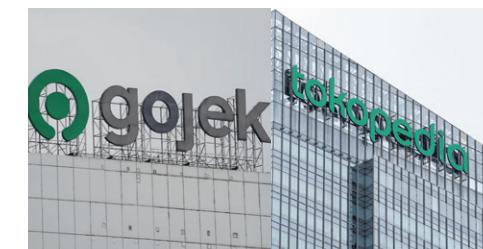


Ten startups to watch in 2021

Lockdowns may have eased and deals in the startup space are picking up. The tech community is headed for an exciting 2021, with many potential deals, mergers and acquisitions, as well as public listings to look out for.

The *Business Times* picks out ten companies to keep an eye on. **BY OLIVIA POH**



Gojek, Tokopedia

Gojek and Tokopedia have signed a detailed term sheet to conduct due diligence for a merger, while eyeing an initial public offering (IPO) of the combined entity in the US and Indonesia, according to a Bloomberg report.

Industry sources told BT that the Gojek-Tokopedia merger makes good commercial sense, since both parties can complement each other: Tokopedia can use Gojek to provide last-mile delivery services for its customers; Gojek can leverage Tokopedia's data points to expand its reach within Indonesia. But key obstacles include the fierce rivalry with Sea Ltd, as well as difficulties both companies have faced in expanding beyond their domestic markets, observers said.

In December last year, reports surfaced that a special purpose acquisition company (Spac) backed by billionaires Peter Thiel and Richard Li was considering a potential merger with the Indonesia e-commerce giant. The blank-cheque company, called Bridgetown Holdings, is reported to be exploring the structure and feasibility of a deal with Tokopedia.



Zilingo

Fashion commerce and technology startup Zilingo made headlines last April after it let go about 5 per cent of its 796-strong global workforce, which included about a third of its staff in Singapore. Just two months later, the near-unicorn implemented another round of staff cuts to deal with the Covid-19 fallout. It also briefly put its Singapore office up for rent.

Axed workers told BT that the layoffs were handled poorly and that the process felt "cold, unprofessional and very rushed".

The pandemic has weighed down heavily on Zilingo's core fashion category, and it remains to be seen how the startup will pick itself up from its deep cuts and marred public image in the wake of the pandemic. Chief operating officer Aadi Vaidya called 2020 "the hardest year" of his career in a LinkedIn post, noting that the company now has "significantly better unit economics" from January last year.



Grab

Grab's battle to dominate South-east Asia's crown jewel Indonesia could grow tougher, following reports that archrival Gojek is exploring a US\$18 billion merger with e-commerce giant Tokopedia.

The news put paid to previous talks of a Grab-Gojek merger, which admittedly, could run into more resistance from regulators and consumers compared to a union of Indonesian heavyweights Gojek and Tokopedia.

Whether a merger between Grab and Gojek could still happen remains anyone's guess for now, but the dominance of Grab over Gojek outside of Indonesia may have become more obvious with Covid-19, and this may be a key factor spurring both South-east Asian unicorns closer towards a merger, industry observers told BT.

It might be interesting to note what develops in the coming months as the ride-hailing rivals look for ways to gain an edge in the market, in hopes of bolstering their positions in negotiations that might come.



Mirxes

Homegrown medtech firm Mirxes is planning to aggressively expand into six new cities this year, as the Covid-19 pandemic provided a much needed catalyst in the adoption of polymerase chain reaction (PCR) technology needed for its cancer diagnostics business - which uses the same platform and its proprietary technology to help detect the early development of cancer.

The firm, whose core business is in the development of early detection tests for cancer, last year repurposed its manufacturing capabilities (including its PCR labs) to mass-produce diagnostic test kits for the novel coronavirus, aiding Singapore's battle against the pandemic.

Mirxes' director and investor Isaac Ho told BT the firm has started setting up new labs in the Philippines, Indonesia, Hong Kong, Panama and China. It is also planning to dip its toes into the insurtech space, especially in bio-insurance, which uses biological markers in a person's blood to price cancer prevention insurance premiums more accurately.



CXA

Founded in 2013, insurtech CXA has attracted notable backers including HSBC, Singtel Innov8, the Singapore Economic Development Board's investment arm EDBI and B Capital Group, the venture firm of Facebook co-founder Eduardo Saverin. It announced in March 2020 that it is seeking to raise US\$50 million in Series C funds, and was targeting to break even in the first half of 2021.

But the company seems to be burning cash at a rapid pace. Based on regulatory filings of CXA Group Pte Ltd (which may not fully reflect the company's financials), CXA recorded a US\$29.7 million loss in 2019, despite revenue of S\$26.4 million. Total current assets stood at US\$16.5 million, versus total current liabilities of US\$53.9 million as at Dec 31, 2019.

The insurtech has pivoted more towards white-labeling its technology in partnership with insurers and banks, but as it heads into 2021, it might be worth watching whether CXA can turn the tide in its favour, or get swept under by more financial woes.



Hummingbird Bioscience

Local biotech startup Hummingbird Bioscience is in the midst of ongoing trials for a Covid-19 antibody treatment, which could help supplement vaccines in the fight against Covid-19. The treatment could help care for patients who have not been vaccinated, have not responded effectively to a vaccine, or whose protection from the vaccine has waned.

"Given the highly infectious nature of Covid-19 and uncertainties on the long term protective benefit of vaccines, there could still be an ongoing need for more effective therapies to treat Covid-19 cases," said co-founder and chief executive Piers Ingram.

The antibody therapy, called HMBD-115, has been "highly efficacious in multiple models of Covid-19" based on pre-clinical data, the company said in a statement in October.

Hummingbird Bioscience also has two other antibody programmes – both for the treatment of cancer – in its pipeline, which will enter clinical trials in the next few months, said Dr Ingram.



M-DAQ

Homegrown fintech startup M-DAQ is forging ahead with its plans to launch an IPO, which could materialise as soon as this year.

Although pinning down the exact timing is a "challenge" in the current state of flux, CEO and co-founder Richard Koh told BT in November that a listing is still expected in 2021 or the year after.

Having raised a pre-Series D round from South Korea's Samsung and Japan's Nippon Telegraph and Telephone (NTT) in November 2019, M-DAQ had entered the Covid-19 crisis in a position of strength. On the back of 10 successive quarters of net profit, the fintech has also raised S\$82 million in equity and started 2020 with S\$56 million in reserves.

Now, M-DAQ is exploring new revenue streams through partnerships with its investors and is looking to deploy its services to more platforms and geographies.



JustCo

The GIC-backed local coworking operator is forging ahead with its global expansion plans this 2021, and is set to launch its own facility in Tokyo, while moving towards an asset-light business model.

As far as potential IPOs are concerned, the co-working operator is one to watch this year. JustCo's Series B round in 2020 has put its valuation past the US\$1 billion mark.

JustCo also has plans to undertake an IPO at some point – although it is anyone's guess as to when that might be.

Potential IPO destinations include Singapore, the US, Hong Kong and Australia, the firm's chief executive Kong Wan Sing told BT in an interview in December last year. He added: "I will make Singapore proud; you will know that day very soon."



Traveloka

The largest online travel app in South-east Asia in December last year signalled its intention to go public soon, as media reports stated it was evaluating a merger with a Spac as a possible stock market listing option.

According to Reuters, Traveloka is still deciding between an IPO or merging with a Spac; it is eyeing a valuation of US\$5-6 billion.

Traveloka's existing investors include Singapore sovereign wealth fund GIC, online travel player Expedia and early-stage venture firm East Ventures.