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Collaboration, diversity and global connections will transform Sri Lanka's start-up landscape: Hatch Works CEO

In today's article marking Global Entrepreneurship Week 2019, Hatch CEO and GEN Sri Lanka Board Member Randhula de Silva shares her thoughts with the Daily FT on the Sri Lankan start-up landscape and the role played by incubators and accelerators like Hatch

Q. Hatch has had an exciting first year. Reflecting on this year, what have been some of the key takeaways for you on the growth of Sri Lanka's start-up ecosystem?

A. Sri Lanka's start-up scene is small but energetic. As a country we are blessed with some of the world's brilliant tech experts and out-of-the-box thinkers, but a platform that elevated the start-ups and enabled this ecosystem to mix and grow was lacking.

We needed a global environment in a local setting. This is what set Hatch on the journey to not simply provide a co-working space but to transform the innovation and start-up culture in Sri Lanka. With a collective of people and partners who had been involved in building the Sri Lankan start-up ecosystem since its early years, are taking this progressive journey together.

Over the past year it has been interesting to see how the role of start-ups in Sri Lanka is increasingly recognised by corporates, public institutions and economic development agencies alike. Many 'old' industries want to understand and associate this new breed of businesses.

'Innovation' has risen to buzzword status, and over the past year there's a rise in activities and spaces across all spectrums that support entrepreneurship and start-ups of the country. This is great for the ecosystem and we're glad to have contributed to setting this trend. Mindset change and breaking through silos is a lot of hard work and I think we have started to have an impact in terms of knowledge sharing, mentoring, cultural and building networks.

Q. As someone who has been involved in various initiatives over the years, what are some of your guiding principles to grow the ecosystem?

A. Healthy competition is great and needs to be promoted, but so is collaboration and dissolving boundaries when it comes to improving together as a country. The origins of a thriving start-up ecosystem are entrepreneurs, a pipeline of disruptive businesses, co-working spaces, events and programs, venture capital sources, engaged education institutions, entrepreneurship champions and connectivity across these players.

These are the nuts and bolts of the ecosystem and they need to be nurtured, the boundaries between them dissolved to work hand-in-hand. This is tedious and a complex process

but is the recipe for an astoundingly successful eco system with genuinely collaborative partnerships. Collaboration is my mantra here!

Q. In this spirit, what is the role Hatch has done to promote more sharing and learning among players in the ecosystem?

A. Just a few years ago, many start-ups and founders weren't so comfortable sharing their business ideas and plans with others. But now, thanks to many efforts by various players in the ecosystem, this is slowly melting; founders are becoming more and more comfortable to speak out loud. People have now come to understand that anyone can ideate but getting it done is the real game changer.

Hatch hosts a variety of events and platforms to drive this message. 'Smartups', the peer-to-peer learning platform and 'F'up Fridays' are such signature events. 'F'up Fridays' invites leaders and entrepreneurs to come talk about their failures and learnings.

The vibe at F'up Fridays is honest, intimate and all about resilience. It's a pleasure to facilitate these conversations. In fact, the next event is a special edition marking Global Entrepreneurship Week taking place on 22 November, featuring Fathhi Mohamed, Lonali Rodrigo and Melissa Peters. Come and join at 6 p.m. at Hatch this week!

Q. Is Hatch truly attracting a diverse range of start-ups and founders?

A. We have 70% start-ups and entrepreneurs occupying our space. A majority of start-ups looking for space at the start were tech and software-based businesses and were comprised mostly of guys. This is a fact not only in Sri Lanka but across other ecosystems as well where the word 'start-up' is associated with pure tech and male-oriented culture.

But by creating dialogues around various topics from Tea to IOT and various platforms that engages diverse people we have begun to break these stereotypes. We now see more diverse entrepreneurs coming on board seeking not just space but also mentorship and knowledge.

There are many ways to plug into Hatch than just co-working and this enables a wide variety of start-ups to walk through our doors both male and female alike, and from agri-tech businesses, product and services strategists, packaging companies, AI and big data-related businesses, e-commerce platforms, food entrepreneurs, fashion entrepreneurs, fintech start-ups and real-estate start-ups.

But there's more to be done - there's never an end line to make the Sri Lankan start-up ecosystem more and more diverse.

Q. What are your thoughts on the acceleration and incubation space - what more needs to be done?

A. As the ecosystem grows and the world is growing even faster, it's crucial that we have knowledge from the world flowing in. It's important for mentors to get men-



Randhula de Silva

tored. It's important for SMEs to reinvent themselves. It's important for the businesses to know their markets and business strategies in order to scale, go global or create lasting impact.

Pre-series A start-ups with an operational income can thrive if they "get all their ducks in a row" and start working on the business and not in the businesses. Accelerators of this kind can give that specific support and leg up to such businesses.

Business incubators can support first-time founders and help start-ups through their early development by providing business advice, resources, contacts and capital. It's a great opportunity to learn from experienced entrepreneurs, test their business model and gain industry insights from the network.

Government can play a significant role here by giving a prime role and resources for institutions like ICTA to work with the industry leaders and communities across all regions to identify requirements of early stage start-ups and provide learning and growth assistance.

Q. You are also the Chief Disruptor for a unique new accelerator - tell us a bit about this?

A. We launched the beta phase of the 'GoodLife Accelerator' (GLX) created by the German Development Corporation (GIZ) and hosted at Hatch Works. This is an intensive business development program designed by Peter Borchers, the founder of Deutsche Telekom's global incubator hub:raum and various other industry leaders and experts.

GLX beta gave six start-ups everything they need to amplify their businesses and these start-ups received coaching and hands-on expert assistance in key areas of running a business such as management, HR, finance, internationalisation, investors, marketing and law.

The start-ups were given strict and thorough deliverables and their job was to rise to the challenge within 12 weeks and take their brand to the next level. This was an intense experience for us as well as the start-ups, in a good way.

As a result, some completely changed their business model, strategy and structure while some benefited from focused technical expertise relevant for them to overcome their bottlenecks and also access to

international markets. The experts who came in also held public sessions which made way for anyone to walk in and gain international insights.

Q. The Global Entrepreneurship Network is all about global connections. What are the most important drivers for creating global connections for our emerging ecosystem?

A. Marking Sri Lanka on the global entrepreneurial map is all about having a good story to tell, people to meet, and places to show. Exposure works both ways. We need local founders and ambassadors taking our stories out into the world as well as facilitating giants from the world come experience Sri Lanka beyond its sun and sand.

With 'Disrupt Asia' this year and 'Yarl Geek Challenge in 2018', we had a large pool of movers and shakers from global start-up ecosystems and investors coming in and hearing our stories, meeting our people and see our spaces. They are now out in the world, aware of our thriving ecosystem and knowing the specialty we hold in this region.

They are telling our story to global networks and ecosystems that they are involved in. We can definitely have more of that. Most Sri Lankan founders are too humble and lack in confidence to go out there, be loud, and stand tall.

Having Sri Lankans champion networks like GEN within our ecosystem to give that extra nudge for our founders to get themselves seen and heard is vital. There are many international players, accelerator and mentor networks that come through to Hatch wanting to connect with local entrepreneurs and opening such doors for founders is what we do on a daily basis.

Q. Looking forward to 2020 - by this time next year, what new things do you want Hatch to have achieved?

A. We envision an economy fuelled by high-potential start-ups that contribute to job growth and productivity and at Hatch we're determined to set up the groundwork for it. I envision Hatch will be home to a variety of accelerator programs hosted by ecosystem builders including our very own accelerator 'HatchX', ranging from targeted deal flow and pitch sessions, to technology matchmaking and tailored industry-specific programs.

Hatch is also in the process of creating a state-of-the-art fabricating laboratory/maker space in Sri Lanka accessible to start-ups. First of its kind, housing a variety of machines and an international expert to support the 'maker scene' in Sri Lanka and give that extra "oomph" to the ecosystem to explore different channels of growth.

We aim to nurture the start-up mindset in entrepreneurs and create endless opportunities to all start-ups on a global scale by providing an environment/community that is empathetic, collaborative, authentic, curious and fun. I hope to expand our pools of specialists and partners that shares this vision and join our journey in making Sri Lanka the hub of innovative businesses and the catalyst for positive change in the region.

(Randhula de Silva wears multiple hats as CEO of Hatch, Chief Disruptor of GoodLife X, Board member of Trace Expert City, and Board member of Global Entrepreneurship Network. As promoter of everything local, she secured her Masters in regional development and Bachelors in Business Economics from University of Colombo. Randhula is an advocate for social and cultural change, promoter of local arts and is all about fostering growth mentality across the country and living on the edge.)

Entrepreneurship key to economic development

ANYONE should be excited to see entrepreneurs. The people should love them as they bring in new products and services and governments should love them as they create jobs and give the Government new tax revenues. Entrepreneurship development is the key driver for GDP growth and governments should focus on entrepreneurs.

Solution to problems

China's richest and most famous entrepreneur Jack Ma said that when there is a problem, there is an opportunity to solve it. This is what entrepreneurship is about. Founders of Uber and Airbnb found problems and they solved it and made a lot of money through it.

Solving problems in society does not just make entrepreneurs into billionaires, it also leads to economic development. As these entrepreneurs solve a problem which the Government had to and the Government did not have to use its resources to do so. The entrepreneurs just did what the Government had to do and these entrepreneurs pay taxes to the Government.

One reason why the Government should love entrepreneurs: Entrepreneurs bring in new products and create a whole new industry like how Apple did with its iPads and Ford did with cars.

Even if they do not bring in new products, a new enterprise selling the same thing its competitor is selling can bring competition. Competition is good as it keeps prices down and leads to innovation.

Creating new jobs and new businesses

A new entrepreneur means one less job seeker. It also means a job creator. Entrepreneurs also create products and services, which all lead to the increase in GDP and economic development. Job creation is a great benefit, especially in the high tech industry where employees earn a lot of money leading to a new upper-middle-class developing which is always good for the economy.

Even in regions where there is full employment, a new enterprise means there is more demand for jobs than supply which means an increase in salaries due to lack of human capital, which is a positive. Entrepreneurs also create more entrepreneurs. The American online retailer Amazon is a good example of a company which created millions of small entrepreneurs who used the platform to sell products from home. Entrepreneurs need supply

chains and distributors for their products which create a new demand for people to start new ventures to fill the supply chain and distribution needs.

Improving trade

As trade between countries grow, there is less chance of wars. This is found in history. When international trade decreases, the wars begin. Companies in

different countries doing business is one less reason for their governments to go to war.

Peace is key to economic development. Entrepreneurship is a key foreign exchange earner. As companies grow, they start looking for markets beyond the borders of their respective countries and eventually become exporters. Exports are key to economic development. Even importers greatly benefit a country. Importers bring in needed products and services. Also, importers create distribution channels and sales teams which result in economic growth and job creation.

Poverty reduction

Entrepreneurs into manufacturing locate their factories in the rural areas. This leads to the development of the rural region as the people there get jobs and are given training. Even if the factory closes or moves away from that region, because of the training received these people can get jobs elsewhere. It also leads to infrastructure development in the rural areas.

Increase in trade within a country results in development of roads and railways which is a benefit to the entire country. Land and labour are not used very productively in the rural regions so entrepreneurship is a good way of making use of the resources available.

Entrepreneurship and economic development

Developing entrepreneurship is the single most important factor when looking at economic development and this must be encouraged.

It can greatly reduce poverty and improve trade and infrastructure. Entrepreneurship development also results in creation of jobs and solutions to many problems in society. All this leads to a general growth in the economy which benefits all.

(The writer is the Director of Global Entrepreneurship Network Sri Lanka, an Entrepreneurship Specialist of the USAID Project YouLead, an Entrepreneur and a Consultant.)

