



# Co-Incubating Start-ups: Creating A Smart Incubator Community (SIC)

## The MAD Incubator Initiative

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# Speaker Profile

- Entrepreneur/Entrepreneur-in-Residence
- CEO/Founder – MAD Incubator
- President – National Incubator Network Association Malaysia (NINA)
- Malaysia representative - Asia Association of Business Incubators (AABI)
- Architect of Malaysia's Incubator Development Blueprint
- Member, Technical Committee on Incubator Development at the Ministry of Science Technology and Innovation (MOSTI)
- Malaysia's most active and largest private incubator operator - pioneered incubation as an industry
- Conceptualized the Smart Incubator Community (SIC) and Market Access Centers for Malaysia

Holds a Master Degree in Business and currently pursuing Doctorate in Business Administration



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# Presentation Objectives

- Outline the essentials of international collaboration and co-incubation
- Outline elements that builds the Smart Incubation Community and Market Access Centres (Co-incubation network)
- Business model for co-incubation and international collaboration



# Co-Incubation Revisited

- **Co-incubation takes two basic forms.** Two or more incubators co-incubate one or more of their tenant companies; or two tenant companies, with complementary assets, cooperate in order to become more competitive. **(Keyword: COLLABORATIVE)**
- Co-incubation provides opportunities for companies in two or more incubators to collaborate with one another. **(Keyword: OPPORTUNISTIC)**
- Essential elements or building blocks must be available to create a successful co-incubation initiative. Elements include – database, incubation services, market access and availability of finance **(Keyword: BUSINESS MODEL)**

# The MAD Theory

This paper explores the following:

1. Importance of co-incubation for start-up companies
2. Re-interpreting COLLABORATIVE, OPPORTUNISTIC, BUSINESS MODEL to D.A.R.E (D-Design, A-Accelerate, R-Realize and E-Empower)
3. Co-incubation is no longer physical but incorporates the incubation services process
4. A different business model will be required for international collaboration and co-incubation
5. The MAD Incubator Initiative - Smart Incubation Community (SIC) and Market Access Centres



# Characteristics of Start-ups

- Lack of capital
- Start small and need lots of business validation
- Require speed to market
- Small revenues – not enough to set up overseas operations
- Faces many challenges – management, human capital, market access, funding

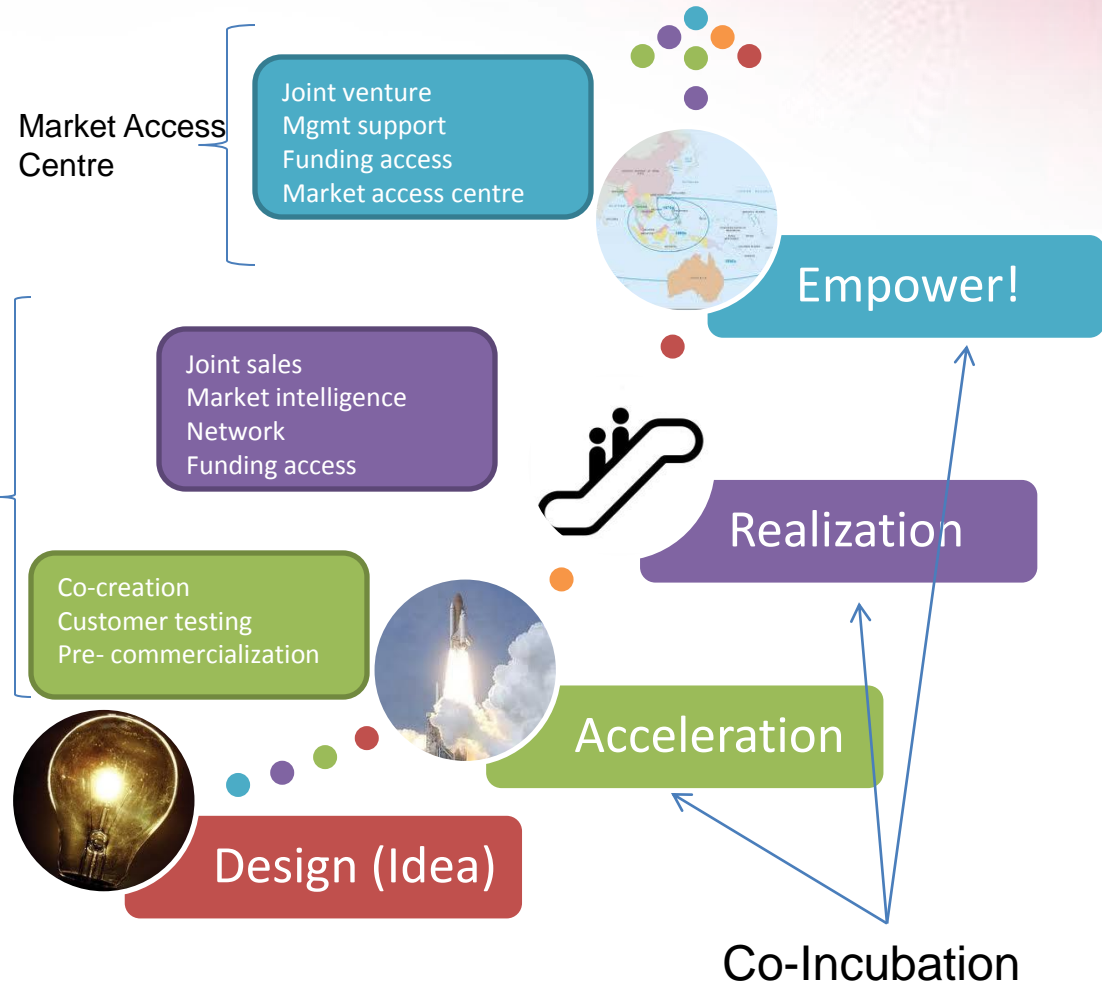


# Characteristics of Start-up Companies Suitable for Co-Incubation

- Ability to co-create new innovation or products/services
- Products must be beyond proof of concept
- Fast implementation potential
- Fast go-to-market potential
- No IP conflicts
- Product design must be outward looking
- Mobile, SaaS and Internet/Web Services

# Importance of Co-Incubation for Start-up Enterprises

- Encourages co-creation of products
- Encourages penetration of 2 or more markets simultaneously
- Speed to market is getting essential
- Faster revenue traction
- Cross sharing of resources and expertise between partners

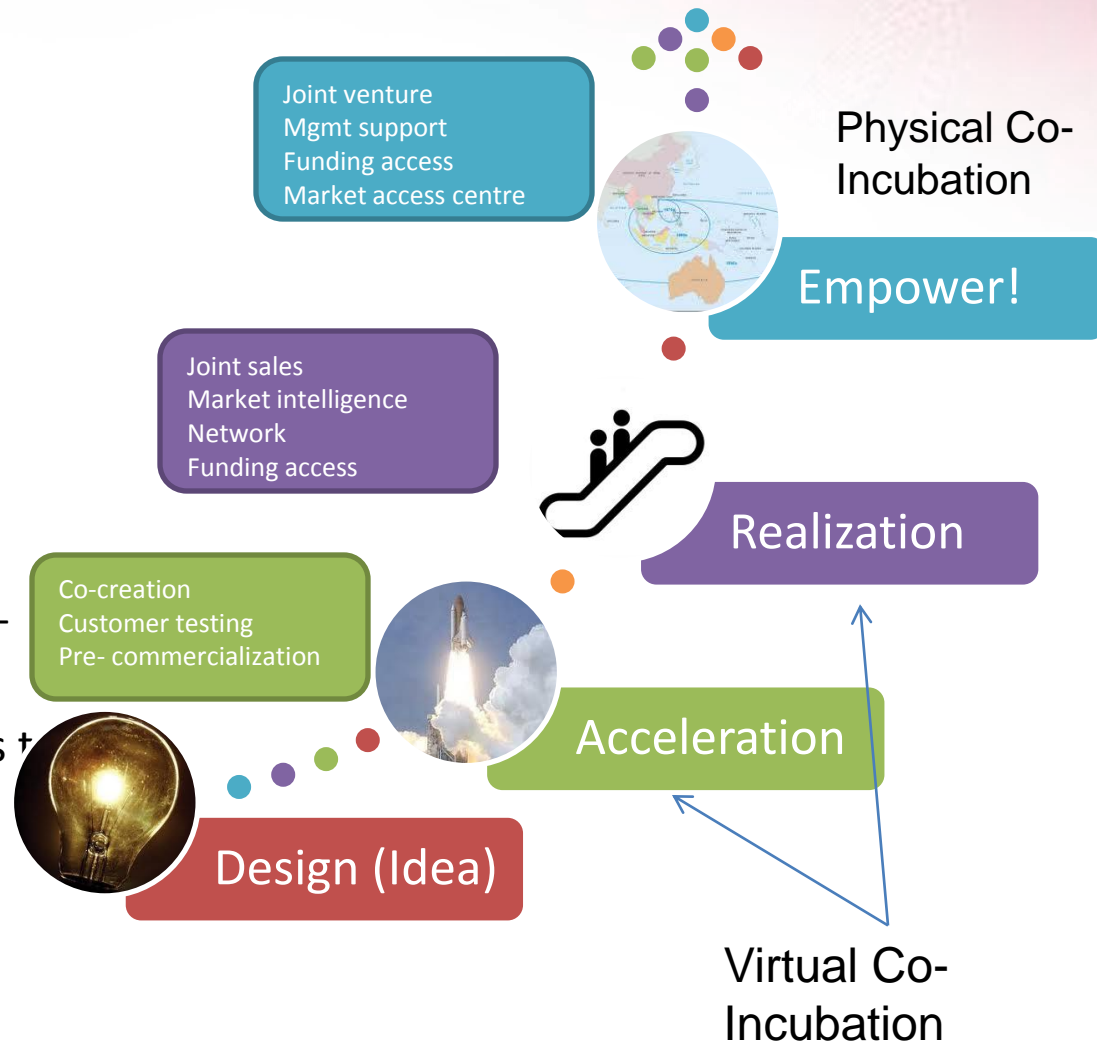


# Co-Incubation Is No Longer Physical

Virtual co-incubation begins at **Acceleration** and **Realization** stages.  
**Needs of start-ups are different**

Focus on:

- The incubation process
- Distinctive competences of the incubator clients
- Competency of the incubator partners in delivering incubation services
- Leverage on technology to communicate
- Leverage on partnership to go-to-market and speed to market
- Expertise of Incubation managers to spot collaboration at early stage



# MAD Smart Incubator Community

## Smart Incubator Community:

- A form of co-incubation
- No longer limited to physical facilities
- Suitable for startup companies
- Focus on co-creation, market access and funding
- Leverage on competencies of partner incubators – expertise can be shared
- More extensive services for incubator clients - greater access to facilities, contacts, and special expertise available in the entire network of incubators. Best practices will be chronicled and shared.
- Communication technologies have made it possible to be virtual
- Cross border incubation is now possible without a physical presence
- Requires a flexible business model for start-up businesses – needs based model



# NINA – STIC Market Access Centre

For mature companies, Market Access Centres will be a more viable co-incubation activity.

Eg. NINA-STIC Market Access Centre

## Entrepreneur Xchange Working Visit

- Market study tours
- Market briefing sessions (Shanghai/KL)

## Market Exploration Program

- Temporary office (2 weeks – 1 month)
- Market assistance
- Network and regulatory assistance
- Information briefing on operational, culture, product, market, R&D and partnership.

## Market Access Center

- Long term program (6 months – 1 year)
- Office facilities
- Shared facilities, services and human resources
- Coaching and Mentoring
- Statutory/Legal assistance
- Business support
- Marketing assistance
- Financial access
- Relocation assistance
- Technology and technical collaboration



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# The MAD SIC Strategy

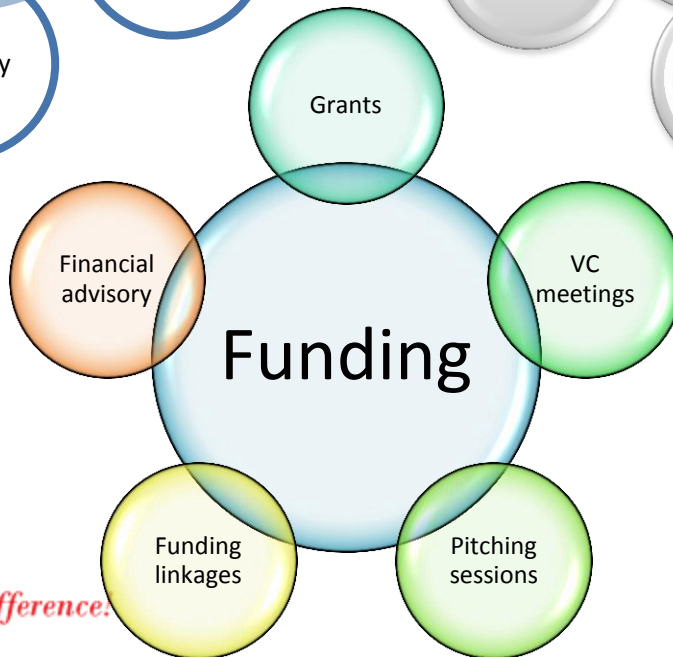
Strategy focus on the following:

- Creating Smart Incubation Community (SIC)
- Creation of Partner Incubators with co-incubation facilities
  - ASEAN (Stage 1)
  - ASEAN + East Asia + India
  - Combined population of more than 3 billion
- Introduce multi-tiered membership
- Focus on Business HUB methodology: creating sector-specific hubs with its own business eco-system, incubation support processes and best practices
- Deliver value services focusing on core-competencies of respective Partner Incubators such as market access, marketing opportunities and funding
- Enhance value partnerships with partners on commercialization, funding and market development



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# Incubation Support Focus

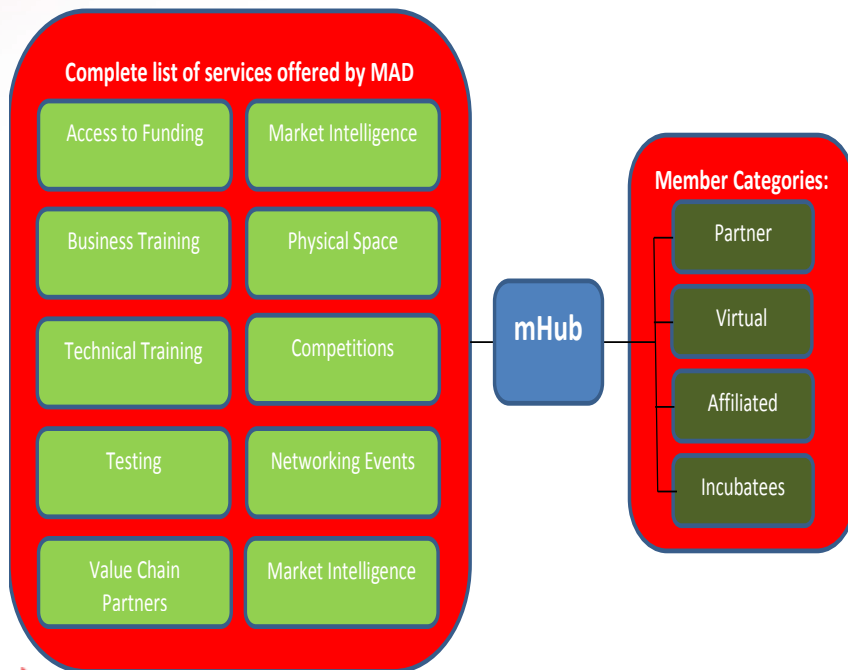


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# The Hub Value Chain

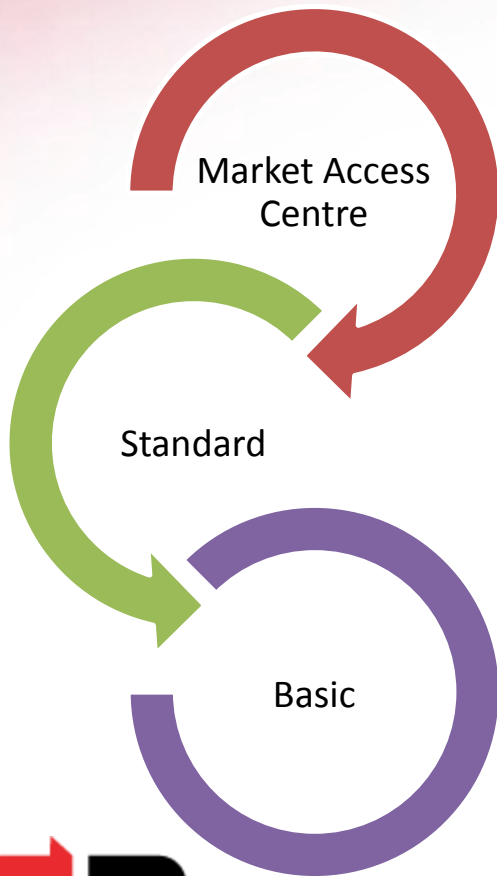
## Connecting Technopreneurs via the Hubs

### MAD Value Creation Chain



Hub extending to Jakarta, Bangkok, Singapore, Vietnam, Cambodia and Shanghai

# The New Business Model - Membership Category



Categories	Membership Target
Market Access Centre	Participate in full co-incubation program
Standard	Virtual co-incubation program but motivated by access to hotdesking, sales, value chain partners and networking opportunities
Basic	Opportunities and partner exploration, design of business model and access to Partner incubator

# Services By Category



- Partner matching
- Business mentoring
- Venture funding facilitation
- Networking

- Physical hotdesk (eligible)
- Partner matching
- Business training (eligible)
- Testing (eligible)
- Business mentoring
- Market intelligence (eligible)
- Competitions (eligible)
- Venture funding (eligible)
- Access to value chain partners
- Networking
- Events invitation (included)

- Physical workspace
- Partner matching
- Business training
- Testing (eligible)
- Business mentoring
- Market intelligence
- Competitions (eligible)
- Venture funding (eligible)
- Professional services (add. fee)
- Due diligence and capital readiness
- Access to value chain partners
- Networking
- Events invitation



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# The HUB Eco-system



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# Key Success Drivers for SIC

- Database of incubatee companies
- Ensure Quality of Services via Certification
- Close communication between incubator managers (bi-yearly meeting and more web-based conferencing)
- Synchronisation of support services among Partner incubators
- Fees synchronisation among Partner incubators.
- Revenue sharing model; service provider/home incubator ration at 70:30

# Sample Business Case

- 4 co-incubation entrepreneur per quarter using Standard Services:
  - ➔  $(4 * 12 * \$100) + (4 * 9 * \$100) + (4 * 6 * \$100) + (4 * 3 * \$100) = \$12,000$
- Less 10% commission to Sending Incubator: \$1200
- Not included Market Access Centre program
- Other services opportunities not included



➔ **min. revenue per year > \$11,800**

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# Expected Outcomes

## Broad-based Engagement

- Wider broad-based engagement with community, entrepreneurs, partners and stakeholders

## Coherence

- A coherent movement towards creation market access and growing start-up companies among Partner incubators

## Speed to Market

- Linkages provided where speed to market is shortened
- Focus on revenue traction
- **Increased revenue traction**

## Accelerate Businesses

- Stimulate more ideas and business tactics
- Structured business model and business plan in placed
- **Execution done together with incubation team**
- **Business strategy monitoring**

## Increase Success

- **Improves entrepreneurs' expansion success**



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## Question and Answer

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