or grants.



## ...BUT PRIVATE EQUITY DEALS TAKE UP THE LION'S SHARE OF STARTUP INVESTMENTS BY DEAL VALUE.

In terms of startup deal value, private equity funding takes up 63% of the total between 2018 to 1H2020, followed by Series A funding at 11%, and Seed funding at 9%. It is interesting to note that private equity investments, though few and far between, contribute the bulk of invested capital because of the sheer size of each deal value. This explains why the year-

on-year total investment values in the Philippines vary substantially.

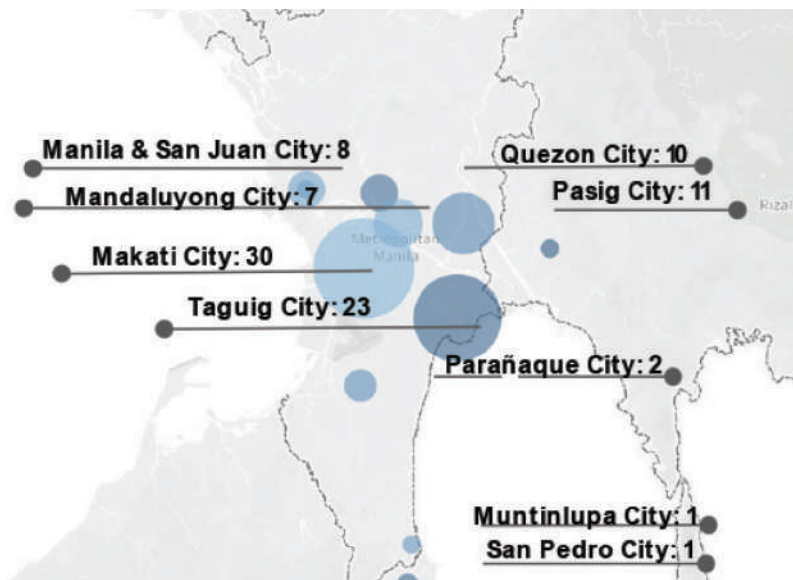
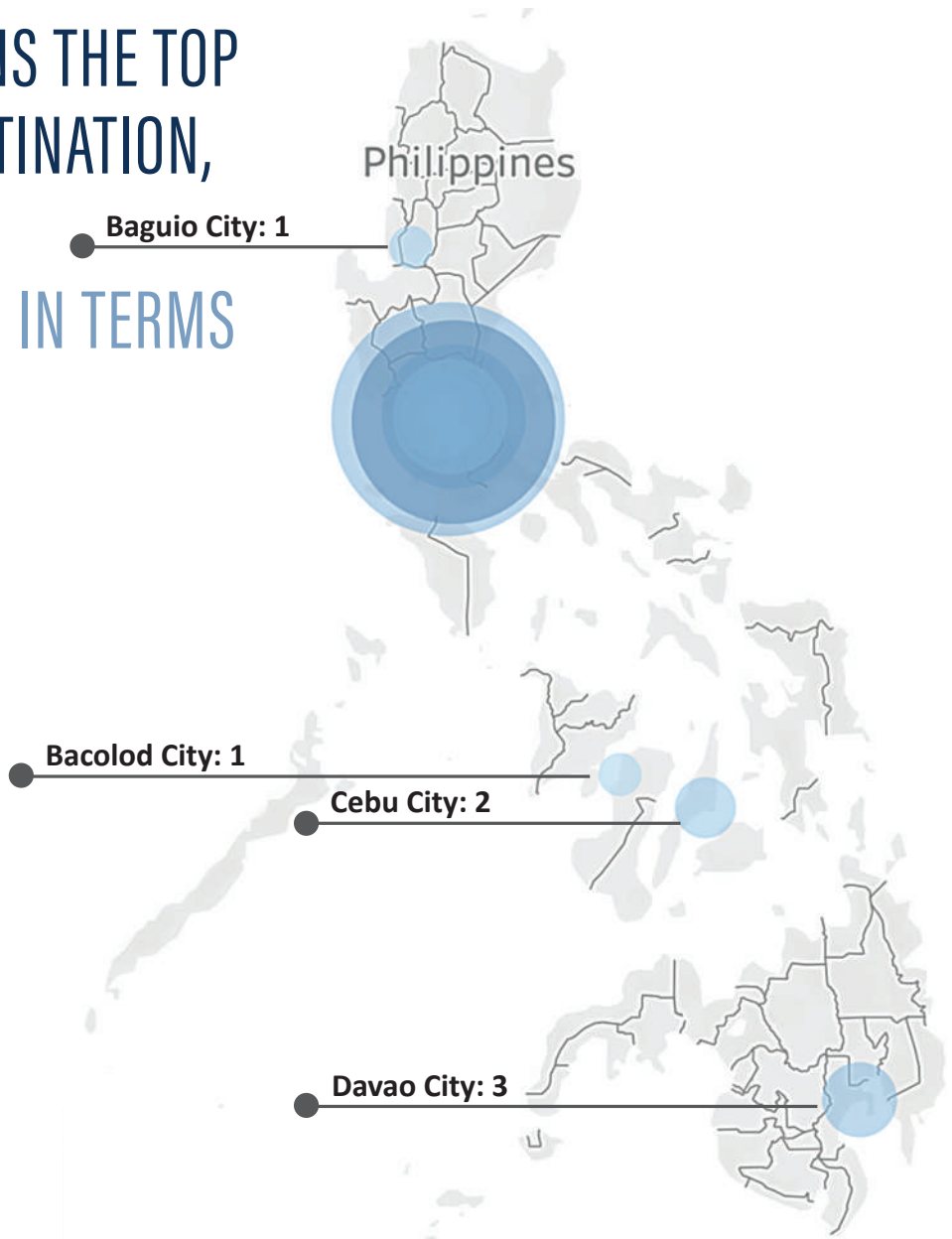
Despite this, the Philippine startup ecosystem continues to mature with smaller rounds, from incubator to Series B, contributing an increasingly larger share to the overall result for the period. The Seed round, which is the largest round

by deal count and third to private equity by deal value, has shown exceptional growth. From USD 5.7 million in total value contributed in 2018, the Seed round has grown to USD 20.4 million in 2019 and to USD 24.0 million in the first half of 2020. Seed investments went from contributing only 2% of total deal value in 2018 to 14% in the first half of 2020.

# MAKATI CITY REMAINS THE TOP LOCAL STARTUP DESTINATION, BUT LAGS BEHIND NEIGHBORING CITIES IN TERMS OF DEAL VALUE

The stark majority of deal volume in the past three years originated from cities located in the National Capital Region (NCR) of the country. Makati City, the country's prime business district and financial hub, accounted for 29% of total deal volume in the country. This is closely followed by Taguig City at 22%, then by Pasig City and Quezon City responsible for 10% and 9%, respectively. Other cities within NCR include Mandaluyong City accounting for 7% of total deal volume, Manila City and San Juan City each with roughly 4%, and Muntinlupa City taking up 1%.

The country also continues to experience growth in startup activity in cities outside of NCR. Davao City accounted for 3% of total deal volume, followed by Cebu City at 2%, and lastly by Bacolod City and Baguio City at 1% each.



The distribution of deal value provides a different perspective. Mandaluyong City emerges as having the largest amount of funds raised, accounting for more than 60% of the country or approximately USD 335 million over the past 2.5 years, however this is primarily attributable to Voyager Innovations Inc. which is based in said city. This is followed by Taguig City, Parañaque City, Makati City, and Quezon City with USD 53 million, USD 52 million, USD 45 million, and USD 14 million, respectively.

Additionally, several startups located outside of the National Capital Region (NCR) were able to secure funding since 2018, bringing in a total of USD 11 million. However, 97% of this can be traced to companies based in Davao City making it the largest startup headquarter base in terms of deal size and volume outside of NCR for the period.

# TOP 20 LARGEST STARTUP TRANSACTIONS

Voyager Innovations raised the largest amount of capital in the past three years in terms of announced deal value. Its two deals account for slightly above 50% of deal size amongst top 20 largest announced deals. While Voyager Innovations may represent an exceptional case being a spinoff from local telco giant PLDT, it is a clear example of capital entering technology-driven sectors. Fintech continues to be the most well-funded sector garnering nearly half of the top 20 investments.

| COMPANY                             | DEAL LAUNCH DATE | FUNDING ROUND  | FUNDS RAISED  | INDUSTRY GROUP            |
|-------------------------------------|------------------|----------------|---------------|---------------------------|
| Voyager Innovations Inc.            | 10/4/2018        | Private Equity | \$175,000,000 | Fintech                   |
| Voyager Innovations Inc.            | 4/6/2020         | Private Equity | \$120,000,000 | Fintech                   |
| Multisys                            | 11/8/2018        | Corporate      | \$40,730,000  | Software & Services       |
| Voyager Innovations Inc.            | 11/26/2018       | Private Equity | \$40,000,000  | Fintech                   |
| C88 Financial Technologies Pte Ltd. | 7/30/2018        | Series C       | \$28,000,000  | Fintech                   |
| First Circle                        | 10/2/2018        | Series A       | \$26,000,000  | Fintech                   |
| Tonik Digital Bank, Inc.            | 10/2/2018        | Seed           | \$21,000,000  | Fintech                   |
| Great Deals E-commerce Corp         | 1/1/2020         | Private Equity | \$12,000,000  | E-Commerce                |
| CreateLabz                          | 9/12/2019        | Seed           | \$10,300,000  | Incubators & Accelerator  |
| Black Arrow Express                 | 7/7/2018         | Series A       | \$7,000,000   | Logistics                 |
| Sprout Solutions                    | 10/14/2019       | Series A       | \$6,000,000   | HR Services               |
| Kumu                                | 4/14/2020        | Series A       | \$5,000,000   | Media & Entertainment     |
| Inteluck                            | 3/31/2020        | Bridge Round   | \$5,000,000   | Logistics                 |
| Black Arrow Express                 | 12/6/2019        | Undisclosed    | \$4,000,000   | Logistics                 |
| Ellana (Cosmetics Retailer)         | 3/5/2020         | Undisclosed    | \$3,500,000   | Consumer Goods & Services |
| Edukasyon.ph                        | 2/5/2020         | Series B       | \$3,370,000   | Education                 |
| Right Choice Finance                | 4/1/2019         | Series A       | \$2,950,000   | Fintech                   |
| PayMongo                            | 9/25/2019        | Seed           | \$2,700,000   | Fintech                   |
| SendFriend                          | 2/11/2019        | Pre-Seed       | \$1,700,000   | Fintech                   |
| GoodWork.ph                         | 5/14/2020        | Seed           | \$1,600,000   | Software & Services       |



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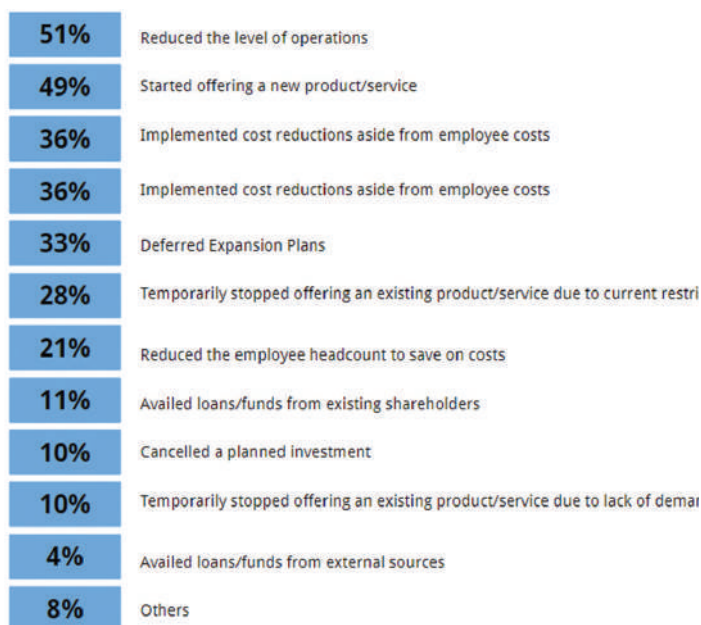
# WEBSHACK

# THE PHILIPPINE STARTUP SCENE AMIDST THE COVID-19 CRISIS

The COVID-19 pandemic has caused the Philippine government to adopt quarantine measures since March 2020, placing limitations on overall economic activity. As people remain in their homes and businesses prepare for a new normal, the economy has been forced to adopt technological solutions to meet demands. These adjustments have accelerated the utilization of modern technology by the developing country.

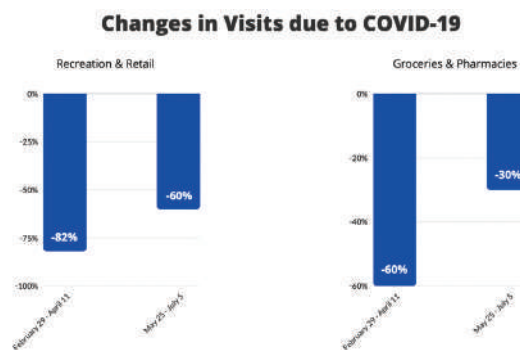
While the country joins the rest of the world in facing the disadvantages, it has been achieving milestones in technological awareness across all population age groups. For example, (1) schools have adopted non-traditional teaching platforms to educate its students and students have sought alternative means to educate themselves, (2) traditional large corporations that comprise the backbone of the economy now understand the advantages of working remotely and more clearly see the value of innovating standard practices, (3) MSMEs that make up a majority of economic output were forced to rethink operational processes, use online payment solutions to facilitate transactions, and explore new ways to engage customers, (4) the recently-unemployed are starting businesses and are leveraging on e-commerce platforms and social media to gain traction, (5) the less tech-savvy government entities recognize the need to adopt solutions for their processes, and (6) older generations have learned to maximize the capability of social media to keep in touch with family members. As the Philippines slowly begins to experience a sense of normalcy, these observations suggest that the country has managed to take another step towards technological adoption.

Startup founders share mixed reviews on the impact to their businesses and outlook on the future. According to a survey conducted by PwC Philippines, it is estimated that 49% of founders are concerned about how the virus impacted operations and 21% have experienced an increase in demand from customers. In the same survey, only 4% of founders have been able to raise funds from external sources.



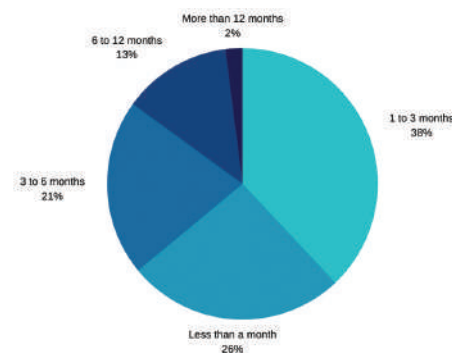
Source: PwC Philippines, Startups and the Business Impact of COVID-19

Cash flow challenges have led to downsizing or pivoting to leverage on online platforms. Restaurants, groceries, and pharmacies, for example, have integrated the use of technological solutions to serve the shift in consumer behavior. Sectors that have benefited from these changes are e-commerce, education technology, financial technology, logistics, healthcare, and enterprise solutions.



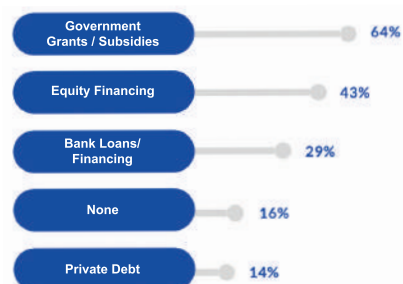
Source: Google COVID-19 Mobility Report The baseline is the median value, for the corresponding day of the week, during the 5- week period Jan 3–Feb 6, 2020.

Negatively-impacted startups are taking a step back to reevaluate strategy, however, short cash runways have been the common obstacle in the adjustment process. More than half of startups have a cash runway of only 6 months or less.



Source: PwC Philippines, Startups and the Business Impact of COVID-19

With most of the startups low in cash reserve, 64% of founders have expressed the need to raise capital in the near-term to finance working capital requirements, improving technology, and hiring additional employees.



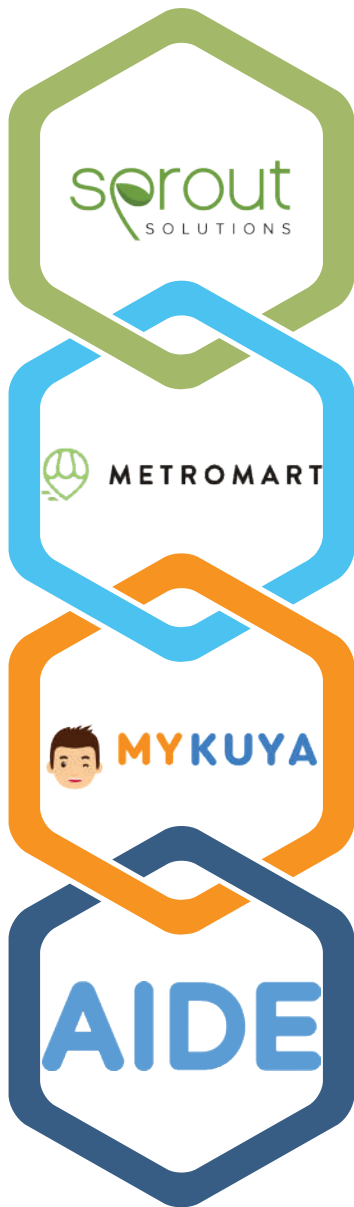
Source: PwC Philippines, Startups and the Business Impact of COVID-19

Similar to other countries, the startup ecosystem has experienced slower venture capital investing activity as investors cautiously navigate the new environment and shift focus from seeking deals to assisting portfolio companies.

# STARTUPS ADJUSTING WELL TO THE NEW NORMAL

The Covid-19 pandemic continues to disrupt geopolitics, global supply chains, and the world economy, devastating many companies as the market braced for a seemingly inevitable recession. With restricted business operations and major areas placed in quarantine, a company's success is hinged upon its ability to adapt to the rapid changes in market demand, sentiment, and the overall environment.

The following Philippine companies not only adjusted effectively, but were also able to utilize the current situation to advance their businesses:



Sprout Solutions had just closed their Series A round in December 2019. Before news of the strange pneumonia-like illness began spreading in China, this homegrown startup was already championing the needs of small businesses by making their payroll SaaS entirely free for businesses under 50 employees. When the pandemic hit, they also launched a HR Rescue Kit including free services such as timekeeping, payroll, leave requests, 201-file management, digital activations, and access to legal expert webinars. They are deserving of their nomination as Best Technology Company in this year's Asia Ceo Awards.

With public health risks preventing citizens from going out to buy food supplies from groceries, Metromart was able to seize this opportunity in order to provide the market with their services by partnering with multiple grocery brands such as S&R, Rustan's, and Robinson's Supermarket, and thus allowing users to access their online grocery store and have supplies delivered directly to the customers' home. Online food purchases are seen to boost Philippine food retail sales to \$60B primarily due to Covid-19, according to the Global Agricultural Information Network.

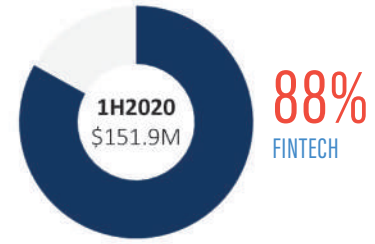
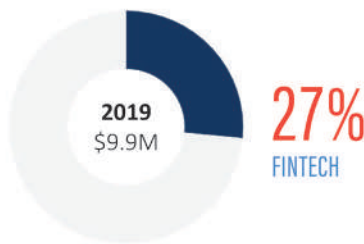
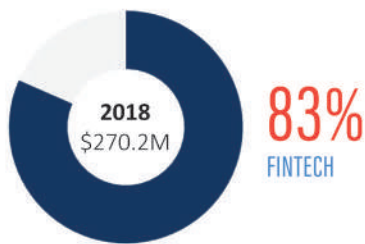
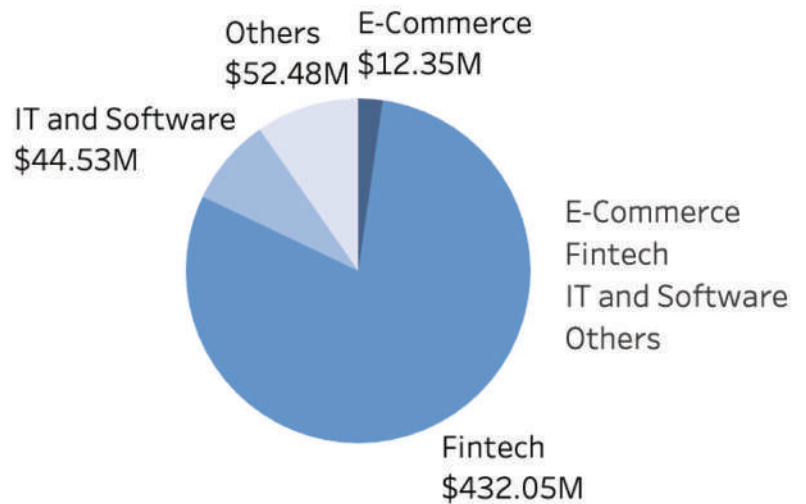
MyKuya is an on-demand services application that allows users to hire people for errands, odd jobs and other services. The Covid-19 environment has shifted focus to web-based platforms such as MyKuya, and are allowing people to see the value in these tech platforms. Amidst the pandemic, MyKuya began their expansion into other provinces in the Philippines such as Cavite, Pangasinan, Quezon, and Zambales. Startups expanding outside the Metro is a welcome development and will see the creation of employment opportunities across the country.

The pandemic exposed many vulnerabilities in the economy, especially the surplus of support that needs to be poured into the healthcare and medtech sector. AIDE is a home healthcare platform that has been around since 2016, which provides users with online medical consultation using its large pool of medical professionals as a solution to the inefficient and time-consuming processes present in hospitals and clinics. In order to adapt to the sudden influx of medical needs due to Covid-19, AIDE allowed users to obtain Covid antibody and PCR tests straight to their homes using the AIDE mobile app. The company was able to secure an undisclosed investment amount from Ayala Healthcare Holdings in 2018 and is now a member of AC Health's healthtech portfolio.

# FINTECH CONTINUES TO DRIVE TRANSACTION VALUES

Fintech startup investments comprised 80% of the Philippine total in the past two and half years. The space has attracted both homegrown and regional startup companies with founders betting on the growth of Philippine financial inclusion and digitized financial services.

Investments into Tencent-backed Voyager Innovations bolstered sector share of investments to reach above 80% in 2018 and 1H2020. This is attributable to the Tencent and Alibaba proxy war that continues to be waged, and is accelerating digital payment adoption in the Philippines. According to KapronAsia, Alibaba-backed GCash saw payments made on its platform rise 700% year-on-year in May, and they plan to partner with government to install scan-to-pay systems in taxis. Meanwhile, rival PayMaya is partnering with Makati Medical Center for telemedicine, and also the city of Manila to enable QR code payments at stalls near Manila City Hall and the bargain shopping area, Divisoria.



The exhibits above do not include M&A and buyout transactions

## THE PHILIPPINE FINTECH INDUSTRY IS GAINING GLOBAL ATTENTION FOR ITS REMARKABLE GROWTH

In 2019, Startup Genome named Manila as one of the world’s friendliest cities for fintech startups, owing to the city’s strong English language skills and well-established outsourcing industries. The Global Startup Ecosystem Report 2020 forecasts fintech’s transaction value to increase by 24% in 2020, accounting for the impacts of the COVID-19 pandemic. Moreover, Findexable, in its Global Fintech Index 2020, places the Philippines at rank 46 globally in terms of Fintech Country Rankings, 8 places above its Global Startup rank.

According to the Department of Trade and Industry (DTI), the number of fintech startups is growing at an average rate of 16% annually. As of early 2020, the Philippines is home to 136 fintech startups, comprising 26% of the startups in the country. 29% of fintech startups are in alternative finances, while 22% are in payments, 19% are in blockchain technologies, and the remaining 30% are involved in remittances, investments and crowdfunding.

“We strongly believe that this is a pivotal moment for us to become more relevant and competitive in the global marketplace. DTI has always been supportive of the growing fintech industry because of its massive potential for financial inclusivity for our people. With all the work and tech innovation building up in the country in recent years, we are ready to expand our horizons.”

*From Department of Trade and Industry Undersecretary, Dr. Rafaelita Aldaba Source: fintechnews.sg*



Fintech is expected to grow substantially in the coming years. 47% of respondents in the 2020 Philippine Startup Survey reported that they have funded local fintech startups. In 2019, the Philippines ranked 5th worldwide in promoting financial inclusion, based on the Economist Intelligence Unit's Global Microscope 2019 study. The aim of financial inclusion continues to assure strong government support and initiatives that propel growth of the fintech industry. The Bangko Sentral ng Pilipinas (BSP) has identified digital payments as a priority in its policies, and has targeted digital payments to comprise 20% of total payment systems by 2020. Government support is also apparent in the Philippine Bureau of the Treasury's partnership with Union Bank of the Philippines, and Philippine Digital Asset Exchange, a local startup, to launch a distribution of retail treasury bonds on the blockchain. The digital payments annual growth rate is estimated at 27-30% compared to an average of 25% among other emerging Asian nations.

Organizations such as the Fintech Philippines Association and Fintech Alliance Philippines have also been actively promoting innovation and collaboration within the fintech community. Along with milestone successes such as Coins.ph being awarded Southeast Asia's leading blockchain-enabled platform or PayMongo raising one of the largest seed rounds in the country in 2019, and the recent USD 175 million investment into Paymaya Philippines through parent company Voyager Innovations, the fintech industry continues to lead the startup ecosystem to a brighter future.

Finally, the entry of neobanks such as TONIK financial show that fintech solutions are growing from simple payments to more comprehensive services such as digital banking. Neobanks are setting their sights in the Philippines because of the opportunity to tap the 77% of Filipinos who remain unbanked.

## LARGEST FINTECH DEALS

2018

VOYAGER

c88

First Circle  
FINANCING POSSIBILITIES

2019



paymongo

SendFriend

coins.ph

1H 2020

VOYAGER

tonik

Upl oan

## INVESTING ACTIVITY HAS BECOME LESS CONCENTRATED ACROSS DIFFERENT STARTUP SECTORS OVER THE PAST THREE YEARS AS WELL...

IN 2018, FINTECH, INFORMATION TECHNOLOGY, AND TRANSPORT AND LOGISTICS COMPRISED 99% OF THE TOTAL INVESTMENT AMOUNTS IN PHILIPPINE STARTUPS MAKING UP 83%, 13%, AND 3% RESPECTIVELY. SINCE THEN, GROWTH CAPITAL HAS ENTERED INTO OTHER SECTORS INCLUDING THOSE INCREASING IN POPULARITY SUCH AS MEDICAL AND HEALTHCARE.

ACTIVE SECTORS AFTER FINTECH



INFORMATION  
TECHNOLOGY AND  
SOFTWARE



TRANSPORT  
AND  
LOGISTICS

SECTORS ON THE WATCHLIST



E-COMMERCE



EDUCATION  
TECHNOLOGY

OTHER INTERESTING SECTORS



MEDICAL AND  
HEALTHCARE



## CORPORATE VENTURE DRIVES INVESTMENT IN IT AND SOFTWARE

### INFORMATION TECHNOLOGY & SOFTWARE

IT and Software garnered USD 44.5 million or 8% of total fundraising deal value since 2018. Most of the activity in this sector relates to telecommunications and business-to-business software development. The largest IT investment in the past three years is a USD 40.7 million minority interest of telecommunications corporation, PLDT, into Multisys Technologies.

The last few years has seen the rise in the number of startups in these sectors. PLDT's investment into Multisys is a welcome sight of corporates adopting the technologies which startups continue to build. With the country's tech evolution keeping its momentum, information-based products and services are gaining traction in the markets. Many notable startups in these industries are engaged in enterprise services, with the successes of the likes of Kalibrr, Sprout Solutions, Senti, Inteluck and Social Light heralding the entry of new players introducing innovative software solutions for Filipino consumers and businesses.

According to Ken Research Private Limited's Philippines IT Industry report published in 2019, these industries have displayed tremendous growth due to the increase in foreign direct investments and increasing employment opportunities for Filipinos. Leading trends

and developments in the IT-BPO and Software sectors include the emergence of more tech startups, with the BPO sector opening up to Philippine startups, as well as the increased adoption of a virtualized environment and cloud-based data.

The COVID-19 pandemic is also seen as the needed push for the ecosystem to increase digitization efforts. With quarantine restrictions in place, businesses and consumers are more inclined to use online platforms and move away from traditional norms. This has also increased the willingness to adopt digital solutions offered by startups in the IT and SaaS sectors. Digitalization is also seen as a crucial part of the economy's post-COVID recovery, with the need for enterprise solutions and platforms extending not only to large conglomerates but also to SMEs.

### NOTABLE DEALS IN THE PAST 3 YEARS





# TRANSPORT & LOGISTICS INFRASTRUCTURES CONTINUE TO BE REFINED IN THE AGE OF CONVENIENCE

## TRANSPORT & LOGISTICS

This sector contributed \$18.5M or 3% of the Philippine deal value since 2018. Investment activity in this sector primarily relates to the expansion of transport solutions to address urban traffic or the rise of e-commerce and other parcel delivery services.

Various sectors such as healthcare and retail heavily depend on logistics services. The expanding population and the archipelagic landscape of the Philippines drive demand for an efficient delivery and transport system. With consumer spending expected to increase in the coming years, these sectors are expected to benefit along with the logistics industry. Logistics companies continue to invest in technological solutions to keep up with retail sector growth, especially in terms of e-commerce. Forecasted revenues for logistics and warehousing is expected to reach Php 1.1 trillion by 2024.

Although the entry of ride-hailing companies was not easy due to the lack of regulatory frameworks and policies, it has recently been one of the most optimistic markets in the country. Revenues from the Philippine ride hailing and taxi market is expected to have an annual CAGR of 17% from 2020 to 2024, reaching USD 1.1 billion by the end of 2024. Since Grab's acquisition of Uber in 2018, the former remains the top market player in the industry, but there have been new entrants accredited by the Land Transportation Franchising and Regulatory Board, such as Go Lag, ePickMeUp, Snappy, and MiCab. This sets the stage for increased competition in the next few years; however,

with recent limitations in mobility due to the COVID-19 pandemic, ride-hailing and transportation took a large hit in 2020, seeing a 34% revenue decrease from the previous year dropping to USD 571 million from USD 769 million in 2019.

On the other hand, the logistics sector has been positively impacted by the pandemic together with the rapid surge of the e-commerce industry. Due to strict social distancing protocols, a great number of Filipinos have switched to shopping online and having their goods shipped to their own homes. Dominant names in the logistics industry include long-established companies 2Go and LBC, but regional players such as NinjaVan, Transportify, LalaMove and Grab have increasingly gained traction in recent years as the express delivery market experiences promising growth, anticipating a 9% CAGR from 2018 to 2023, or a value of PHP 68.2 billion by 2023. Local startups such as Angkas, Mober, Payo and Last Mile are also poised to find greater relevance in the space as the demand for Third Party Logistics (3PL) services continues to boom, expecting to achieve a revenue share of 40% in the overall Philippine Logistics and Warehousing market by 2024.

## NOTABLE DEALS IN THE PAST 3 YEARS





# PH E-COMMERCE SHOWS INDICATIONS OF PROMISING GROWTH

## E-COMMERCE

Startup investments in online retail closely follow the top three sectors in terms of deal activity. The sector has grown to \$12.4M in disclosed deal value for the period between 2018 to 1H2020, covering 2% of the total.

The size of the gross merchandise value (GMV) of the Philippine e-commerce market was valued at \$3 billion in 2019 and is expected to hit \$12 billion by 2025. This is attributed to the emergence of a tech-savvy population and the burgeoning of the Filipino middle class. The ability of e-commerce platforms to allow users to compare prices captures the price-sensitive consumer. This demographic and consumer behavior, together with the increased support from the government, fuels the development and expansion of the e-commerce industry. The Philippine E-Commerce Roadmap established by DTI in 2016 aims for e-commerce to account for 40% to 50% of the country's GDP by 2022. The DTI is honing in on speed, security, and structure to be able to effectively integrate e-commerce in the country. For 2022, the program will prioritize improving market accessibility, creating updated government policies and regulations such as e-marketplace protection, and modernizing infrastructure.

The COVID-19 pandemic continues to accelerate e-commerce in the country. With lockdown measures immobilizing consumers, digital payments and digital shopping become more of a norm. As of May 2020, 41% of respondents of a survey conducted by Rakuten Insights stated that they purchased more online during the pandemic. Top buys of Filipinos are food and groceries, personal hygiene products, and house cleaning goods. Specialty e-commerce platforms such as Poundit for tech and Metromart for food and groceries have flourished as the country is placed in and out of lockdown measures.

Established e-commerce platforms like Shopee and Lazada continue to introduce new features locally such as Lazmall and Shopee Mall sections

which include more well-known retailers like Unilever, driving demand for online transactions. Zalora's expansion strategy includes building a 3.7 hectare e-fulfillment center, the largest in the country. Well-known retailers such as SM and Watsons have now launched in-house E-commerce platforms.

Notable funding deals include Private Equity firm Navegar's investment into Great Deals, an e-commerce enabler, which drove investments into the sector in 1H2020. This represents a sizeable bet on the growing needs of online merchants for the full array of IT, infrastructure, warehouse capabilities and technology solutions. MyKuya's expansion outside of Luzon is made possible by their seed round from Infinity Ventures. Their performance reveals that the on-demand services startup is capitalizing on growing demand for odd jobs and services during the pandemic. Compared to its competitors, coupon aggregator MetroDeal has performed well despite lifestyle and leisure activities taking a hit. Booky, a local discovery platform, also shows firmness in its plans to pivot as restaurants close down.

Apart from the more standard E-commerce business models, a number of startups begin to explore social commerce models, vying for dominance as the new normal shifts consumer behavior and commerce as a whole. Moreover, startups who have recently hit their targets earlier than expected due to COVID, continue to explore possible e-commerce opportunities in their existing business models. Live-streaming app KUMU now offers MSMEs a way to advertise, and viewers a way to make purchases of advertised products.

## NOTABLE DEALS IN THE PAST 3 YEARS





## EDTECH IS EXPECTED TO GROW AS STARTUPS FILL IN LEARNING GAPS DURING QUARANTINE

### EDUCATION TECHNOLOGY

Edtech is seeing astronomical growth in announced deal sizes, from USD 70.0 thousand in 2018 to USD 3.4 million in 2020. Invested capital in this sector is highly attributed to capital raised by Edukasyon PH.

The COVID-19 pandemic has accelerated the country's adoption of education technology as schools are forced to abruptly shift to online learning in accordance with health protocols that do not accommodate the typical classroom setup. As the current crisis poses challenges to traditional face-to-face learning, EdTech start-ups are looking to fill in the gaps with technology and will inevitably play a key role in ensuring students' learning continuity.

In a global report by Ambient Insight, the Philippines was ranked 7th in the world when it comes to anticipated growth in e-learning revenues for the decade. This can be attributed to the large population of the country, with the majority belonging to the younger age groups that are still in school or about to enter the workforce. In 2019, the Department of Education had an estimate of 27.2 million students in basic education. With schools implementing distance learning for the upcoming school year, learning management systems startups and tech suppliers are expected to be positively impacted. Notable local players

in this field include PhilSmile, KITE e-Learning solutions, and JackenPoy.

Aside from providing online learning tools during quarantine, the education sector continues to face other problems that EdTech startups have been trying to address including the high dropout rate in higher education as a result of increasing tuition fees, and the skills-job mismatch with the lack of course offerings that would meet the increasing employment demand for modern industries like data science and software engineering. Among the current local start-ups trying to fill these gaps are Edukasyon.ph, InvestED, Eskwelabs, and Avion School.

Although the potential market is massive, the EdTech sector remains underinvested. The relatively low investment in EdTech compared to Fintech or Enterprise Solutions startups is attributed to the small number of startups entering this market. However, with the rise of new problems in education in the country and the interest in alternative learning solutions sparked by COVID-19, EdTech in the Philippines is beginning to spark interest.

## NOTABLE DEALS IN THE PAST 3 YEARS





# HEALTHCARE SHOWS IMPROVEMENT IN THE ADOPTION OF MODERN STARTUP TECHNOLOGY

## MEDICAL & HEALTHCARE

The medical and healthcare industry is considered one of the most promising sectors by investors as it solves one of the country's biggest problems – the lack of access to healthcare facilities.

Investors have shown strong interest in the medical and healthcare industry as it shows promise in the coming years. According to the 2020 Philippine Startup Survey, the health industry is considered one of the top three priority sectors of investors. In 2018, The Ayala group has invested in AIDE, a medical and healthcare startup, through its subsidiary, AC Health.

Early in 2019, the Universal Healthcare Bill was signed into law and the National eHealth System and Services Act was approved by the Committee on Health. The enrollment of all Filipino citizens into the National Health Insurance Program and the expansion of the Philhealth coverage are some of the agendas covered by the UHC Act. The proposed eHealth Act aims to deliver healthcare services through cost-effective and secure information and communication technology. Two pressing issues in today's healthcare system are the lack of access to healthcare services and real-time information for decision-making. Currently, only 13% of healthcare providers and 40% of tertiary hospitals are located in rural areas. The goal of eHealth by

2020 is to provide widespread access to health services and health information in order to establish quality healthcare and a responsive health system for Filipinos. State authorities, if joined in a collaborative effort with the private healthcare sector, could effectively deliver on these promised initiatives.

Despite the passing of new laws and bills, the nation has experienced very limited access to healthcare especially during the pandemic. The demand for healthcare is now exponentially rising due to the increase of Covid patients while those who need treatment and assistance for other medical issues are hesitant to leave their homes for treatment. Healthtech startups are emerging to provide solutions to Filipinos, filling the generally untapped market for efficient, flexible, and accessible healthcare for Filipinos. Recent healthcare startups, which include MedGrocer, Medifi, and Lifetrack Medical Systems, have been successfully shifting the traditional focus from real estate-based investments in the sector such as strategically located hospitals and clinics to technologically driven healthcare innovations.

## NOTABLE DEALS IN THE PAST 3 YEARS



SQUARE ONE HOSPITALITY CONCEPTS, INC.

# BAD HABITS

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WANT TO BREAK...



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WING, POWER PLANT MALL, ROCKWELL CENTER,  
MAKATI CITY

# SELECT VENTURE CAPITAL PLAYERS IN THE ECOSYSTEM



## FUTURE NOW VENTURES

FNV is a boutique investment firm composed of technology and investment practitioners and entrepreneurs who invest in fast growth companies developing cloud, mobile and enterprise technological services based in Asia, the US, and Australia.

### PH PORTFOLIO COMPANIES:

CloudSwyft, My-Checkpoints, Recruitday.com, Ambidextr, AutoDeal, Booky, FlySpaces, Salarium, Kalibrr, Shirt.ly  
<https://www.futurenow.ventures/>



## FOXMONT CAPITAL PARTNERS

FCP is a multi-focus venture capital firm dedicated to investing in early-stage Philippine startup companies. The backbone of FCP's philosophy, "Entrepreneurs for Entrepreneurs", stems from the belief that more value can be created by taking a wholistic, "entrepreneurial" approach in supporting its portfolio companies apart from investing capital alone.

### PH PORTFOLIO COMPANIES:

Kumu, Booky, Edukasyon.ph, Bounce  
<https://foxmontcapital.com/>



## CORE CAPITAL

Core Capital, a Philippine venture capital firm, has partnered with top Asian VC Gobi Partners to launch the Gobi Core Philippine Fund, a USD 10 million fund focusing on e-commerce, SaaS, healthtech, and logistics startups in the seed to pre-series A stages in the Philippines. The fund plans to expand into the travel, entertainment and retail tech sectors in the future.

### PH PORTFOLIO COMPANIES:

Edukasyon.ph, Maria Health  
<https://www.corevc.ph/>

# CORPORATE VENTURE CAPITAL FUNDS



## KICKSTART VENTURES

Kickstart Ventures is a subsidiary of Globe Telecom and funds early-stage to growth-stage tech startups across the globe. It currently manages its third and largest fund to date, Ayala Corporation's USD 150 million ACTIVE fund.

### PH PORTFOLIO COMPANIES:

Coins.ph (exited), Entrego, Kalibrr, Spiralytics, Medix, Aiah, MyLegalWhiz, Sprout Solutions, Squadzip, Kumu, AVA, Zap, BagoSphere, ZipMatch  
<https://www.kickstart.ph/>



## UBX

The most visible and recent VC involvement of the Aboitiz Group has been through the UBX unit of UnionBank. UBX prides itself as the digital-enablement vector of Philippine businesses and the bank account access vector of Philippine startups, with a focus on e-commerce..

### PH PORTFOLIO COMPANIES:

DragonPay, XLOG, Finscore, PDAX  
<https://ubx.ph/>



## JG DIGITAL EQUITY VENTURES

JG DEV is the corporate venture capital arm of JG Summit Holdings, Inc. The USD 50 million fund aims to invest in startups in the ASEAN region. Its focus areas include data, financial services, consumer lifestyle, new media, logistics and digital health.

### PH PORTFOLIO COMPANIES:

Cashalo, Growsari  
<https://www.jgdev.ph/>

# REGIONAL VCS WITH PHILIPPINE INVESTMENTS



## WAVEMAKER PARTNERS

Wavemaker Partners is Southeast Asia's leading early-stage venture capital firm focusing on enterprise and deep tech companies. It closed its third SEA fund at USD 111 million in July 2020.

### PH PORTFOLIO COMPANIES:

Coins.ph (Exited), Aiah, Sprout Solutions, Spiralytics, Zap Group, Stylist in Pocket, Bridge Southeast Asia, Doxcheck, GrowSari, Kalibrr, Maria Health  
<https://wavemaker.vc/>



## GOLDEN GATE VENTURES

GGV focuses on internet and mobile startups across many sectors including e-commerce, payments, marketplaces, mobile applications and SaaS platforms. Its latest fund, Golden Gate Ventures x Hanwha Growth Fund 1, raised USD 200 million to invest in Southeast Asian Series B stage startups.

### PH PORTFOLIO COMPANIES:

Carousell, MoneySmart, Ayannah, Lenddo  
<https://goldengate.vc/>



## SPIRAL VENTURES ASIA

SVA is Spiral Ventures' USD 5 million Southeast Asia and India-focused fund. In Southeast Asia, the fund invests in early and growth stage startups with flexible sector focus.

### PH PORTFOLIO COMPANIES:

ZipMatch, Ayannah, Kalibrr, First Circle, PawnHero  
<https://spiral-ventures.com/asia>

# OTHER PLAYERS





# WHAT'S NEW IN OUR ECOSYSTEM

## KEY INDUSTRY NEWS AND DEVELOPMENTS



Early last 2019, an overarching investment industry association called the Venture Capital and Private Equity Association (VCAP), was established. It was founded by two of the largest Philippine venture capital firms Kickstart Ventures and ICCP SBI Venture Partners, and private equity firm Navegar, as well as non-profit corporation Endeavor Philippines. The main objective of the organization is to provide an overall representation of institutional and professional investors in the country and to strengthen the Philippine VC and PE market by fostering the growth of innovation and entrepreneurship, and thus also encouraging foreign investments into the country. According to Endeavor's managing director Manny Ayala, similar associations to VCAP have already had a "multiplier effect" on VC and PE investment activity in other markets. VCAP is currently open for applications from all VCs and PEs that are interested to join the association.

### PHILIPPINE STARTUP DEVELOPMENT PROGRAM

Last April 2019, the Innovative Startup Act (RA 11337) was signed into law in order to promote and develop the entrepreneurial ecosystem in the Philippines. The Philippine Startup Development Program (PSDP) is spearheaded by the DOST, DICT, and DTI. Together, these entities provide a startup grant fund to aid startups and startup enablers. They are also working with the Board of Investments (BOI) to create a Startup Investment Development Plan (SIDP) that will be aimed towards providing incentives for current and prospective startup investors. Other beneficial incentives included in the PSDP are simplified business procedures and coverage of business registration fees and other such costs related to applications for required permits and certificates, capital grants, and special startup visas for foreigners looking to invest in and support the Philippine startup sector.

**THE REVISED CORPORATION CODE NOW ALLOWS FOR ONE PERSON CORPORATIONS.**  
February 2019

**THE PHILIPPINE INNOVATION ACT (RA 11293) ENCOURAGES MSMEs TO INNOVATE INTO NEW STARTUPS.**  
April 2019

**COMPREHENSIVE TAX REFORM PROGRAM WIDENS TAX DEDUCTIBLES FOR PURPOSES SUCH AS THE DEVELOPMENT OF STARTUPS.**  
September 2019



### PHILIPPINE STARTUP WEEK 2019

The Department of Science and Technology (DOST), the Department of Trade and Industry (DTI), and the Department of Information and Communications Technology (DICT), together with QBO Innovation Hub, collaborated with the Philippine startup community for the very first Philippine Startup Week which was held from November 18 to 22 of 2019. The theme of the weeklong collaboration was "Showcasing the Filipino Startup Community to the World" as it celebrated the growth and recognized the future of the Philippine startup scene, serving as a testament of the great potential of Filipino startups. The first PHSW saw the showcase of 100 startups in over 50 nationwide community events across 7 cities in the country.

One of the events was a showcase of the 15 chosen startups from the first batch of the DOST PCIEERD Startup Research Grant Program which was established in 2017. The idea behind the program was to jumpstart the development of existing startups and aid them with support throughout their growth. With a total capital of Php 64 million, the program was able to help these startups scale and raise Php 35 million of investments plus generate Php 77 million revenues (as of Nov 2019).

### GOVERNMENT PARTNERS



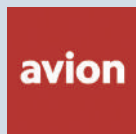
Main Government Promoters



Partners

## NEW STARTUPS AND VENTURE CAPITAL PLAYERS

STARTUPS AND VC PLAYERS BIRTHED, OR BEGINNING PH OPERATIONS IN 2020



**Avion School** is a local ed-tech startup started by Victor Rivera and John

Young. They're taking on the Philippine education system by providing Filipinos an avenue to learn software engineering, only requiring payment upon landing a job after their 12-week course.

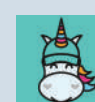


**TONIK** bank is founded by seasoned fintech startup Founder Greg Krasnov. TONIK aims to transform traditional banking by launching the first digital-only bank in Southeast Asia, starting with the Philippines' existing bank customers and the 77% of Filipinos who remain unbanked.



**AGILE Digital Ventures, Inc.** is Philippine property developer Megaworld's newly launched venture arm that will invest in startups in the food, retail and hospitality industries.

The initial USD 5 million allocation was invested in



**Pickaroo**, which aims to be the premium all-in-one lifestyle delivery app in the PH, having

recognized that consumers are willing to pay a premium on safety amidst the pandemic. This is an acute observation from former managing director of Honestbee, Crystal Gonzales, now the co-founder and COO of Pickaroo and board member at Agile Digital Ventures.

# DRAPER STARTUP HOUSE

## Bringing a Silicon Valley Ecosystem to Manila

Our mission at Draper Startup House is to enable ONE MILLION entrepreneurs by 2030, disrupting hospitality by inventing a new category of entrepreneurial tourism and creating true value through their ecosystem of support for entrepreneurs. Through the use of real human connection, inspired business travel, a diverse-minded community and access to global citizens - the community members of Draper Startup House are able to connect to new opportunities, inspire one another to innovate and execute, and empower one another to **GO BIG, pay it forward, and drive progress.**



**CRISTIAN**  
FOUNDER,  
PHILIPPINES

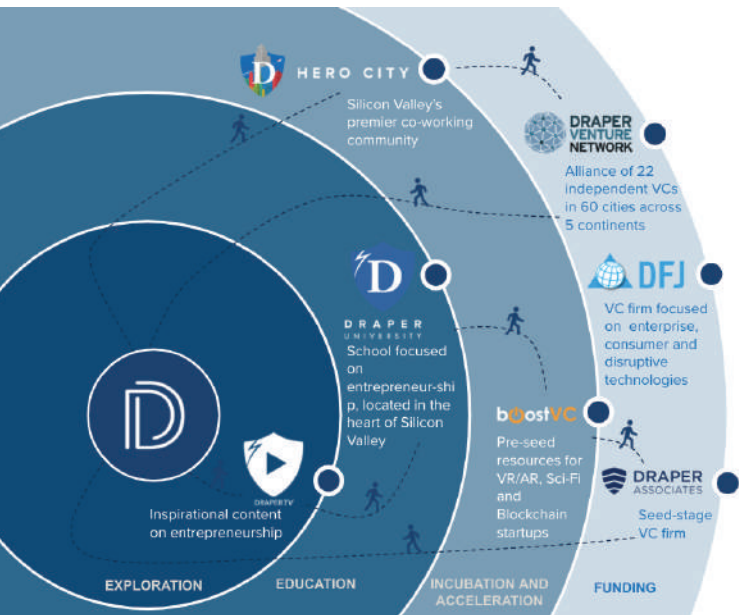


**VIKRAM**  
FOUNDER,  
INTERNATIONAL



**TIM DRAPER**

## THE CORE OF THE DRAPER ECOSYSTEM



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**Franco Varona**  
Managing Partner  
Foxmont Capital Partners

*Franco is the Managing Partner of Foxmont Capital Partners. Franco guides his investee companies and their founders in tackling the unique business and operational challenges present in the Philippines. Franco is also a Co-Founder and Director of Global Media Post Ltd. (HK), a boutique media agency specializing in promotional country reports. Prior to Foxmont, Franco led Grab Philippines as General Manager from 2012-2014.*

# In the Foxhole with Foxmont Capital's Managing Partner

“That’s what I love about startups. They set out to solve one problem, and then later on realize that they are able to solve many more.”

## Can you explain why Foxmont invests exclusively in Filipino founders and Philippine-based startups?

We’re a Philippine-focused fund because there’s a lack of capital access in the early stage of funds here. With local PE firms and foreign VC firms, their minimum bite sizes are too large, and their goals are too big for simple “friends and family” startups. We want the firm to be inclusive enough to accept all kinds of Filipino businesses, be it in tech or otherwise.

## What industries are you excited about?

Any challenges that Filipinos face and any solution to those are what excite me. For example, Fintech is an industry whose importance we’ve all learned during lockdown in the Philippines.

I took the role of GM for Grab because I wanted to help solve Manila traffic starting with taxi driver behavior. In 2012, you never knew what you were getting into entering a taxi. I’d like to think that maybe Grab helped a little bit! [laughs]

You merely have to look at our growing portfolio to see that companies we invest in —Booky, Bounce, Edukasyon, and KUMU— are those that recognize, and set out to solve inherently Filipino problems.

KUMU, for instance, addresses how Filipinos are losing entertainment. Inadvertently, they’ve even given homesick OFWs an avenue to experience authentic Filipino community.

That’s what I love about startups. They set out to solve one problem, and then later on realize that they’re able to solve many more.

## What does the Philippine startup ecosystem need most?

Our fund’s philosophy is being a fund for entrepreneurs by entrepreneurs. We partners also have our own entrepreneurial experiences in the Philippines and we want to share our knowledge in this relatively challenging environment. We wish to infuse founders with as much of our relationships and expertise as possible so that they are prepared for the later stages. We don’t just want to dump capital and tell our investee companies to succeed. The value of having a local VC on board is that we understand first-hand the entrepreneurial challenges in the Philippines.

## What has changed in the entrepreneurial landscape that gave sense to starting a venture capital fund?

Entrepreneurship entails understanding the situation around you, seeing the available opportunities, understanding the risks, and seeing what potential value your business can bring to your local community and the world at large.

In my own experience, it was my openness in understanding the world around me that helped me most as an entrepreneur. In 2012, public transportation was untrustworthy. Six years later, I saw it was timelier to start Foxmont. I recognized that there was an inflection point where brain drain was reversing. We were getting a lot of Filipino Americans and expats bringing home know-how from abroad. The businesses these guys have been building became motivation for fresh grads and young professionals who see that businesses here can succeed, that you don’t need to work abroad, and that you can take a risk here.

**Foxmont Capital Partners** is a venture capital fund “for entrepreneurs by entrepreneurs” dedicated to supporting Philippine startups with capital, expertise, and network through the different stages of growth.

[foxmontcapital.com](http://foxmontcapital.com)



**FOXMONT**  
CAPITAL PARTNERS

# Building the Country's Fastest-Growing Social App

"There are three key things that make a startup ecosystem fertile: internet, affordable smartphones, and a young population."

## Q: How did Kumu start?

**Roland:** Back then, Ambassador Cuisia asked me "Instead of doing non-profit work, why won't you actually do business in the Philippines?" That's when I contacted Remy and began recruiting our team. He and I put on our Nick Fury patch and searched for our Avengers. After forming the team, we moved to the Philippines to start Kumu.

Observing the market, we saw all these entrepreneurs from Vietnam and Indonesia creating apps that prioritized their own people's voices. I asked myself "Why can't I do this for the Filipinos?"

In February 2018, we launched Kumu but back then it was just like a Filipino Viber. We learned that you have to leave enough room for the community to define what your app is. We noticed that the users enjoyed and used the livestreaming function of the app a lot so six months later we decided to pivot and relaunch Kumu as a live streaming app and the rest is history.

## Q: What is the entrepreneurial landscape like in the Philippines?

**Roland:** There are three key things that make a startup ecosystem fertile: internet, affordable smartphones, and a young population. You've got those three things present in the Philippines, but you also have 11 million people overseas sending billions back home.

You have to recognize where the waves are hitting. In Southeast Asia you have hundreds of millions of people joining the middle class. And just capturing a small percentage of that digital GDP growth could result in massive business opportunities.

You could hit two birds with one stone. One, you can help the country and two, it could be the biggest business opportunity of your life.

## Q: What do you think are the qualities that an entrepreneur should possess in order to be successful especially in the Philippine setting?

**Remy:** It's important that entrepreneurs do what they are able to do without compromising their work. A lot of them say, "Okay so here's the big vision and this is what I want to do" but they realize that they can't get funding fast enough so they end up doing side gigs that detract their focus from growing the business.

If you want to be a successful entrepreneur, you should push relentlessly for what you know needs to happen. Also, you're dead if you don't have some kind of backup for tough times. Always keep the lights on.

**Roland:** It's important to manage what's happening between your ears. You have to be mentally prepared. There's a huge psychological price in building something and always hearing "No. No. No." What I do every morning is I wake up with gratitude, say a prayer, and do 50 push ups. Clarity is important for you to be in a strong headspace. Finally, you also have to have a strong support system.

## Q: How has VC helped Kumu?

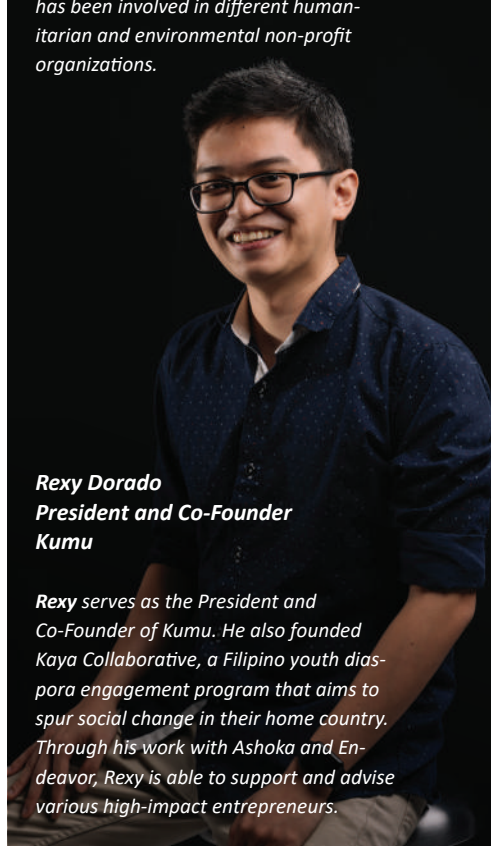
**Roland:** In our experience, local VCs tend to be more like strategic investors.

Local VCs know how to execute in the local scene. For example, Franco from Foxmont was able to help us from the operations standpoint with his experiences from Grab. Summit Media helped us in advertising and promotions by teaching us how to utilize content.



**Roland Ros**  
CEO and Co-Founder  
Kumu

*Roland is the CEO and Co-Founder of Kumu. Among his other initiatives are driving millions of customers to clients that include Uber and Mastercard and co-founding another startup, Tracking202. Throughout the years, Roland has been involved in different humanitarian and environmental non-profit organizations.*



**Remy Dorado**  
President and Co-Founder  
Kumu

*Remy serves as the President and Co-Founder of Kumu. He also founded Kaya Collaborative, a Filipino youth diaspora engagement program that aims to spur social change in their home country. Through his work with Ashoka and Endeavor, Remy is able to support and advise various high-impact entrepreneurs.*

**Kumu** is a pinoy live-streaming app that hones authentic connections built by authentic communities. It is a platform that prioritizes creating a safe atmosphere that embraces all types of individuals, topics, and talents. With this environment, livestreamers are able to create real and raw content that are enjoyed by viewers. In return, viewers give the live streamers virtual gifts which sparks authentic connections. Kumu also has other functions like e-commerce and live game shows. Currently, Kumu is the fastest growing social app in the Philippines.

**Kumu.ph**





**Brian Cu**  
Former President of Grab PH and Former Managing Director of Zalora

*Brian is the former Country Head of Grab Philippines. He started his career in management consulting with the Boston Consulting Group in 2010. Alongside this role, he dove into the world of startups when he served as Co-Founder and CFO of Go-Jek Indonesia. In 2012, he co-founded Zalora Philippines, the country's largest online fashion retailer. He left in mid-2013 to co-found Grab Philippines.*

# From Taxi Hailing To Monumental Super App

“We now have a layer of instant infrastructure for new startups to use to their advantage. That’s something that will be interesting over the next few years.”

## **Q: What are the challenges in growing a startup company in the country?**

The initial challenge is about whether there is a market for the product or not. In the Philippines, I’ve observed that the demand curve flattens fairly quickly. Once you get to a few thousand users, you have to spend millions again to get to that next level of demand. Even now with GrabFood, you need earth-shattering events like a pandemic to drive up your numbers or you need revolutionary products and ideas for you to achieve that goal. It’s not about access to payments or logistics, it’s all there. It’s about the inertia of the customers to adapt to a product. In terms of operations, it’s all about process, control, and being able to prioritize.

## **Q: What is your view on the current state of the Philippine startup industry?**

I believe that startups need to build on the backs of industry giants and existing platforms. For example, Zalora was built on the back of large logistics players like LBC, until they started doing their own logistics. It was built on top of advertising platforms like Facebook and Google. Platforms exist for things like marketing and payments. The question is: how do you utilize them to your full advantage and do you have the money to utilize them?

## **Q: How has Grab Ph been adapting to the Covid situation? What are the new opportunities or challenges brought about by the new normal?**

We were lucky to have diversified into other verticals last year. Since then, we doubled down on GrabFood and started building up our delivery service, which has been keeping us afloat during the pandemic.

## **Q: What’s next for Grab PH?**

Mart is a vertical we launched during the lockdown. We’re focusing our efforts on products like Food, Mart and Express, while Transport is still on the low end of the recovery spectrum. What Grab has built is a platform for instant fulfillment. Imagine if this lockdown happened 7 years ago when instant delivery services, e-wallets and online banking weren’t big yet. Similar to how Amazon has built a layer of cloud infrastructure in the last 10 years for businesses to utilize, the Philippines is experiencing the same today. We now have a layer of instant infrastructure for new startups to use to their advantage. That’s something that will be interesting over the next few years.

## **Q: What does the Philippines need to further improve its startup ecosystem?**

I am in favour of welcoming new businesses with more regulatory support, given that the first layer of infrastructure has been established. We can take a more active approach by providing incentives, encouraging startups to set up headquarters here, and investing in human capital.



**Grab** is Southeast Asia’s largest mobile technology company that connects millions of consumers to millions of drivers, merchants, and businesses. The company offers a range of services, including transport, on-demand delivery, consumer and financial services on a single platform. Grab is taking on the largest problems that affect the region, including access inequality, outdated infrastructure, and income disparity. It is the region’s first “decacorn” (a startup with a valuation of over US\$10 billion), with a valuation of \$14 billion as of 2019.

**Grab.ph**

# Building the Highway for Payments

“The e-commerce ecosystem in the US did not improve overnight, and our country is on that same path.”

## Q: What was the original idea behind PayMongo?

I was a freshman in MIT when the founders of Stripe, who were seniors at my school, created their startup. Throughout the years, we saw how it started taking over online payments and this served as an inspiration for our own business.

I knew that the Philippines was ripe for something similar. So in March of 2019, we just started coding. We had no concept and product yet, but we had 800 customers signing up for the waitlist. This signaled the value of what we were trying to bring to the market. A secure, easily accessible online payments channel was a service needed by all kinds of people, from multinationals to regular individual sellers who just wanted to conduct business online.

## Q: What are the challenges you encountered in founding and growing a startup in the Philippines?

Back in college, the experience that I valued the most was learning from the people around me. My classmates continuously challenged me to do better, and with my experience in Y-Combinator, I met founders of well-established startups like Airbnb who have been there, done that.

Entrepreneurs in the Philippines need experienced role models that they can easily reach out to. The biggest challenge is finding mentors who can teach you the ropes when you are just starting out.

If we want to grow this ecosystem, we need to encourage more founders and build a larger network. All together, we can make great things.

## Q: What is your vision for the company in the coming years?

For me, I don't want to build just another payment gateway system. I want to build a platform that will allow everyone to use payments as a catalyst for growth.

Payments are at the heart of commerce. We want to build better and more inclusive infrastructure. Our vision is to build a highway that any car can pass through.

## Q: What is your view of the Philippine Fintech landscape?

The Philippines is the second largest country in the region and is a service-based economy. The majority of our population is young and speaks English. On top of that, we are strategically located on the globe and well-connected to the West.

If we push it a little bit more, then we will have the same macro fundamentals that the US had years ago. The e-commerce ecosystem in the US did not improve overnight, and our country is on that same path.

## Q: Do you think the Philippines has the homegrown talent and expertise needed for Fintech companies to flourish?

Yes, I strongly believe that we do. We have rich engineering talent. In my experience, I have noticed a divide between people with technical and business expertise. Over time, these skills will converge and that barrier will slowly disappear.

There's really only two things you need to do: talk to your users and build the product. As we encourage each other, together we can focus on building solutions.



**Francis Plaza**  
CEO and Co-Founder  
PayMongo

*Francis is the CEO and Co-Founder of PayMongo. Francis graduated from Massachusetts Institute of Technology and with his background in software engineering, he has worked in Oracle and Impraise. In the summer of 2019, he and his team were accepted into Y-Combinator.*



**Paymongo** is a fintech startup simplifying online payments processes for merchants and other markets. They are backed by prominent investors such as Peter Thiel, payment processor Stripe, Founders Fund and Y Combinator. In the pandemic, demand for their transactions increased over 4x.



[Paymongo.com](https://paymongo.com)



**Minette Navarrete**  
President  
Kickstart Ventures, Inc.

*Minette is Vice-Chairman and President of Kickstart Ventures, Inc. She is a member of the Ayala Corporation's Innovation Advisory Council, and of Globe's Innovation Advisory Board. She is a Senior Vice President at Globe Telecom, focusing on New Business, and a member of the Board of Directors of AdSpark, Globe's digital advertising subsidiary. Minette has held CEO/COO positions in various industries, ranging from scrappy Philippine startups to iconic global companies.*

# Kickstarting Innovation in the Philippine Venture Capital Industry

"We have a front row view of problems endemic to emerging economies [...] these create opportunities for startups to offer innovative solutions."

## **What is your view on the current state of the Philippine startup industry?**

The Philippine startup industry is still in early-stage innovation: generally, more tech startups than scaleups. But we are also optimistic: Today, there are more local investment funds set up by local conglomerates and corporations that local startups can approach for funding. We also noticed an uptick in the presence of foreign investors pre-lockdown while local incubators / accelerators are increasingly reaching out to Kickstart in their capacity as "institutional feeders" into the Kickstart deal pipeline. Likewise, there is increased engagement and information exchange between the startup community and government policymakers.

However, the ongoing Covid-19 crisis has shifted the conversation in the startup community from "fast-growth" to "survival." It's a changed world -- some companies will thrive, some will be hard-hit by lockdowns. Across the room, VCs are focusing more on companies whose value propositions are considered immune to trends and disasters and backed by strong fundamentals.

## **What are the changes in the VC landscape that Kickstart has seen through the years?**

When we started in March 2012, there were only a handful of angel investors and institutional investors funding digital tech startups. The launch of the Venture Capital and Private Equity Association (VCAP) in early 2019 is a hopeful sign -- that finally, there is a critical mass of VCs and PEs with real investment interests and activities with the local startup community. In the last two years, Kickstart also saw a rise in overseas-based VCs and corporate entities requesting intros to or investing in local startups or co-investing with locally-based VCs.

## **How do you see the startup industry changing in the next few years?**

Greater engagement from established corporates for startups - whether as investors, collaborators, or customers. We also see continued improvement in the quality of local startups in terms of scalability and "investability". Some contributing factors include: founders moving on to their second and third ventures, former startup employees continuing to work for other startups or creating their own, and more successful founders proving to be points of inspiration.

The Covid-19 pandemic is changing the way VCs and startups operate. For Kickstart, the crisis has peeled away the "fluffy" deals -- there is a sharper focus on deals addressing deeply felt problems with real customers. For startups, a strong product must

rest on leaders with good fiscal discipline: managed burn rates, a healthy cash flow, and a shorter path to revenues.

## **What is the most exciting thing about running a VC firm in the country?**

The upside of being a VC based in the Philippines: we have a front row view of problems endemic to emerging economies. And for us, these problems unique to emerging economies create opportunities for startups: offer innovative solutions that we can find, invest in, and help scale across other emerging economies.

Operating in an emerging economy that has the 2nd largest population in Southeast Asia (next to Indonesia) gives us proximity to overseas-based startups and talent looking at the Philippines as an ideal testbed for their products: we have the problems and large pool of users but without the language barrier. Lastly, it is exciting to be a CVC based in the Philippines because we have a large addressable market that has one of the highest digital adoption rates globally.

## **What are the challenges of operating a VC firm in the Philippines?**

Historically, the Philippines is not top-of-mind in the Southeast Asia VC corridor. We attribute it to a few exits and the occasional news on large-sized investment rounds. The occasional "good news" is reflective of a young and still growing startup ecosystem whose enablers are yet to create an environment ideal for startups to thrive.

Because we operate in an early-stage innovation environment, Kickstart embraced the role of an 'atypical VC': for us, funding goes hand-in-hand with portfolio development for our startups to have a real shot at success, as well as startup ecosystem building to accelerate investing momentum and innovation outcomes.

## **Which sectors/industries are you prioritizing for startup investments?**

With the Ayala ACTIVE Fund, we are focusing on future outcomes that we believe in, more than on specific solutions or technology, where our capital and operating muscle can strengthen startup innovation. With that said, we are seeing promise and relevance in sectors such as Digital Content & Media, Cloud-based Productivity & Collaboration Tools, AI-powered Planning and Analytics Platforms, Payments, Commerce & Logistics Platforms, Digital Healthcare and Education, Smart Devices and Space Management, Innovative Leasing Business Models, and Mobility Solutions, among several others.



**Kickstart Ventures** is a Corporate Venture Capital firm and a wholly-owned subsidiary of Globe Telecom. Kickstart seeks and invests in early to early-growth stage startups. Today, the firm manages USD 60 million across 2 funds for Globe: 45 investments across 8 countries – 30 of which started in the Philippines. – making them the most active CVC in the country, with an expanding international footprint. Kickstart also serves as Advisor to the Ayala Corporation Technology Innovation Venture (ACTIVE) Fund, a \$180M corporate venture capital established by AC Ventures together with various Ayala group business units. [www.kickstart.ph/](http://www.kickstart.ph/)



# Bridging Conglomerates and Startups

“Conglomerates have an opportunity to provide significant value to a startup beyond mere investment dollars through strategic involvement leading to precious traction.”

**Q: Could you tell us more about the Aboitiz Group’s involvement in venture capital investing?**

Our organization is guided by a principle of Advancing Businesses and Communities. The most visible recent VC activity of the overall organization has been through the UBX unit of UnionBank. UBX is prominent in the VC ecosystem due to our position as the digital-enablement vector of Philippine businesses and bank account access vector of Philippine startups. As a strategic investor, we are uniquely positioned to develop mutual benefit with an investee-startup. We made our VC investing bet accordingly.

**Q: Could you talk about the increasing investor participation in VC among the large Philippine conglomerates?**

Thoughtful incumbents in the Philippines have acknowledged the value of ideas and talent that comes from involvement with startups. Conglomerates have an opportunity to provide significant value to a startup beyond mere investment dollars through strategic involvement leading to precious traction. When the incumbent organization commits to pursuing this activity, they become a viable destination for expert talent in the VC space and set themselves up to make a confident organizational bet on further involvement. For UBX, we are recently entertaining inquiries from foreign investors looking to enter PH through us.

**Q: How has the investment environment been affected by Covid-19 and what could it mean for our investors?**

Unfortunately for founders, getting to “yes” from an investor has gotten more difficult for startups because skilled investors are focused on cash runway and funding risks within their

existing portfolio. Investors have recently gotten bombarded by founders who are devising or pivoting to a COVID-topical solution. The associated hype often causes market noise and heightens investor susceptibility to FOMO and obsession over social cues.

**Q: What startup sectors do you consider most promising in the Philippines?**

UnionBank is the first stop locally for Fintech startups given our comprehensive ecosystem-enabling approach. The vast majority of startups seek commercial dialogue with UnionBank, UBX and Aboitiz units. We favor sectors that provide opportunity for a startup to establish a defensible position for themselves while providing something of value to users. As a strategic investor across our core sectors (Power, Food, Infra, Real Estate, Financial Services), we are confident that the next wave of successful local startups will discover a way to benefit themselves through leveraging business engagement with right-minded incumbents.

**Q: What does the Philippines need to take the startup ecosystem to the next level?**

Additional successful startup exits will provide the greatest observable boost. At a higher level, there needs to be a change in mindset across the entire landscape to migrate away from legacy thinking and the “old way of doing things”. The whole point of a startup is to disrupt and innovate by marrying invention with economic opportunity. Startups can’t move fast and break things if they are drip-fed by investors and yet are expected to be profitable immediately while simultaneously conforming with myriad outdated rules and structures that are remnants of a bygone era.



**Matthew Kolling**  
Chief Investment Officer  
at UBX & Head of Venture  
Investments at Aboitiz  
Group of Companies

*Matt began his career with Morgan Stanley as an Investment Banking Analyst and then continued as a Venture Associate for Morgan Stanley Venture Partners. He has 20+ years of transaction and investing experience, holding senior positions at Providence Equity Partners, Primeiro Partners, and LLK Partners. Matt was also the co-founding CFO of Ledger Atlas, a Draper-backed startup. He joined the Aboitiz Group in 2019 and appointed as CIO of UBX in 2020. He is also the Screening Committee Chair of the Manila Angel Investors Network.*

**The Aboitiz Group** started in the late 1800s. Today, its investments are in power, banking and financial services, food, land, construction, shipbuilding, and infrastructure. It is recognized as among the best managed companies in the Philippines and in the region, consistently cited for its strong commitment to good corporate governance.





**James Lette**  
Executive Director  
Manila Angel Investors  
Network

*Prior to becoming MAIN's executive Director, James has had 25 years of experience working with international organizations and private companies all over Asia, Europe, the South Pacific, Africa and Australia.*

## Helping Investors Help Startups

“However, the Philippines is a market that has yet to be largely disrupted by tech. This context is very attractive for startups- and presents a significant opportunity for investors.”

**Q: What are your observations on how investor participation has changed over the past 5 years? What are trends that you are experiencing?**

We believe that investors have always been willing to back the Philippines, it was a matter of not knowing how to identify the best opportunities from the pack or get a seat at the table to make a deal. MAIN now provides that avenue.

The fact that in a short time, MAIN has grown from a handful of people to a large group investing over USD 1 million annually, clearly demonstrates how the Philippines investor and startup ecosystem has developed.

The Philippines is a massive market - with almost 110 million people and a growing middle class. It's globally connected with an enormous Filipino diaspora. It is also a digitally savvy nation. Some say it's the social media capital of the world, and the mobile texting capital of the world. However, the Philippines is a market that has yet to be largely disrupted by tech. This context is very attractive for startups - and presents a significant opportunity for investors.

It's clear that fintech will continue to be the fastest-growing tech sector in the Philippines. The huge amount of remittances coming into the country every year is a strength that can be built upon. The moment local startups solve the problem concerning the unbanked and the inconveniences in the financial services industry, they have a solution that can be scaled globally.

There are also opportunities to be found in other sectors. For example, with the COVID-driven global realization that professional jobs no longer need to be tied to geography, the country's strengths in outsourcing, talent and tech will provide myriad new opportunities here. MAIN is constantly looking for these, screening the investability of

hundreds of startups each year, presenting the best to its members.

**Q: How would you describe the developments in investment opportunities?**

The Philippines is an earlier stage ecosystem compared to other countries in the ASEAN region. However, this presents an opportunity for investors, where realistic valuations can be found in a market that pre-COVID was on the cusp of explosive growth. It is also a market that has had a shortage of local tech success stories although, this is changing.

**Q: From your perspective, how has the investment environment been affected by Covid-19 and what could it mean for our investors?**

Investors are still looking to deploy capital into the Philippines for those opportunities they believe in. Until more certainty returns about the wider economic ramifications of COVID-19, those sectors which are considered investable has narrowed, and the investments' path to profitability needs to be clear. Despite COVID, several of our portfolio still managed to close their Series A rounds, including Kumu and Qwikwire. MAIN also syndicated investments into two new investments in July 2020.

**Q: What does the Philippines need to take the startup investing ecosystem to the next level?**

Anything that will help startups to succeed will in turn benefit investors. As such, initiatives to improve the ease of doing business in the Philippines are key. Many of the other actions needed to help the Philippines ecosystem are addressed in the recent 'Innovative Startup Act'. A key aspect of this law are initiatives which will develop the pipeline of investable startups - the Startup Grant Fund and the Startup Venture Fund.



Founded in 2016, **Manila Angel Investors Network (MAIN)** is the largest committed private investors network in the Philippines that connects investors with promising early-stage companies. Apart from providing capital funding, it also mentors entrepreneurs, provides expertise support, and opens networking opportunities. MAIN consists of private individuals and corporate members. [www.main.ph](http://www.main.ph)

# A regional perspective on the Philippine landscape

“Venture capital is an apprenticeship business. For a startup ecosystem to grow, the new breed of entrepreneurs must apprentice under people who have achieved what they set out to do, and set out to do even more.”

## Q: How would you describe the Philippine startup ecosystem relative to other Southeast Asian countries?

The Philippine startup ecosystem is young compared to its neighbours. I'd say it is five years behind Indonesia and three years behind Vietnam. While the tech boom has occurred in other neighbouring countries, it's strange why it hasn't yet happened in the Philippines especially when one can leverage the population's proficiency in the English language and its innate technology affinity.

One interesting theory I've come across recently is that the slower technological adoption may be due to the relative verticality of conglomerates in the Philippines compared to countries like Indonesia. Wider conglomerates abroad may have invested in tech earlier resulting to their applications spreading faster. Today, we are seeing Filipino conglomerates diversifying more, as well as investing in tech. Interestingly, COVID-19 has positively accelerated adoption of technology among corporates.

Another explanation may be drawn from the limited growth opportunity of startups in the Philippines. In the past, a typical Filipino founder's promise would be a 2-3x multiple in five years. This multiple is not as attractive as compared to other SEA neighbors. VCs are dependent on tail-end returns, investing in startups having a 50-60% failure rate, and holding just a 15-20% stake across companies. For that multiple to increase, we need Filipino entrepreneurs to think bigger. Thankfully, we're seeing more entrepreneurs dreaming beyond Metro Manila. We need more of these entrepreneurs who can say "I want to create something that will fundamentally impact business and society, not just in the Philippines, but in the world."

## Q: What does the Philippine startup ecosystem need to take it to the next level?

What the Philippines needs is strong mentorship and guidance. It needs more role model entrepreneurs building hero products and creating success stories to pave the way for the next batch of entrepreneurs.

Once you have these success stories, you start to have the financial capacity to hire world-class talent to allow experience to get passed on from there. Venture capital is an apprenticeship business. For a startup ecosystem to grow, the next breed of entrepreneurs must apprentice under people who have already achieved what they are setting out to do, and then set out to do even more from there.

## Q: What advice can you share with venture capital investors in the Philippines?

First, remember that we are dealing with disruptions that have yet to happen. The innovation industry is built on mistakes and mistakes are bound to happen. We are creating history and one cannot be perfect. We just have to pick up the pieces and move ourselves forward.

Second, we venture capital investors are lucky to learn from two sets of people. We learn from investor mentors in the firm on one side and founder entrepreneurs on the other. It is a journey of consistently absorbing knowledge and improving step-by-step.

Finally, be less stringent with targets and deal terms when negotiating with startup entrepreneurs. Try to follow the norms of the region because, more likely than not, subsequent rounds of financing will come from regional investors. Give support where you can add value and allow the founders to grow. Remember that at the end of the day, we are investing in a team because we trust their capacity to execute well and create disruptive products.



**Jeffrey Chua**  
Senior Associate  
Golden Gate Ventures

*Jeffrey is a Senior Associate at Golden Gate Ventures. He handles on-ground work in various Southeast Asian countries and across different VC functions, from sourcing deals in Vietnam to mentoring promising founders in the Philippines.*

**Golden Gate Ventures** is a venture capital firm with over 30 investments across seven Southeast Asian countries. They primarily invest in early-stage, tech-leveraged startups spanning different sectors, including E-commerce, Fintech, and SaaS platforms, among others. Some of their notable portfolio companies include GoJek, Carousell, and Ayannah Global. [goldengate.vc](http://goldengate.vc)





**Manny Ayala**  
Managing Director  
Endeavor Philippines

*Manny is the Managing Director of Endeavor Philippines. Prior to his work with Endeavor, he founded Hatchd Digital, a tech incubator in the country. He was a co-founder of Hong Kong based M&A boutique, IRG, Ltd, where he worked closely with the Telecoms, Media and Tech sectors. Manny is also experienced in the Television industry having spent years working for Discovery Channel and Turner Broadcasting. He currently sits on the Board of Directors of Sky Cable.*

## Driving High-Impact Entrepreneurship in the Philippines

“Entrepreneurs have to be 3M: magaling (skilled in developing a product, hiring people, and running a business), matino (ethical), mapagbigay (expecting them to pay it forward as we go along).”

### **Q: Can you tell us more about the work you do with Endeavor?**

Our mission is to create an economic multiplier effect by helping to scale up a special kind of entrepreneur that we call high-impact entrepreneurs. High-impact means 3 things - you have the best ideas, you have the skills to create something large and successful, and you pay it forward. Paying it forward means once you become successful, you reinvest your success in other entrepreneurs by mentoring them, sharing your networks with them, and even investing in them. The goal of Endeavor is that we help you, and then you multiply yourself by 10 so that there are others who become like you. Hopefully, that next layer of 10 will create another 10. We’ve been doing this now for 5 and half years in the Philippines.

In Endeavor, we have a very particular screening process. Our entrepreneurs have to be 3M - magaling (skilled in developing a product, hiring people, and running a business), matino (ethical), and mapagbigay (expecting them to pay it forward as we go along.)

### **Q: How promising is the Philippine startup landscape?**

In absolute terms, it is promising. The market is certainly an attractive one – a large, young country that is on the road to building a real middle class. Every year is better than the previous one in terms

of funding, revenue generation and new startups. But when you compare us to the rest of Southeast Asia you see that we have some catching up to do. We lag our neighbors, particularly Indonesia and Singapore, when it comes to funding and in terms of the value of internet based transactions. In terms of access to talent, there’s a lot of talent on the ground, especially managerial talent. For engineering talent, it’s hard to find senior engineers because a lot of them end up working overseas. For most Pinoys, the dream is still to work for big companies and get big salaries. It’s still not a cultural norm to start your own company but hearing success stories can be motivating. Lastly, the Philippines does not have a robust ecosystem in terms of access to experienced, professional venture capital. We have a handful of early stage investors in the country while other countries like Indonesia will have well over 60 players.

### **Q: What advice would you give to aspiring entrepreneurs?**

Follow advice of Simon Sinek from his book “Start with Why.” Figure out your why and the purpose of doing. I would suggest that simply making money may not be the ideal “Why”. I’ve observed that the pursuit of purpose trumps the pursuit of money in most cases.

**endeavor**  
PHILIPPINES

**Endeavor Philippines** is the local arm of the global non-profit organization leading the high-impact entrepreneurship movement. With a presence in close to 40 markets all over the world, the organization helps their entrepreneurs accelerate their growth by giving them access to mentors, markets, capital, talent, and a platform to give back.



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Serving more than just your typical SiLog. 49ERS is your go-to food provider serving from classic Filipino home cooked meals to gourmet dishes. Offering affordable food concession, catering or delivery for your company.

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# PATENTS, TRADEMARKS, & COPYRIGHTS

# 101

## PATENTS



## TRADEMARKS



## COPYRIGHTS



### What is a Patent?

- An exclusive right granted for a product, process or an improvement of a product or process which is new, inventive, and useful.
- It protects the functional application of a product
- Throughout the life of the patent, it allows the inventor to exclude others from making, using, or selling the product.

### The Three Criteria

1. new,
2. involves an inventive step and
3. industrially applicable

### Term of a Patent

20 years from the filing date of the application and it must be maintained yearly, starting from the 5th year

### What is a Trademark?

- A word, a group of words, sign, symbol, or a logo that identifies and differentiates the source of the goods or services of one entity from those of others
- Gives protection to the identity of brand and prevents others from using or exploiting the mark in any way
- May be a source of revenue for the owner through licensing or franchising of it to third parties

### Term of a Trademark

To maintain protection of a trademark, the actual use of the mark in commerce should be exhibited and proven by the mark owner

### What is a Copyright?

- The legal protection extended to the owner of the rights in an original work
- It grant authors, artists and other creators automatic protection for their literary and artistic creations, from the moment they create it.
- Protects both original and derivative works
  - “Original work” - every production in the literary, scientific and artistic domain
  - “Derivative work” - works based upon one or more preexisting works

### Term of a Copyright

Copyright protection for artistic, literary, and derivative works lasts during the lifetime of the author plus 50 years after the author’s death

## FILING A PATENT



### Online Filing

#### A. Specification and description of the patent:

- |  |   |
|--|---|
| • The Title                                    | enabling description  |
| • A brief statement of its nature and purposes | • Distinct and explicit claim or claims which the applicant seeks to be protected |
| • Brief explanation of the drawings, if any    | • Abstract of the invention   |
| • Complete and detailed                        |   |

#### B. Drawings of the invention (PDF)

<http://www.ipophil.gov.ph/online-filing/>



### In-Person Filing

#### A. Three (3) filled out copies of the Patent Application Form

#### B. Specification and description of the patent:

- |  |   |
|--|---|
| • The Title                                    | enabling description  |
| • A brief statement of its nature and purposes | • Distinct and explicit claim or claims which the applicant seeks to be protected |
| • Brief explanation of the drawings, if any    | • Abstract of the invention   |
| • Complete and detailed                        |   |

#### C. Drawings of the invention

## OTHER INFORMATION

**PATENT  
FILING FEE**

**PHP2,020**  
(Small entities with 100M worth of assets or less)

**PHP4,363.2**  
(Big entities with more than P100M worth of assets)



Visit <http://ipophil.gov.ph/>

# Term Sheets 101

Once an investment opportunity is analyzed, negotiations is an important next phase in many private M&A transactions. A term sheet is created precisely for this purpose. It contains the material terms and conditions of the agreement. Although the term sheet is non-binding in practice, it acts as a starting point for both parties to discuss and eventually, agree to. Here are the most important items of a term sheet:<sup>1</sup>

## Type of Financing

Startup founders do not always offer common equity as the investment instrument for venture capital investors. Here are other widely-used instruments:



Notes and Other Credit Facilities are debt arrangements that guarantee payments based on a fixed interest rate, and which take precedence over equity. Convertible notes are a form of interest-bearing debt that allows the investor to convert the instrument into equity sometime in the future and upon satisfying predetermined and negotiated conditions.

Simple Agreement for Future Equity (SAFE) Notes allows for seed investments without interest rates or maturity dates. Like an option or warrant, it allows the investor to buy shares in a future round.

Preferred shares are a form of equity ownership with a fixed dividend rate. Deals of this kind typically specify participation and cumulative features. In early-stage financing, preferred shares usually come with a conversion feature into a fixed number of ordinary shares upon the fulfillment of certain conditions.



## Valuation Matters

Valuation is an important consideration not only to fix the price, but for investors to determine their ownership interests after the investment.



Pre-Money Valuation is the monetary value of the company prior to investment. The most common methods used in startup valuation include (1) market multiples such as the standard earnings multiple method, (2) discounted cash flow, (3) cost-to-duplicate, and (4) comparables.

Post-Money Valuation, on the other hand, is the sum of the pre-money valuation and the amount invested. Thus, if a startup company has a pre-money value of \$1,000,000 and it received investments of \$250,000, then it will have a post-money value of \$1,250,000.



Other terminologies include up, down, and flat rounds, which are all used to compare the value of the current financing round relative to the previous round. For example, a flat round means that the shares issued at the current financing round are at the same valuation as the previous round.



Management and Information Rights is a stipulation, typically in the form of a letter issued by the company to the investors, that may include the following: for the company to provide investors with access to certain information (e.g. budgets and financials), for the investor to be allowed to advise or consult the company, and for the company to meet with investors throughout the year.

## Rights and Provisions

Here are some of the most commonly discussed clauses in term sheets.



Pre-emptive Rights or Right of First Refusal are rights of investors who hitherto hold at least a specified number of shares to purchase a company's new shares before they are offered to other investors. In other words, they protect investors from reductions in ownership interests.

Reserved Matters lists special matters that require approvals from key persons like the Board of Directors or investors before founders or management act on a decision. These typically allude to (i) altering the rights attached to investors' shares, (ii) involving material capital or operational expenditures, or (iii) changing the nature of the business. On the other hand, Protective Provisions grant investors the right to block or veto certain company decisions.



Anti-Dilution Provisions are clauses designed to protect preferred shareholders from down rounds, or later issuances of stock at a lower price than the preferred issue price. Typically, price is adjusted when preferred shares convert into common shares.

Management and Information Rights is a stipulation, typically in the form of a letter issued by the company to the investors, that may include the following: for the company to provide investors with access to certain information (e.g. budgets and financials), for the investor to be allowed to advise or consult the company, and for the company to meet with investors throughout the year.



## Final Thoughts

While this article covers a few basic terms, it is important to evaluate M&A transactions on a case-to-case basis and to take a tailored approach to negotiating deal terms. For startup founders, terms must align with the capital requirements and partner needs of the company. For investors, terms must be negotiated hand-in-hand with concerns arising from due diligence. Other globally-accepted practices can be found in online resources such as the US NVCA Venture Capital Resources website.

Moreover, negotiating deals in an economic crisis such as the current COVID-19 environment requires some adjustments. Changes in revenue projections, timelines, and crisis management are just some considerations that may have important implications on the negotiation process. For such considerations, Golden Gate Ventures and Cooley LLP reminds founders and investors alike to (i) acknowledge how COVID-19 affects the business, (ii) prepare detailed financial forecasts under different scenarios, and (iii) work hand-in-hand through different contingency plans.

<sup>1</sup>Sources: US National Venture Capital Association, Harvard Business School

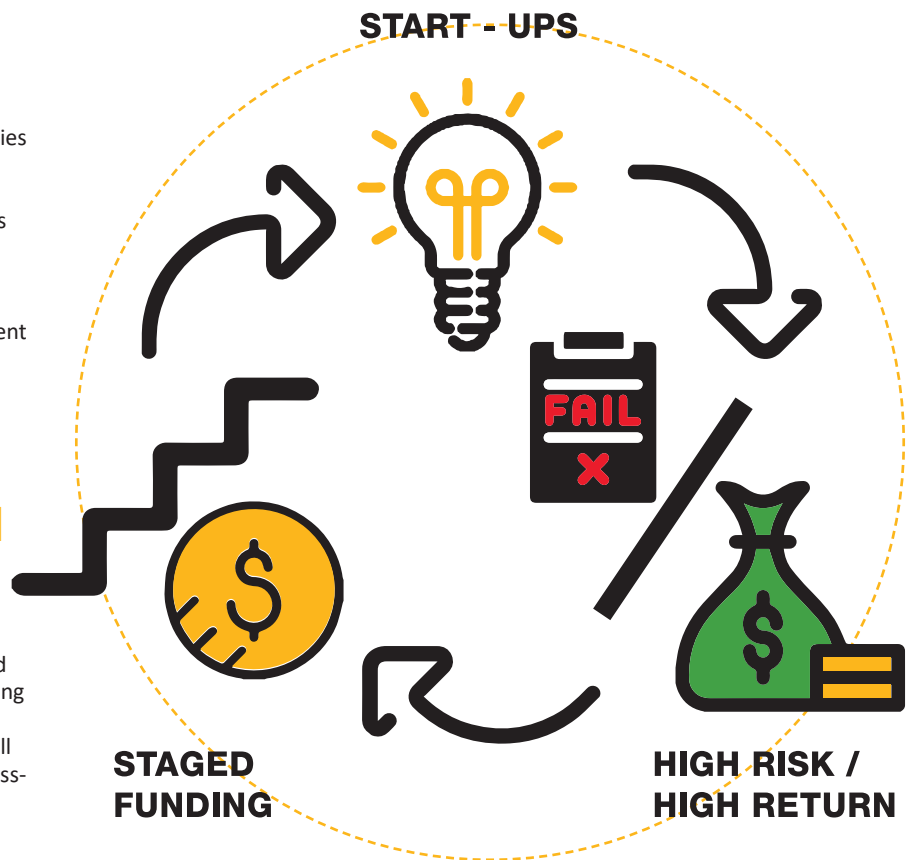
# INTRODUCTION TO VENTURE CAPITAL

## What do venture capital funds do?

A venture capital fund invests in startup companies and young businesses that are believed to have a potential for long-term growth. Many venture capital funds typically look for startup companies that are trying to solve a social problem through innovative solutions and technology. Once an investment is made, venture capital funds may further support their companies with management expertise, network, and mentorship, apart from providing financing.

## What are the risks that come with venture capital investing?

It is generally known that only one in 10 startup companies is expected to succeed and thrive and venture capital investors take on the risk of making this assessment with every entrepreneur who approaches them. A venture capital fund's overall success usually relies on one or two highly successful investments that are able to offset the losses from the rest of their portfolio.



## How does venture capital differ from other types of startup investors?

### DISTINCTIONS



#### VENTURE CAPITAL

While there is no typical VC firm, venture capital firms in general seek to provide capital, expertise and mentorship to early stage companies with high rates of failure in exchange for an equity stake.



#### CORPORATE VC

Large companies may opt to directly invest corporate funds into wholly external startups through equity acquisition, usually as a strategic investment to benefit its own business or for high potential returns, thinking it sees something other VC firms and investors don't. Angel Investor.



#### ANGEL INVESTOR

High net worth individuals who invest in promising startups using personal funds for profit. Usually undertakes minimal roles and acts as a business mentor.



## Understanding “Investment Rounds”

Startups seldom begin their businesses with the necessary amount of capital in order to sustain the company and bring it to the founder’s envisioned heights. This is the main motive behind seeking outside funding, however this capital isn’t just handed to them in a lump sum amount. Startups and early stage businesses raise their capital through a series of “funding rounds” wherein founders trade a certain percentage of equity in their company with investors for a fixed amount of capital that should be sufficient enough to carry the firm to the next stage or milestone. The following are the general financing rounds that funds participate in:

### PRE-SEED FUNDING

Being the earliest funding stage of a new and unknown company, investors from outside the founders’ personal circles of family and friends are extremely rare. At most, only angel investors participate in this stage instead. The pre-seed stage pertains to the period where the founders are still initiating business operations and getting

the ball rolling.

### SEED FUNDING

The seed round is the first official equity funding stage of a business, and this is when startup capital can be expected from angel investors and more formal organizations such as accelerators, incubators, and venture capital firms. Understandably, a net positive income and consistent revenues are difficult to attain at such an early stage of a business, therefore investors are looking mostly to buy into the big idea that the founders are trying to pitch. The raised capital at this stage is typically used to strongly boost the company’s entrance into the market, and thus is spent for research and product development, assessment of product-market fit, and key hiring.

### SERIES A FUNDING

Reaching this stage of funding for a company takes an established track record which includes reasonable and consistent revenues, a generous

user or customer base, and a decent burn rate. At this stage, inventors analyze whether or not the company has a solid business model that can stay profitable in the long term and a credible management team that can achieve the goals set by the company. The funds generated in the Series A round are typically used to further optimize the firm’s business model to mold it into a more scalable and innovative platform. Some of the usual investors who participate in this round are angel investors and venture capital firms.

### SERIES B FUNDING

The Series B funding stage is centered around firmly solidifying the company’s position in the market, as well as taking the business to new heights by using the capital raised for broadening market reach through geographic expansion, advertising, and new market exploration. At this point, the company should already have a well-established and sustainable business model. The investor profiles that tend to

participate in series B funding rounds are venture capitals, private equity firms, certain hedge funds, and corporate venture arms.

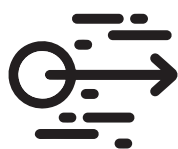
### SERIES C FUNDING AND BEYOND

Companies that pursue series C funding and beyond are most likely successful with a proven business model, constant revenue streams, and a strong customer base. Therefore, capital acquired from additional funding rounds are commonly used for market share supersizing, new product development, or even strategic acquisitions of other companies. The usual players that participate in these late stage rounds are private equity firms, investment banks, and hedge funds. Any succeeding rounds after series C are primarily due to any milestones or goals that were not achieved using the raised capital from the previous rounds, or used as a final push to boost up the company valuation for an impending IPO.



#### INCUBATOR

Instead of providing capital, incubators work on a flexible timeline to help startups with disruptive ideas flesh out their business plans, determine product-market fit, and create sound business models.



#### ACCELERATOR

Accelerators typically work with startups at the minimum viable product stage to expedite their growth and scale up their business by giving them access to a large mentorship network.



#### PRIVATE EQUITY FUND

While VC is a subset of Private Equity, Private Equity Funds typically are focused on long-term investments in high potential companies. Typically, PE firms participate in late stage funding rounds for more mature companies.



#### FAMILY OFFICES

These are private wealth management advisory firms for ultra-high net worth individuals. They are much more agile and flexible as they have an indefinite fund life and typically no investment horizons. Investment objectives are determined by the client family/individual and are simply guided by the firm, and can typically absorb more short term losses as they do not seek liquidity.



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## The #1 Affordable Rental Housing Website in the Philippines

Bedsandrooms.ph provides renters and landlords' solution in reaching each other in simplified and quicker experience. Bedsandrooms.ph team understands the struggle of both finding a rental place to live at and at the same time having spaces rented out. The team developed this website for the benefit of renters and landlords, while keeping in mind that renting homes is not just temporary accommodation, but the beginning of every milestones' journey – whether you're a student, a young professional, starting a family or even restarting one's life.

CORPORATE STAFF HOUSING NEEDS? Bedsandrooms.ph offers options based on your requirements. We have partner landlords all over Metro Manila and most central school and business districts in the Philippines. Email us: [corporate@bedsandrooms.ph](mailto:corporate@bedsandrooms.ph)

Bedsandrooms.ph is a platform brand under Beds and Rooms Philippines, Inc., a subsidiary of Alternative Housing Group Pte. Ltd.

 [www.bedsandrooms.ph](http://www.bedsandrooms.ph)

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# THE PERFECT PITCH:

## Tips from Venture Capitalists

### What seasoned VCs look for in an investment pitch



“At most you have 5 minutes to grab investors and convince them to engage you on the detail. They will understand your mission and vision very quickly - so don’t spend long on this. You need to instead show them why you are the team that will succeed. You will do this by demonstrating that you understand your business model - how what you do is scalable and has a path to profitability - and show you have found product market fit.”

**James Lette**, Executive Director at Manila Angel Investors Network



“Focus on providing evidence to back up your pitch. Prove that your solution solves a market pain point with a quantification of the benefit provided versus the status quo alternative. Prove that you are the right team to solve the underlying problem with an audience-friendly story about your relevant domain expertise and personal attachment. Be clear with the investment size and what it will be used for. Eliminate jargon and motherhood statements to instead offer a plain-English explanation of key takeaways.”

**Matthew Kolling**, Head of Venture Investments at Aboitiz Group of Companies & Investment Committee Chairman at UBX Philippines



“Do your homework on who you are pitching to and be prepared to tailor it accordingly. Always try and raise from a position of strength (not when you are 1 month till cash out date), and remember treat your equity like gold.”

**Jeffrey Chua**, Senior Associate at Golden Gate Ventures



“A startup’s pitch must start with the problem they are trying to solve, the market size of this problem, and then the solution. This needs to be done as clearly and concisely as possible. At the same time, we look for the founder and his or her team to demonstrate that they have both the conviction and mental strength to execute on this vision. As a founders-first firm investing in the early stage, we believe that a founder needs to be mission driven and will play an integral role as the anchor of any good company.”

**RJ Balmater**, Senior Investment Analyst at Monk's Hill Ventures

# FOXMONT CAPITAL PARTNERS

Foxmont Capital Partners is a multi-focus venture capital fund dedicated to investing in Philippine startups and Filipino founders. We typically participate in Seed to Series B investment rounds and provide our entrepreneurs with further support in the form of capital, expertise, and network.

Foxmont is grounded by the philosophy of being “entrepreneurs for entrepreneurs” as we take an active, hands-on approach in assisting portfolio companies depending on the area of need. Apart from our founders being startup entrepreneurs themselves, we assist our portfolio companies with through our collective experience in operations management, private equity, investment banking, real estate, and logistics.

As a venture capital fund, we are able to invest in non-traditional and structured instruments tailored to suit the goals of the entrepreneur

in order to bridge the gap from idea to mature establishment.

Prior to the genesis of Foxmont, we noticed an early-stage funding gap in the country’s financial ecosystem due to the limited presence of venture capital and angel investors. The lack of access to capital for the growing number of innovation-driven companies together with the team’s areas of expertise provided a clear picture for opportunity .

We believe that our young startup ecosystem requires an approach that strikes a balance between providing financial and nonfinancial forms of support to entrepreneurs. We believe the country needs more investors who value relationship-driven growth and mentorship, on top of having a willingness to support entrepreneurs on a day-to-day basis. Foxmont strives to be a leader in practicing this style of venture capital fund management.

## Our Team



**Franco Varona**  
Managing Partner

**Jesse Maxwell**  
Partner

**Mark Kooijman**  
Partner

**Santino Ongsiako**  
Principal



## Portfolio Companies



Booky is a food and lifestyle platform in the Philippines. Users of the platform discover places, discover promotions, and book reservations in over 4,000 partner establishments. The app is rated 4.5 stars by 1.4k raters and ranked #2 in the Food & Drink category on the Apple app store.



Bounce Philippines is the largest and fastest-growing trampoline park in the country. It offers recreational activities and facilities such as wall climbing, dodgeball, ninja courses, and foam pits, among others. The company currently operates in four locations across Luzon.



Edukasyon.ph

Edukasyon is an education technology platform that helps Filipino Gen Z students navigate through their education

and career decisions. It provides a platform for school discovery, information for studying abroad, scholarships, and online education, among others. To date, the platform draws in over 10 million unique visits per year.



Kumu is a livestreaming app that prioritizes the voices of Filipinos in over 55 countries around the world. Users

meet, interact, and even win cash prizes in the “Kumunity”, while livestreamers may earn through gifts and various promotion runs. To date, the platform has over one million registered users since its launch in August 2018.



# Manila Angel Investors Network Inc.



Founded in 2016, the Manila Angel Investors Network Inc. (MAIN) is a not-for profit which supports the Philippines’ startup ecosystem by connecting investors with promising early-stage companies. Members are composed of individuals and corporate entities- such as financial services or venture capital firms, and family offices across Asia.

Members of MAIN gain exposure to high quality investment opportunities that have been selected, screened, and negotiated by experienced angel investors and business leaders deploying the substantial experience of MAIN in making, building and realizing seed and early expansion investments.



## GENDER LENS INVESTMENT IN THE PHILIPPINES

MAIN is committed to gender lens investing as it leads to better investment decisions and business outcomes. MAIN is being supported by Investing in Women (IW), an initiative of the Australian Government, to create and operationalise holistic gender lens investing strategies.

Women represent a source of untapped entrepreneurial potential in the Philippines. The Philippines is the gender equality leader in Southeast Asia, ranked 8th out of 149 countries in the 2018 WEF global gender gap index, making strong progress in women’s economic empowerment, cultural and political barriers that continue to restrict opportunities available to women. Barriers for women are particularly felt in terms of gender bias in access to financial services, availability of finance programs for women, SME training and development programs, ease of access to loans, and affordability of financial services. Other research identifies that Filipino women have less access to social and professional connections, restricting their ability to capitalise on business opportunities.

As the only impact-focused angel investment network in the Philippines, these are key gaps MAIN fills. MAIN and IW are partnering up to improve women-led SMEs access to early stage capital in the Philippines, and to support more women to become business angel investors.

MAIN is committed to catalyze investment into women-led early-stage high-growth SMEs, closing an initial raise in an investment vehicle (Kerubin Capital Pte Ltd) for this purpose. MAIN also runs a business acceleration program to improve the investment readiness of women-led SMEs as well as provide post-investment support to scale their operations. Leveraging on the strength of its member angel investors, MAIN is working to increase and diversify the Philippines pool of angel investors, as well as mobilise investment and build in a Gender-Lens investment approach.

### Deployment of Capital

MAIN is the largest committed private investors network in the Philippines, deploying over USD 1 million of capital each year into early-stage capital-efficient technology start-ups in the Philippines. The robust, proprietary deal sourcing network of our membership, affiliates, and brand enables access to the best early stage companies in the Philippines. MAIN tracks and screens the majority of Philippines startups which are past the ideation stage.

### Developing the pipeline of Philippine Startups

MAIN is committed to helping founders succeed. As well as providing capital, MAIN and its members mentor entrepreneurs, share expertise and open networks to address issues of investment readiness in the pipeline, and to provide post-investment support to scale operations. MAIN members believe that fostering the innovative

startup ecosystem will benefit both their portfolios and the Philippines’ growth. MAIN actively collaborates with development organizations to further its impact, such as the Australian-funded ‘Investing in Women’ program and the USAID-funded SwissContact ‘Rise’ program.

### Catalyzing Impact Capital

MAIN intentionally seeks to contribute impact as part of its investment thesis, and when the pipeline permits holds impact investment focused investment meetings.

In collaboration with impact focused limited partners, MAIN operates a number of blended finance instruments that invest alongside our syndicates. This includes Kerubin Capital Pte Ltd, whose mission is to provide catalytic investment capital for women-owned and women-led SME’s operating in the Philippines



If you are interested in learning about angel investing from experienced investors, mentoring startups and having fun in your journey as a business angel, they can be contacted through [info@main.ph](mailto:info@main.ph)



FRINGE CREATIVES

f t i @pineapplelabph @fringemnl

# ALWAYS NEXT NEVER NORMAL

## Arts and Creative Industry Consulting

**Fringe Cultural and Creative Industries, Inc. or simply Fringe Creatives is a live arts and production company whose aim is to produce groundbreaking performances, festivals, events, and a diverse scope of contemporary artistic expressions that showcase the unique arts practices and talent in the Philippines.**

Fringe Creatives is the producer of the Fringe Manila Art Festival (FringeMNL), an international multi-arts festival that has seen the participation of over 5,000 local and international artists, 100 traditional and unconventional venues, and over 50,000 audiences since it inaugurated in 2015. It extends its work in the local community through Pineapple Lab, an artist-driven platform that prides itself in being an incubator for original and experimental works, while providing locals access to arts and cultural activities through partnerships in the private and public sectors.

Fringe Creatives offers production and event management services, arts and cultural program design, and creative community engagement strategies both online and IRL. Past projects include: The Makati Creative Arts Academy, If These Walls Could Talk City Murals Project (City Government of Makati), 1SA Solo Arts Platform - Manila (Japan Foundation, Manila), iDiscover Poblacion App (British Council), and Design Week Philippines (DTI-Design Center of the Philippines).

Feel free to get in touch! We can't wait to reintroduce ourselves: [info@pineapplelab.ph](mailto:info@pineapplelab.ph) or [hello@fringemanila.com](mailto:hello@fringemanila.com)

### Current Project Partners



Artist RALPH ESCAMILLAN  
Photo from FRINGE OPENING NIGHT 2018  
Photography by GELLIN DE LEON  
Layout by ARBY SAQUILABON



# EMPOWER THROUGH CODE

"TECHNOLOGY IS AND WILL INEVITABLY BE PART OF EVERYTHING WE DO. AT JACK, WE WANT TO GIVE THE YOUNGER GENERATION THE OPPORTUNITY TO BECOME ARCHITECTS OF THEIR OWN FUTURE BY LEARNING HOW TO CODE."

**ROSE A. SAULOG, JACK MANAGING DIRECTOR**

Through coding education, the Junior Academy for Coding Knowledge (JACK) equips kids and teens aged 6 to 17 with the knowledge and skills to navigate today's technology-driven world, ultimately empowering them to become creators of technology. Core programs include Creative Computing, Thinking, and App Development.

Since its establishment in 2016, JACK has taught thousands and have mentored young coders that have represented the Philippines on a global stage such as the App Jamming Summit in Hong Kong and Tech Kids Grand Prix in Japan.



*JACK student Kyle Lin, 11 years old, wins 1st runner-up at the AppJamming Summit 2019 in Hong Kong.*



## LET'S MAKE YOUR TEAM DIGITAL-READY

JACK Prime trains professionals to gain relevant and valuable tech skills that will enable them to adapt to the demands of today's highly digital work landscape. The training program can range from learning basic tech tools to mastering specific programming skills and can be customized depending on the needs of a team.

Introduction to Google Apps is available for those who want to increase efficiency by learning how to utilize and maximize the functions of widely-used Google apps. Opportunities are also available to gain a solid foundation and develop skills in the area of Application Development, Data Science, and more.



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# METHODOLOGY

**GENERAL** Foxmont Capital Partners used a combination of online resources, information made publicly-available by data platforms, and information from locally-based data partners in gathering venture data for the Philippine Venture Capital Report. These include information from Crunchbase, Pitchbook, PwC Philippines, QBO Innovation Hub, UBX, and Manila Angel Investors Network. Furthermore, data was cross-checked and verified against research publications, news articles, venture capital fund websites, and startup company websites.

The data covers Philippine venture capital transactions announced within a 2.5 year period between Q1 2018 and Q2 2020 where aggregate figures were calculated based on 107 completed startup deals due to the limited extent at which deal information is disclosed. While the analysis of fundraising activity excludes buyouts, larger private equity mergers and acquisitions and joint venture transactions, they were considered for other sections of the report where it was deemed appropriate to consider. Dates used are generally reflective of publishing dates of press releases and/or company disclosures.

**STARTUP COMPANIES** We define a startup company as an innovation-driven company, usually involved in technology, in its early stages of business and characterized by high growth potential, social impact and/or delivering new solutions to consumer problems. This report only covers startup companies domiciled in the Philippines or with significant operations in the Philippines.

**INVESTORS** We define investors as any individual or institution that provides financing to startup companies in exchange for an economic interest in the business.

**DEALS** We define deals as venture capital transactions where startup companies raise capital from external sources, which include financing received from venture capital funds, angel investors, angel groups, accelerators, incubators, corporate venture firms, corporate startup investors, joint ventures, private equity funds, mergers and acquisitions, grants, and crowdfunding.

**FINANCING ROUNDS** In general, fundraising rounds were determined in accordance to public disclosures released by startup companies and those labeled by our data partners. Furthermore, we define Pre-Seed as investment rounds disclosed as “pre-seed” or any fundraising round transpiring before the Seed round, with the exception of transactions specifically labeled otherwise such as Crowdfunding, Incubator/Accelerator rounds, Grants, and Angel rounds. Early Stage refers to the rounds between Seed to Series C, and include those labeled as Early Stage, Bridge rounds, and Venture rounds with no further specifications. Later Stages refer to rounds from Series D onwards and include fund raising activity with corporate and private equity funds by startup companies at more mature growth phases. Finally, judgement and discretion had to be exercised for transactions where deal characteristics were unclear.

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Foxmont Capital Partners is a venture capital fund manager that seeks to provide investors with above-average returns through its investments in early-stage Philippine startup companies.



### Parameters:

- ✓ Filipino-founded or primary operations in the Philippines
- ✓ Seed to Series B stage of growth
- ✓ Full-time management
- ✓ Innovative product, process or business model

### Contact information:



Santino Ongsiako  
Principal  
santino.ongsiako@foxmontcapital.com