

“Funding Opportunities for Technology Startups Post COVID - 19”

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Privity FZ LLE



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OIIE Webinar Series 1.0

ABOUT ME



Sleem Hasan



Education (1972 - 1978)



Graduated from (Oxford - 1978 - 1981 | Cambridge - 1981 - 1982)



UNIVERSITY OF
OXFORD



UNIVERSITY OF
CAMBRIDGE

Worked at (1983 - 1994)



SMBC NIKKO

Founded (HFC - 1996 - February 2020 | Privity - 2004)



COVID-19



Klaus Schwab

Founder of the WEF

“Covid-19 has shown us that our old systems are not fit anymore for the 21st century. It has laid bare the fundamental lack of social cohesion, fairness, inclusion and equality. Now is the historical moment, the time, not only to fight the virus but to shape the system for the post-corona era.”

- Klaus Schwab

COVID-19



Gita Gopinath is an Indian American economist who has been the Chief Economist of the International Monetary Fund since 2019.

“This is a virus that doesn’t respect borders: it crosses borders. And as long as it is in full strength in any part of the world, it’s affecting everybody else. So it requires global cooperation to deal with it.”

-Gita Gopinath,
IMF Chief Economist

COVID-19

Layoffs in Startups Triggered By COVID - 19

Uber



Transportation

Uber 25%
Lyft 17%
Bird 30%

Travel

Airbnb 25%
TripAdvisor 25%
Sonder 33%
TripActions 25%

Consumer

Magic Leap 50%
Yelp 17%
Juul 30%

Retail

Groupon 44%
Deliv 100%
B8ta 50%

Food

Toast 50%
ezCater..... 44%

Fitness

Flywheel
Sports 98%
MindBody 35%

Source link:

<https://www.visualcapitalist.com/layoffs-prominent-startups-covid-19/>

Real Estate

Opendoor 35%
WeWork N/A
Compass 15%

Entertainment

Eventbrite 45%

Finance

Lending Club
..... 30%

Recruiting

ZipRecruiter 39%
Glassdoor 30%

Marketing

Cvent 10%
Sojern 50%

Logistics

KeepTruckin 18%
Samsara 18%

Healthcare

Sage Therapeutics
..... 53%

Other

Automation Anywhere
..... 10%

wework

cvent



COVID-19

How COVID Impacts the Startups today?

World Bank projects Sub Saharan Africa will fall into its **first recession for 25 years** while the International Monetary Fund predicts Nigeria is headed for **its worst recession in 30 years**.

Funding received by Andela

Seed round - **\$3** million
Series A - **\$14** million
Series B - **\$24** million
Series C - **\$40** million
Series D - **\$100** million

Source link:

<https://qz.com/africa/1839035/african-startups-get-new-fund-from-andela-founder-iyin-aboveji/>

COVID-19

What is the post covid situation for Entrepreneurs?

- Economic
- Geopolitical
- Societal
- Tech





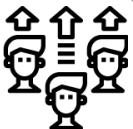
Economic

Prolonged global recession	58.5%
High unemployment	43.8%
Weakening major economies	39.2%
Industries fail to recover	35.4%
More bankruptcies/consolidations	35.2%
Emerging market collapse	33.7%
Prolonged supply chain Disruption	33.7%
Sharp increase in global inflation	25.1%



Geopolitical

More restricted travel/trade movement	34.0%
Geopolitical exploitation of COVID-19 crisis	28.5%
Worsened humanitarian crises (due to reduced foreign aid)	27.4%



Societal

Another disease outbreak	40.1%
Weekend social security	27.7%
Worsened inequality/social divisions	25.1%



Tech

Remote working cyberattacks	25.4%
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COVID-19

What Startups Funding Will Look like in a Post Covid-19 World

It's 2022, and the coronavirus has at long last been defeated. After a miserable year-and-a-half, alternating between lockdowns and new outbreaks, **life can finally begin returning to normal.**

But it will not be the old normal. It will be a new world, with a reshaped economy, much as war and depression reordered life for previous generations.

- Thousands of stores and companies that were vulnerable before the virus arrived have disappeared.
- Dozens of colleges are shutting down, in the first wave of closures in the history of American higher education.
- People have also changed long-held patterns of behavior: Outdoor socializing is in, business trips are out.
- All of this, obviously, is conjecture. The future is unknowable.
- In this scenario, a vaccine will arrive sometime in 2021. Until then, the world will endure waves of sickness, death and uncertainty.

COVID-19

But one thing
everyone need
to remember

Post dark, there is a dawn.
After every recession,
we have had great
companies uprise.



Microsoft

amazon



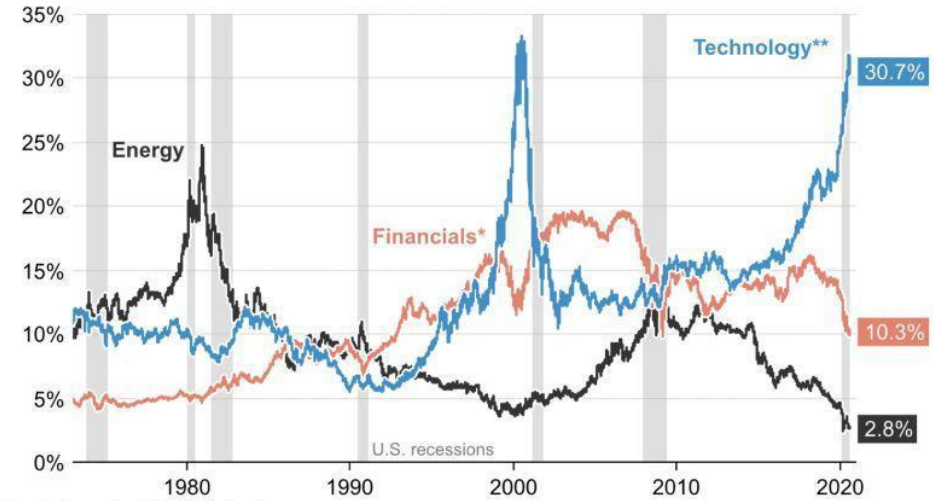
Eg: Microsoft & Amazon post dot com
burst recessions of 1998 -20, Uber, Tesla's
of the world grew post financial crisis lead
recessions of 2008 -10

Tech Funding

America's technology companies now account for 31% of the \$33 trillion equity market capitalization of around 1,000 of the biggest U.S. companies, according to Refinitiv Datastream.

Data spike

Sector shares of U.S. equity market capitalization



*excludes real estate **includes Amazon.com

Source: Refinitiv Datastream, data to 11/08/2020 V. Flasseur | @Breakingviews











Most of that value is concentrated in a few giants like #AAPL, #AMZN, #MSFT, #GOOGLE, #FB

Via @Breakingviews

Tech Funding

Next Billion Internet Users

The majority of countries with lower rates of internet access are in Asia and Africa. Here's a look at the top 10 countries with the highest numbers of people not connected to the web

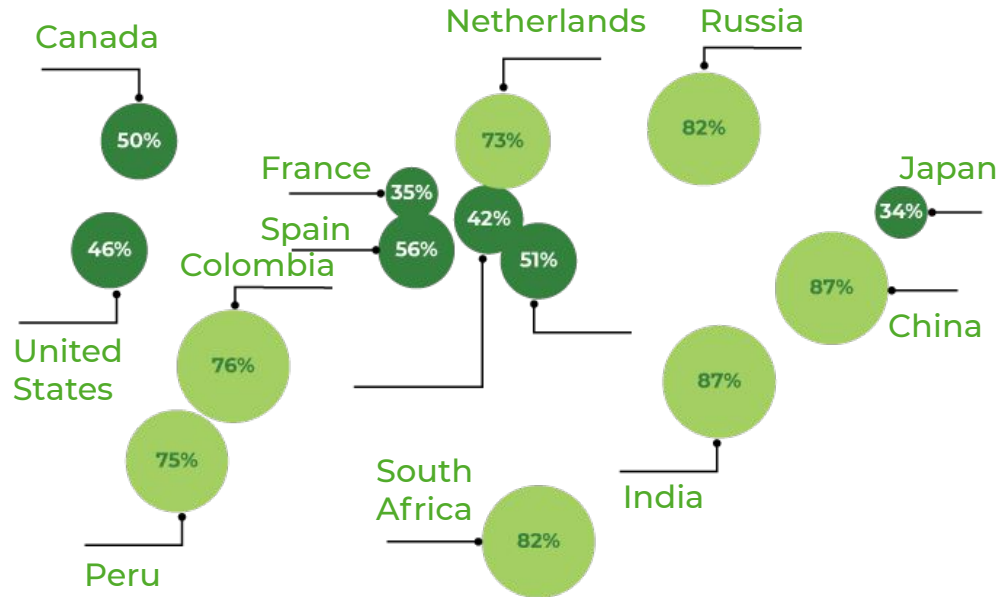
		Unconnected people	% of population
1.		685,591,071	50%
2.		582,063,733	41%
3.		142,347,735	65%
4.		118,059,925	58%
5.		97,427,352	59%
6.		96,709,226	36%
7.		92,385,728	81%
8.		71,823,319	81%
9.		61,423,295	29%
10.		46,626,170	46%

Tech Funding

Visualizing the current landscape of the Fintech Industry

FIS bought the payments processing company Wordplay for \$35 billion, valuing the company at **\$43 billion**, when debt is included.

Global payments bought the payments processing company Total System services for **\$21.5 billion**, planning to provide services to over 1,300 financial institutions. (Bloomberg)



China and India lead the way in Fintech Adoption

● Highest ● Lowest

Tech Funding

Finance and Funding

1

Strategy

2

Foundational Design

3

Core Utilities of a
Financing System

4

Future of Banking
IS NOT BANKS!

5

Stop Hiring Bankers!

6

Scale & Marketing

7

Apply 10x Thinking

8

Completely Change Cost Structure

9

Think anything “non-touch” & scale

10

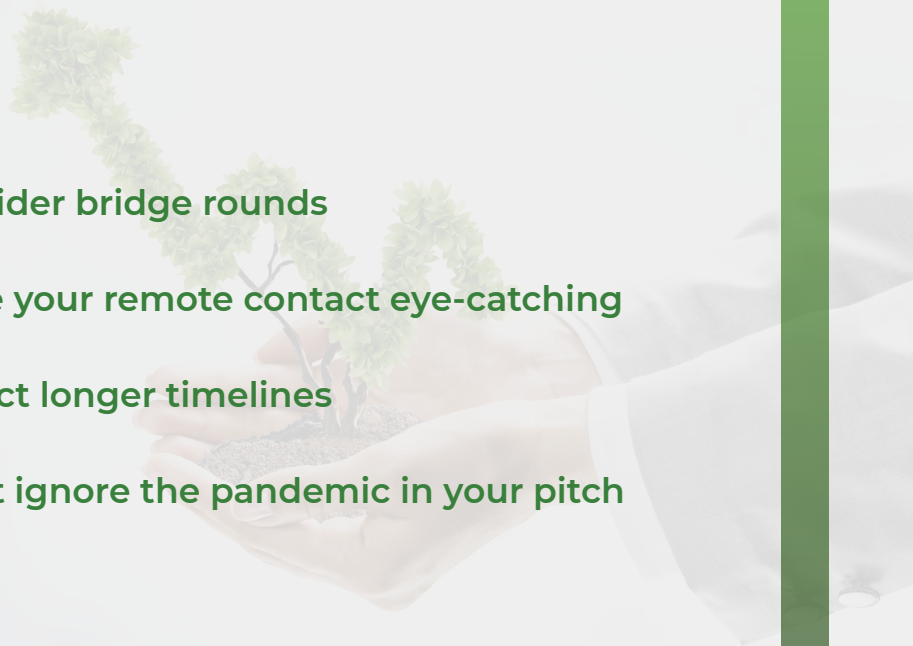
Optimize Core. Go for Edge

Tech Funding

How to land funding during the pandemic, from Europe's VCs

How is coronavirus impacting the funding landscape for startups?

- Consider bridge rounds
- Make your remote contact eye-catching
- Expect longer timelines
- Don't ignore the pandemic in your pitch

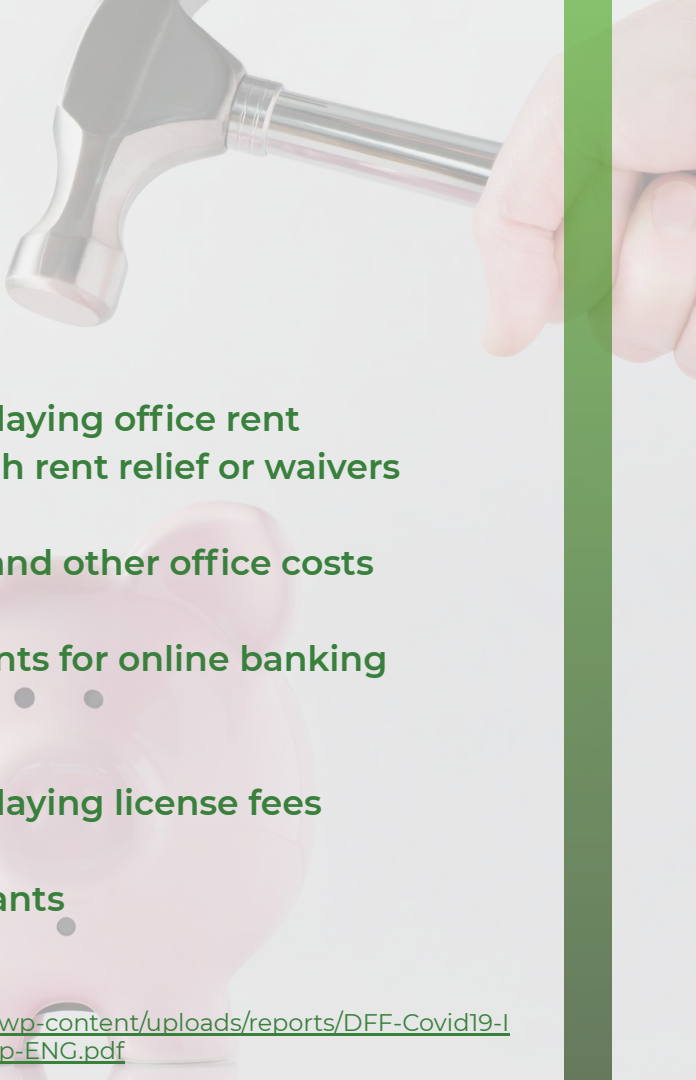


Tech Funding

Life after COVID-19 Innovation & Entrepreneurship

1

Extend runway
for startups and
improve cash
flow situation

- 
- a. Reducing and delaying office rent payments through rent relief or waivers
 - b. Reducing utility and other office costs
 - c. Deferring payments for online banking services
 - d. Reducing and delaying license fees
 - e. Offering open grants

Source link:

<https://www.dubaifuture.gov.ae/wp-content/uploads/reports/DFF-Covid19-Innovation-and-Entrepreneurship-ENG.pdf>

Tech Funding

Life after COVID-19
Innovation &
Entrepreneurship

2

Protect talent in
the region -
talent is the core
of a start-up

- 
- a. Funding salaries
 - b. Reducing living costs
 - c. Increasing mobility across visas and free zones
 - d. Supporting temporary employment

Source link:

<https://www.dubaifuture.gov.ae/wp-content/uploads/reports/DFF-Covid19-Innovation-and-Entrepreneurship-ENG.pdf>

Tech Funding

Life after COVID-19
Innovation &
Entrepreneurship

3

Fundraising

Given that the current situation has increased uncertainty and reduced investor confidence, government initiatives might be designed to help stabilize the market.

- a. Co-investing
- b. Low-interest loans

Source link:

<https://www.dubaifuture.gov.ae/wp-content/uploads/reports/DFF-Covid19-Innovation-and-Entrepreneurship-ENG.pdf>

Tech Funding

Africa's health sector attracts more investments during the pandemic

Under COVID-19, healthcare investments in Africa have also surged due to the demand and prominence of the sector as a result of the pandemic. Healthcare investments are ascending also due to the numerous innovations around access, data, testing, therapeutics and vaccine in and around the continent.

The Ghana Infectious Disease Center (GIDC), a 100-bed infectious disease and treatment center, opened on 24th July 2020 after the Ghana Covid-19 Private Sector Fund invested to get it from scratch to finish within 3 months during the pandemic.

Source link:

<https://furtherafrica.com/2020/08/20/africas-health-sector-attracts-more-investments-during-the-pandemic/>

Tech Funding

- The International Finance Corporation (IFC) \$5.2M loan facility to the Nyaho Medical Center
- New Crystal Health Services (NCHS) also got a \$2.5M loan from the IFC
- Helium Health a Nigeria healthtech venture raised \$10M
- Ghanaian healthtech company, mPharma raised \$17M
- In April, another Nigerian healthtech venture, 54Gene raised \$15M
- Lifestores, a tech enabled platform for pharmacies to provide access to healthcare for the last mile with a \$1M investment in fresh capital

Source link:

<https://furtherafrica.com/2020/08/20/africas-health-sector-attracts-more-investments-during-the-pandemic/>

Tech Funding

European fintechs have raised over \$3bn since lockdown began, but where's that money gone?

- Consumer fintechs are carrying the sector in terms of funds raised.
- The funding boom here may well be because these companies are still heavily loss-making, meaning they were most in need of additional funds.

- Alternative (or non-bank) lending firms like Zopa saw one of the biggest drops in funding over lockdown.
- Europe's alternative lenders raised \$62m in the first half of 2020, down from \$100m in the first half of 2019, according to PitchBook.
- Wealhtech saw a record year for global investment in 2019, buoyed by the US' Robinhood. Yet the start of 2020 saw a 45% funding drop in Europe.
- European infrastructure providers (focused on capital markets) are still lagging in investment.



THANK YOU _____



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