



AN INSIDE LOOK AT THE CAMBODIA STARTUP ECOSYSTEM HEALTH CHECK

A large graphic element on the left side of the page. It consists of a large, stylized letter 'A' shape formed by overlapping blue and grey geometric shapes. Inside the blue portion of the 'A', there is a nighttime photograph of a cityscape, likely Phnom Penh, with numerous buildings and streetlights. Overlaid on the cityscape is a network of white dots connected by thin white lines, suggesting a digital or startup ecosystem. The year '2022' is printed in large blue font to the right of the cityscape.

2022

An Inside Look at the Cambodia Startup Ecosystem Health Check

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Figure 1: Independence Monuments, Phnom Penh, Cambodia

Is Cambodia's support system for startups in good shape? How can Cambodia survive and prosper in the midst of a nascent entrepreneurial landscape? In September 2021, following a [self-assessment](#) tool for ecosystem builders developed by Swisscontact and Deep Ecosystem, the Startup Development Team at Techo Startup Center (TSC) conducted the first pilot study on the nascent entrepreneurial startup scene in Phnom Penh. It appears that Cambodia is capable of attracting a tech-savvy community of entrepreneurs. The data illustrated in the 2021 report pioneered the use of Social Network Analysis (SNA) data to map and better understand the dynamics within the entrepreneurial ecosystem. In the 2022 report, this pilot study aimed to use the Startup Cambodia Digital Platform (SCDP) as the primary data source since SNA does not have a sufficient amount of data needed to do further assessment studies. In addition, SCDP is a one-stop digital platform that provides information-based models that are openly shared and accessible to all actors in the startup ecosystem.

The primary objective of this pilot study is to assess the available resources in the Startup Cambodia database. This will enable us to analyze the key metrics based on the Ecosystem Health Check assessment tool. In light of the limitations of data, it is imperative to

note that the findings from previous studies and the current study have been gathered from different pools of databases. Due to the fact that different samples have been measured, comparison will only be made for the purpose of creating visual illustration in monitoring Cambodia's ecosystem. Part of this pilot study will analyze the data set available on WIPO's Global Innovation Index in order to provide a comprehensive overview of the Cambodian startup ecosystem. It will also benchmark on selected key metrics that Cambodia could compare to those of its ASEAN neighbors.

According to the assessment tool, the study is based on four key dimensions, including Community of Entrepreneurs, Entrepreneurship Support Networks, Social Capital, and Governance. First, it is essential to consider two different indicators when mapping the Community of Entrepreneurs: Diversity and Inclusivity as well as Knowledge and Talent. The second dimension relates to the Entrepreneurship Support Network. To assess the quality of the Entrepreneurship Support Network, Startup Support and Specialization must be considered. The third is Social Capital, consisting of Network Density and Innovation Culture. The fourth dimension focuses on Governance, which includes Policies and International Connectivity.

Community of Entrepreneurs

Covering the metrics of Diversity and Inclusivity and Knowledge and Talent, there are two chosen proxies including 1) shares of female startups founder, and 2) shares of engineering/tech skill founders.

In the 2021 [report](#), 35% of startup founders were women based on 22 tech startups. This year, we found beneficial data on female founders listed on the [SCDP](#); there are a total of 54 tech startups. Based on the SCDP data, the share of female founders accounted for 32% in 2022. It is important to note that women are chronically underrepresented in the tech sector. Therefore, the startup female founders remain in a headwind of inequities and a long way for equal representation.



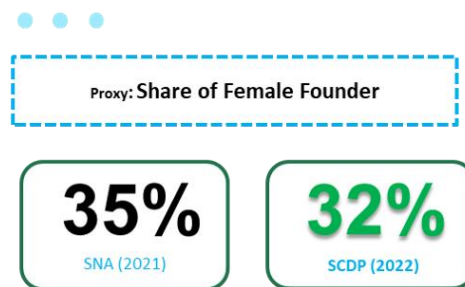
CREDIT: TECHO STARTUP CENTER/ HACKATHON DAY CYCLE 3



CREDIT: TECHO STARTUP CENTER/ DIGITAL PLATFORM ACCELERATOR (DEMO DAY)

Entrepreneurs have many tasks and responsibilities to be fulfilled, often playing both CEO and CFO all at once. As a startup founder, you need to be able to oversee all aspects of your venture and expand the knowledge needed especially in technical or engineering skills that will hold the startup in good stead. For the Knowledge and Talent metrics, the same sample of 54 tech startups listed on SCDP was analyzed. According to the data, 56% of startup founders obtained technical or engineering degrees, making the number relatively high compared to 62% last year.

DIVERSITY & INCLUSIVITY



KNOWLEDGE AND TALENT

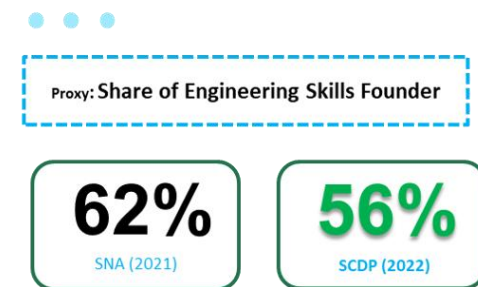


Figure 2: Community of Entrepreneurs Metrics

Entrepreneurship Support Network

There are two indicators at play when defining a supportive network such as 1) Startup Support and 2) Specialization and Diversification.

Among Startup Support, mentors with startup experience are commended for their insightful advice that sheds light on the journey of starting a business. In 2021 report, the SNA database illustrated those mentors with startup experienced accounted for 63%. However, the SNA dataset has not updated the information since then. We therefore decided to use the

information available on SCDP database. Based on the survey call, we were able to calculate the share of mentors with startup experience. Of 37 mentors, 21 have clear previous startup experience (57%), which is defined as previously starting their own companies and working with international startup company.

Nevertheless, Specialization and Diversification are the important metrics when assessing the innovation capacity of an entrepreneurial support network. Based on the SCDP's database, there are 97 startups listed on its platform categorized into 11 industries ranging from FinTech to Cleantech. To understand whether the Entrepreneurship Support Network has a good balance in Specialization and Diversification, the report looks for a diverse set of startups across different sectors to identify the maturity level of startups in the ecosystem. A diverse set of startups from different industries determines the maturity of the Entrepreneurship Support Network. As suggested in the [toolkit](#) developed by Swisscontact and Deep Ecosystem, Herfindahl-Hirschman Index (HHI) will be used as a measurement to evaluate the market concentration and determine market competitiveness. Based on HHI formula, the result is 85.7%, compared to last year's 83.75%; Phnom Penh showed a very diverse result assuming that there is also a diverse support network in the region.

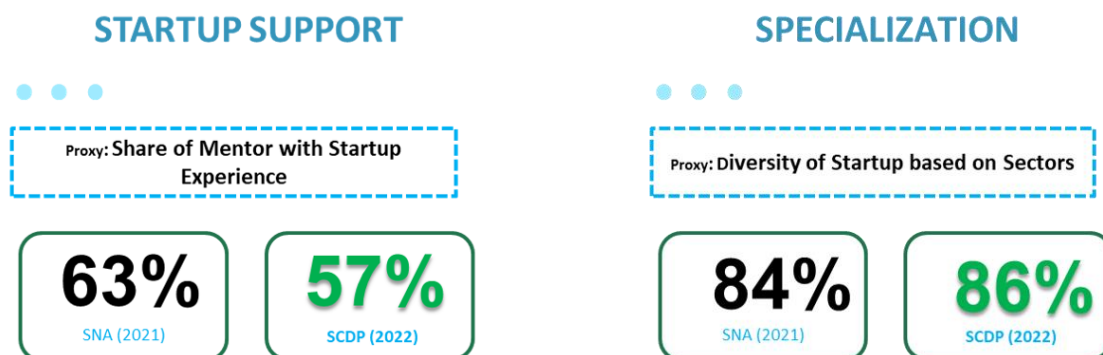


Figure 3: Entrepreneurship Support Network Metrics

Community & Network Density

Connectivity between the founder and the mentor can be firmly established by measuring Network Density. The capacity for spontaneity and creativity in an ecosystem is related to the density of its network. The success of the startup community depends on a mindset that values innovation. Two metrics were utilized to determine including 1) Network Density and 2) Innovation Culture.

The first metric is Network Density, which mirrors the opportunities for stakeholders to collaborate and connect. In the list of proxies, it is possible to obtain information about the number of tech meetups per capita. We have selected the number of tech-related meetups available on the SCDP database, which listed the number of events and programs related to startups that happened in Phnom Penh. The result shows that around 3 tech-related meetups happened per week making 178 meetups in 2022. By taking a look into the 2021 report, there were 54 tech-related meetups, for which Facebook is the prime source of information. The tech-related meetups were benchmarked for a set goal of 260 meetups per year. As for this year, the data indicates a positive trend: the number of tech-related meetups has significantly risen compared to last year, 2021. Therefore, we aim to hold more tech-related meetups in order to meet the set target.



CREDIT: TECHO STARTUP CENTER / SPARK MEET EVENT



CREDIT: TECHO STARTUP CENTER / SPARK MEET EVENT

In the 2021 report, under the Innovation Culture, we have used the share of programs asking for equity to understand the funding program studied by SNA. As this data had not been updated, we looked for an alternative. In the 2022 report, the team looked into Business Sophistication published by [WIPO sub-score](#) to assess Innovation Culture more broadly on knowledge workers, innovation linkages, and knowledge absorption. It demonstrates an innovative and sophisticated approach to manufacturing. The greater the sub-score, the better. The database in 2022 shows a score value of 17.6 compared to the previous year's sub-score of 16.2, indicating steady progress. The growth of Thailand's innovation capacity has shown rapid progress in recent years. We found a quality data from [Global Innovation Index 2022](#), showcasing Thailand is placed 43rd among 132 economies, while Cambodia is placed 97th among 132 economies. The benchmark has been set at 36 sub-score for Cambodia to keep up with our neighboring country, [Thailand](#).

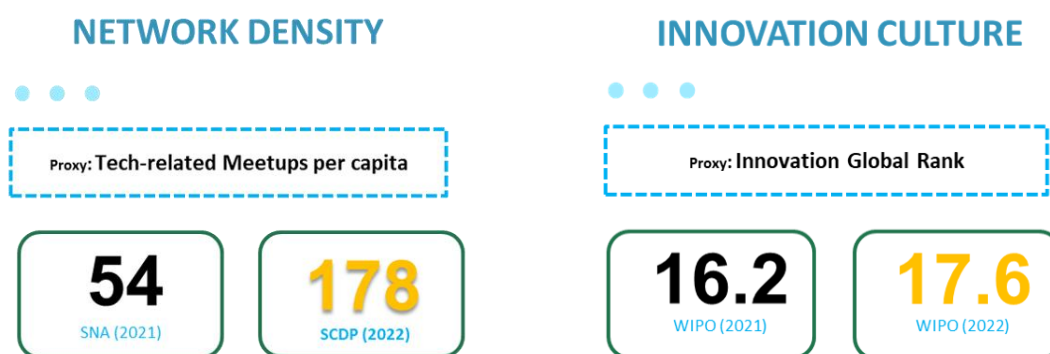


Figure 4: Community & Network Density Metrics

Governance

Last but not least, the governance aspects were analyzed to see whether government policies are supportive for business growth. There are two indicators to determine the contribution from the government such as 1) ease of doing business and 2) offices of international connectivity.

To measure a country's ease of doing business, it involves determining whether entrepreneurship is supported by regulations that reduce corruption, ease business processes, and increase partnership. In the 2021 report, we first looked in data from World Bank. However, the World Bank dataset presents information only for 2019. We therefore decided to use the updated source of information as our proxy. In this session, we examined based on the WIPO "Institution" sub-score; the report selected [Malaysia](#) to benchmark as this country is classified as an upper-middle-income country in ASEAN. Based on the report from WIPO,

Malaysia received a sub-score of 68.8%, one of the highest scores among ASEAN countries. Malaysia offers a dynamic and competitive business environment. The country has achieved favorable scores in both regulatory and entrepreneurial policies and cultures. Cambodia is not much different from any other nation in ASEAN, where digital technology is expected to be the leading driver of the country's economy in the coming decades. In terms of the Investment Environment, [Cambodia](#) has made considerable strides in improving the ease of doing business in the kingdom. The country ranked 50.4 in 2022, higher than some of the ASEAN countries including Lao and Myanmar. Key reforms are needed for Cambodia to foster competitiveness, further diversification of the economy to foster entrepreneurship, and expand the use of technology to address emerging labor market needs.

A study of international connectivity was conducted to determine the number of unicorn startups within the country that have international offices. In the section of international startup unicorns, the number of globally successful startups opening offices in Phnom Penh was used as the chosen indicator. The starting point was a list of over 400 global unicorns and the locations of their headquarters. According to 2021 data, there was only one Singapore-based firm Grab that has an office in Phnom Penh. Unfortunately, there is no update on international startups unicorn this year in the kingdom. The team anticipate that the result will be the same as last year, with only one international startup unicorn in Cambodia. Compared to Phnom Penh, Bangkok has around 7 international startups unicorn office operating in the country.

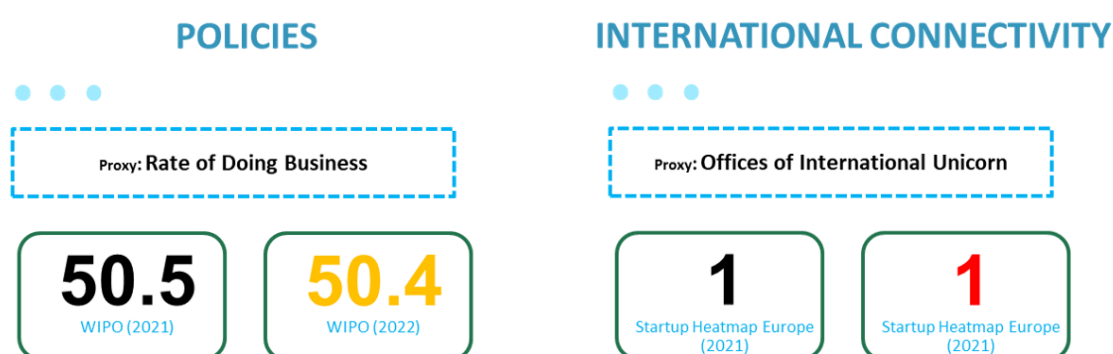


Figure 5: Governance Metrics

Analysis and Recommendations

Following the results of a previous study conducted in 2021, the result in 2022 remains statistically similar although the assessment was conducted through different data pools of sources. The findings of this study have speculated that the health of the Startup Ecosystem in

Cambodia shows positive momentum in the Community dimension, with the shares of four proxies are significantly in steady performance. In contrast, the Environment dimension along with the Network Density and Innovation Culture metrics are underperforming. Hence, the one metric in Environmental dimension lags behind its potential – in particular for the metric of International Connectivity. This current pilot study examined Cambodia’s Startup Ecosystem is slightly healthy due to the underperforming of the rating in business sophistication and regulatory performance to support startups. Hence, the kingdom is predicted not to have any startups unicorn in the coming years as the country startups is in promising growth landscape. Comparing to neighborhood countries like Malaysia and Thailand, policy and regulation in supporting startup in Cambodia is still not at favorable level yet, while there is also not much attention from international startup unicorn. There is a need for more actions to be taken to promote healthier startup ecosystems in the kingdom from all startup ecosystem builders by collaboratively minimizing the remaining constraints and increasing the strengths.

According to this finding, these are recommendations for relevant stakeholders and Entrepreneurial Support Organizations (ESOs) to take into consideration and further enhance collaboration in promoting the entrepreneurial startup scene across the kingdom.

➤ **Gender Diversity**

- Encourage to pursue tech degrees and entrepreneurship, while ecosystem builders must make sure that programs are designed to attract, include, and support female founders.
- Educate and empower women entrepreneurs by providing more scholarship opportunities and support programs to fill in skills gaps and improve business performance.

➤ **Innovative Community**

- Continually cultivate an innovation-driven environment where people feel inspired and supported.
- Organize more meetups allowing like-minded people to connect and exchange ideas, so that it allows them to explore further opportunity of collaboration and support.
- Encourage experienced entrepreneurs to share their knowledge and expertise.

- Provide opportunities for entrepreneurs to challenge and develop their idea through support programs ranging from hackathons to acceleration programs.

➤ **Government Policy and Support**

- By generating talent and tech developments in an economy, Entrepreneur Support Organizations (ESOs) and Educational Institutions should collaborate to further encourage a culture of innovation and research.
- Engage relevant stakeholders and government institutions to continue enhancing and promoting inclusiveness and sustainable development of the entrepreneur ecosystem.
- Develop a tech startup policy and regulation

Cambodia's startup scene was examined through an ecosystem health check tool. Tool improvements can always be made in the future, as it is understood that everything can always be improved. Our goal is to engage stakeholders in a more direct manner so that relevant partners can provide up-to-date data and information on the SCDP in real-time, thereby allowing all stakeholders to monitor the growth of startups in the ecosystem.

The information contained in the report represents the views and opinions of the author and does not necessarily represent the views or opinions of Techo Startup Center. The report has been made available for informational and insightful access to startup ecosystem resources on the Startup Cambodia Digital Platform.

A DATA-DRIVEN APPROACH TO ASSESS THE HEALTHINESS OF CAMBODIA STARTUP ECOSYSTEM

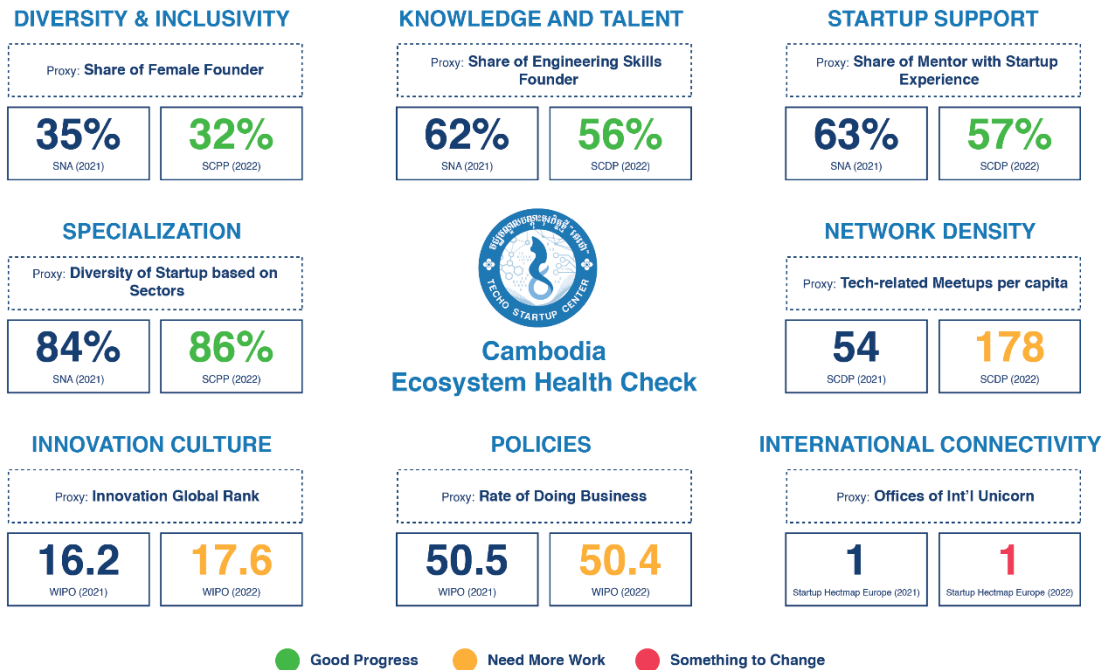


Figure 6: Cambodia's Startup Ecosystem Health Check