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Challenges of the startup ecosystem

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For developing nations around the world, one of the models of economic development that seems to have mostly worked was that of creating an ecosystem for the growth of startups. By ecosystem we mean creation of startup incubation organisations, startup pioneers, bringing in consultants and experts to aid, provide support and resources to startups, mentor development of a resource and idea sharing platform, and all other infrastructural support for any good startup idea to succeed. The logic behind promotion of a startup ecosystem behind economic growth is simple—when more and more innovative ideas are coming to fruition and new business ventures are being established, new jobs are being created, resulting in income for the unemployed and underemployed, further resulting in a healthier circular flow of economy.

The work to develop a startup ecosystem in Bangladesh effectively started five years back. It has received both criticism and international praise for moving with the global startup movement. However, as the bubble has started to burst in many parts of the world now, Bangladesh is in a state where it will either reach the peak of new success stories or be a part of the burst as well. As such, this article would be discussing some of the hurdles to the creation of a successful startup ecosystem, and the how to overcome them.

In the first few years, the growth of this ecosystem was through the efforts of startups themselves, and involved a lot of enthusiasts who assisted these pioneering entrepreneurs. Claiming themselves as mentors, most of these enthusiasts who helped and are helping the ideas succeed as ventures have been private firms or individual venture capitalists or angel investors. However, around the beginning of 2016, initiated by Ministry of Information and Communication Technologies, Bangladeshi startups could see the involvement of the government to promote and support the startup ecosystem.

To understand the position of the performance of the government initiative, we interviewed some of the participants of a startup incubator known as Connecting Startups Bangladesh. This organisation launched with the aim to connect startups to markets and investors by providing mentoring and incubation to potential startups. In addition to that, they also want to provide winners with free workspace, logistics support, training, opportunities and exposure to meet multiple venture capitalists and other funds. Currently, the selected startups are allotted space at the StartUp Incubator of Janata Tower STP (Software Technology Park) at the Bangladesh Hi-Tech Park completely free of cost for a year. The participants, some of whom have been around one or two years in the startup arena and are yet to make profits, were asked about the challenges they would want to be solved for better support and growth as startups.

Given the fact that not many of these startups were involved in other accelerators before, they believe that the platform helped them to get an office space under one roof with other startups, thereby providing them an opportunity to network with each other and gain more support.

When asked about the challenges they have been facing, one participant responded saying, "The programme was not very well organised, as it was the first time. The procedures and timeline were not well maintained and the same activities were repeated over and over again."

Another participant mentioned the matter of bureaucracy that slows down proper execution of support: "If I were to mention any one challenge, I would mention the inefficient process of execution. Any decision taken by the authority takes a lot of time to execute because of the bureaucratic difficulties."

We finally asked them about the infrastructural support the government needs to work on for making Connecting Startups more helpful. Some major recommendations were proposed by the participants. Of these regular and organised mentorship by the management of successful startups turned into ventures was one that

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popped up time and time again. These early stage startups expect the government to arrange specialised and experienced technical support through which they can measure the calculative risks to overcome and prepare the flow to build a plan that is sustainable. Integrating failure studies and the reason behind failures could also support early stage ideas to understand the market better and gain proper insights and feedback on their products and services.

We also collected some perspectives on the startup scenario of Bangladesh from these participating ventures. Considering the collected statements, some startups are doing excellent, but the overall scenario is ambivalent as the idea of startup has shifted a little towards being more of a trend rather than a problem-solving hub. Very few unique products have been introduced till now from these startups. However, there is huge potential to compete in global market. These need proper support to flourish. The gloomiest aspect of this ecosystem is that the survival time for most of startups is below three years.

Khan Tanjeel Ahmed, Co-founder and Chief Operating Officer of Techsetra, spoke out to us regarding his perception of the current ecosystem and the elements involved. "Though we have successful startups, we rarely have successful innovations. In Bangladesh, we are most likely following business models of successful startups outside the country. I think that without any real innovation, the success will not be sustainable. Besides, for startups, it is all about challenges. Our foremost mindset is to complain. We complain about 'not getting enough support'. We wait for funds before we even start. Firstly, we need to change this mindset. In my opinion, startups will have the opportunity to obtain success only if we start working on whatever problem we want to solve