



Not Available On the App Store

Thailand's startup ecosystem *by Nattakrit Wu*

Inspired by Dr. Edward Rubesch

Like elsewhere on this planet, 'startup' is a buzz word which you can commonly find on the news, social media, academic institutions and events. Also like elsewhere in this world, technology (or shall we say IT) startup is the most popular category of business that you can find when people talk about startups. But unlike some, Thailand's strengths have never been in the IT sector nor is it likely to be so moving forward. So, what is Thailand's startup eco-system like and where are Thailand's strengths how that translate into Thailand's opportunities?

SMEs, Startups and Challenges

Despite the hype of startups, SMEs are still one of the most important part of Thailand's economy. Not wanting to be left behind, the Thai government is currently investing significantly into the promotion of building startups. In fact, Thailand has a stated goal of producing its very own unicorn in the next few years. Yet the signals are pointing toward the fact that the government itself does not fully understand the underlying differences of SMEs and startup system. This lack of understanding of the differences is clearly reflected in its resistances in regulatory changes to accommodate what is needed for startups to take-off. Incorporating regulations, investment limitations and the list goes on.

Adding to Thailand's startup challenges is Investment. Yes, Thailand has the resources that would contribute to the eco-system. When it comes to investments, those resources are typically allocated toward real estates. Unsurprisingly, the fact that it is "real" makes investments less risky when compared to putting these resources into startups. "What is a startup?", they asked. Thus Thailand's startup today will have to look toward foreign investments from overseas such as Singapore, US and etc. You can still find some corporate funds and individuals who identify themselves as investors. But not all understands the system other than needing to make sure they are in the game.

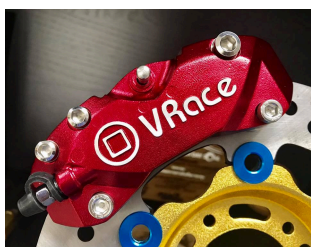
We all hear exciting successful stories from Silicon Valley and Thailand is not exempted from the impact of these stories toward encouraging the creation of startups that may be the next unicorn. Large corporations in all sectors, ranging from mobile service provider, energy, property development and construction, want to get into the game one way or another. Even educational institutions hops on. Competitions, hackathons and startup events are everywhere yet the majority of the outcomes are just another version of apps, websites and idea that already exist elsewhere. It is understandable, because all you need is a computer when it comes to IT - based startup. Although Thailand has yet to be able to identify one that make it onto the radar in the highly competitive market.

Patience, Grit, Opportunities

Now that Thailand's opportunities are not in the IT-based startups, then where are they? Thailand has been competitive when it comes to traditional sector such as manufacturing, agriculture, tourism, creativity, and recently medical services. It is definitely going to be more challenging for disruptive innovations to happen in these sectors but they are not impossible. They will make longer and greater efforts and resources for them to happen, but they do exist. They might not become unicorns. They don't need to be.



Dr. Jessada Wannasin on GISS technology at AEA 2014
Tokyo, Japan



Coloris and Metallic Wood
GISSCO Company Limited.

www.gissco.com

GISSCO Company Limited makes a great example. After working on a technology for 10 years, Dr. Jessada Wannasin was not able to take the technology further. But those 10 years did not go to waste as it provides a tested platform for GISS technology. GISS technology turns liquid aluminium into the slurry-state before it is injected into the die-casting mold. The benefits of the slurry-state allows the aluminium to cool faster which reduces process cycle time while reducing defect rates of the production. The technology has been greatly adopted in automotive industry and manufacturing of computers, smartphones, and tablets. Recently, the technologies has also been used in other manufacturing processes for home appliances and wooden gift works. The technology has recently furthered developed to be the first to do aluminium color anodization in the die-casting process.

RICULT is another such business who sets to use technology to improve the well-beings of farmers.. Satellite images are being used to help farmers to maximize yields on their farmland. The information are then used to give credit ratings will help farmers in acquiring loans. Ricult has proven their technology by working with farmers who grow primarily corn in Thailand and Pakistan and hopes to expand to China next year. The firm will expand the use of their technology with multiple crops including sugar and rice in the near future. Moreover, the firm will work with the Bank for Agriculture and Agricultural Cooperatives (BAAC) to provide this innovation and technology to support farmers nationwide in the next step of their rollout.



Aukrit Unahalekhaka making demo to farmers.

www.ricult.com

These two companies have shown that creating disruption in a well-established sector such as manufacturing and agriculture is possible. The process may required greater view and grit before the tree bear any fruits. They may never be unicorns. But these startups, are the ones which not only bring financial returns to the economy but also social impacts. No, we are not saying Thailand will never have a successful IT-based startup. We just agree with what a partner at a reputable venture capitalist on Sandhill Road in Silicon Valley said, “do something that not even Silicon Valley can compete with”. And those ‘something’ are not available on the app store.