

Will the COVID-19 pandemic reign in the flight of startups overseas?

Tony Hughes shares his insight into the effect COVID-19 is having on the creation of global startups ecosystems from Warsaw and Bucharest to Bangkok and Hanoi that the landscape continues to shift post-Brexit.

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“Man is born free and everywhere he is in chains’. Discuss.” This was the question I was confronted with in an A-Level exam, ahem, quite a few years back. I think of this Rousseau quote often when I listen to start-ups. So many seem to create their own chains, looking inward rather than casting off the doubt, insecurity, internal squabbling and comfort of the known to reach for the skies.

In the recent past, the ambitious entrepreneur – usually from the US - has sought new markets, opening overseas offices and scaling their business across international borders. In the EU last year, despite the uncertainty caused by the prolonged Brexit discussions, the number of overseas companies setting up new offices there was only slightly down on the previous year to the surprise of many doom and gloom commentators.

The UK actually saw a significant rise in the area of venture capital, with more than £10B invested in British tech startups in 2019. This was up 44% from the year before, according to the UK’s Tech Nation. Expansion remains a good opportunity for organisations to educate, train and develop their workforce in a myriad of areas, in order to remain

competitive.



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I have been one of the serial entrepreneurs acting as Dealmakers on the UK government's Global Entrepreneur Programme for the past few years. As the Department for International Trade's premium service for overseas entrepreneurs landing in the UK, it has helped over 1,000 startups set up and thrive.

Over the years, the shift of travel patterns into the UK has been noticeable with a greater proportion of scaling tech companies originating from outside the US. Most recently, fast-growing nations such as Poland, Columbia and Israel have come to the fore as their startups eye Europe, not the US, as their next destination.

In Asia, the slowing down of the Chinese economy has not slowed the growth of the startup communities elsewhere. South Korea is trumping its own local rivals with unprecedented investment into its startups, supported by world-class science, engineering and technical talent. Whilst SE Asia is witnessing a boom in the number of startups, backed by improving access to finance with a relatively inexpensive yet well-educated workforce.

Notable mentions go to Bangkok, Hanoi and Kuala Lumpur, like Eastern European cities - Warsaw, Budapest and Bucharest - often seen as good outsourcing destinations for tech startups in more developed countries. Now such cities are growing their own startup ecosystems, supported not only by the banks and VCs but returning tech alumni keen to build up domestic clusters.



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True Digital Park has sprung up practically overnight in Bangkok, with its own new Skytrain (Bangkok's metro) station. It claims, not without justification given its size, to be "the largest ecosystem in SE Asia for startups." True Digital Park is run by True, a telecom company that is one of the largest private companies in Thailand. It is packed with companies, investors, incubators and a Google Campus.

It is part of the Bangkok CyberTech District, backed by the National Innovation Agency. Rather than working for overseas startups, True Digital Park is attracting startups from overseas with incentives like work visas, funding and even living arrangements.

I worked with the rising star of the Bangkok tech scene, Ekoapp.com, when they set up their co-GHQ in London last year. Already their COO,

Robert Darling, has assembled a talented 20 plus team to advance their European push. Ambitious startups are no longer the sole preserve of Silicon Valley. Maybe it will be the fast-developing nations that will leapfrog the traditional players in the years to come when it comes to the pace of global expansion.

National governments and city-regions worldwide have long recognised the need to support their local startups and encourage their growth far away from home. However, despite the positive growth in Asian and Latin American regions, it remains only a relatively small percentage of startups blessed with big ambitions or venture funds that take the leap into new markets.

Is this cautious approach going to become more widespread in the wake of the COVID-19 pandemic or will startups take flight after so much restless musing and break free of their chains. Discuss.

Tony Hughes has 20 years experience in product innovation as an entrepreneur, mentor and consultant. He established the UK's first digital content incubator, spinning out over 60 startups and set up an international Digital Media research lab working with companies such as Unilever, Channel 4, BT and Nokia. He has advised Hewlett Packard and the BBC on new product innovation and was a founding member of the Tech City Investment Organisation in London and Tech North for the 7 cities in the north of England.

He is currently co-founder of Curator Technologies, which provides internationally mobile companies with the data and insights to help them access global markets. Curator Technologies produces insights into industry tech international clusters and nascent technologies and have recently contributed to research reports for the UK's Digital Catapult on the Immersive Sector.

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