



Google and CUHK Center for Entrepreneurship challenge Hong Kong to “The 2% Mission” and call for synergy among five key groups to boost startup ecosystem

Budding startups with creative ideas using mobile technology should apply for EYE Program 2015 to transform Hong Kong's future

HONG KONG, April 15, 2015 – New research released today by Google and Center for Entrepreneurship of The Chinese University of Hong Kong (CUHK) shows that, despite an excellent infrastructure for budding startups, Hong Kong's entrepreneurial ecosystem is disconnected and facing an “innovation deadlock.” The research report “[Crouching Tigers, Hidden Dragons](#)”, part of the Empowering Young Entrepreneurs Program (EYE Program), identifies four key ingredients to build a truly connected startup system and calls on five key groups in Hong Kong to achieve “**The 2% Mission.**” The [EYE Program 2015](#) is now open for online application, from April 17 to May 26, 2015. This year, home-grown startups with creative ideas using mobile technologies are invited to come forward and contribute to Hong Kong's future as an innovation hub.

The report highlights “The 2% Mission.” By helping around 2,800 new businesses - that's 2% of the five-year average number of new business registrations in Hong Kong - over the next four years, it's possible to create: **333,800 new jobs, 11,480 new high-potential startups, 7,800 new IP applications, and additional 0.24% GDP** which is one-third of what we now spend on R&D per year.

The report also identifies four key ingredients that are vital for building a truly connected and virile startup environment in Hong Kong including:

1. **Shake social convention.** **43%** of potential Hong Kong entrepreneurs consider social and cultural norms when deciding to start a business, and peer pressure makes it hard for them to take the first step. Pressure from friends to delay their plans increases **436%** after enrolling in startup programs.
2. **Bridge the gap between the willingness to give, and supporting homegrown startups.** Hong Kong comes tenth out of 143 economies in the 2014 World Giving Index ranking, and **68%** regularly give to charity. However, between 2007 to 2012, local startups receive only 3% of the institutional investments made by Hong Kong based corporations, much lower than in the U.S. which is **16%**.
3. **Jailbreak the innovation deadlock.** Hong Kong startups do have creative ideas, the findings show that **75%** of Hong Kong entrepreneurs think “creativity” is their strength. However, a cultural paradox prevents people from sharing new ideas and traditional



ways of doing business means innovative output is low: only **32%** of startups were regarded as "highly innovative" by EYE Program judges. In addition, **94%** of local companies do not invest in any R&D, and **23.5%** see no need for R&D. This affects the public awareness of Hong Kong's innovative capabilities, creating a vicious cycle of "crouching innovation."

4. **Balance the five groups in the ecosystem.** Hong Kong's startup community has a good numbers of leaders, brokers and feeders, but there are far fewer mentors and supporters than is ideal for a healthy ecosystem. The uneven and uncoordinated development of the startup ecosystem is because these groups are not working well together

To achieve the mission, the report calls on **five key groups** in Hong Kong including startup community, business community, investors, educators and the government, to work closer together and help transform Hong Kong's startup scene. Here are some actions items for each group to step up:

- **Local community of entrepreneurs** should adopt a bottom up approach to developing entrepreneurship in Hong Kong; the startup community has to strengthen the networks, improve mentorship and share knowledge.
- **Existing local businesses** take better care to ensure the longevity and dynamic development of respective industries. The business community needs to commit more resources to research and development, and establish collaborative projects with startups, to increase innovation across industries .
- **Investors** are interested in startups. To improve the levels of investment, investors need to legitimize the startup as a viable strategy for wealth creation by expanding and professionalizing angel investment with guidelines, templates for investment processes, case studies, and performance benchmarks .
- Universities and schools have been more active in the startup scene in recent years, but there's room for improvement. **Educators** should encourage spinoffs and university-based entrepreneurship, through further expansion of incubation and acceleration programs.
- The **government** needs to continue to enhance a sustainable business environment, and promote the shared long-term vision for entrepreneurship.

Dominic Allon, Managing Director of Google Hong Kong, says: "We see a budding entrepreneurial ecosystem in Hong Kong with passionate startups. We are excited to be continuing the EYE Program with CUHK Center for Entrepreneurship, together with Cyberport and KPMG as the program's key partners. This year, home-grown startups with creative ideas using mobile technologies are invited to come forward and contribute to Hong Kong's future as an innovation hub."



Professor Kevin Au, CUHK Center for Entrepreneurship, says: “The 2% Mission is an achievable goal aiming to transform the future of Hong Kong. This report helps guide the change in the startup ecosystem. We are so excited to find that many stakeholders agree with us in devising a shared vision and developing a strategy for improving the local ecology for budding entrepreneurs from Hong Kong and abroad. Our report has been put together to help local stakeholders make more informed decisions and inspire closer cooperation between members of the startup ecology. It is an exciting time to live in, where one can see the rebirth of Hong Kong’s ‘Tigers’ and ‘Dragons.’”

The EYE Program will continue in 2015, with the theme of “**Living in the Mobile-First World.**” In Hong Kong, mobile first is very much a reality. There’s a new trend emerging - mobile only, with 14% of Hong Kong people are using smartphone only when they go online. This is a huge opportunity for startups and businesses to embrace mobile technology and make a difference in user lives. This year’s program is supported by Key Partners Cyberport and KPMG; as well as Strategic Partners including Hong Kong Science and Technology Parks Corporation, ASTRI, Cherrypicks, CUHK EMBA Alumni Association, and StartupsHK. From April 17, 2015, Hong Kong startups and entrepreneurs can visit the [EYE Program website](#) to apply and get more details. The application deadline is **May 26, 2015**.

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About the EYE Program “[Crouching Tigers, Hidden Dragons Report](#)”

This is the first comprehensive study of Hong Kong’s entrepreneurial ecosystem. The report is based on surveys with over 900 entrepreneurs and entrepreneur-to-be, 270 startups, 40 mentors; data analysis from over 400 external sources; mapping out of over 830 startup support organizations; and interviews with over 55 experts. It identifies the factors Hong Kong’s young entrepreneurs consider before deciding to launch a startup as well as the challenges, and helps guide the change in the startup ecosystem.

Link to full report: <http://goo.gl/zHESbL>



Empowering
Young
Entrepreneurs
Program

Event Photos (Available to download at <http://goo.gl/e80RXX>)



In the photo: **Dominic Allon**, Managing Director, Google Hong Kong (first from left), **Prof. Kevin Au**, Director, CUHK Center for Entrepreneurship (third from left), **Gene Soo**, Founder of StartupsHK (first from right) and EYE Program key partners **Irene Chu**, Partner, Technology, Media & Telecommunications, KPMG (second from left) and **Alice So**, Senior Manager, Hong Kong Cyberport Management Company (second from right).



In the photo: **Dominic Allon**, Managing Director, Google Hong Kong; **Prof. Kevin Au**, Director, CUHK Center for Entrepreneurship; **Gene Soo**, Founder of StartupsHK, EYE Program key partners **Irene Chu**, Partner, Technology, Media & Telecommunications, KPMG and **Alice So**, Senior Manager, Hong Kong Cyberport Management Company.

Other strategic partners include **Simon Wong**, President of CUHK EMBA Alumni Association; **Dennis Lee**, Director in Marketing of ASTRI (Hong Kong Applied Science and Technology Research Institute);



Jason Chiu, CEO of Cherrypicks and **Wilson Chan**, Manager of Incubation Promotion of Hong Kong Science and Technology Parks Corporation.