

E-commerce Dev'ts in the PH Start Up Scene



DOING E-COMMERCE FOR REAL I

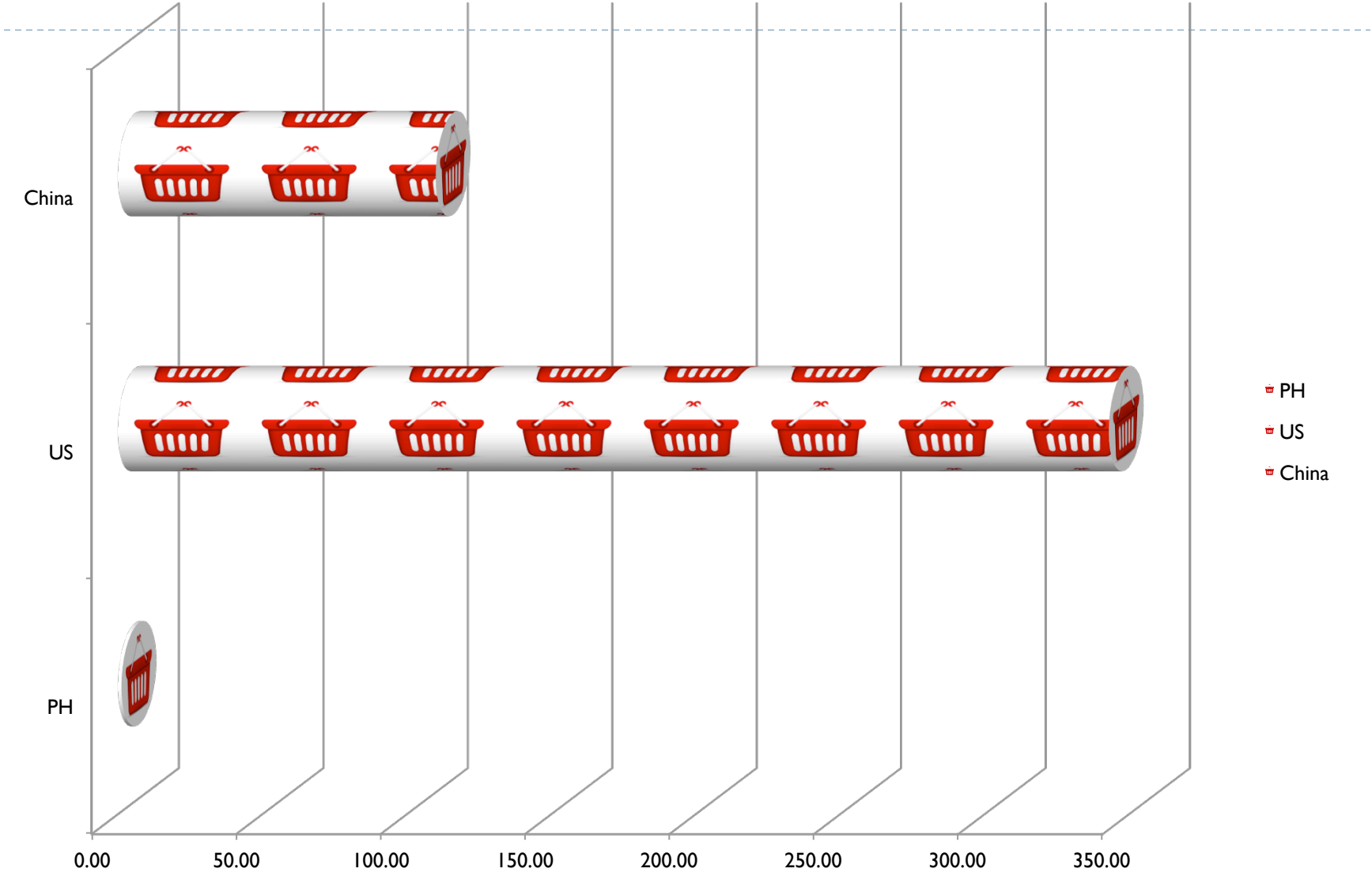
With Help from: Nicole Paterno, Nelson Wee, Erwin Oliva, Jay Fajardo, Glenn Santos, Ariel Roda, Paco Sandejas, Franky Branc, Kenneth Reyes-Lao, Dick Chiang, Gerry Cruz, Lawrence Hughes, Frederic Levy, Kris Bolton, Andrei Gonzales, Andre Jay Marcelo Tanner, Mark Agana, Jojoy Azurin, Tins Amper, Charelene Vee Tan, Venus Romero, Ron Hose, Oliver Segovia, Jeffrey Siy, Victorino Abrugar, Christopher Star, Israel Brizuela and
Members of **PH Startup Group in Facebook**

Wilson L. Chua

VC Investors



Market Size by Country in USD B



Source: Ron Hose www.ronhose.com

Insights from Startups and Founders

- Lower cost of operations-govt regulations  +22
- Telco Support for Mobile Internet Access and Mobile Payments  +4
- Lower cost of operations-Internet  +7
- Lower taxes on online transactions  +4
- Lower cost of operations-Electricity  +3
- No interference from the government and let laissez faire rule +1
- Lower cost of operations- Rents +1
- Increase pool of qualified programmers/staff +1



How Business-Friendly is PH ?

Best Countries for Doing Business, 2013

Click on the column heading to sort the table.

	Economy	2013 Ease of Doing Business	Starting a Business	2012 Ease of Doing Business	Starting a Business	Ease of Doing Business - Rank Change: 2013 over 2012
130	Brazil	130	121	126	120	-4
131	Nigeria	131	119	133	116	2
132	India	132	173	132	166	0
133	Cambodia	133	175	138	171	5
134	Tanzania	134	113	127	123	-7
135	West Bank and Gaza	135	179	131	177	-4
136	Lesotho	136	79	143	144	7
137	Ukraine	137	50	152	112	15
138	Philippines	138	161	136	158	-2
139	Ecuador	139	169	130	164	-9
140	Sierra Leone	140	76	141	72	1







Source: <http://www.gfmag.com>



Can PH copy the SG Way?

- ▶ Whole of Government approach
- ▶ **Public servants are paid higher with bonus tied to economic performance**
- ▶ Lower Tax rates
- ▶ 3 year startup Tax Exemption Scheme (1st 100K Net Income)

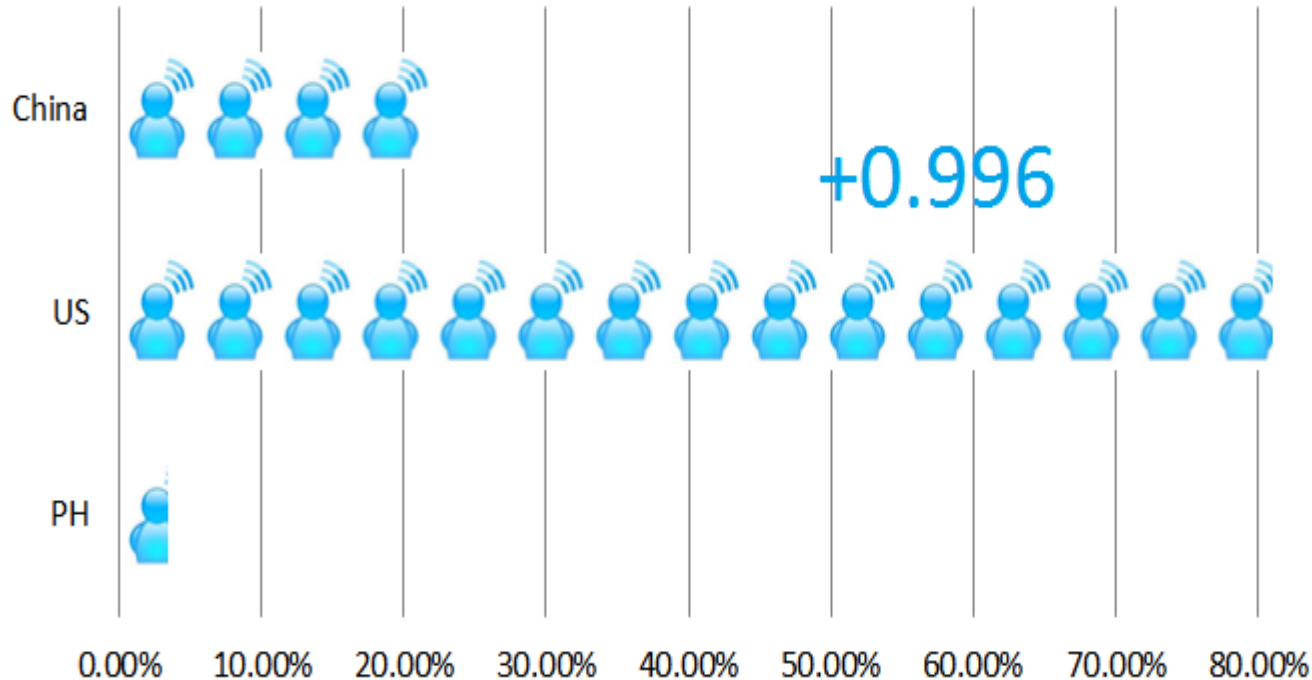
Whole-of-Government Outcomes

1 Sustaining Economic Growth <u>Desired Outcomes</u> <ul style="list-style-type: none">• Robust Engines of Growth• Good Job Opportunities and Lifelong Employability• Conducive for Business and Entrepreneurship• Macroeconomic Stability• Globally Competitive Workforce	
2 Growing Incomes and Strengthening Social Security <u>Desired Outcomes</u> <ul style="list-style-type: none">• Financial Security• Good and Affordable Healthcare• Affordable, Quality Public Housing• Quality Education	
3 Fostering Strong Families and a Cohesive Society <u>Desired Outcomes</u> <ul style="list-style-type: none">• Strong Families, More Families• Strong Singaporean Core• Racial and Religious Harmony• Caring and Inclusive Society	
4 Providing World-Class Infrastructure and an Endearing Home <u>Desired Outcomes</u> <ul style="list-style-type: none">• Distinctive and Vibrant Global City• Robust Infrastructure, Good Connectivity• Clean Environment, Sustainable Development	
5 Building a Secure and Influential Singapore <u>Desired Outcomes</u> <ul style="list-style-type: none">• Sovereign and Secure Singapore• Safe and Secure Home• Strong National Identity and Resilience• Preparedness for Crisis• Congenial International Environment	
6 Ensuring an Effective Government <u>Desired Outcomes</u> <ul style="list-style-type: none">• Customer-Centric and Consultative Government• Rule of Law• Incorruptible and Committed Public Officers• Dynamic, Forward-Looking Public Service Leadership• Fiscal Sustainability• Effective and Efficient Use of Resources	



Why are Startups concerned about Internet Pricing?

Mobile Internet Penetration %



Source: Ron Hose Data



Increasing Mobile Internet % also Increases ecommerce

✘ Possible solutions:

- + Encourage More Competition
- + Discourage Mergers
- + Increase Local WIFI coverage
- + Connect to PHOpenIX
- + Do Nothing (?)

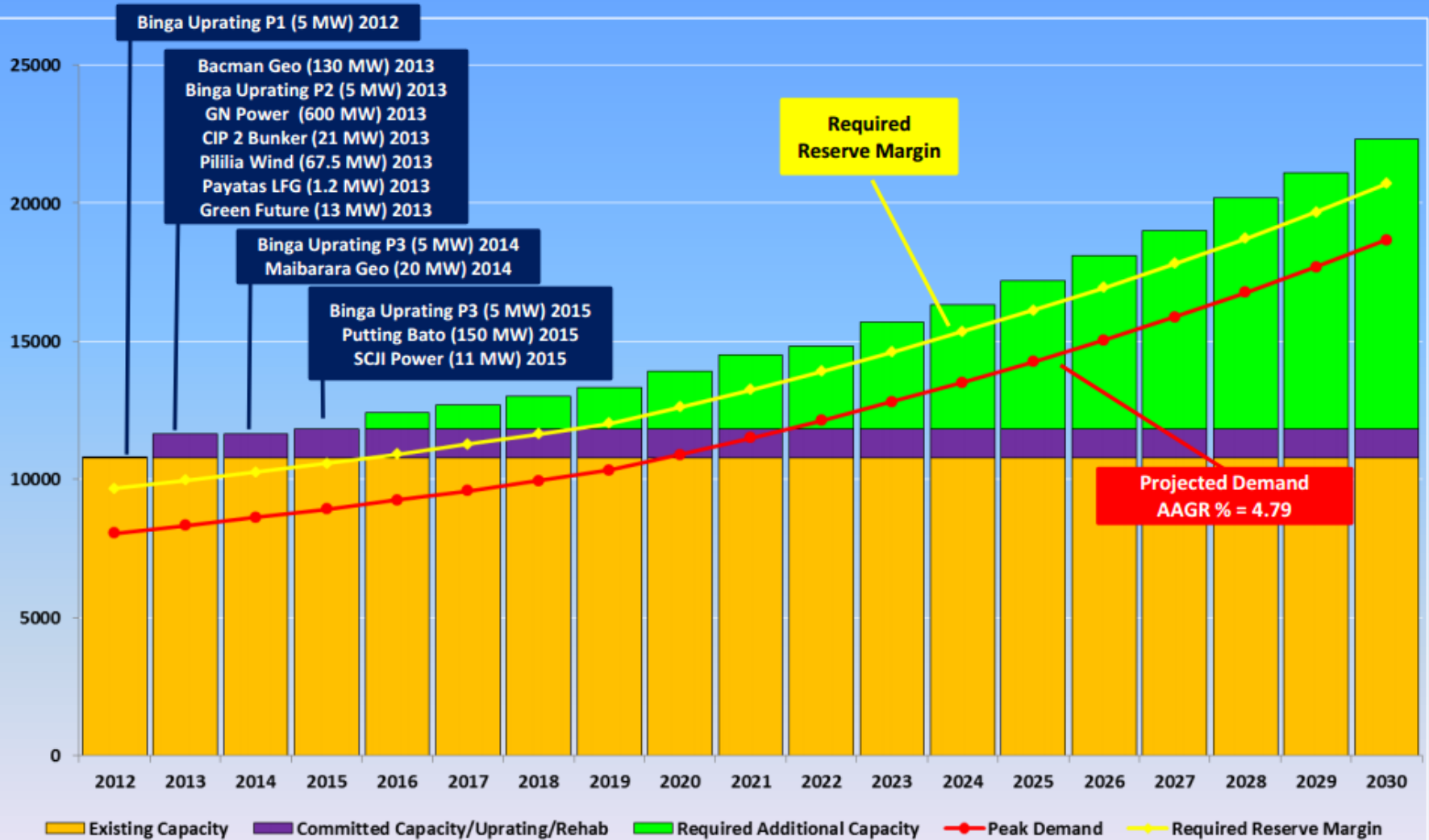
Table 3.20: Mobile-cellular sub-basket, 2011 and 2012

Rank	Economy	Mobile-cellular sub-basket as % of GNI p.c.		Value change	Relative change (%)	Mobile-cellular sub-basket, USD	Mobile-cellular sub-basket, PPP\$
		2012	2011				
1	Hong Kong, China	0.1	0.1	0.0	0	1.8	2.6
2	Macao, China	0.1	0.1	0.0	0	5.7	6.7
3	Denmark	0.2	0.2	0.0	0	10.3	7.1
4	Singapore	0.3	0.3	0.0	0	9.3	11.3
5	United Arab Emirates	0.3	0.3	0.0	0	9.1	9.6
6	Qatar	0.3	0.3	0.0	0	18.7	18.0
7	Norway	0.3	0.3	0.0	0	25.2	15.9
8	Finland	0.3	0.3	0.0	0	13.8	10.7

Table 3.20: Mobile-cellular sub-basket, 2011 and 2012 (continued)

Rank	Economy	Mobile-cellular sub-basket as % of GNI p.c.		Value change	Relative change (%)	Mobile-cellular sub-basket, USD	Mobile-cellular sub-basket, PPP\$
		2012	2011				
82	India	2.9	2.9	0.0	0	3.5	8.3
83	Mongolia	3.0	N/A	N/A	N/A	5.7	8.9
84	Montenegro	3.0	3.0	0.0	0	17.5	33.0
85	Ukraine	3.0	2.6	0.4	14	7.8	15.6
86	Mexico	3.0	3.0	0.0	0	23.4	35.5
87	Tunisia	3.1	3.0	0.1	5	10.6	23.2
88	Armenia	3.1	3.1	0.0	0	8.8	15.5
89	Indonesia	3.2	3.4	-0.2	-5	7.9	10.6
90	TFYR Macedonia	3.4	5.1	-1.7	-34	13.3	31.5
91	Dominican Rep.	3.4	3.7	-0.3	-8	14.9	26.7
92	Gabon	3.5	N/A	N/A	N/A	23.3	33.4
93	Paraguay	3.6	4.1	-0.5	-12	8.8	13.2
94	Turkey	3.6	3.4	0.2	5	31.4	52.3
95	Pakistan	3.7	3.7	0.0	0	3.5	8.1
96	Guyana	3.7	3.2	0.5	16	9.0	10.3
97	Algeria	3.8	3.8	0.0	0	14.1	23.5
98	Viet Nam	3.9	4.7	-0.8	-17	4.1	9.0
99	Bosnia and Herzegovina	3.9	4.2	-0.4	-8	15.4	29.0
100	Saint Lucia	3.9	3.8	0.1	2	21.6	29.0
101	Romania	3.9	3.5	0.4	11	25.7	46.3
102	Namibia	4.1	4.1	0.0	0	16.0	20.7
103	Colombia	4.4	4.5	0.0	-1	22.7	32.4
104	St. Vincent and the Grenadines	4.8	3.3	1.5	46	24.6	42.2
105	Argentina	4.9	4.8	0.1	1	39.4	63.4
106	Ecuador	5.0	5.0	0.0	0	17.1	31.8
107	El Salvador	5.1	4.5	0.6	12	14.7	27.4
108	Sudan	5.2	5.6	-0.4	-8	5.6	9.8
109	Kenya	5.5	5.8	-0.4	-7	3.7	7.9
110	South Africa	5.6	3.8	1.8	46	32.6	44.6
111	Micronesia	5.6	3.8	1.9	50	13.6	16.4
112	Ghana	5.6	5.6	0.0	0	6.6	8.0
113	Philippines	5.7	5.7	0.0	0	10.5	18.3
114	Cuba	5.8	7.5	-1.7	-22	26.5	N/A

Power Supply and Demand Outlook

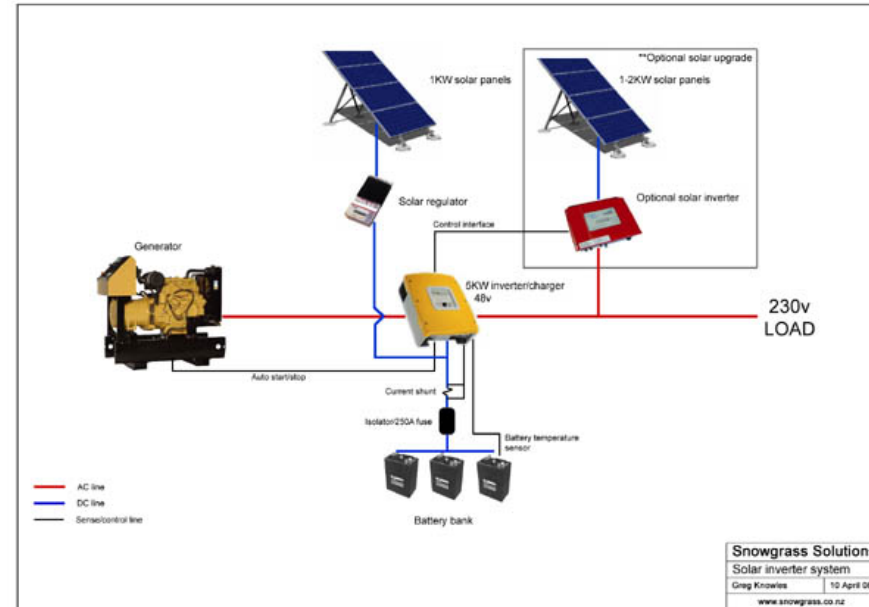


Luzon grid needs a total additional capacity of 10,500 MW onwards to 2030

A 600 MW new capacity is needed starting 2016 to meet the demand and required reserve

Power Strategies / Solutions

- ▶ Go Solar ~ USD 0.18 to 0.22 per KWH
 - ▶ “Smoother” import process
 - ▶ Update Solar Panel Tariffs that are based on 2005 pricing
 - ▶ Accelerate Net Metering in PH
- ▶ Mineral Oil? Novec 1230 ?
- ▶ Reduce power consumption via insulation/inverter tech/ LED
- ▶ Virtualize Everything



“I can do things you cannot,
You can do things I cannot;
Together we can do *great* things”.

— Mother Teresa



<https://www.facebook.com/pages/Bitstop-Network-Services-Inc/210307319023891>



<https://www.facebook.com/pages/Futuregen/30940252696>



Annex 1

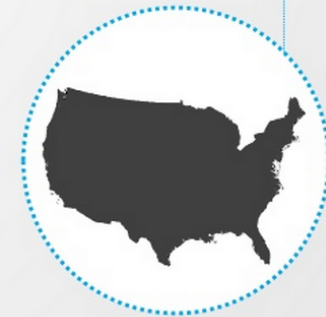


BY THE NUMBERS PHILIPPINES VISAVIS USA

PHILIPPINES

USA

105.7 M	Population	313.9 M
7.8	GDP Growth Rate	2.2% (2012 est.)
US\$ 2614 (2012 est.)	GDP per capita	US\$ 49,601 (2012 est.)
23	Median age	37
76% M	Population under 40	40% M
5%	Consumer debt (of GDP)	81%
25MM	Population <\$1 a day	-



Annex 2



WEB & MOBILE

	PHILIPPINES	USA	CHINA
MOBILE PHONES	106MM (114%)	328MM (104%)	1.15b (87%)
SMART PHONES	19MM (18%, 17th)	219MM (58%, 2nd)	354MM (29%, 1st)
SMART PHONE GROWTH	34%	28%	31%
MOBILE INTERNET	3.4%	81%	21.8%
OPERATOR ARPU	\$5 / month (mostly prepaid)	\$46.50	\$46.50
INTERNET USERS	30MM (29%)	244MM	516MM
E-COMMERCE REVENUE	\$1.15b	\$343b	\$110b
E-COMMERCE MARKET SHARE	<1%	6%	2.5%
CREDIT CARD PENETRATION	7%		

Annex 3

est. \$1.2b e-commerce

✈️ 95% of e-commerce is airline travel bookings

est. \$230b retail market

40% ACCESS THE INTERNET TO SHOP

64% PURCHASED ONLINE IN PAST 3 MONTHS

TOP SITES

- 1 eBay (ph)
- 2 Silit (classifieds)
- 3 MetroDeal (daily deals)
- 4 Cebu Pacific (airline)
- 5 Ensogo (daily deals)
- 6 Amazon (US)

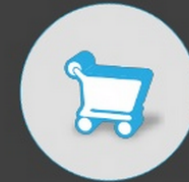


4G/LTE network and proliferation of smart phones are paving the road for m-commerce.



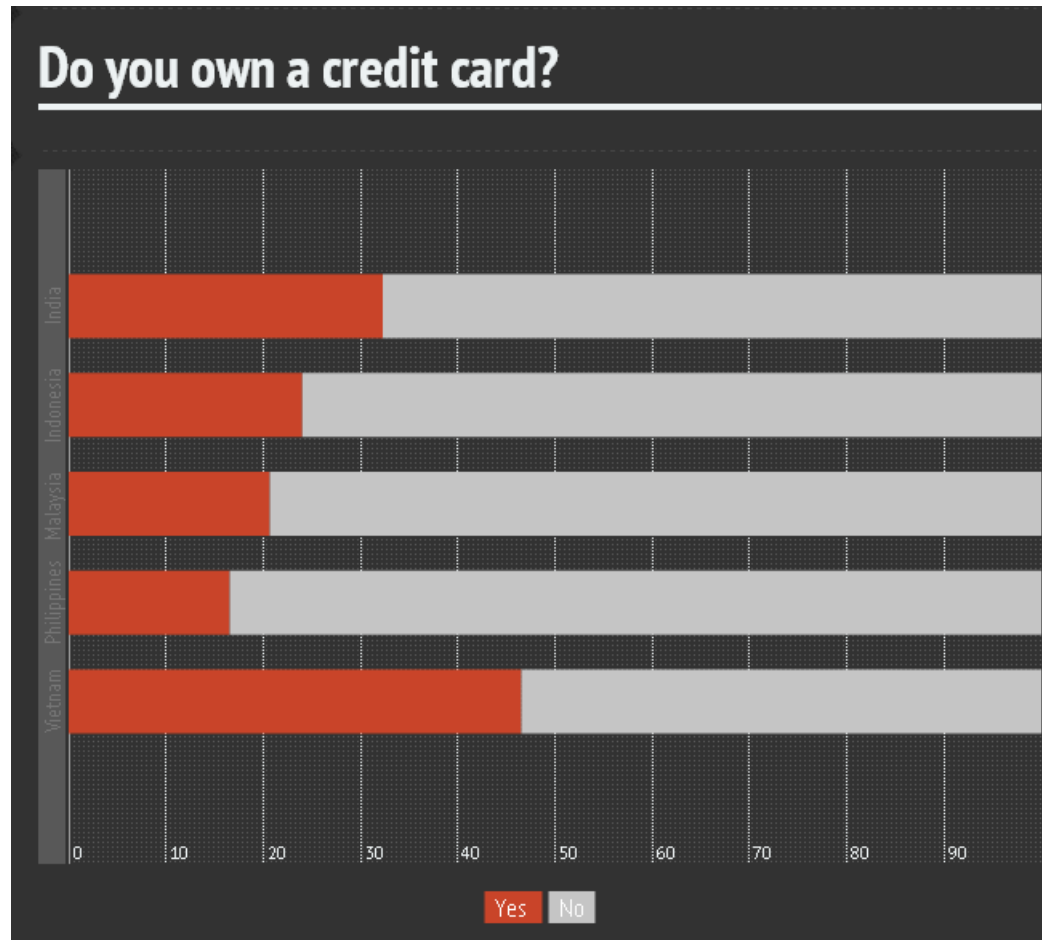
Payments, Logistics, and consumer trust are the biggest obstacles to overcome.

STATE OF

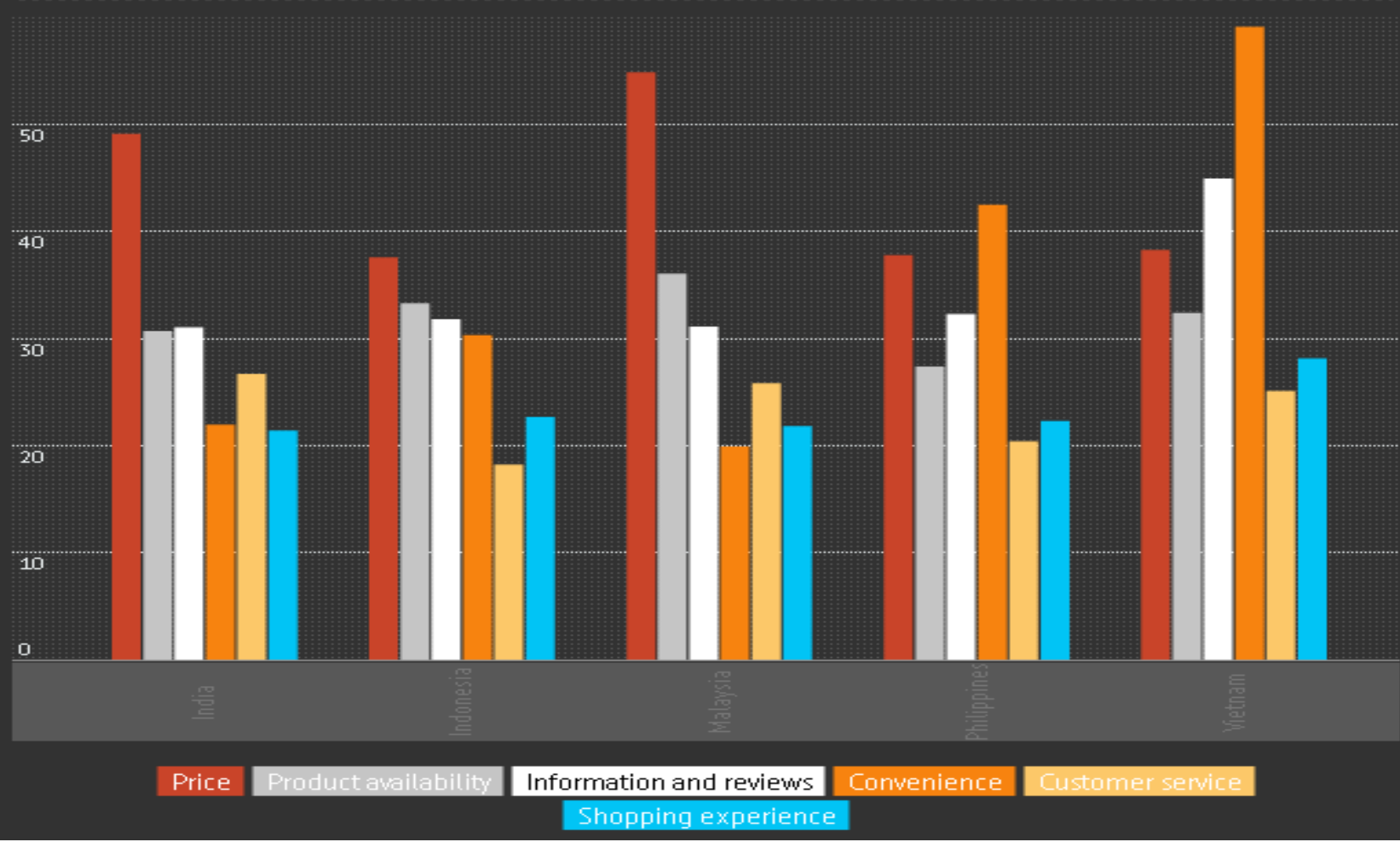


E-COMMERCE

Credit Card Penetration



Which of the following do you see as advantages to shopping online?



@ Only 18% of Mobile Subscribers

Rank	Country	CQ4:11 3G Subs (MM)	3G Penetr ation	3G Sub Y/Y Growth	Rank	Country	CQ4:11 3G Subs (MM)	3G Penetr ation	3G Sub Y/Y Growth
1	USA	208	64%	31%	16	Canada	16	62%	34%
2	Japan	122	95	9	17	Taiwan	14	48	17
3	China	57	6	115	18	South Africa	13	21	49
4	Korea	45	85	10	19	Turkey	13	20	62
5	Italy	44	51	25	20	Portugal	13	78	19
6	UK	42	53	25	21	Vietnam	12	11	358
7	Brazil	41	17	99	22	Mexico	11	11	55
8	India	39	4	841	23	Malaysia	10	27	7
9	Germany	38	36	23	24	Sweden	10	73	25
10	Spain	33	57	21	25	Philippines	10	11	45
11	France	30	45	35	26	Saudi Arabia	10	19	17
12	Indonesia	29	11	27	27	Netherlands	9	44	34
13	Poland	28	57	17	28	Egypt	8	10	60
14	Australia	22	76	21	29	Austria	7	58	24
15	Russia	17	8	45	30	Nigeria	6	6	51

Global 3G Stats: Subscribers = 1,098MM Penetration = 18% Growth = 37%

KPCB

Note: *3G includes CDMA 1x EV-DO and Rev. A/B, WCDMA, HSPA; One user may have multiple mobile subscriptions and may be counted as multiple subscriber. Source: Informa WCIS+.

Ecommerce Players

AVA



chicify



Galleon

PORMADA



Deal Grocer

zillion.ph BETA

tack this!



uniqly

THE Shop .PH
LOVE IT • BUY IT • CLICK IT • LOVE IT • BUY IT • CLICK IT •



Link Startups to Savvy Mentors/investors

× “What is lacking are **experienced guys / mentors / COOs who will nurse** the idea from biz case to reality (operating company) ... startup ventures are run and mentored by young **rock stars** who know the **theoreticals** but are **inexperienced** in real world trench warfare.” - **Concerned Market Creator**

- × Join Entrepreneurial Groups
- × Join Pitching sessions and learn from the judges
- × Enroll in Online Startup/Entrep. Courses



Learn. Collaborate. Innovate.

VC Investors



Co Working Spaces

Name	Location	Daily	Weekly	Monthly	Free Wifi	Office Support	Coffee, Tea Water	Pantry & common area
Co.Lab	Pasig	500-750	2,000-3000	5000-7000	Yes	Yes	Yes	Yes
A Space Manila	Makati	yes 40 hour	NO	YES	Yes			Yes
Location 63	Cebu	500		8000	Yes		Yes	Yes
Workspott	Alabang	TBA	TBA	TBA				

MicroWork

**199
Jobs**

ideyatech
where ideas and technologies meet

AppTivate

Work Smartr!

Globaltechsource.net
Digital Media Publisher

 **offerchat**

zopim



eCommerce and Mobile Penetration

Country	Population	Internet Users	Smart Phone Owners	Mobile Internet	Ecommerce Revenues	
PH	105.7	30	19	3.40%	1200	
US	313.9	244	219	81%	3430	
China	1150	516	354	21.80%	1100	
Corr on Mobile Internet			Corr on Internet Users			
0.96460664			-0.106555797			
Corr on Population						
-0.36356314						



Education

