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April 30, 2020, Bangkok - The Digital Economy Promotion Agency (depa) elaborated on a series of assistance measures proposed by the Thailand Tech Startup Association (TTSA) to help tech startups after the TTSA submitted an open letter to the Thai government calling for assistance. depa emphasized that it is open to all comments and suggestions. The world has changed, we have to change accordingly and when we face the COVID-19 crisis, depa will collaborate with all parties to get through the crisis together.

According to the Thailand Tech Startup Association’s open letter to the government asking for assistance and relief measures for tech startups, the proposal letter comprises three talking points for consideration.

1. The TTSA calls on the government to come up with a support measure to enhance the use of products and services created or provided by Thai startups in order to create a new economic infrastructure in preparation for the post-coronavirus era.

2. The TTSA seeks the government assistance to provide liquidity support to tech startups such as providing grants or soft loans under the credit criteria suitable to the nature of business of each tech startup. The support funds or soft loan scheme should be allocated and distributed according to the priority and be adjusted to match the business needs of each startup. It is because certain startups cannot access soft loans at a normal circumstance due to their business models. The financial assistance will cover the costs of their employees and income support payments to highly skilled workers.

3. The TTSA asks the government to launch a regulatory measure to promote investments, mergers and acquisitions in tech startups by large corporations, investors and shareholders.

Dr. Nuttapon Nimmanphatcharin, President/CEO of depa, said after watching a live broadcasting of an online conference at 8 p.m. via the webpage of the TTSA where tech startup representatives shared their views on business development and solutions for Thai startups to survive the COVID-19 crisis that the Ministry of Digital Economy and Society (MDES) and depa have continuously committed to driving the development of Thai tech startups in all aspects to promote them to grow global as well as stimulating the adoption of the digital technologies innovated by Thai people for the benefits of everyday lifestyle and business development.

Dr. Nuttapon explained the TTSA's first request in the open letter. He said depa promoted the tech startups that registered as the digital service providers and they are eligible for depa's support measures to promote the development of digital technologies and innovation for the industrial segment under the depa Digital Transformation Fund and the depa mini Transformation Voucher. The incentives and promotional measures will enable tech startups to expand their customer base especially during the COVID-19 outbreak. Even if several tech startups are dealing with problems, but there is demand for assistance measures from other business operators across segments, especially small and medium-sized enterprises (SMEs) that need to adopt the digital technology and innovation to lower operating costs and create new business opportunities. With this support from depa, it has provided Thai tech startups with greater business growth opportunities.

Moreover, the Ministry of Digital Economy and Society (MDES) has encouraged Thai tech startups to collaboratively develop products and services that are beneficial to the employment and the country's economic development especially during the COVID-19 pandemic such as the development of Thai Delivery platform to improve services for the benefit of customers in a wider scale.

As for the regulatory and policy-based measures, the depa has proposed the development of state procurement mechanism to promote tech startups. The proposal received an approval from the National Digital Economy and Society Commission at the second meeting of 2020 on April 10, 2020. It will be forwarded to the cabinet for consideration.

Regarding the TTSA's second request in the proposal letter, Dr. Nuttapon said the depa jointly invested in tech startups from the seed or startup stage, growth stage to the expansion stage in order to boost their liquidity for business development. The investment has been made in the form of the Convertible Grant, which tech startups can convert the seed financing into shares or choose to return the investment funds with low interest rate. The depa has revised the development plans with an initial budget of over 100 million baht earmarked for providing support and assistance to more than 60 tech startups nationwide both during the business startup stage and development stage. The depa also collaborated with InnoSpace (Thailand) to allocate support funds under the InnoBridge Fund worth 50 million baht to startup business operators that were struggling to deal with the COVID-19 crisis. The investment in the tech startups would be made through the debenture issuance so that the tech startups can continue their operations and be able to expand the business even amid the spread of the COVID-19.

For the next stage of development, the depa is under the process of discussions with state-owned banks such as the Government Savings Bank and Small and Medium Enterprise Development Bank of Thailand over the push for soft loan scheme with a focus on promoting businesses related to technological development and tech startups. It is mandatory to have a set of criteria specifically for granting loans to those startups with nature of business related to technology.

According to the TTSA's third request, the depa is considering measures to encourage investments, mergers and acquisitions of potential tech startup firms by large corporations, investors and shareholders. It might be made through setting up a holding company that can promote collaboration among Thai tech startups, including the mechanism that promotes business consolidation, share swap or joint investments so as to create a highly potential Thailand-made platform that can compete with platforms of other countries.

Furthermore, the depa has always promoted a level playing field for a fair competition among Thai startup firms. The second meeting of 2020 of the National Digital Economy and Society Commission also gave the depa an approval to propose the cabinet issues related to tech startup development promotion such as incentives and privileges that encourage tech startups to register as a company with business operation in Thailand under free and fair competition in trade and service as well as expediting the law revision process and pushing for the amendments to Civil and Commercial Code in certain articles related to the convertible bond, share transactions, private placement and conditions on preferred shares.

The National Digital Economy and Society Commission also assigned the depa to coordinate with relevant agencies to set up the regulatory sandbox for startups with the nature of business related to digital innovation across industries. The regulatory sandbox will help promote a fair competition between Thai startups and foreign startups that operated the business in Thailand. It also helps further attract investments in Thai startups as the law will be amended to make it clearer and suitable to attract investors across the world.

"The depa accepts all comments and suggestions and will take them into account to improve the operation. Not only have Thai startups been affected by the fallout from the COVID-19, but also businesses across the world. However, the depa remains committed to collaborating with all parties to move forward with the country's digital economic development. The world has changed and so must we and when we face the COVID-19 crisis, we will unite to get through the crisis together," said President/CEO of depa.

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