



WHEN WOMEN LEAD

Entrepreneurial Case
Studies from Vietnam,
the Philippines and
Indonesia

Produced with the support of

INVESTING IN WOMEN
SMART ECONOMICS
AN INITIATIVE OF THE AUSTRALIAN GOVERNMENT





The **Global Private Capital Association (GPCA)** is a non-profit, independent membership organization representing private capital investors who manage more than USD2t in assets across Asia, Latin America, Africa, Central & Eastern Europe and the Middle East.

Our mission is to connect and influence key market participants by promoting the sectors, strategies and deals that will drive investment returns and meet societal needs. With headquarters in New York and Singapore, GPCA includes LAVCA, the Association for Private Capital Investment in Latin America.



Investing in Women (IW), an initiative of the Australian Government, focuses on accelerating women's economic empowerment across Southeast Asia. By fostering equitable opportunities within the private sector, IW aims to promote inclusive and sustainable economic growth in the region.

Through its efforts to advance women's economic empowerment, IW helps build the foundation for more inclusive, resilient and gender-equal societies and economies. In collaboration with corporations, business leaders, impact investors, entrepreneurs and advocates, IW works with those driving change for women's economic equality across Southeast Asia.

About the GPCA and Investing in Women Partnership

GPCA and Investing in Women (IW) have partnered to advance gender lens investing (GLI) among capital providers and fund managers in Southeast Asia. By leveraging GPCA's extensive network and industry leadership, the partnership aims to showcase successful women-led investments, foster discussions on integrating gender into investment strategies and educate investors on diversifying portfolios through a gender lens. Together, GPCA and IW are committed to driving meaningful change by promoting GLI as a strategy to enhance both gender equality and economic outcomes. Through research, peer-to-peer learning, executive workshops and expanded networking opportunities, the partnership seeks to increase the adoption of GLI among both mainstream and impact investors.

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The Company - MDI Novare



MDI Novare is an information technology (IT) company that provides custom application development, infrastructure, data analytics and IT security solutions to Philippine companies and the public sector. MDI Novare works with clients to incorporate cloud computing, application program interfaces (APIs), big data, artificial intelligence and automation into their operations.

WEBSITE
novare.com.ph

FOUNDER
Myla Villanueva

SECTOR
Information Technology

LOCATION
Philippines

The Investor - Navegar



Founded in 2012, Navegar is a Manila-based private equity firm that makes growth-stage investments in companies operating primarily in the Philippines' consumer and business services sectors. The firm, which has raised two funds as of September 2024, typically deploys between USD20m and USD30m per investment.

WEBSITE
navegar.com.ph

FUND NAME
Navegar II

FUND SIZE
USD197M

TOTAL AUM
USD317M



DATE(S) OF INVESTMENT

MARCH 2021

AMOUNT

USD20M

EFFECTIVE OWNERSHIP STAKE

21%

Synopsis:

Philippines-focused private equity firm Navegar had long identified network systems integrator MDI as a potential local IT champion. For over thirty years, MDI had digitalized operations for many blue-chip companies and government entities within the Philippines. Once MDI found itself competing against global corporations, founder Myla Villanueva began looking for a partner that could help her scale. Navegar invested in MDI in March 2021. The Navegar team was particularly interested in partnering with Villanueva, who had successfully built MDI at a time when female entrepreneurship in Southeast Asia was exceedingly rare. Navegar has worked closely with Villanueva to grow the business and explore new acquisitions, all while ensuring MDI's employees receive high-quality training and best-in-class benefits with a focus on providing women equal access to opportunities in the workplace.

When Women Lead: Navegar's Partnership with MDI

Myla Villanueva was an economics student at California's Santa Clara University, in the heart of Silicon Valley, when hundreds of thousands of Filipinos took to the streets of Manila to protest the twenty-year dictatorship of President Ferdinand Marcos. As the 1986 People Power Revolution successfully restored democracy in the Philippines, Villanueva could sense the optimism and excitement unfolding across her home country.

Inspired by her time in Silicon Valley, Villanueva wanted to leverage newly emerging technologies such as the internet to put her country on the path to digitalization. To succeed, she would have to forge a novel market opportunity in a geographically disparate nation in the context of an unstable government and economy. In 1988, Villanueva launched Micro-D International (MDI), the first local network systems integrator in the Philippines, from a one-room office in the city of Makati (part of Metro Manila).

"I found the courage to take that first step in launching MDI. Coming from an entrepreneurial family, I began working in the warehouse when I was a teenager, which taught me that whatever a man can do, I can do as well." Villanueva recalls. "In my eyes, the opportunities to disrupt the market were enormous. The big firms like IBM were dominating the landscape with massive systems that worked well in a monolithic environment such as New York City but weren't quite as effective in an archipelago like the Philippines. We wanted to show local businesses that they didn't need to invest hundreds of millions of pesos in technology by offering them a cheaper and more decentralized way to serve their customers."

MDI's early days were challenging—the political landscape remained tense with several coup attempts against Marcos' successor President Corazon Aquino, while frequent electricity outages disrupted operations. In 1989, MDI won a PHP120m (USD5.5m) contract to interconnect the Philippines' Social Security System branches in the country's first internet protocol infrastructure project. Additional projects soon followed.

Villanueva recognized that interconnectivity needed to improve throughout the archipelago as MDI's clients were eager to expand their networks beyond urban areas like Manila. Villanueva embarked on a mission to bring broadband to the country's most rural areas. "The internet was slowly growing but I kept wondering: how long will it take to emancipate our rural areas through knowledge if they aren't getting access to what I believed should be a universal service?" Villanueva scoured the world for the cheapest forms of wireless connectivity and satellite capacity. She began connecting local universities as a proof of concept and by late 1998 aggregated these activities under a new venture called Meridian Telekom.

For three decades, MDI drove the expansion of the Philippines' IT landscape—including building the infrastructure to support the growth of broadband. MDI garnered an extensive list of blue-chip clients including Globe, Smart, PLDT, Ayala, SM, BDO, Metrobank, Mercalo and several government entities. In line with rapidly changing technology developments, MDI's services and products evolved to meet the needs of the country. MDI began to move beyond infrastructure, computing services and network security to provide business consulting services for cloud infrastructure, big data, API, microservices and cybersecurity.

From the sidelines, Philippines-focused private equity firm Navegar was closely watching the growth of MDI and knew it wanted to invest in Villanueva given her reputation as an accomplished female leader in the technology space. The Navegar team periodically reached out to her over the years and was patiently waiting for the right time to forge a partnership.



Founder Spotlight: Myla Villanueva

Self-defined as a serial entrepreneur, Villanueva started her first technology company in the Philippines at the age of 21. Between 1988 and 2007, she launched five technology companies: MDI (1988), technology distributor Microwarehouse (1995), content company Wolfpac (1998), broadband provider Meridian Telekom (1998) and software developer Novare Technologies (2007). Two of Villanueva's ventures (Wolfpac and Meridian) were sold to telecommunications and digital services provider Smart Communications. These transactions were among the first demonstrations in the Philippines of a large corporation acquiring a startup, serving as a role model for other entrepreneurs in the region seeking new modes of financing and growth.

Beyond entrepreneurship, Villanueva served on the Executive Management Committee of GSMA, the global body for mobile operators, between 2007 and 2013 and was the Chairwoman of the Parish Pastoral Council for Responsible Voting (PPCRV), the citizen's arm of the Commission on Elections, during the 2022 national elections. She has received numerous awards including the Global Filipino Executive of the Year at the Asia CEO Awards in 2021 and was listed on Tatler Asia's Most Influential in 2021 and 2022. She also became Ernst & Young's first Woman Entrepreneur of the Year in 2003 and received The Outstanding Women in the Nation's Service (TOWNS) award in 2010, which recognized her work in science and technology.



Myla is a force of nature. When she sets her mind to something, you can bet on it getting done.

Nori Poblador
Managing Partner of Navegar



Creating Value with Private Capital

As MDI grew, Villanueva began to wonder if a financial investor might be able to help her scale operations, compete more successfully against international firms and potentially expand MDI's geographic footprint across Southeast Asia. "Just before the COVID-19 pandemic, I noticed that the nature of MDI was changing," notes Villanueva. "As we evolved, we found ourselves suddenly competing against much larger global players and we needed to figure out how to play this new ballgame."

According to GPCA Research, over USD39b in private capital was invested in technology-enabled businesses in Southeast Asia from 2018 through the first half of 2024, transforming the local landscape for IT providers, businesses and consumers. These technology-related investments represented between 85% and 90% of all private capital transactions by number of deals in the region over the same period.

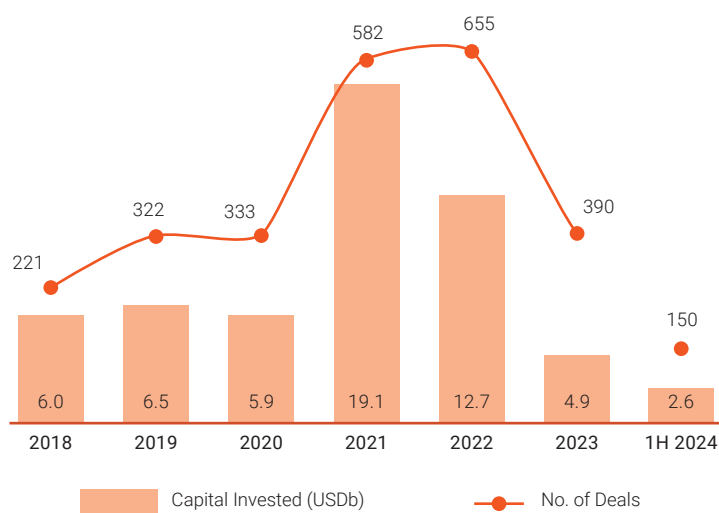
Willing to dilute her 100% ownership stake for the right partner, Villanueva engaged global investment banking firm Evercore in 2019 to run an investor search process. Navegar was ready to make its pitch, having identified MDI as a Philippine IT champion due to its long-term relationships and strong track record of growth—revenues had increased at 22.9% per annum between 2017 and 2020, while EBITDA grew by an aggregate of 31.3% over the same period.

In addition to believing MDI to be a financially attractive investment, Navegar was eager to partner with Villanueva. When the Asian Development Bank (ADB) invested in Navegar's second private equity fund in 2020, it had encouraged the firm to adopt a gender lens investment approach with the belief that investing in women is not only a key driver of sustainable development, but also financially beneficial to businesses and investors. As a woman-founded company with a significant number of women in executive roles and a demonstrated commitment to supporting its female employees through gender-friendly workplace policies, MDI fit well within Navegar's new framework of promoting gender and diversity.

Navegar decided to join forces with Japanese private alternative investment firm Advantage Partners, which was looking to make its first investment in the Philippines, to invest in MDI in March 2021. In the transaction, Navegar committed USD20m for an effective 21.37% stake. "Having a private equity partner was an adjustment," Villanueva recalls. "The risk appetite of a typical entrepreneur is that we will shoot instinctively in many different directions and see what succeeds. Navegar forced us to become more disciplined in our approach—to really evaluate our resources versus our needs and to then commit fully to the bets we decide to make."

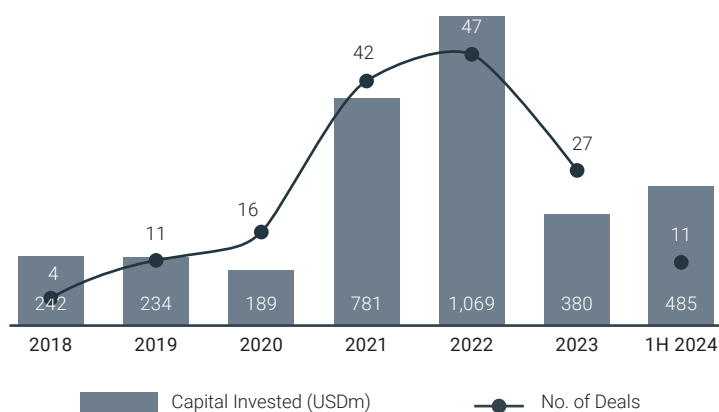
Since Navegar has come onboard, MDI has grown at a strong pace. From 2019 to the first quarter of 2024, revenue growth was 17% while EBITDA growth stood at 13%. Looking forward, the company is projected to witness revenue growth of 31% and EBITDA growth of 36% from 2023 to 2027. The number of employees at MDI has increased from 650 in 2021 to over 850 as of May 2024, with approximately 27% being female.

Private Capital Investment in Tech in Southeast Asia, 2018-1H 2024



Source: GPCA. Data as of 30 June 2024.

Private Capital Investment in Tech in the Philippines, 2018-1H 2024



Source: GPCA. Data as of 30 June 2024.



I would advise young women to take their time in choosing the right mentors and to try to find someone who will treat them as a peer. Don't let the fact that you may be in a male-dominated industry deter you. In the early telecom days, I would enter a room of 1,000 people and there would only be four women. You can use this to your advantage: differentiate yourself and ensure that you are heard—and not just seen.

Myla Villanueva
Founder and Chairperson of MDI



Inclusive and Sustainable Growth

Training and providing high quality employment is important to MDI's team, particularly as the market for skilled IT professionals in the Philippines is extremely competitive. Many large global investment banks have entered the country, employing thousands in business process outsourcing, including in software and backroom support. To give employees a forum for continuous learning and skills development, MDI founded MDI Novare University in 2023. The university—which trains up to 1,000 MDI employees every six months and is open to MDI clients—offers comprehensive “bootcamp” programs focusing on technical skills such as cloud computing, data analytics, software development and Salesforce.

Villanueva prioritizes empowering women in what remains a male-dominated industry. She notes, “In my career, I mentor young women and appreciate the challenges they face when going through so many life transitions.” She added that this entails recognizing women's specific needs, for example, at the point of motherhood, to ensure they not only have equal opportunities as men in the workplace, but also equal access to those opportunities. “As such, we have developed several programs at MDI to support women.”

Such initiatives include providing breastfeeding rooms and a “Parenting Club” that supports employees with resources and community. MDI conducts sessions to promote awareness and inclusivity around sexual orientation, gender identity and expression, and facilitates employee resource groups for women and LGBTQIA+ individuals.

Villanueva also supports greater female representation in governance roles across Philippine corporations. “I've seen a trend toward greater female participation on boards and believe that should continue,” Villanueva said, noting that a diverse board is better positioned to consider a diverse consumer base. She adds, “We should remember that half of our consumers are women.” Nori Poblador, Managing Partner of Navegar, agrees. “The Philippines has always been a gender-forward country. Even before there was this conscious effort to provide greater opportunities for women, it wasn't rare to find females in company leadership positions. We want to encourage more of these women to be in the boardroom because experienced operators make good board members.”

Outlook

Over the next few years, Navegar plans to support MDI in its efforts to expand beyond the Philippines. To further this mission, Navegar is helping MDI identify and pursue bolt-on acquisitions throughout the region that will help the company better serve international clients. The company is seeking to enhance its current technological capabilities and service offerings in multiple areas including customer experience and customer relationship management. Broadening MDI's geographic reach and capturing clients with larger budgets will drive an increase in revenues, raise wages and broaden impact.

Looking to the future, financial investors may be interested in working with MDI as part of its next stage of growth. Navegar's Poblador, however, believes that MDI may be even more enticing to a strategic buyer than a financial one. He notes, “I believe strategics will look at MDI as an attractive entry point into a large market. A lot of growth remains to be seen in the Philippines as we are roughly five years behind our more developed Asian neighbors in terms of digital transformation. MDI's 850 highly trained and certified employees also offer a solution to firms struggling with the global talent crunch.”



My advice to female entrepreneurs is to remember that your name is very important, so please take good care of it. When the time comes to bring on investors, your reputation will be your most important asset. I also always tell my mentees that if you are going to start a company, never be afraid to hire people better than yourself. Have the humility to accept the fact that you won't know everything and find the best experts who can support you.

Myla Villanueva
Founder and Chairperson of MDI



The Company - ELSA Speak



ELSA is a mobile application that leverages machine learning, artificial intelligence (AI) and advanced speech recognition technology to improve English communication skills. Founded in 2015, the company offers a tailored learning experience with the ELSA Speech Analyzer, which provides immediate feedback, and the ELSA AI Tutor, which allows users to design and engage in roleplay scenarios. As of May 2024, the ELSA app has been downloaded more than 50 million times by users in 190 countries.

WEBSITE
elsaspeak.com

FOUNDER
Vu Van

SECTOR
Education
Technology

LOCATION
Global with the largest concentration in Vietnam,
Latin America, Japan and the United States



The Investor - Monk's Hill Ventures

Founded in 2014, Monk's Hill Ventures (MHV) is a venture capital firm that invests in early-stage technology companies, primarily through pre-Series A and Series A rounds. As of May 2024, MHV has partnered with over 40 startups across Southeast Asia and has on-the-ground teams in Singapore, Indonesia, Vietnam and the Philippines.

WEBSITE
monkshill.com

FUND SIZE
USD73m

FUND NAME
Monk's Hill Ventures Fund I

TOTAL AUM
~USD505m



The Investor -

Vietnam Investments Group

Vietnam Investments (VI) Group is a private equity firm that provides early-stage and expansion capital to companies in Vietnam and the Greater Mekong Subregion. Founded in 2006, VI Group typically seeks a significant minority investment stake and targets sectors such as education, technology, media, healthcare, FMCG, retail, transportation and logistics.

WEBSITE
vigroup.com

FUND SIZE
USD252m

FUND NAME
VI (Vietnam Investments) Fund III

TOTAL AUM
USD600m

DATE(S) OF INVESTMENT

MARCH 2018, MAY
2018, JANUARY 2019,
JANUARY 2021, JUNE
2023

AMOUNT

USD10M

STAKE

UNDISCLOSED

DATE(S) OF INVESTMENT

JANUARY 2021,
SEPTEMBER 2023

AMOUNT

USD3.44M

STAKE

3.6%

Synopsis:

Southeast Asian fund managers Monk's Hill Ventures (MHV) and Vietnam Investments (VI) Group believe gender diversity to be an important asset in their investment portfolios, and both were eager to support Vietnamese national Vu Van in her efforts to help fellow non-native English speakers improve their pronunciation using AI technology. As ELSA's earliest institutional backer, MHV has helped Van build her management team and strategize product development, while VI Group—which joined the investment consortium three years later—has expanded ELSA's global reach and business-to-business offering. In addition to creating an affordable and highly personalized mobile application for English learners wishing to access better educational and career opportunities, Van also strives to ensure strong female representation across ELSA's workforce and actively supports female entrepreneurs as they leave the company to launch new ventures.

When Women Lead: MHV and VI Group's Partnership with ELSA

Across Southeast Asia, fund managers are increasingly incorporating gender and diversity in their investment decisions. Venture capital firm Monk's Hill Ventures (MHV) and private equity-focused Vietnam Investments (VI) Group are two examples of firms that have portfolios well represented by female leaders despite not having an explicit gender allocation mandate. As of May 2024, approximately 36% of MHV's portfolio companies have at least one female founder and 28% are helmed by a female CEO, while 53% of VI Group's portfolio companies are run by women. When the MHV and VI Group teams crossed paths with Vietnamese national Vu Van and her English-learning mobile application ELSA, both were keen to invest in her.

The idea for ELSA first came to Van while she was pursuing her MBA at Stanford University. Although she was fluent in English, Van's classmates struggled to understand her—a challenge that followed her into the corporate world. The issue was her accent. Van had grown up in a small province in Central Vietnam and, despite having attended one of the leading colleges in her home country, her pronunciation of the English language was hindering her ability to make her voice heard.

At Stanford, Van had also received an advanced degree in education. After spending several years in management consulting, she found herself longing to build a career that was aligned with her passion for learning. She kept wondering: how could she help non-native English speakers speak confidently and unlock their full potential academically and professionally? A friend of Van's who was working at Google suggested that artificial intelligence (AI) could be the solution. Although she didn't have a background in AI or machine learning, she decided to embark on a six-month long research endeavor to assess the feasibility of applying technology to English learning. The following year, Van met Dr. Xavier Anguera, a speech processing expert with two decades of research experience, at a conference on voice recognition technology. He agreed to become her co-founder and Chief Technology Officer. ELSA (English Language Speech Assistant) was born in 2015.

By 2016, ELSA had five employees scattered across three countries building an in-house database of non-native accents to train its proprietary AI systems to evaluate pronunciation, grammar and tone. It was at around this time that Van met the partners at MHV. She recalls, "Monk's Hill believed in us from the very beginning. However, I didn't want to take institutional capital until I was confident that ELSA was something I could truly build and grow."

Van continued to bootstrap the company until it developed its earliest prototype. ELSA's big break came in March 2016 at Austin's South by Southwest annual conference when it won the SXSW EDU Launch Startup Competition for early-stage enterprises in the



Founder Spotlight: Vu Van

Van graduated from the Foreign Trade University in Vietnam and spent several years working for a Danish shipping company before obtaining her MBA and MA in Education from Stanford University in 2011. Van was one of the first students in Vietnam to get accepted to an advanced degree program without first moving to the United States. At the time, Vietnamese students would typically transfer to a US-based high school and then apply to local universities. Van became active in helping other students, who were inspired by her story, follow a similar path. In addition to starting ELSA, Van co-founded VietSeeds, a non-profit organization that provides college scholarships to low-income Vietnamese students, in 2011. As of May 2024, VietSeeds has sponsored over 550 students.



STEM education for women in Southeast Asia has not been prioritized to the same extent that it has in the United States, and I often hear women say they don't believe they possess the technical skills to be a founder. However, I want female entrepreneurs to know that you don't need to have a technology background to start a company. Anyone can do it if you have the right people around you.

Vu Van
CEO and Co-founder of ELSA Speak



education space. Following its win, the ELSA app had more than 30,000 downloads in 24 hours. The company was primed to begin marketing and distributing its app with the sudden influx of data, and Van was finally ready to engage investors.

Creating Value with Private Capital

In March 2018, MHV led ELSA's USD3.2m pre-Series A funding. Although ELSA was at an earlier stage of development than MHV's typical investment, Van had proven the ability to monetize the product and had a unique opportunity to serve an estimated market of 1.5 billion English learners. ELSA's technology was firmly rooted in language learning science and could differentiate between pronunciation mistakes and underlying accent. In addition, many of MHV's team members related to ELSA's mission, having faced similar situations of struggling to be understood in a different language.

Several venture capital and private equity firms followed MHV in providing funding for ELSA as interest in the edtech sector grew. According to GPCA Research, just under USD28b was invested in edtech-focused businesses across Southeast Asia, South Asia, China, Latin America, Africa, Central & Eastern Europe and the Middle East between 2018 and the first half of 2024.

Van notes, "We have always been very intentional about raising capital. I don't see fundraising as a milestone for success; rather, we raise money when we have a specific need and that need determines the investors with which we want to work." For example, Google's AI-focused fund Gradient Ventures invested in ELSA in 2019, leading its USD7m Series A with the intent of helping the company strengthen its AI positioning.

ELSA's reach began expanding globally. While most of its users were still from Vietnam, downloads were growing in Thailand, Japan, Indonesia and India. In Latin America, new users were popping up in Brazil and Mexico. By the time the company was ready for its next financing round, Van's goals had shifted from product development to finding a partner that could help the company scale internationally while developing a business-to-business (B2B) strategy.

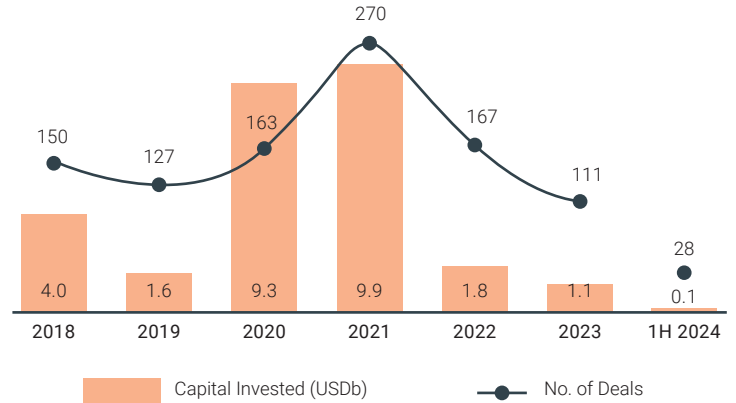
VI Group's Managing Partner David Do met Van in 2020. He notes, "We look for gender diversity when evaluating potential investments because it aids companies in identifying both risks and opportunities, and that ultimately results in better returns for our investors." In January 2021, VI Group led ELSA's USD15m Series B round alongside global trading and technology firm Susquehanna International Group (SIG). The VI Group team then introduced Van to UOB Venture Management, the private equity arm of Singapore's UOB Bank, which led ELSA's Series C valued at USD22.1m in September 2023. At this time, the company rolled out ELSA AI, a generative AI tutor that enables users to simulate real-world scenarios such as preparing for an interview, practicing a presentation or replicating a conversation with a friend.

Much of ELSA's growth has been organic with word-of-mouth being the leading reason new people join the platform. Internal qualitative user surveys indicate that over 90% see an improvement in their English pronunciation—with the greatest improvements seen in the first six months. Justin Nguyen, General Partner at MHV, observes, "Being able to speak clearly and confidently in English is fundamental to improving people's livelihoods. When an employee works for an international company and isn't properly heard, she isn't going to

get a seat at the table. Studies have shown that people with easily understood accents are viewed as more trustworthy and are more likely to be paid a fair wage."

As of May 2024, ELSA has been downloaded more than 50 million times by users in 190 countries, up from just over 1.7 million downloads in 2018. Between 2018 and 2023, ELSA's revenue has increased 9.5 times, generating approximately USD1m per month in 2023. The company is forecasted to reach its financial break-even point by 2025.

Private Capital Investment in Edtech in GPCA Markets, 2018-1H 2024



Source: GPCA. Data as of 30 June 2024.



In the last five years, the landscape in Southeast Asia has changed significantly for women in hypergrowth sectors. Across our portfolio, we are seeing leadership happen at a much younger age in comparison to more traditional industries like manufacturing or healthcare, where it is more challenging to build a business over a short period of time. There are lots of new business ideas in the technology ecosystem with light capex requirements, which creates more opportunities for equality.

Viet Nguyen
Head of Technology Investments of VI Group





Inclusive and Sustainable Growth

ELSA's workforce has grown significantly, from 16 employees in March 2018 to 100 employees in January 2021 to over 230 employees as of May 2024. Over half of ELSA's full-time employees and managers are female.

"We are very intentional in our recruitment efforts when it comes to diversity," remarks Van. "With any open position, I want to see that the panel of job seekers is well represented in terms of gender. If it isn't, we will ask our recruiters to take another look and come back with a broader selection. I don't necessarily offer the position to the female candidates—I hire the best person for the job—but I do need to see diversity within the applicant pool."

Van also supports female leaders beyond their time at ELSA according to VI Group's Head of Technology Investments Viet Nguyen. "Vu is a rare individual as she has been instrumental in creating a new generation of female CEOs across the region. A significant number of women leave ELSA to launch their own businesses with Vu's encouragement." As examples, Natalie Do, who was ELSA's Head of Commercial & Business Development, started an energy bar company. Tu Ngo, who was with ELSA from the beginning, co-founded Yola, a Vietnamese English language school, and launched Touchstone, a local early-stage venture capital firm. Ruby Nguyen, ELSA's first country manager in Vietnam, became the COO of a tech-enabled media startup and founded an edtech company.

Outlook

ELSA's leading priorities over the next few years are to further develop and deepen its B2B partnerships while scaling its AI capabilities. As of May 2024, ELSA has partnered with dozens of corporations to help them upskill employees by improving their English conversational skills and pronunciation in a scalable and cost-effective manner. ELSA is also partnering with educational institutions, viewing the mobile app as a supplement to the learning taking place in a classroom.

ELSA's initial efforts are generating results as companies have been able to see how the mobile app is directly improving customer satisfaction scores. While B2B represented just 5% of revenue at the time of VI Group's investment in 2021, the segment accounts for approximately 15% of ELSA's business as of May 2024. By the end of 2024, B2B is projected to represent nearly 25% of annual projected revenues. In the last three years, ELSA expanded its office locations from its main hubs in Vietnam, Portugal and San Francisco to include small, on-the-ground teams in Bangalore, Jakarta, Bangkok and Tokyo that primarily focus on B2B partnerships. Looking forward, the company is also exploring the possibility of penetrating deeper into markets such as Taiwan, the Middle East and Turkey.

Beyond B2B efforts, ELSA continues to improve its AI platform. "AI is truly changing the world and our team is constantly watching the market to see where it is heading next," Van notes. "We must always be building and innovating as much as we can to make our solution the most powerful English learning tool available on the market. ELSA is not seeking to replace humans but to provide a solution for those who wouldn't have access to a live tutor otherwise due to convenience or lack of funds."

Although MHV and VI Group have different time frames to exit, both firms are thinking about how to set ELSA up for success. MHV's Nguyen states, "ELSA is in a strong technology position having been operating in this space well before the AI explosion hit. We have already received numerous indications of interest from strategic players and if we can help ELSA go from a USD50m business to a USD500m one with the right partner, as fiduciaries, we must entertain that option. However, for now, our goal is to make sure ELSA becomes cash positive and to continue investing in the business on the B2B and B2C side."

VI Group's Nguyen remarks, "ELSA will be attractive to a lot of companies who want an international reach given that it already has a large global customer base, deep content library and advanced technological capabilities."



The Company - Astro Technologies Indonesia

Astro was founded in 2021 by five first-time entrepreneurs who wanted to bring quick commerce to Indonesia. The online platform provides on-demand delivery services for groceries, including ready-to-eat meals, fruits, vegetables, snacks, dairy, eggs, meat, household cleaners, personal care items, supplies and medicines. Customers can shop on Astro 24 hours a day and orders are often delivered in 15 minutes. As of May 2024, the company served over 150,000 customers per month in the Greater Jakarta area.

WEBSITE
astronauts.id

FEATURED CO-FOUNDERS
Marcella Moniaga and Jessica Jap

SECTOR
E-Commerce

LOCATION
Indonesia



The Investor - AC Ventures

AC Ventures is an early-stage venture fund focused on technology startups in Indonesia and the broader ASEAN region. Established in 2019 through the merger of venture capital firms Agaeti Venture Capital and Convergence Ventures, AC Ventures participates in seed to Series A rounds and makes follow-on investments in Series B rounds. As of May 2024, AC Ventures had invested in over 120 companies in sectors such as e-commerce, health technology, climate tech, fintech and edtech.

WEBSITE
acv.vc

FUND NAME
AC Ventures Fund III

FUND SIZE
USD205M

TOTAL AUM
USD500M

DATE(S) OF INVESTMENT

JUNE 2021, NOVEMBER 2021, JANUARY 2022, MAY 2022

AMOUNT

USD9.3M

STAKE

8%

Synopsis:

Venture capital firm AC Ventures was one of the earliest backers of Indonesian quick commerce platform Astro, a company established in 2021 by five friends who were inspired by the rapid success of newly emerging express delivery services in markets such as Turkey and India. The fact that three of the founders were women was important to AC Ventures, which wanted to increase female access to equity and had pledged a minimum of 40% of its investments to women-led businesses. The AC Ventures team believed Astro could disrupt the Indonesian retail market and generate significant returns. A variety of other investors reached the same conclusion—in the nine months following its launch, the company raised USD91.6m in venture and private equity funding. As of May 2024, Astro was the most frequently used grocery and essentials delivery service in the Greater Jakarta area and provided jobs to thousands of gig workers.

When Women Lead: AC Ventures' Partnership with Astro

Marcella Moniaga and Vincent Tjendra had both quit their jobs at Indonesian travel agency Traveloka and digital marketplace Tokopedia, respectively, when they decided to join forces and create a retail business. The quick commerce model had piqued their interest as it was gaining traction in other markets such as Turkey, Germany and India. They believed that a similar concept could work in Indonesia given the grocery shopping pain points experienced by busy working professionals and young parents. In May 2021, three additional co-founders, Jessica Jap, Wandu Budiarto and



Sherlyn Gautama, partnered with Moniaga and Tjendra to build quick commerce platform Astro Technologies Indonesia.

The AC Ventures team had discovered some of Astro's entrepreneurs in early 2021 through LinkedIn while screening for potential founders in Indonesia and the broader ASEAN region. In addition to liking Astro's innovative approach, the early-stage investor valued the fact that the founding team was majority female. AC Ventures had been working closely with development finance institution IFC to develop gender action plans for its portfolio companies, including inclusive hiring policies, through its Invest2Equal (I2E) program. With I2E, AC Ventures had pledged to ensure at least 40% of its investments would go to companies led by women.

The AC Ventures team believes that increasing access to equity for female-founded companies in Indonesia's technology sector is good for returns. Alvin Cahyadi, VP of Investment for AC Ventures, notes, "We like to see gender balance in the C-level, viewing the general difference in skills between men and women as complimentary. Before we make an investment, we always convene a meeting with all the founders to better understand their chemistry together."

AC Ventures appreciated the diversity it found within Astro's management team. "We have seen many startups fail simply because they didn't have certain functions well represented in the C-suite—especially when it comes to governance, finance and stakeholder management," Cahyadi continues. "Vincent was the strategist, but Marcella had all the right skills to drive sales and revenue growth while keeping an eye on internal operational details. Jessica was a wartime commander who would be able to execute everything on the ground while getting all the employees to follow standard operating procedures and deliver results."

AC Ventures decided to bet on Astro's potential and invested with the first-time founders in June 2021. The team raced to build infrastructure for the company, securing warehouses and hiring employees over the following months. Reflecting on the company's early days, Moniaga, who is also Astro's Chief Financial Officer, recalls, "It was fun but also the most hectic period of my life. The founders and I were meeting online seven days a week—we had launched in the middle of the COVID-19 pandemic and couldn't convene in person. With people secluded in their homes, we could sense that demand for our business would be huge."

In September 2021, Astro formally began operations, selling a wide range of groceries online that could be quickly delivered to the customer's door at any hour. The company's core mission is to simplify people's lives by saving them time, energy and money through one seamless platform that meets all their needs. "Astro is for working parents who want to prepare healthy meals for their kids but are struggling to do everything in the middle of a hectic working week," states AC Ventures' Cahyadi. "Astro is giving people breathing room and creating more time for them to do what they want to do with their lives."

Astro's model utilizes dark stores (or fulfillment centers) to store inventory and pack orders. At the time of the company's launch, Astro had one hub. With each dark store only able to serve customers within a five-kilometer radius, Astro's geographic reach was limited. The co-founders aspired to cover the Greater Jakarta region by December 2021 and needed a significant capital infusion to further build out infrastructure, maintain inventory levels and ultimately reach the scale necessary to become financially sustainable. Astro needed more investors to succeed.



Co-Founder Spotlight: Marcella Moniaga, CFO

Moniaga graduated from the University of New South Wales in Australia in 2016 with a master's degree in public relations, advertising and applied communications. Following graduation, she became a project specialist for Boston Consulting Group. In 2018, she moved to online travel agency Traveloka where she was responsible for revenue growth and optimization management. While there, Moniaga launched a pre-payment program, an in-app marketing platform and the "Buy Now, Pay Later" hotel voucher program. She was profiled in the Forbes 30 Under 30 Asia list in 2022.



It's amazing that we are seeing more female founders in the market and my hope is that more of them will speak up and demonstrate that it is possible to succeed at home and in the workplace. My advice is to be confident and look for a support system—whether that comes from your family or your colleagues. I am lucky to have the support of my husband and the other co-founders of Astro.

Marcella Moniaga
Co-Founder and CFO of Astro Technologies Indonesia



Co-Founder Spotlight: Jessica Jap, COO

Jap obtained an MBA degree with a focus on management from Dallas Baptist University in 2009. She started her career with Citibank Indonesia where she held various positions across its Wealth Management Sales and Advisory division. In 2018, Jap joined Tokopedia where her titles included Assistant Vice President-Category Development of FMCG and Long Tail Categories, Assistant Vice President of Business-B2C (Official Store) and Head of Merchant Partnership.

Creating Value with Private Capital

The co-founders knew from the start that Astro would be a capital-intensive business. “We didn’t have the resources to bootstrap our company, so we were very grateful to have AC Ventures as one of our first investors,” Moniaga recalls. “The team believed in us even before we had built the application. Having their financial support and benefiting from their expertise on how to build our platform correctly from the very beginning was critical to our ability to grow quickly.”

Investor interest in Indonesia was growing, as it was becoming one of the more established venture markets within Southeast Asia. According to GPCA Research, 172 private capital transactions took place in Indonesia valued at USD8.8b in 2021, up from 105 transactions with a disclosed value of USD1.2b the prior year. Investors were also interested in Astro’s specific niche—in 2021 and 2022, over USD417m in private capital funding went to 28 transactions related to Indonesia’s food delivery, cloud kitchen and restaurant technology sectors.

Astro raised several financing rounds in the year following the start of its partnership with AC Ventures:

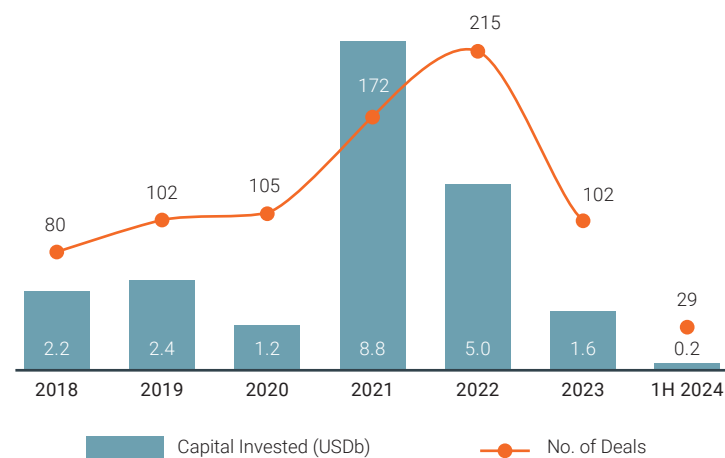
- In November 2021, AC Ventures participated in Astro’s first fundraising round, led by global early-stage investor Global Founders Capital. The USD4.5m seed round also saw participation from global venture capital firm Lightspeed Venture Partners and consumer technology investor Goodwater Capital.
- In January 2022, Astro successfully raised USD27m in Series A funding from venture capital giants Accel and Sequoia Capital India (now Peak XV Partners).
- In May 2022, Astro raised a USD60m Series B backed by Accel; technology-focused investment firms Tiger Global and Citius; and early-stage investor FJ Labs. AC Ventures joined the round.

Astro’s success in raising a significant amount of capital in a short period of time was key to outmaneuvering its myriad competitors. “In a capital-intensive business, your early strategy matters,” AC Ventures’ Cahyadi observes. “By the time many of Astro’s challengers were ready to raise capital, the largest Southeast Asian and technology-focused global investors were already backing Astro.” With the influx in capital, Astro succeeded in gaining a market foothold across Java’s Tier 1 cities with operations in Jakarta, Depok, South Tangerang, Tangerang and Bekasi, as of May 2024.

As the global fundraising environment began to cool, Astro shifted its focus to sustainable growth. Based on its experience with other portfolio companies, AC Ventures advised the co-founder team to reconsider the initial investment thesis and become a consumer brand rather than just a delivery service. Astro introduced an in-house line of packaged and freshly made food and beverage products under the names Astro Goods and Astro Kitchen in 2023. The AC Ventures team believed that creating a private label would increase brand recognition and profitability, in part by providing better operating margins. As of May 2024, Astro Goods and Astro Kitchen represented approximately 10% of the company’s sales.

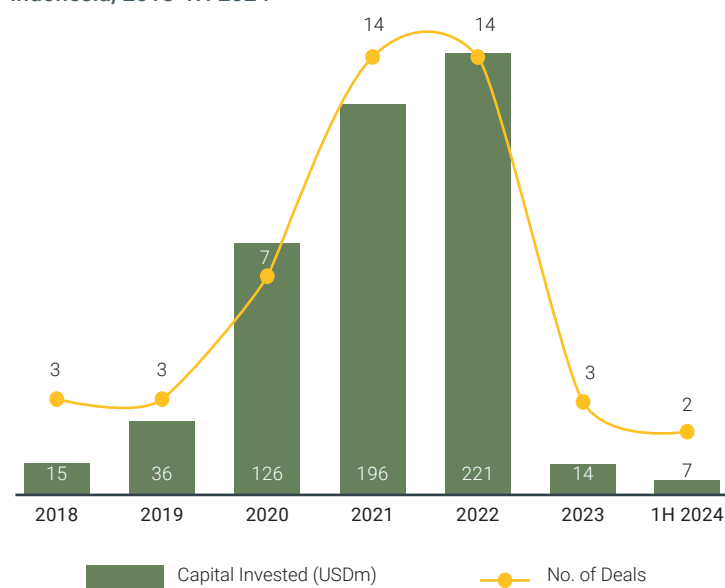
Astro has experienced exponential growth since its founding. The company’s gross revenue surged by 85% in 2023. EBITDA has improved over AC Ventures’ investment period, growing in 2022 before declining in 2023, largely driven by the time it takes for new stores to become profitable.

Private Capital Investment in Indonesia, 2018-1H 2024



Source: GPCA. Data as of 30 June 2024.

Food Delivery, Cloud Kitchen & Restaurant Tech Investment in Indonesia, 2018-1H 2024



Source: GPCA. Data as of 30 June 2024.

Astro has also steadily been gaining new customers. The number of Astro’s online orders grew by 40+% in 2023. As of May 2024, Astro served over 150,000 customers per month and was the most frequently used grocery delivery service provider in the Greater Jakarta area.

“Partnering with venture capital and private equity investors has been the source of our success,” states Moniaga as she reflects on Astro’s journey. “I have noticed that women are sometimes skeptical of private equity, being hesitant to give up ownership. However, the entire pie can grow by leveraging the equity and advice that comes with institutional investors. For example, if you have a clothing company that you’d like to grow, a private equity investor can help you think through questions such as how to make the clothes more accessible to a bigger audience, how to invest more in production capacity and how to improve quality to make customers love the product more.”

Inclusive and Sustainable Growth

As of April 2024, Astro had 520 full-time employees, 30% of which were women. The company is intentional about how it supports its workers to encourage the recruitment and retention of women employees. Astro works with national health insurance provider BPJS Kesehatan to cover health benefits such as inpatient and outpatient care for families up until the third child, as well as maternity care, paternity leave, dental and vision needs. In addition, the company prides itself on its flexible work arrangements and its work-from-anywhere culture.

In addition to its full-time staff, Astro has employed over 7,400 contract workers to support the speedy delivery of customers' orders as of May 2024. For these workers, Astro provides Social Security benefits through Indonesia's National Social Security Agency for Employment (BPJSTK). It also offers gasoline and parking subsidies as well as trainings on a variety of subjects such as health and safety procedures and computer, presentation, problem solving and leadership skills.

Moniaga adds, "Our gig workers are the soul of our company because they are the ones who directly meet our customers' needs. We want to offer them security. Most temporary workers at similar companies do not receive a fixed amount of money per month. We guarantee our workers a minimum amount of income regardless of how busy they are, and they will receive additional incentives if they work above that threshold. We also provide a career path for them. At Astro, it's possible for a driver to become a supervisor and for a supervisor to then be promoted to an area manager overseeing multiple stores."

Outlook

AC Ventures' priority over the next several years is to help Astro become financially sustainable. Believing that offline expansion could be a key driver, AC Ventures is working with Astro's leadership team to explore the feasibility of opening brick-and-mortar stores to complement its online activities. Astro's supermarket would aim to offer Indonesians a unique and affordable product mix with over 15,000 stock-keeping units (SKUs).

Beyond the offline activities, Astro is refining its private label product offering by evaluating which SKUs have been the most popular based on customer feedback and social media reactions. Astro plans to increase the overall number of products it produces from 3,000 SKUs as of May 2024 to more than 5,000. With support from AC Ventures, Astro is also exploring expanding to Tier 1 cities beyond Indonesia.

“ We are first-time founders and a lot of the aspects of building a business—from recruiting certain roles to setting up employee stock option plans—were new to us. It has been extremely helpful to consult with the AC Ventures team for guidance and mentorship. They have a lot of portfolio companies that are more mature than us that have faced many of the same hurdles.

Marcella Moniaga
Co-founder and CFO of Astro Technologies Indonesia





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