JANUARY CAPITAL

State of the ASEAN Technology Ecosystem Report

H1 CY2024

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About January Capital

January Capital is a conviction-driven technology investment firm that is focused on investing into the most promising founding teams; multiple strategies dedicated to supporting founders across their lifecycle and capital structure.

US$300M+

Assets Under Management

Dedicated investment team of 10 primarily based in Singapore with total team of 25 across Asia.

60+ investee companies, with downstream investment from global tier-one investment firms.

Target 10-14 new investments per year – more than 10 new deals funded in CY2023.

US$0.5M-$5M

First Checks

Target entry point for early-stage fund strategy is Pre-Seed/Seed.

Flexibility on ownership at first check, with ability to invest pre-product, pre-monetization.

Primary focus is founders with a nexus to Asia-Pacific region.

Lifecycle

Approach To Company Funding

Track record of US$5.0–US$25.0m investments at growth-stage via separate capital pool.

Access to January Capital's both equity financing and credit arm for non-dilutive financing.

Ability to create bespoke financing solutions, situationally based on company requirements.

Our Key Team

Our team of 25 is spread across multiple geographies in Asia; our team has diverse, deep experience with more than 10 nationalities and over 150+ years of combined investing and advisory experience.

Investments

Investment team responsible for deploying January Capital's core investment strategies. Team responsible for origination, execution and monitoring of portfolio as well as overall firm oversight and strategy.

Benjamin — Partner
Jonathan — Partner
Jason — Partner
Chin — Partner
Alex — Investor
Roy — Investor
Joshua — Investor
Wei Yun — Investor

Data & Engineering

Dedicated data science and engineering team within January Capital – focused on deploying technologies to help the firm unearth the most compelling founders, at the earliest stage.

Yaohong — Head of Data & Engineering
Gerald — Software Engineer
Cheng Wei — Data Scientist
Lydia — Data Engineer
Oshin — Data Analyst

Investor Relations

Investor relations and firm communications.

David — Head of Investor Relations
Kess — Associate
Sheila — Reporting Analyst

Platform & Operations

Core operational leadership across the firm encompassing legal, finance and operations.

Anushka — Legal
Cze Kin — Finance
Ryan — Finance
Jun Wei — Data & Reporting

● Authors

Our Areas of Conviction

We invest in the world's fastest growing markets, focusing on four key investment themes – in our venture capital strategy, we focus on enterprise-focused companies building in the "infrastructure" and "enablement" layer to help our focus geographies unlock their full potential.

The next generation of commerce

Our prediction: Commerce today is complex – it is both global and local, both direct and indirect, plus truly omnichannel. This environment demands new solutions to enable merchants to win in their respective categories, and general software firms will emerge to support this.

Software that creates merchant value	Accelerating commerce via efficient tooling
Novel, localized demand generation	Marketplace tooling for offline, mature industries
Unified operating systems	Direct-to-consumer and social commerce
Commerce automation tooling	Solutions to post-purchase pain points

The plumbing of financial Services

Our prediction: Despite significant progress, financial services in the ASEAN region remain too hard to access for consumers and too hard to operate within. Large businesses will be built in the coming decade to democratize and decomplexify financial services across the entire stack.
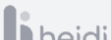
Plumbing of Financial Services	Embedded solutions that create value
Payment infrastructure	Transactional take rate
Financial services software	Consumer subscription
Interchange fees	Unfair data advantage

Accelerated change in the essentials

Our prediction: As Asia continues to "emerge", the rate of change in essential sectors such as healthcare, energy transition and agriculture will accelerate. There will be a need for localized software solutions that enable positive change and allow Southeast Asia to reach its full potential.

Smart cities and mobility transition	Essential industry digital tooling
Mobility application and software	Agriculture supply chain tooling
Supply chain efficiency gains	Corporate education and learning
Smart metering software tooling	AI applications to key health issues

Software built in Asia for the rest of the world

Our prediction: The opportunity to build enduring software companies from the Asia-Pacific region has never been better. This is fueled by a burgeoning developer ecosystem in Asia, the advent of product-led and open source go-to-market motions, and a maturing buyer universe locally.

Verticalization of software	AI-enabled future to unlock human potential
Cybersecurity	Developer tooling
Modern data stack	Data / ML infrastructure
Workflow and repository tooling	AI use cases for emerging functions

aCommerce · SHOPBACK · fluentcommerce · aemi

akulaku · twid · tazapay · Peddlr

SLEEK · hupo · heidi · CIALFO

go1 · marqo · CYBLE · Locofy

Portfolio Overview

January Capital has had the privilege to partner with more than 60 category-leading companies across our core geographies; our portfolio is clustered in four key areas of conviction.

go1	akulaku	fluentcommerce	aCommerce	SHOPBACK	skedulo	A-Sourced
aeMI	atato	Bardee	BUNKER	CIALFO	Circular	GLOMO PAY
co·learn	CORTICAL LABS	Curious thing	CYBLE	Datature	desty	Hypotenuse AI
LangDB	eezee	EMQ	heymax	Gaji Gesa	Great Question	inflow
HealthMatch	heidi	hupo	kargo	qode	klikit	SLEEK
Lexer	Locofy	Lumina	Lumonic	Materee	marqo	PROFITPEAK
omni	OPEN Fabric	Peddlr	pasarnow	rainforest	Standard Metrics	VINOMOFO
The swarm	tazapay	ToolJet	True Platform	twid	Questmate	yuno

About Alternatives.PE

Our affiliated platform, Alternatives.PE serves as the primary source of data for this report; Alternatives.PE democratizes private markets data for the Asia-Pacific investment ecosystem.

Alternatives.PE offers the most accurate, verifiable and broad-based coverage of private markets data in the Asia-Pacific region

We believe Alternatives.PE is the most accurate and comprehensive source of information for private companies in the Asia-Pacific region.

Alternatives.PE is designed to democratize private market data and provide deep insights into trends emerging in the Asia-Pacific ecosystem.

Alternatives.PE taps into different sources (i.e., government registries) to gather verified information related to fundraising, valuations, and company financials – providing a "private markets Bloomberg".

Alternatives.PE is affiliated with January Capital but operates as a standalone business – Alternatives.PE has 40+ team members dedicated to supporting clients who subscribe for access.

Over 300 investment and advisory firms, ecosystem participants and debt providers are paying subscribers – more than 40,000 people receive Alternatives.PE's marketing communications.

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Overall funding   →

Overall venture capital funding in ASEAN

Funding in H1CY2024 in Southeast Asia ("ASEAN") observed a decline from the year before; deal-making continues to be centered around the Seed / Series A stage.

Total deal flow in ASEAN

Total capital invested, US$, billions, left-hand side (LHS); Total deals, # per year, right-hand side (RHS)

Legend: ■ H1 Capital Invested ■ H2 Capital Invested ●— H1 Deal Count ●— H2 Deal Count
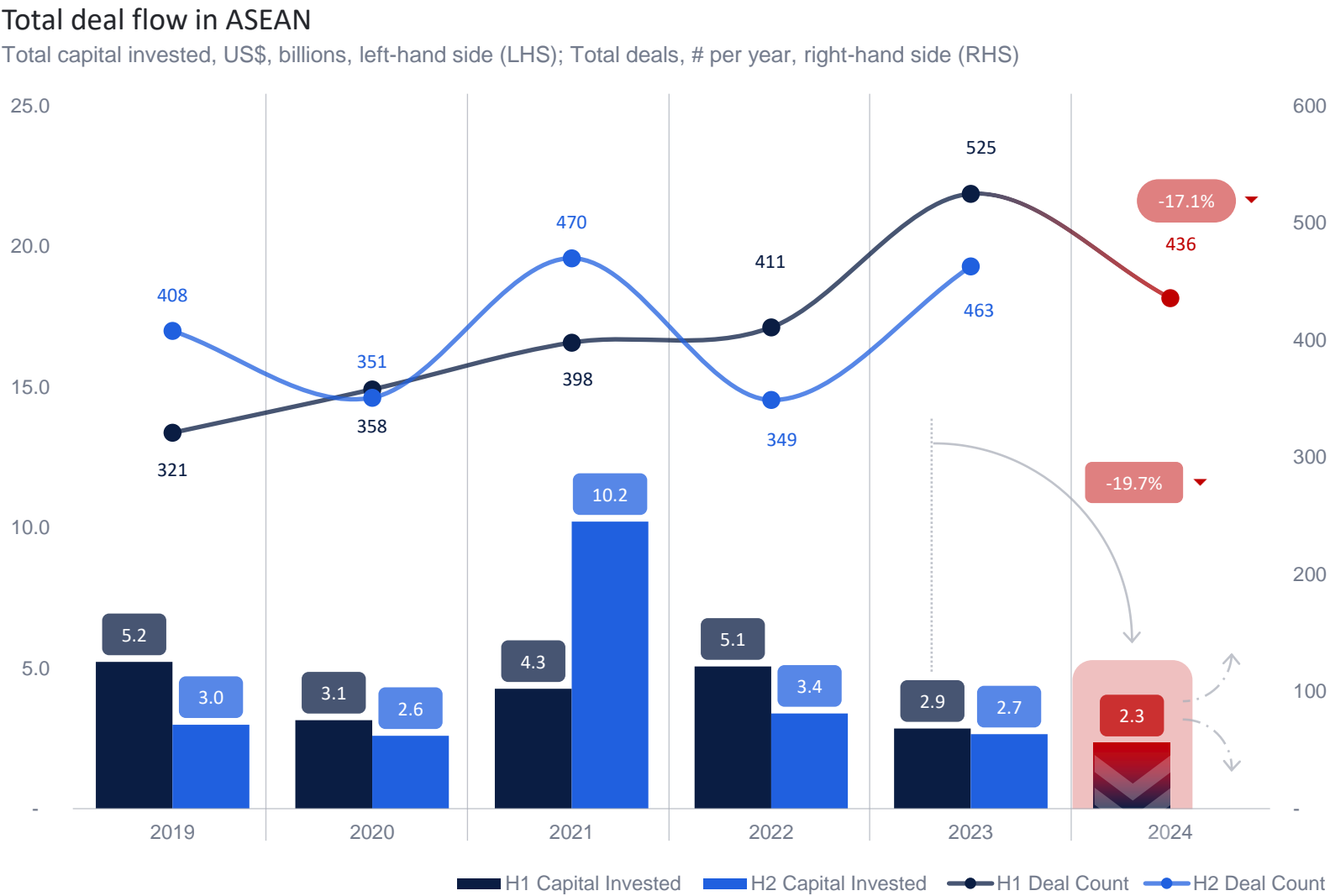
Venture funding in ASEAN continues to remain relatively muted as H1CY2024 funding (-19.7%) and deal count (-17.1%) both see declines compared to H1 CY2023. Resilience at the early-stage (Seed and Series A financing rounds).

Fundraising by stage

→

Venture capital funding in ASEAN by stage

Later-stage venture (Series B/C+) continued to observe declines in both deal count and capital invested in H1 CY2024; early-stage venture capital (Seed/Series A) saw an increase in capital invested, although deal count decreased overall.

Deal count by fundraising stage

per year

Deal Count H1 ■ Deal Count H2 ■
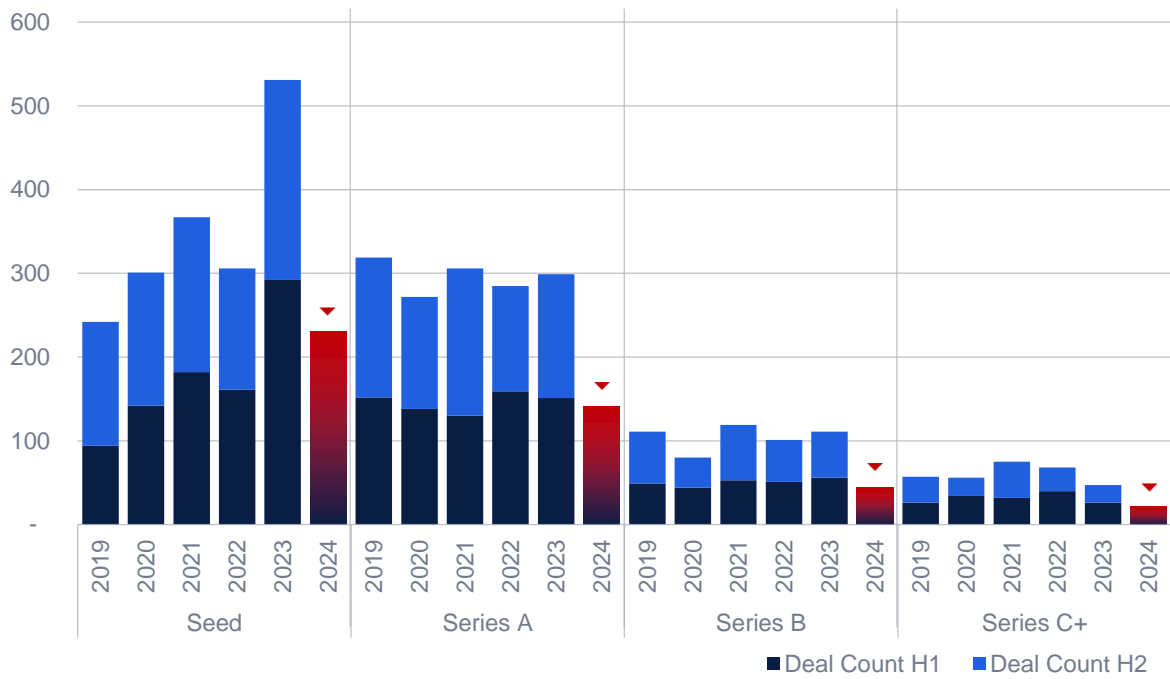
Number of deals across all stages saw declines in H1 CY2024 – Series A saw the least moderation year-over-year, as markets began to "thaw" in the later parts of H1 CY2024. Seed stage deals remain higher than prior years, although below CY2023 peak.

Capital invested by fundraising stage

Capital invested by fundraising stage, US$, billions

Deal Value H1 ■ Deal Value H2 ■
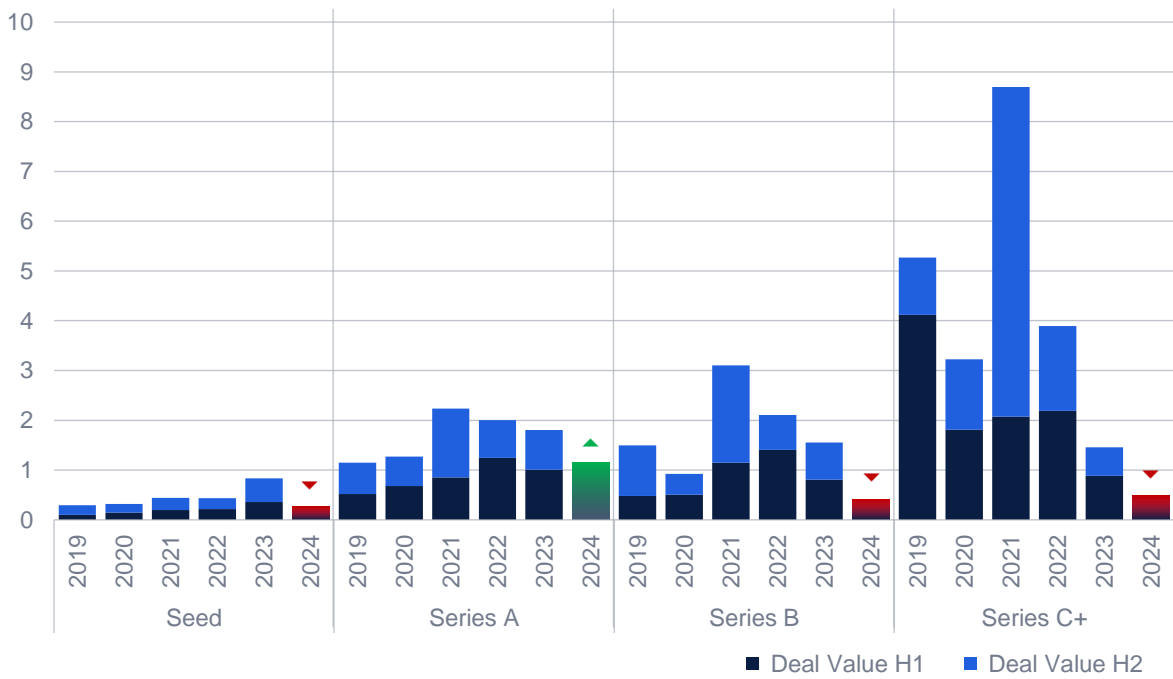
Capital invested in Series B/C companies continue to see further declines as the bar for quality companies in later-stage remain high – Series A companies saw the highest intake of capital.

Valuation and deal dynamics across fundraising stages

Seed and Series A deals experienced the largest pullback in valuations as the market continues to be price sensitive in H1 CY2024; Deal sizes across all rounds saw declines apart from Seed.

Valuation and deal dynamics across fundraising stages

H1, Average pre-money valuation, US$, millions (LHS); Average deal size, US$, millions (RHS)

Seed valuations continue to decline to pre 2021 levels, while round sizes saw a modest increase from H1 CY2023.

Series A valuations and round sizes declined as companies were likely raising smaller bridge rounds to optimize performance.

Series B valuations saw modest decrease in valuations, while deal sizes saw a much further reduction in H1 CY204.

Series C+ deal sizes largely reduced as mega rounds witnessed CY2023 were absent. Declines in valuation hint at price sensitivity.

■ H1 Average Pre-money Valuation ● H1 Average Deal Size

Fundraising by country →

Venture capital funding in ASEAN by country

While most capital continues to be deployed in Singapore and Indonesia-based companies, Indonesia observed the largest pullback year-over-year in both capital invested and number of deals.

Deal count by country
per year

Capital invested by country
US$, billions
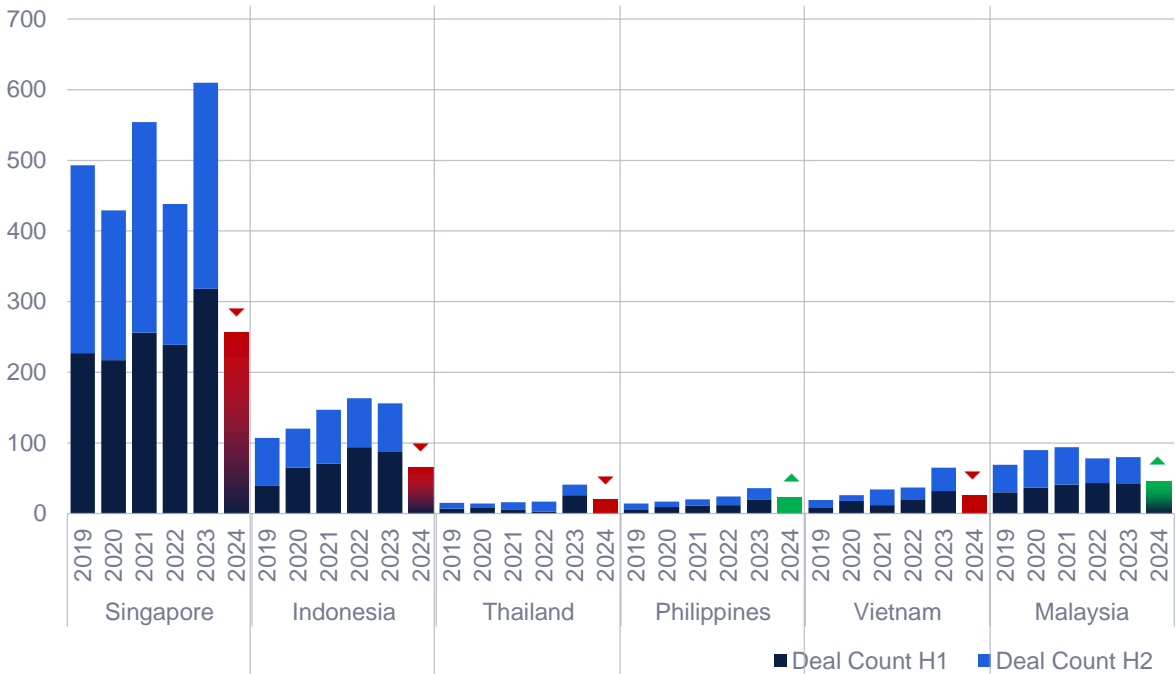
> Singapore remains the most active ecosystem in Southeast Asia. Deal counts decline across all countries, apart from Malaysia, which saw a modest increase.
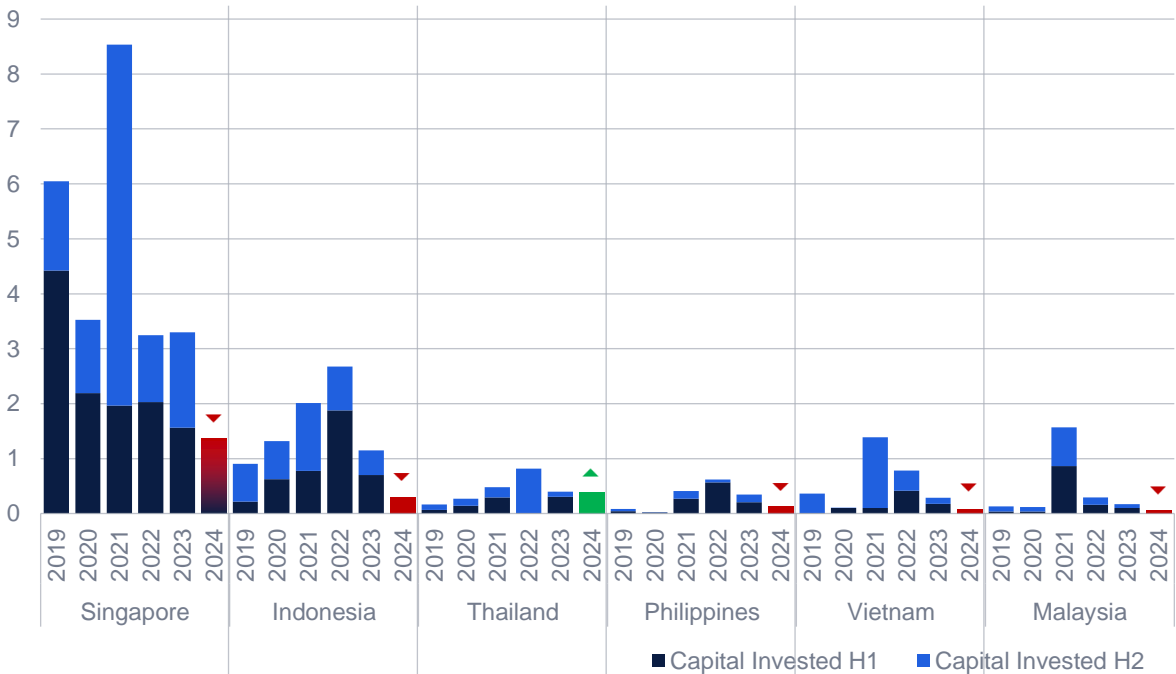
> Amount of capital invested across Southeast Asian markets fell year-over-year apart from Thailand, which saw a Ascend Money's mega round drive up capital invested.

Venture capital funding in ASEAN by country, by stage

Apart from Thailand, all markets saw the amount of capital invested decline; stripping out late-stage Series C+ financing, capital deployment was quite stable across venture capital spectrum (Seed – Series B).

Capital invested by country, by stage

H1 Capital invested by stage, by country, US$, billions

■ Seed ■ Series A ■ Series B ■ Series C+

Valuation dynamics by country, by stage

Pre-money valuations at the Seed and Series A stage continue to see declines in markets that have higher deal volumes such as Singapore and Indonesia; Vietnam and Philippines remain as bright spots where valuations moved up slightly.

Valuation by country, by stage

H1 Average pre-money valuation, US$, millions

● % Increase 2023 to 2024   ● % Decrease 2023 to 2024

Seed	Singapore	Indonesia	Vietnam	Thailand	Philippines	Malaysia
CY2020	5.5	6.0	3.6	3.2	2.0	2.6
CY2021	5.9	5.0	4.1	5.7	2.7	3.7
CY2022	7.1	10.2	6.1	6.5	3.9	6.2
CY2023	7.9	8.0	2.5	2.6	1.8	5.4
CY2024	6.6 (-16%) ▼	7.0 (-12%) ▼	5.7 (126%) ▲	7.6 (188%) ▲	4.7 (158%) ▲	3.7 (-31%) ▼

Series A	Singapore	Indonesia	Vietnam	Thailand	Philippines	Malaysia
CY2020	14.6	33.7	23.8	30.5	24.7	4.6
CY2021	25.5	29.1	14.5	14.0	260.3	15.8
CY2022	45.8	54.5	37.7	8.6	16.5	33.8
CY2023	41.1	41.9	11.7	-	40.3	22.8
CY2024	35.8 (-13%) ▼	26.1 (-38%) ▼	23.0 (98%) ▲	32.6	42.7 (6%) ▲	30.6 (34%) ▲

Valuation dynamics by country, by stage

As the number of Series B and C+ company rounds completed in H1 CY2024 continued to remain low, valuation movements were more pronounced and driven by a few "outlier" financing rounds.

Valuation by country, by stage

H1 Average pre-money valuation, US$, millions

● % Increase 2023 to 2024   ● % Decrease 2023 to 2024

Series B	Singapore	Indonesia	Vietnam	Thailand	Philippines	Malaysia
CY2020	140.6	87.0	85.7	25.9	-	58.4
CY2021	163.7	90.0	70.4	14.6	250.9	84.2
CY2022	194.5	194.8	-	23.1	136.0	-
CY2023	75.1	179.2	100.6	386.9	39.0	42.1
CY2024	157.6 (110%) ▲	115.3 (-36%) ▼	-	-	142.6 (267%) ▲	13.0 (-70%) ▼

Series C+	Singapore	Indonesia	Vietnam	Thailand	Philippines	Malaysia
CY2020	342.0	157.9	-	223.3	-	-
CY2021	280.4	264.8	-	-	-	-
CY2022	714.9	565.3	-	322.6	288.3	1,302.2
CY2023	396.4	614.7	-	388.7	190.1	75.1
CY2024	325.6 (-18%) ▼	158.6 (-74%) ▼	201.9	1,755.0 (352%) ▲	867.9 (357%) ▲	-

Deal sizing by country, by stage

Seed rounds saw an increase in deal sizes across most countries except Indonesia, which saw a larger decline; at the Series A stage, Singapore and Indonesia saw declines while other countries were more volatile.

Deal size by country, by stage
H1 Average deal size, US$, millions

● % Increase 2023 to 2024 ● % Decrease 2023 to 2024

Seed	Singapore	Indonesia	Vietnam	Thailand	Philippines	Malaysia
CY2020	1.1	1.7	1.6	0.7	0.7	0.3
CY2021	1.3	1.5	1.5	0.8	1.2	0.8
CY2022	1.6	2.4	1.6	1.9	1.3	0.5
CY2023	1.6	3.0	0.7	0.5	0.5	0.7
CY2024	2.1 (31%) ▲	2.2 (-27%) ▼	2.6 (278%) ▲	1.9 (280%) ▲	1.2 (133%) ▲	0.9 (33%) ▲

Series A	Singapore	Indonesia	Vietnam	Thailand	Philippines	Malaysia
CY2020	3.9	8.4	8.2	2.7	2.1	0.7
CY2021	7.1	11.0	3.0	3.6	58.5	2.8
CY2022	6.4	10.8	9.4	3.2	5.0	4.9
CY2023	11.5	12.8	3.9	-	14.4	6.2
CY2024	9.1 (-21%) ▼	8.5 (-34%) ▼	5.1 (32%) ▲	5.0	4.3 (-70%) ▼	10.7 (74%) ▲

Deal sizing by country, by stage

At the Series B (apart from Singapore which saw a modest increase), most markets experienced material declines in deal size; Series C+ deal sizing continued to see material changes year-over-year driven by low number of data points.

Deal size by country, by stage
H1 Average deal size, US$, millions

● % Increase 2023 to 2024   ● % Decrease 2023 to 2024

Series B	Singapore	Indonesia	Vietnam	Thailand	Philippines	Malaysia
CY2020	15.8	28.2	19.1	3.7	-	8.7
CY2021	22.7	19.0	6.9	2.7	50.0	2.9
CY2022	31.9	44.7	-	22.7	21.7	-
CY2023	18.2	20.8	21.0	51.9	10.7	15.5
CY2024	22.8 (25%) ▲	13.4 (-35%) ▼	-	-	6.9 (-36%) ▼	3.1 (-80%) ▼

Series C+	Singapore	Indonesia	Vietnam	Thailand	Philippines	Malaysia
CY2020	63.1	26.0	-	58.6	-	-
CY2021	21.9	36.0	-	-	-	-
CY2022	25.8	66.9	-	18.0	75.6	239.4
CY2023	142.6	98.9	-	29.9	47.5	10.5
CY2024	45.7 (-68%) ▼	21.6 (-79%) ▼	28.7	195.0 (552%) ▲	69.2 (46%) ▲	-

Source: Alternatives.PE, Tracxn, January Capital analysis.

Funding dynamics
by sector

→

Venture capital funding in ASEAN by sector

Overall deal count declined year-over-year in H1 CY2024; Fintech, Protech, HRTech and Web3 saw increases, while E-Commerce, Healthcare and Logistics saw larger declines.

Deal count by sector

per year

The decline in 'Other' deal count in H1 CY2024 is mostly due to a drop in the number of deals in the B2C, gaming, entertainment and sustainability sectors.

Legend: ■ Deal Count H1   ■ Deal Count H2

Source: Alternatives.PE, Tracxn, January Capital analysis.
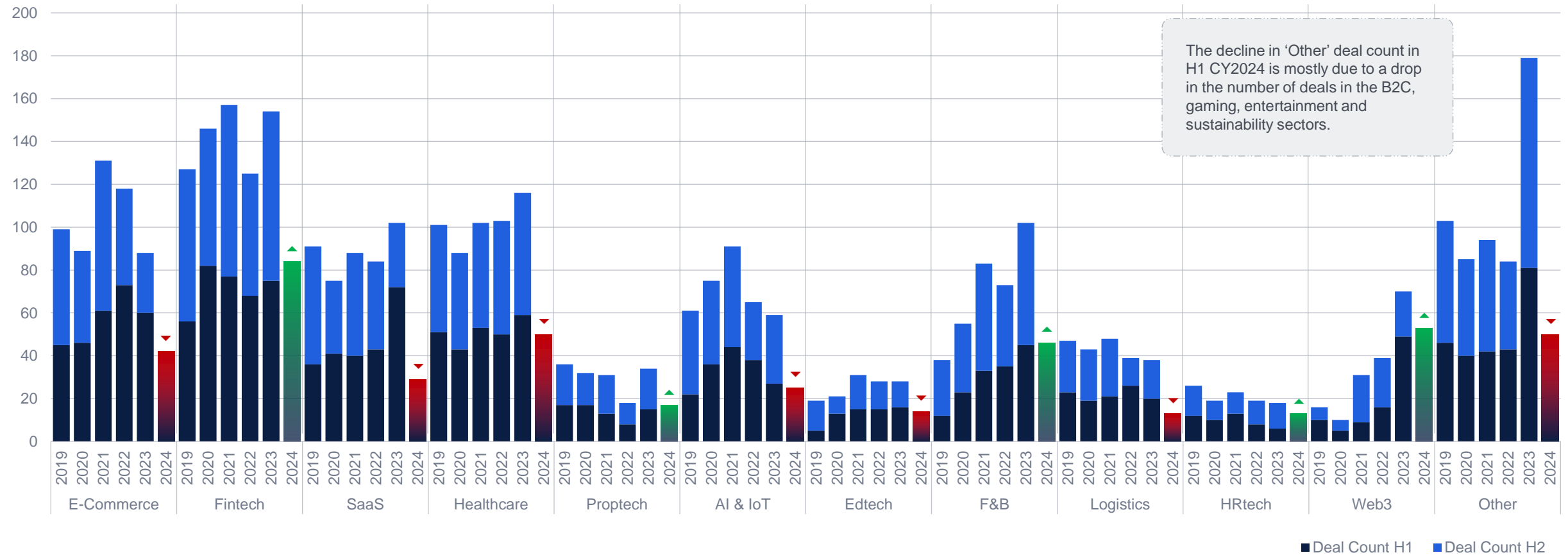
Venture capital funding in ASEAN by sector

While E-Commerce, Fintech and Healthcare remain meaningful contributors to overall deal count in ASEAN, SaaS saw a modest decline; the F&B and Web3 sectors continue to see meaningful deal count.

Deal count by sector

H1 Deal Count by sector, % of total

Year	E-Commerce	Fintech	SaaS	Healthcare	Proptech	AI & IoT	Edtech	F&B	Logistics	HRtech	Web3	Other
2024	10%	19%	7%	11%	4%	6%	3%	11%	3%	3%	12%	11%
2023	11%	14%	14%	11%	3%	5%	3%	9%	4%		9%	15%
2022	17%	16%	10%	12%	2%	9%	4%	8%	6%	2%	4%	10%
2021	14%	18%	10%	13%	3%	10%	4%	8%	5%	3%	2%	10%
2020	12%	22%	11%	11%	5%	10%	3%	6%	5%	3%		11%
2019	13%	17%	11%	15%	5%	7%	4%	7%	4%	3%		14%

■ E-Commerce ■ Fintech ■ SaaS ■ Healthcare ■ Proptech ■ AI & IoT ■ Edtech ■ F&B ■ Logistics ■ HRtech ■ Web3 ■ Other
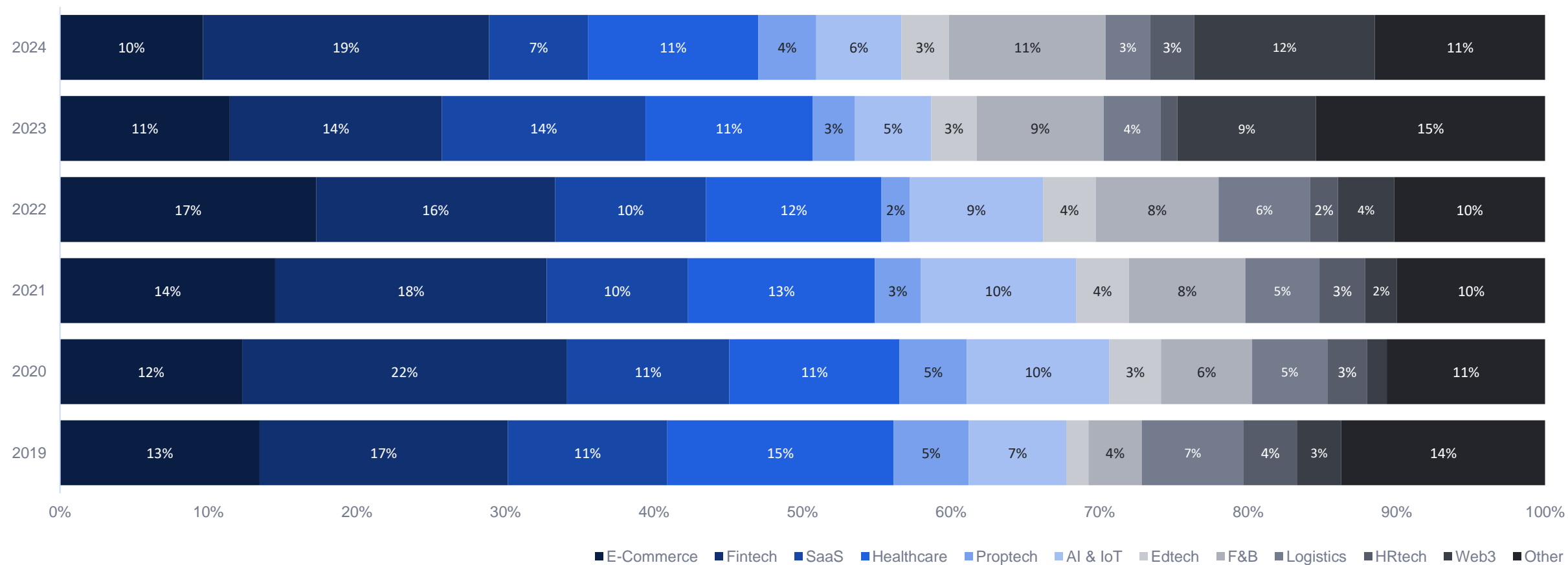
Venture capital funding in ASEAN by sector

Fintech, E-Commerce and Healthcare continue to account for majority of funding in ASEAN; funding in Web3 surged on the back of higher deal count and multiple rounds above US$10.0 million in H1 CY2024.

Capital invested by sector
H1 Capital invested by sector, % of total

Legend: E-Commerce, Fintech, SaaS, Healthcare, Proptech, AI & IoT, Edtech, F&B, Logistics, HRtech, Web3, Other

2024: 7% | 36% | 3% | 8% | 3% | 3% | 3% | 6% | 3% | 16% | 11%
2023: 8% | 24% | 6% | 15% | 3% | 10% | 4% | 5% | 22%
2022: 14% | 35% | 10% | 3% | 3% | 7% | 8% | 2% | 9% | 5%
2021: 21% | 29% | 19% | 6% | 3% | 5% | 2% | 3% | 3% | 5%
2020: 41% | 21% | 5% | 5% | 4% | 3% | 5% | 10% | 3%
2019: 73% | 10% | 2% | 2% | 2% | 2% | 2% | 4%
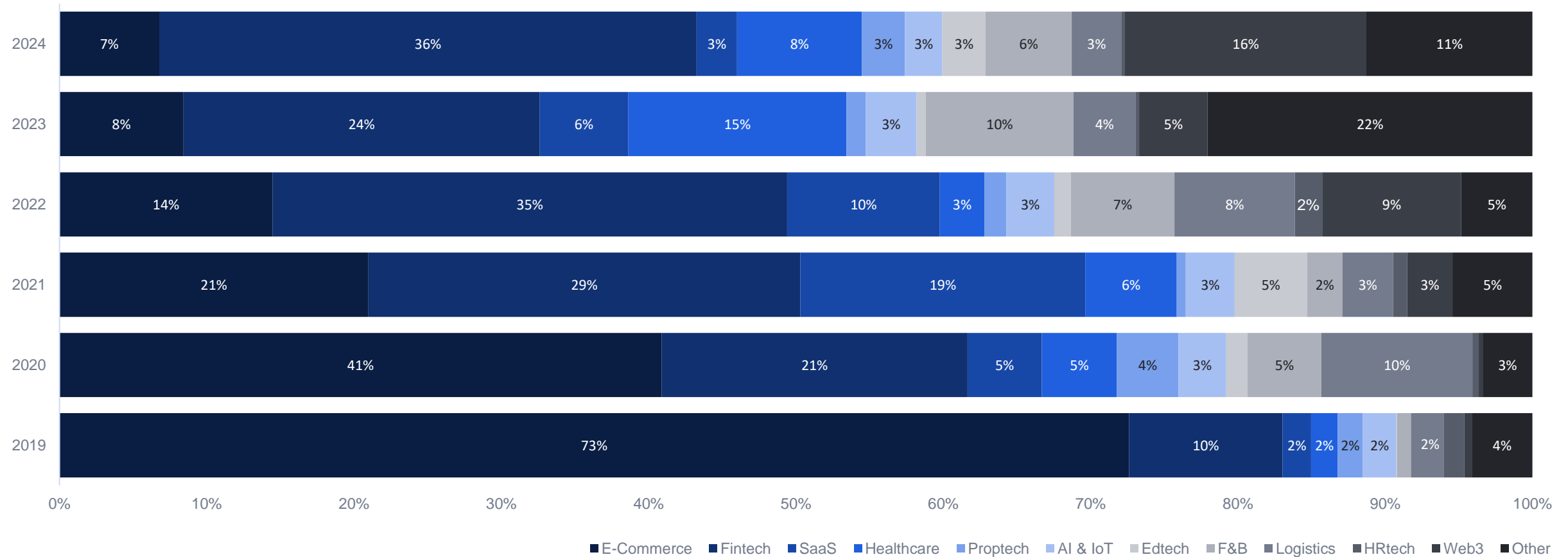
Valuation dynamics by sector, by stage

Pre-money valuations declined across most sectors at the Seed stage; on aggregate, Series A valuations were largely consistent apart from the more material declines in F&B, Healthcare and Logistics.

Valuation by sector, by stage

H1 Average pre-money valuation, US$, millions

● % Increase 2023 to 2024   ● % Decrease 2023 to 2024

Seed	E-Commerce	Fintech	SaaS	Healthcare	Edtech	F&B	Logistics	All
CY2020	6.0	5.8	4.0	4.8	4.9	3.5	3.1	4.9
CY2021	5.3	4.3	4.6	7.0	3.4	6.2	4.5	5.3
CY2022	5.9	10.2	7.8	5.9	6.0	4.8	10.5	7.4
CY2023	5.9	9.2	8.4	6.3	8.4	4.6	3.4	7.2
CY2024	3.1 (-47%) ▼	7.7 (-17%) ▼	9.2 (10%) ▲	6.4 (1%) ▲	3.7 (-56%) ▼	5.0 (8%) ▲	6.4 (86%) ▲	5.9 (-17%) ▼

Series A	E-Commerce	Fintech	SaaS	Healthcare	Edtech	F&B	Logistics	All
CY2020	31.9	23.8	13.1	12.1	4.3	5.6	38.6	20.0
CY2021	39.0	55.0	31.7	22.6	18.1	16.1	20.9	29.8
CY2022	60.1	65.3	21.2	25.4	48.4	27.0	43.4	45.7
CY2023	33.6	38.7	24.9	41.0	10.2	52.9	37.0	36.5
CY2024	37.5 (12%) ▲	36.0 (-7%) ▼	26.4 (6%) ▲	25.5 (-38%) ▼	17.9 (76%) ▲	15.4 (-71%) ▼	23.6 (-36%) ▼	33.3 (-9%) ▼

Source: Alternatives.PE, Tracxn, January Capital analysis.

Valuation dynamics by sector, by stage

While overall valuations remained relatively stable at the Series B and C stages, E-Commerce and Fintech saw material declines as investors continue to remain cautious in pricing for later-stage deals generally.

Valuation by sector, by stage

H1 Average pre-money valuation, US$, millions

● % Increase 2023 to 2024 ● % Decrease 2023 to 2024

Series B	E-Commerce	Fintech	SaaS	Healthcare	Edtech	F&B	Logistics	All
CY2020	88.7	64.9	24.7	42.1	-	202.1	36.8	111.3
CY2021	63.0	236.3	82.8	117.0	162.8	28.8	-	123.7
CY2022	87.3	239.9	193.6	20.7	208.9	23.1	165.1	184.1
CY2023	67.9	219.9	44.9	68.1	-	193.0	293.9	143.1
CY2024	51.0 (-25%) ▼	137.1 (-38%) ▼	42.0 (-7%) ▼	101.6 (49%) ▲	-	273.5 (42%) ▲	-	131.4 (-8%) ▼

Series C+	E-Commerce	Fintech	SaaS	Healthcare	Edtech	F&B	Logistics	All
CY2020	325.3	156.5	73.6	-	451.1	80.7	501.2	250.5
CY2021	306.6	161.5	122.1	269.8	1,045.9	-	28.0	272.6
CY2022	569.8	1,540.4	384.4	-	-	159.3	294.4	640.2
CY2023	344.3	974.8	73.6	-	-	-	-	424.6
CY2024	184.1 (-46%) ▼	754.5 (-23%) ▼	-	189.4	-	-	-	426.9 (1%) ▼

Source: Alternatives.PE, Tracxn, January Capital analysis.

Deal sizing by sector, by stage

Average deal size saw a modest uptick across most sectors in the Series Seed apart from E-Commerce, Fintech and F&B; Series A saw a broader decline at an aggregate level resulting from the fall in Healthcare and F&B deal sizes.

Deal size by sector, by stage
H1 Average deal size, US$, millions

● % Increase 2023 to 2024   ● % Decrease 2023 to 2024

Seed	E-Commerce	Fintech	SaaS	Healthcare	Edtech	F&B	Logistics	All
CY2020	1.1	1.2	1.1	0.9	1.9	1.4	0.7	1.1
CY2021	1.5	1.0	1.1	1.2	0.9	1.5	1.7	1.3
CY2022	1.3	1.8	1.7	2.2	1.2	1.1	1.8	1.6
CY2023	1.3	2.1	1.7	1.7	0.9	1.5	1.2	1.6
CY2024	0.9 (-29%) ▼	2.6 (28%) ▲	1.5 (-14%) ▼	1.8 (8%) ▲	1.6 (77%) ▲	1.1 (-23%) ▼	2.3 (104%) ▲	1.8 (14%) ▲

Series A	E-Commerce	Fintech	SaaS	Healthcare	Edtech	F&B	Logistics	All
CY2020	7.3	5.5	4.0	3.0	0.4	0.7	8.8	5.0
CY2021	12.2	14.8	9.0	4.8	6.3	6.5	11.2	8.5
CY2022	10.6	6.8	4.6	4.9	7.5	4.8	10.5	7.5
CY2023	5.1	6.3	5.8	10.8	1.7	24.4	10.3	10.5
CY2024	5.9 (15%) ▲	9.6 (52%) ▲	5.9 (2%) ▲	7.1 (-34%) ▼	6.4 (267%) ▲	12.9 (-47%) ▼	13.5 (30%) ▲	8.5 (-20%) ▼

Deal sizing by sector, by stage

Deal sizes saw declines at an aggregate level in the Series B and C+ stages, with Series C+ deal sizes seeing a material decline given the absence of mega rounds saw in CY2023; E-commerce, Fintech and Healthcare declined materially in Series B.

Deal size by sector, by stage

H1 Average deal size, US$, millions

● % Increase 2023 to 2024   ● % Decrease 2023 to 2024

Series B	E-Commerce	Fintech	SaaS	Healthcare	Edtech	F&B	Logistics	All
CY2020	6.2	17.9	11.0	20.5	-	50.3	5.9	18.7
CY2021	6.6	31.8	23.6	17.8	3.1	10.6	-	20.1
CY2022	14.8	46.8	36.7	12.6	21.1	22.7	36.6	35.0
CY2023	13.8	29.7	9.8	23.6	-	8.8	41.3	23.0
CY2024	4.0 (-71%) ▼	14.3 (-52%) ▼	9.7 (-1%) ▼	10.4 (-56%) ▼	-	14.1 (59%) ▲	-	17.4 (-24%) ▼

Series C+	E-Commerce	Fintech	SaaS	Healthcare	Edtech	F&B	Logistics	All
CY2020	34.6	35.8	12.8	-	90.0	26.0	278.6	47.6
CY2021	18.2	32.9	17.8	49.1	41.5	-	4.5	28.9
CY2022	100.7	91.4	54.4	-	-	63.2	34.0	64.8
CY2023	99.6	172.7	5.5	-	-	-	-	99.7
CY2024	30.6 (-69%) ▼	80.5 (-53%) ▼	-	28.0	-	-	-	50.5 (-80%) ▼

Source: Alternatives.PE, Tracxn, January Capital analysis.

Sectorial data based on core themes

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Sectorial deep-dive: E-Commerce, Fintech, SaaS

There are three sectors that consistently attract meaningful investment and have key relative importance to the ASEAN technology ecosystem; these sectors broadly align with several of January Capital's areas of conviction.

E-commerce

Importance to the ASEAN Ecosystem

- E-Commerce has been the engine room in stimulating technology company formation and investment over the past decade.
- The ASEAN digital economy is already US$100.0 billion in gross merchandising volume today.
- A vibrant E-Commerce landscape is critical for any technology ecosystem.

Key Insight for H1 CY2024

E-commerce saw a decrease in overall funding given the perceived maturity of the sector – we believe this is likely to change as fragmentation of channel accelerates.

The maturing of the space has resulted in increased competitiveness and a growing focus on profitability, which has led to acquisitions even amongst major players like Bytedance and Tokopedia.

The decline in later-stage deals, where there were few mega deals compared to prior years, also resulted in lesser funding overall into the space.

Financial Technology

Importance to the ASEAN Ecosystem

- Access to financial services is critically important to the long-term macroeconomic health of the ASEAN region.
- Despite meaningful progress, financial services remain hard to access for a meaningful percentage of the ASEAN population.
- In addition, the digital infrastructure surrounding financial services remains fragmented and complex.

Key Insight for H1 CY2024

There was an increase in the number of deals completed in the Fintech sector in H1 CY2024. We believe this is due to the general "thawing" of the fintech vertical.

Later -deals continued to see lower volumes (across valuations and deal sizing), whereas Series A remained resilient. We forecast later-stage investment to accelerate in the next 12 months, as pricing expectations stabilize.

While Singapore continues to see the most venture funding in Fintech, several larger sizes deals were done across the region to drive financial inclusion in the areas of lending, insurance and digital infrastructure.

Software/SaaS

Importance to the ASEAN Ecosystem

- The ASEAN region increasingly has a large pool of qualified technical co-founders who have an ambition to build "global from day one".
- With the advent of product-led and open source go-to-market motions, the potential for global software to be built from ASEAN continues to scale.

Key Insight for H1 CY2024

While the region has seen increased awareness of the efficiency of software solutions (as a result of the surge in AI coverage), funding into SaaS remains relatively muted.

Investors continue to assess the startups funded and premiums paid for SaaS companies during the zero-interest rate period, remaining cautious in deploying more capital into the sector.

Startups built in Asia continue to see opportunity in larger markets with a willingness to pay such as the US, as opposed to SEA, where labor costs remain low.

E-Commerce – Overall venture capital funding

E-Commerce saw a slight decline in the number of deals in H1 CY2024; deals closed largely focused on early-stage companies.

Total deal count in E-Commerce
per year

Deal Count H1 ■ Deal Count H2 ■
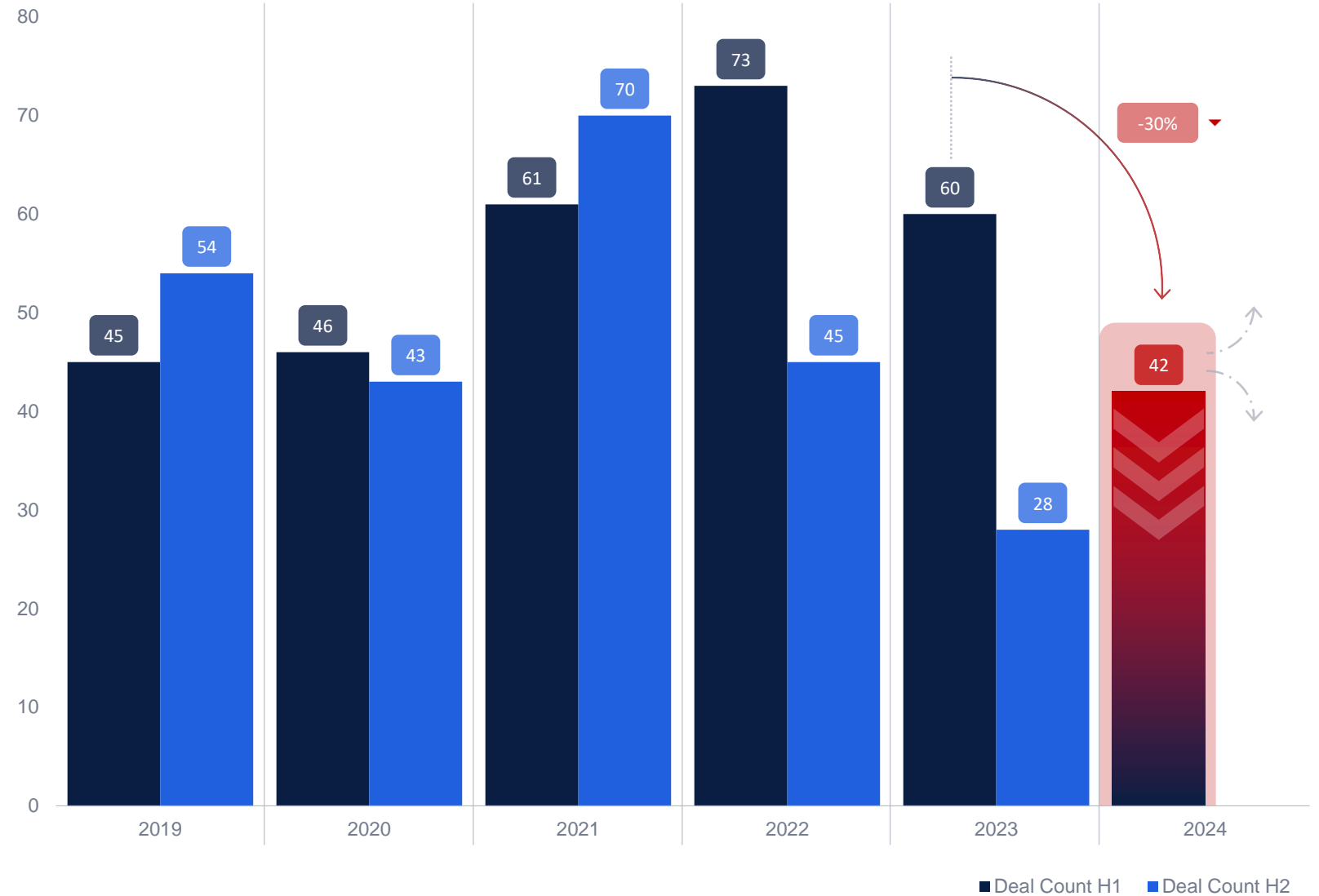
E-Commerce – Overall venture capital funding

Capital invested into E-Commerce continued to witness a slowdown in H1 CY2024; majority of rounds completed were earlier-stage investments in Seed/Series A that saw smaller round sizes as investors remain cautious of the sector.

Total capital invested in E-Commerce

Capital invested, US$, billions

■ Deal Value H1 ■ Deal Value H2
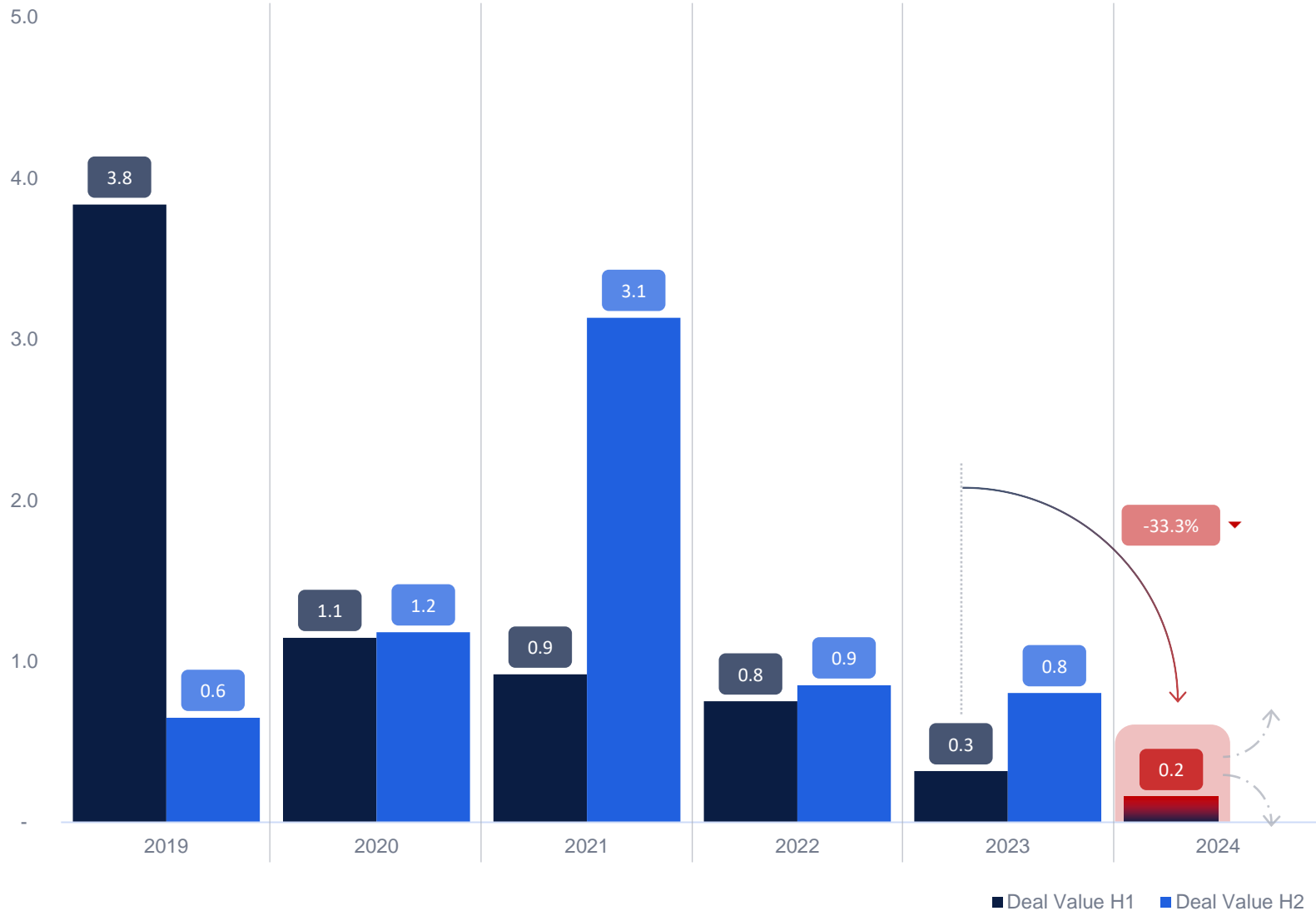
E-Commerce – Valuation and deal dynamics by fundraising stage

Apart from Series A, which saw valuation and deal size increase, E-commerce companies saw declines across all other stages in both valuations and deal sizing, particularly in the later-stages.

Valuation and deal dynamics in E-Commerce

H1 Average pre-money valuation, US$, millions (LHS); Average deal size, US$, millions (RHS)

■ Average Pre-money Valuation ● Average Deal Size

Source: Alternatives.PE, Tracxn, January Capital analysis.
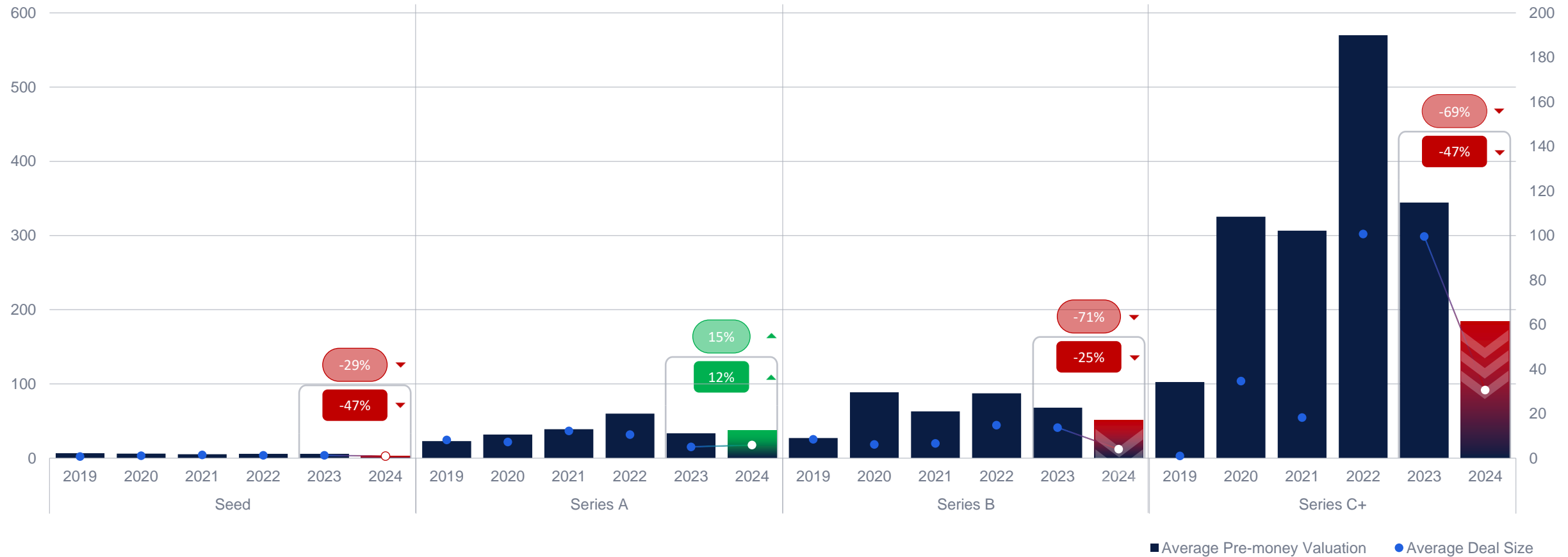
Fintech – Overall venture capital funding

Fintech deal activity continued to grow in H1 CY2024, with deal count driven by payments, wealth and lending businesses; while the early-stage saw a higher number of transactions, the later-stage still saw a modest number of deals.

Total deal count in Fintech
per year

Legend: ■ Deal Count H1 ■ Deal Count H2

Data by year:
- 2019: H1 = 56, H2 = 71
- 2020: H1 = 82, H2 = 64
- 2021: H1 = 77, H2 = 80
- 2022: H1 = 68, H2 = 57
- 2023: H1 = 75, H2 = 79
- 2024: 84 (12%)

Fintech – Overall venture capital funding

Total Fintech funding in H1 CY2024 saw a modest decline year-over-year; larger rounds were driven by mega deals including Ascend Money, Qala, NIUM and Accelerate.

Total capital invested in Fintech

Capital invested, US$, billions

- ■ Total Deal Value
- ■ Deal Value H2

-35.7% ▼
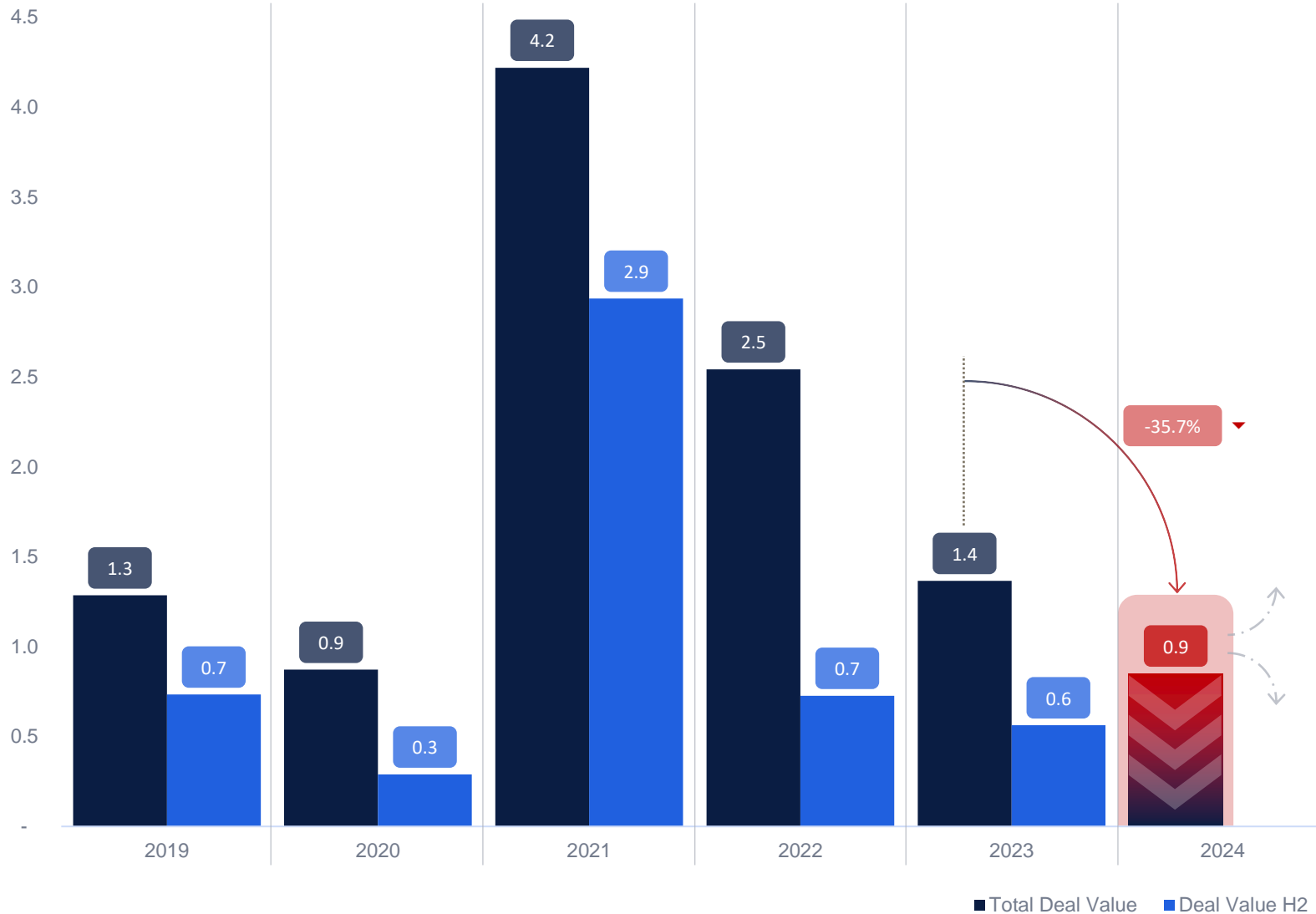
Fintech – Valuation and deal dynamics by fundraising stage

Fintech valuations decreased across all stages in H1 CY2024, with Series B and Series C seeing larger declines and Series A being the most stable; early-stage transactions saw larger deal sizes, while later-stage transactions saw material declines.

Valuation and deal dynamics in Fintech

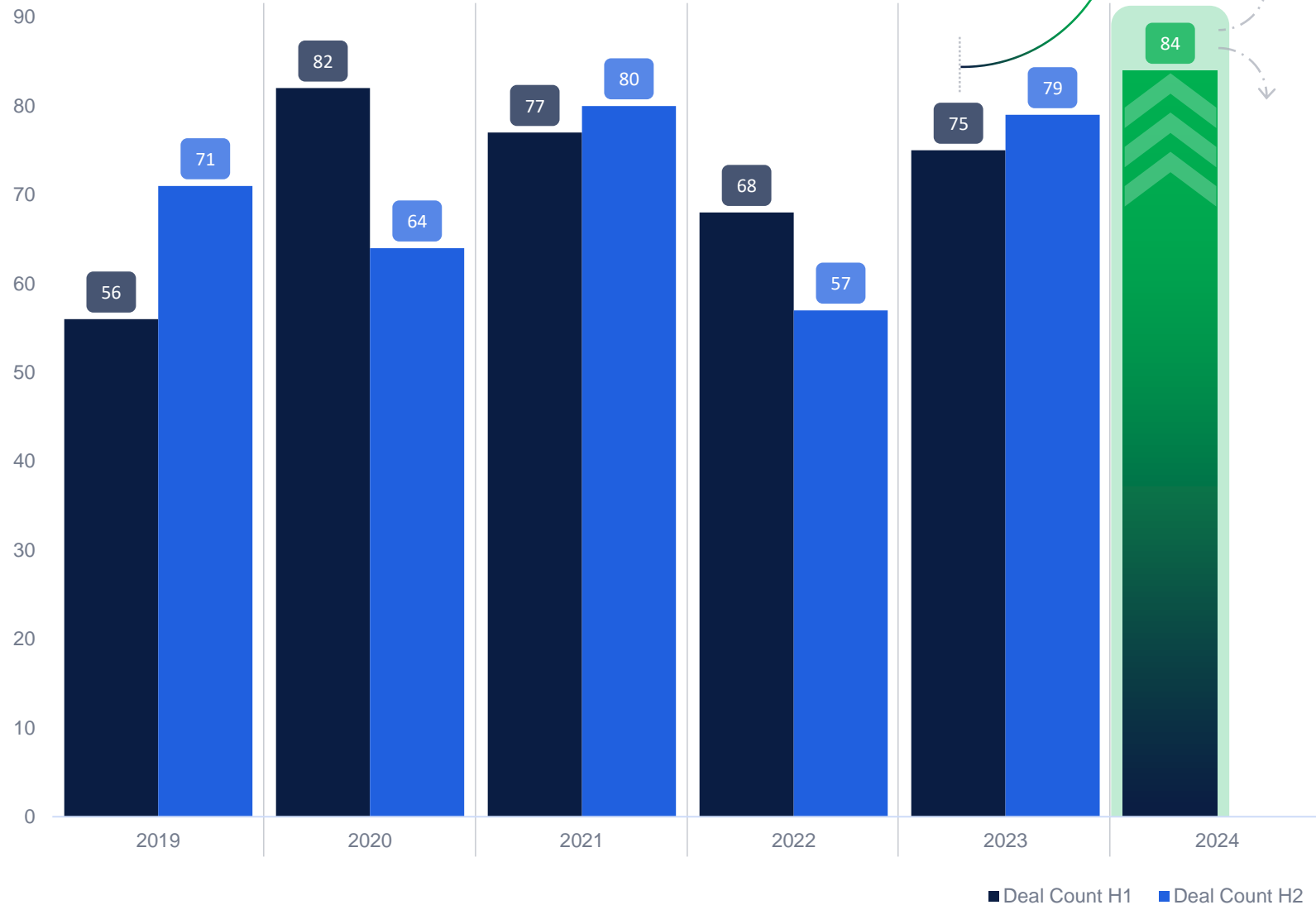H1 Average pre-money valuation, US$, millions (LHS); Average deal size, US$, millions (RHS)

Legend: ■ Average Pre-money Valuation ● Average Deal Size

Source: Alternatives.PE, Tracxn, January Capital analysis.
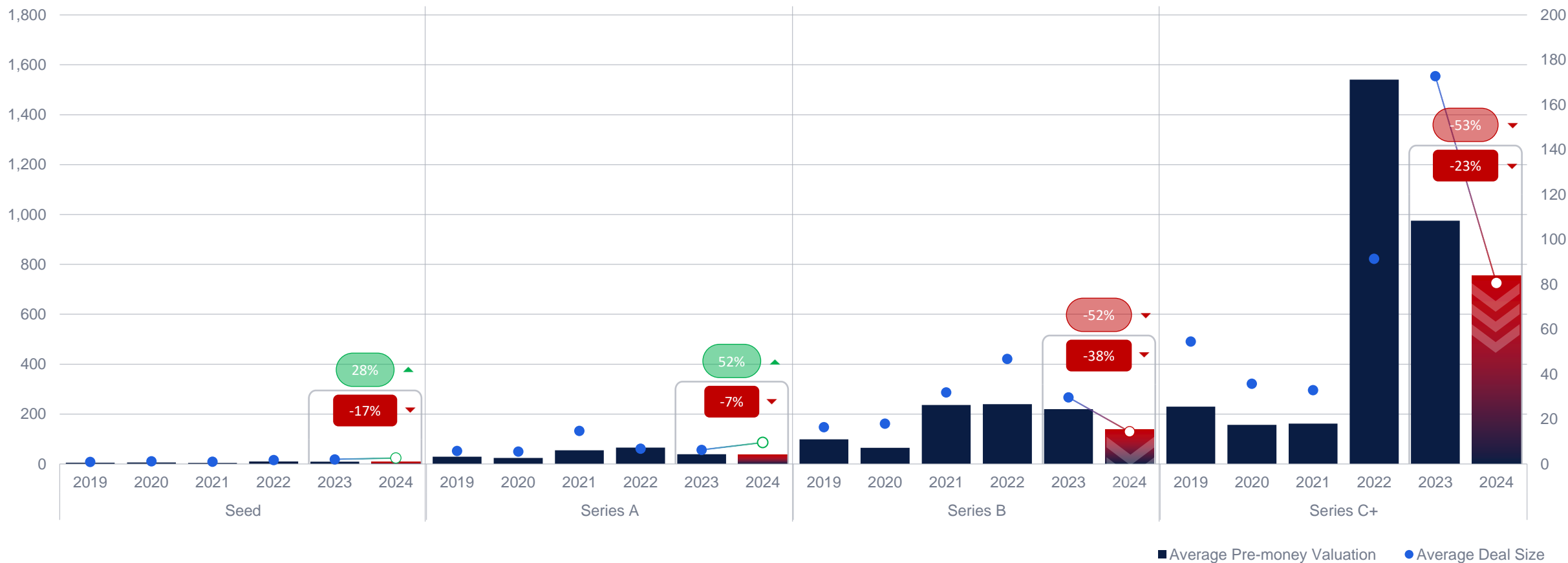
SaaS – Overall venture capital funding

SaaS saw a pullback in H1 CY2024 with majority of the deals closed coming from Seed stage transactions and majority of funded companies being from Singapore.

Total deal count in SaaS
per year

■ Deal Count H1　■ Deal Count H2
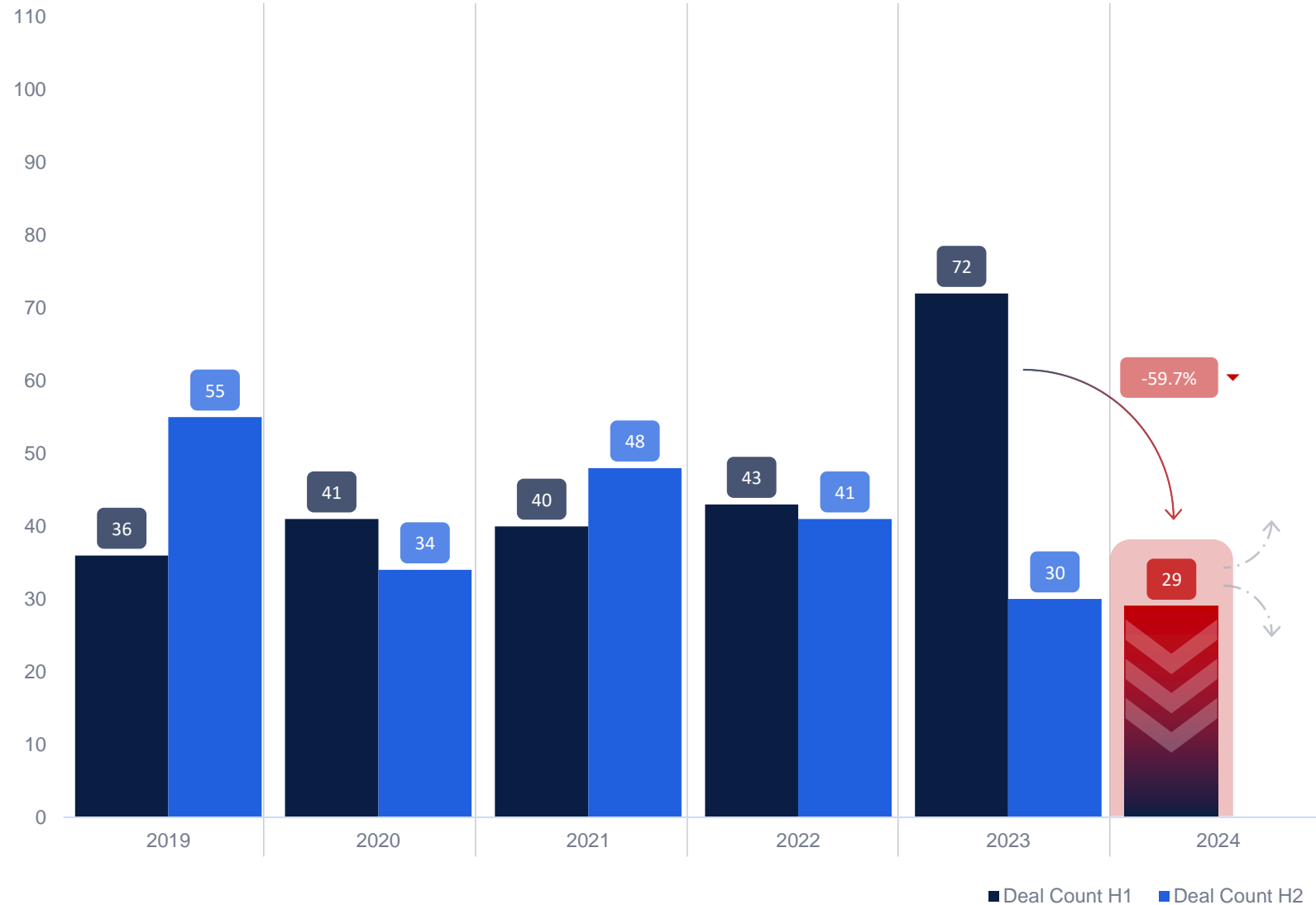
SaaS – Overall venture capital funding

Total capital invested continued to see a decline year-over-year in H1 CY2024; while interest in software and AI continues to grow, most companies focused on these software categories remain early stage and many may have not yet raised institutional capital.

Total capital invested in SaaS

Capital invested, US$, billions

Legend: ■ Deal Value H1   ■ Deal Value H2
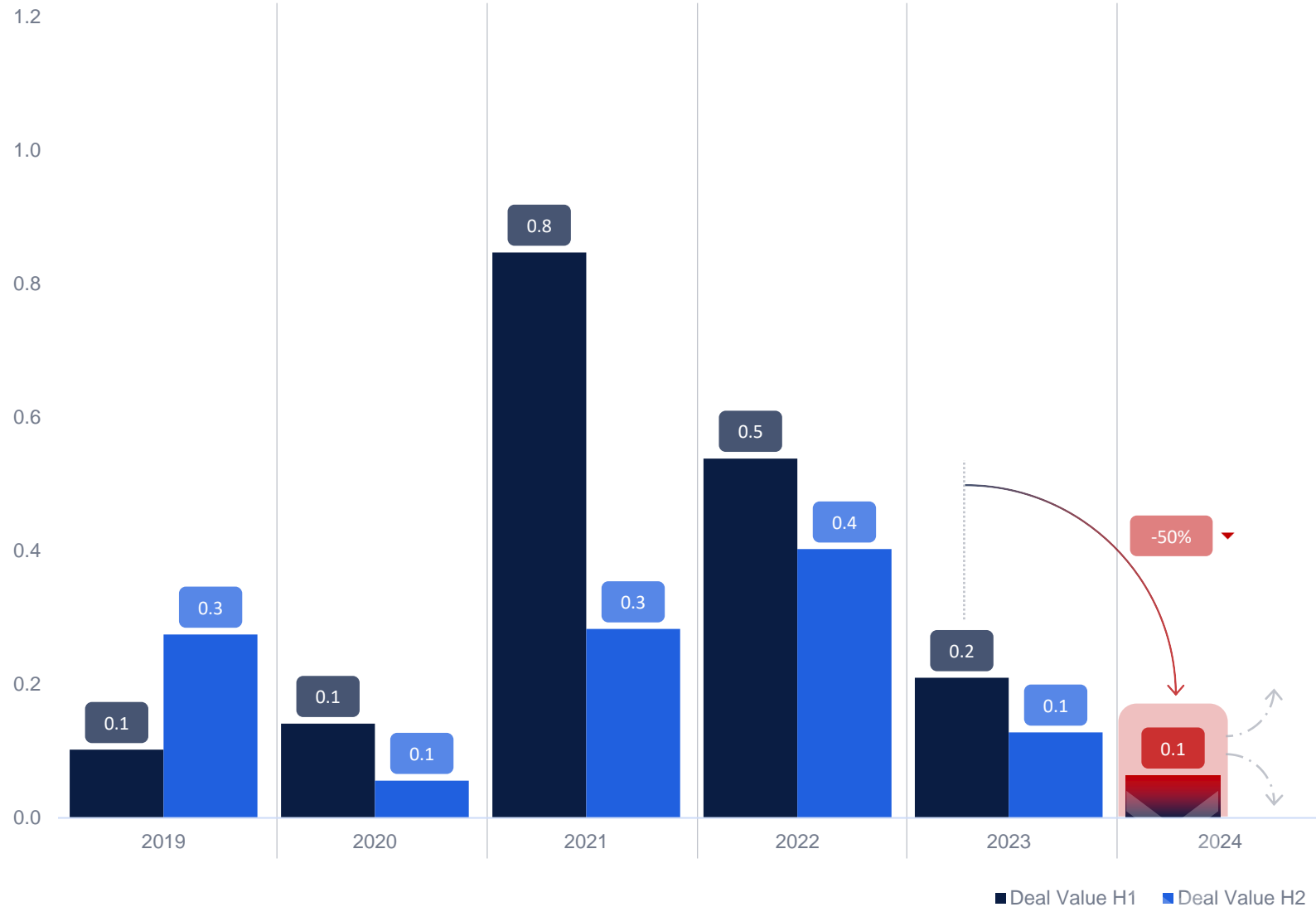
SaaS – Valuation and deal dynamics by fundraising stage

There were few growth-stage deals done in SaaS in H1 CY2024, with Series B showing resilience in both valuation and deal sizing; early-stage deals saw modest uptick in valuations, although Seed deal sizes decreased.

Valuation and deal dynamics in SaaS

H1 Average pre-money valuation, US$, millions (LHS); Average deal size, US$, millions (RHS)

Based on available data, there were no Series C+ funding rounds for SaaS in H1 CY2024.

Seed: -14% ▼, 10% ▲
Series A: 2% ▲, 6% ▲
Series B: -1% ▼, -6% ▼

■ Average Pre-money Valuation ● Average Deal Size

Source: Alternatives.PE, Tracxn, January Capital analysis.
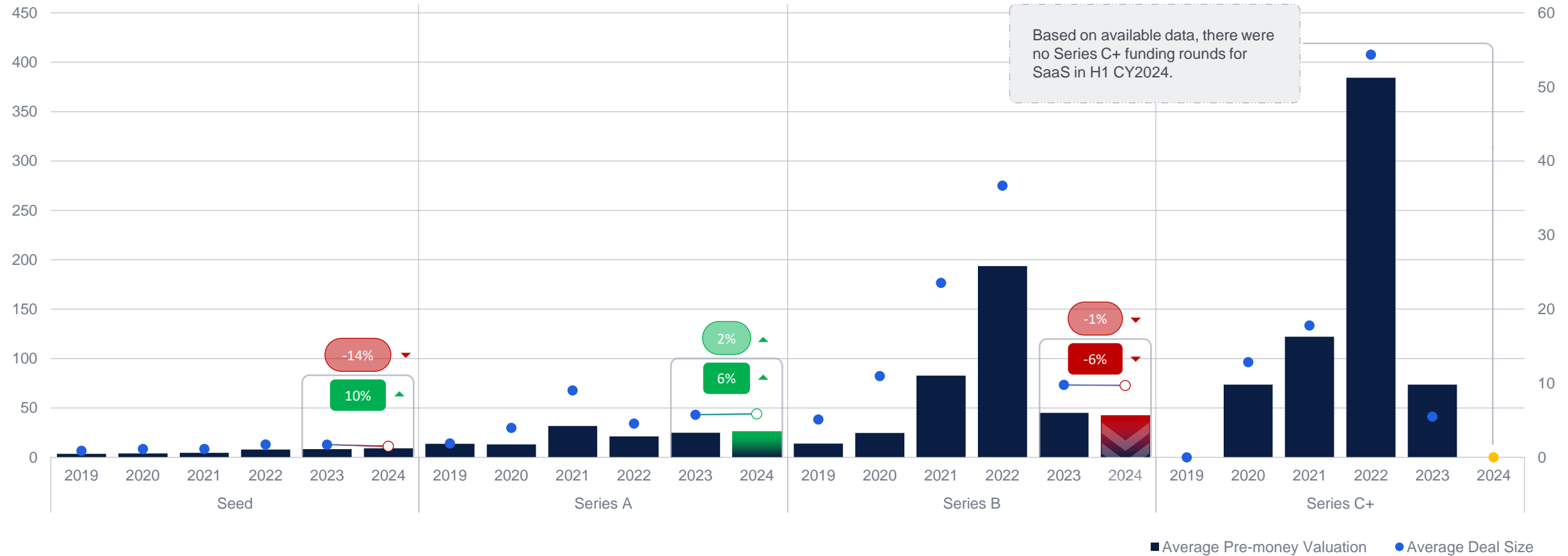
Methodology

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Methodology

We believe this report can provide a highly accurate view of trends that are occurring in the Southeast Asian technology ecosystem over an extended period; in the spirit of transparency, we have provided detail on our research methodology below.

1. Key premises:

   a) While the intention of this report is to reduce the information asymmetry that exists in private market reporting, various numbers and calculations in this study rely upon announced transactions and reported valuations (where official data was not available). As such, there may be differences or inconsistencies with other reports based on variations in calculations. Therefore, January Capital makes no representations or warranties as to the correctness of any data set out or presented in this presentation and data set out herein should not be relied on as any kind of financial, taxation, market, or investment advice.

2. Overall methodology:

   a) Under this methodology, each transaction is recorded on aggregate within a specific time period (i.e. each half). For example, if the round was completed over a longer period (i.e., completed over several halves or years) but retained the same share class classification and price, the deal would be recorded as a single count in each half. The date of this transaction is aligned to the date of the last transaction within the time period (i.e., the last transaction date within the half). For example, if a company raised a Series A round over two tranches or "funding events" in H2 2020 and H1 2021, this was recorded as a two transactions in H2 2020 and H1 2021 respectively, with the funding amount for the transactions that happened within the half captured on that in that time period.

   b) Given the growing phenomenon of bridge or follow-on financing rounds in recent periods, we have adjusted our methodology to better account for this phenomenon. In this report, we instead introduce the concept of a "funding event" which classifies and records each tranche of financing as an individual "funding event" in the corresponding time period (each half) as to accurately reflect capital invested and deal activity in a respective period.

   c) We have retained our prior methodology when calculating deal size and valuation metrics – the entire round (based on all shares issued as part of one class, regardless of when that issue date was) is considered to ensure accuracy in these metrics.

3. Data sources and completeness:

   a) Our data is primarily sourced from Alternatives.PE. In addition, we have supplemented this data from other sources such as Tracxn, as well as a number of media sources for certain transactions that are not captured in local and regional regulatory filings (for example, convertible note transactions).

   b) We operate a proprietary, merged dataset from these numerous sources to ensure we have a de-duplicated view of activity in the ASEAN technology ecosystem.

   c) When calculating for average deal sizes and valuation, to provide a more complete view that is representative of funding in the Southeast Asia venture ecosystem across stages, we have taken steps to exclude certain transactions that may skew the data, including corporate rounds. We have also outlined valuation parameters (Seed: >US$30.0 million, Series A: <US$7.5 million, >US$100.0 million, Series B: <US$20.0 million and >US$300.0 million, Series C: <US$40 million and >US$400.0 million) in which we would review individual transactions that fall out of these parameters to determine if they were of a representative of venture funding; these transactions are excluded from the data set if they were not. We have applied this methodology for Seed Stages deals, where we observed the high quantum of deal count across all markets. This methodology was also applied for all deals in H1 CY2024 across all markets and all stages.

4. Country, sector and stage classifications:

   a) Country is classified based on headquarters; however, we have taken judgement calls on certain companies that are headquartered in the region but do not derive meaningful revenue or business from there (for example, later-stage companies incorporated in Singapore but primarily Indian businesses or operating companies).

   b) Sectors are classified based on primary business models, although some companies are classified under two sectors (for example, Fintech and SaaS).

   c) Stage is classified by announced round as per media sources, however "pre" and "extension" rounds are clubbed under same stage (for example, pre-seed and seed extension classified under broader "seed" stage), as such there may be multiple fundraising rounds as part of a particular fundraising stage.

5. Valuation classifications:

   a) Average pre-money valuation has been calculated on the basis of each "funding round" (as opposed to the "funding event" concept mentioned above), by subtracting the peak post-money valuation for a particular share class financing by the aggregate capital invested in that funding round / share class. While we recognize that there may be discrepancies due to the conversion of convertible notes prior to the equity rounds – we believe that on average, the accuracy of pre-money valuation data will be at a reasonably high confidence interval based on the law of large numbers.

   b) Average deal size by fundraising stage has been calculated on the basis of each aggregate "funding round" (in contrast, to the "funding event" methodology mentioned above), by dividing the total capital invested across all funding rounds in a particular fundraising stage (see methodology 4c), by the total number of funding rounds that are completed in a particular fundraising stage.

6. Time between funding stages classifications:

   a) Time between fundraising rounds has been calculated; as the number of months taken by a particular company to move from the latest "fundraising round" of a particular fundraising stage (see methodology 4c) to the "latest fundraising" round of the next fundraising stage. For example, if a company raises a Series B in H1 2023 and a Series B extension in H2 2023 (both of which fall under Funding stage Series B), and it has raised a Series A in H1 2020 and a Series A extension in H2 2020 (both of which fall under the Funding Stage Series A) - the time taken for that company to move from Series A to Series B will be calculated as the number of months between Series A extension in H2 2020 (latest instance of a Series A funding) and Series B extension in H2 2023 (latest instance of a Series B funding).

7. Incorporation data:

   a) Overall incorporation data is sourced from Alternatives.PE.

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