

# **A Brief Overview of Taiwan's Startup Ecosystem**

by SparkLabs Taipei

# Table of Contents

[Introduction](#)

[Overview of Taiwan's startup ecosystem and startup investment scene](#)

[Trends we see in the MarTech Industry and case studies of SparkLabs MarTech companies](#)

[SparkLabs Taipei's accelerator program and select case studies](#)

[Conclusion and Key Takeaways](#)

# Introduction

Taiwan's startup ecosystem is thriving and growing at an incredible rate. This growth can be attributed to a number of factors, including many government initiatives, an increase in capital dollars flowing into the ecosystem, and corporates becoming more actively involved in the startup scene.

SparkLabs Taipei also plays an important and unique role in Taiwan's startup ecosystem. Considered one of the top and premier accelerators in Taiwan, SparkLabs Taipei is a very active early stage investor in Taiwan's startup scene. In fact, [SparkLabs Taipei Demo Day](#) is the largest in Taiwan, drawing over 1000+ attendees for each Demo Day.

SparkLabs Taipei is part of the SparkLabs accelerator network — a global accelerator network founded by entrepreneurs, for entrepreneurs. Established in 2018, SparkLabs Taipei offers a strategically designed accelerator program to help founders grow and scale their startups into world-class businesses. Since our inception, we've already invested in and accelerated 26 startups. We believe that in order to solve the world's toughest problems with significant scale and sustainable impact, it is crucial for the business model to be embedded with a global mindset from day one.

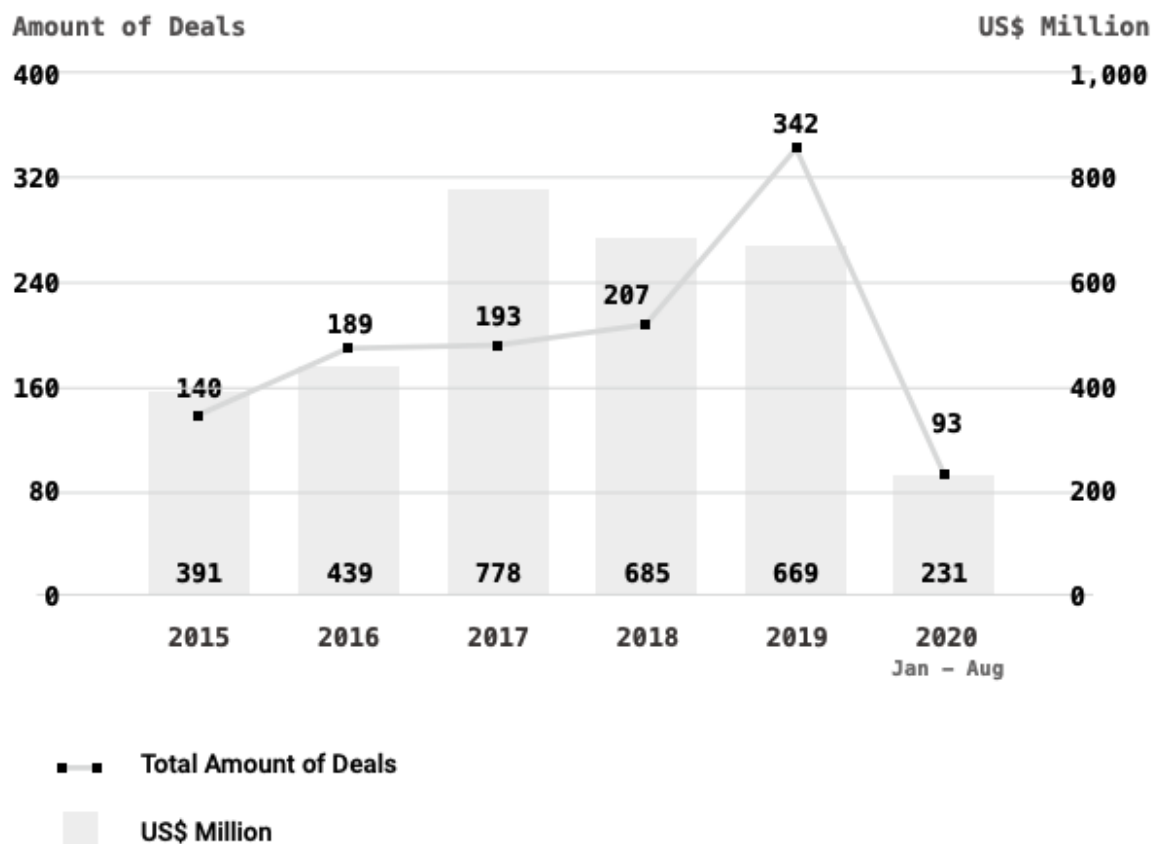
In this report, you will learn more about Taiwan's startup ecosystem and startup investment trends. Furthermore, we will specifically deep dive into the Marketing Technology (MarTech) industry and share some of SparkLabs Taipei's insights into some of the trends we see in MarTech. Finally, we will go over details of SparkLabs Taipei's accelerator program and review some case studies of SparkLabs Taipei invested startups and how we help both local and foreign startups grow and flourish in Taiwan.

## Overview of Taiwan's startup ecosystem and startup investment scene

In the past few years, the Taiwanese government has been actively investing different resources into building a robust startup ecosystem and incentivizing the venture capital market to invest into Taiwan. One of the key programs that has contributed to an increase in venture capital funding for startups is the [Business Angel Investment Program](#) by Taiwan's National Development Council (NDC) through the National Development Fund (NDF).

The Business Angel Investment Program’s main goal is to increase startup investments by using allocated government funds to co-invest alongside startup angel investors and venture capital investors. This 5 year-program has already allocated more than \$2 billion NTD with over 130+ startup investments since the program began.

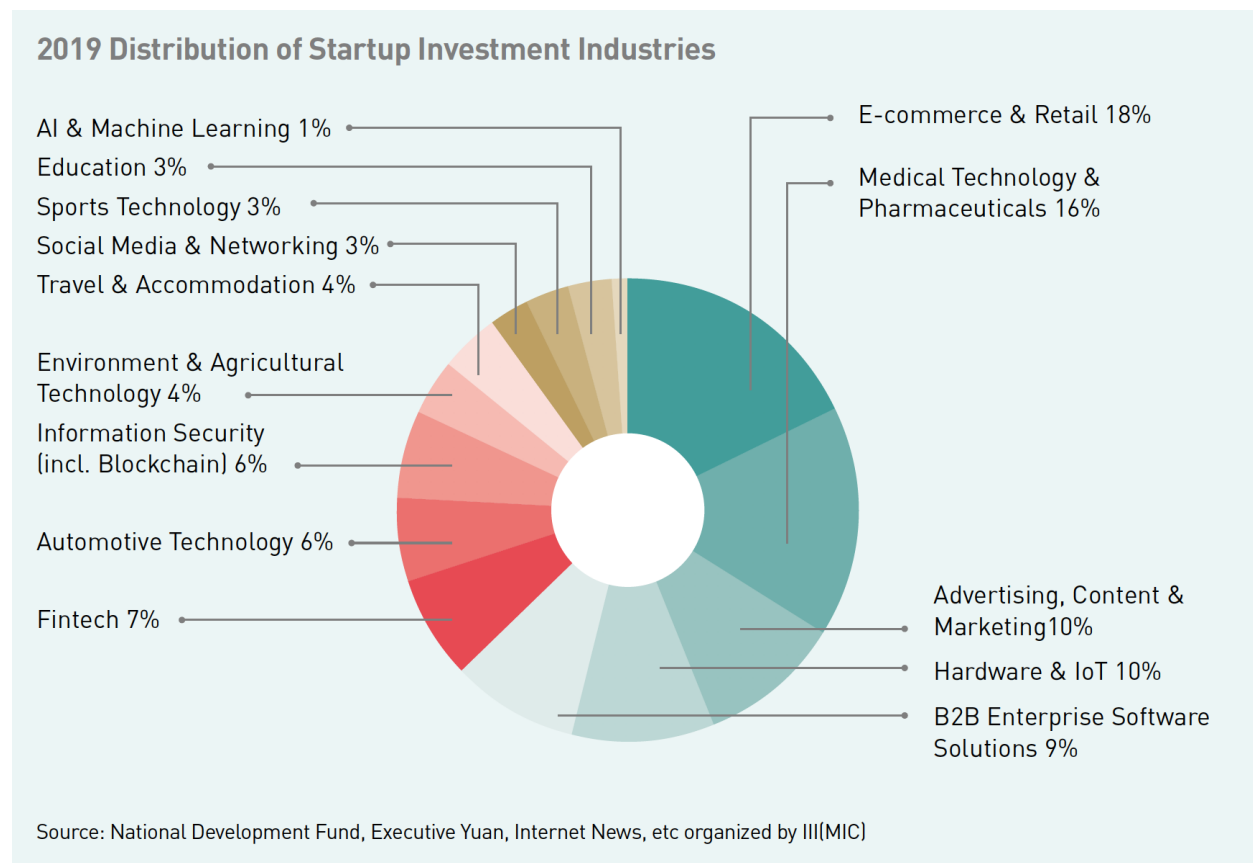
According to a [recent research report](#) by FINDIT, a research team of the Taiwan Institute of Economic Research (TIER), from 2015 to Q2 of 2020 there have been 1,589 early stage investment deals which total US \$4.4 Billion. While 2020 has seen a decrease in startup investment activity due to the COVID-19 pandemic, Taiwan’s excellent response to the pandemic has kept people safe with society remaining open, so we expect more startup deals in Taiwan in the near future.



(source: [FINDIT 2020 Taiwan Startup Investment Scene](#))

In terms of startup industry trends, according to data from 2019 and a [recent startup research report](#) by the Market Intelligence and Consulting Institute (MIC) of Taiwan’s Institute for Information Industry (III), the top 3 startup industries receiving capital

investments are (1) E-commerce & Retail, (2) Medical Technology & Pharmaceuticals, and (3) Advertising, Content, & Marketing.



(Source: [MIC 2020 “The State of Taiwan’s Corporate Innovation and Startup Ecosystem”](#))

All in all, Taiwan’s startup community and investment scene has been growing steadily with more deals and more money being poured into the ecosystem.

We especially want to deep dive and give our insight into the E-Commerce & Retail Industry and the Advertising, Content, and Marketing Industry (both are the top 3 invested industries in 2019). We’ll combine these two categories and call it MarTech moving forward.

At SparkLabs Taipei, we’ve actually invested in numerous startups in the MarTech industry. The reason we want to highlight MarTech is because we believe MarTech is one of the fastest growing startup industries, especially considering how life has shifted during the COVID-19 pandemic and how everything is going digital. The next section will deep dive into some MarTech industry insights.

# Trends we see in the MarTech Industry and case studies of SparkLabs MarTech companies

To give you a brief background on the MarTech industry, the word [MarTech was coined in 2011 by Scott Brinker](#), Chairman of Hubspot. MarTech refers to all technology used to facilitate marketing. In just 8 years since the coining of the term, the MarTech industry has grown by over 4,500%.

Driving this massive growth is the shift from traditional advertising to digital advertising. If we just look at 2016 to 2018, a large portion of the advertising and marketing budget from large corporations and other businesses were allocated to digital advertising and marketing.

Since then, we have witnessed more development efforts on software tools for digital marketing professionals. Combined with the growth of social media and the emergence of new social media channels, MarTech will only continue to develop and flourish. At SparkLabs Taipei, we see two major trends in the continued development of the MarTech Industry.

1. **MarTech will become more data-driven.** Brands will place more emphasis on accumulating customer data and converting 3rd party data for analysis. [As customer acquisition costs have been rapidly increasing](#) due to increased costs of advertising, companies need to be more data-driven in order to understand their target customers better and optimize their marketing efforts. Furthermore, as the customer experience becomes omnichannel, companies will need to collect data across multiple channels.
2. **As MarTech becomes more data-driven, there will be an increasing need for data integration.** The customer journey is increasingly more personalized—many CMOs talk about personal-tailored marketing messages and customer-centric marketing. To be able to tailor marketing to each individual customer, brands not only need to have more data to understand their customer profiles, but also will need to integrate this data across different marketing channels and platforms.

Our insights in the MarTech industry and the trends we have identified has led us to close a number of deals on MarTech startups. When we look at the MarTech industry, our primary focus is what kind of problems the team is solving, the corresponding market size, and finally, the ability of the team to launch and optimize products and services in a short period of time.

One team we have invested in is [Influexio](#). The founder of Influexio used to lead Google's advertising business in Greater China. He realized that most of MarTech was providing digital marketing services to large enterprises, and the global market of 400 million SMEs was not adequately being served. He founded Influexio to address this market need, creating a platform to match SMEs with micro-influencers.

Another MarTech team we have invested in is [OakMega](#). OakMega is a leading provider of CRM solutions on messaging apps for B2C brand owners, helping businesses better understand and engage with their customers. OakMega's Social CRM solution helps businesses reclaim the missing data by acquiring, engaging, and retaining customers through native messenger apps such as LINE and Telegram. OakMega's clients have seen 3x MAU and 50% increase of CLTV after implementing their solution.

In the next section, we will share more details on the SparkLabs Taipei accelerator program and how we help our startups grow and scale their businesses. Our motto at SparkLabs Taipei is to "Dream Big, Go Global" and we believe that our global resources and network can help startups go international.

## SparkLabs Taipei's accelerator program and select case studies

At SparkLabs, we run a 3-month accelerator program for seed to early-stage startups that have the potential to expand globally. The program is offered twice a year with the mission is to help our startups succeed globally, and more specifically to secure the next round of funding. The core components of our program can be broken down into the following:

1. **Investment:** SparkLabs invests up to US\$40,000 in all startups in exchange for up to 6% equity of each startup.
2. **World-Class Mentor Network:** Each startup in our program gets matched with 4 to 6 mentors. We consider our [global mentors](#) to be our greatest asset. Our mentors have succeeded in each of their respective industries.
3. **Weekly Training Sessions:** Weekly teaching sessions with Industry Experts, Corporate Executives, Investors and Technology Experts to broaden the knowledge spectrum of the participating startups.

4. **Demo Day:** Demo Day highlights the end of our accelerator program. At this event, startups are provided with a chance to pitch their business to eminent global investors. Our Demo Day is considered the largest in Taiwan and has drawn over 1000+ attendees, many of which are corporate executives and venture capitalists.

Furthermore, SparkLabs Taipei is part of the SparkLabs Group's accelerator network. [SparkLabs Group](#) covers more than 10 different countries and extends to a wide range of industry domains. The SparkLabs Group comprises 9 different accelerators and 2 international VC funds including the Global seed-stage fund and Korea/Southeast Asia Early Stage Fund.

At SparkLabs Taipei, our investment thesis is to focus on investing in data-driven companies that have innovative and disruptive business models, have high levels of engagement with their customer base, and have passionate teams that want to expand their business internationally.

Below are some case studies of how SparkLabs Taipei helps our portfolio startups.

#### **We help International startups enter the Taiwan market:**

SparkLabs Taipei assists international startups to expand their business into the Taiwan market, from setting up their Taiwan company entity to talent recruitment to capital investment fundraising.

[Terminal 1](#), [Tresl](#), and [Pickupp](#) are SparkLabs Taipei portfolio startups and are international startups that have expanded to Taiwan. When these companies first joined our accelerator program, they had a one-person staff in Taiwan. Not only did we provide their initial office space, but through our vast network of mentors and resources, we also helped them set up their Taiwan entity. Next, we assisted these companies in matching potential business partners. We also helped with their recruiting, recommending good talent and sitting in on interviews with potential candidates. Finally, we worked with them to develop a fundraising strategy, connecting these startups with strategic investors in Taiwan to further accelerate their growth in the Taiwan market.

#### **We partner with top professional corporations to assist startups with their needs:**

SparkLabs Taipei has many corporate partners to assist our startups.

*Financial Industry:* CTBC and Citi

*Financial Consulting Industry:* Deloitte and KPMG



*Legal Industry:* Taipei Law  
*Cloud Services:* AWS  
*Human Resources:* 104 Corporation

Our network of alumni and portfolio startups also provide startup services, such as Terminal 1's talent recruiting platform, [FunTek](#)'s chat solution, [OakMega](#)'s Social CRM, etc.

## Conclusion and Key Takeaways

As Taiwan's startup ecosystem continues to thrive and grow, it is a great time to enter the Taiwan market, especially during the COVID-19 pandemic as society and business remain open. We have seen international startups land in Taiwan for two reasons: (1) To enter the Taiwan market, and (2) To build their Research and Development team in Taiwan. If you are a startup and interested in the Taiwan market for either reason, SparkLabs Taipei can help. If you are a corporate looking for new innovative solutions and startup connections, SparkLabs Taipei has numerous portfolio startups to connect you with. Ultimately, SparkLabs Taipei is a big player in the Taiwan startup ecosystem and can be a starting point for your Taiwan market entry.

To contact SparkLabs Taipei or follow us on our social media channels:

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