



CAPITALISING ON THE ASIA-PACIFIC OPPORTUNITY:

Notes For Venture Capital

Software companies need to participate in the Asia-Pacific (APAC) market to truly develop a global presence. With three of the five most populous nations, three of the five largest GDPs in the world, and a mix of mature markets and rapidly emerging tech hot-spots, APAC offers a wealth of opportunity that is attracting investors and startups in all IT sectors.

However, building a presence in APAC, whether as a local startup, or an international organisation looking to scale rapidly, is expensive, time consuming, and fraught with risk.

NEXTGEN oSpace provides an avenue for software companies to enter the APAC market through a low risk and low-cost model, which also delivers revenue faster.



Introduction

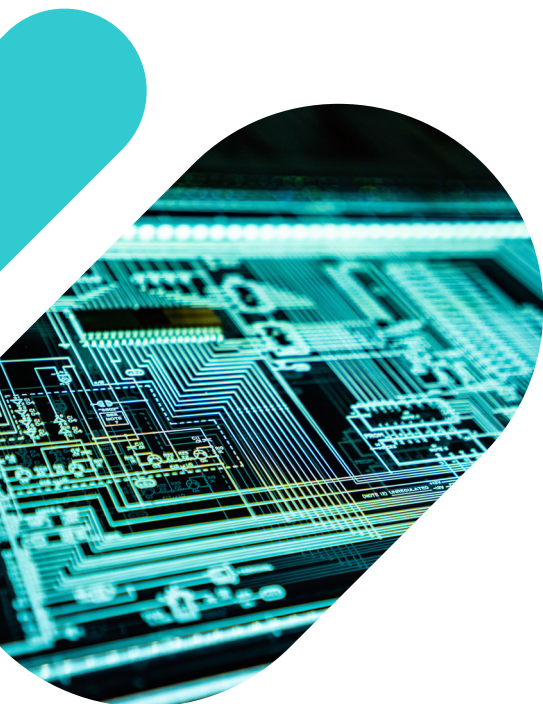
Software companies looking to create a global business need an APAC footprint. APAC is the fastest growing region of the world, with countries growing rapidly in population size and wealth and IT skills. IT spend is consequently increasing rapidly. The market remains a challenging one for businesses to expand into, but APAC arguably remains the region where leveraging existing, proven support from local expertise has the greatest payoff.

Businesses and enterprises alike are being inspired by the unique opportunities that the APAC region offers to challenger brands and innovators at the early stages of the business. For these businesses, Australia remains an ideal first destination and staging point for further APAC expansion. Still considered to be the “gateway to Asia”, Australia has one of the world’s best-performing advanced economies, and has a number of cultural and business traits that make for a smooth expansion process.

Australia is a well-known trading partner across the region, for example, with two thirds (66 per cent) of **all Australian trade** occurring with Asian nations. Additionally, Australia has free trade agreements with most major economies across Asia, including Singapore, Malaysia, Thailand, Korea, Japan and China. Having a base of operations in Australia creates confidence and smooths interactions in these other critical markets across the APAC region.

Australia is also the 13th largest nation by GDP, has one of the highest incomes per capita, is an English-speaking nation and has a highly stable political environment. These social and economic qualities also mean that it is a nation that is closely aligned, culturally, with the rest of the western world. For American or European companies, setting up in Australia comes with no “culture shock,” and while the regulatory environment is constantly under review and adapting to market conditions, the business environment isn’t going to challenge the standards that international businesses are expected to hold themselves to in their home country. Another benefit of Australia is that it is centrally-located by time zone. This is particularly beneficial for companies selling software that can distribute regionally from a “hub” location. As a company expands across Asia-Pacific, meetings are straightforward to organise at times that suit the other centres of business across the region.

As a centre for investment, Australia enjoys a AAA-credit rating from Standard and Poor’s, and only experienced its first recession in nearly three decades as a consequence of the COVID-19 pandemic. It is seen as a low-risk market to invest in, and for venture capitalists in the tech industry, there is the added benefit that Australians are quick to show interest in and adopt new technologies.



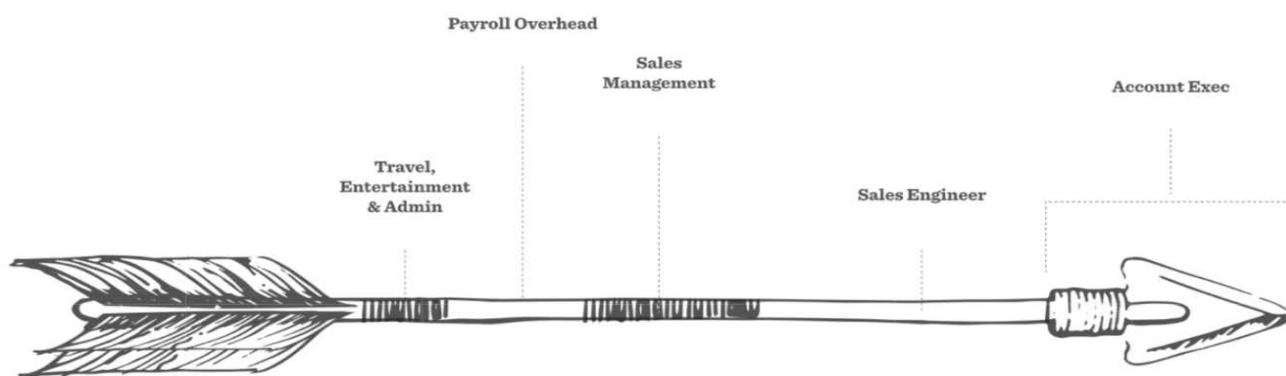
The Cost Of Breaking Into APAC

While the opportunity presented by the APAC market for investors is clear, there are challenges to growth in the region that can impact on the success of the venture:

Local representation is expensive. Budgets of \$US2 million are common for setting up a local presence directly, in terms of the resourcing that is required to do so. This is highlighted by “The Wood Behind The Arrowhead” – see below.

Furthermore, other APAC countries have different legal and regulatory systems, as well as business cultures from nation to nation across APAC to consider. Many nations have limited financial regulation and enforcement that can put global ventures into an uncompetitive position when they are also bound by regulation in the US and elsewhere.

The Wood Behind the Arrowhead



US Dollar Price Entry

Role	Base	Incentive	Fully Loaded
Account Exec	\$120,000	\$120,000	\$240,000
Sales Engineer	\$140,000	\$40,000	\$180,000
Sales Management	\$80,000	\$80,000	\$160,000
Payroll Overhead	\$70,000	\$ -	\$70,000
Travel & Admin	\$60,000	\$ -	\$60,000
Total			\$710,000

By setting up in Australia first, and then expanding into other APAC nations with similar financial and legal systems and business culture as the USA (such as New Zealand, Singapore, Philippines, and Japan), a business can mitigate against this as a risk. Nonetheless, having a local partner with a native understanding of the market will always assist in navigating the legal and regulatory system, in Australia and then beyond to the broader APAC region.



The value of NEXTGEN oSpace

Another major challenge that companies face in expanding into APAC is establishing the pathways to clients. Meeting data sovereignty requirements and facilitating managed services, sales and technical support are logistical challenges in bringing new solutions to market. This is where an organisation such as oSpace can be particularly advantageous.

By forming the right local partnerships, where the company and investors can begin their expansion into the APAC region, leveraging proven pathways, expertise, and on-the-ground resourcing, the business can take those first steps in establishing a presence at low cost and risk.

This is the opportunity that oSpace offers. Having managed over 900 campaigns since 2004, created \$90 million in client revenue, and delivered an average deal value of \$100,000, oSpace is a specialist in assisting these deals in beginning their journey into the region. oSpace is part of the NEXTGEN Group, a leading distributor for challenger brands in the APAC region, and assists with logistics, channel development, and B2B marketing. oSpace accelerates new businesses entering APAC graduating from their initial APAC investment phase into profitable phases of APAC growth.

oSpace provides born-in-the-cloud SaaS vendors, enterprise software firms and investors with the tools that they need to achieve validation, access and scale in the market. It is a low-risk and high-value consumption-based service that, for companies looking to grow across the Asia-Pacific region, offers features including:



Sales-as-a-Service

A full sales team that is there to assist in the sales strategy across the region. This service is managed by experienced salespeople with deep contacts and knowledge across a wide range of different industries and sectors. With regular reporting, partners can maintain a close eye on their performance in the market.



Data intelligence focus

oSpace helps organisations better understand the local markets, their variances, and where the opportunities are in each market. This can be particularly beneficial when first entering a market and determining what the best go-to-market is in the given culture and business environment. With regular reporting, partners can maintain a close eye on their performance in the market.



Lower cost

The marketing and sales support offered through oSpace helps to minimise the costs that the company is responsible for – as noted in the “Wood Behind The Arrowhead,” above, companies face significant sales and marketing resource expenses in getting established in the market. oSpace helps to mitigate against that.



Deeper strategic focus

oSpace is not a transactional service. The deep support helps a market entrant develop a strategy for a more holistic approach to the market.

oSpace in Action

As Gurpreet Ghuliani, Operating Partner of Telstra Ventures, one of the largest venture capital firms in Asia-Pacific, said of the launch of oSpace: “We invest in companies that are years ahead in innovation that disrupt traditional ways to make customers successful. In the same light we wanted to find a best of breed partner that shared the same values, passion and commitment to make these investments successful in new markets.”

As a leading venture capital firm, Telstra Ventures saw potential in the expertise that NEXTGEN Group, through oSpace, could bring to helping challengers and new entrants establish a rapid foothold in the region.

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I’m very excited about our NEXTGEN Group partnership, leveraging their market leading position and their innovative and customer insight driven approach to deliver new solutions to market. It’s great to be jointly invested with NEXTGEN to drive the success of my portfolio of companies, which includes CrowdStrike and the recently IPO’ed GitLab.

- Gurpreet Ghuliani

Operating Partner of Telstra Ventures

One of the key benefits that oSpace brings to the kinds of companies that Telstra Ventures invest in is access to market-wide data that would be otherwise outside their reach. To provide this service, oSpace aggregates multiple data types and sources to pinpoint the most promising prospects, which are the “best fit” organisations and individuals for sales and marketing teams to engage. Unlike the multitude of current lead generation offerings that simply hand over a lead, oSpace helps apply the right tactics at the right time to influence and improve the customer conversion, and once adequately qualified, then connects it to the right channel partner and continues the interaction to deal closure, providing a “soup to nuts” model.

oSpace provides the insight and support needed to determine which customers in the total addressable market (TAM) are ready to engage in either relatively immediate sales or are better placed into a nurturing campaign. oSpace provides a modern and scalable alternative for lead generation, sales finalisation and market representation services that reduce risk by linking investment to performance.

For most startups and investors, looking at the APAC market means looking at Australia as a first entry point, before establishing a presence in the other English-speaking parts of Asia, and from there looking to major commerce hubs in China, South Korea, Japan and Malaysia. This is how NEXTGEN Group itself has approached wider APAC growth, and with a suite of solutions that are tailored towards enabling the rapid growth of challenger vendors, as well as partnerships with leading VC companies, NEXTGEN is uniquely positioned to identify and support expansion-focused companies to reach a rapid break-even point and exponential growth within APAC.



Get in touch with the oSpace team today: [CLICK HERE >](#)

Introducing The NEXTGEN Group

NEXTGEN Group is a specialist in assisting companies in the enterprise software and cloud solutions space enter APAC while minimising risk. The Group offers holistic solutions that leverage proven, data-driven marketing, financing and advisory services that help their partner vendors from top-of-funnel engagement, right through to post-sales support.

Because NEXTGEN Group is highly focused on challenger vendors, the Group also actively partners with leading venture capitalists across the APAC region to identify and support innovative and transformative technology.

The companies in the Group include:



NEXTGEN is an enterprise software and cloud distributor helping accelerate growth for vendors and partners through marketplace aggregation and sales facilitation. NEXTGEN distributes best-of-breed solutions across digital enterprise and cloud, cyber security, and data management.



OSPACE Combining sophisticated data intelligence, demand generation, and sales execution, oSpace leverages a proprietary platform and share deep industry expertise to drive shared success.



BANG is a data-driven digital, creative and branding agency helping organisations achieve meaningful transformation.



CONNECT is a carrier-grade, globally scalable 'Order2Cash' digital platform for building and supporting online marketplaces. It helps bring buyers and sellers together while meeting today's demand for modern digital marketplaces.



OPTIMA is the NEXTGEN Group's independent software and cloud advisory firm, with services that include complex digital investment strategies, including software licensing reviews, audits, and cloud economics.



ORBUS is an innovative finance company that helps enable the cloud and consumption-based economy, by delivering a flexible and comprehensive technology payment solutions for vendors and channel partners to white label and offer to end-customers, ensuring upfront payment.

Partners can access the suite of services and NEXTGEN Group companies that will best address their specific needs in the market. For VC-backed investments, this suite of services provides the backbone that, from marketing to finance, allows them to rapidly scale their operations across APAC.

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