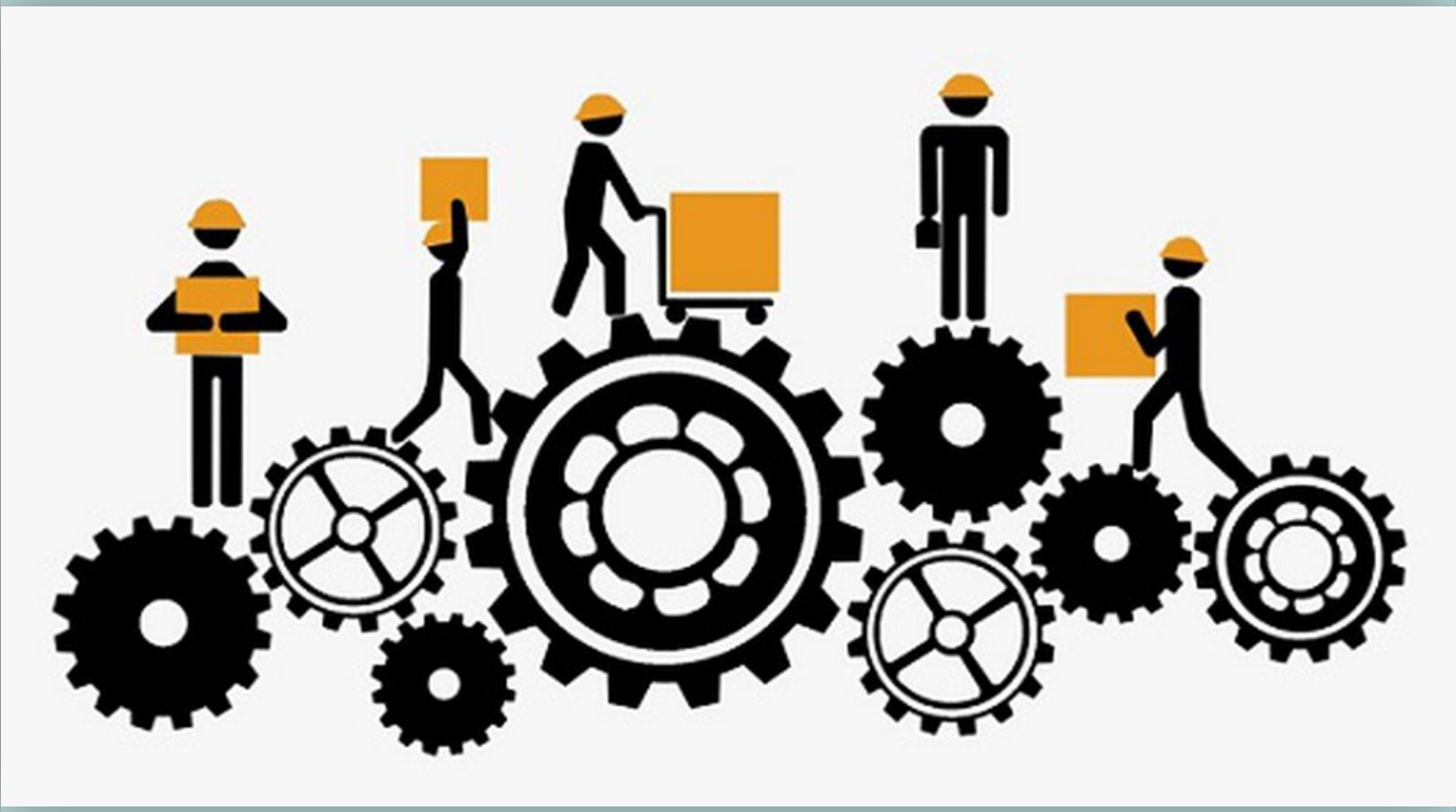
Date: 15-30/04/2021
Volume 136, Number 133

World SME Update

(A Global Update On SME News, Events,Policies & Programs)



General News

Survival Strategy: Supporting SMEs to Leverage IP for Growth in Uncertain Times - A Perspective from Ireland

"In a time of increasing uncertainty, there's no room for complacency and no point in congratulating ourselves on achievements so far if vulnerabilities are not identified and addressed in parallel."

World IP Day may not have fully captured the public imagination yet, but it is increasingly an important moment to reflect on a topic that impacts all of our lives in more ways than are widely recognized. In Ireland for example, like many other modern open economies, IP plays a significant role in how we participate in the global marketplace. In addition, it is the intrinsic intangible nature of IP that allows us to play a role that is many times greater than our relative size would seem to allow. For example, in 2019, the European Patent Office (EPO) and European Union Intellectual Property Office (EUIPO) jointly published a report on "Intellectual property rights intensive industries and economic performance in the European Union". According to that report, IP rights (IPR) intensive industries account for 45% of GDP, on average, across the EU. In Ireland, however, the share attributed these industries was 65% of GDP-a good 20 points ahead of the next highest.

This is good news for the Irish economy and helps to explain its resilience as it continues to weather the decidedly imperfect storm of the past few years. The UK-EU Brexit slow bicycle race, yielding a hard Brexit in December 2020, and with many wobbles still expected, represents a particularly significant threat to Ireland. Throw in a global pandemic, which more or less shut down the domestic economy and closed the door on tourism, and you've got a very uncertain outlook. In spite of this, the Irish economy has proved relatively robust. The EU Commission Winter 2021 Economic Forecast estimated that Ireland's real GDP grew by 3.0% in 2020, the only positive growth rate in the EU. It seems unlikely that this could have been achieved without the contribution from IPR intensive industries.

Avoid Complacency to Avert Future Crises

However, as the pessimists would say, "every silver lining has a cloud". Uncertainty is here to stay and there are always risks behind "outlier" statistics. So, rather than becoming complacent, it is critically important to look behind the headlines to see what should be done to climb out of the current crisis and to shore up against future ones. First of all, who are the IPR intensive companies behind such a huge chunk of GDP? They are not named in the report but it's fair to conclude that they are, in the main, the multinational corporations with operations in Ireland. There is also a thriving domestic innovative industry sector, which is critical to the economy too, but this is likely to account for only a small fraction of the 65% of GDP from IPR intensive industries.

The truth is that SMEs, in Ireland and elsewhere, are much less likely to own IP in the first place, compared to large companies. According to another joint report from the EPO and EUIPO from Feb 2021, only 9% of SMEs in the EU own IP compared to 54% of large companies. However, they also reported that, for SMEs in particular, there is a very strong correlation between IP ownership and indicators of business success. For example, the revenue per employee at SMEs that own IP is on average 68% higher than that for non-IP owning SMEs. The equivalent figure for large companies is only 18%. Yet, another joint EPO-EUIPO report from 2019 provides another, complementary, vantage point by

comparing the performance of companies that utilized IP from early on with those that did not. It showed that the companies that utilized at least one EU IPR early in their lifecycle were 17% more likely to achieve future periods of high growth. Furthermore, those that adopted a broad IP strategy, combining a range of IPRs, were 33% more likely to experience periods of high growth. The characteristics of this subset of SMES, so called "High Growth Firms", include being innovative, risk taking, internationally active, resource constrained and built on human capital R&D and intangible assets. They were also shown to make a disproportionately large economic contribution during the phases of high growth.

The data, therefore, confirm that SMEs are not a generic category and within their ranks is a cohort with the potential to make an outsized economic impact. The question from an economic development point of view is how to identify, target and support them appropriately so that more of them achieve their potential, with the ultimate objective of building up the domestic IPR intensive industry base as a complement and counterbalance to the multinational base.

We All Have a Vested Interest in SME Success

This is not an Ireland only question, as all economies strive to create stable economies based on a well-balanced industry base. So, the theme of World IP Day, "IP and SMEs: Taking your Ideas to Market," is particularly appropriate at this point in time. However, it should be noted that, while the focus is on today's SMEs, it is really speaking to the subset that will be tomorrow's large companies. In other words, these are the target not because they are SMEs but because they are a category of SME with the potential to be IPR intensive, off the back of which they may grow into large enterprises and really move the GDP needle. They are also an essential bulwark against uncertainty and future crises like Brexit and COVID-19.

As such, the whole economy has a vested interest in seeing these SMEs succeed. Very few would argue against the need for significant public investment to support them to innovate. However, the idea that the State should also invest in supporting them to capture and utilize the resultant IP has yet to gain popular acceptance. There are positive signals however, like the European Commission publication of the EU Action plan on Intellectual Property, which has a strong focus on SMEs and numerous individual actions at country or federal level across the world.

Brexit and COVID-19 have shown that change can come rapidly, pushed by forces way outside our control. Yet IPR intensive companies have proved that it is possible to continue to trade and even to change in response the new environment and grow through the crisis. This is a lesson worth learning for the inevitable crises of the future.

In a time of increasing uncertainty, there's no room for complacency and no point in congratulating ourselves on achievements so far if vulnerabilities are not identified and addressed in parallel. For example, Ireland is Ranked 9th overall on the 2020 European Innovation scoreboard and 1st on both the "Employment Impacts" and "Sales Impacts" dimensions. We are middle of the road on a few others but we are ranked 20th out of 27 on the "Intellectual assets", our worst performing dimension. So, at least by this measure, there appears to be a need to shift mindsets with regard to the levers we need to pull to grow resilient innovative enterprises. The old levers got us here but they are maxed out;

we've got to look at what we are not doing so well.

Similarly, at the company level, there is a need to look at things differently. Running a startup/SME is a full-time job and fitting IP management and strategy into the day is a challenge, especially if it's new to the business. This, together with finance and capability constraints, account in large part to the low use of IP by SMEs. To achieve the necessary change within a reasonable time frame it is necessary for the State to play a more significant role and to invest taxpayer money for mutual benefit in the long-term.

Strategies and Solutions

It is for this reason that Enterprise Ireland, as the national public agency with primary responsibility for supporting innovative exporting Irish enterprises, has recently developed the IP Strategy support scheme for SMEs as a complement to our existing range of R&D and innovation support programs. The scheme provides financial aid to R&D performing companies to support them to develop an IP strategy tailored to their needs. It is designed to accommodate the varying needs of SMES at different stages of "IP maturity" and allows them to build their IP strategy in bite-size chunks or to undertake a more in-depth assignment over about 18 months. They can also reapply to take it up another level. There are two core objectives - to support companies to access external IP expertise and in parallel to develop internal IP capability, with the combined purpose to address the broadest possible range of IP management/strategy issues related to their innovation.

While the IP strategy offer is a relatively small initiative, its structure and integration with other R&D/Innovation supports enables SMEs to embed IP strategy as a component part of innovation and business culture, rather than hived-off activity. The more integrated approach involving more business functions, like finance, also helps SMEs to avail more easily of other supports in the innovation ecosystem, like the R&D tax credit and Knowledge Development Box (the Irish OECD compliant innovation box).

There is obviously much more to be done, but on this World IP day it is encouraging to see WIPO raise awareness of the issues around IP and SMEs and the need for greater support from governments. In the opinion of this author, this is increasingly a necessity to help reinforce economies against future shocks, but also to maximize global cooperation toward a shared aim of avoiding crises in the first place.
Source: https://www.ipwatchdog.com/2021/04/27/survival-strategy-supporting-smes-leverage-ip-growth-uncertain-times-perspective-ireland/id=132791/

Intellectual Property - A story of two SMEs

Every year, since the year 2000, World Intellectual Property Day is celebrated on April 26. Every year, the World Intellectual Property Organization chooses a theme for this celebration. In 2021, the chosen theme was the importance of intellectual property (IP) for small and medium-sized enterprises (SMEs), when they bring their ideas to the market.

IP is not necessarily decisive in the success of an SME. It is possible for an SME to have business success without protecting its products, and it is also possible for an SME to protect its products and not have business success. However, when an SME introduces a

product to the market, its behaviour in relation to IP can be decisive.The cautionary story of two fictional SMEs told below, tries to highlight this importance.

Intellectual property rights

Two SMEs, SME-A and SME-B invest, separately, a few thousand euros in the development of a footwear product. The products of the two SMEs are innovative sneakers.

SME-A's sneakers allow the user to receive information about their activity during use, such as distance travelled and speed. This and other information is received by the user in an app created by SME-A. The SME-B's sneakers have a technical solution that allows the user to have information about their way of walking and running, also in an app created for this purpose.

In addition to these technical innovations, unique designs are created for both shoes. Finally, the two SMEs create a brand for their new product. The products are ready to be sold. SME-B, impatient to cover the costs it had with the development of the product and perhaps start to make a profit, introduces the product to the market. The product is an immediate success and SME-B is satisfied.

On the other hand, SME-A, before introducing the product to the market, seeks assistance from a trademark and patent attorney (TPA) to protect its product. The TPA informs SME-A that its product includes several intellectual assets that may be subject to intellectual property protection. The technical solution that allows the user to be informed of his activity with the sneakers through the app is an invention, so it can be patented if it is new and sufficiently inventive in relation to the inventions already known in the world. The design of the sneakers (their appearance) can be protected by registering a design, as long as it is new and has individual character in relation to any design already known. The texts, music and other content created for the app and the app itself, in part, will be protected by copyright, as long as they are new and original. Finally, the TPA indicates that the brand may be protected through trademark registration, insofar as there is no registered trademark similar to the point that the two are confusing for consumers.

Upon hearing all this information, SME-A doubts whether to use more financial resources on this product. The investment in its development was high and it has not yet introduced the product to the market, so it has not yet recovered any part of the investment. These additional expenses may be unbearable.

Meanwhile, SME-B continues to market its innovative product successfully and to profit, without having had any IP costs.

Obtaining intellectual property rights

SME-A ends up accepting the TPA recommendations and learns how to obtain intellectual property rights on the identified intellectual assets. With the exception of copyright, which exists from the moment of creation of the works, the remaining intellectual property rights will only exist with the granting, by an administrative entity, of a patent for the invention (technical solution) and of registrations for the design and for the brand. TPA also recommends the registration of works already protected by

copyright because, despite the fact that the right already exists, proof of its authorship may be difficult without registration.

SME-A also learns that intellectual property rights are territorial, that is, that a patent granted in a country, only takes effect in that country, so if protection is needed in other countries, different procedures will be necessary for those countries. Design and trademark registrations and patents will be required in these countries.

The costs will be high. However, SME-A is satisfied with the information that the internationalization of the protection may be delayed over time. SME-A may start by submitting applications only in its country, after which it has one year to apply for patents and six months to apply for design and trademark registrations in other countries. International and regional applications will lower costs and procedures times. SME-A decides to proceed with the services proposed by the TPA. They begin by conducting searches to assess whether the patent and the design and trademark registrations will be accepted. The patent and the design registration will, in principle, be granted. However, they discover that there is already a similar trademark, so the trademark registration shall be refused. SME-A creates a new mark that can be registered. Fortunately, SME-A had not yet had marketing costs in relation to the non-registable mark.

Applications are submitted and, with the provisional protection they provide, SME-A finally introduces the product to the market.

The exercise of intellectual property rights

The two SMEs market their products which, although competing, are both successful. The SME-B product has a larger market share, as it has been on the market for a longer time. SME-A, in addition to having a lower market share, continues to have costs with the maintenance of the intellectual property. Every year it must pay the patent maintenance fee, every five years the design registration fee and every ten years the trademark maintenance fee will have to be paid. SME-A continues to doubt whether the costs with IP are worth it.

However, an international company in the footwear sector, observing the success of the two SME products, intends to introduce a similar product on the market, preferably by combining the two technologies, choosing one of the sneaker design and using its prestigious international brand.

The international company conducts audits of the intellectual property of the two SMEs and discovers that it will be able to freely use the non-patented technology and the unregistered design of the SME-B. On the contrary, it will not be able to use, without the authorization of SME-A, its patented technology and its registered design.

The international company presents a proposal to SME-A to acquire its patent on the technology of the sneakers and the registration of the design or, for a lower price, an exclusive license to explore the invention and design. With the transfer, the patent and registered design rights would definitively be transferred to the international company. With the license, the rights would continue to be SME-A's, which would receive royalties in exchange for permission to the international company to use these intellectual assets.

Considering the proposed values, SME-A accepts the transfer proposal. Also, the copyrights on the app and its contents are transferred (economic rights), and they are for a higher value than they would be if they were not registered.

SME-A uses the money received to reinvest in the creation of new innovative products. Additionally, it maintains its registered trademark, which has acquired some notoriety in the market and which SME-A will be able to use in the new products it will create.

SME-B observes its market share decreasing very rapidly, with the entry of the international company's product in the market, which combines SME-B's technology with the technology acquired from SME-A. SME-B also realizes that other companies sell sneakers with a design similar to its own.

SME-B finally uses an IP lawyer to act against the imitation of the invention and design. To SME-B's shock, the lawyer informs that the probability of being able to prevent those uses is practically nil. The use of the invention by the international company cannot be prevented because the invention has not been patented and can no longer be, as it has already been disclosed. Similarly, the use of the design by several companies cannot be prevented either, because it has not been registered, and the SME-B does not have any exclusive use rights over it. It was for this reason that the international company was not interested in using the SME-B design: any company will be able to use it. Due to the dissemination and commercialization, the design can no longer be considered new, so it can no longer be registered.

When sales are almost no longer enough to pay expenses, SME-B receives a letter. The letter is from a company that has learned that SME-B has used a trademark identical to its registered trademark during the past three years. For having infringed its trademark right, the company seeks compensation from SME-B. SME-B never registered the brand or even checked if there was already an identical registered trademark before starting to use it. The company is entitled to compensation from SME-B. SME-B declares itself insolvent.

The managers of the defunct SME-B, after some indignation, understand, finally, that the general rule is the freedom of imitation and that this freedom is only excused when there are intellectual property rights (or in some very specific situations of unfair competition). Meanwhile, SME-A is no longer an SME.
Source:https://inventa.com/en/news/article/619/intellectual-property-a-story-of-two-smes

Cost of working capital finance soars for SMEs, survey finds

A global survey of SMEs has found a "precipitous rise" in the cost of working capital finance, as well as growing concerns over late or extended payments from SMEs' customers.

Carried out by working capital marketplace C2FO in December 2020 and January 2021, the survey quizzed more than 6,700 representatives from SMEs in Europe, North America and Asia Pacific on their working capital health.

Though the vast majority said they had enough liquidity on hand to survive for the next six months, C2FO says there has been a sharp increase in the cost of short-term working

capital finance that appears to be concentrated in the SME market.

"While it's heartening that many SMEs in this survey have a positive outlook for their immediate future, it is also very clear that more needs to be done to provide these businesses with immediate access to the low-cost liquidity they need to grow," says C2FO's founder and chief executive Alexander Kemper.

Around two-thirds of respondents reported that the cost of borrowing for working capital purposes is over 8% APR, and a lack of low-cost financing options was found among SMEs in all 16 markets targeted by the survey.

In the last year, it found that the cost of working capital finance had increased by 30-35% in the UK, the Netherlands, Germany, the US, Italy and the Nordic region. The largest increases were reported in Turkey and India, at 69% and 56% respectively.

Rising costs are not solely attributed to a lack of financing options among SMEs, however, according to a report published by C2FO analysing the survey's findings.

"[Respondents] cited a wide range of funding sources, including revolving lines of credit, asset-backed loans, factoring, government support and supply chain finance," it says.

The issue is that uptake of those funding sources - specifically by SMEs - fell to 23% last year, down from 46% in an equivalent C2FO survey in 2017. Smaller firms appear to be reluctant not to pursue funding "beyond traditional sources", it says.

And despite the impact of the Covid-19 pandemic on trade and economic activity, the report suggests that concerns over rising liquidity costs pre-date the pandemic by over a decade.

Since the global financial crisis in 2008, it says, many smaller or community banks have closed their doors while their larger competitors remain focused on the top end of the market.

"A certain segment of SMEs… don't have access to capital markets like larger corporations do," says Ashish Jain, senior vice-president and head of capital markets at C2FO. "And from a bank's perspective, a US$5mn loan costs the same amount as a US$100,000 loan."

Supplier payments

Another concern for SMEs is around late payments from customers, or in some cases, extensions to their payment terms. 37% of survey respondents said the number of customers who "often" paid invoices late increased during 2020.

The report suggests that due to the "widening pandemic, government shutdowns and economic instability, the response of many companies was to hold on to as much cash as they possibly could".

"Even after the pandemic ends, the challenge of liquidity tied up for months in receivables will likely continue," it adds, estimating that the overall amount owed to SMEs worldwide stands at around US$16tn.

Late payment practices increased most in China, Italy and the UK, the survey found, with SMEs in all three saying the proportion grew by over 40%.

For industry participants, supply chain finance (SCF) has been touted as a way of letting buyers maximise working capital while allowing suppliers to receive payment on time or early - typically at a discount.

However, SCF is not widely available in all markets, does not always extend to the smallest suppliers, and in some cases has drawn attention from regulators concerned it allows companies to build up debt-like obligations they are not required to disclose.

Efforts are underway at international level to improve SMEs' access to SCF programmes, says Nathalie Louat, director of global trade and supply chain at the International Finance Corporation.

"We're arranging training to make sure the specifics of that market are well understood," she said during a recent online event hosted by the International Chamber of Commerce and the World Trade Organization."What we are also looking to do is provide more support to local banks to consider taking more risks on SMEs, and we are encouraging them with risk-sharing facilities where we encourage them to build their SME client base, and facilitate supply chain finance."

Steven Beck, head of trade and supply chain finance at the Asian Development Bank, said during the same event that "deep-tier training and capacity building" around supply chain finance is underway in Sri Lanka and Vietnam - along with efforts to overcome legislative barriers in India and Cambodia.

"Supply chain finance is really not well-known or understood, certainly in most of Asia, and we see a great opportunity to close those gaps," he said.
Source: https://www.gtreview.com/news/global/cost-of-working-capital-finance-soars-for-smes-survey-finds/

Start up

India's 'buoyant' startup culture shut out of global SPAC hunt

Only three SPAC deals have been made to take Indian companies public on US stock exchanges

Companies in India remain almost completely locked out of being acquired by special-purpose acquisition companies nearly a year after India's finance minister promised to relax foreign investment rules and let SPACs buy and list its companies.

The number of SPAC deals that have taken Indian companies public on the US stock exchanges remains stuck at exactly three - even as an estimated $120 billion in capital seeks deals in Asia.

Rules aimed at protecting investors from unvetted shell companies have essentially barred SPAC investments, and any workaround involves convoluted cross-border

structures that India has tried to thwart with punishing tax consequences that wipe out any benefits to going public.

"India has approximately 50,000 startups and over 45 unicorns, so we estimate there to be a minimum of $150 to $200B that could be unlocked in the short to medium term should SPACs be open to Indian companies," said Rajive Keshup, investment director at global venture capital firm Cathay Innovation fund that oversees $4 billion in assets.

India has proposed allowing SPACs to list directly onto an exchange located in a special financial zone called GIFT City, and relaxing rules for a special class of institutional investors that have deep pockets and an appetite for risk. But entrepreneurs, fund managers, and tax professionals say both proposals fall far short of reversing the restrictive rules.

"Broadly speaking, there is no concrete framework that would allow for SPAC transactions in any meaningful way," said Ashish Kabra, who leads Nishith Desai Associates' office in Singapore, and one of the architects of an $8 billion SPAC deal that will take India's ReNew Energy public in the U.S. in the second quarter of 2021.

Frustration from Indian companies and investors comes as the Securities and Exchange Commission increases its scrutiny of US SPACs, including their accounting practices, and companies run low on targets in North America. Now Asia is starting to draw more attention. Goldman Sachs, for example, has set up a dedicated SPAC banking operation in Hong Kong.

India has "one of the world's most buoyant startup ecosystems after Silicon Valley," Kabra said, creating huge potential if the Indian government allows more direct foreign investment by SPACs.

"We think today's environment is a product of the combination of pent-up demand for companies waiting to go public catalysed by limited alternative financing options from established Asian exchanges," Keshup said. "Currently, the markets drawing the most activity are Singapore, Indonesia, and India, though the latter still has some regulatory hurdles to wrestle with."

Eyes on Asia

SPACs, also known as blank-check companies, are funded by public investors prior to identifying a target company to combine with or buy. SPACs announced deals worth at least $70 billion so far in 2021, already outpacing all the announced deals from the previous two years, according to data compiled by Bloomberg. And international markets want to attract those investors.

"Prior to this year, I'd say less than 10 percent of SPACs were foreign focused SPACs, but 2021 is going to have much more of a substantial international focus," said Douglas Ellenoff, partner at Ellenoff Grossman & Schole LLP, in New York, who has worked on 375 SPAC IPOs. "I've already seen it."

SPACs are running out of promising target investments in North America - home to 86 per cent of the targets that were announced in 2020, while deals in the Asia-Pacific region

made up just 5 per cent, according to the Bloomberg data.

Credit Suisse estimates that India is home to at least 100 "highly-valued, as-yet unlisted" unicorns-startups worth more than $1 billion each-with a combined market capitalization of $240 billion.

In February 2020, India's Finance Minister Nirmala Sitharaman promised to relax foreign investment rules in her budget speech. The government followed through in various sectors-but has yet to release a framework that specifically enables SPAC deals.

India did release a domestic SPAC proposal last month to "keep pace with the evolving market environment"-but it falls short of enabling many of those companies from becoming targets for global investors because it only allows domestic SPACs to acquire them, and limits future listings to a single financial zone called GIFT City.

"There is a significant difference in the quantum of capital which can be raised through a foreign SPAC versus an Indian IPO-also the valuations a high-growth new tech company can get through a foreign SPAC are not comparable to what public market in India offers," said Amit Sureka, chief financial officer of Eka Software, a risk management company for the global commodities market.

By contrast, Hong Kong is on track to release a SPAC investment framework for consultation by June, and Singapore also is hoping to get SPACs listed this year.

“It's competition between countries, between exchanges, whether it's in New York, Hong Kong, or London," Ellenoff said. "And every regulator ought to be mindful that the tighter their rules are, the less attractive it is to do business with the domestic country.”

Regulatory Roadblocks

India toughened its foreign direct investment rules in 2013-blocking direct acquisitions of Indian companies by offshore parent companies and purging nearly a quarter million suspected shell companies from the stock exchange in Mumbai. That move was aimed to stop profits generated domestically from flowing into an offshore entity that may have been set up for tax avoidance.

"The Indian government has been against shell entities, because those entities that have no business activities were used very indiscriminately for tax avoidance, routing money, and money laundering," said Ajay Rotti, partner at Dhruva Advisors LLP, based in Bengaluru, India.

But another objective of those rules, introduced in the Companies Act, 2018, is to insulate the rupee from global currency fluctuations-an issue that could get worse with cross-border cash-for-shares swaps.

Those rules are now stonewalling global SPACs from tapping Indian companies because they're treated under Indian law as shell entities without a track record.

For example, if a US or Cayman Islands-based SPAC wants to merge with an Indian company, it would have to engage in a share swap. But doing so is prohibited by Indian law

unless the transaction is sanctioned by India's central bank.

"It becomes an Indian company that holds shares in a foreign entity that has a path back to India," Gupta said. "That's a full round trip, and any structure that results in this final holding pattern requires RBI approval because the SPAC is not holding Indian shares for any business purposes."

'Wishful Thinking'

Getting that Reserve Bank of India approval can take months or even years, if the company applying decides to appeal the RBI's decision in court. And once the Indian company gets approved, it still faces a second regulatory hurdle.

"Indian residents are prohibited from owning shares of an overseas company beyond a prescribed limit, because they haven't technically paid any cash for those shares and that causes some currency considerations," Rotti explained.

India's foreign exchange rules clearly state that the cash value of those shares has to be recognized immediately. In the case of a SPAC deal, the Indian resident has to get additional RBI approval to deem the share swap a legitimate transaction and a transfer of foreign cash for Indian assets. And that second hurdle leads to a painful tax bill for Indian shareholders of the combined entity when it comes time to sell their shares.

India's International Financial Services Centres Authority (IFSCA)-the regulatory body overseeing the GIFT City proposal-is consulting with stakeholders on its securities regulations which includes a proposed framework for raising capital and listing SPACs, said Parul Jain, head of the international and transaction tax practice at Nishith Desai Associates.

"The GIFT City proposal is an outcome of trying to imbibe the global SPAC regime, but still a lot needs to be done to encourage SPAC listings for Indian companies," she said.

Said Keshup: "While this may be wishful thinking, it would be helpful for the entire ecosystem to see separate classifications of start-ups and potential foreign investors," specifically as they relate to the 2013 and 2018 laws.

Tax Troubles

As it stands, India doesn't recognize the exiting of offshore shares as a tax neutral transaction, as it would a purely domestic sale of shares. Because the values of SPACs are unknown, the impending tax bills could be a complete surprise for Indian shareholders.

"So the Indian resident has to take the fair market value of the shares they received from the SPAC and treat it as if it's a taxable transfer and pay capital gains taxes even though they didn't receive any cash in the transaction," Rotti said.

This could be a major deterrent for Indian entrepreneurs who may have to dilute ownership in their own company to cover tax expenses, practitioners said.

One way to usurp those regulatory and tax consequences is to set up a blocker corporation to act as a holding company of the Indian entity. And rerouting headquarters outside of

India is becoming part of the playbook for Indian companies seeking alternative methods of financing, Keshap said.

Doing so would allow an Indian company that wants a cash infusion from a SPAC to get it from its holding company-based in a country like Singapore or Mauritius-which does the deal with the SPAC to keep it completely outside the bounds of India's regulatory and tax rules.

"When an Indian company becomes a wholly-owned subsidiary of a blocker, and the founders of the Indian entity become shareholders of the blocker entity, that becomes taxable in India," Rotti said. "That's why a lot of founders are staying away from creating a blocker because even without any cash coming in, and even without a listing, you end up paying tax."

The GIFT City proposal would relax some of the regulatory issues regarding compliance with Indian reporting and disclosure issues, but a comprehensive regulatory framework that lets Indian companies list abroad is still lacking.

"India may believe that companies that want to list and raise money can do so very well in India," Rotti said. So "there's no need to have access to the foreign markets at this point."
Source: https://www.thehindubusinessline.com/news/indias-buoyant-startup-culture-shut-out-of-global-spac-hunt/article34399398.ece

Where The Startup World Sees Money In Biden's $2.3T Infrastructure Plan

President Joe Biden's ambitious infrastructure spending plan would see hundreds of billions of dollars spent on high-tech sectors including expanded broadband access, investment in domestic semiconductors, renewable energy and electric vehicles - all areas where venture capitalists and other startup investors spy business opportunities.

The $2.3 trillion bill faces stiff opposition from many Republicans and some Democrats who criticize the steep price tag and propose corporate tax hikes to pay for it, as well as the bill's spending priorities. But while the plan could be pared down as it moves through bipartisan negotiations, it holds promise for massive investment in many nascent industries where startups are likely to see a boost, including electric car charging networks, 5G infrastructure, drones, clean energy and health care.

Here's a closer look.

Connectivity and semiconductors

Although many look at the proposed infrastructure bill as a way to rebuild highways and push into the next generation of energy, Biden's proposal also includes a significant amount of money for the lifeblood of technology - connectivity and chips.

"We are not just pouring concrete and laying steel," said Thomas Lee, director of innovation at Union Labs. "This is wires and sensors."

The plan includes $100 billion for greater broadband access, as well as $50 billion to

address not just the semiconductor shortage, but to also shore up the supply chain of chips in the future by bringing more R&D onshore, and even building modern foundries in the U.S.

While broadband hardware and chip manufacturing are not usual startup ventures, the money could have potentially significant impacts as to what it may enable, venture capitalists say.

"In general, VC investment in startups building semiconductor and infrastructure/ broadband companies has been limited given the relatively high capital requirements," said Dan Deeney, a venture partner at Touchdown Ventures.

"VCs typically would back startups building applications and services on top of the broadband networks taking advantage of ultra-low latency in the case of 5G networks," he added.

Drones, autonomous vehicles and video manufacturing - think companies like Mountain View, California-based Drishti that give video analytics and visibility into the assembly line - all are examples of next-generation applications that could be helped by new high levels of connectivity such as 5G, and attract venture capital interest.

Deeney pointed to how the advent of 4G opened up the ride-sharing industry as an example of what recent upgraded connectivity can bring.

Lee said new networking and broadband developments could well open up large swaths of the country to the ability to use connected and edge devices.

"A lot of the benefit will be for people who can now take advantage of this new broadband," he said. "You can build an ecosystem off that."

Agtech and foodtech could see increased interest as rural areas can now take advantage of broadband, Lee said. He pointed to a company like Philadelphia-based Strella Biotechnology - a biosensing platform that predicts the ripeness of produce and one of Union Labs' portfolio companies - as an example of a company that is helped by increased connectivity in rural areas.

"Investors have been moving into agtech the last couple of years," said Deeney, who added smart greenhouse tech in particular could see investment interest.

Something similar could play out in semiconductors. While the startups don't raise the immense amount of capital needed to start their own foundries, shoring up the supply chain for chips is important for them as innovation is based on silicon, investors say.

"There is a lot of that money (in the proposal) to bring back manufacturing and R&D to the U.S.," Lee said. Bringing research, development and manufacturing closer is one of the key factors of innovation, he added.

If the semiconductor plan comes to fruition, investors could start to eye startups that add value to the chip-making process. Deeney said he could envision companies that innovate

around security and modernized packet inspection during the production of chips as being something that could attract VC money.

"There is definitely R&D being done" concerning security, Deeney said. "Embedding something like security in a chip could be interesting."
- Chris Metinko

Electric vehicles

Electric vehicles are called out specifically in the infrastructure bill, with about $174 billion allocated toward battery-powered cars and the technology that supports their adoption.

A key part of battery EV adoption is the charging network, because although most electric vehicles are charged at homes, the anxiety around not having charging access while on the road is a major barrier to greater electric-car adoption, according to Brian Walsh, head of WIND Ventures, which invests in mobility and energy startups. The Biden administration has set a goal of installing 500,000 new EV chargers by the end of the decade.

"The more EV infrastructure there is, the quicker the adoption curve is for battery EVs for both consumers and fleet vehicles," Walsh wrote in an email. "Because of this, the administration wants to support this infrastructure buildout to make all of the new battery EV models coming to market successful."

Policies, including California's mandate that all new vehicles sold in the state must be zero-emission by 2035, have pushed more manufacturers to invest in electric vehicles. Both General Motors and Ford Motor Co. have publicly committed to investing billions in EV.

Biden's administration has said it wants to tackle climate change, and transitioning to electric vehicles is a key requirement, according to Walsh. Battery EVs are generally more ready for adoption than hydrogen-electric vehicles.

The infrastructure bill will likely spur more investors to look at the EV industry, according to Tosh Dutt, CEO of ChargeNet, a software platform that integrates EV fast chargers, energy storage and solar power with a payment system. Dutt found part of the challenge was explaining to investors that when it comes to EV charging, both the software and hardware are equally important: You can't have one without the other.

"People are going to use EV charging in many ways, and the bottom line is that it has to be available," Dutt said. "If it's not available, nobody wins."

Funding from the bill will likely be centered around public infrastructure and incentives, and tax benefits structured similarly to those for solar, energy storage and other renewable technologies, Dutt said.

"The other thing I think is going to be really interesting is, right now you have a bunch of manufacturers that are using different plug types and different EV battery architectures. I think what will happen is there'll be some standardization around that to support the structure so if you drive a Honda or a BMW and go to a charge point, you'll be able to charge it without too much grief," Dutt said.
- Sophia Kunthara

Renewable energy

Part of the infrastructure bill - about $180 billion - is earmarked for new research and development with an emphasis on clean energy, fewer emissions and climate change research.

Both Katie McClain, a partner at Energize Ventures, and Dan Goldman, co-founder and managing director at Clean Energy Ventures, said such spending would have significant implications for clean technology and energy startups.

Energize is primarily interested in the software rather than hardware around clean tech, so for McClain, the proposed 10-year extension of the wind and solar tax credits that expired in 2016 would be a huge driver for the buildout of renewable energy generation, resulting in cost reductions for new projects.

“It's funny that this has come full-circle," she added. "The cost has come down on hardware, and renewables will be the go-to source as coal goes away. The question will be, 'How do I deploy renewable energy projects better, faster and cheaper?' “

She expects an investment credit tax would create opportunities for a few of Energize's portfolio companies, including Aurora Solar, a SaaS company developing tools to help solar professionals design and sell solar remotely, and DroneDeploy, a cloud-based drone mapping and analytics platform.

The bill also proposes $50 billion to be spent on infrastructure resiliency to withstand climate-related disasters, an area where McClain sees companies like Jupiter Intelligence, a climate risk analytics firm, benefiting. Insurance companies that aim to quantify climate risk and improve resiliency could also see a boost, she said, adding that the area has already come into focus in light of the recent Texas energy crisis.

Investment dollars from the infrastructure plan would likely also flow into energy transmission, the energy grid and battery technology to meet the needs of businesses and individuals, she said. In addition, McClain believes that even without the bill, clean technology and clean energy infrastructure will be built out.

"As more investments flow into the physical infrastructure as a result of this bill, venture-backed companies providing digital solutions in these industries have the opportunity to unlock massive value," she said.

Meanwhile, when Clean Energy Ventures' Goldman peeled the onion, he found that the R&D money proposed in the bill is not just earmarked for laboratories, but also to commercialize new clean-energy technology. He believes this will include building skills for people among all classes and diversifying the economic opportunities that surround the new technologies.

On the manufacturing side, it will also onshore some of the programs that had gone overseas and will target what he called "America's heartland," the Midwest states where many people already have manufacturing skills, he said.

Within Clean Energy's portfolio, Goldman sees opportunity for companies like Nth Cycle, a metal processing technology company that is targeting the way batteries are recycled.

Instead of buying battery materials or having them processed in other countries, Nth Cycle is developing a battery management program to create a circular economy in the U.S.

Another company, ClearFlame Engines, decarbonizes heavy-duty engines so they can run on ethanol and methanol.

"There is a huge opportunity to build infrastructure here," Goldman said. "If we use ethanol in the new diesel engine, it will be a route for creating new jobs and new trucks."

Rather than look at the bill as a threat to job losses in the traditional energy space, people should be looking at these changes for clean-energy and climate technology as opportunities for new jobs, he said. He would also like to see advocates provide a state-by-state breakdown of where the funds will go so that people can see it won't be just going to wealthy, high-tech locations like California and New York, but instead to the entire economy.

That's especially important when hundreds of the world's largest companies have made a commitment to be carbon neutral by 2030, he added.

The goal with the Paris Accord Agreement is to limit global warming to approximately 1.5 degrees Celsius, which would require the reduction of annual greenhouse gas emissions at a rate of from 15 to 32 gigatons of carbon dioxide equivalent in 2030. This means reducing today's level by one-third, according to a Rhodium Group report.

"Those companies will need to purchase renewable energy, but someone will need to invest in those projects so they can buy the power," Goldman said. "It is our intention to fill that innovation gap and improve existing energy, like more wind and solar."
- Christine Hall

Elder care

Elder care is another startup space that could see a boost with the infrastructure package. The Biden administration is calling on Congress to put $400 billion toward expanding access to home- or community-based care for aging relatives and people with disabilities. The policy directive comes as demand for home-based care continues to rise as the population ages and more seniors opt to age in place in their own homes.

In addition to expanding at-home care, the Biden administration says it is seeking to improve compensation for home-care workers, a workforce composed disproportionally of women of color who it says "have been underpaid and undervalued for far too long."

The administration's push comes as venture capitalists and startup entrepreneurs are already putting considerable funds and effort into the elder care space. Per an analysis of Crunchbase data, funding for startups in elder care-related spaces has totaled several hundred million dollars annually for the past several years.

Big rounds are also getting done, including most recently a $60 million financing this month for Miami-based Papa, a platform connecting older adults with people to provide companionship and assistance with everyday tasks. Another large funding recipient is

San Francisco-based Honor, which raised $140 million last year for its home-care platform.
- Joanna Glasner

Property tech

The infrastructure bill allocates $213 billion toward building energy-efficient, affordable homes and retrofitting older buildings to increase their energy efficiency. The bill has a goal of building and retrofitting more than 2 million homes and commercial buildings to provide more affordable housing.

It also aims to curb "exclusionary zoning laws," such as single-family zoning and minimum lot sizes. The infrastructure plan would also "extend affordable housing rental opportunities to underserved co-mmunities," specifically communities in rural and tribal areas.

The bill will likely spur investor interest in technology related to energy consumption of building and development planning, according to Jason Doyle, CEO of Gridics, a startup that makes zoning code and real estate development software.

"The challenge has always been in the startup space, there's plenty of opportunity in the private sector, but more so now than ever, we're seeing startups look to develop some new and innovative ways to help local government operate more efficiently or make smarter decisions," Doyle said. "That, I think, is a big opportunity, whether it's funding grants that come through universities or program grants. ... Regardless of how the money flows, I'm hopeful we'll see some of it push to drive some of those innovative solutions."

The traditional way of handling planning for zoning has been "real broad brushstrokes" of setting a zone for a single purpose, like residential housing. Some cities like Minneapolis are eliminating single-family zones in general and allowing duplexes and triplexes to be in any neighborhood, Doyle said, adding that the bill gives local governments the opportunity to do "smarter future planning."
- Sophia Kunthara

Source: https://news.crunchbase.com/news/biden-infrastructure-bill-tech-startups/?utm_source=envelope&utm_medium=website&utm_campaign=SocialSnap

Women Wing

This femtech startup helps women navigate the triangle of influence: career, relationships, and health By Rekha Balakrishnan|

Mumbai-based femtech startup Say Cheese, founded by Rajpreet Kaur, aspires to be the 'go-to place' for women and help them find happiness in career, relationships, and health. 1 CLAP +0 In her corporate career of over 15 years, straddling both corporate treasuries (Tata Consultancy Services & Bharti Group) and the banking industry (HSBC, Standard Chartered), Rajpreet Kaur believes she had several learnings as a woman. "Juggling between work and a perfect mother resulted in an overtiring circle of guilt and emotional swings. Further, there were experiences at work where I felt that in many pockets across organisations, being part of powerful coteries determined the growth of individuals. I also experienced that women had to go that extra mile to prove their worth," she says. While she was making a significant impact and getting recognition for her work, she felt that her life had a larger purpose.

Breaking "free from the cells of spreadsheets", Rajpreet discovered her calling as an entrepreneur and founded Frenztastic (Say Cheese is the brand name) in December 2020. Rajpreet, a computer science engineer and an MBA from MDI, Gurgaon, a certified FRM, and a gold medalist from the Indian Institute of Foreign Trade, Ministry of Commerce, feels women today are more successful and "have access to far more opportunities than at any time in history". "However, they continue to face a plethora of issues - glass ceiling, body shaming, unsafe environment, biases, compromise, work-life balance, marriage pressure, patriarchal mindset, stereotypes, sacrifice, discrimination, boy's club, financial dependence, lack of self-love, loneliness, health issues. The list is endless," she says. Making a difference Rajpreet started Say Cheese to make a meaningful difference in the lives of Indian women by helping them navigate the triangle of influence - career, relationships, and health. She interviewed about 500+ women to identify the problems they face and these three broad themes emerged.

She says Say Cheese aspires to be the 'go to' place for women just like LinkedIn is for professionals and Amazon is for shopping. Sign up for our exclusive newsletters. Subscribe to check out our popular newsletters. Its services have their foundation in the Happiness Model, which is based on global research, and world renowned theories on happiness along with real experiences of women interviewed and the Say Cheese team. Rajpreet explains, "Right from the time a user enters the platform, her personalised journey begins. We measure her happiness levels through our proprietary assessment- Happiness Evaluation report (HER), which give as output the scores around the various elements of our Happiness Model."

The user is then recommended coaching services that help identify the root causes of the challenges she is facing and various solutions through technology-enabled modules are offered to choose from and build her personalised journey. ALSO READ Aishwaryaa Dhanush turns investor with SARVA; promotes yoga for physical and mental wellbeing All-round holistic development It aims to build a community of closely connected women, offering services across various areas like coaching, mentoring, fitness, mental health, upskilling, peer-to-peer learning, among others. Apart from Rajpreet Kaur, the Say Cheese team comprises Pradeep Wadhwa, the Fractional CMO, and Amandeep Singh, Director, Nabeela Moosani - Sales and Customer Engagement Lead, and Nainika Hira and Divina Tejwani, psychologists.

In total, there are 24 people working in various capacities at Say Cheese. While the platform is open to all women, the initial target audience is career women and master's students between the age group of 24 and 42 years of age from the top 10 cities across India. It works on four revenue streams - a transaction fee, subscription fees, a freemium model, and pay as you go. Say Cheese has over 3,500 registered users on its platform.

In January 2021, Say Cheese was named the 1st Runner-up at the Wharton Entrepreneurship Acceleration Program (EAP): Scaling Your Business. It has also tied up with the Bengaluru chapter of International Coaching Federation (ICF). This partnership helps users gain access to world-class coaches and advisers, who can guide and help women identify and solve the root cause of their challenges, be it in their career, relationships, or health. Say Cheese has also entered a multi-year agreement with Kritical Edge Consulting (KE), who is its strategic marketing partner. "In early January, we announced our flagship, women leadership convention titled 'Invest in Yourself: Transform into an Unstoppable Woman'.

The event, which was held virtually on March 14, 2021, featured a line-up of corporate leaders, personalities, influencers, and entrepreneurs from various walks of life," Rajpreet says. In March, Say Cheese received its first round of funding from an Indian angel investor, Naved Khan, an entrepreneur from Sydney. "In 2021, have set ambitious targets that include building our network to 10,000 members, personalised approach based on HER assessment, onboarding several women leaders as mentors, and create a robust services eco-system that garners opportunities for women across various sectors," Rajpreet says.
source: https://yourstory.com/herstory/2021/04/woman-entrepeneur-femtech-startup-career-relationships-health

Is 'Femtech' the Next Big Thing in Health Care?

Start-ups and tech companies are creating products to address women's health care needs. It's still a small segment of the market, but growing.

"The market potential is huge" for products that address women's health care needs, said Michelle Tempest, a partner at the London-based health care consultancy Candesic.

This article is part of our new series on the Future of Health Care, which examines changes in the medical field.

Women represent half of the planet's population. Yet tech companies catering to their specific health needs represent a minute share of the global technology market.

In 2019, the "femtech" industry - software and technology companies addressing women's biological needs - generated $820.6 million in global revenue and received $592 million in venture capital investment, according to PitchBook, a financial data and research company. That same year, the ride-sharing app Uber alone raised $8.1 billion in an initial public offering. The difference in scale is staggering, especially when women spend an estimated $500 billion a year on medical expenses, according to PitchBook.

Tapping into that spending power, a multitude of apps and tech companies have sprung up in the last decade to address women's needs, including tracking menstruation and fertility,

and offering solutions for pregnancy, breastfeeding and menopause. Medical start-ups also have stepped in to prevent or manage serious conditions such as cancer.

"The market potential is huge," said Michelle Tempest, a partner at the London-based health care consultancy Candesic and a psychiatrist by training. "There's definitely an increasing appetite for anything in the world which is technology, and a realization that female consumer power has arrived - and that it's arrived in health care."

She said one reason women-related needs had not been focused on in the field of technology was that life sciences research was overwhelmingly "tailored to the male body." In 1977, the U.S. Food and Drug Administration excluded women of childbearing age from taking part in drug trials. . Since then, women have been underrepresented in drug trials, Dr. Tempest said, because of a belief that fluctuations caused by menstrual cycles could affect trial results, and also because if a woman got pregnant after taking a trial drug, the drug could affect the fetus. As a result, she noted, "we do lag behind men."

Ida Tin, co-founder of Clue, which offers a period and ovulation tracking app.Credit...via Clue

The term "femtech" was coined by Ida Tin, the Danish-born founder of Clue, a period and ovulation tracking app established in Germany in 2013. In an article on the company's website, Ms. Tin recalled how she first had the idea for the app. In 2009, she found herself holding a cellphone in one hand and a small temperature-taking device in the other and wishing she could merge the two to track her fertility days, rather than manually having to note her temperature on a spreadsheet.

Clue allows women to do exactly that with a few taps on their smartphone. Today, the company has a lot of competition in the period- and fertility-tracking area. And plenty of other women-specific tools have come onto the market. Elvie, a London-based company, has marketed a wearable breast pump and a pelvic exercise trainer and app, both using smart technology. Another strand of femtech known as "menotech" aims to improve women's lifestyles as they go through menopause, providing access to telemedicine, and information and data that women can tap into.

Clue's period and ovulation app. Ms. Tin had the idea when she found herself holding a cellphone in one hand and a small temperature-taking device in the other.

Finally, there are medical technology companies focused on cancer that affects women, such as cervical cancer and breast cancer.

According to the World Health Organization, cervical cancer is the fourth most common cause of cancer among women around the world. In 2018, about 570,000 women had it, and as many as 311,000 died. The W.H.O. in November announced a program to eradicate the disease completely by the year 2030.

MobileODT, a start-up based in Tel Aviv, uses smartphones and artificial intelligence to screen for cervical cancer. A smart colposcope - a portable imaging device that's one and a half times the size of a smartphone - is used to take a photograph of a woman's cervix from a distance of about a meter (3 feet). The image is then transmitted to the cloud via a smartphone, where artificial intelligence is used to identify normal or abnormal cervical

findings.
A diagnosis is delivered in about 60 seconds - compared to the weeks it takes to receive the results of a standard smear test (which, in developing countries, extends to months.) In addition to this screening, doctors still use smear tests.

The technology was recently used to screen 9,000 women during a three-month period in the Dominican Republic as part of a government-led campaign, the company announced last month. Another 50,000 women are expected be screened in the next six months.

Leon Boston, the South African-born chief executive of MobileODT, said the privately owned company was selling into about 20 different countries including the United States, India, South Korea and Brazil, and is going into a fund-raising round to build on its initial seed money of $24 million.

But the leading cause of cancer among women all over the world is breast cancer. One French start-up is focused on dealing with its aftermath. Lattice Medical has developed a 3-D printed hollow breast implant that allows for the regeneration of tissue and is absorbed by the body over time.

How it works: Post-mastectomy, the surgeon harvests a small flap of fat from the area immediately around the woman's breast and places it inside the 3-D-printed bioprosthesis. That piece of tissue grows inside the implant, and eventually fills it out. In the meantime, the 3-D-printed shell disappears completely 18 months later.

So far, tests on animals have been encouraging, said Julien Payen, the company's co-founder and chief executive. Clinical trials on women are expected to start in 2022, with the aim of getting the product into the market in 2025, he added.

Asked why the global femtech market was so small for technology companies, Mr. Boston said it was partly because of the "high level of regulation" involved in medical technology.

MobileODT, a start-up based in Tel Aviv, uses smartphones and artificial intelligence to screen for cervical cancer.

"If your technology is incorrect and comes up with the wrong result, a woman who thinks she's not positive for cervical cancer is actually positive," he said. As a result, "the world of medical technology is slow to move."

Still, prospects are favorable, according to Mr. Boston. "It's very rare to have a totally barren market open for full potential, as we have today in medical technology," he said.

The data forecasts appear to back that up. According to a March 2020 report by Frost & Sullivan, a research and strategy consultancy, revenue from femtech is expected to reach $1.1 billion by 2024.

Mr. Payen explained that for the femtech market to expand and develop, there have to be

many more tech companies offering genuine health benefits to women, not just well-being apps crowding the market and adding little in terms of health or medical value. He cited the example of Endodiag, a French medical technology company that allows early diagnosis of endometriosis and a better management of the condition.

Either way, said Mr. Payen, the industry showed promise.

"Over the last 10 years, thanks to #MeToo and other movements, women are being listened to and heard more than ever before," Mr. Payen said. And "more and more women are running companies and investment funds," he added.

"In 10 or 15 years from now, as a new generation takes over, things will have changed even more radically," he said. "Femtech is clearly poised to grow."
Source: https://www.nytimes.com/2021/04/07/health/femtech-women-health-care.html

This Startup is Empowering Women Entrepreneurs in Brazil With Leadership Skills

Photo: Be.LabsMaria Clara Magalhaes
THE INSTITUTE Maria Clara Magalhães grew up in Arapiraca, Brazil, a small town far from the metropolitan areas of Sao Paulo and Rio de Janeiro. She was raised in a patriarchal culture where, she says, women are treated as subordinates and the rate of violence against them is high. It was tough to be a book-loving girl with a passion for math, physics, and soccer.

"There were no rules saying girls couldn't do those things. It was a social norm," Magalhães says. "Girls were mostly playing with dolls."

Now the company the IEEE member helped to found is trying to instill systematic change in the way women are treated in her state of Alagoas-the most violent in the country-and beyond. Be.Labs, where she is chief creative officer, is a social technology company working to promote gender equality, bring economic power to women, and raise awareness of domestic violence.

It does that by providing a pre-acceleration program for female entrepreneurs and conducting leadership training to increase the number of women in executive positions. Magalhães is also helping to develop an interactive, artificial intelligence-based technology to detect implicit gender bias and signs of domestic violence in people.

Be.Labs was one of the winners of last year's IEEE Entrepreneurship Stars virtual competition. The program recognizes engineering-driven ventures that align with the IEEE mission of fostering technology, innovation, and excellence for the benefit of humanity. In addition to the recognition, awardees become honorary IEEE members for a year.

A DIFFICULT JOURNEY

Magalhães says she was lucky to have two strong women as role models-her mother and grandmother-who encouraged her to pursue her passions. Her mother was an entrepreneur who opened a preuniversity school in Arapiraca. Magalhães was the first girl to take soccer and karate lessons-which she persuaded her father to allow.

As a youngster, she was a voracious reader and loved science and mathematics. "I was the girl who studied math and then competed in the math olympiad in high school," she says. Her desire to follow her interests and shatter societal expectations framed the path she chose for her higher education.

"I chose to become an engineer because I wanted to confront a society that said I wouldn't be able to study what is stereotypically considered a male profession," she says.

In 2013 she began pursuing a bachelor's degree in electrical engineering at the Universidade Federal de Campina Grande. There she met the handful of like-minded women in the program. The environment at the school was sexist, she says, with female students facing harassment by teachers and classmates, as well as not being taken seriously.

She gravitated to IEEE in the first semester, she says, because she "saw a big opportunity to grow and acquire soft skills." She helped launch the university's IEEE Women in Engineering chapter, which last year won the IEEE WIE Student Branch Affinity Group of the Year Award.

IEEE turned out to be pivotal for her professional and personal life. She met her future husband at the school's first student branch meeting. Later she met his aunt, Marcela Fujiy, when Fujiy was invited to speak at a WIE event. The two women quickly bonded because of their shared passion of entrepreneurship and women's empowerment. Fujiy became Magalhães' mentor as well as her business partner.

Fujiy owned and operated a local franchise of specialty chocolate company Kopenhagen. She and her husband, Christian, an engineer for global automation and technology company ABB, had moved back to Brazil after living in Sweden, and were hoping to start another business.

In late 2017, while Magalhães was in the Philippines taking a year off from school to volunteer for a faith-based organization, she got a call from Fujiy, and the two women hatched a plan to start Be.Labs.

AEMPOWERING WOMEN

The Fujiys and Magalhães together launched the startup in 2018. It now has 10 employees. The company's pre-accelerator is geared to help women who either have or want to start their own company.

The businesses vary in maturity, "from projects that are being initiated to companies that need an innovation boost and new technologies," Magalhães says. "Our focus is on women in northeastern Brazil, where most of the businesses are traditional but are adapting to the digital economy."

Be.Labs helps them with advice from experts and founders of successful businesses, plus networking with mentors and other entrepreneurial women. The company holds educational workshops on developing business plans, pitching investors, recognizing potential customers, developing products and marketing strategies, and understanding current market trends and future prospects

MORE TO DO

After helping to found Be.Labs, Magalhães still wanted to do more. A 2019 report by the Brazilian Public Safety Forum showed that a woman is a victim of domestic violence in Brazil every two minutes. To help address the problem, Be.Labs is developing a chatbot that could help flag signs of discrimination against women as well as signs of potential domestic abuse or violence.

The chatbot, which is at a conceptual stage, will be powered by machine-learning software that will be trained on simulated conversations with volunteers, Magalhães says. The conversations might include, for instance, words or phrases that reflect misogynistic attitudes. The software should be able to learn the patterns from examples and from the volunteers' feedback. The hope is that once the robot is trained, it could be used to help people recognize signs of gender bias and domestic violence. Magalhães says the R&D team plans to incorporate phone-based measurements of heart rate and eye movement in the chatbot to analyze emotions in people while they are speaking about sensitive topics.

Be.Labs is in talks with investors-including venture capitalists inside and outside Brazil and technology accelerators in Sweden and the United Kingdom-about funding to develop a more marketable prototype, she says.

Be.Labs hasn't let the COVID-19 pandemic halt its momentum. A few months into the pandemic, the company launched a mobile app, Logom, to help connect charitable organizations with people in need of food, personal hygiene products and other essentials.

Dividing time between academics and the startup meant it took longer for Magalhães to complete her schoolwork. When she earned her bachelor's degree last year, she says, it fulfilled her dream of breaking barriers imposed on her when she was young.

"As a child and teen I was always struggling to be who I wanted to be," she says. "I wanted to change things from the inside, to acquire this kind of power to move the social norms that are imposed on us."

IEEE has helped shape her internal drive to be different and to make a difference. By exposing her to female role models in technology, IEEE led her to grow academically and professionally, she says.

"The connections, the technical support, the feeling of contributing to a better world through technology," she says, "is what keeps me loyal to the IEEE."

Source: https://spectrum.ieee.org/the-institute/ieee-member-news/this-startup-is-empowering-women-entrepreneurs-in-brazil-with-leadership-

WASME
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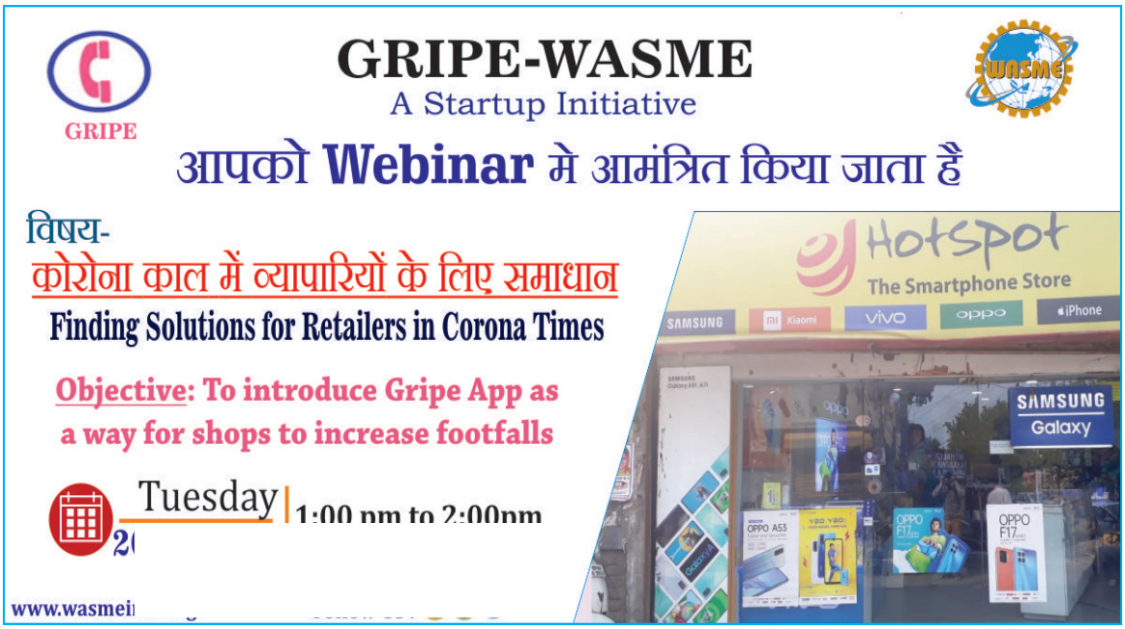
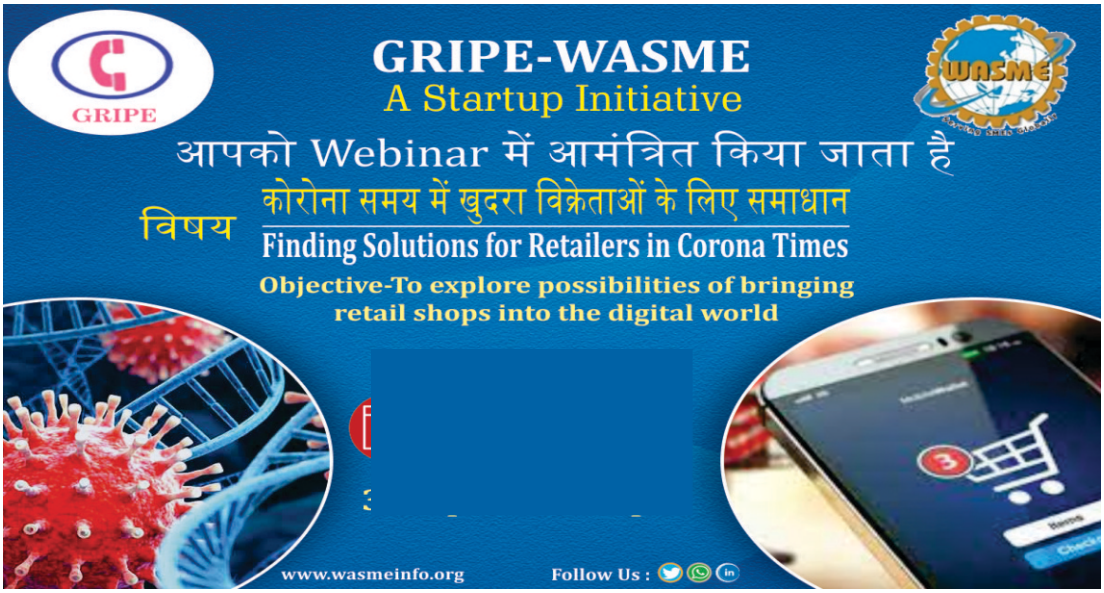
WEBINAR Finding solutions for retailers in Corona times





WASME
World Association for Small and Medium Enterprises

World Association for Small and Medium Enterprises (WASME), a global non-profit organization headquartered at Noida, India, has been spearheading the cause and development of Small and Medium Enterprises (SMEs) worldover since its inception in 1980. Over three decades, WASME has emerged as one of the most representative, effective and leading international organizations, working towards the promotion of SMEs worldwide through policy advocacy, information dissemination, conferences, seminars, events, trainings, publication, network linkages and manymore.

WASME enjoys consultative/observer status with concerned agencies in UN system such as UNCTAD, ITC, WIPO, UNIDO, UNESCO, UNCITRAL, UNESCAP and ILO, and several other inter-governmental and international organizations like WCO, OECD, ICSB, APEC, APCTT, etc.

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