START-UP ASSISTANCE ORGANIZATIONS IN INDONESIA:

Performance, Challenges and Solutions

Special Focus on Gender Inclusion

Riaz Bhardwaj
Christie Ruslim

May 2018

ANGIN
ANGEL INVESTMENT NETWORK INDONESIA

SPF
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Acknowledgements

We would like to thank the Sasakawa Peace Foundation. This work would not have been possible without their support. A special thanks to ANGIN team for their invaluable support. This work greatly benefited from interviews and discussions with many organizations and individuals in the ecosystem. We would like to express our gratitude to the following people for taking the time to share their valuable insights and experiences with us.

Aditya Nugraha	IDX Incubator
Aldi Adrian Hartanto	Mandiri Digital Incubator
Amanda Chuang	Bali WISE
Andrew Sinaga	Pedals.ID
Andy Fajar Handika	Kulina
Andy Zain	Kejora Ventures and Founders Institute
Astrid Stephanie	PanenID
Bambang Susilo	Endeavor Indonesia
Boye Hartman	Ydigital Asia
Clairine Runtung	Convergence Ventures
David Soukhasing	ANGIN
Dipo Satrio	DanaDidik
Dondi Hananto	Patamar Capital
Ellen Nio	Patamar Capital
Elsye Yolanda	GnB Accelerator
Fajar Anugerah	Kinara Indonesia
Felicity Spurrett	Criterion Institute
Fredrik Johansson	Ydigital Asia
Inez Stefanie	Endeavor Indonesia
Irmawati Amran	IDX Incubator
Jalal	A+ CSR Indonesia
Johannes Kristanto	PanenID
Kentaro Hashimoto	GnB Accelerator
Kevin Cahya	East Ventures
Lily Yu	Sasakawa Peace Foundation
Linasari Santioso	Kejora Ventures
Mari Kogiso	Sasakawa Peace Foundation
Melina Subastian	Alpha JWC
Mercy Setiawan	Plug and Play
Meredith Peng	Connector.id
Nayoko Wicaksono	Algorit.ma
Nigel Hembrow	Astronaut
Novistiar Rustandi	HarukaEDU
Sandra Alfina	SunCrisps
Sara Dhewanto	DuitHape
Sarah Ramadhita	HIVOS
Stefanus Suharjono	Plug and Play
Tsania Rahmadani	UnLtd Indonesia
Valencia Dea	ANGIN
Wahyu Wrehasnaya	Kata.ai
Yovita Surianto	Skystar Ventures
Yuko Hirose	Sasakawa Peace Foundation

Finally, we would also like to extend our special thanks to all the survey respondents for supporting our research.

Foreword

Entrepreneurship remains an important means to income and employment for many in South East Asia. Over the past few years, the region has seen a growth in the number of start-up assistance organizations (SAOs) providing a range of business support services from business incubation, through to access to mentorship networks, intermediaries and investors. However, the effectiveness of current SAO practices in the region remains largely unknown.

In the second of a two-part series focused on SAOs in Indonesia, this study by Angel Investment Network Indonesia (ANGIN) examines the performance, expectations, and challenges faced by SAOs, with particular reference to whether SAOs are meeting the expectations of entrepreneurs and investors and how gaps in expectation can be addressed.

This report also places a special focus on how SAOs support women entrepreneurs and the reasons for the gender gap in SAO activities. A multitude of factors discourage women entrepreneurs from applying and participating in SAO programs, from difficulty in finding SAO programs targeting sectors, location, or business stage, where a higher proportion of women entrepreneurs operate, through to a lack of women engaged in SAO programs as mentors, trainers, SAO staff or as participating entrepreneurs. The intensive time commitment during the program and competitive culture could also be contributing factors.

The report concludes with a practical framework that SAOs can use to advance their mission and recommendations to promote gender inclusion in the entrepreneurship ecosystem. Placing a greater emphasis on diversifying mentors, trainers and SAO staff, explicitly encouraging female candidates to apply and designing more flexible programs that allow women to balance SAO program participation with household responsibilities could encourage more women to apply.

We hope this study will encourage SAOs to experiment and test out different strategies to build new or modify existing programs that are gender-inclusive. We encourage influencers and enablers in the entrepreneurship ecosystem to continue to learn together and share best practices to design effective SAO programs and to close gender gaps in entrepreneurship in South East Asia.

Sincerely,

Shuichi Ohno
President
Sasakawa Peace Foundation

About ANGIN and the Sasakawa Peace Foundation

ANGIN (Angel Investment Network Indonesia) is the first and largest group of prominent high-net-worth individuals in Indonesia providing funding and mentoring to early-stage companies active in Indonesia. ANGIN team of professionals provides strategic sourcing, due diligence support and legal implementation to its investors while bringing entrepreneurs to the right investment readiness. Since its inception in 2013, ANGIN investors have invested in more than 30 companies with a unique mix of technology (or ICT), offline companies, and social enterprises. Leveraging its Angel Network, ANGIN team has expanded its expertise to research, venture building and consulting work for both Indonesian and International organizations.

For more information, please go to:
http://www.angin.id

The Sasakawa Peace Foundation (SPF) is a Japanese private foundation established in 1986 with an endowment from the Nippon Foundation to enhance international cooperation. After merging with the Ocean Policy Research Foundation in 2015, SPF has set its focus on five key areas: to address a variety of societal challenges that fast-emerging Asian countries currently face, to stimulate greater socioeconomic progress through women's empowerment, to promote understanding and strengthen relationships with Muslim-majority countries, to further strengthen Japan – U.S. relations, and lastly, to develop programmes to promote the long-term sustainability of the world's oceans.

For more information, please go to:
https://www.spf.org/e/

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Glossary

ANGIN	Angel Investment Network Indonesia
Early-stage enterprise	Early-stage enterprises have a main focus to develop the business idea and define their business model and product. These include start-ups from ideation stage to start-ups that generate some non-recurring revenue or recurring revenue, typically below USD 10,000.
F&B	Food and Beverages
FGD	Focus group discussion
GALI	Global Accelerator Learning Initiative
GEM	Global Entrepreneurship Monitor
Gender lens	Gender-lens is incorporating gender analysis in the decision variables. Gender analysis stems from the issue that men and women have different needs, obstacles, and priorities and that there is recognition to remove the barriers. The result of gender-lens approach is a careful and deliberate examination of all the implications of the works in terms of gender. For this study, we limit the context to women-led ventures to evaluate the representation of women entrepreneurs in the entrepreneurial ecosystem.
Growth-stage enterprises	Enterprises with a main focus on expansion and scaling-up, with monthly recurring revenue more than USD100,000 .
ICT	Information, Communication, and Technology
IFC	International Finance Corporation
Incubation	An activity to prove a business idea through various techniques. Incubation has the potential to de-risk ventures for the investors.
IPO	Initial Public Offering
IT	Information Technology
KPI	Key Performance Indicators
Medium-enterprise	The definition is based on the definition of Indonesia's Ministry of Micro, Small, and Medium Enterprises (MSME): medium-enterprises have an annual revenue between IDR 2.5bn and IDR 50bn.
Mentor	An individual that provides knowledge, advice, and access to entrepreneurs.
Microenterprise	The definition is based on the definition of Indonesia's Ministry of Micro, Small, and Medium Enterprises (MSME): microenterprises have less than IDR 300m of revenue annually.
Mid-stage enterprises	Start-ups that have recurring revenue streams, typically between USD10,000 to USD100,000.

MSME	Micro, small, and medium enterprise.
MVP	Minimum Viable Product
Pipeline	A pipeline is often used in the entrepreneurial ecosystem to describe the flow of potential ventures that the organization has started developing. For instance, the investor pipeline refers to all qualified start-ups that the investors are interested in.
Pre-startup	A stage before startup exists. It includes aspiring entrepreneurs with or without a developed business idea.
Private corporation	Private corporations are registered as *Perseroan Terbatas* (PT) or Limited Liability Company (LLC) in Indonesia, including, but not limited to, conglomerates and banks.
Private individual	An individual who takes a personal interest in contributing to the entrepreneurial ecosystem. Private individuals may financially support SAO player; the forms of monetary support vary from equity stakes to grants. Sometimes the private individuals may also be the SAO program directors.
Quality start-ups	Quality of a start-up may be determined from, but not limited to, strong entrepreneurial mindset, relevant background and experience of founders, technical skills, level of overall business preparedness, the strength of the business model, unique value proposition or basic understanding of finance and accounting.
SAO	Start-up assistance organization enable entrepreneurs and ventures at diverse growth stages to develop successful businesses, by providing a variety of assistance and support services.
Small enterprise	The definition is based on the definitions from Indonesia's Ministry of Micro, Small, and Medium Enterprises (MSME): small enterprises have annual revenue between IDR 300n and IDR 2.5bn.
SME	Small and medium enterprise.
Social enterprise	Social enterprise is an entrepreneurial venture with an embedded social purpose. They are for-profit organizations that intend to solve a social or environmental problem with an entrepreneurial mindset to grow both the business and the impact.
Start-up	A temporary phase of an entrepreneurial venture trajectory, in which the entrepreneurs are reshaping and refining their business models, with a vision to set-up a viable, stable and scalable enterprise.
Start-up/entrepreneurial ecosystem	The combination of different stakeholders that interact with each other for the pursuit of entrepreneurship. Stakeholders including, but not limited to entrepreneurs, capital providers, private corporations, and private individuals.

Tech-based or Technology-based enterprise	Enterprises that either use technology as their core component or use technology as an enabler in their products or services.
Traction	Traction is a quantifiable proof of a product or service demand. For example: users or unique visitors (for web-based products) number of customers that generate some revenue.
VC	Venture capital.
Women-led company	Women-led companies are defined as companies with women as founders or companies with women at top management positions (e.g. CEO, CTO).

Executive Summary

Along with the rise in entrepreneurial activity over the past few years, many start-up assistance organizations (SAOs) have emerged in Indonesia. We define these SAOs as entities that offer a spectrum of support services to entrepreneurs and ventures at different growth stages, from idea-stage to growth-stage, to develop successful and viable businesses. This report builds upon a previous study[1] about the landscape and taxonomy of SAOs in Indonesia. In the previous report, we identified the key characteristics of SAOs in Indonesia and categorized them into four buckets: incubators, accelerators, ecosystem builders and other support programs. The previous study also provided first insights into gender-lens inclusion in the entrepreneurial ecosystem.

There were some questions left unanswered about the effectiveness of SAO programs on program participants. Therefore, building upon the findings from the previous report, this report is a pilot project that examines the impact of SAOs on program participants and also, on women-entrepreneurs. It further explores challenges that SAOs face in running their programs in Indonesia and presents possible solutions to address these challenges as well as to make the programs more gender-inclusive. To provide a holistic analysis of the SAO ecosystem, this report studies the SAOs performance in Indonesia from the perspectives of three main stakeholders: SAOs, start-ups and capital providers.

Findings: SAOs' Performance

SAOs' performance from start-ups' perspectives

As the vast majority of respondents[2] are recent program participants and had participated in a program in the past two years, this report only studies the short-term impact of SAO participation. **This report identified that 68% of the SAO program participants reached the next stage of enterprise development within two years of program participation, while only 57% of women-led program participants reached the next level of maturity.**

55% of the start-ups survey respondents did not apply to any SAO program and indicated three main reasons for not applying. First, there is a higher concentration of current SAO programs in the Java region and also in certain sectors, such as information and communication technology (ICT), financial services and e-commerce. Second, there is a lack of awareness and transparency about the existence of SAO programs, their features, and their performance. Third, there is a lack of trust in existing programs and their poor reputation. For women entrepreneurs, the two main reasons for not applying to SAO programs was the perception that the entrepreneurial ecosystem is male-dominated, and a lack of SAOs focusing on sectors with more women entrepreneurs, such as food production, retail, professional services and social services.

SAOs' performance from capital providers' perspectives

According to capital providers, the SAO graduates had some competitive advantage over those that did not participate in any SAO programs. For example, the SAO graduates had lower requirements in terms of capacity development, had better business models, had better understanding of financial reporting and accounting or had better business skills and etiquette.

1 Start-up Assistance Organizations in Indonesia: Taxonomy and Landscape by Riaz Bhardwaj and Christie Ruslim
2 The start-ups that participated in the surveys

Findings: SAOs' Challenges

Challenges faced by SAOs at different stages

Sourcing	Screening	Program delivery and Post program
• Lack of quality start-ups and founders. • Sourcing across Indonesia. • A decision whether to be sector-agnostic or sector-specific.	• A difference between expectations and reality with respect to start-ups' quality. • A decision on whether to focus on quality or quantity of SAO participants.	• Procuring and sustaining a network of committed and relevant mentors. • Decentralizing the program across Indonesia. • Lack of metrics to track start-ups' progress. • Finding a sustainable source of revenue • Gaps in government support.

Challenges faced by SAOs in attracting women entrepreneurs

Recruiting women entrepreneurs (pre-program)	Retaining women entrepreneurs	External challenges
• Outreach challenges. • Lack of female talent in certain sectors.	• Lack of women mentors. • Centralization of SAO services to Java region.	• SAOs are still new in the region and many are not actively focusing on women yet. • Lack of knowledge to conduct gender analysis due to a limited understanding of the challenges women face. • Lack of resources to recruit and retain women entrepreneurs.

Recommendations

Solutions framework

This report suggests a framework, the **"4S framework"**, and subsequent recommendations to design an SAO program:

	Recommendation	Recommendations for gender-inclusiveness
Strategic focus: *What is the target market?*	• Specialization, in terms of sector, stage, technology focus or impact, helps to create synergies and attract relevant networks. • Conduct market research to gather insights or needs of the target group.	• Focus on either increasing the number of women in sectors with low-representation or increase the support provided in women-concentrated sectors. • Focus on pre-startup to early-stages.
Sourcing and selection: *How do you attract the right talent?*	• Generate awareness and attract the right talent by communicating the selection criteria clearly. • Adjust the level of selectivity depending on enterprise stage and sector. • The selection process can be designed as a capacity building module.	• Partner with local and regional women's business associations across a range of sectors. • Automate or blind the recruitment process to address unconscious bias. • Provide clear communication of SAO selection criteria and process.
Support package: *What do you provide?*	• Maximize the value of mentorship by incorporating more stringent filters during mentor screening and invest more resources to ensure the right mentor is selected to solve the ventures' needs. • Diversify the program delivery method to provide decentralized support.	• Focus on increasing women's access to networks, finance, and skills development. • Design less time-intensive programs, which either require less physical presence or are located in multiple locations.
Structure: *How do you organize the SAO?*	• Diversify and explore different revenue models and do not rely solely on external funding. • Place emphasis on hiring program staff or managers with entrepreneurial experience. • Align incentives for SAOs with the success of participants.	• Ensure gender-diversity is represented in SAO staff and mentors. • Create an inclusive, collaborative culture and provide clear communications on the objectives of gender-inclusiveness.

Introduction

Indonesia has seen a rise in Start-up Assistance Organizations (SAOs) since the start of the decade, and SAO activity has reached a peak in recent years. In a previous report[3], we defined SAOs as entities that offer a spectrum of support services to entrepreneurs and ventures at different growth stages, from idea stage to growth stage, to develop successful and viable businesses. SAOs in Indonesia can be categorized into four buckets: accelerators, incubators, ecosystem builder, and other support programs. These buckets can be differentiated through several indicators, such as time duration and curriculum structure.

There are numerous direct and indirect benefits that SAO programs can generate. First, they can provide capacity building to entrepreneurs through seminars, training, workshops, or mentoring sessions. Second, the programs can build competitiveness, which can promote enterprise development (UNESCAP, 2002). Third, SAOs provide a platform to elevate the level of entrepreneurship and catalyze innovation, which can boost national productivity and have economic benefits. Finally, SAO programs can benefit capital providers by curating a higher quality start-up pipeline (Miller & Bound, 2011). Seminal research on the benefits of SAOs using cross-country comparisons reveals that SAOs have a positive impact on participants (Global Accelerator Learning Initiative [GALI] 2016; 2017). However, research is a starting point to analyze the long-term effect of SAOs (Loizos, 2016).

Many SAOs face external and internal challenges in accomplishing their objectives. However, there is a lack of documentation and clarity on the performance of SAOs and the challenges faced by them in Indonesia.

Building upon a previous study[3] that mapped the landscape of SAOs in Indonesia from the perspective of Indonesian SAOs, this report provides a holistic analysis by studying the perspectives of start-ups and capital providers. This report aims to present an overview of the short-term impact of SAOs on their participants, the challenges facing SAOs in Indonesia, and proposes solutions to address some of the challenges.

Focus on gender-inclusion

An increase in the proportion of women entrepreneurs in the entrepreneurial ecosystem can lead to a more prosperous economy through higher female labor participation rate (Cirera & Qasim, 2014), an increase in worker's productivity (The World Bank, 2012), and positive social transformation as a result of women's empowerment (The World Bank, 2016). Recognizing these potential benefits, this study incorporates a gender-specific analysis of the ecosystem and identifies the challenges of gender-inclusivity in the ecosystem.

According to the IFC (2016), the majority of women entrepreneurs in Indonesia own informal or micro-enterprises. Additionally, there are fewer women across the enterprise growth trajectory as compared to men. Through various financial and non-financial support services, SAOs could play a crucial role in supporting women entrepreneurs by addressing the unique challenges they face in establishing and growing their businesses. Our previous study[3] identified that only 17% of all SAO applications in Indonesia are from women-led ventures. This report aims to shed light on the possible reasons that can explain the lower participation of women entrepreneurs in SAO programs and to end, we provide some solutions to improve the participation of women in SAO programs.

3 Start-up Assistance Organizations in Indonesia: Taxonomy and Landscape by Riaz Bhardwaj and Christie Ruslim

Report Objectives

The main objectives of this report are:

1. To identify the types of ventures that applied and were accepted into SAO programs.
2. To study start-up and investor perspectives about the performance of SAOs.
3. To identify gaps in the services provided by existing SAOs and the services expected by start-ups and investors.
4. To identify the challenges faced by SAOs in Indonesia in running their programs.
5. To study women entrepreneurs' perspectives about SAOs and the challenges SAOs face in recruiting more women entrepreneurs.
6. To suggest a solutions framework to design SAO programs in Indonesia.
7. To provide an extension to the solutions framework to improve gender-inclusion.
8. To provide other recommendations to strengthen the overall entrepreneurial ecosystem.

METHODOLOGY

For this report, we collected primary data on incubators, accelerators, ecosystem builders, and other support programs using online questionnaires, interviews, focus group discussions, and extensive desktop research. The data was collected over a three-month period from November 1 2017 to January 31 2018. From the initial desktop research, we identified 53 potential SAOs. An online questionnaire was sent to all 53 SAOs, from which we received 32 valid responses.

To complement the report and to study the perspective of the entrepreneurs, an online questionnaire was disseminated to reach out to all the entrepreneurs and start-ups in Indonesia. Additionally, to study the perspective of the investors, we distributed another online questionnaire to target capital providers, such as venture capitalists, angel investors, and private investors. During a two-month period of data collection, from December 1 2017 to January 31 2018, we received 107 valid start-up responses and 20 valid investor survey responses.

Out of the 107 start-up respondents, 34 have participated or are currently participating in at least one SAO program. The rest of the 73 respondents either did not apply or did not get selected into any SAO program.

Finally, we also invited SAOs, investors, and entrepreneurs to participate in focus group discussions and interviews. We also conducted 20 structured, in-depth interviews with SAO program managers and directors, four rounds of focus group discussions, and six expert interviews with established players in the entrepreneurial ecosystem who have multiple experiences as an entrepreneur, investor, and SAO program director.

Limitations

As noted above, this report provides an initial overview of the performance of SAOs and their short-term impact. Some limitations restrict in-depth analysis of the effectiveness of the SAOs.

Limitations of entrepreneurs' dataset:

- Only 34 out of 107 respondents participated in SAO programs. Additionally, 30 SAO participant respondents participated in a program within the past two years. Therefore, this report provides some general observations on the short-term impact of SAO participation.
- The majority of the sample (95%) are early-stage enterprises, so this report will focus on the perspective of early-stage enterprises.
- There is a lack of sufficient and valid data available on open sources to conduct a more in-depth analysis of the effectiveness of SAOs.
- There was reluctance from participants in sharing quantitative data.

Limitations of the SAOs' dataset:

- There is limited data available on SAOs outside Java. As such the report might not represent the SAO ecosystem in Indonesia as a whole. However, given that the majority of SAO activity is focused in these regions and based on our experience in the field, the research findings can likely be applied to other regions. Therefore, we will draw some general conclusions about the broader Indonesian ecosystem.

Finally, given that the dataset represents a subset of players in the ecosystem, findings and recommendations should be interpreted with this in mind. The data collected provides insights into general trends, rather than a deep dive into specific components of the ecosystem.

Notwithstanding the aforementioned limitations, the data provides unique and valuable insights into the Indonesian ecosystem. We hope that this report will serve as a catalyst for discussion among SAOs, stakeholders, practitioners, and policymakers on the challenges and potential solutions for improving the Indonesian entrepreneurial ecosystem.

ABOUT THE REPORT

To address the objectives, the report is divided into four parts:

Part 1: Ecosystem's Expectations and SAOs' Performance

As SAOs have become a key component in the entrepreneurial ecosystem due to their role in supporting both start-ups to scale and investors to access a higher quality start-up pipeline, part 1 will examine the ecosystem expectations (start-ups' and investors') from SAOs in Indonesia, and will study the short-term impact of SAO participation.

Part 2: Challenges Faced by SAOs

Drawing upon the surveys, interviews, and focus group discussions, part 2 will identify the challenges faced by Indonesian SAOs in running their programs and achieving their objectives.

Part 3: Focus on Women Entrepreneurs

Part 3 studies the women entrepreneurs' perspective about SAOs, the short-term impact of SAO participation on women-led enterprises, and the challenges SAOs face in recruiting more women entrepreneurs.

Part 4: How to Design an SAO Program

Based on the analysis of the three perspectives[4], this section provides a general solutions framework for designing a SAO program in Indonesia. The section further develops recommendations for an extension to the general framework to be more gender-inclusive.

4 Three perspectives include the analysis of the inputs from Start-ups, SAOs and capital providers or investors.

Ecosystem Expectations and SAOs' Performance

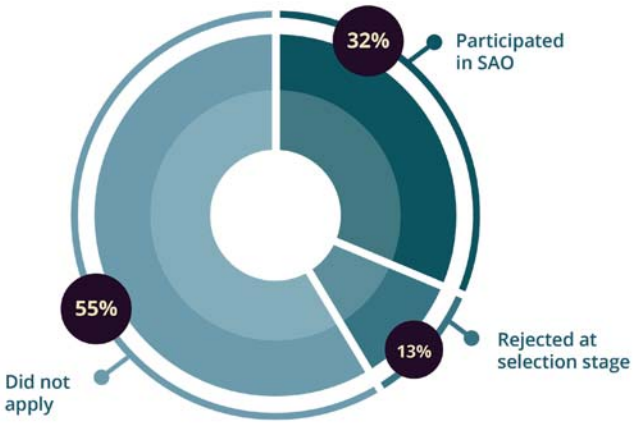
ENTREPRENEURS' PERSPECTIVE

This section studies the perspective of the entrepreneurs and provides a brief overview of the types of start-ups that apply to SAO programs and also the short-term impact of SAO participation on ventures' growth and development. Furthermore, this section also identifies some reasons why start-ups do not apply to SAO programs.

Descriptive Statistics

This section provides descriptive insights obtained from analyzing the data. Out of the 107 start-up respondents, 45% of respondents have applied to at least one SAO program (Figure 1). The vast majority (71%) of respondents who applied to the SAO programs cleared the selection process and eventually participated in at least one SAO program.

Figure 1. Composition of Respondents



Of the 34[5] SAO participants that cleared the selection process, 44% participated in incubators, 32% participated in accelerators, while the remaining 24% joined an ecosystem builder program (Table 1). Interestingly, nearly 21% of participants joined internationally[6] located SAO programs.

Table 1. Number of Participants by Type of SAO Program

Incubator	15
Accelerator	11
Ecosystem builder	8

Source: Start-up survey

Our previous report identified that the geographical concentration was a striking feature of the SAO ecosystem in Indonesia. This report confirms SAO spatial centrality in Java and, in particular, Jakarta (Figure 2 and Table 2). From the entire sample of survey respondents, approximately 59% conducted their operations from Jakarta. Moreover, 68% of the successfully selected SAO participants are currently operating in Jakarta.

5 In the survey, we asked the participants if they participated in more than one SAO program. The respondents were asked to answer the survey questions based on their most recent SAO interaction

6 Not physically located in Indonesia

Figure 2. Geographical Location of Respondents

Table 2. Province-level Segregation of Respondents

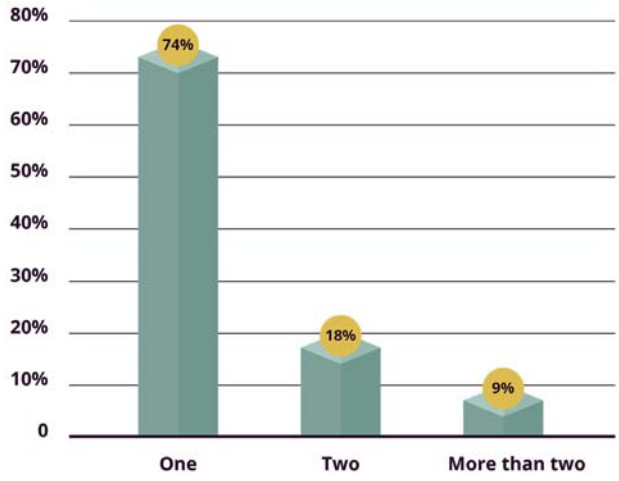
Province	Full Sample[7]	SAO Participants
Jakarta	63	23
West Java	16	5
Yogyakarta	5	1
Central Java	4	1
East Java	7	1
Aceh	1	0
Riau	1	0
North Sumatra	4	0
West Sumatra	2	1
North Sulawesi	2	0
South Sulawesi	2	1

> *"We joined SAOs so they can help us grow and develop our start-up from a very early stage. We participated in two SAO programs, because the first program we joined was more focused on fundraising skills and investment readiness, e.g., pitching, but not enough on business development."*
>
> ***– Entrepreneur***

Nearly 25% of the SAO participants participated in more than one SAO program (Figure 3). One of the main reasons for participation in multiple SAO was a lack of awareness and transparency about the services provided and the strengths of available SAO programs. Survey respondents noted that there often appeared to be a mismatch between the services provided by SAOs and the needs of program applicants. According to the respondents, the services offered by SAOs tended to have a narrower scope than the requirements of participants. For example, some start-ups required more support on fundraising skills, some wanted support for product development, and others needed greater access to clients or strategic partners. In several instances, start-ups required assistance across business operations and they were unable to find SAOs that could provide such services, due to actual service limitation or perceived service limitation stemming from a lack of information. This resulted in participation in multiple SAO programs.

7 This includes the entire dataset of 107 start-up survey respondents.

Figure 3. Multiple SAO Participation



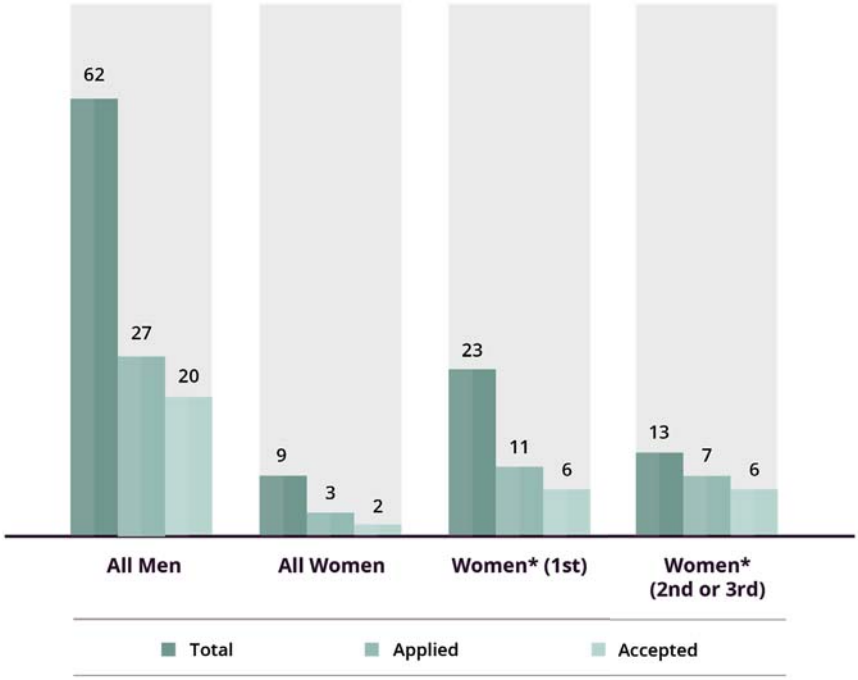
From a gender perspective, survey findings revealed that more than half (58%) of respondents did not have women in their founding teams. Interestingly, only 8% of the sample had women-only teams (Figure 4).

What Kinds of Start-ups Apply and Get Selected?

The survey findings provide an insight into some common characteristics of start-ups that do and do not get selected to participate in SAO programs. The rejected applications tended to be from start-ups that had only recently launched their products or services and from those start-ups whose legal status was still was not confirmed (as they had not officially registered their start-ups).

The data also revealed a positive selection bias amongst SAOs towards ventures in ICT, agriculture, food and beverage, and retail sectors over sectors such as professional services, social work, and education (Table 3). Interestingly, educational background was the source of another selection bias. Data from focus group discussions indicated that SAOs had a preference for start-up founders with strong educational backgrounds. Data from the survey also confirmed this finding with 97% of start-ups that got accepted into SAO programs had founders with at least a bachelor's degree (Table 3).

Figure 4. Gender Composition of Founding Teams[8]



8 Women (1st) indicates that a woman is listed as the main founder of the start-up (i.e., CEO), while women (2nd or 3rd) indicates that there is at least one women in the founding team as a second or third founder (e.g., COO, CMO)

Table 3. Characteristics of Accepted vs. Rejected Start-ups

	Overall (107)	Accepted (34)	Rejected (14)
Median stage	Early stage with non-recurring revenue streams	Early stage with monthly recurring revenue <$10k	Recently launched, market validation stage
Top[9] five sectors[10]	1. Professional services[11] 2. ICT 3. Agriculture[12] 4. Retail 5. F&B	1. ICT 2. Agriculture 3. Retail 4. F&B 5. Art and Craft	1. Professional services 2. Social work 3. Education 4. Health Care 5. Hospitality and tourism
Tech-based or backed	87	28	14
Legal status	PT (LLC)	PT (LLC)	Not yet registered
Median years of operation	2 years	2 years	2 years
Impact-focused	71% are impact focused	65% are impact-focused	86% impact-focused
Composition of founders	All men = 58% Women listed first = 21% Women listed 2nd/3rd = 12% All women = 8%	All men = 59% Women listed first = 18% Women listed 2nd/3rd = 18% All women = 6%	All men = 50% Women listed first = 36% Women listed 2nd/3rd = 7% All women = 7%
Founders' experience in entrepreneurial ecosystem[13]	No experience: 41% Found a Start-up: 34% Worked in a Start-up: 18%	No Experience: 44% Found a Start-up: 38% Worked in a Start-up: 15%	No Experience: 21% Found a Start-up: 36% Worked in a start-up: 57%
Education of founder	Below bachelor's: 14% Bachelor's: 57% Master's: 28%	Below bachelor's: 3% Bachelor's: 62% Master's: 35%	Below bachelor's: 21% Bachelor's: 64% Master's: 14%

9 The top five sectors are in decreasing order of frequency of responses per sector.

10 In our previous report, we identified that typically the top sectors preferred by SAOs are financial services, ICT, e-commerce or online retail, and food and beverages. The findings in this table do not resonate completely with the previous finding because in our start-up data set; only 7% of the respondents were from the financial services sector, and 60% of respondents that applied for SAO programs were from ICT, professional services, agriculture, food and beverage, and retail sectors. Only two ventures from the financial services sector applied to SAO programs, and both of those ventures were accepted into the program they applied to

11 Professional services include human resources agencies, consulting companies, research agencies, marketing/advertising agencies, etc.)

12 Agriculture includes agriculture, fisheries, and forestry

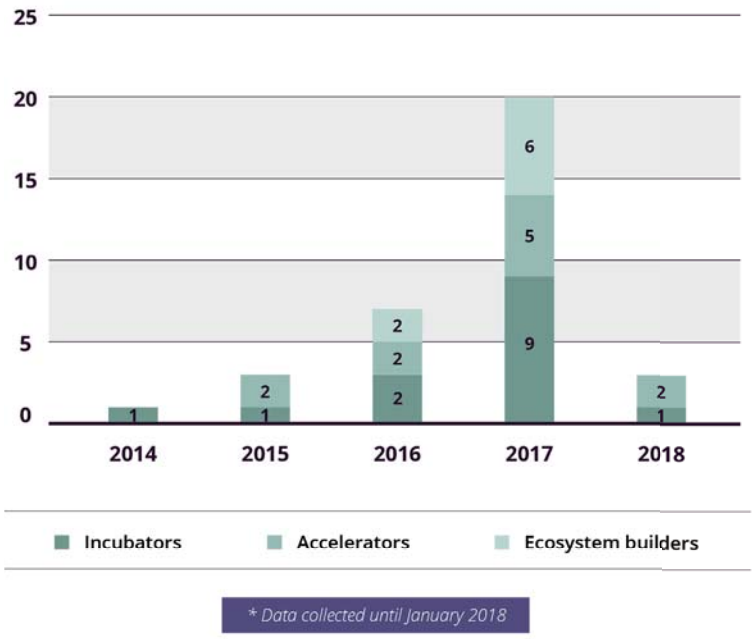
13 Founders' experience is calculated by aggregating the founding team's experience in the entrepreneurial ecosystem. Each founder may have multiple experiences, but we asked them to pick the most relevant experience

SAO Participants' Perspective on the SAOs' Performance

Program entry statistics

88% SAO participants in our dataset are recent SAO graduates and participated in the program one or two years ago (Figure 5). This section provides an overview and some trends on the short-term[14] impact of SAO participation.

Figure 5. Year of Program Entry



The following discussion focuses on identifying features of impact (primarily in terms of value) that SAOs programs generated for their early-stage participants in the short term. Most of the start-ups that participated in SAO programs were pre-revenue or had revenue less than USD 10,000 at the time of program entry (Figure 6). Specifically, 65% of program participants were pre-revenue and only 29% SAO participants had recurring revenue when they joined the program (Box 1).

Box 1. Entry Statistics of Program Participants.

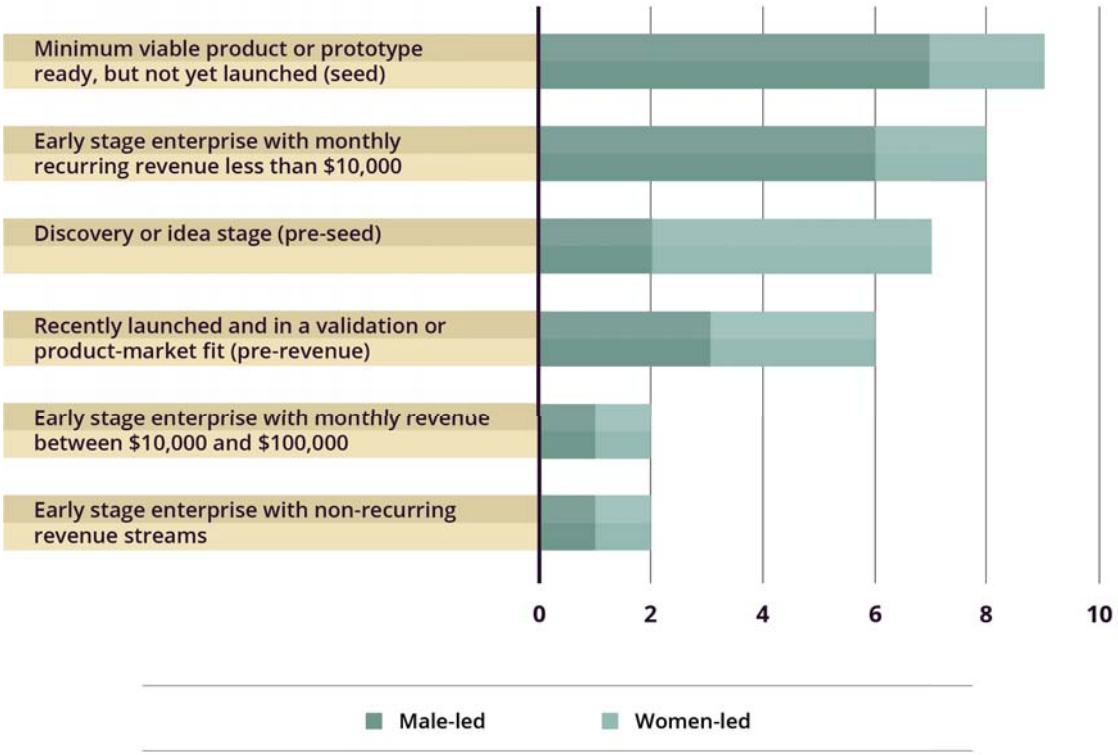
Pre-Revenue: 65%

Enterprises with non-recurring revenue: 6%

Enterprises with monthly recurring revenue: 29%

14 Future research could focus on analyzing a longer-term horizon to provide a more comprehensive evaluation of the impact of SAOs.

Figure 6. Stage of Participants upon Entry into Program



Financial growth

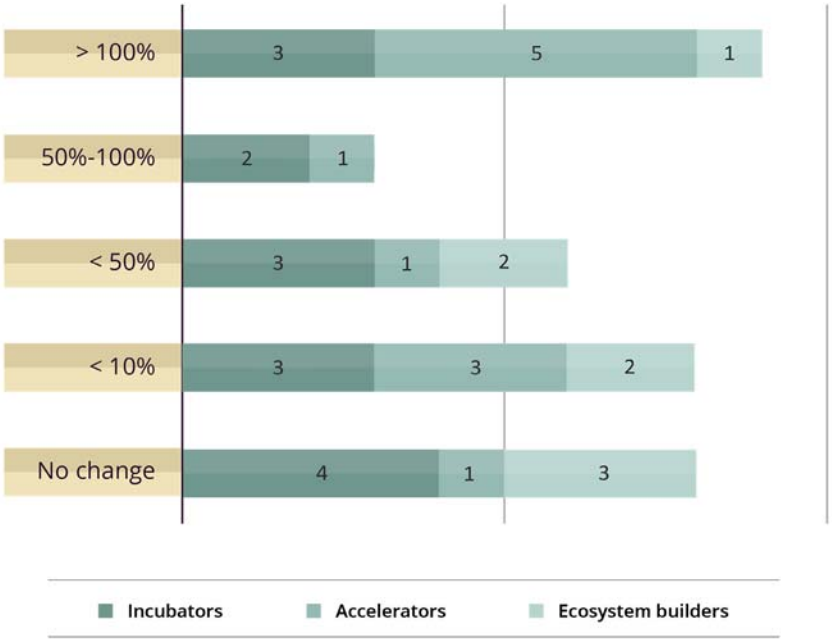
Increased revenue[15]

Around 35% (12) of SAO graduates reported that their revenues increased by more than 50% within two years of program participation. However, 48% also indicated that the changes in their revenue were either very little[16] or there was no change at all. Segmenting the data by SAO categories revealed that 55% of the ventures that participated in accelerators programs experience more than a 50% increase in their revenues, while 33% of incubator participants and only 13% of ecosystem builder participants reported a similar change in revenues (Figure 7).

15 Increased revenue is one of the indicators of financial growth; however, it should be noted that the revenue increase might also be affected by other factors, such as different stage at the time of participation or other macroeconomic factors.

16 Very little implies less than 10%.

Figure 7. Revenue Increase within Two Years of Program Participation



Graduates receiving next level funding

Seeking investment is a continual challenge for start-ups. Many start-ups seek support on investment from SAOs. This feature of the entrepreneurial ecosystem is also apparent in our dataset. 50% of SAO participants were seeking investment upon entry into SAO programs. However, only 32% of the overall SAO participants received follow-on funding within two years of program participation. Around 50% of those that received follow-on funding accredited it to SAO programs.

Overall, SAO program participants indicated that SAO programs had a mildly positive effect (as evidenced by a median score rating of 3.3[17]) with regards to helping them attract investments from external sources. Angel investors make up the top source of funding[18]. Funding from venture capital firms, accelerators and incubators and family and friend networks were also valuable sources of funding (Table 4).

Box 2. Characteristics of Program Participants

Seeking capital upon entry: 50%

Received investment within one-to-two years of program participation: 32%

Median size of investment: USD 100-500K

17 The rating scale was from 1 (no impact at all) to 5 (significant positive impact).
18 Some start-ups received funding from more than one source.

Table 4. Top Five Sources of Investment[19]

Source		Proportion of start-ups that received investment
1	Angel investor	67%
2	Venture capital	33%
3	Accelerator and incubator	33%
4	Family and friends	33%
5	Private corporation	25%

Physical growth: number of employees

Participation in SAO programs appears to be positively correlated with growth in firm size as represented by an increase in the number of staff. The type of SAO program also appears to have an impact on the magnitude of firm size expansion. For example, on average, accelerator participants tended to hire more employees within two years of program participation than incubators (Table 5). This is unsurprising given that the main purpose of accelerators is, by definition, to generate growth. Ecosystem builders did not have the same expansionary effect, in terms of employees, for participants.

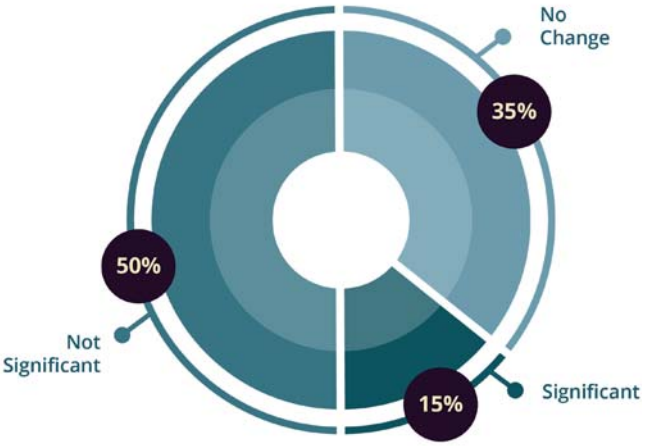
Table 5. Expansionary Impact of SAO Programs

Impact	Incubators	Accelerators	Ecosystem builders
Average number of additional employees hired within two years of program participation	7	10	3
Average percentage increase in number of employees	52%	59%	20%

Business model changes

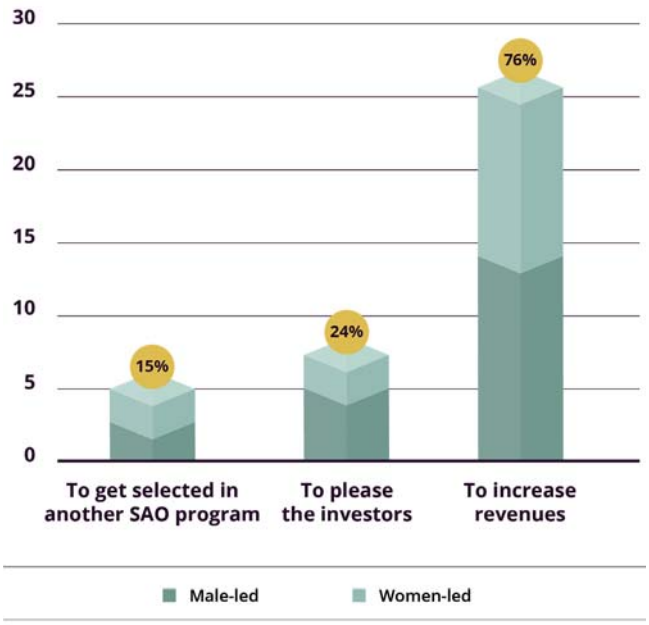
65% of SAO participants changed their business models after joining an SAO program (Figure 8). 76% of these changed their business models to increase their revenues (Figure 9). This outcome is in-line with expectations as the majority of SAO participants surveyed are early-stage enterprises that are still trying to find the product-market fit and their business model is still in the development phase.

Figure 8. Business Model Changes[20]



An interesting finding that hints at the dynamism as well as the nascent nature of the start-up ecosystem in Indonesia was that a significant proportion (almost 25%) of participants changed their business model simply to appease investors or to get selected into other SAO programs (Figure 9). Using data collected from in-depth interviews, we identified that this was because different SAOs or investors have different criteria for selection. For example, some enterprises changed their business models to incorporate a technology component in order to be eligible for certain accelerator programs or to obtain investment from investors that focused on technology-based enterprises.

Figure 9. Reasons for Business Model Changes



19 A start-up may receive investment from multiple sources.

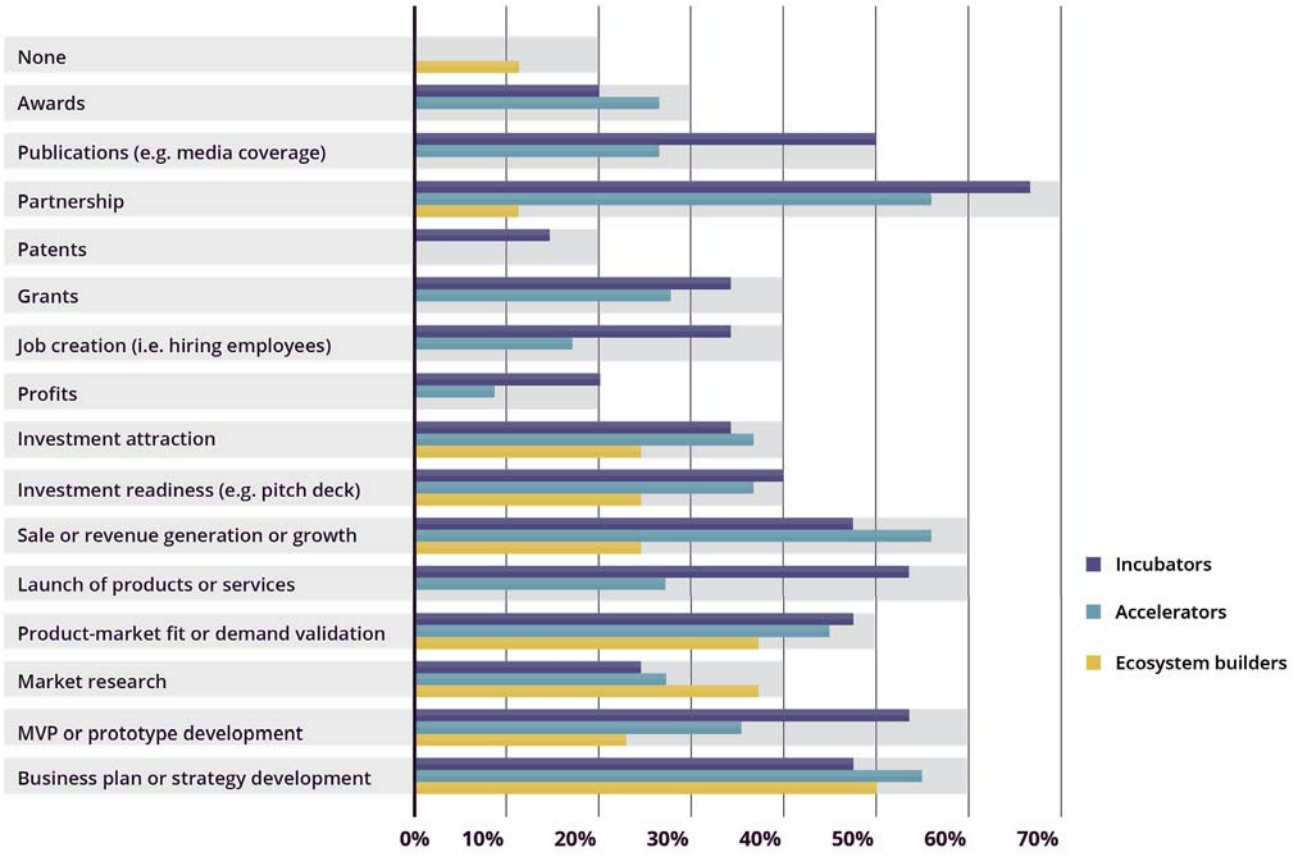
20 Significant changes may include restructuring their target market, adopting new technology or reforming the product or service offering. Insignificant changes include minor changes, such as changes in the pricing strategy or marketing strategy.

Achievement of milestones

The participants of different SAO programs achieved different milestones (Figure 10), because different programs cater to ventures at various stages. The majority of the ventures that participated in incubator programs achieved early-stage milestones, such as prototype development, product launch, and market validation. In contrast, the majority of accelerator program participants experienced growth in revenues, aligning with the growth-driven model of accelerator programs. Business plan and strategy development was a common milestone achieved by start-ups across different programs.

Overall, as 71% of SAO participants were early-stage ventures with non-recurring revenue, the data suggest that incubator programs created maximum impact and value addition for early-stage ventures (Figure 10).

Figure 10. Percentage of Program Participants that Achieved Various Milestones



Overall, SAO program participation had a positive impact on milestone achievement with participants giving a median score of 3.9 on the scale of 5[21].

An important indicator of the impact and efficacy of SAOs on assisting start-ups is whether start-ups reach a new level of maturity[22] compared to at the start of their engagement with SAO programs. 68% of SAO participants reached the next level of maturity within two years of program participation. When SAO program participants were asked to rate the impact of SAO programs in helping them grow to the next level of maturity, 56% of start-ups indicated that SAOs had a positive impact, while only 24% of start-ups indicated that it had a significantly positive impact.

21 The start-up respondents were asked to rate the contribution of SAOs programs they participated in, on the scale of 1 to 5; where 1 means no impact at all and 5 means significant positive impact.
22 'Maturity' is not defined by a single metric but varies according to the stage of development. A natural corollary of such a flexible definition is that the 'next level' of maturity can range from agreeing on a business model to generating more revenues.

Did SAOs meet the participant expectations?

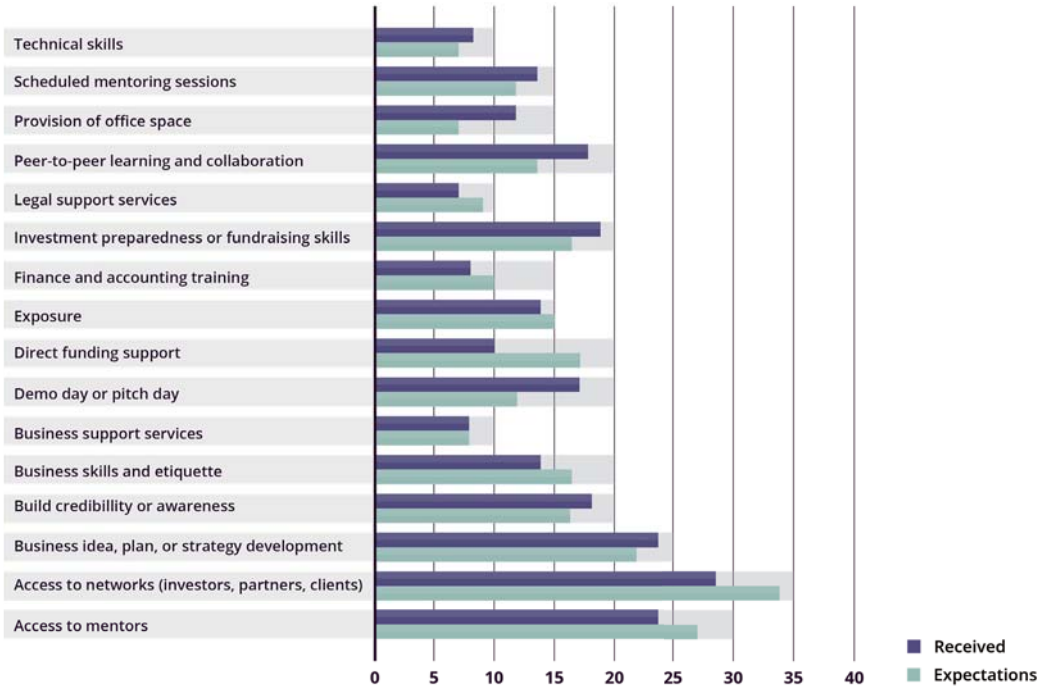
Benefits received vs. expected

A comparison of the actual benefits received by SAO program participants and the expectations they had before joining the program indicates that SAOs broadly met the expectations of start-ups. However, there are some gaps that need further attention (Figure 11). The survey data and the focus group discussions suggest that more SAOs tend to focus on improving fundraising skills than the actual business needs of the start-ups (such as legal support, business skills, and business plan strengthening). A driving factor behind this is that many SAOs use follow-on funding[23] as a key success metric and therefore, focus more on investment readiness skills, rather than helping start-ups strengthen their business models[24]. However, almost half of the SAO participants stated that they were not looking for fundraising skills or investment preparedness at the time of program entry.

> *"We participated in two accelerators, but we withdrew our participation mid-program in one of those. We did not find any additional benefit, as this accelerator, and I believe there are other accelerators which do the same, focused more on fundraising skills, how to make a beautiful pitch deck, how to present, etc., while what we were looking for was training on how to strengthen our business plan."*
>
> ***- Entrepreneur***

SAOs' focus on fundraising contrasts rather starkly with what start-ups identified as their own main focus – access to networks, such as potential investors, partners or clients, access to mentors and business plan or strategy development. These were the top three service requirements identified by start-ups. They were also some of the main reasons why start-ups applied to SAO programs.

Figure 11. Expectations versus Reality[25]



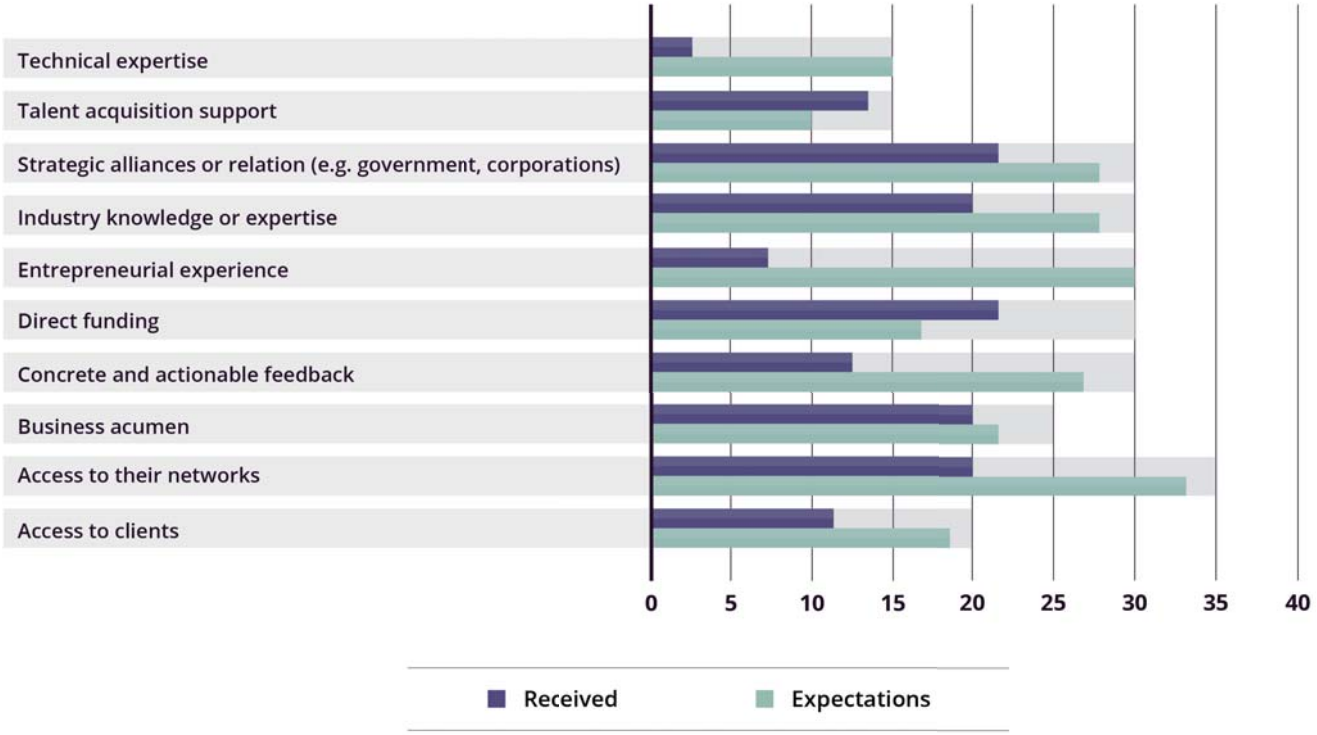
23 In this context, follow-on funding implies external funding those start-ups receive after joining SAO programs, which can be via angel investors, venture capital firms, government grants, etc.
24 Ideally, ventures should be self-sustainable and grow organically. The pressure of receiving external funding (at a very early stage of development) can distract the entrepreneurs from strengthening their product and achieving market validation.
25 This graph compares the total number of SAO participants and their service expectations from SAOs before joining the program with the total number of participants that claimed their expectations were met with respect to the services provided by the SAO they participated in. Business support services include services that are needed for running businesses, such as HR, communications or IT support services. Legal support may include support for business formalization or patent registration. Exposure can include exposure to media or the entrepreneurial ecosystem.

Mentors: value add expected vs. value add received

Mentors are the most sought-after resource by entrepreneurs; 79% of participants were seeking mentors at the time of program participation (Figure 11). The quality of mentors also plays an important role in determining the strength of SAO programs; they are usually experienced entrepreneurs or professionals in their sector that can provide a variety of benefits to SAO participants. Acknowledging the potential and importance of mentorship, the gaps in value added by mentors were also studied. Figure 12 shows that many SAOs could not meet the expectations that participants had from the mentors in the programs. Data from both the survey and interviews indicated that entrepreneurs preferred mentors to have prior entrepreneurial experience and technical or industry expertise. However, 94% SAO participants indicated that the mentors provided by their SAO program did not have relevant technical experience. Also, 76% SAO program participants reported that the mentors in their program did not have prior entrepreneurial experience.

Furthermore, only 38% of the SAO participants indicated that mentors in the programs provided concrete and actionable feedback. In the focus group discussions and interviews, many entrepreneurs also highlighted that often SAOs list many mentors on their websites, however, there is inadequate information about the performance of these mentors. Additionally, the provision of too many mentors can often cause confusion for ventures as different mentors can provide different directions or conflicting feedback. In addition to the qualities of the mentors, SAO participants also highlighted the importance of other benefits that mentors can provide, such as access to networks of clients and strategic partners or direct funding support.

Figure 12. Value Added by Mentors: Expectations versus Reality[26]



26The graph compares the total number of SAO participants and their expectations from the mentors before joining SAO program with the total number of participants that claimed their expectations were met with respect to mentors provided by the SAO they participated in.

Other[27] Perspectives: What's Missing in the SAO Service Industry?

Reasons for not applying to SAO programs

Around 55% survey respondents indicated that they did not apply to any SAO programs.
The majority of non-participants identified three main reasons for not applying (Figure 13):

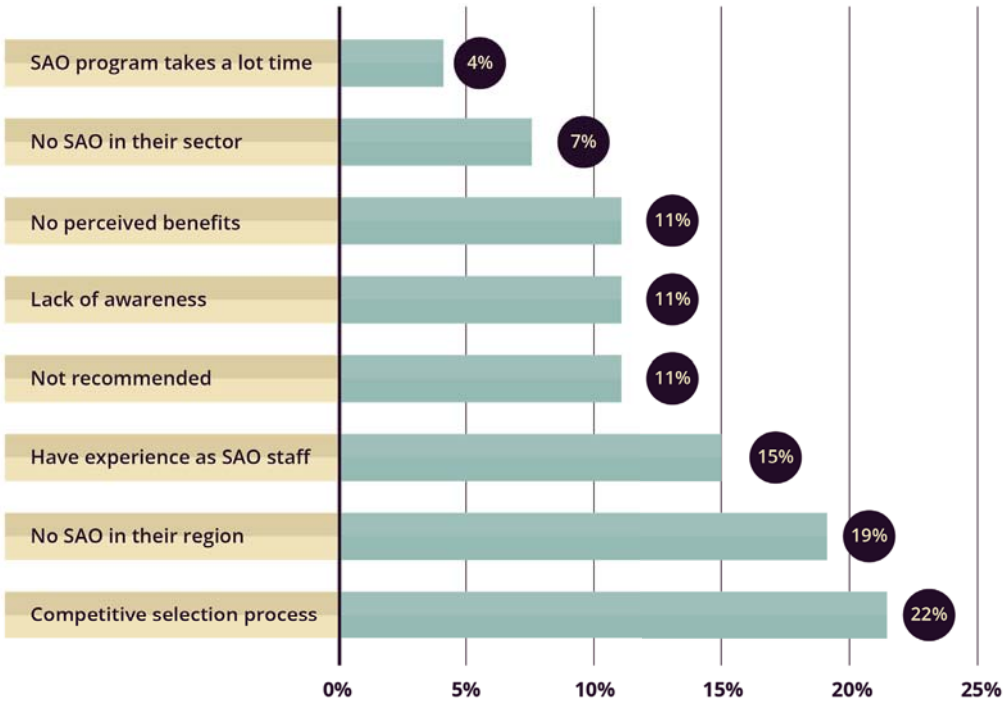
1. The geographical and sectorial concentration of current SAO programs.
2. Lack of awareness and transparency about the existence of SAO programs, their features, and their performance.
3. Poor reputation and a lack of trust in existing programs.

A significant number (22%) of non-participants also indicated that the selection process was too competitive and that discouraged them from applying.

Geographical and sectorial concentration

Around 26% of the survey respondents indicated that the main reason that they did not apply to any SAO program is because of a lack of availability of SAOs in their region or in their industry sector. Many entrepreneurs indicated a preference for industry-specific SAOs because different industries have different requirements, such as different time needed to prototype a product, different initial capital requirement, different business strategy, or different networks[28]. Most SAOs in Indonesia that report to be sector-agnostic apply a one-size-fits-all approach and do not provide sector-differentiated services. For example, a food and beverage start-up would be misplaced in a SAO program that specializes in technology-based start-ups. While a food or agriculture start-ups might need to focus more on supply chain management, and technology start-ups need to focus more on product development.

Figure 13. Reasons for Not Applying or Intending to Apply to an SAO Program



27 Other perspective includes the perspectives of start-ups that did not participate in any SAO program
28 For example, a network of investors that are willing to invest in a particular industry or network of industry-specific partners.

Lack of awareness and transparency

11% of non-participants indicated that they were not aware of the existence of SAOs. Additionally, 11% indicated that they did not see any benefit of joining a SAO program. Through our interviews and discussions with the entrepreneurs, there was no common source that documents the information on the available SAO programs, their strengths, weaknesses, and performance. There is also a lack of awareness of standardized metrics to determine the success of SAO programs. Non-participants also highlighted this as a hurdle when considering SAO programs.

Different SAOs have different characteristics and strengths, and if a program does not fit with the specific requirements of a start-up, it can cost them a lot of time and resources. Providing information on SAO sector preferences, past experiences, success metrics and services will go a long way in removing a hurdle and attracting more SAO program participants.

> *"SAOs can be a distraction from building start-ups if they are not matched to the needs of the start-ups, because start-ups need to devote time, money, and sometimes even equity. The start-ups' resources are limited. There needs to be a more transparent ecosystem – that guides the right entrepreneurs to the right SAO, and the right investment."*
>
> ***- Head of investment firm, former SAO program director***

> *"There are many SAO programs in Indonesia, but I am a bit skeptical about some of those. They don't really care about start-ups success. We participated in an overseas accelerator because they focus on providing us the knowledge and go to market strategy. They have the mentality that if you succeed, then we succeed, which is the mentality that all SAO should have."*
>
> ***- Entrepreneur***

Low level of trust and credibility

22% of the respondents indicated that the main reason for not applying to an SAO program was because their fellow entrepreneurs did not recommend a program or they did not see any benefits in joining a program. Furthermore, many entrepreneurs indicated that they do not trust many Indonesian-based SAO programs, because of a perception that they are not sincerely committed to the success of the start-up.

Our previous report found that 91% of the SAO programs, we surveyed, were funded by external donors[29]. Often the missions and objectives of the donors and expectations they have from the SAO programs might not align with the objectives of the start-ups. Often donor-funded SAOs lacked clear key performance indicators (KPI) for tracking performance and were not required to report the outcomes of their services. Furthermore, 55% of the donor-funded SAOs that we surveyed did not take any equity from the start-ups. This could be one potential reason why many SAOs do not feel accountable to the success of the start-ups they support. They could be more preoccupied with meeting the objectives established by their donors[30].

29 External donors can include government, philanthropy, private individual, or Private Corporation.
30 Common objectives include, but are not limited to, hours of training provided, number of start-ups supported, or number of start-ups receiving follow-on funding.

INVESTORS' PERSPECTIVE

This section analyzes the performance of current SAOs in the ecosystem from the perspective of capital providers that have engaged with them in one of the three ways: by sourcing start-ups from them, by investing in start-ups that participated in SAO programs, or by engaging in a formal partnership with at least one SAO.

Descriptive Statistics

We circulated the survey online and received 20 survey responses from a mix of different types of investors in Indonesia – angel investors or angel investor networks, venture capital (VC) firms, and impact funds. The survey targeted investors that focus on early to mid-stage ventures and typically invest under USD 1 million. We also interviewed the investors and invited them to focus group discussions.

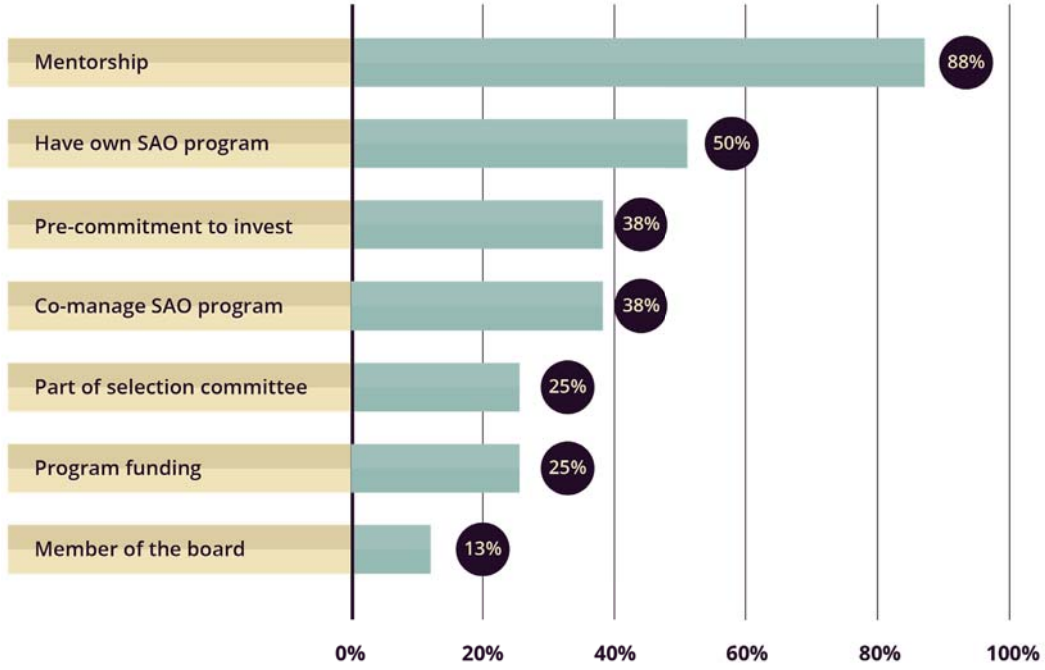
We studied investors that have interacted with SAOs in some form. 60% of the respondents indicated that they had invested in ventures, which had participated in at least one SAO program, while 50% of the respondents indicated they had sourced start-ups directly from at least one SAO.

Investor Engagement with SAOs

Partnerships

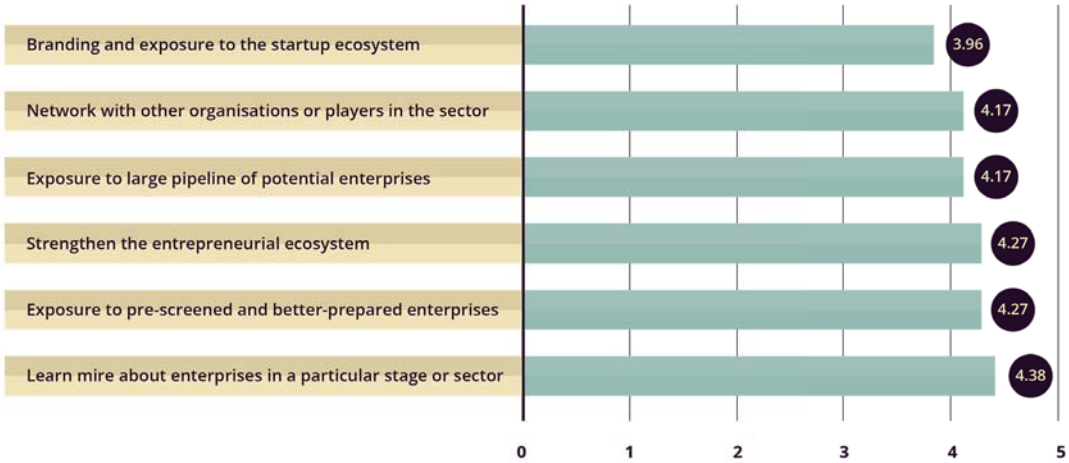
40% of the investors surveyed had partnerships or collaborations with SAO programs. Collaborating with SAOs provided an opportunity for capital providers to initiate engagement with start-ups that were participating in a SAO program. On average, each capital provider had two or three different kinds of partnership with SAOs. The majority (88%) of collaborations were in the form of mentorship (Figure 14). Partners or senior associates from capital providers were often invited to mentor start-ups. These mentoring sessions tended to focus on developing finance and valuation skills. Several capital providers also indicated that they assisted SAOs in developing the program curriculum or co-managed the SAO.

Figure 14.Different Forms of Partnership[31]



Investors offered a range of motivational factors for collaborating with SAO programs (Figure 15). Exposure to ventures at a particular stage or sector was one of the key drivers for partnerships. Furthermore, investors expected that their partnership with an SAO would help them to access pre-screened and better-prepared ventures that would reduce screening and due diligence times.

Figure 15. Motivation behind Partnerships (on a scale of 5)



In order to maintain full managerial autonomy and to strengthen the pipeline of investible start-ups, some capital providers had their own SAO programs (Figure 14). Another reason to have capital provider ownership of SAO programs was that it allowed for a deeper commitment to build and strengthen the entrepreneurial ecosystem by sharing knowledge and experience to support entrepreneurs.

31 Calculated as a proportion of the capital providers that have partnership/collaboration with at least one SAO

"We are running this incubator out of pure passion, not for the fees. We are committed to building the ecosystem. You cannot invest if there is no ecosystem. Not many people with knowledge or experience want to go and do it. Many incubators come out of universities, by people who are not entrepreneurs. We worry that it will send a wrong message to young founders, so we feel obliged to build the ecosystem."

- Partner, VC Firm

Perspective of Investors that Invested in SAO Graduates

We studied the perspective and the experience of investors who had invested in start-ups that had graduated from SAO programs. We asked the respondents to rate the pre-investment and post-investment performance of the SAO graduates in comparison to the average performance of other investments[32] in their portfolio.

Sourcing and investment process

Investors found that during start-up sourcing, ventures that participated in SAO programs overall had better performance when compared to the other non-SAO participating ventures.

Pre-investment preparedness of start-ups that participated in an SAO program vs other investments in portfolio

Table 6. Pre-investment Preparedness of SAO Participants

Business mission	Business model or monetization attractiveness	Business unique value proposition	Founder's strength or entrepreneurial skills	Investment preparedness	Overall impression
Slightly better	Better	Better	Better	Better	Better

Transaction process of the investment made via SAO versus other portfolio averages

During the investment transaction process, investors found no difference in the deal origination cost and overall due diligence process of SAO participants versus non-participants. However, investors did indicate that SAO graduates had a better understanding of financial matters, such as an understanding of financial statements, making financial forecasts, understanding financial and legal jargon, as well as knowledge of transaction processes such as key financial and legal terms.

Table 7. Transaction Performance of SAO Participants

Deal Origination[33] Cost	Further due diligence required	Quality of due diligence documents	Investees financial understanding[34]	Investees knowledge of transaction processes[35]	Overall impression
No Difference	No difference	No Difference	Better	Better	No Difference

32 Other investments in the portfolio or other portfolio implies those ventures that did not participated in any SAO program
33 This includes the cost involved in sourcing investment-worthy ventures. SAOs have the potential to reduce the cost of sourcing by proving investors with access to a large curated pool of ventures.
34 This includes the understanding of financial statements and financial forecasting techniques.
35 This includes knowledge of key financial and legal terms.

Post-investment performance

Overall, investors found that SAO graduates had a slight competitive advantage in terms of capacity, specifically with regards to being comfortable with financial reporting requirements, accounting skills, and business skills. However, there was no difference between SAO participants' and non-participants' knowledge of how to establish governance structures and the strength of various administrative processes and systems in place in the ventures.

Table 8. Post-performance of SAO Participants

Capacity development needs	Financial reporting and accounting	Business skills and etiquette	Establishment of governance structures	Strength of administrative processes and systems	Overall impression
Better	Better	Better	No Difference	No Difference	Better

Overall benefits

According to investors, the aspect of the business that benefitted most from participating in SAO programs was the strengthening of business models, including the monetization strategy.

The top five benefits of joining SAO programs that investors identified were:

1. Strengthened business model
2. Access to networks
3. Go-to-market strategy and market validation
4. Fundraising skills
5. Strengthening the value proposition

Service Gaps Identified by Investors

We asked the investors to recommend the key services that SAOs could strengthen further or include in their service package.

The top ten recommendations for SAOs were:

1. Business model strengthening
2. Financial projections and modeling
3. Legal documentation and understanding
4. Quality of mentors
5. Metrics to track the progress of start-ups
6. Service differentiation based on sectors and best practices sharing
7. Competitive market strategy
8. Access to talent and HR skills
9. Fundraising and leadership skills
10. Access to suitable strategic partners

Access to data and industry benchmarks

An information gap in the ecosystem is that there are not many standardized, industry-specific benchmarks to evaluate the progress of start-ups. Key benchmarks, such as the time required to prototype, expected return rates, and market valuations are missing. Investors recommended the development of monitoring and evaluation frameworks to track the development of start-ups. Having success metrics and evaluation frameworks would help SAOs provide more sector-differentiated services by benchmarking against global best practices.

Stronger focus on financial projections and modeling

Most investors interviewed felt that investees lacked adequate financial acumen. Investors suggested that SAOs should focus on providing participants with fundamental financial skills, such as generating projections and performing financial analysis. The lack of financial acumen led several investors to conclude that many start-ups could not provide logically accurate valuations. Additionally, several investors noted that many entrepreneurs do not know how to efficiently structure different sources of funds; therefore, they felt that SAOs should also include capital structuring[36] training modules.

36 Capital structuring refers to how the enterprises allocate different financial resources to finance the operations and growth of the firm. The funds available to the firm may be in the form of long-term debt, short-term working capital, or equity

Fundraising and leadership skills

In addition to the focus on financial skills, investors also felt that SAOs do not invest a lot of time in honing the soft skills of entrepreneurs, such as leadership skills, negotiation tactics, and communication skills.

"Beyond the financial modeling and valuation workshops, there are more skills you need to display when facing investors, for example, engagement with investors, negotiation skills, and other soft skills. Most SAOs focus on creating visually competitive pitch decks without recognizing that the start-ups might not have the compelling communication component."

- Principal of investor firm

Access to suitable strategic partners

Many investors felt that SAOs have the potential to help connect start-ups with the relevant investors or partners by strategically matching them according to each other's requirements. There is a need for more clarity and documentation on the strengths and weaknesses of capital providers. Understanding the strengths and weaknesses of investors is crucial for matching them with investees, where the investors can provide the greatest value-add. For example, one investor might be strong in providing access to talent, while another might be strong in providing access to clients or market. Currently, not many SAO programs are harnessing this knowledge effectively to provide strategic matchmaking.

"Although we have partnerships with several SAOs, most of the partnerships stop at the end of the program; SAOs do not make an effort in connecting their graduates to us, it is mostly start-ups who take the initiatives. SAOs can make it more efficient."

- VC investment manager

"Although SAOs are one of the channels for good quality leads, not many SAOs connect the startups to the right kind of VCs."

- VC partner

SERVICE GAP ANALYSIS: OPPORTUNITIES FOR SAOs

This report identifies several gaps in the services provided by SAO programs and the services expected by start-ups and investors (Table 9)[37]. Draw from insights from the survey data, interviews with field experts and focus group discussions, Table 8 summarizes the main service gaps in the ecosystem and therefore, identifies the opportunities for SAOs to improve their services.

Table 9. Services Gap Analysis

Services	Start-up's Expectation	Investor's Expectations	SAOs' Performance
Curriculums			
Business model strengthening	High	High	Medium
Go-to market strategy and market validation	High	High	High
Financial and accounting basics	High	High	Low
Financial projections and modeling	Low	High	Low
Legal documentation and understanding	High	High	Low
Fundraising skills	Medium	High	High
Leadership skills	Medium	Medium	Low
Mentors			
Selection Criteria for Mentors	High	High	Low
Mentor performance and quality evaluation metrics	High	Medium	Low
Mentor curating and match-making	High	Medium	Low
Networks			
Access to investors	High	High	Medium
Access to strategic partners	High	Medium	Medium
Access to talents	High	Medium	Low
Strategic curating and match-making	High	High	Low
Other services and differentiation			
Direct funding support	High	Low	Medium
Focus on non-technology traditional sectors	High	Medium	Low
Focus on pre-startup and ideation stage	Medium	High	Low
Service differentiation based on sectors	High	Medium	Low
Service differentiation based on gender	Medium	Low	Low
Decentralization outside Jakarta	High	Low	Low
Tracking and post program			
Start-up performance and tracking metrics (during and post program)	Medium	High	Low
SAO performance metrics	High	High	Low
Post-program Support	High	Medium	Medium

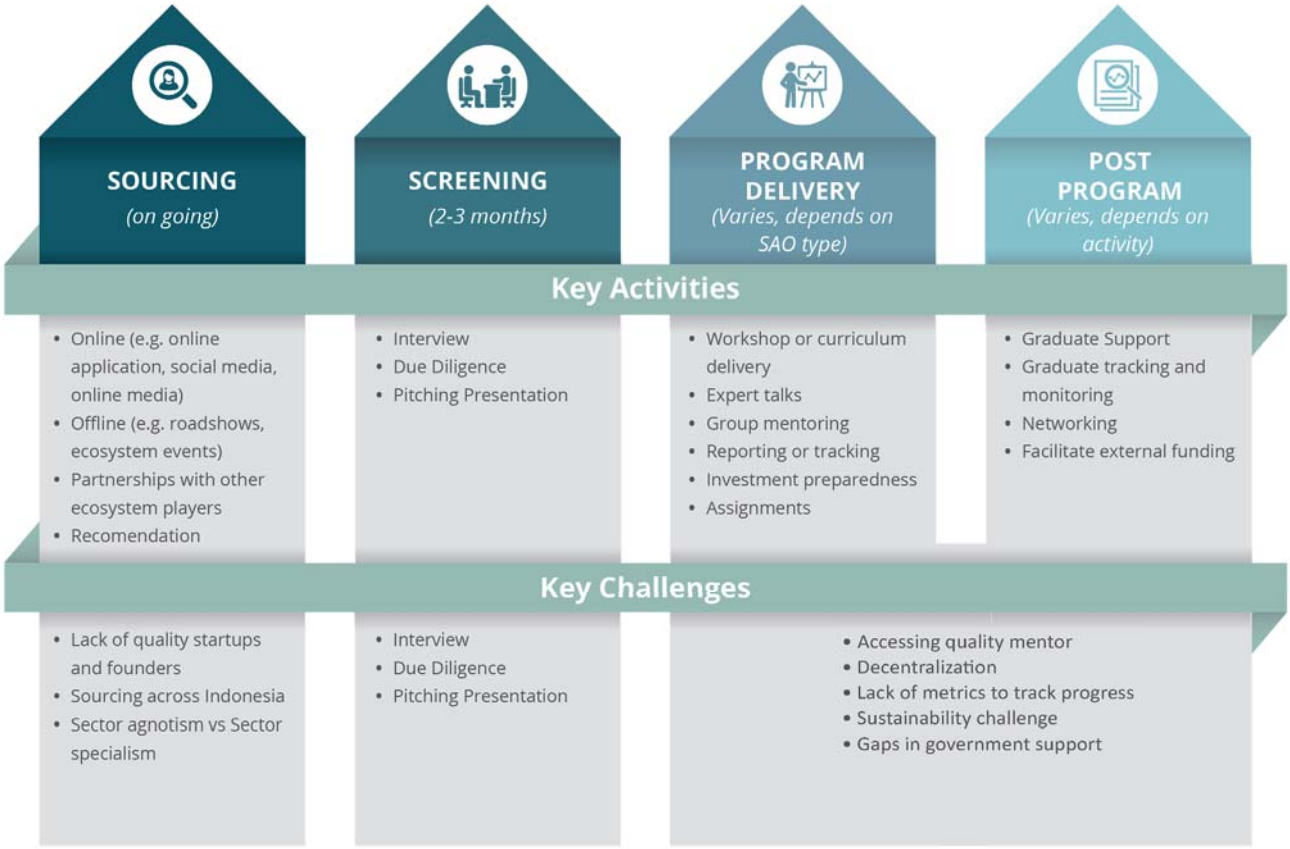
**Authors' own estimation based on survey responses (investor, start-up and SAO), expert interviews and focus group discussions.*

37 Start-ups' and investors' expectation columns represent what services they expect that SAOs should provide and the level of demand for a particular service, where Low = Indifferent or low demand, Medium = Important and medium demand; can be a value-add that can make SAOs more attractive, High = Very important or high demand. SAO's aggregate performance represents what services are currently provided the SAOs in Indonesia and to what degree are they meeting the expectations of the ecosystem. For SAOs, Low = Not many provide or not effective at all, Medium = Provided but less effective and needs improvement, High = SAOs are meeting or exceeding expectations.

Challenges Faced by SAOs

This section identifies the different activities and the challenges faced by SAOs at each stage of the SAO program value chain.

Figure 16. Overview of Challenges



Sourcing Stage Challenges

Lack of quality start-ups and founders

The information from interviews revealed that the biggest challenge facing SAOs during the sourcing stage is to scout and onboard high quality[38] founders and startups. One reason for this is the significant talent gap in the Indonesian ecosystem. There is a critical scarcity of entrepreneurs with practical and technical skills, such as engineering, operations, and ICT (Kapur, 2017). This can be attributed to the deficiencies in the quality of primary and secondary school education[39] that does not emphasize analytical skills and practical applications of the knowledge (Pellini, 2016).

> *"In terms of the quality of founders, we look at the educational background. We see that most of the companies that pass our rigorous selection process have founders who are graduates of top schools or founders who have worked with top firms. I believe there is a correlation between education and quality of the founders."*
>
> ***- SAO program manager***

Additionally, many founders pursue entrepreneurship for the wrong[40] reasons; we found that they often lack execution capacities and have a tendency to copy ideas from elsewhere rather than being independently innovative. These factors contributed to a significant difference between the expectations of quality by investors and the realized quality of start-ups.

> *"Many startups just apply, many times not even registered as an entity in Indonesia."*
>
> ***– SAO Program Manager***

> *"Many founders do not know about the journey of being an entrepreneur. Entrepreneurship has become a 'cool' movement. Lots of people think that entrepreneurship is easy and they have wrong motivations for entering entrepreneurship, such as admiration to be an entrepreneur, to get more time with family, or to be their own boss. But it is much harder; you have to put in a lot more commitment."*
>
> ***– VC partner and SAO program director***

Challenge in sourcing start-ups outside the Java region

SAOs indicated that it was challenging to source start-ups outside the Java region. There are three main reasons underpinning this challenge. First, Indonesia's archipelagic vastness creates significant accessibility issues. Second, there is a dearth of quality start-ups outside the Java and Bali region. SAO program managers indicated that start-ups based in the Jakarta region have higher quality than startups from other locations. Geographical centrality in Jakarta of the entrepreneurial ecosystem, such as knowledge, networks, clients, and resources means that start-ups located in Java are able to take advantage of this proximity while start-ups in other locations relied on themselves more.

> *"We do roadshows to Surabaya, Bali, Yogyakarta, and Bandung, but even after spending many resources, we still don't get the quality that we are looking for."*
>
> ***– SAO program manager***

38 Quality may include but not limited to strong entrepreneurial mindset, relevant background and experience of founders, technical skills, level of overall business preparedness, the strength of the business model, unique value proposition or basic understanding of finance and accounting.
39 According to OECD (2018), Indonesia's performance in mathematics, science, and reading is ranked much below the regional performance (such as Singapore, Vietnam and Thailand).
40 Many entrepreneurs want to pursue entrepreneurship because they believe they do not have to report to anyone, in addition to having more personal time.

Thirdly and finally, the quality disparity in start-up presence in Java versus other regions is a function of the entrepreneurial ecosystem that tends to focus on technology-based and highly scalable companies[41]. However, this contrasts with small and medium enterprises (SMEs) from traditional sectors such as food production[42]. The majority of these are located outside the Jakarta region[43] (IFC, 2016). Overall, there is a lack of entrepreneurial ecosystem differentiation and collaboration across different industries. Different ventures from different industries have different needs and therefore, they need a relevant and supportive ecosystem with industry-specific clusters and networks (such as network of SAOs, entrepreneurs, mentors, investors, private corporations and other institutions), the resources that these networks bring and their interconnections (Dempwolf et al, 2014).

"I would like to see more diverse geographic coverage. Most of the participants are from Java, you go outside of Java and there is nothing. It may be because we are trying the one-size-fits-all approach, but the SAO models in Indonesia are more suitable for technology-based and highly scalable companies, and we are trying to accommodate startups from all industries."

- VC partner

Sector agnosticism vs. sector specialization

As noted in our previous report, SAOs often face a challenge whether to provide support to start-ups from a particular sector or to start-ups from all sectors. This challenge is compounded by a limited access to start-ups outside the Jakarta region and the geographical concentration of technology-based start-ups in Jakarta.

Some program managers argued that sector specialization could sometimes result in extreme competition amongst participants for the same target market. This can discourage potential entrants to join the ecosystem. However, too much heterogeneity can also lead to operational inefficiencies resulting from catering to different requirements of enterprises from different sectors. Furthermore, sector-specific approach may have many benefits including economies of scale and efficient use of existing industry resources (expertise, specific partnerships, and industry incumbency). Sector specialization also has the added benefit of allowing SAOs to differentiate themselves from competitors (Nesta, 2014).

Although SAOs in Indonesia try to incorporate some form of specialization via a primary focus on technology-based startups from different sectors, they face many challenges in focusing on specific sectors, within and beyond the technology-based model. This lack of sector-specific approach sometimes leads to an interesting behavioral response from SAOs, vis-à-vis a rather haphazard approach to supporting as many start-ups from a wide variety of sectors to increase the likelihood of supporting potential winners.

Many SAO program managers indicated that the lack of sector-specialized approach is due to three main factors. First, there is a scarcity of quality startups across different sectors and different verticals in Indonesia. Second, there is a significant lack of sector disaggregated start-up data[44] that can help SAOs make decisions on what specific sectors they should target. Third, many SAOs indicated a lack of availability and diversity in sector-specific networks and ecosystems, more specifically for start-ups from traditional sectors. For an SAO supporting startups in a particular industry, the relevant networks and a supportive ecosystem are needed.

"It is difficult to structure sector-specific SAO because you are targeting a specific community and you need specific networks. We focus on sustainable food and renewable energy, and even though our network is pretty big, it's not an ecosystem yet. Also, most of these communities are located outside Jakarta, in rural areas. It is challenging to reach out to these specific communities to source participants."

- SAO program manager

41 Our data suggests that majority of technology-based ventures are located in Jakarta region.
42 Food production sector includes agriculture, fisheries and food and beverage startups.
43 According to data collected in our surveys and from expert interviews.
44 Start-up data, such as sector disaggregated data or sector-specific benchmarks, can help SAO gauge progress benchmarks and sector-specific return rates.

> *"The kind of attitudes they have in tech-industry is really good; founders are collaborating and sharing knowledge, but that's not the case in other industries yet, for example, crafts, food, and beverage, etc. People from technology startups adopted this culture of sharing and learning from silicon-valley. People from other industries need to create such synergies and harmonies."*
>
> ***- SAO program manager***

Screening Stage Challenges

Paradox of quality vs. quantity

Along with the various challenges in sourcing start-ups, many SAOs find it challenging to obtain a balance between quality and quantity of start-ups they support. From our data, we noticed that many SAOs in Indonesia focus on the total number of start-ups supported as their primary KPI. Some may argue that increasing the quantity of start-ups supported is right because the space is very risky and it is complicated to select the potential winners (Bliemel et al., 2016). However, this can waste a lot of resources and also reduce the capacity of existing programs that can be used to support more competitive start-ups.

Many SAOs in Indonesia accept a larger number of startups without a rigorous screening and due diligence in order to have a large portfolio. This results in a lower quality across the entrepreneurial ecosystem value chain[45] and increases the due diligence requirements at each subsequent stage, such as the critical follow-on investment stage.

If there is no substantial increase in the number of quality start-ups and the SAOs continue to focus on increasing the quantity of startups supported, it would lead to SAOs competing for the limited pool of quality startups and subsequently, lead to some SAOs running the risk of becoming unsustainable (Bliemel et al., 2016).

Expectations vs. reality

Most SAOs have certain expectations from start-ups that apply, most specifically in terms of level of business model development and level of understanding about financial modeling and accounting basics. However, many SAOs noted that several start-ups that apply have a low level of preparedness and development.

> *"When you do business, you usually know what your expense is and what is your asset, especially when they join accelerator program we expect them to know about their profit and loss statement. We don't expect them to know everything thoroughly, but at least they need to know how to structure balance sheet and cash flow. We expect that startup has already gone through another program and knows a bit about financial reporting before joining our program."*
>
> ***- Accelerator program manager***

We hypothesize that this is due to the gap that exists in the start-up support service industry. From our previous study, we identified that there is a limited number of SAOs that support ventures from pre-startup to minimum viable product (MVP) stages. Many private sectors players do not want to target ventures at these stages because the early stages of a venture trajectory are unpredictable and very risky.

> *"Many SAOs choose to focus, support and invest in businesses with some traction or later stage companies because the earlier stage is very rough."*
>
> ***– Investor, Mentor and SAO program director***

45 The entrepreneurial ecosystem value chain includes start-ups at different stages of entrepreneurial journey, as well as the stakeholders and resources involved at different stages. For example, early-stage enterprises use incubation support and pre-seed to seed funding to move to mid-stage and mid-stage enterprises require pre-series A to series A funding support to reach next level of maturity.

There are some university and government programs that cater to ventures at these stages, but they are not perceived as very effective and committed to providing substantial support.

"It's a government program, they have a project-based mentality. They don't really care about start-up's success."

- Start-up Founder

"Our incubator is specifically for our students, but their commitment is a bit challenging because they need to focus on other things as well, compared to other professionals who are pursuing entrepreneurship full-time. "

- University Incubator Program Director

Challenges During Program Operations and After Program Completion

Accessing quality mentors

Mentorship is one of the most important resources that SAOs provide. However, many SAOs face a significant challenge in procuring and sustaining a network of mentors who are dedicated to the cause of growing start-ups. The main reasons cited for that were:

- Mentor Fatigue
- Prevalence of "Dangerous Advisors"
- Limited availability of quality mentors
- Sourcing and curating mentors with domain experience
- Low level of engagement and commitment
- Difficulty in finding more local mentors as they resist sharing experiences
- Scheduling and structuring mentoring session in advance

One of the main challenges that SAOs face is "mentor fatigue" or "mentor burn-out" (Bliemel et al., 2016). There is a small pool of local mentors in the ecosystem, and as a result, they are in high demand by multiple SAOs and asked to do a lot of activities, such as attend different events, meetings, and mentor multiple start-ups from various sectors. This also lowers the overall engagement level and reduces the possibility of longer-term commitment from the mentors. As a result, this can ultimately compromise the quality of mentorship that is imparted to start-ups.

"There are very few choices and a few good ones (list), but they are always being asked for everything. The willingness of these mentors to spend time is also low."

- Former SAO program director, mentor, and entrepreneur

Many start-up founders and SAO program managers highlighted the abundance of mentors in the ecosystem who claim to know about entrepreneurship and claim that they are capable of providing effective mentorship to entrepreneurs from different sectors. However, such mentors can sometimes create negative value by giving uninformed advices that can push the start-ups in the wrong direction, leading to confusion and wasted time and resources. The ecosystem quoted such mentors as "dangerous advisors."

"In Indonesia, a lot of people claim to be mentors, but they are not really experienced mentors. They don't have the credentials. So, curating the mentors is actually very difficult."

- Entrepreneur and mentor

"Mentors should not dictate or tell them (start-ups) what to do, but listen more and give them advice. That is something to watch out for. Also, they (start-ups) have to be careful to react to only certain advice."

- Former program director and Entrepreneur

Another challenge that many SAOs face is the challenge in procuring and curating mentors' specific domain experience. Many mentors that are available can only guide the start-ups on a surface level or provide more generic business advice. There is a scarcity of local mentors who have specific sector experience.

"In comparison to the international programs, in Indonesia, it is the specific domain knowledge of the mentors that is lacking. For example, some people can give a lecture and go skin-deep. But what you really need is something similar to what programs like "Google Accelerator" provides. You are actually assigned to someone who has done it before and is a real expert in the space, so you can actually do things and not just know things. That's what is missing here, that specific domain knowledge."

- VC partner

SAOs also noticed that many local mentors are reluctant to share their experience and knowledge. One of the reasons is that many mentors are established entrepreneurs, investors, or corporate officials, and they may not have time to dedicate themselves to mentoring other ventures. SAOs also felt that sometimes mentors were competitive and did not want to share knowledge with newer entrepreneurs.

"Not many Indonesians share their experience with start-ups. Also, there are a lot of global mentors are willing to financially invest in startups, but Indonesian mentors are not interested in investing in startups."

– SAO program director

SAOs feel one potential solution to tackle this problem is to bring in mentors from overseas. However, bringing overseas mentors can be expensive and subject to relatively limited availability.

Mentors have varying skill sets and are extremely busy people. Therefore, many SAOs found that it is challenging to structure and schedule the mentoring session in advance. The lack of time and availability from mentors also poses a problem in integrating different mentoring sessions, and it is challenging to update the mentors in each session about the progress of start-ups. This is extremely important so that the mentors are more engaged and can add more value than merely providing advice.

Decentralization challenge

Most SAOs in Indonesia are located in proximity to investors, mentors, and other ecosystem players. The geographic location of an SAO program is important so that the participants can have access to the resources and networks to reduce barriers and to facilitate entry to the market. As noted earlier, the Indonesian entrepreneurial ecosystem is geographically concentrated in the Java region. It can, therefore, be challenging for new SAOs and existing SAOs to operate, replicate, or franchise their programs outside these regions as the ecosystem is not developed outside these regions.

Additionally, the geographical configuration of Indonesia as an archipelago poses many accessibility, infrastructure, and logistic constraints to decentralize the ecosystem. For example, many SAOs cited that often start-ups from outside Java that qualify for the program are not able to participate in the program due to a lack of financial resources and it can be financially and logistically challenging for SAOs to support on-campus[46] training for externally based start-ups.

"We are trying to replicate the program in other cities by selling our license. We are also trying to tailor the program to make it replicable to other cities. But then, it is very challenging as it is hard to find mentors in other cities and also startups are not very interested in local mentors but prefer mentors from Jakarta."

-SAO program director

46 From our SAO surveys, 53% SAOs indicated that they provide in-house program structure, while 44% SAOs offered mix of in-house and off-campus program structure.

In order to circumvent the challenges of geography, many SAO programs have tried online program delivery. However, the online methods were not very effective for delivering workshops to bigger audiences and resulted in a lower completion rate. Through our interviews, we found that startups in Indonesia prefer a more personalized approach. Additionally, the centralization of the entrepreneurial ecosystem also affects the quality of startups outside of Jakarta.

Lack of metrics to measure and track performance

SAOs indicated that there was a significant lack of existing monitoring and evaluation templates, as well as standardized success metrics to track the progress of participants during the program and after they have graduated.

Tracking the progress of participants is important because every start-up team is unique and has different challenges and different levels of knowledge. The growth trajectory of one start-up might also be different from another. Many SAO program directors highlighted that ventures in Indonesia need more handholding and therefore, there is an amplified need for regular reporting and tracking. Without such tracking methods it is also challenging to integrate independent sessions together, such as workshops and mentoring sessions.

> *"Because the mentors don't follow the progress of venture and don't know the next steps, they can't really follow the development of the firm, so they only give general feedback. Therefore, need to make a tracker to track the progress of Mentees."*
>
> ***– SAO program director***

Additionally, many SAOs continue to support their graduates after the program ends and it is important for SAOs to have some set of standardized tracking or reporting mechanisms to follow the development of their graduates. These tracking metrics are crucial to inform SAOs about the need to re-evaluate their existing structure, objectives, and mission.

> *"You can't really play the number games to see what works and what does not work. Its all theory yet, you only have models. There is still not a lot of data and information yet, therefore its always very high risk. "*
>
> ***- VC partner***

Sustainability challenge

Many SAOs in the ecosystem face a challenge in generating enough revenue (e.g., through fees for service or through equity share) to sustain their operations or in other words, be financially self-sustainable. The main question is whether SAOs are dependent on public or institutional funding, or whether they can generate sufficient revenues to cover their costs. There is a high-risk factor on depending on external funding, because the sustainability of SAO is contingent on the continuity of funding from the external sources. From our previous study, we noted that 69% percent of SAOs we surveyed claimed to be financially sustainable. However, the majority (86%) of these financially sustainable SAOs are dependent on external funding, such as government grants, philanthropy, private individuals, or support from private corporations.

> *"SAO is not a good business. They bleed a lot of money, and they don't make money."*
>
> ***– Investor, mentor, SAO program director***

From our surveys and interviews, we found out that running SAO operations is cost heavy and not many SAOs in Indonesia have been able to find effective, sustainable, and steady sources of income. More specifically, not many SAOs in Indonesia have been able to generate sufficient revenue from equity investments. This could potentially be because the ecosystem is still evolving and Indonesia has not seen many exits yet[47], therefore the SAOs cannot rely solely on equity return from their participants[48]. Additionally, many SAOs try to copy business models from Silicon Valley, but what works in the United States may not work in most places across the world. The entrepreneurial ecosystem in the United States is more mature, and the ventures get acquired more quickly (18 to 24 months), while it can take up to 7 years in rest of the world (McSpadden, 2016). Therefore, many SAOs cannot rely just on equity returns, as it can take many years and they need to find more consistent revenue sources to cover their operational costs.

> *"In Indonesia, SAOs are still trying to test and prove that you can make money in this country. Perhaps, for the next 5-10 years, they would have to rely on external funding source before they can start making money from equities (if they take any). Its also the ecosystem, we are still very early in Indonesia, and the successful SAOs globally are like very early stage VCs, they get their money out of exits. This ecosystem hasn't seen too many exits; even the actual VCs are struggling to get exits."*
>
> ***- VC partner***

Gaps in government support

Many SAO program directors observed that although there are several government grants, the resources are not allocated efficiently. The recipients of the grants often treat the grants as 'free money' and the government does not implement effective tracking metrics to evaluate the performance of the recipients' post-grants. As such, many SAO program directors noted that the institutions with an allocated budget from the government have a project-based mentality; they acknowledge this funded program as a one-off program with no intention to create long-term impact.

In addition, the current KPIs used by government institutions to track the performance of their programs and recipients of their grants are not effective in evaluating holistic performance and quality, but rather they are more surface-level indicators, such as the volume (total number) of start-ups supported.

> *"Currently, the government is more focused on quantity and producing numbers. That is what Singapore went through in their 80s and eventually, they realized it all about quality, and that they have been using the wrong KPI."*
>
> ***– Ex-SAO program director***

In our interviews and discussions, SAOs also indicated three main policy level challenges that they face in supporting start-ups:

1. The complexity and on-going changes in regulations, especially in the financial services sector.
2. The restrictions and regulations around foreign investment poses a challenge in limiting the possibility of venture exit option and also the funding options for the operations of SAO programs.
3. Gaps in education frameworks, which focus more on rote learning rather than critical thinking and problem solving.

47 The public markets are not very strong in Indonesia. Additionally, although the ecosystem has seen some progress in terms of exits via merger and acquisitions, there have not been many buyouts, and there is still more support needed from traditional corporates (Kapur, 2017).
48 Many SAOs in the Southeast Asia region have indicated to face a similar challenge of finding a steady income. For example, JFDI, a very popular accelerator in Singapore, had to cease operations for similar reasons.

Focus on Women Entrepreneurs

WOMEN ENTREPRENEURS IN SAO PROGRAMS

This section provides an overview of women-led[49] start-ups and their participation in SAO programs. Some limitations that restrict a deeper analysis of the performance of SAOs in supporting women-led start-ups are:

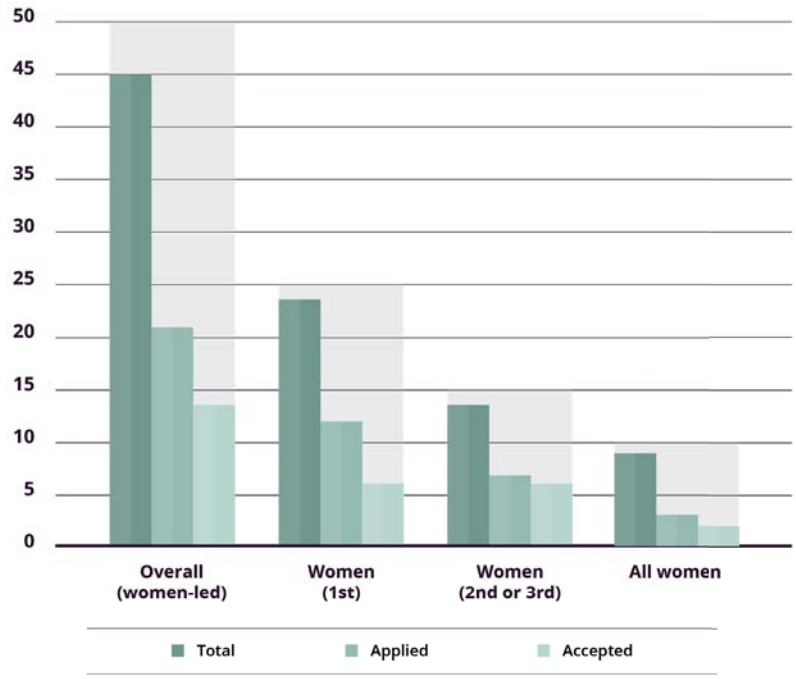
- 45 out of 107 start-up respondents are women-led start-ups, out of which only 14 respondents participated in an SAO program.
- All the women-led SAO participants are still in their early stage; this restricts our analysis to early-stage start-ups.
- Participants are reluctant in sharing quantitative data.

This section is largely descriptive[50] and where possible, provides comparisons between the experience of women-led start-ups and the entire sample.

Descriptive Statistics

Out of the 107 start-up respondents, 45 were women-led start-ups. We further segregated the women-led start-up data into three categories: start-ups that list women as their first founder (e.g. CEO), start-ups that list women as their second or third founder, and start-ups with all-women in their founding teams (see Figure 17).

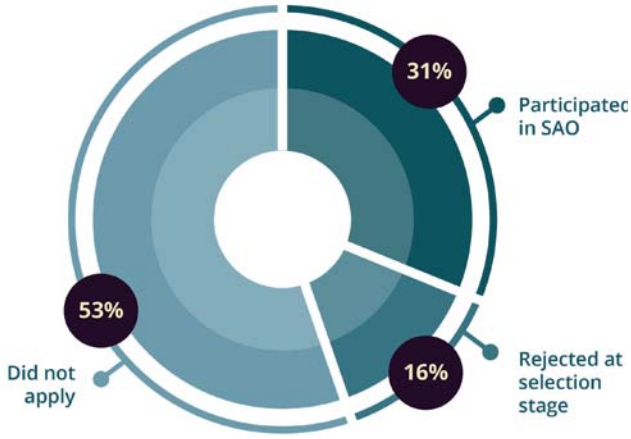
Figure 17. Gender Composition of Founders[51]



49 Women-led companies are defined as companies with women as founders or companies with women at top management positions (e.g., CEO, COO). These include companies that list women as 1st, 2nd or 3rd founders.
50 Due to data limitations, the objective of this section is to provide insight rather than in-depth analysis.
51 Women (1st) indicate that a woman is listed as the main founder of the start-up (i.e., CEO), while women (2nd or 3rd) indicate that there is at least one woman in the founding team as a second or third founder (i.e. COO, CMO).

Although more than half of the women respondents never applied to any SAO program, 63% of those intend to apply in the future[52] (Figure 18).

Figure 18. Composition of Women-led Start-up Respondents



For those that do not intend to apply to any SAO programs, the two main reasons were:

1. Geographical and sectorial concentration of SAOs
2. Poor reputation and lack of trust in existing programs.

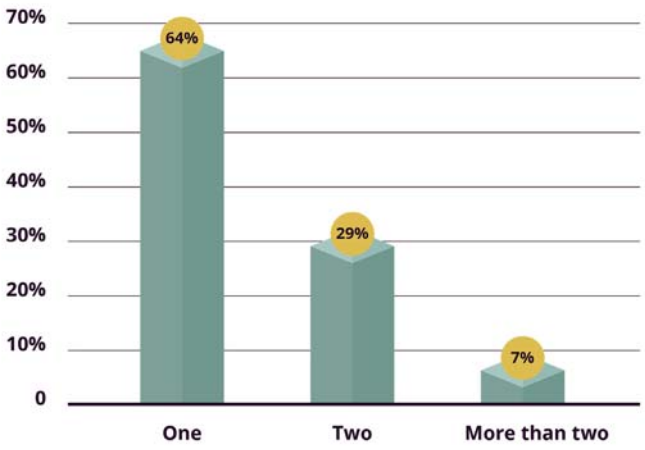
Out of 21 women respondents that applied to SAO programs, 14 were selected into SAO programs (Figure 18), and seven were rejected at the selection stage. This is similar to the entire sample where 32 % were selected, and 13% were rejected.

Of the 14 women-led program participants, eight participated in an incubator, three participated in an accelerator, and three participated in ecosystem builder (Table 10). In addition, more than a third of the female respondents participated in at least two SAO programs (Figure 19).

Table 10. Female Participation by Type of SAO Program

Incubator	8
Accelerator	3
Ecosystem builder	3

Figure 19. Multiple SAO Participation



Almost half of the total survey respondents and 43% (6) of the SAO participants are operating in Jakarta metropolitan area (Table 11).

Table 11. Geographical Location of Respondents

Province	Full sample (overall)	SAO participants (overall)	Women full sample	Women SAO Participants
Jakarta	63	23	21	6
West Java	16	5	11	4
Central Java	4	1	4	1
East Java	7	1	3	0
Yogyakarta	5	1	2	1
South Sulawesi	2	1	1	1
North Sulawesi	2	0	1	0
Riau	1	0	1	0
West Sumatra	1	1	1	1
North Sumatra	4	0	0	0
Aceh	1	0	0	0

What Kinds of Women-led Start-up Apply to SAO Programs?

Table 12 summarizes the characteristics of women-led start-ups from the survey results and compares the characteristics of accepted versus rejected start-ups.

The majority of the women-led start-ups in our data were from traditional sectors, such as food production, retail and professional services[53]. Most women-led start-

52 The main reason identified in the interviews and focus group discussions was that many women-led were underprepared to qualify for SAO program selection criteria. As we identified previously, there are not many SAOs that operate pre-revenue ventures.
53 The data mirrors with Indonesia's macro data: women entrepreneurs in Indonesia are concentrated in food production, including food and beverages and agriculture, and other services (IFC, 2016).

ups that were selected in SAO programs were from arts and crafts, agriculture and food and beverages sectors. Furthermore, the data shows that a large percentage of the women-led start-ups do not use technology as their main component or enabler; only 31% of women-led start-ups were technology-based. Additionally, almost three-quarter of women-led start-ups were social enterprises. This contrasts quite starkly with the full sample results discussed earlier; for the full sample, there was a distinct concentration in technology-based enterprises.

Most of the start-ups' founders possess bachelor's degrees. Additionally, a majority of the women respondents do not have any prior experience in the entrepreneurial ecosystem[54].

Table 12. Summary of Comparison of Accepted and Rejected Women-led Start-ups

	Overall (107)	Accepted (34)	Rejected (14)
Median stage	Early stage with non-recurring revenue streams	Early stage with non-recurring revenue streams	Recently launched, in a validation or product/market fit
Top[55] five sectors	1. Professional services[56] 2. Food and beverages 3. Agriculture[57]	1. Art & Craft 2. Food and beverages 3. Agriculture	1. Education 2. Professional services 3. Social work
Tech-based or backed	PT (LLC)	PT (LLC)	Not yet registered
Legal status	2 years	2 years	2 years
Median years of operation	14	5	5
Impact-focused	73% are impact focused	86% are impact-focused	71% impact-focused
Composition of founders	Women listed first = 51% Women listed 2nd/3rd = 29% All women = 20%	Women listed first = 43% Women listed 2nd/3rd = 43% All women = 14%	Women listed first = 72% Women listed 2nd/3rd = 14% All women = 14%
Founders' experience in entrepreneurial ecosystem[58]	No experience: 53% Found a Start-up: 29% Worked in a Start-up: 24%	No Experience: 71% Found a Start-up: 21% Worked in a Start-up: 7%	No Experience: 14% Found a Start-up: 57% Worked in a start-up: 57%
Education of founder	Below bachelor's: 13% Bachelor's: 65% Master's: 22%	Below bachelor's: 7% Bachelor's: 71% Master's: 22%	Below bachelor's: 14% Bachelor's: 72% Master's: 14%

54 Experience in entrepreneurial ecosystem may include experience as a previous founder, experience working in a start-up, SAO, or investor firms.
55 The top three sectors are in decreasing order of frequency of responses per sector.
56 Professional services include human resources agencies, consulting companies, research agencies, marketing/advertising agencies, etc.).
57 Agriculture includes agriculture, fisheries, and forestry.
58 Founders' experience is calculated based on if any one of the founders has prior experience in the entrepreneurial ecosystem. Each founder may have multiple experiences, but we asked them to pick the most relevant experience.

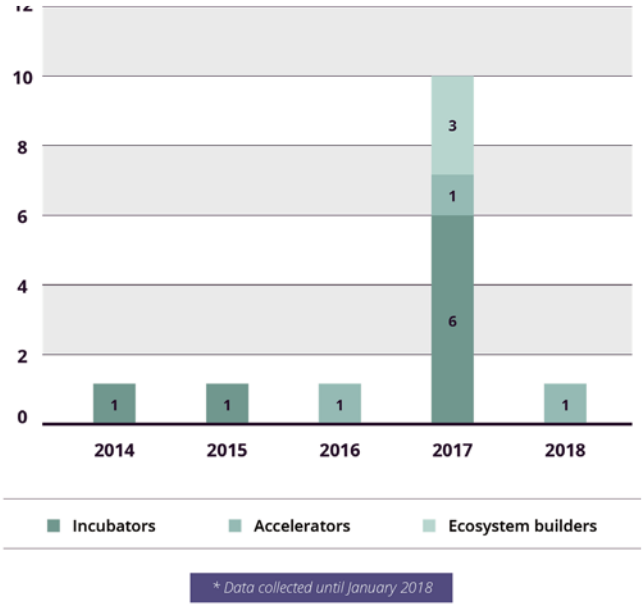
SAO PARTICIPANTS' PERSPECTIVE ON SAOS' PERFORMANCE[59]

Program Entry Statistics

71% women-led start-ups participated in SAO programs less than one year ago (Figure 20). Given the relatively recent interaction between women-led start-ups and SAOs, this section focuses on analyzing impacts in the short-run.

At the time of entry into the program, 10 out of 14 women-led participants had not generated any revenues, while only three had monthly recurring revenue streams (Figure 21).

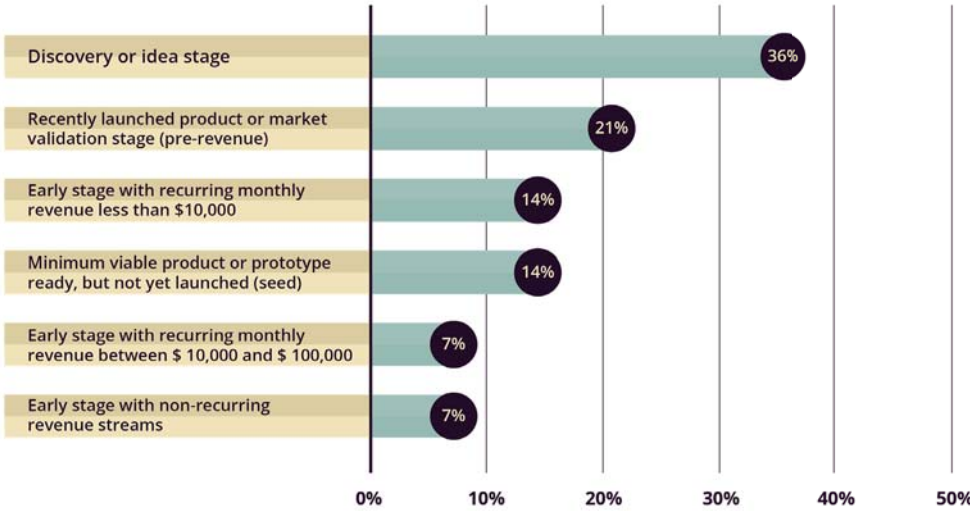
Figure 20. Year of Program Entry



Entry statistics of program participants

Pre-Revenue: 71%
Non-recurring revenue: 8%
Recurring monthly revenue: 21%

Figure 21. Stage of Participants upon Entry into Program



59 86% of women SAO participant respondents participated in a program less than one year ago or one year ago. This section provides an overview of the short-term impact of SAO participation. There is a need for longer-term analysis to understand and evaluate the longer-term impact of SAO participation.

Financial Growth

Revenue increased[60]

11 out of 14 SAO participants reported an increase in their revenues post-program participation. However, the degree of change varied from one start-up to another; 4 out these 11 experienced more than a 50% increase in their revenues within one year of program participation.

Figure 22. Revenue Increase Within Two Years of Program Participation

Graduates receiving next-level funding

Compared to male-led start-ups, a larger proportion of women-led start-ups sought external funding when applying and also, a larger proportion of women-led start-ups received follow-on funding within one year of program participation (Table 13). However, the median size of investment received by women-led start-ups was smaller than the investment received by male-led start-ups.

Furthermore, more than 80% of female SAO participants accredited their achievement in securing external funding to their participation in SAO programs. Average SAO contribution in receiving external investment as rated by the women-led start-ups was 3.83 out of 5[61].

Table 13. Statistics of Program Participants

	Women-led Participants (14)	Male-led Participants (20)
Seeking capital upon entry	57%	45%
Received investment within one-year post SAO program	43%	25%
Median size of investment	USD 25-50K	USD 50-100K

Direct funding from accelerator and incubator programs and angel investment were the top sources[62] of investment for women-led SAO participants (Table 14). Compared with the full sample of SAO participants, all ventures that received funding from an accelerator or incubator program were women-led and 50% of the overall sample that received angel investment were women-led.

Table 14. Top Five Sources of Investment

	Women-led Participants (14)	Male-led Participants (20)
Seeking capital upon entry	57%	45%
Received investment within one-year post SAO program	43%	25%
Median size of investment	USD 25-50K	USD 50-100K

60 Increased revenue is one of the indicators of financial growth; however, it should be noted that the revenue increase might also be affected by other factors, such as different stage at the time of participation or other macroeconomic factors.
61 The rating scale was from 1 (no impact at all) to 5 (significant positive impact).
62 Some start-ups received funding from more than one source.

Physical Growth: Number of Employees

On average, women-led start-ups that participated in accelerator programs experienced a larger increase in the number of additional employees hired within one-year post-SAO program (Table 14).

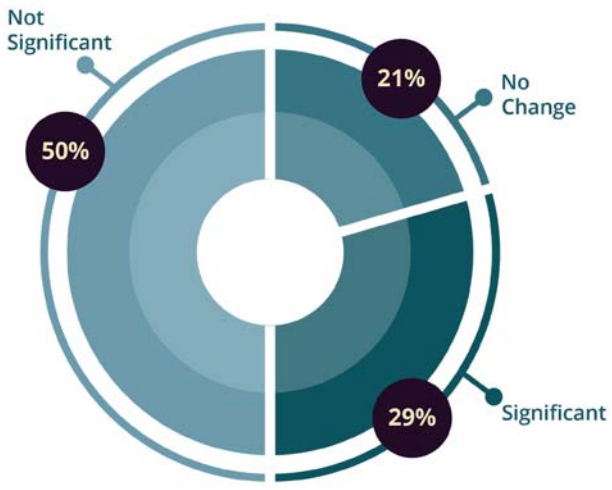
Table 15. Expansionary Impact of SAO Programs

Impact	Incubators	Accelerators	Ecosystem builders
Average number of additional employees hired within one year of program participation	3	5	0
Average percentage increase in number of employees	58%	73%	0%

Business Model Changes

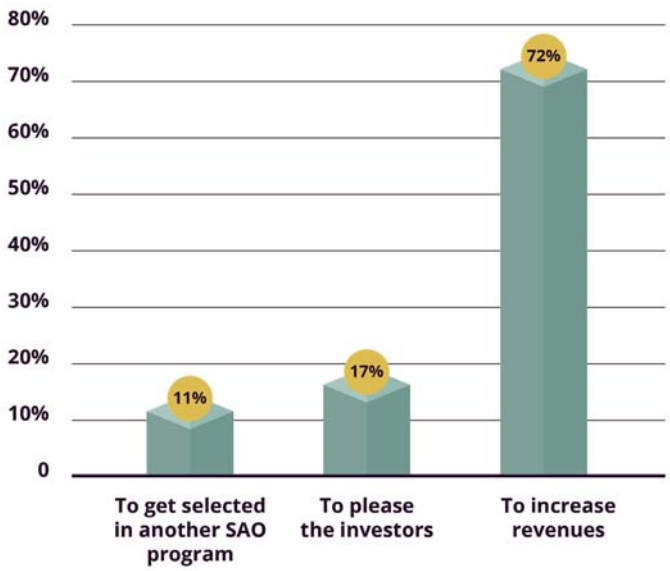
11 out of 14 female SAO participants changed their business model within a year of joining an SAO program; the majority of those indicated minor changes to their business model (Figure 23). For example, some of them changed their pricing strategy or changed their marketing strategy. Some ventures also indicated significant changes post-program participation, such as restructuring their target market, adopting new technology or reforming the product or service offering.

Figure 23. Business Model Changes



Similar to the aggregate findings, some women-led (28%) businesses that changed their business models did so to please investors or to get selected for another SAO program (Figure 24), while the majority (72%) of those changed their business model to increase revenue.

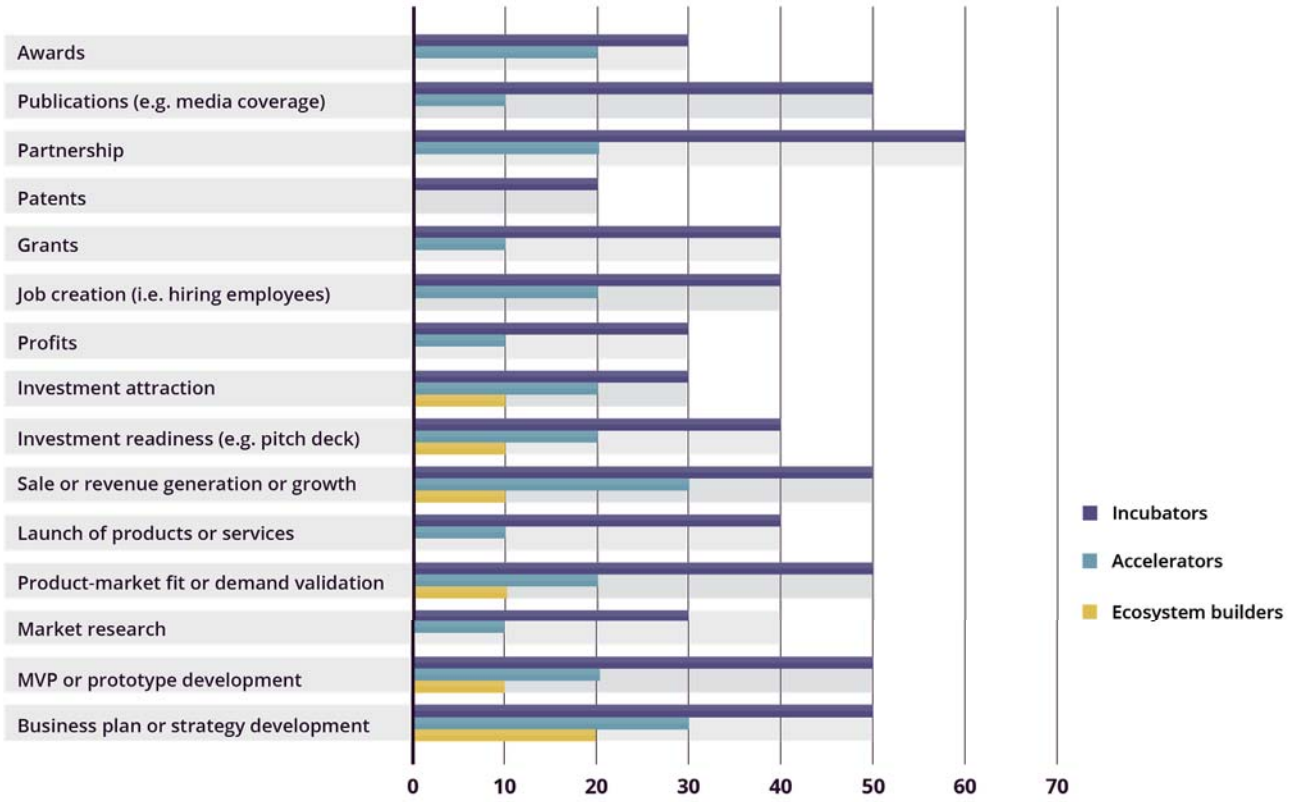
Figure 24. Reasons for Business Model Changes



Achievement of Milestones

SAO participants achieved various milestones within one year after their participation (Figure 25). All accelerator participants strengthened their business plan and strategy and experienced growth in their revenue. As incubators cater to early-stage ventures, most of the participants achieved many pre-revenue milestones, such as MVP development, product-market fit, or product launch.

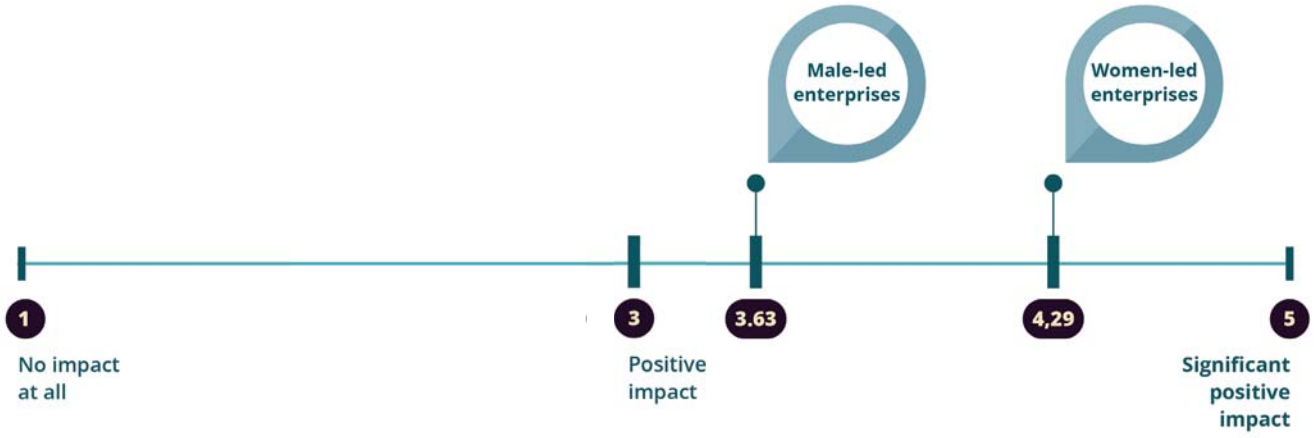
Figure 25. Percentage of Women-led Participants that Achieved Various Milestones



Did SAOs Meet Participant Expectations?

The average contribution of SAOs in helping start-ups achieve the above-mentioned milestones were 4.29 on a scale of 5[63]. Comparing this with the perspective of the male-led SAO participants, women-led start-ups indicated a larger contribution of SAO programs in helping them achieve milestones (Figure 26).

Figure 26. Contribution of SAOs in Achieving Milestone



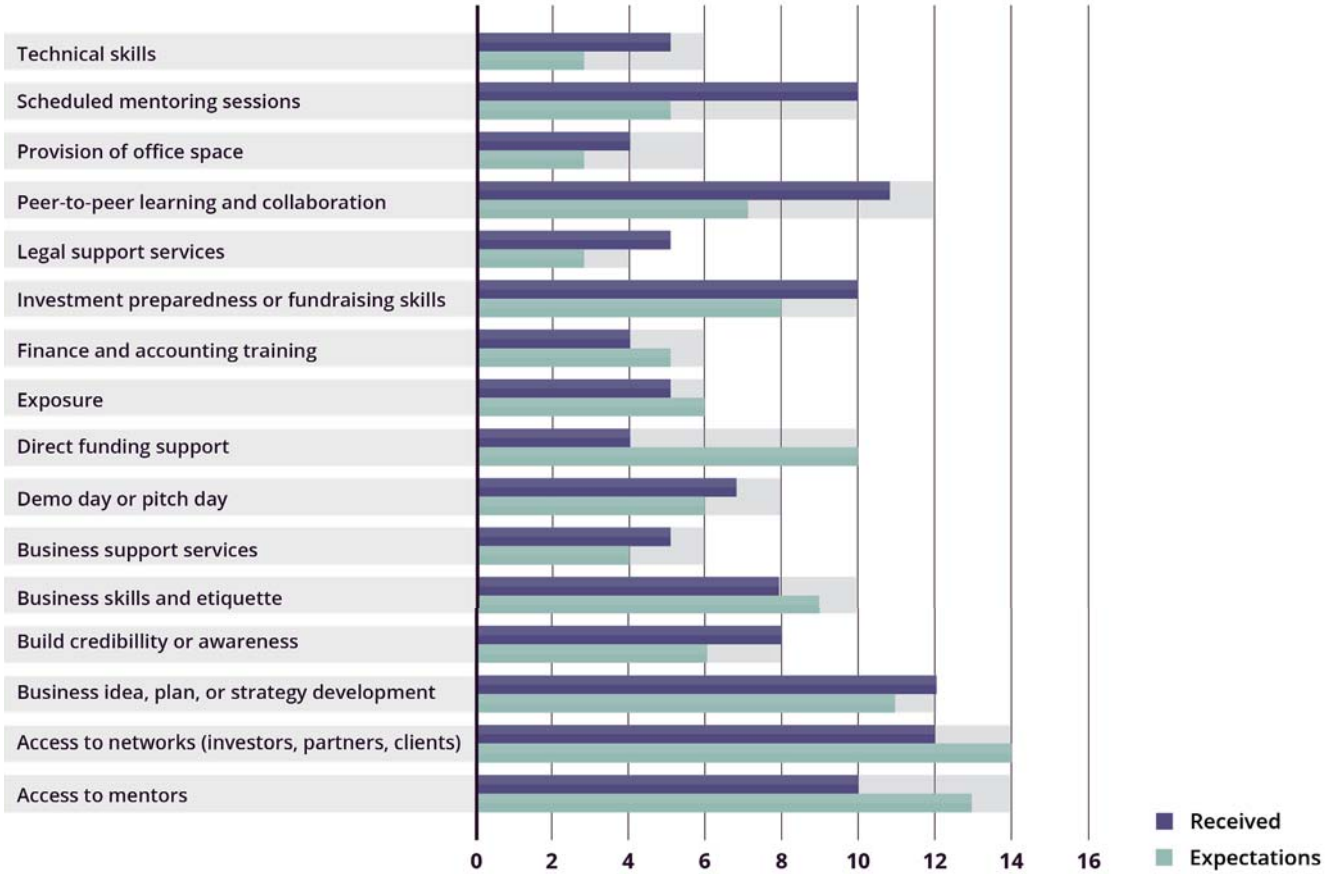
63 The start-up respondents were asked to rate the contribution of the SAOs programs they participated in, on the scale of 1 to 5; where 1 means no impact at all and 5 means significant positive impact.

In addition, 8 out of 14 (57%) women-led participants reached the next level of maturity within one year. When female SAO program participants were asked to rate the impact of a SAO program in helping them to grow to the next level of maturity, 50% of start-ups indicated that it had a significantly positive impact.

Benefits received vs. expected

Women-led SAO participants stated that SAOs met their expectation in 10 out of 16 indicators (Figure 27). More than 50% of the female participants were not specifically looking for scheduled mentoring sessions, peer-to-peer collaborations, technical skill training, and legal support services. Furthermore, access to networks, such as to potential investors, partners or clients, access to mentors, and business plan strengthening were the top three services that women-led participants indicated as their main reasons for applying to SAO programs[64]. We further noticed that almost 30% of participants felt their expectations from the mentorship program were not met. A majority of women entrepreneurs seek women mentors, more specifically other women entrepreneurs who are willing to share their entrepreneurial journey.

Figure 27. Expectations versus Reality[65]



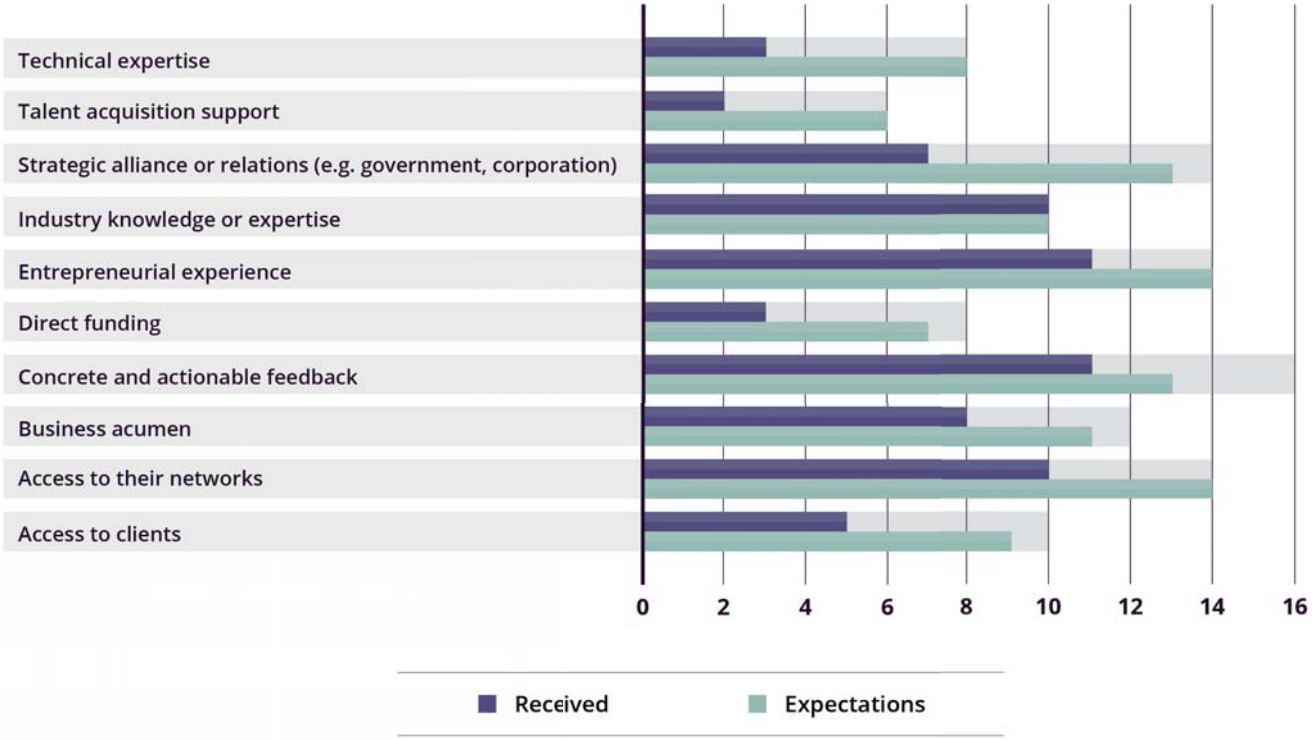
64 This aligns with the outcomes of the focus group discussions and expert interviews. IFC (2016) also noted that women face challenges in accessing financing options, finding customers, and self-confidence issue during the creation of their businesses.

65 This graph compares the total number of SAO participants and their service expectations from SAOs before joining the program with the total number of participants that claimed their expectations were met with respect to the services provided by the SAO they participated in. Business support services include services that are needed for running businesses, such as HR, communications or IT support services. Legal support may include support for business formalization or patent registration. Exposure can include exposure to media or the entrepreneurial ecosystem.

Mentors: Value add expected vs value add received

The data revealed that many SAOs did not meet the expectations that women-led participants had from the mentors in the programs (Figure 28). In particular, more women-led start-ups expect mentors to add additional value via technical expertise, providing access to talents, and facilitating strategic partnerships with clients, partners or investors. Furthermore, a large proportion of women entrepreneurs expected direct funding support from mentors at the time of program participation.

Figure 28. Value Added of Mentors: Expectations versus Reality[66]



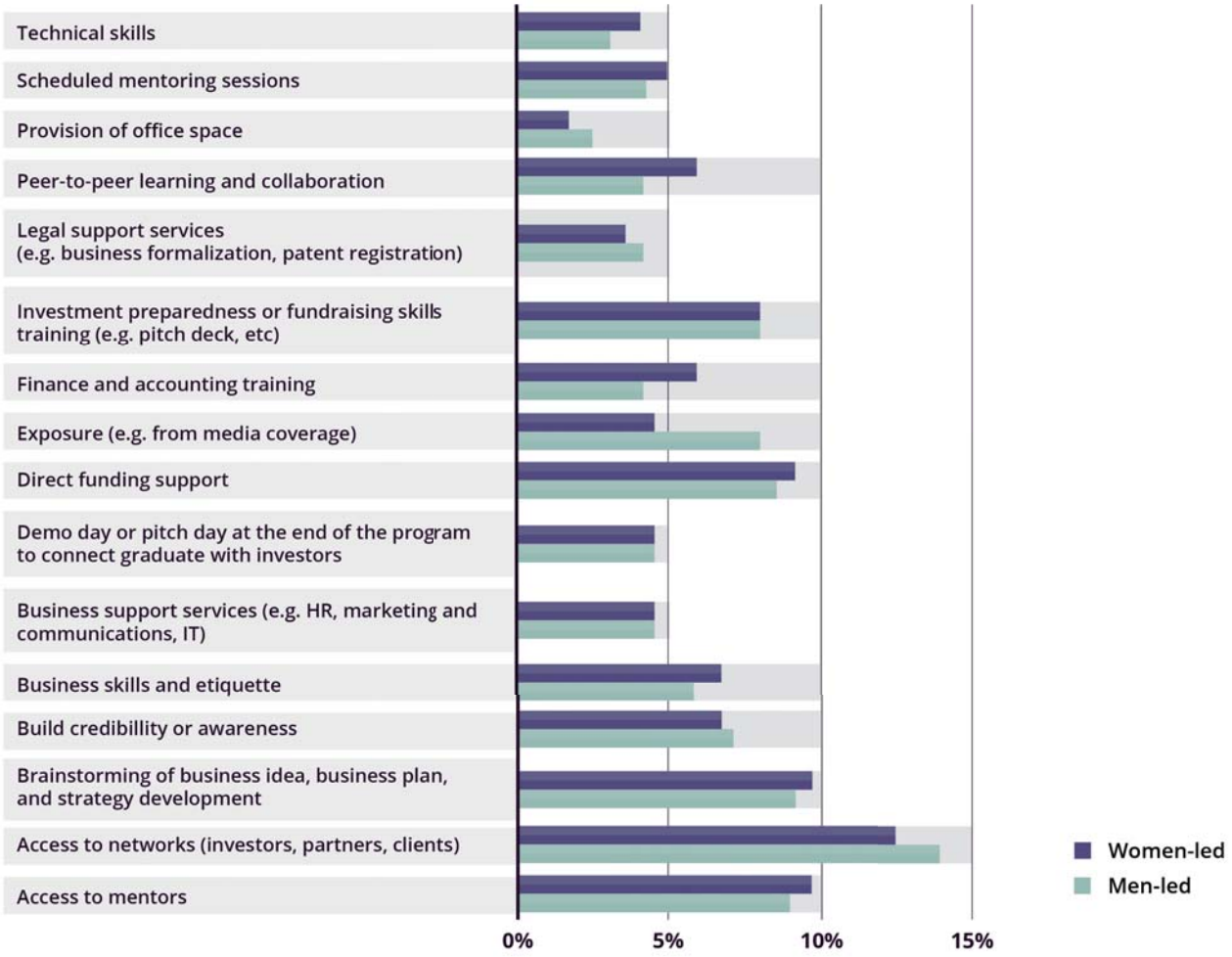
WHAT DO WOMEN ENTREPRENEURS EXPECT?

The data suggest that both male-led and women-led start-ups expect similar services from SAO programs (Figure 29), although the degree of expectation varies. For instance, a larger proportion of male-led start-ups seek exposure[67] and access to networks, such as partners, clients, and investors. In contrast, women-led start-ups look for more practical skills, such as technical skills, business skills and etiquette, and financial and accounting training. Furthermore, more women-led start-ups demand mentorship, both in terms of access to strategic mentors and scheduled mentoring sessions. A larger proportion of women-led start-ups also seek direct funding support at the time of program participation.

In conclusion, women entrepreneurs expect a complete package from SAO programs that includes both capacity building and financial support.

66 The graph compares the total number of SAO participants and their expectations from the mentors before joining SAO program with the total number of participants that claimed their expectations were met with respect to mentors provided by the SAO they participated in.
67 For example, from media coverage.

Figure 29. Male-led versus Women-led Start-ups Expectation



WHY DO FEWER WOMEN ENTREPRENEURS PARTICIPATE IN SAO PROGRAMS?

Our previous study identified that women-led start-ups have a higher likelihood of getting accepted into SAO programs. However, women-led start-ups comprise only 22% of total participants in SAO programs that we surveyed. The main reason for the lower participation of women entrepreneurs in SAO programs is the lower representation of women entrepreneurs in the application stage of SAOs in Indonesia; out of all the applications received by SAO programs, only 17% were from women-led start-ups. Using qualitative measures, this report identifies some reasons why fewer women apply to existing SAO programs.

Ecosystem Factors

Endogenous factors

More than 20% of women entrepreneurs[68] in Indonesia ventured into entrepreneurship as a means to survive or out of necessity rather than as an opportunity to innovate and develop new products or services (UNESCAP, 2017). In contrast, only 18% of male entrepreneurs reported similar reasons. GEM (2015) noted that opportunity-driven businesses are most likely to survive and grow compared to necessity-driven ones. Although UNESCAP (2017) reports 77% of women entrepreneurs in Indonesia are more likely to be opportunity-driven, their success is more likely to be hindered by lower confidence levels and a fear of failure in growing or expanding their businesses. According to Kay and Shipman (2014), confidence is sometimes more important than competency to succeed, and women are more likely to underestimate their abilities and performance when compared to men. Furthermore, women entrepreneurs in Indonesia report a higher fear of failure compared to their male counterparts (GEM, 2015). This fear of failure may limit their business decisions and also influence their intention of starting a business.

Exogenous factors

Expert interviews and focus group discussions suggest two main exogenous factors that may hinder women entrepreneurs from applying to SAO programs.

1. Perceptions about SAOs and entrepreneurial ecosystem

Many women entrepreneurs perceive the entrepreneurial ecosystem to be male-dominated or as one participant noted: "the ecosystem is a wall of men". One of the reasons for this perception is the lower representation of women across the ecosystem, from founders of start-ups to management staff in investor firms. This lack of gender diversity can act as a deterrent for other women entrepreneurs because individuals are more likely to participate in an activity if they can associate with the surroundings and find more familiarity (Initiative for a Competitive Inner City [ICIC], 2016). In accordance with this, many women entrepreneurs noted that they would feel more confident and comfortable if there is a balance of gender representation in SAO programs. This was also reflected during the expert interview with a gender specialist, who stated that women entrepreneurs are more attracted to the diversity of cohorts, alumni, and SAO managing staffs.

> *"SAO is mostly male-dominated, participants are mostly men, and so are the facilitators, trainers, and mentors. Not only this, the majority of the entrepreneurial stories that are showcased are those of male entrepreneurs. Why would I want to participate if there is no guarantee that it would be beneficial for me?"*
>
> ***– Women entrepreneur***

2. Sectorial concentration of SAOs

Several women entrepreneurs indicated that they did not apply to any SAO programs because SAOs did not operate in their location or in their industry. According to UNESCAP (2017) and IFC (2016), the top sectors with the highest women entrepreneurial activity are food production, retail, professional services and social services[69].

Traditionally, support programs were developed to accelerate high-growth technology start-ups. This study identified that most SAOs in Indonesia tend to have a preference for high-growth sectors, such as ICT and financial services; however, the predominance of women entrepreneurs is in sectors that can be categorized as normal-growth sectors[70]. Even though many SAOs in Indonesia report to be sector-agnostic, they still try to replicate the same model for other industries. Although this can encourage many entrepreneurs to use more technology, it can also discourage others who operate in non-technology related sectors that could have benefitted from the support provided.

Selection Process or Recruitment

Many SAOs actively source ventures through recommendations and referrals from their networks as it can reduce the time required for due diligence. However, one of the main challenges women entrepreneurs face is the lack access to networks in the entrepreneurial ecosystem. Also, several ecosystem players, such as mentors, investors, entrepreneurs, or other SAO program managers, often refer ventures that they deem suitable, according to their experience, networks and exposure to the ecosystem, to participate in a particular SAO.

68 These do not include women from informal and micro sector. These include women entrepreneurs in the age range 18-64 who are either nascent entrepreneur or owner-manager of a new business.
69 Estimated from the survey data, IFC (2016) and UNESCAP (2017).
70 Normal growth company is defined as company with lower turnover in a shorter period of time, while a high growth company is a company with higher turnover in a shorter period of time.

> *"Recommendations are always best for sourcing as everybody who recommends does a pre-curation."*
>
> ***- SAO program manager***

Given the male-dominance in the entrepreneurial ecosystem, sourcing via recommendations can lead to an unconscious bias in the selection process when the ecosystem players inadvertently recommend more male-led start-ups. ICIC (2016) noted that recruitment through networks is likely to be biased due to the lack of gender diversity in SAOs' managing teams.

Additionally, some women entrepreneurs indicated a preference for selection processes with shorter time duration. The selection process of some SAOs consists of multiple rounds of selection process spanning several days; sometimes the process requires applicants to stay 24 hours to create a prototype (e.g. "hackathons"). Women with household responsibilities, therefore, have a higher opportunity cost in applying as they have to trade the time they spend to fulfill their household responsibilities with the time required to complete the selection process, which comes with a degree of uncertainty on whether they would be accepted into the program or not.

Program Engagement

One key characteristic of SAO programs is the time commitment and intensity of the program; entrepreneurs are expected to achieve a set of milestones in a limited duration of time. This often requires entrepreneurs to commit more time to work. Such high demands of SAO programs in terms of time commitment and physical presence may unintentionally inhibit women entrepreneurs from applying and participating in the programs, as the level of commitment required could conflict with the household responsibilities that women tend to bear[71].

The problem is intensified for women entrepreneurs who do not live in the same location as the SAO, as they are required to temporarily relocate to the location of the program. Such high demands of SAO programs may inadvertently contribute to a gender imbalance in the SAO program participation (Feldman et al., 2016).

> *"In our program, we will force you to work a hundred times harder; you will be in our office every day for a hundred days. And if you are not ready for us, then you should not join,"*

Additionally, SAO programs tend to have a very competitive environment. From our interview and FGDs, women entrepreneurs indicated a preference for a more collaborative environment, where fellow entrepreneurs can interact with each other and collectively solve their problems. Many SAO program directors and managers also cited similar experiences.

> *"Based on our experience, women entrepreneurs prefer to be in a collaborative environment, while male entrepreneurs thrive in competitive surroundings."*
>
> ***– SAO program director***

Finally, many women entrepreneurs indicated a preference towards female mentors, and because the majority of SAO programs largely have male-mentors, this may also explain the lower participation of women entrepreneurs in SAO programs.

It should be noted that a small minority of women who participated in SAO programs expressed a conflicting opinion – they are equally comfortable interacting with male mentors as they would with female mentors; they did not feel the need to have more female mentors.

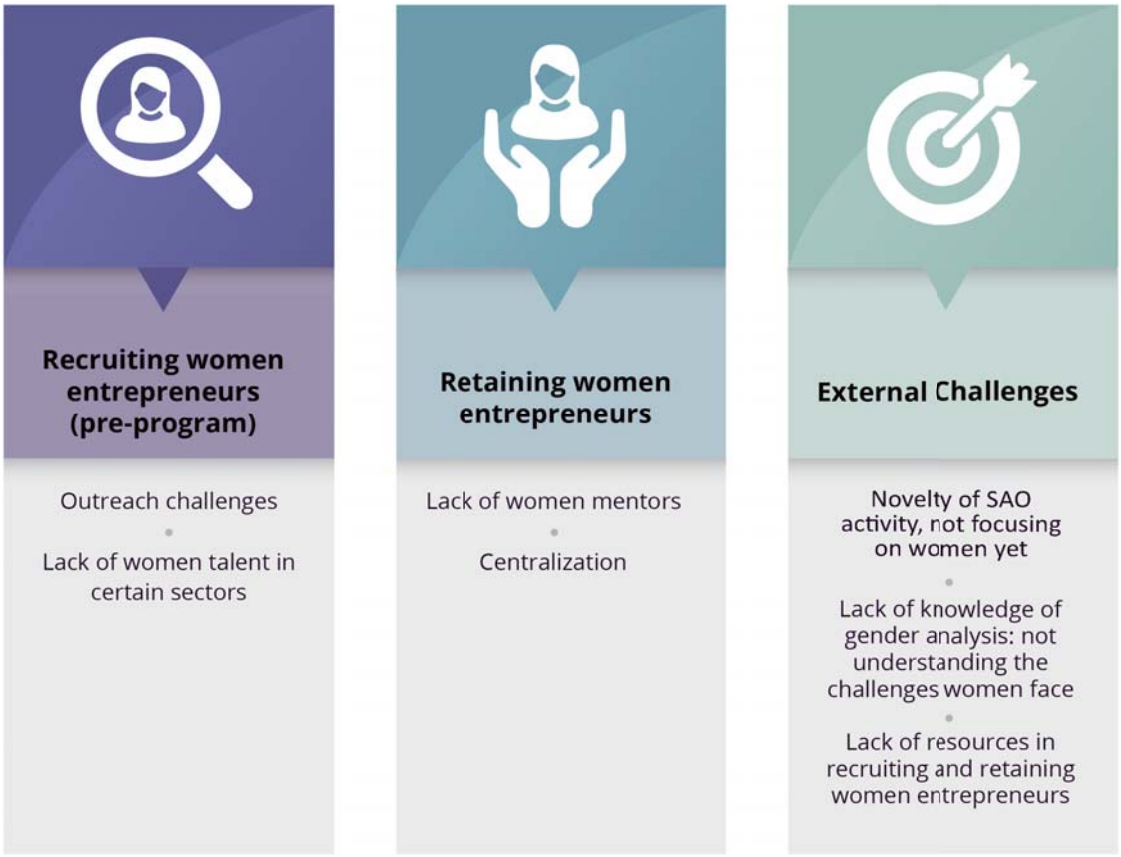
Nevertheless, there is a consensus that there is a significant lack of female entrepreneur role models that women can look up to. Role models serve as an inspiration for budding entrepreneurs, and female entrepreneurs feel like they are more likely to relate more to female entrepreneurial journeys and their success and failures.

71 Women in Indonesia still take up a larger share of household work and childcare responsibilities (AIPEG, 2017).

CHALLENGES SAOs FACE IN PROMOTING WOMEN ENTREPRENEURS

From our previous study, we found that only 2 out of 53 SAOs surveyed apply a gender-lens emphasis in running their programs. However, many SAOs expressed a desire to encourage more women entrepreneurs to apply and participate in their programs and therefore, create a more gender-inclusive SAO environment. Several of the SAOs have attempted to recruit more women entrepreneurs but faced many obstacles along the way. We identified several challenges that SAOs faced, which can be broadly categorized into three sections (Figure 30).

Figure 30. Challenges SAO Face in Recruiting Women Entrepreneurs



Challenges in Recruiting Women Entrepreneurs

Outreach challenges

Many SAO program managers identified that it is particularly challenging to reach out to women entrepreneurs, as many are located outside of the Jakarta metropolitan area. One of the reasons could be that women entrepreneurs are predominantly in traditional sectors that are not necessarily technology-based, such as food production, retail, professional services and social services; and these are largely located outside the Java region. For example, the survey data suggest that 50% of social enterprises are women-led, out of which more than 60% are located outside Jakarta metropolitan area.

However, around 80% of the SAOs that we identified are headquartered in the Jakarta metropolitan area. As we have established in the section above, SAOs face many challenges in sourcing start-ups located outside the Jakarta region.

As we also identified that women entrepreneurs are less represented across the growth stage, many mid-to-growth stage SAOs also indicated a scarcity of women-led ventures that they might be interested in.

Lack of female talent in certain sectors

Through our interviews and FGDs, we identified the existence of segregation in women-dominated and male-dominated sectors. We can identify some defining features from our data, however there needs to more robust data to identify specific sectors (Table 16).

Table 16. Trends on Top Sectors per Gender

Male-led	Women-led
1. ICT	1. Professional services
2. Professional services	2. Food and beverages
3. Financial services	3. Agriculture

According to our previous study, 50% of the SAOs focus exclusively on technology-based start-ups[72] and SAOs experienced a significant lack of women with strong talent in technology. As a result, there is a mismatch between demand and supply. Gender imbalance intensifies for accelerators as they focus on high-growth companies that require very little resources, time and money, to develop the MVP, while women entrepreneurs are largely concentrated in the normal-growth sectors that require more time to create MVP, such as food production and retail (IFC, 2016).

> *"There is a gender-related occupational norm that continues to affect the decisions women make from early stages of their lives. Female-led start-ups are only available in certain sectors because there are social norms associated with some sectors, for example, ICT is believed to be more male-appropriate."*
>
> ***– SAO program manager***

Challenges in Retaining Women Entrepreneurs

Lack of women mentors

From the interviews, we found that many SAOs face challenges in sourcing women mentors or role models, as there is a limited choice of women entrepreneurs at the growth-stage of their ventures to serve as role models. Although mentors can also be sourced from capital provider firms, there is an underrepresentation of women in investment firms as well. While data on the number of female partners in investment firms in Indonesia is limited, we find that only a minority of active VCs in Indonesia have female managing partners or investment managers.

Centralization challenge

Many SAOs face challenges in retaining women entrepreneurs, specifically those that are not located in the same location as the SAO headquarter. This is because of two main reasons. First, the demanding nature of the program and the requirement for physical presence throughout the program duration may discourage many women from participating in SAO programs. Second, as identified above, relocation can incur significant costs for the SAO programs.

External Challenges Faced by SAOs

Lack of knowledge of gender analysis

More than 95% of the SAOs surveyed do not use gender analysis in their selection process and curriculum design. Some intentionally choose not to incorporate gender analysis, while others are not aware of the application of gender analysis in the SAO processes, such as sourcing, screening and program implementation. The lack of gender analysis may impede SAOs understanding of any existing unconscious bias in the SAO processes, such as application, selection, due diligence, or program delivery. The unconscious bias can also be exacerbated by a lack of information on gender-related factors that need to be accounted for when evaluating women entrepreneurs' performance. Gender analysis can also promote the understanding of additional challenges that women face in entrepreneurship and help SAO programs structure their program package accordingly.

72 The other 50% accept application both from technology- and non-technology-based enterprises.

The novelty of SAO activity

As we found in our previous study, SAOs are still in the nascent stage of development in Indonesia, having gained popularity less than five years ago. Many SAOs are evolving to develop more effective programs and to achieve financial sustainability; we found that most of them currently do not have a special focus on gender inclusivity, but have expressed an interest in recruiting more women entrepreneurs in the future.

Lack of resources

Several SAOs have attempted to recruit more women entrepreneurs for their programs. They cited that the main obstacle in recruiting women entrepreneurs is the lack of resources in sourcing women outside of the Jakarta region and eventually, relocating them to the location of the SAO program headquarters. For instance, one SAO that conducted promotional tours to source more women entrepreneurs in Tier 2 and 3 cities stated that these activities incur a huge expense and it is more expensive to retain the selected participants sourced from other locations.

WHAT DO THE INVESTORS SAY?

Proportion of Women in Investors' Portfolio

The data suggest that venture capital firms have the lowest proportion of women-led companies in their Indonesian portfolios[73] (Table 17). One of the reasons for this is that there are fewer women entrepreneurs across the venture growth trajectory, while most VCs tend to focus on mid to growth-stage ventures.

The funds' social mission to increase the number of women in the entrepreneurial ecosystem can explain a higher proportion of women entrepreneurs being funded by impact funds. Angel investors, in general, invest in early-stage companies; there is a larger proportion of women-led start-ups at early to-mid stage compared to the growth-stage.

Table 17. Proportion of Women in Investor's Portfolio

Type of investors	% of women in their portfolio
Venture capitals	14%
Impact funds	42%
Angel investors or angel investor networks	40%

"I do not have enough data points to comment on this, but I do personally feel that women entrepreneurs are risk-averse. VCs are all about growth, and in my opinion, a lot of male-led start-ups are okay with burning more, while women-led ones care more about stability and profitability"

–Female VC investment manager

"Not many women-led enterprises are in technology sectors, and current financing options coming from VCs and other investors may be unsuitable for them. We have to have an alternative financing option, for example, blended finance as these streams are more sustainable for non-tech businesses, and to an extent, women-led businesses, as those are concentrated around non-technology sectors that have normal-growth and tend to require more initial investment."

–Female VC investment manager.

73 As a comparison, female founder received only 1.9% of the total VC funding in 2017 in the United States (Clark, 2018).

SAOs as a Seed Funder

Almost 65% women-led ventures that we surveyed expected direct funding support from SAOs. Most investors in our focus group discussions agree that SAOs should offer some initial investment to help participants achieve milestones quicker. Our data suggest that SAOs in Indonesia are already recognized as a source for seed funding; 20% of women-led SAO participants received external funding from accelerator, incubator, or ecosystem builder programs. Typically, SAOs offer grants or convertible notes.

WOMEN ENTREPRENEURS' PERSPECTIVE: SERVICE GAP ANALYSIS

Table 18 provides a summary of the services gap, which corresponds to the difference in expectations of women entrepreneurs and services provided by SAOs[74]. This information is drawn from our survey, interviews, and discussions.

Table 18. Service Gap Analysis

Services	Women entrepreneurs Expectation	SAOs Performance
Women mentorship	High	Weak
Logistics support (e.g. child care)	High	Weak
Dedicated peer-to-peer learning session	Medium	Weak
Media exposure	Low	Strong
Training on gender-inclusivity	Medium	Weak
Technical skills based on sectors	High	Weak
Investment preparedness skills such as giving presentations	Medium	Strong
Financial skills	High	Medium

74 Women entrepreneurs' expectations column represents what services they expect SAOs should provide and the level of demand for a particular service, where Low = Indifferent or low demand, Medium = Important and medium demand, can be a value-add that can make SAOs more attractive, High = Very Important or high demand. SAO's aggregate performance represents what services are currently provided the SAOs in Indonesia and to what degree are they meeting the expectations of the ecosystem. For SAOs, Low= Not many provide or not effective at all, Medium = Provided but less effective and needs improvement, High = SAOs are meeting or exceeding expectations.

How to Design an SAO Program?

FRAMEWORK FOR DESIGNING AN SAO PROGRAM

Drawn from expert interviews, insights from those working in the field and existing literature, this section provides basic guidelines on designing an SAO that is appropriate for the Indonesian context (Figure 31). Rather than advocating for specific practices, we will discuss several considerations that an individual or organization could consider before designing or improving an SAO program. Additionally, we will provide some recommendations based on cases we studied, which can act as a reference point for Indonesian SAOs to overcome certain challenges mentioned in the previous sections and to close some gaps in the service provision. Finally, this section will provide an extension to this framework that focuses on gender inclusiveness in SAO programs.

Figure 31. How to Design an SAO program: 4S Strategy Framework

Mission: *What are You Trying to Achieve?*

The mission statement of an organization captures the essence of the organization's values, its activities, and underlying motivations. Although the overarching objective of all SAOs is to support ventures' growth by providing an array of services, every SAO is unique in the kind of ventures it supports, the kind of support it provides, the specific objectives it aspires to achieve, and the success metrics it defines (Nesta, 2014). More specifically, different SAOs may have different goals. For example, some SAO programs are for-profit structures set up with the intention to generate more investible ventures or to help corporations find complementary technologies to diversify their capabilities. Others are non-profit structures set up as a part of a corporate social responsibility (CSR) program of a corporation or by the government to foster economic growth or achieve social impact.

Therefore, similar to any other venture, it is important for any SAO to first start by clearly defining its missions and objectives that lay the foundation to determine the strategic focus, the types of ventures supported, the kind of support that is provided and defining the metrics that would determine the success of the program. As every program is different, it is critical to determine what success means to the particular SAO. This would then lay the foundation to develop a concrete monitoring and evaluation framework, as the success metrics have to align with the mission and objectives of the organization.

The 4S Strategy Framework: *Strategic Focus, Sourcing and Selection, Support, and Structure*

After defining the program mission and objectives, we recommend the following framework to guide the process of designing an SAO program – the 4S strategy framework. We will look at each of the four pillars in the framework in this section.

1. Strategic focus: *Define the target market and gather insights*

The first step in the 4S framework is to define the strategic focus or the target market: the group of ventures that the SAO program will support. The main factors that are commonly used to determine the types of ventures supported are:

1. The venture's stage of development
2. Sector or industry
3. Technology focus
4. Social impact focus
5. Geographical focus

The intent and degree of specialization are not only governed by the mission and competencies[75] of the SAO program but also by market conditions, such as the availability of start-ups from a particular domain, any existing service gaps, or market needs (Gabriel et al., 2016).

Defining the target market is important for the following reasons:

1. To determine the entrepreneurial ecosystem that the SAO will work in and other ecosystem players and local industry networks that would be involved in providing support, such as established entrepreneurs, investors, mentors, organizations, individuals, or other relevant ecosystem players.
2. To better tailor the services and customize support to the unique needs of ventures from different sectors and stages.

An SAO can choose to be sector agnostic or sector specific. However, as established earlier in the report, a large number of SAOs that utilize a one-size-fits-all approach face more challenges because ventures from different industry sectors and at different growth stages have different requirements. For example, food production and retail sector ventures need more supply chain management modules, while ICT sector ventures need more focus on product development. Therefore, SAOs should differentiate their services based on sectors.

Finally, acknowledging that many SAOs in Indonesia face challenges in sourcing and providing support to start-ups outside of the Java region, it is important to clearly define the geographical location that the SAO intends to focus on, to align the SAO program activities. Therefore, a crucial first step in designing the sourcing strategy and program structure is to determine the geographical focus of the SAO.

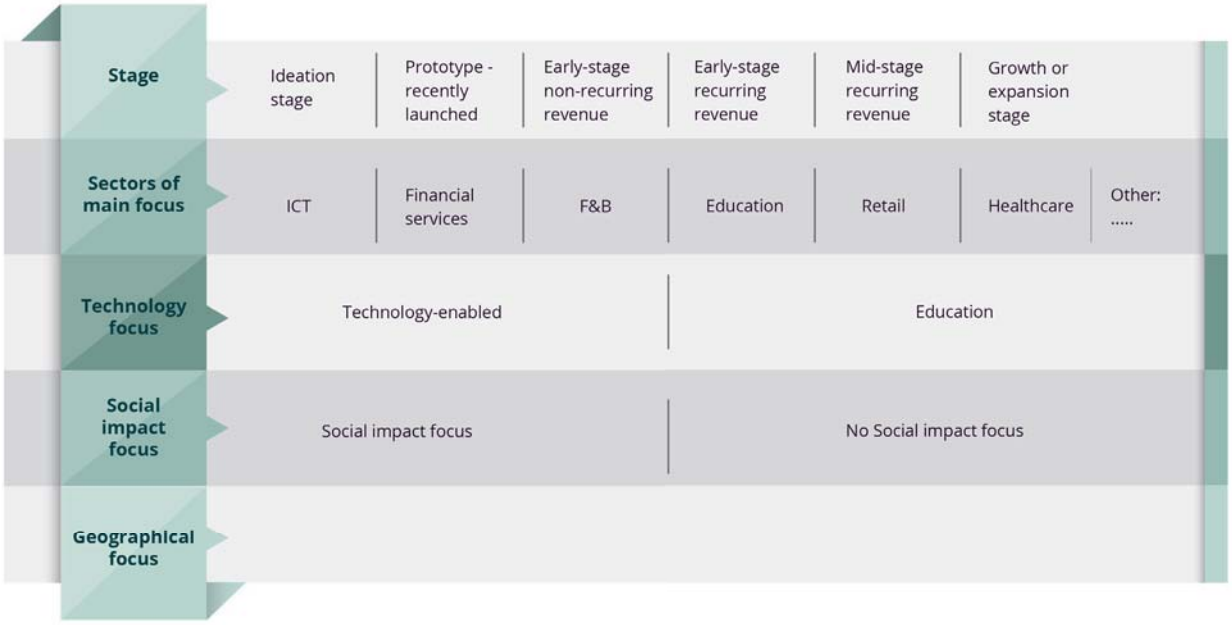
75 The competencies may include the specific experience of SAO program staff, previous experience of supporting ventures in a particular domain or existing networks and connections.

Recommendations:

1. As the number of SAOs are rising in Indonesia, the findings suggest that having some forms of specialization can help in differentiating the program, and will also help SAOs develop domain expertise, create more operational synergies in the program, develop and attract more relevant or specific networks and also, attract more appropriate start-ups to the program.
2. After defining the target market, it is important to conduct market research to gather insights about the needs of the target group and to understand the scale of demand in the chosen domain (Gabriel et al, 2016). This is a crucial step before formulating strategies for sourcing and selection and before developing the support package.

Figure 32 provides a simple worksheet in narrowing down the target market when designing an SAO program. It is also helpful in mapping the strategic focus of SAO players.

Figure 32. Worksheet for Defining Strategic Focus



2. Sourcing and selection: *Attracting the right talent*[76]

The next step in the framework is to design a strategy for attracting the right kind of talent[77] and deciding how selective the program should be.

Sourcing: *Attracting the right talent*

Similar to other organizations that have dedicated channels to attract their customers, SAOs should have proper channels and targeted promotional strategies to recruit applicants. Furthermore, SAOs at this stage should clearly list all the criteria for the kind of start-ups they are looking for, such as the sector, the stage of development, or the educational or experience requirements of the team.

Recommended channels and strategies for attracting talent from different regions of Indonesia:

1. Referrals or recommendations by affiliated ecosystem players, such as investors, mentors or entrepreneurs.
2. Partnerships with other regional and national organizations in Indonesia, such as local universities, investor firms, local organizations, or government agencies and programs.
3. Online and offline marketing, such as scouting via social media, road shows or awareness campaigns in regional media.
4. Ecosystem events, such as start-up conferences, pitching competitions, or other ecosystem networking events.

76,77 Talent in this context implies the potential candidates (start-ups) for SAO program participation.

The three main recommendations for attracting appropriate ventures are:

1. Targeted promotion that is tailored to location and the context. The promotions should emphasize the value-add that the program can bring. This is important to generate more awareness of the existence of the program.
2. Clearly communicating the criteria for SAO program selection and the types of ventures or entrepreneurs that should apply.
3. A large part of the success of ventures depends on the quality and commitment of founders; SAOs can incorporate a screening mechanism specifically targeting founders of the ventures that apply to analyze their level of commitment, their competence and their personality attributes. One of the solutions could be conducting personality tests, such as Myers Briggs or the Founder's Institute's entrepreneur DNA assessment (Williams, 2013). While the early evidence indicates a positive result, there is a conflicting opinion on the appropriateness of psychological test as a screening mechanism (Colao, 2012).

Selectivity: ***Quality vs quantity***

There are four main considerations for determining how to select SAO participants from a pool of applicants:

1. Clarity on specific criteria for the type of participants that the SAO is seeking.
2. Level of selectivity.
3. Structure of selection process.
4. The capacity of the organization or number of ventures the SAOs can support.

There are mixed opinions on how selective the SAO program should be. Some ecosystem players argue that a high level of selectiveness will eliminate lower quality start-ups, and therefore, strengthen the ecosystem. While others argue that increasing the selectivity for pre-startup and early-stage programs might discourage entrepreneurs who, with the help of support programs, have the potential to build strong businesses. According to Nesta (2014) and many field experts, focusing on the quality of start-ups is more important not only for the success of the program but also for strengthening the ecosystem, as it will encourage more entrepreneurs to strive to achieve higher quality.

Three main recommendations for effective screening and ensuring the quality of program participants is high:

1. High-quality filter: The screening process should have a clear set of criteria that align with the mission, strategic focus and capabilities of the SAO.
2. The level of selectivity for SAOs focusing on mid to growth-stage ventures should be higher when compared to SAOs focusing on pre-startup to early-stage ventures. To encourage higher quality, the SAOs focusing on early-stage start-ups could incorporate a performance-based conditional graduation or graduate ranking system.
3. Finally, different ventures may have different knowledge and different levels of preparedness; SAOs' selection processes could incorporate a capacity building module and performance-based elimination to help narrow these differences.

3. Support package

Every SAO program should have a carefully developed portfolio of services that will be offered to program participants. SAOs should not try a one-size-fits-all approach; market research insights and needs of the target group of ventures should be analyzed comprehensively before crafting the service offering.

Some of the common services offered by SAO programs:

- Provision of office space.
- Business plan or strategy development.
- Training and workshops on business-related and sector-specific modules.
- Scheduled mentoring sessions.
- Peer-to-peer support and learning.
- Access to finance via introductions to investors, demo days or direct funding support by the SAO program.
- Access to networks, such as clients, strategic corporate partners, government or universities.
- Access to talent pool to support their recruitment efforts.
- Access to market, such as strengthening distribution channels.
- Business support services, such as accounting or legal support services.

Recommendations to increase the effectiveness of the services provided by SAO programs:

1. Segregating the participants into different groups to harmonize the unique requirements and levels of preparedness of ventures can allow the SAOs to provide more differentiated services that are better customized to the needs of the different groups.
2. Sector-specific service differentiation and customization.

Mentors

Access to mentors is the most important and valuable characteristics of SAO programs and it is fundamental to carefully curate the network of mentors (Nesta, 2014). However, as discussed in previous sections, SAOs face many challenges related to mentor's engagement and quality. Furthermore, various SAO participants have expressed lower levels of satisfaction with the mentors provided by the SAOs. One of the key reasons for this is the lack of information on the performance and

Recommendations to maximize the value of mentors and tackle some of the challenges faced by SAOs:

1. **Rigorous mentor screening process** with a clear set of criteria that aligns with the mission and strategic focus of SAOs. The criteria can be a mix of competency, background and personal values. A distinction should be made between a mentor and someone who can provide business advice. Mentoring comes from many years of experience establishing, running or operating businesses, or years of experience in the industry. Less experienced people can provide business support or capacity building but are unqualified to provide more strategic and domain-specific mentorship.
2. **Feedback mechanism**, such as surveys filled by participants (Nesta, 2014), to evaluate the performance of the mentors and understand the gaps in the expectations of the participants
3. **Matchmaking** is important to link the strengths and expertise of mentors to the needs of the venture. Some strategies to achieve this can be either through speed dating events (Nesta, 2014) or by manual mapping of the skillset of mentors to the challenges faced by participants. The key is to provide the participants with access to information on the skillset and expertise of mentors.
4. **Curating a mix of mentors** with different competencies, such as seasoned entrepreneurs, investors and industry expert, and a combination of local and international mentors. Furthermore, a mix of online and offline mentoring can lower the logistics cost of engaging global mentors.
5. **Devising a tangible or intangible incentive mechanism,** such as fees for service, equity share, appreciation for contribution, or mentor rating mechanism.
6. **Involving the mentors in the selection panel** can increase the level of accountability and can also organically facilitated the connection between the mentee and the mentor.
7. **Establishing concrete tracking metrics to measure the performance of the participants of the programs.** This is important to inform the mentors about the status of the participants and what stage they are at. This can eliminate the information discontinuities when the participants interact with multiple mentors.

Case Study: How one SAO program approached the mentor challenge

One SAO program manager in Indonesia shared how his team tackled the mentor challenge:

"We have a pool of active on-site mentors and some external mentors. Every on-site mentor has to dedicate two hours per month for mentoring the entrepreneurs. The external mentors provide more need-based mentoring. To efficiently utilize mentors' and entrepreneurs' time, the mentor and mentee are carefully matched based on the expertise of the mentors and the challenges faced by the mentees. The mentor selection process at our organization is very rigorous, and the main motivation for all mentors is the spirit of giving back to the ecosystem. We believe in non-financial compensation for the mentors.

The two main ways we incentivize our mentors are:

1. **Learning opportunities from other mentors**
   - We sometimes provide two mentors to a mentee at the same time. This allows mentors to learn about other domains and different perspectives.
   - We do a mentor-specific gathering to facilitate collaboration and learning opportunities. Global mentors are invited to be a speaker at these gathering to share their learning and experiences.
2. **Appreciation of mentor's performance**
   - One of the many ways we do that is by generating performance and contribution reports. "

Delivery method

Delivery method is key in determining the effectiveness of the trainings, workshops and mentoring provided by the support program. There are three main considerations to design the delivery method:

1. Structured or unstructured program delivery, such as cohort system or on-going support.
2. Geographical focus of the program delivery.
3. Program delivery method.

There are three options for the delivery method:

1. Offline: The support is provided onsite and participants are required to be physically present to receive training, workshops, mentoring and other support.
2. Online: The support is provided via online channels.
3. Hybrid: The support provided is via a combination of online and offline services.

Recommendations for decentralized support:

1. **Hybrid Support**
   Most of the SAOs in Indonesia are concentrated in Java, and as a result, ventures outside these regions face geographical constraints when applying for SAO programs. Many SAOs can use hybrid delivery models to support ventures from multiple regions of Indonesia. The findings suggest that online support is more effective if it is interactive and imparted in smaller groups or one-on-one. Furthermore, SAOs can partner with local educational institutions or organizations to deliver offline-support.
2. **SAO programs located in Java can deliver support in other regions in Indonesia by licensing their programs or by setting up regional offices.**
   The SAO can train local talent or incorporate short-term deployment of existing staff to these locations to execute the programs and provide support to entrepreneurs in those regions.
3. **Ecosystem diversification based on region and industry**
   Although regional and industry-specific ecosystems take time to develop (Bliemel et al., 2016), SAOs can start by creating a network of local entrepreneurs, industry networks, local individuals running businesses and investors or by partnering with organizations with a presence in multiple locations. Sector-focused SAOs can partner with corporations in the same sector; this can also provide access to domain experts that can provide mentoring to the participants.

4. Structure

Organizational structure

Along with the strong support package, some organizational factors play a key role in determining the success and effectiveness of the SAO program.

Recommendations:

1. **Program Staff**
   Through focus group discussions and interviews, we found that the program manager, or at least some of the program staff, should ideally have prior experience in establishing, running or operating businesses. This is important because supporting entrepreneurs requires an understanding of the key challenges of the entrepreneurial journey and the key business principles, which can only be learnt via practical experience.
2. **Incentives for SAOs**
   Aligning the incentives of SAOs with the success of participants via various methods, such as revenue sharing or equity investment, can act as an intrinsic motivation for SAOs and play a key role in making the program implementation more effective (Gabriel et al., 2016).

Revenue model

Like any organization, SAOs should generate sufficient revenues to cover their operating costs. A stable source of income is essential to create a financially sustainable SAO program.

Some common sources of funding used by SAO programs in Indonesia are:

1. Participant generated revenues, such as equity share, program fee, or rent for office space.
2. Externally funded by donors, such as corporations, individuals, or government.
3. Revenue from other activities, such as events or diversifying the business activities.

However, this research noted that many SAOs have not been able to make sufficient revenue from equity returns. This is because successful cases for exits have been limited in Indonesia. Additionally, SAO programs incur high operational costs and relying solely on external funding can be challenging, because there is always a risk of discontinuation of external funding. Therefore, SAOs should continue to explore and try different revenue models.

Recommendations for financial sustainability:

1. SAOs should **develop and explore different revenue generation strategies** and not exclusively rely on external funding. This is crucial for SAO's independence and financial security (Gabriel et al., 2016). Participant-generated revenue options that can be explored are charging a program fee or profit sharing based on the annual earnings of start-ups.
2. **Diversifying revenues and exploring additional revenue models:** Some SAOs diversify their revenue streams by expanding the business offerings, such as organizing and planning events, conducting research, or introducing paid programs. Diversification of revenues can provide extra income and therefore, more opportunities to support and potentially, invest in start-ups (Nesta, 2014).

Monitoring and Evaluation

There is an identified need for more transparency on the performance of available programs in Indonesia. As SAOs continue to evolve in response to changing market conditions, performance monitoring and evaluation methods can be very useful to improve the program from batch to batch and therefore, shortening the learning curve.

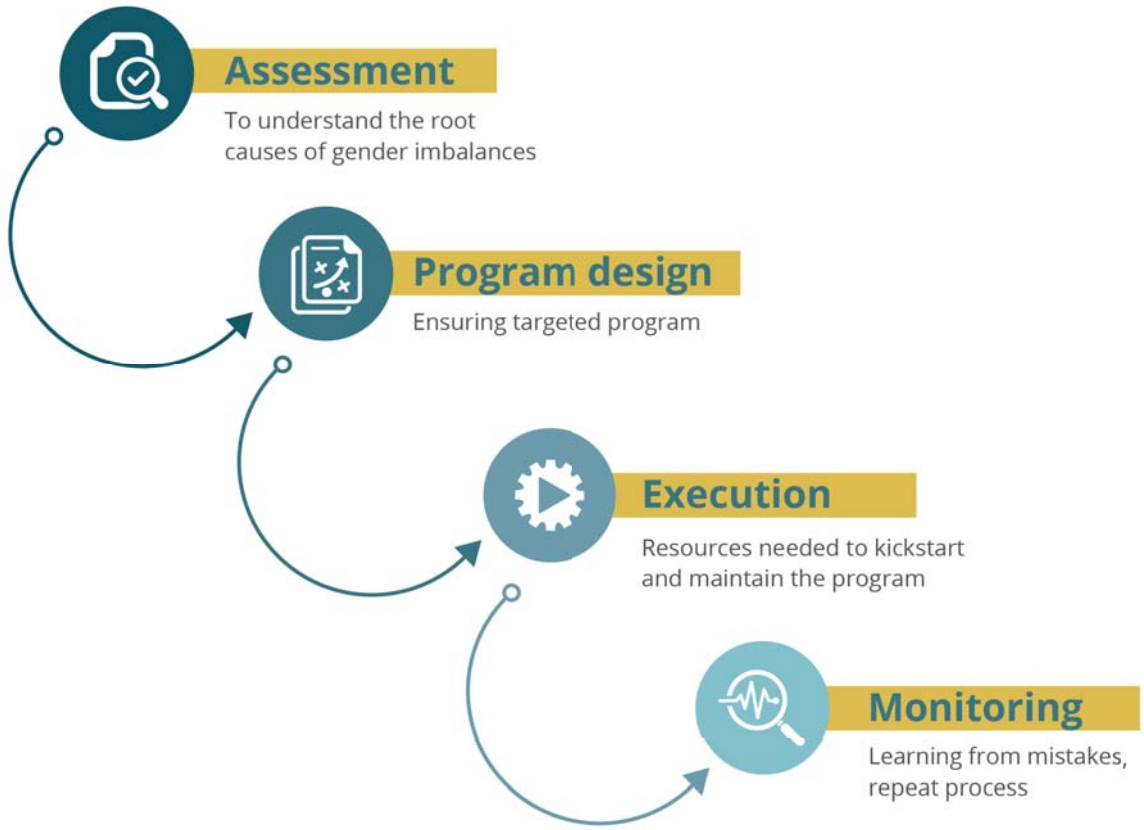
The three main recommendations for effective monitoring and evaluation of SAO programs are:

1. **Data collection and knowledge management methods**
   SAOs need to collect more qualitative and quantitative data on the applicants, participants, SAO processes and feedback from SAO participants. The data should be disaggregated based on different factors, such as gender, sector, and impact. The data collected can help in identifying Indonesia-specific industry and performance benchmarks.
2. **Progress tracking metrics for participants and graduates**
   SAOs should develop tracking metrics and performance monitoring frameworks to measure the performance of participants, from the start of the program and some years after graduation. Monitoring the performance of participants can help to identify caveats in the support provided and provide opportunities to improve.
3. **Performance measurement and evaluation for SAOs**
   SAOs should identify KPIs based on their mission and objectives. Data should be collected to evaluate the performance of SAOs on the identified KPIs. The SAOs should be transparent about their performance and track record; this can bring credibility to the program and raise awareness of the benefits of participating in the program. Additionally, SAOs should benchmark their programs with other similar regional and global programs.

SOLUTIONS FOR GENDER INCLUSION

Having established earlier that there are fewer women entrepreneurs across different sectors and entrepreneurial growth stages, as well as acknowledging that women entrepreneurs can positively impact the economy, there is a need to promote more women in entrepreneurship. Acknowledging the potential of SAOs in supporting ventures, this section discusses how SAOs can design their programs to be more gender inclusive. We recommend a four-stage process to incorporate gender inclusion while designing an SAO program (Figure 33).

Figure 33. Four-Stage Process for Gender Inclusion



Assessment: *What Causes Gender Imbalances in Entrepreneurship?*

There are specific challenges pertaining to women entering the entrepreneurial ecosystem. The crucial first step for gender inclusion is to start by identifying and structuring the major challenges faced by women entrepreneurs in the targeted geographical region and sector. Bardasi et al. (2011) posit that there are three perspectives that may explain the distinctive characters between men and women in their entrepreneurial journeys and the low representation of women across the entrepreneurial growth trajectory:

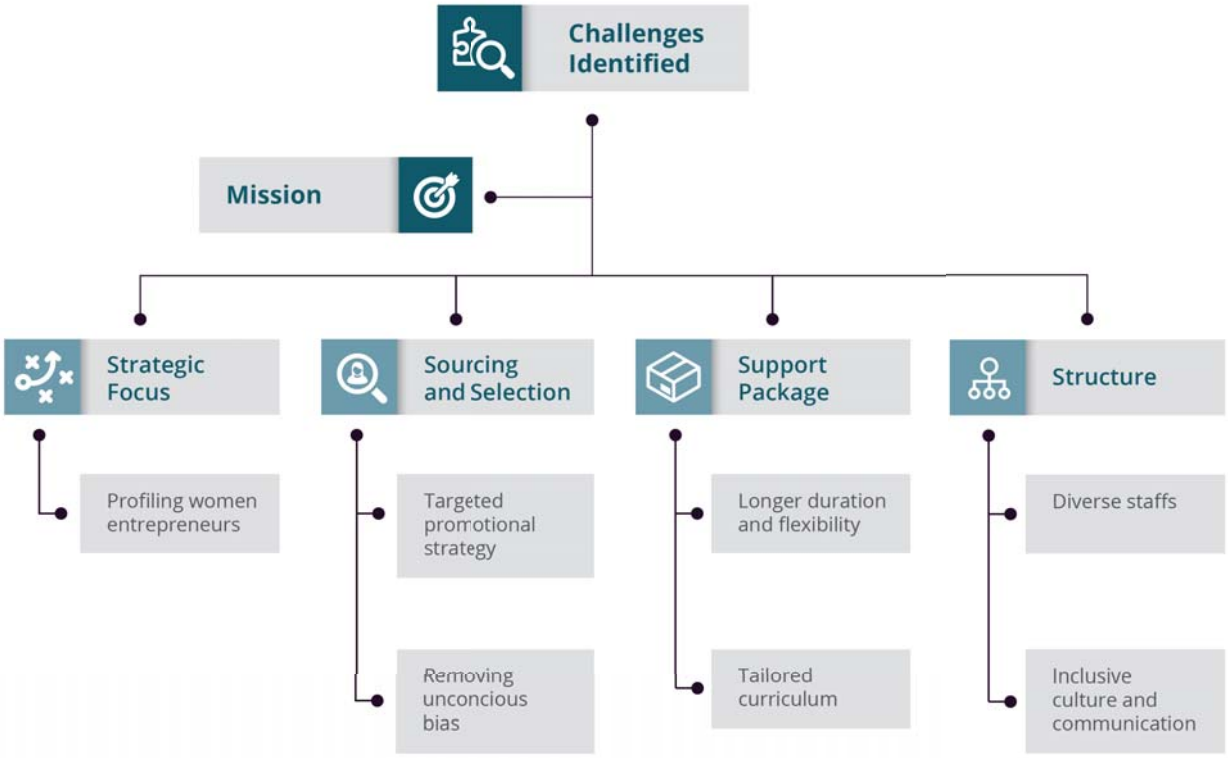
Table 19. Gender-specific challenges to entrepreneurship

Constraint-driven gaps: Some gender-specific barriers that come from institutional biases can explain the underperformance of women in the entrepreneurial space.	
Access to finance	• Institutional discrimination in obtaining finance.
Access to social capital, i.e. network and information	• Women are relatively new to the ecosystem compared to men.
Preference-driven gaps: As discussed in previous sections, this gap pertains to reasons why individuals enter entrepreneurship.	
Motivation: necessity vs. opportunity	• More women are attracted to entrepreneurship due to economic necessity.
Sector preference	• Women are prevalent in certain sectors. • Barriers to entry in high-growth sectors.
Human capital-driven gaps: The gap explains the level of preparedness to manage an enterprise due to human capital attainment, that includes education and personality attributes.	
Knowledge attainment	• Fewer women entrepreneurs with sufficient education, work experience, and technical skills.
Personal traits and attributes	• Higher risk aversion. • Tendency to shy away from competition.

Program Design '4S Framework': *Recommendations for Gender-inclusive SAOs*

After identifying women-specific challenges during the assessment stage, the intention to address those challenges must be incorporated into the organization's mission. A clearly defined mission will help the organization in structuring the program.
Finally, gender analysis must be integrated into the four pillars of the 4S framework (Figure 34).

Figure 34. Gender Inclusion Extension to the 4S Strategy Framework



Strategic focus

SAOs should start by gathering market insights on women entrepreneurs and then identify the profile of women entrepreneurs that they want to address.

The research identifies two different profiles of women entrepreneurs that SAOs can help build:

1. Increase the representation of women in male-dominated sectors, e.g., ICT and financial services.
2. Increase the scalability of women entrepreneurs in women-dominated sectors, e.g., food production, retail, and professional services.

As there are many women entrepreneurs in the early-stages of the entrepreneurial growth trajectory and fewer women entrepreneurs in the mid to growth-stage, SAOs intending to support more women entrepreneurs should target pre-startup to early-stage ventures.

Sourcing and selection

Although the number of women entrepreneurs in Indonesia is rising, they are still largely hidden from the ecosystem. As such, gender-inclusive SAOs should emphasize targeted and strategic outreach strategies to source more female talent.

These are several recommended channels to attract applications from women entrepreneurs:

- *Attract aspiring women entrepreneurs in the pre-startup stage.*
  One way to increase the number of women across the growth trajectory is to encourage more aspiring women entrepreneurs to enter entrepreneurship. Universities and educational institutions are examples of great platforms, as they can provide many resources to help students innovate.
- *Partnering with local women's business associations*
  There is a growing number of women's business association in different regions and different sectors, including technology and traditional sectors, such as Girls in Tech, IWAPI (Association of Indonesian Businesswomen), and ASPPUK (Association of Assistance for Women in Small Business). Members of these associations intend to gain access to network and information. SAOs can partner with these associations to encourage more women entrepreneurs from different regions of Indonesia to participate in an SAO program.
- *There should be introductory or sensitization events* about the SAO program with an aim to raise awareness about how the program can benefit women entrepreneurs and to encourage more women to participate in the program.

Recommendations for gender-inclusive selection strategy:

1. Selection process must be clearly communicated; SAOs should, from the beginning, explicitly state the minimum and preferred requirements for its participants.
2. Having structured interview questions, as opposed to unstructured interviews, to reduce subjectivity and bias (Bohnet, 2016). The list of questions should be identical across applicants.
3. The SAO program should introduce a blind recruitment process to address unconscious bias during the selection process. One possible solution can be to use technology to automate the selection process and minimize human intervention (Bohnet, 2016).

Support package

The research highlights three services that women entrepreneurs need in an SAO:

- *Business, legal, financial, technical and ICT skills development.*
  Women entrepreneurs indicated more interest in skills development support, and therefore the success of SAOs in helping women entrepreneurs depends on the emphasis on skill development. The skills development training should be differentiated based on different industry sectors. A pre-program survey would help SAO to narrow down the topics and therefore, make it more targeted and customized to the participants.
- *Access to finance.*
  More women entrepreneurs seek direct funding support from SAO programs; the initial funding can help participants to kick-start their ventures and achieve more milestones. Due to institutional bias in several traditional financing institutions (IFC, 2016), SAOs can help women entrepreneurs to gain access to finance by providing some seed funding and support in raising further investments from external investors.
- *Access to network.*
  As women have not been in the entrepreneurial system as long as male entrepreneurs, SAOs can be a gate for women entrepreneurs to gain more access to different networks and to help them overcome the perception of a male-dominated ecosystem. This is crucial for women entrepreneurs in the long run, because a wide access to networks can bring potential partners, clients, and investors on board.
- *Access to female mentors.*
  The majority of women entrepreneurs indicated a need for more female mentors in the ecosystem. They indicated a lack of examples of women entrepreneurs being showcased in the ecosystem, which could motivate more women to enter entrepreneurship.

While designing the support package, SAOs should keep in mind that women entrepreneurs in Indonesia are more constrained in terms of time and mobility because they still share a larger proportion of household responsibilities than men. SAOs can consider a less-intensive program as opposed to a short and more time-intensive one. Furthermore, the delivery method can be a mix of offline and online support that requires less physical presence. SAOs can also expand their programs to various locations by licensing and collaborating with a local business association. In addition, SAO programs can also consider adding a provision for childcare support during the program.

Structure

Diverse managing staff

The composition of SAO managing staffs and mentors are essential in making SAOs gender inclusive. Many SAOs in Indonesia recruit through the networks of its mentors, SAO program directors or managers and therefore, gender diversity plays an important part in gender-inclusiveness. In addition, participants would feel more inclusive if there is more gender diversity in SAO management and staff.

Inclusive culture and communication

Communication is one of the components that is often overlooked when designing a gender-inclusive program. Gender-inclusive SAOs should be able to internally and externally communicate their objective for gender-inclusiveness. In addition, women should be showcased as an integral part of the community rather than a token of diversity (ICIC, 2017). Highlighting previous women participants' achievements is also encouraged to inspire fellow women entrepreneurs.

Should there be all-women SAO programs?

Globally, there is a rising trend of women-only SAO programs. The rationale behind this is to increase the chance of women-led ventures getting into the program, in addition to better tailor the curriculum to fit women's specific needs. However, several ecosystem players argue that a gender-inclusive SAOs will equip women entrepreneurs better (compared to all-women SAOs), as women need to learn how to interact with their male counterparts. The early interaction and integration will better prepare them to enter the currently male-dominated entrepreneurial ecosystem. Currently, there is only one all-women SAO program in Indonesia, and there is limited data to comprehensively analyze this topic. There is a need to further analyze and compare the performance of gender-specific versus gender-agnostic SAOs.

Execution: *What is Needed to Run a Gender-inclusive Program?*

- Emphasis on gender-disaggregated, qualitative and quantitative, data collection and analysis.
- Training for SAO managing staffs, selection committee, and mentors to include gender analysis in their processes. This training can help to analyze and improve the use of gender-disaggregated data and facilitate informed adaptation of SAO processes and curriculum.

Monitoring: *Does the Program Work? Why or Why Not?*

There will be a learning curve associated with running a gender-inclusive SAO; some components that worked in other countries or settings might not be directly applicable to the Indonesian context. Therefore, constant monitoring is required. Monitoring is useful to create adjustments from batch to batch, and it should be done on a scheduled basis.

Similar to any other project or intervention, monitoring should go beyond outputs; outcomes and impacts should also be measured.

Table 20. The Difference among Outputs, Outcomes, and Impacts

Outputs	The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.
Outcomes	The likely or achieved short-term and medium-term effects of an intervention's outputs.
Impacts	Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.

Source: OECD (2010)

Overall, impact assessment indicators should be incorporated in the monitoring report and the report should be able to answer: What are the aspects of the current program that effectively increase the gender-inclusiveness of SAO?

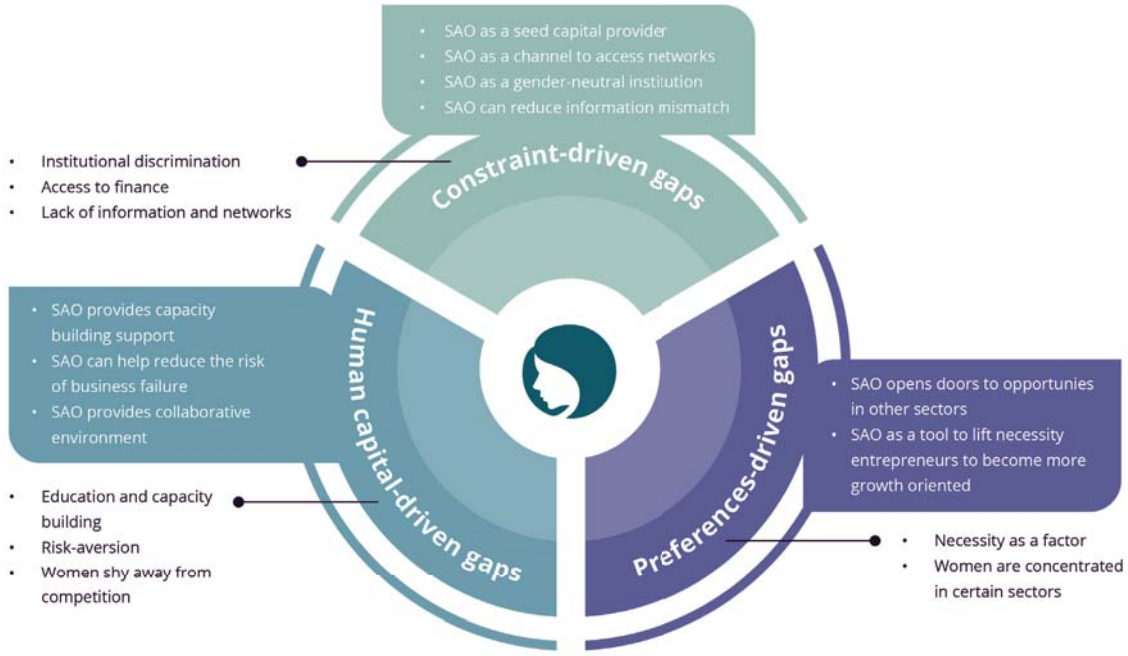
Recommendations:

- Monitoring should be taken into account from the program design stage; it is not an additional post-program activity. However, it should continue after the program ends for long-term impact measurement.
- Qualitative information is as important as quantitative data –participants' attitude and thoughts toward the program are good indicators.
- Benchmark the programs with similar ones outside the region or country.

What Does a Gender-inclusive SAO Look Like?

Drawn from the above-mentioned recommendations, the 4S framework and the insights from the field, we envision that a gender-inclusive SAO provides a service package that helps women entrepreneurs overcome all three categories of gaps: constraint-driven, human capital-driven and preferences-driven (Figure 35).

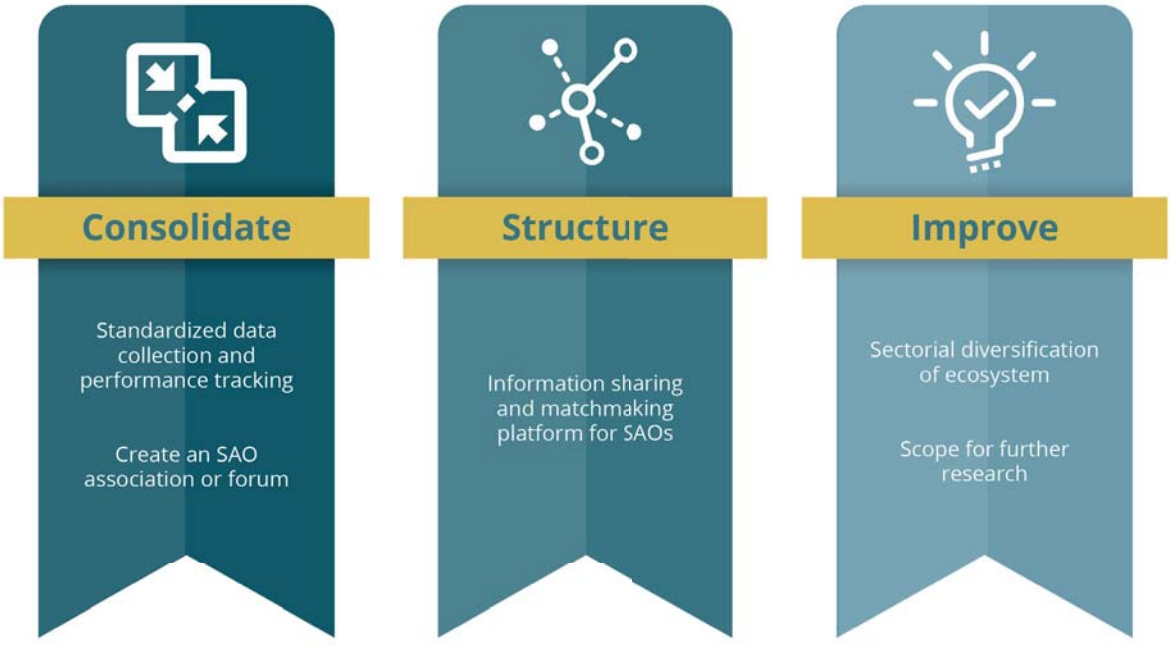
Figure 35. What Does a Gender-inclusive SAO Look Like?



Final Thoughts and Recommendations for the Entrepreneurial Ecosystem

We identified some actions that policymakers and key ecosystem players, such as private corporations, donors, SAOs and established entrepreneurs, can undertake to help strengthen the entrepreneurial ecosystem in Indonesia and boost the value created by SAO programs (Figure 36).

Figure 36. Action Plan for Strengthening the Ecosystem



Consolidate

Standardized data collection and performance tracking

A key limitation of the ecosystem is that very few existing SAO players track their data consistently and therefore, there is inconsistent, incomplete, and scattered information on the value created by SAO programs. There is a need for a coherent, standardized, and consolidated data collection protocol across the ecosystem. This can enable cross-comparisons among different SAOs and also provide more concrete insights. More specifically, there is a need for a long-term data collection on SAO program participants' progress to enable deeper comparison with the development of ventures that did not participate in SAO programs, and therefore, help to measure the long-term impact of SAOs.

Actions:

- Further research to identify and develop standardized performance and tracking metrics to measure the effectiveness of SAO programs. Performance evaluation metrics should be calibrated to the mission and strategic focus of SAOs, such as venture stage and sector, to incorporate the differences in growth and performance metrics.

- Develop standardized data collection tools and methodologies on entrepreneurial growth and progress, that incorporates various factors and variables for future analysis, such as SAO participation, age, sector, gender and social impact. The data collection framework can be incorporated into the application process to collect baseline data on ventures' maturity, needs, and performance.
- Develop standardized gender-disaggregated data collection practices to facilitate more gender-analysis across the ecosystem.

Establishing a consolidation platform for SAOs, such as an association or a forum

This report identified a lack of synergy and communication between existing SAOs. There is a need to establish a consolidation platform, such as an association or a forum, that can serve the purpose of enabling information and knowledge exchange. Through the association, participants can lobby for common agenda, facilitate public sector engagement and support, organize events, and even implement joint programs. Examples of such associations would be Amvesindo (association for VC industry, established in 2016) or Coworking Space Indonesia (association for co-working and creative spaces, established in 2016).

Actions:

- Establish a collaboration platform such as an association or a forum for SAOs in Indonesia.
- An established association can provide standardized performance reporting metrics and frameworks to publicly share SAO outcomes.

Structure

Information sharing and matchmaking platform for SAOs

With an increasing number of SAOs in Indonesia, it is important to bring more clarity on different types of SAOs present, their specializations and their performance. There is a need for an information-sharing platform where SAOs could publish various metrics, such as their strengths, performance metrics, services provided, and selection criteria that can be matched with the needs and requirements of enterprises.

Action:

- Establish an online SAO directory or a matchmaking platform to bring more transparency and help entrepreneurs to find the most appropriate and relevant SAOs.

Improve

Sectorial diversification of the ecosystem, specifically in sectors with higher representation of women

As identified, different sectors require different types of support to reach the next level of development. There needs to be more differentiation in the services provided by the SAO program based on sector. There is a need for formal differentiation within the program, by cohort disaggregation-based on sector, or externally, by developing more sector-specific SAO programs. This can facilitate the efficient customization of support provided and help attract appropriate or highly relevant industry networks, such as mentors with domain expertise and investors that focus on those sectors. This can catalyze ecosystem development in different sectors and consequently, attract more relevant entrepreneurs.

Furthermore, sector-specific SAOs focusing on more traditional sectors, such as food production, retail and professional services, can encourage more participation from women-entrepreneurs.

Actions:

- Identify and profile sectorial presence based on gender.
- Identify the requirements and needs of different sectors.
- Identify and apply sector-specific benchmarking frameworks and identify regional industry best practices.
- Group participants in different cohorts by industry sector.
- Test and develop new models for sector-specific SAO program, more specifically, a model that provides support to non-technology enterprises from traditional sectors.

Scope for further research

This study is the first step in mapping out the SAO ecosystem in Indonesia and studying the gender-inclusion in the SAO programs. There is a need for continued efforts from the ecosystem to further develop this work through a deeper investigation into some specific topics that we have identified.

Further in-depth investigation on the long-term impact and effectiveness of SAOs.	At present, the long-term impact of SAOs in growing start-ups is unknown, because first, the activity of SAOs is relatively new, and second, there is currently no robust data gathering and analysis on impact metrics. A longer-term comparison between start-up participants and non-participants with similar traits will be beneficial in determining how effective SAOs are.
Investigating and identifying how SAOs can be used as an economic development tool outside the traditional technology ecosystems. Also, exploring the SAOs models that are suited for non-technology businesses.	Ecosystems need time to develop. At present, majority of the SAOs are focused around technology-based ecosystems and use one-size fits all approach. Majority of SAOs don't provide sector-differentiated services. Therefore, there is a need to explore the potential of SAOs as an economic development tool in regions outside the current technology hotspots and exploring the potential of SAOs in supporting non-technology business models. Furthermore, identifying the role that public and private sector can play in diversifying the ecosystem. Regional or global comparison with models in similar markets can help identify and explore what SAO models would work for traditional businesses that are less suited for equity investments and have higher early-stage costs.
A study on different profiles of women entrepreneurs	As established earlier, women entrepreneurs have different profiles to male entrepreneurs. Although more women entrepreneurs operate in traditional sectors, there is a growing number of women in the ICT sector. Women entrepreneurs in different sectors have different traits, needs and may face different challenges. Sector-specific research to identify needs and challenges associated with different sectors, will better determine and aid design of effective SAO programs. In addition, there is a need for a deeper study on the effectiveness and performance of women-only vs. gender-agnostic SAOs. This can also help build the business case to encourage more SAOs to consciously make their programs more gender-inclusive.

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Appendix:

Top SAO Picks by Early-stage Start-ups

Name	Location	Year established in Indonesia	Stage supported	Funding guarantee
Plug and Play	Jakarta	2016	Early stage	Yes
Indigo	Jakarta and Bandung	2013	Ideation to early stage	Varies, case by case
Jakarta Founders Institute	Jakarta	2011	Ideation stage	No
Kibar	Jakarta	2011	Ideation to early stage	Varies, case by case
Ideabox	Jakarta	2013	Early to growth stage	Yes

Top SAO Picks by Investors in Indonesia

Name	Location	Year established in Indonesia	Stage supported	Funding guarantee
Plug and Play	Jakarta	2016	Early stage	Yes
GnB Accelerator	Jakarta	2016	Early stage	Yes
Indigo	Jakarta and Bandung	2013	Ideation to early stage	Varies, case by case
Endeavor	Jakarta	2012	Growth stage	Varies, case by case

Top Internationally-located SAOs by Early-stage Start-ups and Investors

1.	Y Combinator
2.	Google Launchpad
3.	500 Startups