AVCJ Weekly Digest | 06 October 2021 View in browser

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COVER STORY

CHINA SAAS: PATH TO PROFITABILITY

COVID-19 has driven enterprise uptake of SaaS solutions in China, but paying customers are still few. Other markets offer some pointers on monetization.

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TALKING POINTS

NEW DAWN

Is this Pakistan's moment? Private equity in the country traces back to JS Private Equity's $158 million debut fundraise in 2006, but difficulties containing regional terrorism and a lack of economic cross-over with India have restricted a fundamental opportunity to a theoretical possibility.

Most of the best evidence in recent memory for a turnaround has come in the past few weeks. The most dramatic example is last-mile delivery app Airlift, which raised an $85 million Series B round that was said to be the largest-ever start-up investment across the Middle East and North Africa region. It equates to about 5% of the country's foreign direct investment (FDI) in the 2021 financial year.

The deal coincided with a $30 million round for B2B marketplace Bazaar that was touted as the largest-ever Series A in Pakistan. Investors included Indus Valley Capital, one of a clutch of growing local VC firms, which recently raised $17.5 million for its debut fund, beating a target of $15 million.

Several other GPs have decided now is the time. China's Gobi Partners, which first entered Pakistan in 2018, has picked up UK-based CDC Group this week as an anchor investor for its debut fund in partnership with local conglomerate Fatima Group. 500 Global is in advanced planning stages for a Pakistan program, potentially including a local office, according to a person close to the situation.

These are significant votes of confidence, considering it was as recently June last year, that the Balochistan Liberation Army hit the Pakistan Stock Exchange in Karachi with grenades, killing several security personnel. It will be interesting to see if Airlift's prediction that start-ups alone can contribute over 10% of FDI in the coming years.

Q&A

POEMA GLOBAL'S HOMER SUN

Morgan Stanley Private Equity Asia's former CIO on why he likes special purpose acquisition companies (SPACs) and what drew him to electric scooter and mobility technology player Gogoro.
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ANALYSIS

CHINA BIOTECH: GOING GLOBAL

A gradual shift in focus from sourcing assets from overseas for application in China to bringing China-made treatments to the world is challenging the notion of what constitutes a local biotech start-up.
Read more

DEAL FOCUS

VEDANTU HIGHLIGHTS EDTECH'S IMPACT POTENTIAL

The latest round for livestreaming teaching app Vedantu reframes India's swaggering, unicorn-populated edtech sector as the impact opportunity it always was.
Read more

DEAL FOCUS

COVID-19 GROWS INDIA'S MEDIKABAZAAR

Pandemic-driven demand for masks, ventilators, and the like has propelled Indian medical equipment operator Medikabazaar to its next stage of development with a global mix of investors.
Read more

SEEN AND HEARD

GETTING SMART ABOUT AI

More than half of businesses bringing artificial intelligence in-house are not tracking the metrics required for success, according to the latest AI Readiness Barometer from UK tech consultancy Omdia. Data management, governance, and processes are the recommended priorities for getting an AI strategy on track.

SEEN AND HEARD

CLEANTECH VACCUUM?

Beijing, Shanghai, and Tokyo are most conducive innovation environments in Asia in terms of VC availability, government support, R&D spending, ecosystem infrastructure, university networks, and talent, according to Finom, an entrepreneur-focused financial technology provider. One notable anomaly is the green tech category, where no city cracks a score of 70, except San Francisco, which marks a perfect 100.

The rest of the week

DEALS

- India's Meesho sees valuation double in five months
- Carlyle buys Japan advertising business
- China autonomous sanitation vehicle maker raises $250m
- Falcon Edge leads $200m round for India's Ola Electric
- Thailand’s Ascend Money raises $150m
- Singapore online banking player Aspire raises $158m

LIQUIDITY EVENTS

- Evergrande EV unit cancels listing, suffers cash crunch
- PE-backed Oyo targets $1.1b India IPO

For your calendar

UPCOMING EVENTS

- **October 7 -** Infrastructure Investors Forum - Australia
- **October 13-14 -** AVCJ China Forum
- **October 26 -** Infrastructure Investors Forum - Japan
- **October 27-28 -** AVCJ Japan Forum
- **October 29 -** Japan M&A Forum
- **November 15 -** AVCJ ESG Forum
- **November 16-18 -** AVCJ Private Equity & Venture Forum
- **December 2 -** Hong Kong M&A Forum
- **December 9 -** AVCJ Diversity & Inclusion Forum

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