

# Digital Preparedness and Financial Needs Assessment of Social Impact Startups in Vietnam



## INVESTING IN THE FUTURE

Empowering Women  
Disrupting Markets  
Creating Impact



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# Key findings and Recommendations

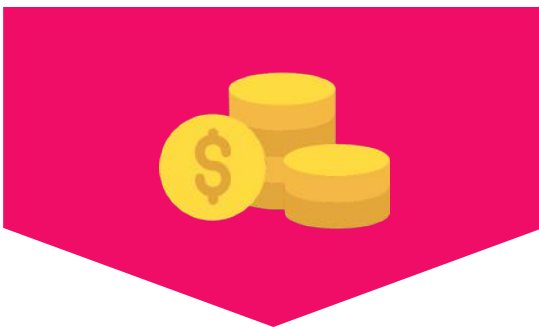
- **SDV21 startups** have compelling business offers, expectation for revenue growth, and a positive impact on society and the environment.
- **To achieve their objectives and planned growth trajectories** they need short-term capital to invest for the future and manage working capital, as well as mentoring on financial management, marketing, and business development, among others.
- **There is a capital demand and supply gap** explained by a mismatch between the risk profile of the startups and the one required by institutional Venture Capital funds. There is also a mismatch between the amounts solicited by startups, with an average fund raise round of 200,000 USD and available institutional VC capital on average starting from an investment ticket size of 1,000,000 USD.
- **Bank loans are not easily accessible** given lack of collateral as many of the startups are not yet profitable and don't have other assets to use as a collateral.
- **Strengthening angel investor networks can help** provide bridge financing, especially for startups in the early stage category.
- **Introduction of more early stage GLI funds** with a blended finance facility can present an effective financing solution for startups in early stage. Although blended finance type funds are normally implemented for larger funds and projects, exploring the most effective way to launch and execute such financing facilities could be warranted.
- **Technical challenges exist for startup teams** both with and without a technical presence in their team. Some of the challenges can be addressed by education and mentoring programs in the areas of product management, user experience design, analytics, open source development, digital growth marketing and sales.
- **For founders who are non-technical** and have experienced problems working with external parties, Venture Building support in tech development can help design and build digital products in an aligned, and accelerated mode without requiring initial cash outlay from the startups.
- **Specific consultancy and training programs** on e-commerce solution architecture can help many startups expand into e-commerce, make the correct choices, configurations and customisations of licensed or open source software.
- **Facilitated or open startup networks** can help transfer knowledge between startups - many of whom face similar challenges.
- **Programs with universities can establish connections** between startups and students, especially from tech specialisations, who can offer initially free / low cost service to fill in digital skill and talent gaps, and subsequently upon graduation become a technical cadre of a company.

## SheDisrupts Vietnam

Creatella Impact and Women's Initiative for Startups and Entrepreneurship (WISE) implemented a women economic empowerment program in Vietnam with support from Investing in Women (an initiative of the Australian Government), Global Affairs Canada and the GSRD Foundation.

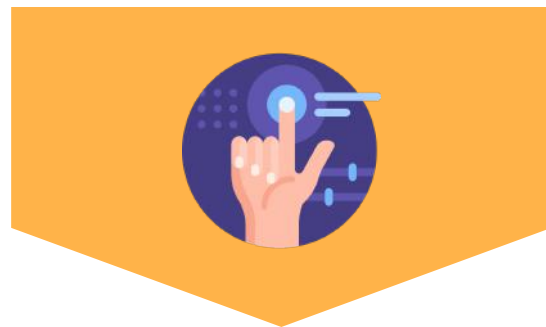
The goal of SheDisrupts Vietnam<sup>1</sup> 2021 (SDV) was to empower women led early stage startups in Vietnam to disrupt the markets with their innovative products, maximize their investment potential, unleash opportunities for success and growth, and create impact at scale to promote the SDG agenda in Vietnam. SDV21 was conducted from 19 November 2021 till 25 February 2022 and included a Venture Competition, Mentorship and pre-Acceleration Training Programme with a live pitch of all participating startups at the end.

**The financial and digital assets of early stage startups** play a universally important role in their success. This is especially true for startups which are not yet profitable and which rely on external funding. In this context, within the framework of SDV21, two dedicated studies were conducted on the digital preparedness and financial needs of startups; with recommendations geared towards ecosystem players - government, investors and business support organisations. We hope these recommendations will help the SDV21 startups, along with other startups in Vietnam and, more widely, other countries with similar market and development profiles.



### Financial Needs Assessment (FNA)

FNA included a review and assessment of the startup's current financing state and financial needs, their access to capital and financial assets, their ability to fundraise, and their impact on creating and expanding businesses along with any key gaps in the aforementioned areas.



### Digital Preparedness Assessment (DPA)

DPA included a review and assessment of the usage of digital assets by startups, to understand their ability to lead and support digital efforts, be agile, innovative, and active experimenters, and leverage their digital assets for access to capital, creating and expanding customer base and building strong businesses.

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<sup>1</sup> SheDisrupts program has been developed by Creatella Impact and the Indonesian Women Empowerment Fund, an initiative by Moonshot Ventures and YCAB

## Methodology

This report adopts a practical approach and is not prepared in an academic style, with the objective of sharing specific and actionable recommendations in an easy to read format.



**For FNA and DPA, a three-tiered approach has been used.**

1

Data and inputs were directly collected from SDV startups and several investors, using a survey questionnaire

2

The report authors conducted individual calls with each startup, mentored them on finance and digital preparedness

3

Inputs from a Sounding Board of experts from within and outside Vietnam were collected and incorporated in the report

## Acknowledgements

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Authors and Creatella Impact thank all participating startups, investors and reviewers for their inputs and support in preparing this report. Special thanks to WISE for co-implementing SDV21 and all sponsors of SDV21 program, Investing in Women (an initiative of the Australian Government), Global Affairs Canada and the GSRD Foundation, without whose support the program and this report would not have been possible.





# Vietnam Context



Over the last few decades entrepreneurship has grown to become one of the key driving forces in the rapid development of emerging economies. In particular, those with high digital penetration such as Vietnam stand to benefit greatly from tech enabled innovation in digital products and services.

In Vietnam, digitalisation has been accelerating over the past few years, with more than 70% of the population having access to the internet<sup>2</sup> as of 2021. The government has also encouraged digitalisation through a number of laws and initiatives, including the 2018 Law on Supporting Small and Medium-Sized Enterprises<sup>3</sup>, which brought provisions in technology, training, trade promotion, investments, preferential loans and incentives for VC funds. In 2020 the government launched the National Digital Transformation Programme<sup>4</sup> with the goal of developing the digital economy, digital society, and digital government.



Vietnam is one of the fastest-growing internet economies in the region. E-commerce sales have been growing at a similar pace as world e-commerce sales and faster than GDP. In 2020, Vietnam's e-commerce market value reached almost USD 12 billion – 2.5 percent of GDP<sup>5</sup>.



The WB report also revealed that only large firms demonstrated the ability to use digital tools for production planning, supply chain management and fabrication. Digital platforms are mainly used to streamline simple business functions such as business administration, sales and payment methods.



Micro Small and Medium Enterprises continue to be a key driver of Vietnam's economy, contributing to over 98% of all business, 40% of the GDP, and 50% of total employment. And women-owned MSMEs play a very active role, comprising 27% of the total active enterprises and 21% of formal enterprises. 57% of women-owned enterprises are micro-enterprises, 42% are SMEs and 1% are large enterprises<sup>6</sup>.



Women-owned businesses have similar average annual revenues compared to their male counterparts. Yet, women face vulnerabilities and barriers to start up and/or expand their businesses. Objective 3 of the new National Strategy on Gender Equality in Vietnam 2021-2030<sup>7</sup> is a key trigger to “Enhance gender equality in access to quality employment and business startups”.



UNESCAP survey of business owners' perception of COVID-19's impact<sup>8</sup> revealed varying impact on women-led and male-led MSMEs. On a scale from 1 (very bad) to 5 (very good) average impact was rated to be at 2.16 points, women-led MSMEs reported an impact at 2.08 points and male-led MSMEs - 2.27. Regarding the kind of impact, 56% of women led MSMEs reported that they have undergone disruption in normal production and business activities, vs 51% of all MSMEs surveyed.



Many entrepreneurs of early stage businesses in Vietnam have the purpose to achieve social impact by providing entrepreneurial solutions to a societal issue based on a scalable approach, and expressly state such purpose in their business and impact models. Harnessing the power of entrepreneurship and disruptive business models with the use of new digital tools, is the way to go, to contribute to the achievement of the United Nations Sustainable Development Goals.



Startups promote innovation, are flexible and more capable of taking risks. However, solutions brought to market by startups go through difficult early stages in finding a suitable market, and necessary capital for passing through the “valley of death” and growing into scalable businesses.

<sup>2</sup> <https://data.worldbank.org/indicator/IT.NET.USER.ZS?locations=VN>

<sup>3</sup> [http://www.economica.vn/Content/files/LAW%20%26%20REG/SME%20Support%20Law%202017\(1\).pdf](http://www.economica.vn/Content/files/LAW%20%26%20REG/SME%20Support%20Law%202017(1).pdf)

<sup>4</sup> <http://asemconnectvietnam.gov.vn/default.aspx?ZID1=14&ID8=99391&ID1=2>

<sup>5</sup> <https://documents1.worldbank.org/curated/en/522031629469673810/pdf/Taking-Stock-Digital-Vietnam-The-Path-to-Tomorrow.pdf>

<sup>6</sup> <https://www.ifc.org/wps/wcm/connect/1163db7a-e432-4a9e-9b56-18fd57bde2bb/Women-owned+enterprises+in+Vietnam-Perceptions+and+Potential+-+Executive+Summary.pdf?MOD=AJPERES&CID=IXbziNo>

<sup>7</sup> <https://english.luatvietnam.vn/resolution-no-28-ng-cp-dated-march-03-2021-of-the-government-on-promulgation-of-the-national-strategy-on-gender-equality-in-the-period-of-2021-2030-199301-Doc1.html>

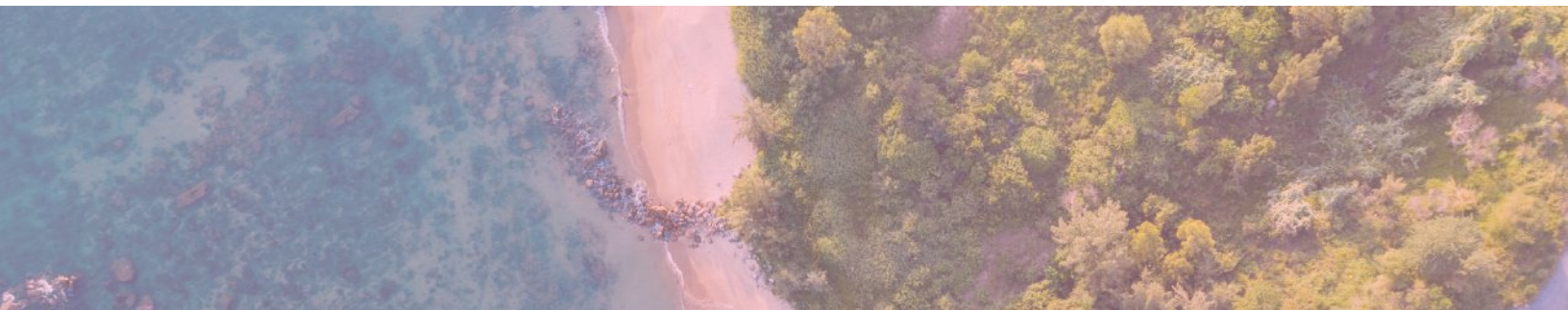
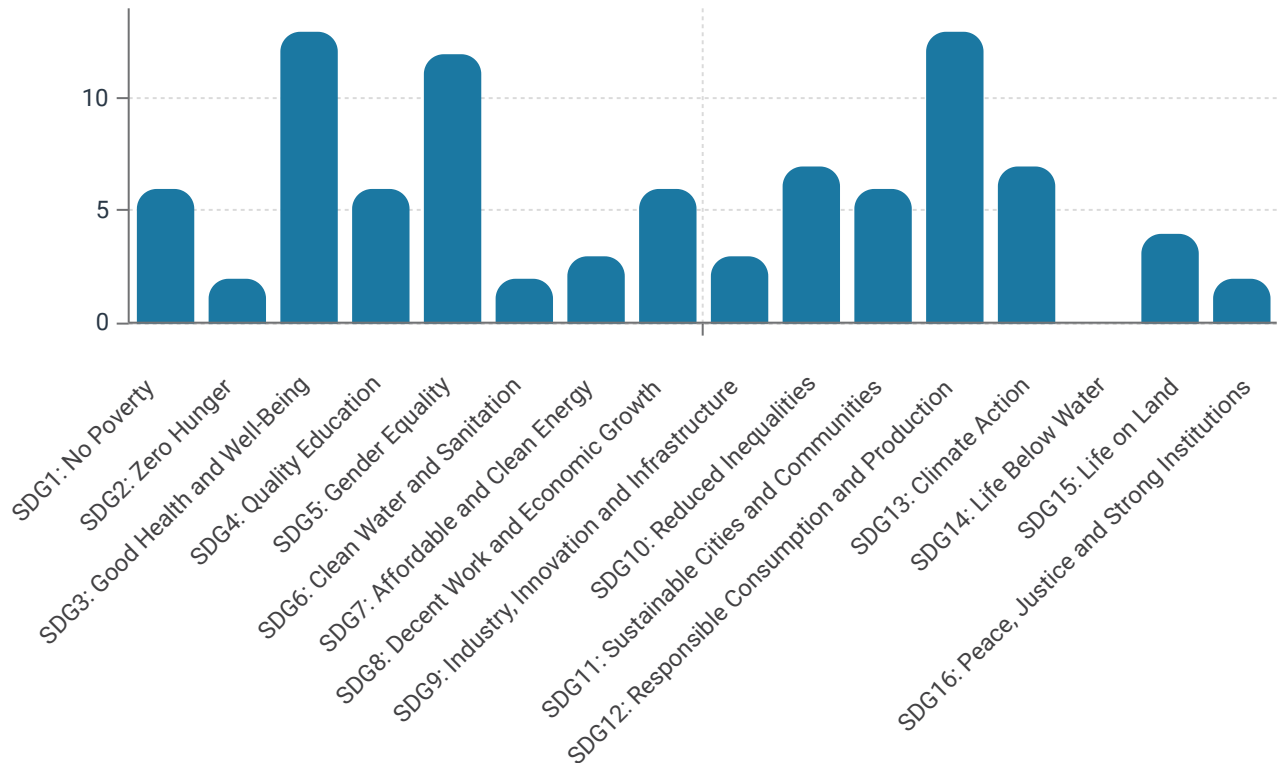
<sup>8</sup> [https://www.unescap.org/sites/default/d8files/2020-09/ESCAP\\_VietNam\\_MSMEs\\_and\\_COVID-19.pdf](https://www.unescap.org/sites/default/d8files/2020-09/ESCAP_VietNam_MSMEs_and_COVID-19.pdf)

# Startup Profiles

SDV21 program has focused on supporting women founders of early stage, social impact startups in Vietnam. In this study we present five case studies, along with data from a total of 23 startups, revealing the challenges and opportunities for female led startups in Vietnam. While some of these challenges are not unique to the country, the opportunity for addressing them must be tailored so they both acknowledge and complement the wider ecosystem.

All startups in this assessment are women led, with their leadership team having at least 1 woman, and 20% and more of startups owned by one or more women. All startups orient their products and services to the Vietnam market, with the deliberate objective of having a direct positive impact in addressing at least one of the Sustainable Development Goals (SDGs).

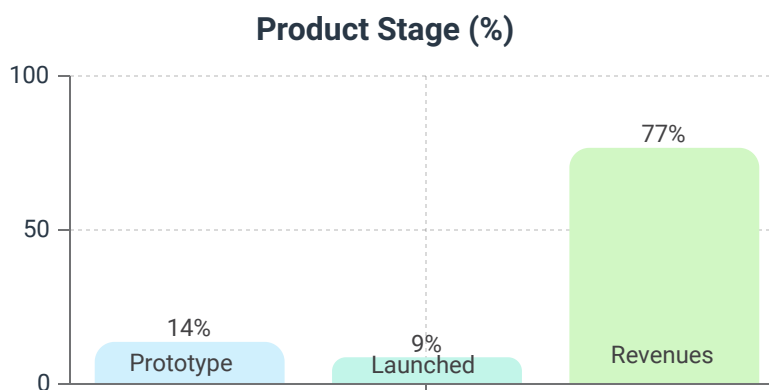
**Contribution of startups to SDGs**



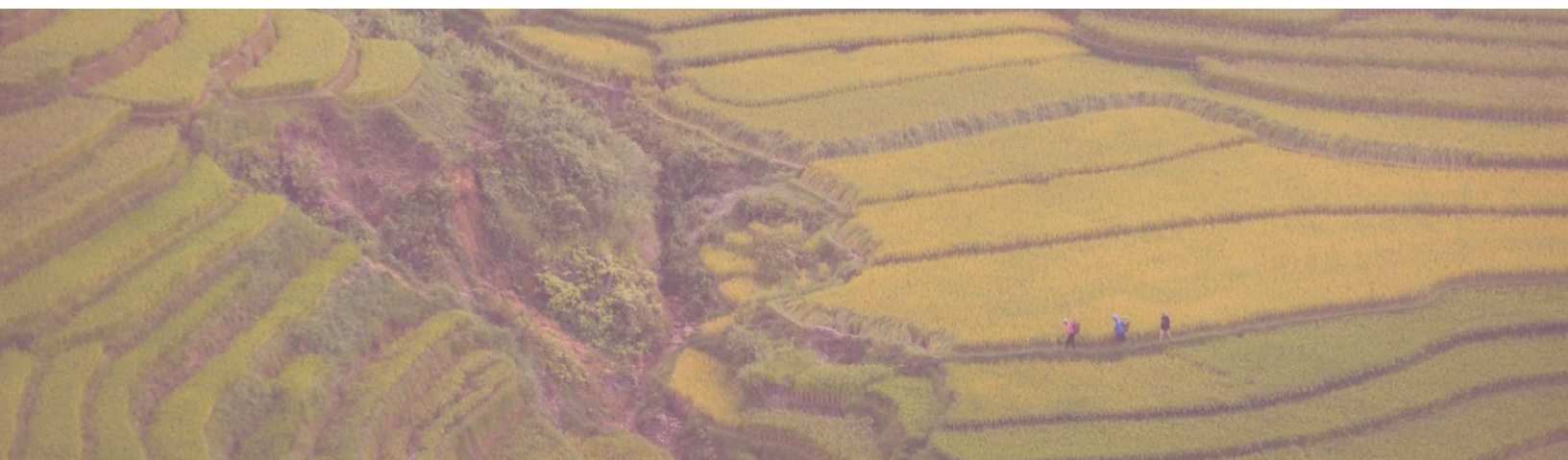


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Majority of startups are incorporated during the COVID pandemic in 2020 and 2021 and 77% of them have early revenue mostly in the range of 10,000 USD to 100,000 USD. 14% of startups are still preparing their product prototype and 9% have already launched their product and are ready to register their first revenues.



Majority of startups were from Ho Chi Minh City (53%) followed by Hanoi (37%), Hue (5%) and Paris (5%). Startups focused in this program were expected to have the purpose to achieve social impact by providing entrepreneurial solutions to a societal issue based on a scalable approach, define ex-ante their social impact objectives within their business plans and specify associated metrics for directing operations and monitoring their impact ex-post, intend to use their own business growth to advance their pre-defined social targets.





# Financial Needs Assessment

## Findings and recommendations

To address demand-supply gap in financing, it is recommended to strengthen existing angel investor networks, use SPVs and investment syndication and on a long term basis, establish blended finance structures.

Startups need short-term capital to invest for the future and manage working capital, and they largely perceive such capital to be difficult to obtain.

**Many of the startups participating in this survey had compelling and robust business models.** In developed markets, startups are typically expected to yield an IRR (internal rate of return) of 20-40%, or a cash-on-cash return of ~3X over 5 years, in order to be attractive to investors. This particular set of women-led tech startups certainly warrants a higher return requirement, given Vietnam's inherently high country risk, and in fact, virtually all of them are expecting revenue growth well north of these requirements (i.e., revenues expected to multiply easily by more than 3x over 5 years). Furthermore, these companies are also aiming to be impactful to society and the environment in various ways.

**What are the obstacles for achieving these expected growth trajectories?** Our study identified two main obstacles. First, these startups need short-term capital to invest for the future and manage working capital, and they largely perceive such capital to be difficult to obtain. Second, they need mentoring to grow their businesses in various areas, and it is difficult to gain access to such high quality business support. When it comes to financial needs, however, the problem is unlikely to be the availability of liquidity in the financial system, given that interbank rates continue to hover near the decade low, according to data provided by the State Bank of Vietnam. A more likely explanation is that many of these companies do not yet generate sufficient profit to access capital, though many of them do expect to turn profitable within one or two years. Venture Capital firms (VCs) tend to wait until startups begin generating profit before making an investment. Moreover, VCs' average ticket size is anecdotally around 1 million USD, whereas the median startup we studied is aiming to raise 200,000 USD. Thus, a demand-supply gap in financing is likely to exist in this space. Startups are also unlikely to have easy access to attractive bank loans before achieving profitability due to lack of collateral. Therefore, startups must find ways to raise bridge financing from other sources. Finding ways to strengthen existing angel investor networks would be a logical step forward.

**Against this backdrop, we think that a blended finance facility could present an effective financing solution for startups in this stage.** A blended financing facility combines commercial and concessional capital, with the presence of concessional first-loss capital driving participation by commercial investors, as it mitigates their investment risk and enhances their return potential. As a next step, we propose exploring and determining the most effective way to launch and execute such a financing facility (see appendix for more details).

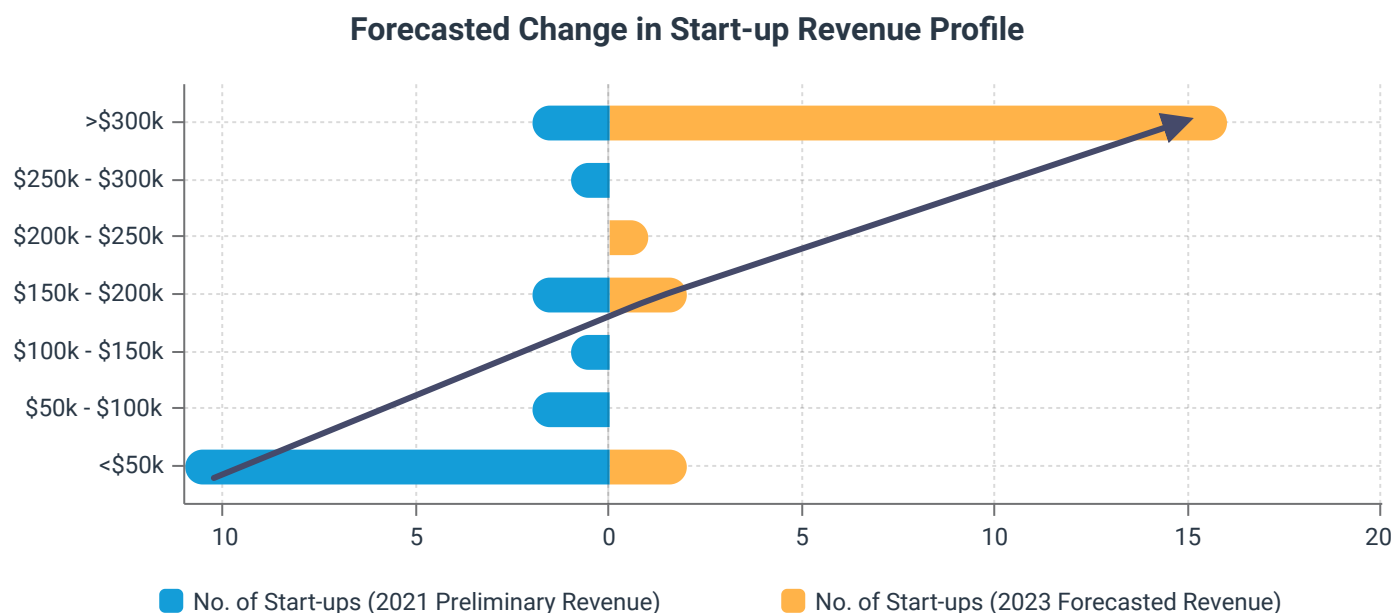
Given that both angel investor and blended finance mechanisms are premature, however, investment syndication and special purpose vehicles (SPV) may be potential short-term alternatives.

In terms of the second obstacle - the startups we interviewed unequivocally voiced a need to receive mentoring in the areas of financial management, marketing, and business development, among others. In short, we believe a short-term blended finance bridge financing facility, combined with an effective acceleration program, would be a highly effective way to improve these startups' odds of success.

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## Key points from our startup survey and interviews

Of the 23 companies that responded to our survey, there were only four companies that indicated that they generated no revenues in 2021. Eleven of these startups indicated that their revenues were less than 50,000 USD. In 2023, 16 of these startups project that their revenue will surpass 300,000 USD (see chart below).



While projecting long-term revenue growth for startups is more of an art than a science, the median startup of this group indicated that its revenue would multiply by 100x by 2026 from 2021. Of course, most of these startups launched their businesses within the last year, meaning that base revenue is low, thereby inflating their growth multiples. Therefore, a better gauge of their long-term growth expectations is, perhaps, their expected revenue growth from 2023 to 2026. The median growth multiple for those three years is about six times (=IRR of 86%). Certainly, one can infer that their revenue growth expectations still appear nothing short of 'bullish'.

### How convincing are these projected numbers?

Our further inquiry found that many of these startups employ a reasonable approach to projecting revenues. At least 10 of them indicated that they forecast future revenues by making bottom-up assumptions, based on factors such as current web traffic and conversion, customer traction, distribution channel growth, etc, and attempt to extrapolate observed trends into the future.

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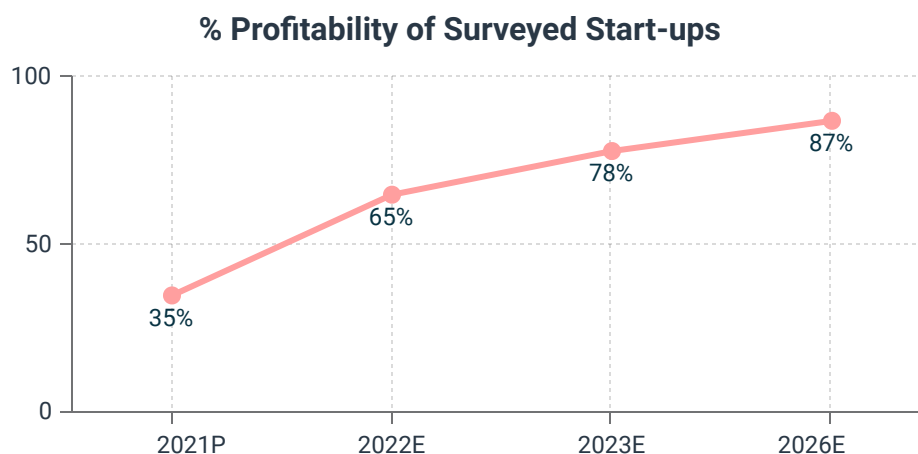
On the other hand, the rest of the surveyed startups seemed to have adopted less convincing approaches, such as applying a target market share to the addressable market, blindly assuming that their revenues would double or triple each year, or adopting some generalised ‘successful’ trajectory for startups. One of the companies that we interviewed was an OTC herbal medicine producer, which claims to have sold 100,000 USD worth of its products in 2021, which is a very respectable performance level for a startup in and of itself. Their pitchbook, however, indicated that their projected sales would exceed 200 billion USD in two years. The CEO explained to us that she assumed that their products would capture 5% of a large addressable market in two years. Recognizing that the best-selling drug in the world today does not even reach such a figure, we recommended that she employ a better-grounded bottom-up approach to project revenues. Such a blatantly unrealistic revenue projection would be enough to turn most investors away. As such, we concluded that training in business projection would be critical for such startups.

### What other assumptions underlie their revenue projections?

Eleven of the 23 startups surveyed indicated that their product/service prices are likely to rise going forward. Similarly, 13 of them indicated that their product/service quality drives revenues. These data points underscore the confidence the majority of these startup managers have in their product/service offerings and, perhaps, their strategies to market them as value-added products/services.

### What percentage of these startups are profitable, and if unprofitable, when are they expecting to turn profitable?

VC investors who have met with these startups all presumably indicated that they would like to see profit quickly. As in most cases, VCs are fiduciaries, managing money for asset owners. Therefore, they need to make sure that they get their money back, at a minimum. The most certain risk mitigation would be to have monetizable assets on their balance sheets, which is usually not the case with startups, leaving profit generation as the second best alternative. The chart below illustrates the proportion of profitable startups as a percentage of total surveyed startups.



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Our survey indicated that eight out of 23 companies are already profitable (i.e., positive EBITDA in 2021). In 2022, 15 of them are expected to be profitable. Our interviews also confirmed that these startups are keenly focused on profit generation in addition to revenue growth.

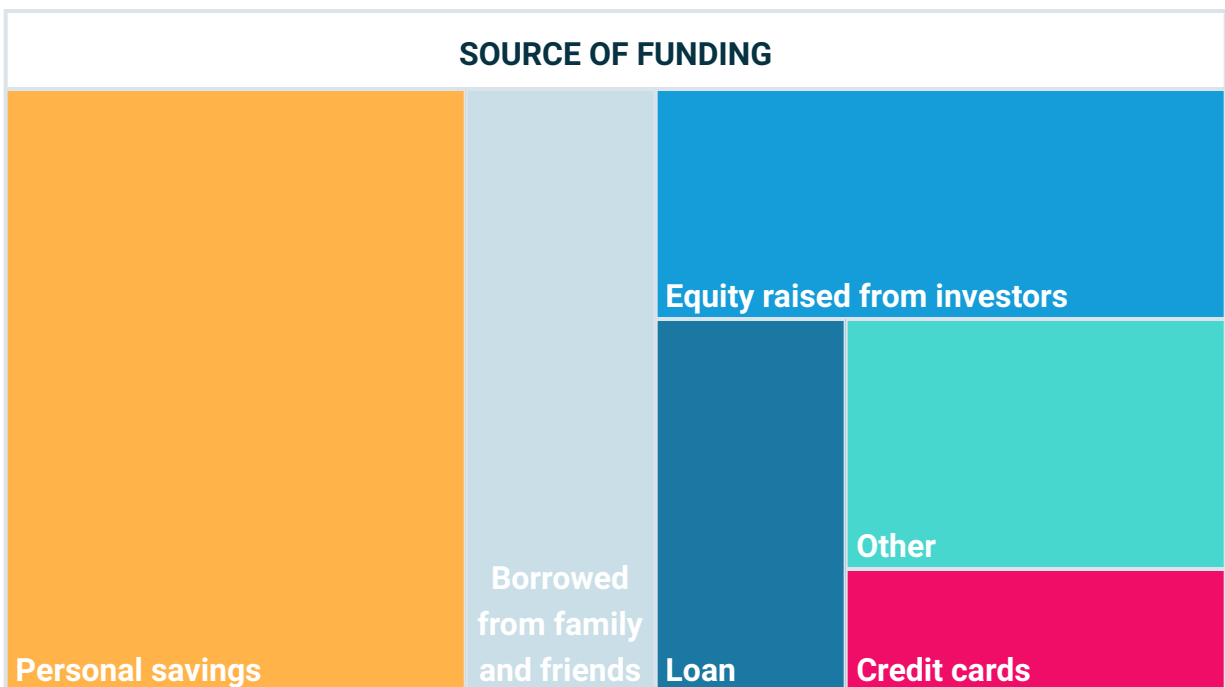
*"We have always been profitable. We even generated profit during COVID. We must figure out how to accurately model our future revenue and profit and present them to investors effectively."*

**Van Nguyen, Founder & CEO, OSLA**



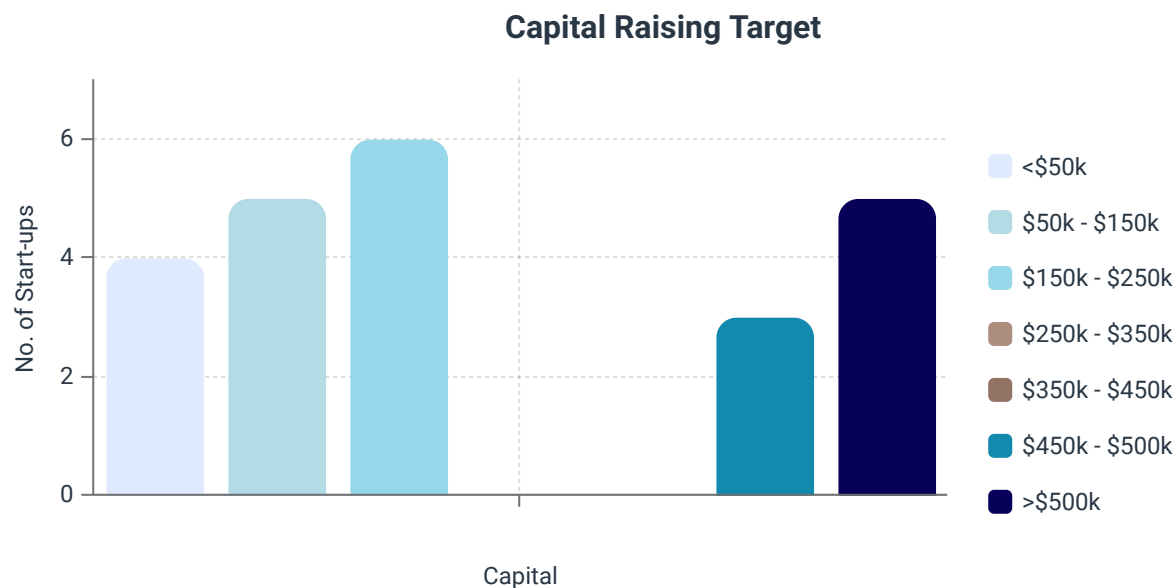
## Initial source of funding

The chart below depicts how these startups are funded, in terms of the frequency of answers. Funders' own savings and personal relationships are the most common source of initial funding. That said, eight startups indicated that their funding included equity capital from investors, and they are mostly angel investors.



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## Their funding needs and spending plans



The median startup in the group is seeking to raise 200,000 USD. Virtually all startups we interviewed indicated that their preferred capital source is angel investors, as they would also like to receive non-monetary support from them. While they are willing to borrow from banks, they appeared reluctant to pursue such a funding channel. They said that they value mentoring from investors and that they do not believe banks would provide that mentoring. When asked to estimate the potential interest rate at which they can borrow money, their answers varied widely with an average of 8% ranging from a low single digit to a high double digit. Nonetheless, startups are unlikely to have easy access to attractive bank loans before achieving profitability due to lack of collateral.

Furthermore, our separate investor survey indicated that VC investors' average ticket size is over 1 million USD. There is a clear gap in terms of amount capital demanded and supplied in this startup space.

*"We don't think we can borrow money from banks, due to lack of collateral. Our digital infrastructure is ready to scale up across Vietnam and globally, but we don't believe banks can evaluate our IP properly."*

**Lien Nguyen & Anh Phan Founders, Self Hiil**





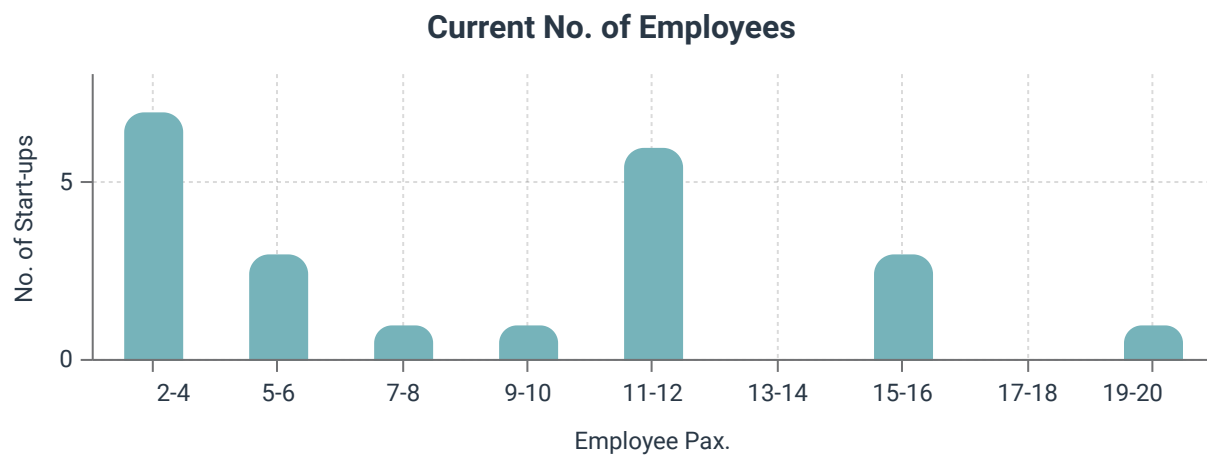
## What are they raising the capital for?

As the chart below indicates, new marketing campaigns and product development are the most common reasons for raising capital.



## Hiring plans

The third most common reason why startups need capital is for new hires.

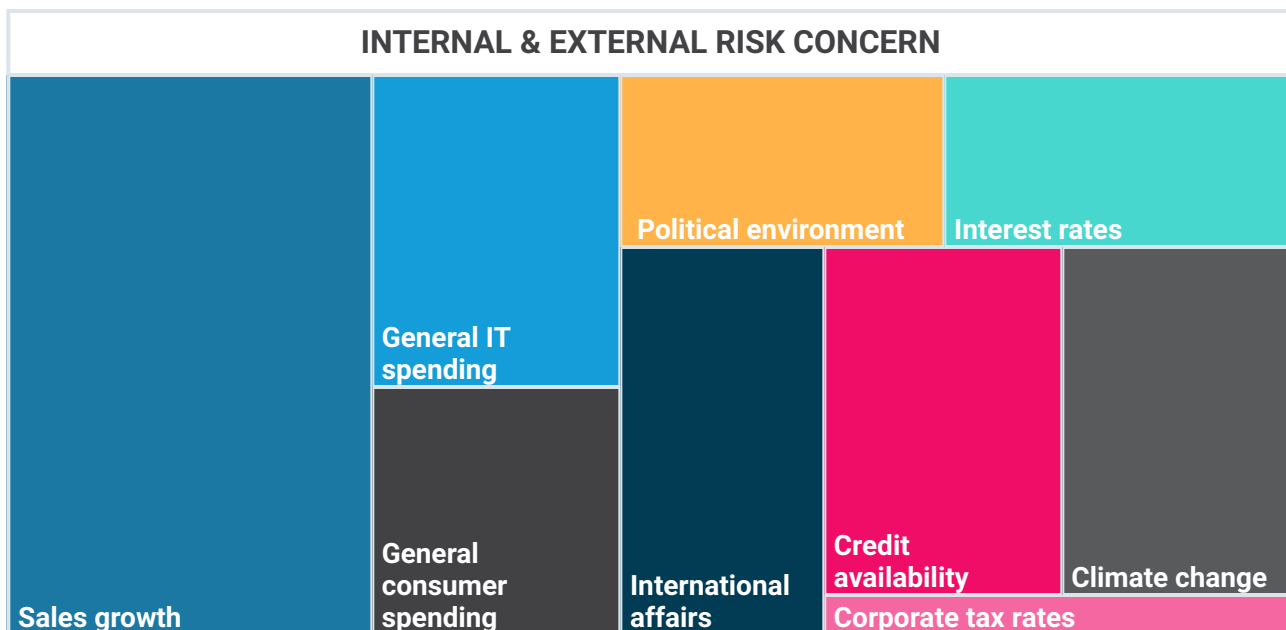


Currently, the average employee count of these startups is 8.5. The average planned addition of employees at these startups is five during the next 12 months.

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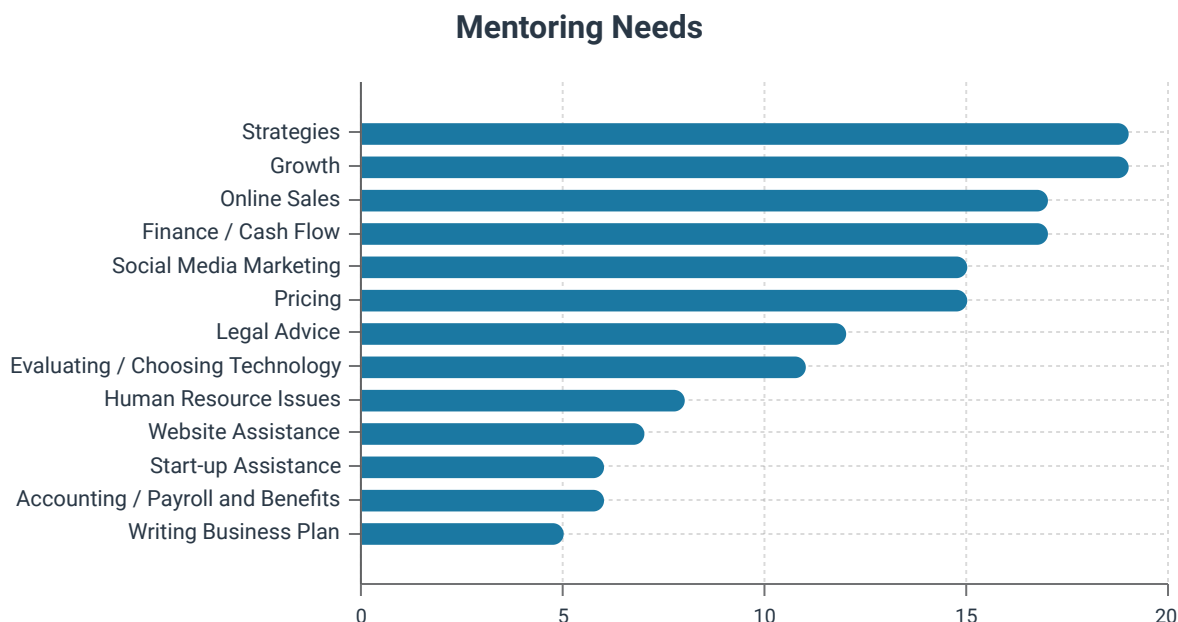
## Over the next 12 months, what are these startups concerned about?

The chart below illustrates the factors startup founders are concerned about during the next 12 months. Unsurprisingly, the biggest three factors are related to their sales.



## In which areas would startups need mentoring?

Startups indicated various areas in which they need mentoring. While they have confidence in their business ideas, their answers made it clear that they are not well-equipped to succeed on their own.



1Many of these companies have specific support needs. For example, Self Hiil mentioned public relations and communications support. Planté needs assistance in marketing. Many of them also indicated their needs in financial projection and analysis.

Gender balance

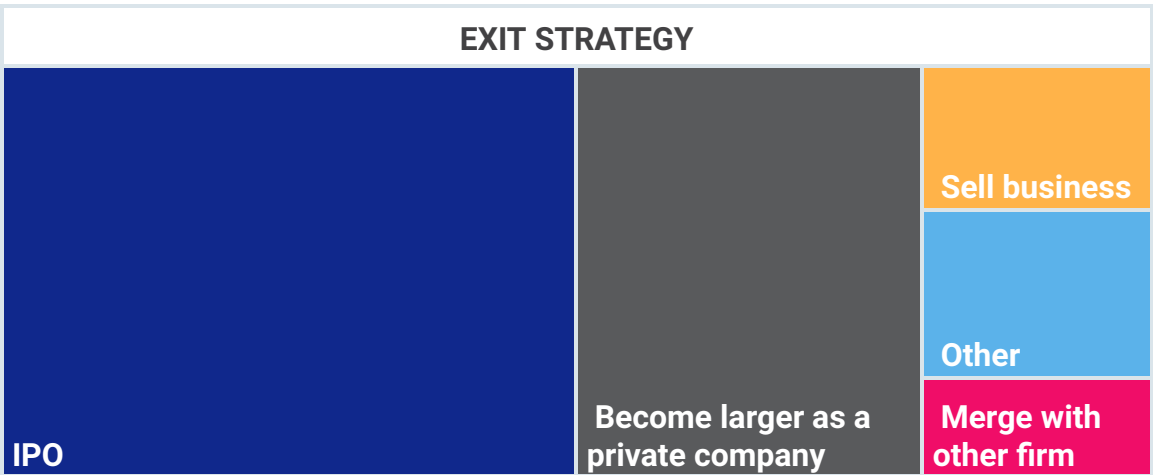
Fourteen of these startups (or 70%) employ more women than men. Some of them have explicit plans to hire more women. At TUBUDD, for example, the CEO indicated that approximately 70% of tour guides (referred to as ‘local buddies’) are women. According to her, many tour service companies tend to hire male guides over female, because they are stronger (so, they can help carry luggage for their clients), can travel more freely and further without any trouble. As TUBUDD is focused on hiring more female guides, the CEO believes that it offers great opportunities for them to earn money and work on their own terms. Separately, 11 of these survey respondents said they believe that women currently have equal access to capital as men, while the other 11 believe that women will achieve equal access to capital at some point in the future.

Have they received feedback from potential investors?

Eight of these startups have already received feedback from potential investors. VCs’ tendency to prefer early profit generation works against them, but at least, CyberPurify, EQUO, MEDIFOOD, Planté, RecyGlo, and Self Hiil indicated that investors’ feedback was mostly positive.

Long-term vision

The chart below illustrates these startups’ long-term goals. Nine of these startups indicated that an initial public offering (IPO) is their long-term goal, and five of them are aiming to grow larger as a private company. The Vietnam Securities Law 2019 and Decree 155/2020 have amended the Securities Law 2006 upgrading the IPO requirements<sup>9</sup>, among others by: a) increasing the contributed charter capital of the issuer from 10 billion VND to at least 30 billion VND (~1.3million USD) on the offering date; and b) increasing the requirement for the issuer having a profit from 1 year to last 2 years. Obviously, these legislative amendments have made reaching an IPO more difficult. We only infer the enthusiasm of founders and refrain from making a judgement as to whether these expectations and ambitions of startups are unrealistic.



<sup>9</sup> <https://vietnam-business-law.info/blog/2021/12/2/new-regulations-on-public-offering-of-shares-under-in-vietnam>

# Digital Preparedness Assessment

## Key points from our startup survey and interviews

### Main Findings

#### One foot in, one foot out

Many companies interviewed were incorporated outside of Vietnam, usually at the request of investors who prefer to deal with companies in Singapore or elsewhere where the legal and financial process involved in investing are easier. Finance was another area of concern; even with the presence of Fintech companies such as Transferwise in Vietnam it was still reportedly not possible to transfer VND directly to another country. One founder described the difficulty of needing to attend the bank in person in order to exchange VND for USD before sending it abroad using Transferwise. The global digital economy grows fast and across borders. It seeks the most open and frictionless environments in which to do business and if Vietnam is to retain its talent and innovation within its borders it must make considerable improvements in this area.

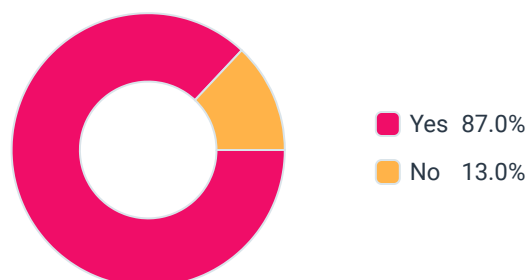
#### Bureaucratic process

Our research revealed several pain points with launching a startup in Vietnam. Firstly, raising investment from outside Vietnam was reportedly made difficult by bureaucratic processes. Whether this purely perception among founders or a reality is not clear however the decision to incorporate outside, at the request of investors, was common among the sample of startups. Secondly, one founder expressed concerns over Intellectual Property protection. They were not inclined to complete detailed information of their business operations for fear of exposing their Intellectual Property when applying to receive a tax discount. 3 founders reported a lack of digital services for governmental processes as a significant pain point. They explained that these processes are typically paper based with font size requirements, many copies required and if there are problems, requiring physical presence in Ministry offices in Hanoi or Ho Chi Minh.

#### Varying degrees of digitalisation

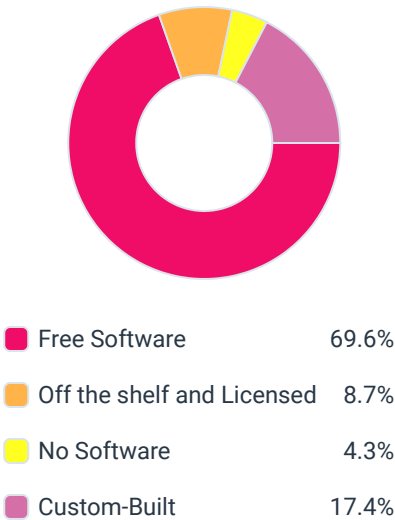
The group of startups analysed were largely in at least a partial state of digitalisation. Over 85% were using software as a significant part of their offering to customers. This was either as a software product or, in the case of physical product businesses, an ecommerce or website solution.

#### Software as a part of service



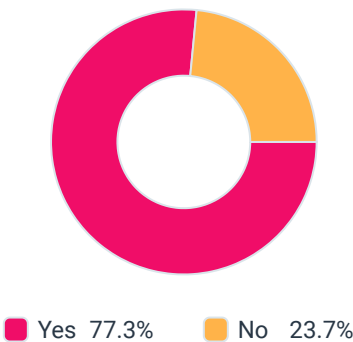
In addition, over 90% of the startups were using software for their internal processes with a strong preference for free software.

Internal Processes Software Usage



When asked if they faced any difficulties using technology for their businesses, over 75% said no.

Difficulties using technology

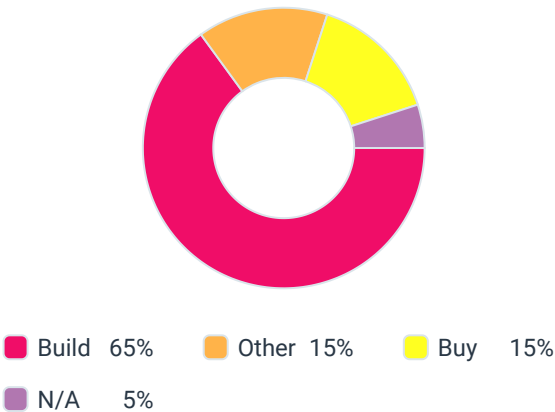


For the startups that did not have software as the main product offering, when asked about the difficulties faced, they reported difficulties in choosing the right technologies and in adopting software across members of their team.

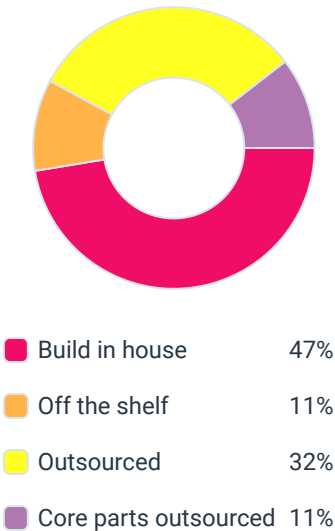
Preference for building software in house

Across all the startups, there was a definitive desire among the founders to build digital products in house, rather than working with outsourced vendors or freelancers. Despite this, many of the interviewed founders expressed having worked with freelancers or external parties, with mixed results. Specifically, those teams with a technical presence in their founding team were less likely to use external resources for development and when they did, reported fewer problems. Among those without technical expertise, difficulty outsourcing was a key challenge for the participating startups. Lack of alignment, high costs and delays were among the challenges cited.

Preference for software acquisitions



Preference for software development



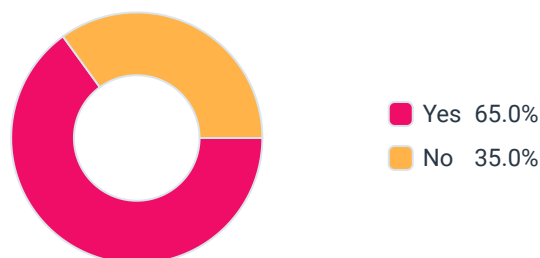
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One startup raised a concern for the protection of Intellectual Property when working with an external agency, that it was common in Vietnam for agencies to copy or reuse what they build for customers and try to commercialise the work as their own. This, combined with a reported lack of confidence in the legal system, meant that developing innovative technologies with external development teams was perceived as risky for a young startup.

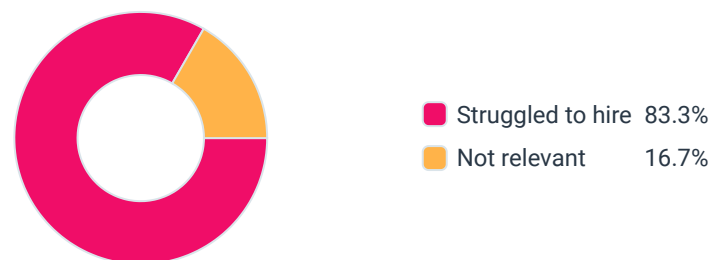
### Technical presence in the founding team

Our research found that having a technical presence in the founding team created a set of advantages for a startup. Firstly, they tended to have a higher development velocity, resulting in a greater number of releases or changes to their product in the year preceding our research. They also typically saved considerable costs by either being able to undertake development of the product themselves, were able to oversee the successful development by external parties or to employ the use of unpaid interns or equity-only collaborators. One notable startup was able to make excellent use of open source technologies, saving time and cost while building a more robust product.

### Technical presence or senior hire (CTO)



### Reasons for lack of technical presence



### Importance of Product expertise and experience

While having a technical presence derisks a number of technical challenges, however one of the hardest parts of building a digital product is knowing what to build and how best to design a solution from a user experience perspective. This entrepreneurial product management skill set was difficult to hire for, and many founders reported having to learn product skills themselves including UX and design, project management and roadmap planning. Founders reported that product talent is hard to find and salaries tend to be high in Vietnam. Developers were reported to be plentiful but most are used to working with fixed scope, it was suggested that this is a result of the Vietnamese tech industry having its roots in outsourcing from developed countries. Entrepreneurial product talent, which is so needed by early stage startups is lacking, and when found, is expensive to entice away from big tech offering high salaries.



*"[...] with non-tech background female founders who are purely business, we have difficulty in finding CTO and managing [a] tech project. The CTO was too dependent on the [agency's] product owner like us, so the first version was not optimal in terms of production timeline and budget."*

**Van Nguyen, Founder & CEO, OSLA**



## Cost of product development

The most common concern among founders was the cost of development, whether by means of internal team members or external parties. Those with technical founding members had a significant advantage and were able to keep costs low by building themselves or recruiting talent on an equity-only basis. In addition, making use of open source technologies was also key for some startups' success in developing a product at low cost.

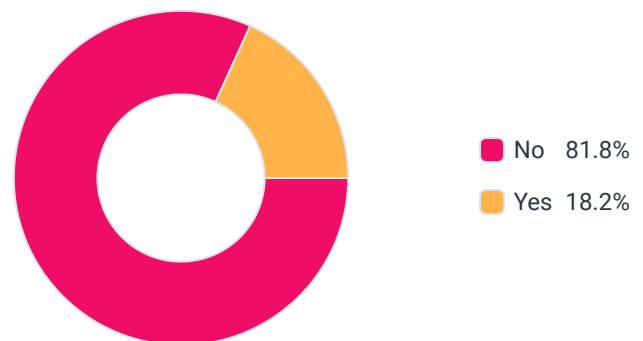
## Limited Use of Analytics

Very few startups reported measuring advanced analytics around the use of their products. This could be explained by the early stage of the startups however many were not measuring any significant metrics at all. Understanding how users are using a product is paramount to perfecting the user experience and retaining customers.

## Gender related issues

Given a small sample of surveyed founders of startups, it's hard to draw an exhaustive conclusion and provide convincing evidence of gender-specific issues in tech. When asked, 81.82% of founders did not report major barriers or difficulties related to technology due to their gender. 18.18% reported facing challenges because of being women. One founder explained how she had experienced gender bias when attending an accelerator programme. A second founder described difficulty hiring and retaining male tech staff and preferred female staff. A third founder talked of pressure from family members to balance her family responsibilities with business, which she explained was not something that male founders typically experience.

### Technology barriers due to gender



Even in a relatively small sample, the issues reported point to the need for gender lens approach and prioritisation of gender lens investments to cover the financial and digitalization gaps. Also, given that the majority of surveyed founders were from the largest hubs of Vietnam, Ho Chi Minh City and Hanoi with relatively more advanced population, this might be indicative that gender challenges faced by women founders will be more acute in the rural areas.

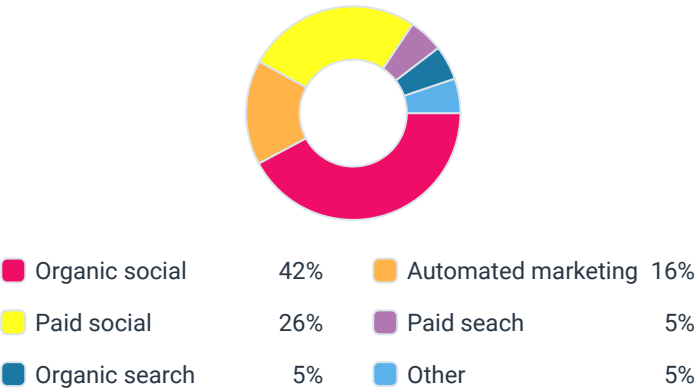
Use of digital channels

Across all startups generating revenue, the use of digital channels for reaching and engaging customers was widespread. Among them, Organic Social was by far the most used and most successful. The use of communities such as Facebook groups was a particularly successful tactic. Paid Social was a close second although most startups reported having a lack of knowledge or expertise in leveraging this channel.

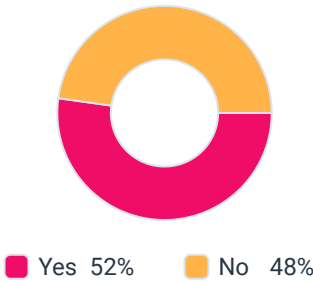
Digital marketing skills and talent gap

Our data showed that around half the startups reported having technical growth marketing talent in their team. 8 of the 11 startups without any growth marketing expertise cited difficulty hiring as the main reason why they lacked skills in this area. With digital marketing becoming a critical part of almost all business and commerce the world over, this is not unique to Vietnam.

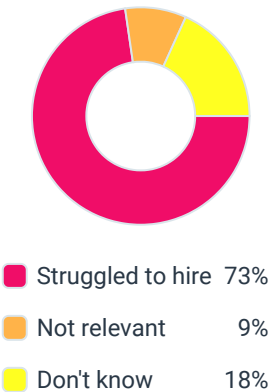
Primary digital marketing channel



Presence of digital growth skills



Reasons for lack of digital growth



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## Opportunities and Recommendations

Vietnam has high digital penetration, a rapidly growing economy, steadily improving infrastructure and burgeoning middle class. These set the stage for tech enabled startups to launch and grow digital products and services with great speed and success. There is ample opportunity for institutional intervention to support early stage founders with digital training, consultancy, mentoring, talent sourcing and provision of services.

### Opportunities: Support for Early Stage Startups

#### Programme of support for startups

Our research revealed key technical challenges for startup companies. These exist for teams both with and without a technical presence. We propose a programme of hands-on support and execution, education, and mentoring in the areas of product management, user experience design, analytics, open source development, digital growth marketing and sales. In addition, and of particular importance for the many founders who are non-technical and have experienced problems working with external parties, we propose affordable and subsidised Venture Building services in tech development to help design and build their digital products. We also recommend some e-commerce specific solution architecture consultancy to help the many companies expanding into e-commerce make the correct choices, configurations and customisations of licensed or open source software.

#### For those teams with technical presence:

- Product management support and training - product management talent was found to be difficult to hire for, and startups would benefit from assistance in implementing good product management practices.
- Education on use of open source - open source technology is low cost, with a lower barrier to entry than developing proprietary software. Founders would benefit greatly from specific training and resources in this area.
- Knowledge transfer between startups - many of the challenges young startups face are similar, bringing together founders with similar challenges allows for the transfer of knowledge between them in solving similar problems.
- Low cost intern sourcing service - digital skill and talent gaps can be addressed by matching university students with startup placements. Students benefit from hands-on practical experience while startups gain low cost execution.

*"SheDisrupts Vietnam's female fellows, experienced specialists, and entrepreneurs did encourage me to believe more in what we are doing for social impact (keeping worldwide children safe online) and give us various perspectives about our business that I have never thought about. And also, they are great mental companions, too."*

**Quinn Nguyen, Co-founder CyberPurify**



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## For those without technical presence:

- Access to affordable, aligned development services and talent - addresses the two main pain points - finding technical talent and covering the high costs of technical development.
- Product management support and training - product management talent was found to be difficult to hire for, and startups would benefit from assistance in implementing good product management practices.
- Training on use of digital tools - non-technical founding teams typically used fewer digital tools or expressed difficulty in choosing and adopting technology. Specific training in this area would be of significant benefit.

*"Our challenge lies in the product transformation. In the past two years, we took advantage of online free resources and open source platforms to experiment and find product-market fit. With some solid traction and feedback, we now enter the second phase: improving the product and ready to scale. We are in need of financial support, technology and product advancement consulting."*

**Lien Nguyen & Anh Phan Founders, Self Hiil**



## Recommendations: Policy & Governmental Support

Vietnam is moving in the right direction with its efforts to promote and expand the digitalisation of its economy. From our research, we highlight a few areas of particular focus:

### Digitisation of governmental services

As our study revealed, many of the startups were reluctant or unable to go "all-in" on conducting their businesses within Vietnam's borders. In order to improve the experience of founders and foreign investors, increased digitisation of governmental services must take place. Singapore has positioned itself as a springboard into South East Asia for foreign capital. If Vietnam is to capture this value for itself, it must advance its policies and improve the user experience for business owners and investors in dealing with its various ministries and departments; in particular, business incorporation and financial reporting.

### Digitalisation of banking and payments infrastructure

The digital economy is growing fast, but much like the rest of South East Asia, Vietnam's development is held back by a relatively immature digital banking and payments landscape.


Retail banking services are limited and digital user experiences are of a lower standard than more developed nations in the region. To build consumer trust in e-commerce and reduce the labour requirements for processing orders and receiving payments, significant progress must be made in digitising this area of the economy. The UK's Open Banking initiative is an excellent example of how governmental intervention can bring about change and create a unified, open standard for the sharing of financial data. It has made the management of cash flow and receiving payments cheaper and easier for businesses while allowing for a 'cambrian explosion' of FinTech innovation, particularly in the retail space.

# Featured Startup Cases

## CyberPurify




### Market inefficiency, business and impact objectives

 Current content filtering tools do not offer full protection for children from harmful content. They are slow (inactively depend on 3rd party or users' reports) and limited to porn content (porn is not the only harmful content that hurts children).

With our proprietary AI, CyberPurify delivers solutions that can filter 15 types of harmful content in real-time on any site, at any time, keeping children safe constantly.

We aim to protect 1,000,000 Vietnamese children (5 - 15 years old) from harmful content on the Internet at school and at home by the end of 2022. We are keen to partner with children organizations, governmental agencies, educational institutions to help more children safe from online harmful content, not only in Vietnam but around the world. All children deserve a much safer Internet.

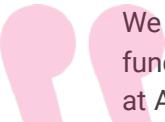
### Successes and challenges in the digital space

 As a technology company providing software, working remotely does not affect our product quality or development. The main problem is co-founders have less direct communication with each other. Like real-life bonding.

With 0 spent on digital marketing, after 7 months of SEO (writing blogs), we have managed to be placed in TOP5 Google search results for the best free porn blocker for chrome firefox or edge, helping drive huge traffic to our website. Regarding social media marketing, it is difficult to reach customers without running ads.

About digital fundraising, we have met some angel investors, VCs online and find it not so difficult to catch up with each other, although we have to admit that the lack of face-to-face communication does somehow affect the conversation's quality.

### Successes and challenges in fundraising

 We are currently on a seed round. We started CyberPurify with co-founders' savings and plan to call for funding no later than June 2022. After founding CyberPurify for 1 month (last April), we were the winner at AAC 2021 (AI Accelerator Challenge 2021) and gained ~6,500 USD non-equity fund. Although we have just participated in 3 competitions and programs, we are happy that we have proved our impact and successfully secured prizes and funding. These funds helped accelerate our operations a lot.

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## Views on mentorship and pre-acceleration training

SheDisrupts Vietnam's female fellows, experienced specialists, and entrepreneurs did encourage me to believe more in what we are doing for social impact (keeping worldwide children safe online) and give us various perspectives about our business that I have never thought about. And also, they are great mental companions, too.

## Business impact on women

We have just founded CyberPurify for 10 months so our initial focus is to make the AI model filter harmful content as fast, accurately as possible. Also, our team is quite lean so the number of members is still limited, so we have not implemented a special plan to support women as employees.



**Quinn Nguyen**  
Co-founder and CEO



**Binh Nguyen**  
Founder and CEO

With the fact that I am the only female co-founder and also a CEO, I make sure everything is equal and respectful between both genders. With that strong foundation in mind, when we scale up with x10, x20, we plan to grow a gender equal and inclusive organisation. Also, participating in SheDisrupts Vietnam is my indirect way to support the female entrepreneurs who are beginning their startup journey. I want to become an example that I do feel lonely on this journey, experiencing imposter syndrome like them but don't be afraid, those fears are not real, don't let them interfere with your success.

## From the authors of the Report

*CyberPurify's impact vision is to create a safer online environment for children, and there is a large addressable market ahead for the company. The question is whether the company's products and services can continue to demonstrate their cost effectiveness relative to its peers, including free services. Going forward, management expects CyberPurify's Egg, an IoT device that blocks pornography on all home internet devices, to drive the company's growth. This is a unique device, which we believe warrants further investigation by investors.*



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## Momby



### Market inefficiency, business and impact objectives

The mom and Baby marketplace in Vietnam faces a lot of challenges, which can be divided into three main areas:

Unverified information and unstructured data in the market, which makes research time-consuming, disengaging and untrustworthy for first-time parents. Such information gap sometimes leads to catastrophic consequences, as reported in local news about deaths of mom and infants due to unhealthy birth practises. The second set of challenges Vietnamese women face are the mental and physical pressures from shouldering family matters, and giving birth. More than 33% of Vietnamese women experience some form of depression during pregnancy. This is because Asian women culturally do not get equal shares and support from their husbands. To make the matter worse, the baby and mom products marketplace is crowded with unverified reviews, opinions, making it hard for consumers to choose suitable and reliable products/ services for moms and babies.

Momby was born to solve exactly these three sets of challenges.

### Successes and challenges in the digital space

Successes: Easily assembled teams of talents and passionate skilled workers. Creative alternatives in marketing and networking channels. Dedicated, friendly and supportive community.

Challenges: Lack of efficiency and quality in the local start-up support system. Culturally facing unprofessional elements in working style.

### Successes and challenges in fundraising

Successes: Personal connections and trust relationships have so far facilitated early angel investors investments. However, access to early stage VCs, as well as successes with generating interests from investors, have been steep due to multiple frictions encountered, while growing the user and revenue traction.

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## Views on mentorship and pre-acceleration training

The mentorship and pre-acceleration training program provides us with invaluable knowledge, insights and skills which help founders transform their mindsets, visions, and capabilities. Starting out as capable, passionate dreamers, founders evolve into fierce and highly efficient, accomplished business leaders, thanks in no small part to a supportive network of mentors and coaches.



**Michelle Tran Doan**  
Co-founder and Business  
Development Director



**Ruby Nguyen**  
Founder and CEO

## Business impact on women

Momby is a product built for women, by women. We prioritize the wellbeing of Vietnamese families and especially women - our main target audience. Each medical advice, health tip, product recommendation is constructed with a careful vetting process and consideration for user well being and satisfaction as our end goal.

In terms of workplace environment, Momby offers flexible remote-work schedules so that all employees, especially female employees who have family obligations can have the control over their own schedules. This assists them in fulfilling their roles as a mother, wife and care-giver.

## From the authors of the Report

*Momby's business model may appear to be easily replicable. However, targeting new mothers by offering personalized services, augmented by rich content is a unique formula for success, and the recent trend in traction is evidence of the robustness of this formula. The company's organic growth will likely be augmented by planned partnerships with other players in the highly diverse maternity-focused industry. While near-term cash flow risk remains, the company is gearing up to come out of its infancy stage. Like a child, proper nurturing (=cash injection and mentoring) will likely help materialize the company's vision to become a leader in the space.*

### **Market inefficiency, business and impact objectives**

There is an overwhelming amount of information on academic education institutions for studying abroad. Most students face difficulties finding a suitable program matching their academic preferences. The gap in communication between parents and students is an obstacle in career consulting. Agencies advising students are guided by their commissions. These lead to incorrect study or career choices, leading to substantial financial burden and a waste of money.

Students usually have limited professional connections and look for expert advice such as alumni, professors and previous scholarship winners.

OSLA is created to serve as an educational platform to support students in Asia, and to become the most prominent Asian overseas studying community manager.

### **Successes and challenges in the digital space**

OSLA platform has the advantage of a clear product concept and overall functionality towards optimizing the customer journey. We have a team of mentors and students on the platform, easily breaking the "chicken-egg" syndrome when our version 2 comes out. This avoids burning a lot of marketing costs that other startups often encounter.

As our starting point was offline to test the online system, we didn't have a technology co-founder and with our non-tech background, we had difficulty in finding CTO and managing tech projects. The CTO was too dependent on the product owner like us, so the first version was not optimal in terms of production timeline and budget. The product aims to connect the Asian market with worldwide mentors, but the strength of the team comes from Vietnam, so using English entirely in products and marketing also incurs additional costs.

### **Successes and challenges in fundraising**

I was a speaker (while studying in New Zealand) for a scholarship and career-sharing event organized by former international students. Two years later, witnessing my perseverance in this field with OSLA, Ms. Nga Leopold - the organizer of that year's event offered to accompany, invest and be in charge of the scholarship advisory field so that I can fully focus on self-funding study abroad. Since then, she has always supported me in every decision whether making a profit to raise our business or raising capital with VCs. On the contrary, my biggest challenge when raising capital with VCs was to demonstrate full automation and break away from the offline model for rapid growth. This led me to strategize to ensure quality in education and student futures with satisfying growth hacking for investors

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## Views on mentorship and pre-acceleration training

Our business appreciates the important roles of mentors in a successful journey of each student. Therefore, more than anyone, OSLA believes that being coached by our great program's mentors is such a great honor for us. A very detailed report we got is a true reflection of ourselves, and so helpful toward our short-to-long term strategies.



**Van Nguyen**  
Founder and CEO

## Business impact on women

In our business, all founders, investors, branch owners, and staff are female. For all Youth Runway social programs we conduct related to SGD, 80% of participants are female students.

## From the authors of the Report

*For ambitious students, OSLA is a catapult to make their dreams come true. For universities in Australia, New Zealand, Canada, and the U.S. it is a new and additional channel to procure international students. For mentors of these students in their destination countries, OSLA creates an opportunity for them to help their students and to make some money in the process as well. Finally for investors, OSLA is a gem. OSLA's business model is unique and difficult to replicate, consisting of a wide network and multiple revenue sources (mainly students and universities). It has already been profitable. It takes huge brain power to develop and execute this platform within the complex and competitive global education ecosystem, but it is a 'no brainer' when it comes to its potential to attract future investment.*

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## Self Hiil



### Market inefficiency, business and impact objectives

Being the primary caregivers in the families, most Vietnamese mothers are restricted from thriving in their career. In fact, they are usually slowed down around 10 years to take care of 2 children. Especially during pandemic time, women-owned SMEs were twice as likely to have reduced their business activities because of the unequal distribution of childcare responsibilities. It is reported that equality for women in Asia Pacific could increase collective annual GDP by 12%, or 4.5 trillion USD, by 2025<sup>3</sup>. There must be a solution to enable Vietnamese women to live a worth-living life, a happy family, and a successful career. Many researches show that Spiritual Intelligence (SI) is critical to help us increase academic achievement, leadership skills and psychological well-being. Therefore, Self Hiil solution is to empower women through SI coaching. (1) SI coaching helps not only mothers but also fathers and teachers to become more effective in child-rearing, (2) SI helps improve mothers' leadership capability and coaching skills, which are crucial to their career growth.

### Successes and challenges in the digital space

During the pandemic time, we have been successfully operating our business 100% online, from sales-marketing, operation, social projects and fundraising without having to meet up directly. We have been able to leverage technology to bring the highest educational efficiency: convenience, personalization, self reflection and mental health exercise practice.

Our challenge lies in the product transformation. In the past two years, we took advantage of online free resources and open source platforms to experiment and find product-market fit. With some solid traction and feedback, we now enter the second phase: improving the product and ready to scale. We are in need of financial support, technology and product advancement consulting.

### Successes and challenges in fundraising

We succeeded in fundraising from our investors who are also our customers (learners). Two rounds are both carried out online; some of the investors we have to yet meet in real life but they have supported our business a lot.

We choose a unique fundraising strategy, looking for investors who really understand products (ideally our customers), share the same mission with the founding team and are passionate about education. Therefore, the fundraising funnel is quite limited and it takes us more effort.

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## Views on mentorship and pre-acceleration training

We are impressed about the mentorship we have so far, so much valuable feedback from mentors with diverse backgrounds, immense knowledge and practical experience. The format of the mentorship round is also well designed, we got to pitch to 5 investors within 2 weeks, that allowed us enough time to improve and sharpen our pitching time over time. We finally made a lot of changes to our pricing and business model.



**Lien Nguyen**  
CEO

**Anh Phan**  
Co-Founder

## Business impact on women

Self Hiil is founded by women and for women. We take the women-centric approach, we deep dive into women's unmet needs and provide solutions: be it a product or a project. We do not limit our activities as long as they help women live the life they deserve. Women are not beneficiaries when being customers but we take initiative to impact the world that women are currently living in.

- They worry about their mental health -> We provide SI coaching
- They are concerned about their children -> We provide SI coaching for kindergarten teachers and products how to coach their children
- They feel the lack of sharing family responsibilities -> We attract and influence their partners
- They feel insecure about medical quality and society -> We create social projects, bringing SI coaching to women caregivers in the society.

## From the authors of the Report

*Self Hiil's appears to be a dime a dozen online service provider. Worse, its coaching service focused on 'spiritual intelligence' may sound too fluffy for investors. One must dig down further to realize that its business model is actually quite unique and powerful, and Vietnam's emerging middle class will likely produce sufficient appetite for the company's services going forward. Although Self Hiil's history is short, it has successfully been converting non-fee paying community members into paid customers, and the evidence of continuous traction should attract investors. One creative way in which they are aiming to raise capital is by inviting customers they call 'learner cum investors' to invest in the company. In other words, customers who became a fan of this company can become a part owner of it. While the success of this model is yet to be seen, the management team certainly beamed spiritual intelligence through the Zoom screen, driving us to feel eager to see the next chapter for this company.*





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## TUBUDD

### Market inefficiency, business and impact objectives

We have found that the travellers coming to Vietnam find it hard to cross language barriers and culture shock by themselves and they are usually confused on what to do, what to say, what to eat, how to do things in Vietnam. Even travellers from other Asian countries. So in order to help them, we created a platform that helps them to book and connect with a buddy who shares a similar or common background with them and can share their experiences in Vietnam too.

At the same time, the local buddies who are freelancing tour guides, local guides, interpreters and translators are usually underpaid or unpaid by travel agencies or customers. They have not had a fair market to promote themselves as well as opportunities to work in Vietnam.

### Successes and challenges in the digital space

We have been very successful in gaining digital attention from the media when we first launched. There were many customers reading the media and following us. It was great when we started out. However, with covid-19, there has been a domination of digital appearance for every company for digital fundraising and digital products so it has been quite hard for us to have digital space. People are bombarded with digital information even when they are in lockdown. It was so hard to stand out or keep having a better digital appearance and it has become a war of digital appearance when companies pay a lot of money for literally 30 seconds or 1 min in front of their customers on Facebook.

### Successes and challenges in fundraising

We looked at our friends and family first. I particularly thought that if I asked my 5000 friends on Facebook to donate 1 USD for me each, I would have at least 5,000 USD to start up my business. So off I went, I set up a crowdfunding and asked everyone I know for 1 USD each. And that created curiosity from my family and friends and they gave us more money to support us.

Later, when we started joining in a lot of competitions and accelerator programs, we raised funds from grants, competitions and accelerators and approached VCs and Angel investors, too.

### Views on mentorship and pre-acceleration training

You never really know everything when you start up. There are tasks that you have to perform yourself but there are roles you just need to listen and apply.

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## Business impact on women

Tubudd has always kept balance in women and men as employees. For the last 2 years now, it is usually more women than men. And as for local buddies we would say 65-70% would be women.



**Annie Vu**  
CEO & Co-Founder



**Anthony Cruickshank**  
Co-Founder and  
Operations Director

## From the authors of the Report

*TUBUDD has a straightforward yet robust business model. An easy analogy for this company is the Uber of tour guide services. The founder originally had a successful tour outfitting business, which she had to stop due to COVID. She developed and launched TUBUDD with this business experience as a foundation, as she already had a team that she had worked with, trusted, and had the know-how to succeed in the travel industry. The company invests in local tour guides (majority women, who receive free training from the company). This investment not only improves the value of these tour guides, but the company also helps create income generating opportunities for them. The CEO firmly believes that her mission includes generating impact. TUBUDD is well-positioned to benefit from the return of global travel in the post-COVID world, though successful capital raising and mentoring will greatly enhance TUBUDD's future prospects.*



# Appendix

## Innovative finance concept proposal

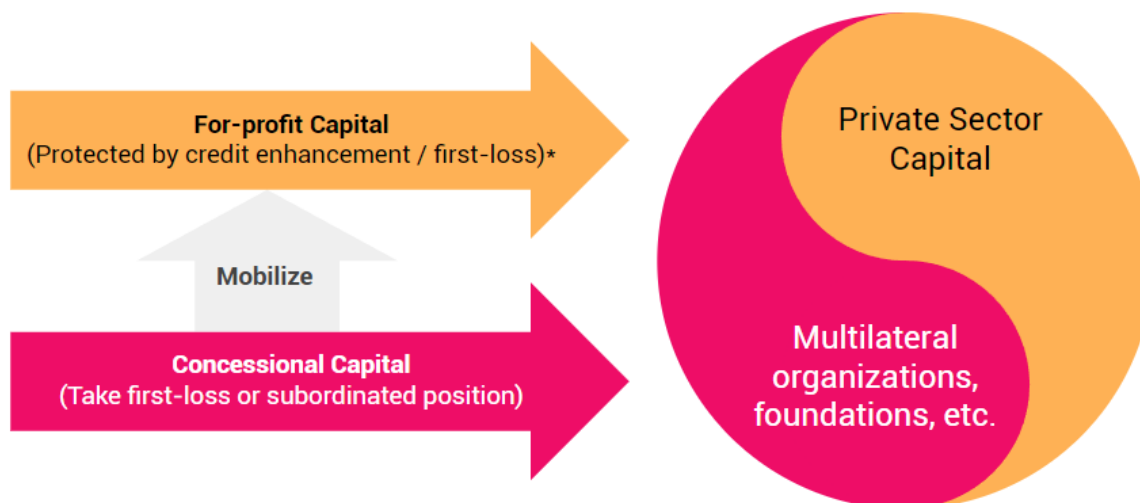
Employ an innovative blended financing scheme to create a fund to mobilize commercial as well as concessional capital to enhance the financial sustainability of women-led startups in Vietnam

We think that a blended finance facility could present an effective financing solution for startups in this stage. A blended financing facility combines commercial and concessional capital, with the presence of concessional first-loss capital driving participation by commercial investors, as it mitigates their investment risk and enhances their return potential. As a next step, we propose exploring and determining the most effective way to launch and execute such a financing facility.

## What is blended finance?

According to the OECD, blended finance is a strategic use of development finance for the mobilization of additional finance [i.e., commercial finance] towards sustainable development in developing countries (see illustration below).

### Private Sector Capital Mobilization through Blended Finance:

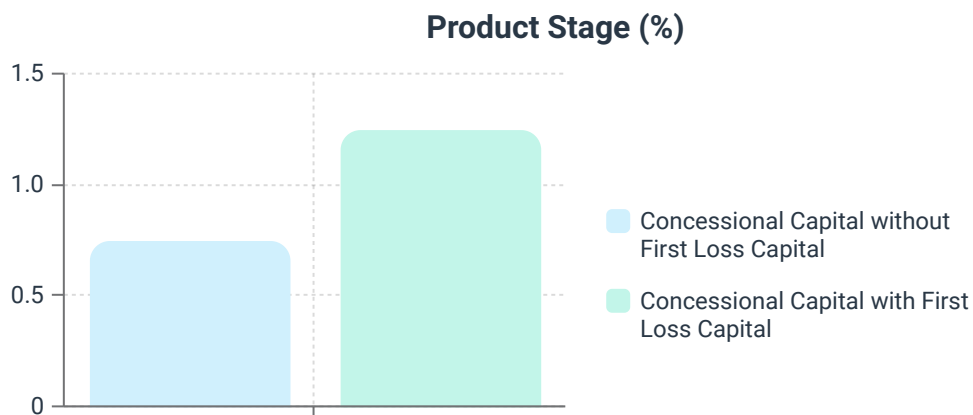


## What is first-loss capital?

Impact capital that bears first losses in an investment to catalyze the participation of investors that otherwise would not have invested in the deal. Common first loss capital (FLC) includes grants, equity, subordinated debt, and guarantees. FLC makes concessional capital more powerful in mobilizing private sector capital, according to data compiled by Convergence (see chart below).

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\* Source: Creatella Impact



*Source: Convergence and Creatella Impact*

## Theory of change

Development capital used to support startups in frontier economies is certainly critical but not alone sufficient to ensure sustainability. Participation by the private sector is indispensable, because this can amplify the impact of development capital, and the private sector's profit motive can ensure more efficient and sustainable implementation. Still, investing in startups is often considered to be too risky for private sector actors; therefore, risk-mitigation is a prerequisite for their participation. An effective application of an innovative blended financing scheme could add a layer of risk-mitigation in this context. Therefore, employing an innovative blended financing scheme to create a fund could mobilize commercial as well as concessional capital to enhance the financial sustainability of startups.

## What would be an appropriate commercial/concessional capital ratio for Vietnam?

Creatella Impact developed a market implied blended finance leverage model (see below), which we believe can be used as a guide when designing a blended finance development fund to support startups in Vietnam.

$$\begin{aligned} \text{Commercial Capital/Concessional Capital } i = & + \beta_0 + \beta_1 \text{ Country Default Spread } i \\ & + \beta_2\text{-}5 \text{ Sector [dummy variables] } i \\ & + \beta_6 \text{ Deal Size (Logged) } i \\ & + \epsilon_i \end{aligned}$$

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|                  | Coefficients | Standard Error | t Stat | P-value |
|------------------|--------------|----------------|--------|---------|
| <b>Intercept</b> | 22.7         | 10.77          | 2.11   | 0.04    |
| <b>CDS</b>       | -51.0        | 20.74          | -2.46  | 0.02    |
| <b>Energy</b>    | -5.0         | 2.12           | -2.37  | 0.02    |
| <b>Financial</b> | -4.8         | 2.31           | -2.08  | 0.04    |
| <b>General</b>   | -2.7         | 2.24           | -1.22  | 0.23    |
| <b>Agri</b>      | -5.7         | 2.53           | -2.24  | 0.03    |
| <b>Log Size</b>  | -0.7         | 0.52           | -1.31  | 0.20    |

**Adj R<sup>2</sup> = 0.1, n = 49 (consisting only of blended finance funds)**

Data: Deal data from Convergence. CDS data retrieved from  
[http://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/ctryprem.html](http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html)

### Example:

Market implied blended finance leverage for a fund that invests in general (non-specific) sectors in Vietnam, with a fund size of \$50M:

- Commercial/concessional capital multiple =  $22.7 + -51.0 * 3.06\% [\text{Vietnam's CDS}] - 2.7 + -0.7 * \text{Ln}(\$50\text{M})$   
= 11.2
- Concessional capital =  $\$50\text{M} / (1 + 11.2) = \$4\text{M}$
- Commercial capital =  $\$50\text{M} - \$4\text{M} = \$46\text{M}$

**In summary, this model indicates that 4 million USD of concessional first-loss capital can mobilize commercial capital of 46 million USD in Vietnam.**

## Proposed instrument – Vietnamese Women’s Impact Fund

The following section will discuss an idea of Vietnamese Women’s Impact Fund, which is an innovative finance instrument to support Vietnamese women-led startups.

### Objective

To create an impact fund in Vietnam that invests in early stage, woman-led business opportunities to advance progress towards the SDGs in a sustainable and scalable manner, all while generating attractive financial returns for investors

### Strategy

The Fund will employ a blended financing strategy and aims to generate social impact and attractive financial return for investors while mitigating investment risk by:

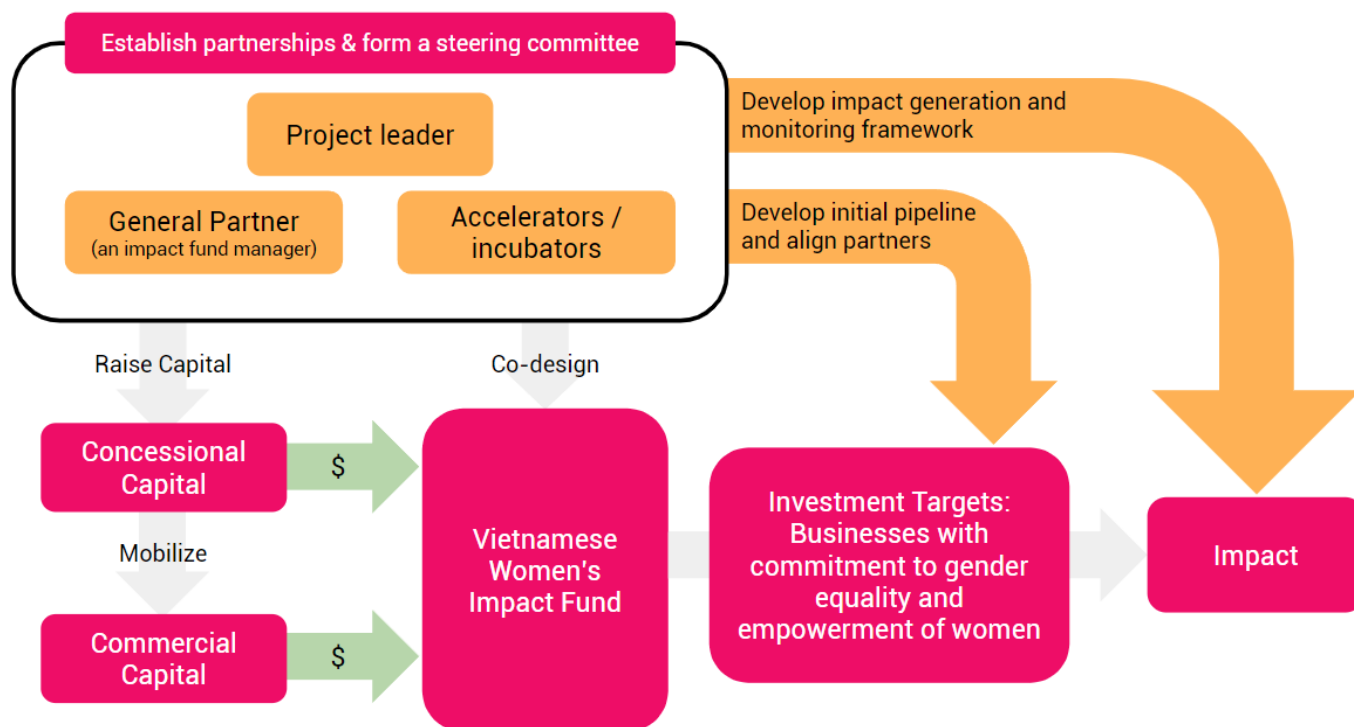
1. Establishing partnerships with a general partner (an impact fund management company), accelerators, incubators, donors, and multinational/bilateral organizations
2. Offering social enterprises a full ecosystem of venture-building, acceleration and investment support
3. Providing technical assistance to investees, thereby aligning them with the SDGs

### Competitive Edge – compared to existing impact fund initiatives

- Risk reduction – achieved by the blended financing scheme and multifaceted partnerships
- Scalability – reinforced by the GP being an established impact fund institution
- Impact generation – accomplished by partnerships with accelerators/incubators, augmented by technical assistance provided by multinational/bilateral partner organizations

### Next step (see illustration below)

- Establish the Fund’s concept
- Conduct feasibility studies, including initial pipeline research
- Determine the type of interventions and impact monitoring framework
- Conduct due diligence to select GP and form a joint steering committee







## Partners



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