

Press Release

SCG Unveils Investment Strategy, Empowers Startups in 2019/2020 and Launches Strategic Revamp with Digital Transformation to Better Satisfy Customer Needs and Accelerate Growth

BANGKOK – 31 May 2019: SCG unveiled its progress on two years of investing and developing in digital startups and its strategic direction for 2019-2020 to augment organizational capabilities with digital transformation aimed at better satisfying customer's rapidly-evolving needs and fueling and accelerating business growth. SCG has invested in startups for open innovation through a corporate venture capital "AddVentures by SCG", developed and accelerated its internal startup through a startup studio "ZERO TO ONE by SCG", and strengthened the company's digital technology capabilities.

Dr. Joshua Pas, SCG Corporate Innovation Director, and Managing Director of AddVentures by SCG disclosed, "In the previous 3-5 years, it is salient that new technology and business models have been tremendously and speedily developed on top of the progressively-changing customer's behaviors. SCG took a dynamic approach to adapt into the new business environment by not only sustaining its focus on deep technology research and development but also driving digital transformation through development efforts and partnerships with potential startups that bring about digital technology and innovation to boost business competitiveness. With this approach, SCG can create solutions, products, and services to meet the needs of all customer groups as well as increasing opportunities for better and faster growth,"

SCG realizes the importance of innovation process and mindset to the digital transformation journey. SCG decided to adopt startup work process and culture, and has established "ZERO TO ONE by SCG," a new startup studio which focuses on developing early-stage startups turning their ideas to real businesses. An enterprise internal startup "HATCH-WALK-FLY" program was initiated to invite passionate SCG employees with entrepreneurial spirit to submit their business ideas and kickstart them to form a new business through a three-stage development program. The program starts with "HATCH" to help get insights, identify problems and validate ideas; "WALK" to develop products that meet the customer needs and validate the market and business model; and "FLY" to expand the customer base to accelerate growth in a typical startup path.

"Apart from providing funding, the studio puts its best resources to assist startups to learn, speed up business growth, and increase the chance of success by implementing startup playbook, which provide a guide on work process, tools, and performance evaluation scheme for startups at different stages. Mentoring sessions are provided on a regular basis to equip startups with tips and experiences by experts from both within SCG and experienced startup founders from outside. What's more, ZERO TO ONE by SCG also supports software development, as well as professional accounting and legal services to allow startup founders to focus on customer and product development. Until now, SCG has incubated more than 50 startup teams, from which 7 teams are in WALK stage and 4 teams are in FLY stage at this moment. After this stage, startups are to expand the customer base and build multiple-fold business growth," said Dr. Joshua.

To speedily drive digital transformation, SCG pushes on “Open Innovation” by leveraging its corporate venture capital (CVC) “**AddVentures by SCG**” to enhance potentiality and entering joint-venture with digital startups in Thailand and other regions to build business partnerships with digital technology specialized business.

Dr. Joshua said, “AddVentures by SCG has made considerable progress in forging collaboration with startups in the past two years. The investments include: **1) Fund of Fund and Direct Investment** with the total of 13 investments to date which in line with the SCG’s business growth strategy – 2 VC funds and 11 direct investments in startups; **2) Joint venture partnership** with growth stage startup globally to create new business for SCG by adopting proven technology and business model to Thailand and Southeast Asia which currently, about 6 startup partnerships are in negotiation and market validation stage; and **3) Commercial collaboration** with over 100 startups by leveraging its products and services to strengthen SCG existing business operations.”

For the AddVentures by SCG’s business strategy and development direction in 2019-2020, Dr. Joshua said, “Next year, we will advance network building with startups worldwide via funds and startups investment in new regions such as China, Israel, USA, and other global innovation hubs. For Southeast Asia, we will focus on investing in Indonesia, Singapore, Thailand, and Vietnam by expanding growth in other regions for these startups with SCG’s strong network and expertise aimed at building a new business drive for SCG. By 2020, SCG is expected to have about 4-6 investments.

The joint venture partnerships will be created progressively with ZERO TO ONE by SCG to conduct market validation and localization. By 2020, SCG is expected to build new businesses through 4-6 joint venture partnerships.

For Commercial collaboration, SCG will modify the work process to be more systematic and agile on top of seeking potential startups through a global network to push forward profound projects to help SCG gain advantage edge in the future. A series of concrete 10 projects are foreseeable.

The strategy of ZERO TO ONE by SCG is not only to drive growth for the startups in the hands of AddVentures by SCG, but also to catalyze in-house startup development. SCG is also seeking new startup opportunities via partnership and collaboration with external organizations that are interested in co-developing business through Venture Builder Program. SCG will also be able to leverage knowledge and experiences of startup development to accelerate innovation for SCG’s core business units, in which ZERO TO ONE by SCG can help establish startup studio in each unit. This will effectively enhance the overall SCG’s innovation ecosystem.”

“However, the digital technology capability development for SCG employees is important too as it will help make digital transformation a reality. The implementation of Data Analytics is put in place to help analyze data for product and service development enhanced department operational process, and development to meet diverse customer needs. The use of Artificial Intelligence (AI), Machine Learning (ML), Augmented Reality (AR), Virtual Reality (VR) and Blockchain will help streamline operational process and services”, Mr. Joshua concluded.

Any startups interested in working with "AddVentures by SCG" can get more information at www.addventures.co.th and facebook.com/AddVenturesbySCG or LinkedIn: AddVentures by SCG and more information on ZERO TO ONE by SCG at www.scg.com/zerotoone
