

A GUIDE TO MARKET ENTRY IN SOUTHEAST ASIA



ACCELERASIA



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PART 1

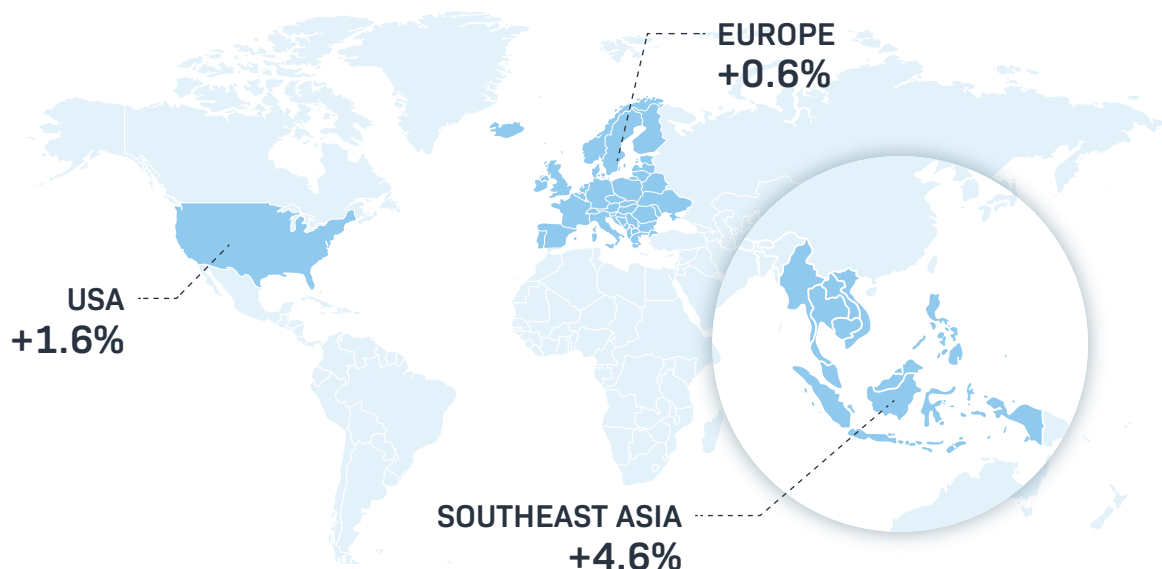
INTRODUCTION

For B2B SaaS companies in Europe, Israel and the US seeking global expansion, entering Southeast Asia is tempting. The Southeast Asian region is a unique and exciting market with a rapidly growing population and a flourishing digital economy that has attracted businesses and entrepreneurs from all over the world. However, while the opportunities for growth and expansion in this market are significant, so are the challenges.

The secret to successful market entry to Southeast Asia is a good strategy built on deep local insights and experience. With proper execution, businesses can go big. But compared to most developed markets in the West, successful scaling in this region is never a simple copy-paste task – being open to new approaches while understanding what you don't know is critical. This Ebook provides some essential guidelines to unlock opportunities in this remarkably forward-looking, growth-hungry environment.

Now's the ideal time to make your move. Despite the global economic headwinds and rising interest rates, Southeast Asia remains resilient and shows faster growth than many other parts of the world.

GDP Growth in 2023



Source: IMF (Apr 2023)

Why SaaS Companies Should Enter Southeast Asia:



Large and Growing Market

The ASEAN region is home to over 650 million people, with a rapidly growing middle class and a high smartphone penetration rate. This represents a large and attractive market for SaaS companies looking to expand their customer base.



Increasing Digital Adoption

Many Southeast Asian economies are leapfrogging, bypassing legacy systems and adopting current digital innovations at a rapid pace. This has created new opportunities for SaaS companies offering solutions that help businesses and individuals adapt to this new reality.



Favourable Business Environment

More Southeast Asian countries are implementing favourable policies for foreign investment, making it easier for SaaS companies to set up operations and grow their business.



Low Competition

With 67% of all SaaS companies based in North America, 19% in Europe, and only 9% in Asia, there is an opportunity for companies to establish a foothold and gain a competitive advantage.

Source: Exploding Topics




Strategic Location

Southeast Asia is strategically located between the fast-growing markets of China and India, making it an ideal hub for companies looking to expand into these dynamic markets.

 **727 M**
inhabitants by 2030

 **30.2**
years is the median age

 **460 M**
internet users

 **96%**
of the region covered by mobile
broadband networks

 **\$200 BN**
generated by the digital
economy in 2022

 **+20%**
CAGR growth expected in
e-commerce from 2022-2025



Credit: United Nations ESCAP; Google, Temasek, and Bain & Co; GSMA

PART 2

WHAT ARE THE BIGGEST OPPORTUNITIES IN SOUTHEAST ASIA?

Southeast Asia is experiencing a significant shift away from legacy systems towards newer, more innovative technologies. A number of factors are driving this evolution, including the need for greater efficiency, increased security, and the growing demands of consumers for better services and experiences.

As a result, Southeast Asia has become a vibrant and dynamic market ripe with opportunities for growth and innovation across various sectors.



E-commerce

Between 2022 and 2026, the Southeast Asian e-commerce market is projected to triple at a compound growth rate of 22% and will reach around \$230 billion in gross merchandise volume. SaaS companies that offer solutions to help businesses set up and manage their e-commerce operations, payment processing, and logistics, are well-positioned to succeed.

Source: McKinsey



Cloud Computing

The entire market for public cloud services in Southeast Asia is predicted to increase and reach US\$11 billion by 2025 at a compound annual growth rate (CAGR) of 21.5%. AWS, Microsoft Azure and Google Cloud are the leading cloud service providers with 67% market share in Asia Pacific, excluding China. SaaS companies that offer cloud-based solutions, such as cloud storage, data analytics, and collaboration tools, are likely to find a receptive market in the region.

Source: IDC & Canalys



Digital Marketing

With the rise of e-commerce and digital adoption in general, digital marketing has become increasingly important for businesses in Southeast Asia. Digital ad spending in Southeast Asia is forecast to rise over 22% in the next three years.

Source: eMarketer



Fintech

With a large unbanked population and high levels of digital adoption among consumers, Southeast Asia is a prime market for fintech companies. Additionally the region's diverse economies and demographics present an opportunity for fintechs to test and scale innovative products and services in a variety of markets.



Cybersecurity

Southeast Asia's digital economy is booming, yet many Southeast Asian countries lack advanced cybersecurity capabilities, creating a need for innovative solutions to help businesses and governments better protect themselves from cyber threats. Furthermore, the increasing adoption of cloud computing, IoT, and AI creates a complex cybersecurity landscape, which requires sophisticated solutions to address evolving threats.

Southeast Asia is on the path to becoming a US\$1 trillion digital economy by 2030

By 2030, 65% of Southeast Asia will be middle class, 60% under 35 years of age

Annual Southeast Asia consumer spend online to grow 3x from 2020-2026

PART 3

WHAT ARE THE KEY CHALLENGES TO MARKET ENTRY IN SOUTHEAST ASIA?



Language & Cultural Differences

Southeast Asia is home to many different languages, so there may be communication gaps for businesses operating there. It is crucial to prioritise localisation efforts and understand the local business lingo. By doing so, companies can better communicate with all levels of staff, fostering greater collaboration and efficiency.



Market Knowledge & Understanding Local Needs

With multiple markets to cover, businesses require solutions that quickly and cost-effectively kick-start their operations in the region by gaining market knowledge, understanding local needs and establishing trust without the need to put their own people on the ground.



Face-to-face Meetings are Crucial

Initiating the first meeting is merely the inception point, with much more groundwork required to establish a fruitful and productive relationship. Continuous follow-up sessions are essential to building trust and demonstrating your professionalism.



Unique Laws & Regulations

ASEAN is not a single market, each country has its own data privacy laws, tax systems and procedures for dealing with SaaS companies. These countries also have their own set of special incentives to attract foreign businesses.

PART 4

HOW TO FAST-TRACK BUSINESS EXPANSION IN SOUTHEAST ASIA



Local Vs Remote Team

This is often a difficult decision for foreign companies when entering Southeast Asia.

- You could hire a local with better network knowledge, but finding a good quality candidate takes time, and it's not easy for anyone operating independently.
- Sending over one of your best people from your headquarters is another idea, but they still need to build a network and learn the regional nuances. This process takes time and is often an expensive route.
- Others might try flying in and out, the business equivalent of speed dating, dashing from one meeting with prospects to the next, hoping one of these interactions will result in a deal.



Trust is Vital

Today, a customer in Southeast Asia can purchase a software solution from anywhere in the world, but having a sales and support team sitting in the region is getting more critical.

- Expert local assistance is invaluable for communicating with a customer's IT team on the ground, streamlining the onboarding process.
- Working with partners, such as agents, resellers or other tech vendors, is a good additional channel to have in the mix. However, they often lack deep knowledge of your products and have little incentive to go the extra mile in selling your solution.
- A dedicated team that can do direct sales, as well as partner management, is proven to be much more effective.



Find the Right Use Case

It's essential to be open to finding the right use case for the technology you are selling in any particular market.

- This may differ significantly from the ideal or successful use case in Israel, Europe or the US. First movers can vary drastically in different geographies.
- It's important to be open to the differences between the various Asian countries by starting with a clear market assessment to discover the opportunities the different countries and industries offer.



Be Adaptable

Companies sometimes forget how long it took them to get their first deal in their home market.

- Getting the right clients on board is most important, even if you have to be more flexible than usual on the terms to get these initial local use cases.
- Initial learnings and early credibility in the market will provide you with new clients quicker, as most Asian companies prefer to be an early adopter rather than a first mover.
- Because markets are big and companies large, upsell opportunities with existing clients, which will often easily make up for the initial discount later.

ABOUT ACCELERASIA

AccelerAsia is a business development firm that drives the expansion of fast-growing tech companies into high-growth markets across Asia Pacific. We see ourselves as your strategic partner, providing you with support for all your business needs, including Market Assessment, Enterprise Sales, and Sales Development.

We bring a team of highly experienced international business builders, a proven enterprise sales model and a well-established regional network. Over the years, we have helped more than 60 companies take their first steps in Asia Pacific's burgeoning market, from Martech, AI, Digital Content, Security Solutions to Mobile Platforms and more.

AccelerAsia has a venture arm, AccelerAsia Ventures, which focuses on investments in early stage or pre-series A technology companies from the Asia Pacific region who are ready for the next stage of their development.

30+

Team members doing business across the region, including Singapore, Malaysia, Indonesia, Thailand, Vietnam, Philippines, Hong Kong and Australia.

6

Offices — Singapore, Indonesia, Philippines, Thailand, Vietnam and Australia

60+

Startups advised to date, with 10+ clients currently active

3X

Client ROI based on actual revenue generated directly by AccelerAsia

2010

Year of incorporation. Serving clients successfully for 12+ years



