

Dot.coms riding a new wave

More than 200 start-ups have sprung up; seed funding from MDA one factor in growth

BY TAN WEIZHEN

CALL it a dot.com revival, a throwback to the late 1990s, when Web start-ups were mushrooming everywhere.

More than 200 such outfits have popped up lately, up from just a handful just three years ago, estimates a group called Entrepreneur27 (e27).

e27 should know; it manages Web start-ups here by arranging networking sessions and industry events for them. It also helps the National University of Singapore (NUS) Entrepreneurship Centre identify promising start-ups to fund.

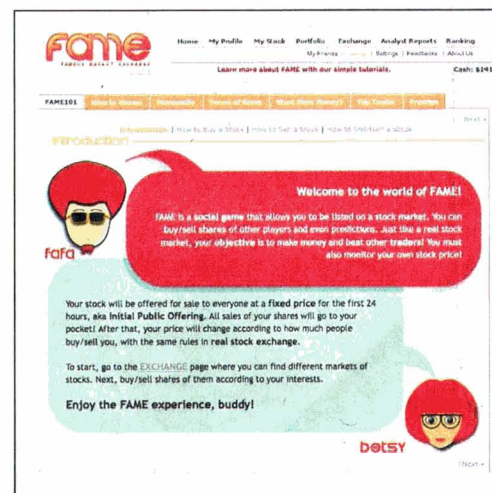
Start-ups here are getting innovative too, creating new technology tools or Web services – from virtual stock market games to social networking for businesses, to Facebook games.

A study commissioned by the Media Development Authority (MDA) said Web 2.0 businesses – those in second-generation interactive Web activities such as blogging and social networking – are the fastest growing here.

This creativity is paying off too, with the sector's revenue leaping 44 per cent, the study found out.

One reason, industry observers say, lies in the availability of seed funding. About 120 of these infant companies are getting MDA support.

But another factor seems to be at play in a nation often criticised for its lack of innovation: the educa-



Start-ups are also getting innovative, creating new tools or Web services from virtual stock market games (above) to social networking for businesses. PHOTO: FAME

tion system. Students are now being exposed to the idea of engineering their own start-ups.

Take Mr Vinod Nair, for example. After graduating from NUS with a computing degree in 2007, he set up a company to build a Web-search tool for home buyers to find the best home loans.

As an undergraduate, he attended an NUS programme in Silicon Valley, the birthplace of tech start-ups, and interned for a year with a start-up there. He said: "Classes are too theoretical, you learn nothing."

Some interesting ideas

■ **GREEN BILLS:** GreenPost saves paper by consolidating one's bills on one online account. The service is available to StarHub, SingTel, M1 and Singapore Power customers. www.greenpost.com.sg

■ **E994:** A mobile phone service for children, the handicapped or those who need emergency help. Subscribers can send details of their location to their family by pressing a button on their cell phone. www.e994.com

■ **HOMESLYCE.COM:** A website that allows residents in school hostels to share the cost of living together. Users can use the site to hook up with fellow residents to decide what to buy, how much to spend and to split the cost of the shipping for online purchases. www.homeslyce.com

■ **SOCIAL WOK:** A social networking tool for businesses. It works like Facebook and Twitter, except that it is for employees to communicate within an organisation. www.socialwok.com

■ **LEARNING GRAIN:** This writing software that works on touchscreens can be used to train preschool children or those with learning disabilities such as dyslexia. www.learninggrain.com

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The latter-day dot.com flowering is also powered by the lower cost of starting a business.

Professor Wong Poh Kam, the director of NUS' Entrepreneurship Centre, said the cost of producing digital content – software and server costs – has come down dramatically.

A major stumbling block for dot.coms, though, is the serious lack of private funding.

Although MDA's iJAM fund gives about \$50,000 to each promising project, this sum is really only sufficient for a prototype and perhaps some early operating costs, with little left to take the product to the market, said e27 founder Bjorn Lee.

"I can estimate that more than half of Web start-ups die off from a lack of 'angel investor' funding, much worse than in hubs like Silicon Valley and even Israel," he said.

Prof Wong agreed that private investors' funding "is not there yet", and that those with deep pockets are usually prepared to chip in only if the Government is in some way involved in the project.

Mr Kamlesh Kalwar, a senior industry analyst in Frost & Sullivan, concurred, saying that private investors preferred to take stakes in "safe, profitable and market-proven companies", and that the recession had dampened their appetite for risk.

Budding – but struggling – entrepreneurs can testify to this.

Mr Vinod, for example, is having a third go at a workable product and his funds from MDA are running so low he pays himself "only \$500 a month".

First estimates have put revenue growth for the whole interactive digital media industry at 24.7 per cent, a jump of about \$300 million to \$1.3 billion.

The MDA aims to achieve \$10 billion in value-added and create 10,000 jobs in the industry by 2015.

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