

STARTUP AND DIGITALISATION OUTLOOK IN POST-PANDEMIC PAKISTAN

TELENOR PAKISTAN

Last year's global outbreak of the coronavirus changed the way businesses around the world operate. It was challenging for startups and small businesses that rely on human interaction for operational sustainability. But, with no choice, the world adopted the digital way of working and living.

The new way of working enormously affected startups and small businesses worldwide, and many had to halt their operations, implement pay cuts, or even let staff go. The World Health Organisation reported that 196 out of 251 countries were severely affected by Covid-19, making up 80% of the world's population. While 10% of the world's intermediate goods trade originates from China, it reported a 17.2% decline in exports with a grim outlook on the future with the pandemic outbreak. These declines and delays in exports from China resulted in production and manufacturing disasters in countries worldwide that depend on Chinese trade. Considering the uncertainties faced by factories globally because of the shortage of parts and raw materials, the need for digitalisation in the modern way of doing business became even more apparent.

In Pakistan's circumstances, the race to digitalise the economy is laden with obstacles that threaten the existence of modern small businesses. There is a strong need for increased government support in keeping startups afloat during the recurring pandemic this year. It's important to remember that the pandemic will subside, but today's digitalisation will lay the groundwork for tomorrow's progress.

A recent report by Invest 2 Innovate revealed that Pakistan's startup ecosystem was experiencing rapid growth before the global pandemic. It had raised more than USD 32 million in 2019 compared to USD 24.5 million in the year before. In addition, the report detailed the effects of the pandemic on local businesses as they either pause operations or shut down entirely because of the uncertainty in the country's macroeconomic climate.

The need for social distancing and isolation allowed startups that operate in the fintech, EdTech, e-commerce and health tech sectors. These are the

only industries witnessing growth thanks to increased demand from the locked-down populations around the country. They can fill a gap that traditional services can no longer cover with Pakistan's population confined to their homes.

One such startup is Sehat Kahani – currently part of Telenor Velocity that provides telemedicine services through e-clinics and a mobile application. The company is a supporter of the government's Digital Pakistan initiative and offers professional consultations through video calls for added peace of mind. Through Telenor's direct operator billing business model, scheduled for September this year, Sehat Kahani can tap into more customers and offer them customised services.

With COVID-19, almost 1.2 billion children were out of the classroom, with schools shut across the world. As a result, education changed dramatically, giving rise to e-learning. EdTech startups offered the increasingly popular options for study at home students and out-of-school children around the country. The increasing need for remote and digital learning requires at-home alternatives to make up for the lack of school attendance. The Higher Education Commission ordered educational institutions to deliver online lessons, highlighting profound inequalities that affect students all over the country, especially those from lower-income families.

Startups in this sector should take this as an opportunity to create better distance learning solutions and make education accessible to everyone in Pakistan, irrespective of background or social standing. Edkasa is an alumnus of Telenor Velocity that offers an exam preparation app that helps high school students prepare for their standardised exams. It is offering a digital alternative to private tuitions. It also provides a vast library of YouTube classes for free. The relevance of the service offered by the app triggered its success and allowed the startup to raise a funding of USD 320,000.

E-commerce startups also saw immense growth in some areas while suffering in other categories. For example, consumers worldwide downloaded grocery

delivery apps in large numbers, starting a new trend in e-commerce that had not existed before. In addition, E-commerce was stretching out to include essential items, such as groceries and medicine too. So, to cater to the changing consumer needs, many e-commerce businesses began dealing with necessary things to stay ahead of the curve.

To sustain the ongoing shift towards digitalisation and to expand IT in Pakistan, there needs to be a focus on five different areas to make Digital Pakistan a prosperous reality for tomorrow's startups - improved access to connectivity, digital infrastructure,

e-governance, digital skills and literacy, and finally, innovation and entrepreneurship. With clear key performance indicators for each area, Pakistani startups can take digitalisation to the next level.

There is an enormous amount of potential in the digital services sector of Pakistan, especially considering the vast and young talent pool that can lead the country's digital transformation from the forefront. With a strong digital focus in leadership, startups, businesses and government departments can welcome citizens to a Digital Pakistan that leaves no one behind.



About Author

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With 29 years of international and local technical experience as the Chief Operating Officer, Khurram Ashfaque heads the Digital & Technology divisions at Telenor Pakistan. He is currently also the Chief Technology Officer (CTO) of Telenor's Emerging Asia markets and has been associated with Telenor Pakistan for over 15 years. He has academic and professional qualifications from NED University Karachi, Carleton University, INSEAD, and Harvard Business School.



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