Leading Asia's Digital Disruption

Leading digital disruption requires a change to the status quo. More often than not, this agent of change is an outsider less bogged down by traditional industry norms who comes in with a fresh pair of eyes, argues **Yinglan TAN**, *Founding Managing Partner and CEO of Insignia Venture Partners and newly appointed Member of the* [stars International Board](#)*, Singapore. In the age of digital disruption, Yinglan defines successful start-ups by seven key attributes: Speed, Stealth, Smarts, Simplicity, Singularity, Svelteness and Steel.*

Speed
To start-ups, time is their enemy but speed is their friend, and that is often the reverse for corporates. In a corporate, a product launch goes through multiple approval layers from the manager to business line heads and top executive committees. It also involves a lot of human herding (i.e. cross-functional coordination like clearance of marketing collaterals by marketing departments and press release approvals from public relations teams). At a start-up, decision-making is kept within small product teams, minimum viable products are built and shipped out within the week.

CoHive, the leading coworking space in Indonesia, was founded in 2015 and quickly expanded to 28 locations within 3 years. This enabled them to lock down the best coworking locations before other players entered the market. In a city where traffic is constantly packed, the convenience of coworking spaces carry a premium and CoHive's locations are valuable assets which give them an edge in attracting tenants.

Stealth
Standing against industry behemoths with capital and resources to burn, stealth is key for a start-up to succeed. Ideally, start-ups should become too large to be crushed or ignored before industry incumbents can get a whiff of the potential disruption. Stealth means to avoid big billboards and glitzy marketing campaigns – avoid attention grabbing headlines or revealing too much public information on its strategy.

Start-ups tap on the network of channel partners to reach end customers and focus on using tech to build a best-in-class product or service that solves entrenched problems. AwanTunai is a supply chain services platform providing distributors, wholesalers, and micro retailers in Indonesia with a range of digital solutions. Their flagship product allows access to affordable supplier financing that alleviates the chronic pain point of insufficient working capital among micro retailers. They also offer payment and logistical services to enable growth in Indonesia's vast offline retail industry that comprises over 5 million micro retailers, transacting over $500bn annually.

Smarts
The smarts, i.e. human capital, determines whether a start-up is able to bring lasting digital disruption, especially when the company reaches scale (think Grab level of scale) and the tech infrastructure needs to support the product. A start-up's engineering team, especially the founding members, have to be world class. 'A' class engineers attract 'A' class engineers but 'B' class engineers attract 'B' and 'C' class engineers.

Notwithstanding the marketing genius of Steve Jobs, Apple's early success was built upon Steve Wozniak's engineering chops and his ability to engineer a world class product. Carro's founding team all had strong engineering backgrounds from Carnegie Mellon and this gives it a technology advantage as the leading used car marketplace platform in Southeast Asia. Carro analyses real-time data of car purchases in each country and inputs that data into a proprietary pricing algorithm. In this way, customers receive information on the best deals in the market and improve their decision-making process.

Simplicity
In the age of digital disruption, the key difference between the upstarts and incumbents lie in the emphasis placed on customer centricity. A simple mission allows start-ups to focus on solving the core user problem and ensure that this focus is pervasive throughout the company. A mission statement should be less than 10 words long with a clear purpose. It runs in the company's DNA and acts like a compass which guides its paths, every product can be traced to that single purpose.

Payfazz was founded with a mission – to enable the unbanked to access financial services. From mobile data top-ups and bill payments to bank transfers and applications to financial products, every service Payfazz moves into is a deliberate step taken towards achieving the mission. It is a relentless approach using data science to understand customer problems and build consumer intelligence.

Singularity
The process of digital disruption always involves facing many false positives - varying advice which pulls the business in competing directions. However, the key is to nurture a core group of 'early adopter' customers by having a singular focus on one thing and doing it well. At start-up pitching competitions, you often see entrepreneurs presenting wordy slides flushed with product features. However, the winning start-ups with the best pitch decks often only have one slide with one key feature.

A start-up needs a laser-like focus to test multiple hypotheses, scope a compelling value proposition and find the right product-market-fit for this set of customers. Logivan, the leading truck matching platform in Vietnam, identified that in order to improve a trucker's life, the company needs to build a product with an Uber-like experience. This involves running on-the-ground operations at highway tolls to explain the product, encourage adoption from truckers and drive network effects on the platform.

Svelteness
While corporates have the benefits of scale and resources, start-ups have the agility needed to lead the charge of digital disruption. As the adage goes, 'the bigger they are, the harder they fall'. Start-ups embrace the 'fail fast, learn fast' mentality and rapid iterations of hypothesis testing, small experiments and learning from data insights. At corporates, bigger teams means an increase in scale across every aspect – more human

coordination, more delays and more resources committed. The resulting fallouts and costs of any failure increases.

Within 10 months of starting up, Yukstay started from scratch and quickly accelerated to over 400 rooms of inventory with a fully-fledged co-living / apartment sharing service in Indonesia. They implemented multiple localized tests on different parts of the co-living service, from standardizing the renovation and furnishing of each apartment to working with key partners to solve customer problems like warehouse storage and transportation of household belongings. This allowed them to work out a cost efficient mode of operations which was repeatable and scalable.

Steel

Start-ups have their sights trained on radical business models that might seem contrarian but have a shot of disrupting the market. Traditional corporates go for tried and tested models which are proven to work in the market. However, start-ups focus on the upside potential of a 'mutant' business model, i.e. they innovate on successful models from abroad and adapt it for local nuances. Start-ups almost never get the right model on the first attempt and an entrepreneur needs guts and steel if he / she is going to last the full distance.

Ali, COO of Janio, embodies the type of steeliness required to weather the peaks and troughs throughout the journey. He first founded iCommerce Asia, an eCommerce enabler platform, which ran into cash flow issues and didn't manage to raise additional capital. However, Ali persevered, started a second venture with his new partner, Junkai, and streamlined the business to focus on cross-border eCommerce logistics. Today, Janio has expanded to serve 8 countries with cross-border logistics capabilities within 1 year.

This article was developed with the assistance of Allen CHNG.

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