



# K-STARTUP GRAND CHALLENGE 2017



# Table of Contents

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- > Introduction
- > The Korea Advantage
- > What's in it for you?
- > Background on the K-Startup Grand Challenge
- > Benefits at a Glance
- > Procedure
- > Program Timeline and Process
- > Flashback to 2016
- > Korea at a Glance
- > Korea, Asia's Startup Hub
- > Welcome to Pangyo Valley
- > Contact us





# Introduction

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How does a unicorn corporation come to being? The 4th industrial revolution should be set upon a paradigm that we have never seen before. Economic potential today cannot be achieved without building new industries and starting new businesses. Countries around the world are fighting tooth and nail to cultivate globally-competitive startups. They also need outposts where they can realize their ideas and assert their marketing efforts in the region with better investment environment. Korea is trying to respond to those clamors for these outposts.

August 2016, startups around the world set their eyes on Seoul as 2,439 firms from 124 countries competed to be selected at a rigorous acceptance rate of 1.6%. Among initially selected 240 teams, 80 teams underwent a weeklong boot camp, and half of these teams went on to participate in a 3-month accelerating program. In late November, the top twenty teams were finally selected on Demo Day to receive comprehensive support, ranging from initial funds, office spaces and visas, to help them successfully settle in Korean ICT industry.

Startups that participated in the program were especially satisfied when they were fairly evaluated by, and given a chance to network with famous world-class accelerators. The selection was based on the level of creativity in each startup's concepts and technologies, as well as the startups willingness to start a business in Korea. As a result, a number of promising companies took their first steps into the Asian market, ready to startle the world.

The program has been applauded for its impartial selection processes, the participating organizations' high level of competence and their passion, as well as its distinctive methods and achievements; such achievements and recognitions continue to bolster Korea's reputation as a leading ICT powerhouse in Asia.

Miracles will continue to be made this year as they were made in 2016 K-Startup Grand Challenge. One of the key purposes of this event is to promote vigorous collaboration and exchange of ideas between domestic and foreign startups. We will strive to become a linchpin for supporting startup establishments where new ideas merge and collide, leading to new creations. With the continuous growth of the Korean Wave spreading across all parts of Asia, firms starting in Korea can take advantage of having a head start in capturing the Asian market.

By carefully taking feedbacks and lessons from last year's event into consideration, 2017 K-Startup Grand Challenge will be furnished with better investment opportunities and government subsidies in order to meet firms' substantial needs, allowing them to take a bolder step into the Asian market with their ideas and passion. 2017 K-Startup Grand Challenge, the meeting-house where Korea and next generation unicorn startups come together! An exciting new chapter of ICT startup begins.

# The Korea Advantage

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## 01 ICT Infrastructure

South Korea is the world's most connected country with 95% of the country covered by Wi-Fi; Korea has the fastest average Internet connection in the world and has the highest number of broadband services per capita.

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## 02 Early Adopters

With almost half of the country's population living in Seoul, Koreans are known to be early adopters of new technologies thanks to the country's highly advanced technology infrastructure. They are willing to buy newly released technology for consumer testing.

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## 03 Opportunity to Work with Major Korean Companies (Samsung, LG, Hyundai Motors, KT, Kakao, Naver, CJ, SK, etc.)

In recent years, a great number of major Korean companies have expressed their interest in collaborating with foreign startups. The K-Startup Grand Challenge program offers the opportunity for such startups to interact with innovative and influential major Korean companies.

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## 04 Gateway to Asia: Success in Korea = Success in Asia

South Korea is conveniently located in the Eastern Asian region between China and Japan, with Hong Kong and Taiwan to the south.

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## 05 Startup Ecosystem: 3rd Google Campus, 500 Startups

Korea's startup ecosystem is fresh and well-structured. Moreover, it is attracting the attention of investors, accelerators and incubators from all around the world. Google, for example, has advanced its startup community co-operation with Korea by opening its first ever Asian Google campus in Seoul in 2015. Furthermore, 500 startups launched a Korea-focused fund called 500 Kimchi.

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## Strong Government Support

South Korea is a leading manufacturer of cutting edge electronics but is also one of the biggest consumers of these digital products.

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## K-Culture: Korea's Soft Power

From 'Gangnam Style' to kimchi, Korean culture is continuously exercising its soft power both in Asia and throughout the world. K-culture has been garnering interest throughout recent years and has increased Korea's influence and prominence in the world stage.

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## A City that Never Sleeps

Koreans work hard and play hard. Nightlife during after-work hours is always buzzing with restaurants, bars and cultural events that stay open well beyond closing time.

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## Top in Safety & Security

South Korea is one of the safest countries in the world due to its extremely low number of criminal cases.

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## The Korean Charm

Korean people are full of "jeong", a sense of community and attachment, and love to share their culture with others.



# What's in it for you?

Bring your creative ideas to Korea and get the full support of the world's most tech-savvy country



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## Four-Month Accelerating Program

After passing the regional audition, the top ranked 50 teams selected by the accelerators will be invited to stay in Korea to participate in a four-month accelerating program. During the acceleration period, you will have access to free office space, 1-on-1 mentoring, information sessions and coaching on Korean and Asian business culture, as well as other business topics like patents, accounting regulations, tax laws and more. You'll also have access to regular networking sessions and opportunities to meet with large Korean companies, eager to partner with promising startups.

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## Financial Incentives

For the final 50 teams, each team will get \$833 (1,000,000 KRW) for audition prize (up to two persons per team). Each of the top 25 startups, selected during the final Demo Day, will receive \$27,000 (32,000,000 KRW) if they set up a legal entity in Korea. The top four teams will be rewarded with grants of between \$6,000 and \$100,000. Impressive startups may also be offered equity investment opportunities from accelerators and local VCs.

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## Free Office and Project Space at Startup Campus

You'll be able to work in Korea's new Startup Campus in Pangyo, located within walking distance of many of Korea's top tech companies, and just 14-minute subway ride away from Gangnam district of Seoul. Furthermore, you'll be provided with an office space for your team, as well as equipment and project space to work on producing or perfecting your product or service. This includes access to a production space filled with 3D printers, hardware testing platforms and more.

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## Corporate Sponsorship and Support

Korea's largest tech companies will participate through seminars, workshop and 1-on-1 mentoring. If you need any help beyond the scope of the K-Startup Grand Challenge acceleration program, you may be able to partner with these companies and receive resources and their expertise. Companies signed on to support you include Samsung, Hyundai Motors, SK, LG, Lotte, GS, Hanwha, Hanjin, Doosan, KT, CJ, Hyosung, Kakao and Naver.

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## Visas & Help Desk

If you are selected for the accelerating program, we will make sure your Startup Visa is processed quickly and efficiently. This is part of the government's OASIS program, aimed at the entrepreneurs. Beyond help with your visa, you'll also have access to administrative support, translation and interpretation, to make sure that you can work effectively while in Korea.

# Background on the K-Startup Grand Challenge

## Object

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The Korean government is working to transform the country's economy for another century of success, ultimately raising employment, the GDP and Korea's place in the world. In order to do this, the government is supporting talented entrepreneurs and promising startups to turn Korea and Pangyo Techno Valley into a global startup hub in Asia.

The top ranked 50 teams selected by the accelerators will be invited to stay in Korea to participate a four-month accelerating program in Pangyo, located south of Seoul.

At the end of the accelerating program, the government will host a Demo Day to select the top 25 startups from the program. They will get additional financial incentives, and if they establish their businesses in Korea, they will get additional support from the government.

## When

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Application opens 31st March 2017, and the final Demo Day is in December.

## Where

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Startup Campus in Pangyo Techno Valley,  
14 minutes south of Gangnam, South Korea.



# Startup Selection Criteria

The selection panel will give priority to startups working on disruption in the following criteria, but they will also consider startups with brilliant ideas in any sector.



AI



Software



IoT



Cloud



FinTech



Big Data



Information Security



5G



Urban Solutions



Biotech



UHD



Digital Content



Wearables



Gaming



Beauty



Logistic



ETC



# Benefits at a Glance



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## Audition Prize

Each person will receive \$833 (1,000,000 KRW), up to two persons per team (the prize will be given in Korean won).

## State-of-the-Art R&D Labs

Prototyping and testing facilities, expert support.

## Brand New Startup Campus

Global Startup Campus is purposely built 14 minutes from Gangnam and next to Korea's tech giants.

## Expert Support

Experts from some of the world's top tech companies with experience taking companies global.

## Corporate Partnerships

Meet Korea's top tech companies with expertise ranging from smartphones to software to semiconductors.

## Break into Asia

Korea is safe, developed and two-hour flight away from over 1 billion potential customers.

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## Financial Benefits Explained

The grants and settlement support fund will be paid in Korean won in equal installments. (\$1 = ₩1,200)

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### Living Expenses

All 50 startups in the program will receive about \$12,000 (14,000,000 KRW) to cover living expenses in equal installments over four months.

### Grant for Top 25 Startups

The top 25 startups selected at the final Demo Day will be eligible for an additional \$27,000 (32,000,000 KRW) grant in equal installments over six months if they establish a legal entity in Korea.

### Grants for Top 4 Startups

Top Prize: \$100,000 (120,000,000 KRW)  
Second Prize: \$40,000 (48,000,000 KRW)  
Second Runner-up: \$20,000 (24,000,000 KRW)  
Third Runner-up: \$6,000 (7,200,000 KRW)

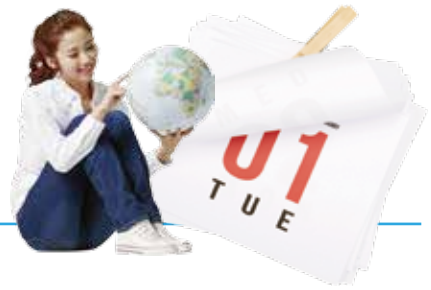
### Additional Investments

The five accelerators will make equity investments in the most promising startups. Startups will have access to other VC's and investors who may choose to invest.





# Procedure



**Application Period**

**March 31 to June 7**

**Application Review**

**June 8 to June 17**  
(Dates are subject to change)

**Global Auditions**

**June 19 to July 14**  
(Dates are subject to change)

**K-Startup Grand Challenge  
Accelerating Program**

**August 7 to November 30**

**Demo Day**

**Early December**



# Program Timeline and Process

Recruitment kicks off on March 31st 2017, and the program will wrap up in December of the same year.

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## Application Period

March 31 to June 7

We will accept application from startups around the world during this time.

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## Application Review

June 8 to 17

The experts of foreign startup ecosystem and Korean accelerators will review all applications.

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## Global Auditions

June 19 to July 14

Based on application review the organizers of K-Startup Grand Challenge will select 50 teams from around the world to interview in their own countries, or online via web conferences.

The selected 50 teams will be invited to Korea and each person will receive a prize of \$833 (1,000,000 KRW, up to two persons per team).

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## K-Startup Grand Challenge Accelerating Program

August 7 to November 30

[Support for living & Daily expenditure : \$ 2,900 (3,500,000 KRW) /month/team]

The four-month K-Startup Grand Challenge accelerating program will kick off in August.

Up to two members of each of the most promising startup teams will travel to Korea.

The 50 teams will be able to use a project space, including equipment for product production and service development, testbed, as well as an incubating infrastructure. Information sessions and coaching on Korea and Asian business culture, specific business topics (e.g. patents, accounting regulations, tax laws, etc.), pitching lessons and one-on-one monitoring will be provided.

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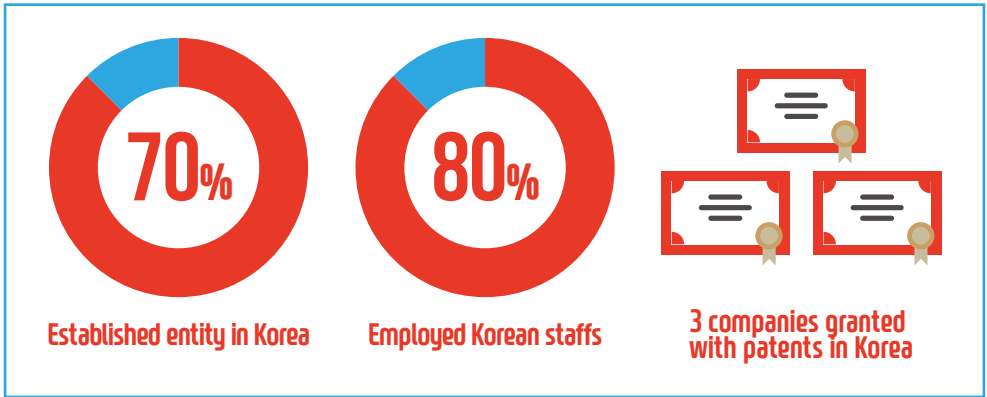
## Demo Day (25 teams)

Early December

The program will culminate with a highly publicized Demo Day, where the top 25 teams will be selected and awarded with additional prizes. This will include \$ 27,000 (32,000,000 KRW) in settlement support that the startups can use to extend their time in Korea for an additional six months.

# Accomplishments from K-Startup Grand Challenge 2016

Startups that participated in the KSGC 2016 made astonishing accomplishments last year. The following is just a glimpse of their achievements.



have co-worked with international startups

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Fingertips Lab, which came in first place last year, came in 2nd place during TechCrunch Demo Day, and they are on their way to receive the RedDot Award 2017 in April. Moreover, Fingertips Lab is currently in production stage after successfully forming a contract (estimated to be worth \$270,000) with a Korean manufacturing company (Ssuntel), and is scheduled to start shipping out 3,000 products in April.

Preksh, Traversal Networks, and Imagga—the startups that came in second, third, and fourth place respectively—all were granted patents pertaining to their unique technology-based services.

Preksh, the India-based startup that came in second place with their augmented reality shopping service, have formed a contract with Korea's major department store during the accelerating program, and are currently preparing for real-life application of their service.

Traversal Networks, the developer of ZenAuth, a drop-in SDK component that secures personal transactions, and the Bulgarian automated photo and video categorization service "Imagga" are garnering attention both locally and internationally for their innovative services that implement artificial intelligence.

Clear Flight Solutions, one of the top 20 teams, received an award from EU Drone Award for "Best Drone Based Solution" with their Robirds (realistic bird-shaped drones) tackling real-life problems that arise when birds interfere with aviation, waste management, harbors and agricultural industries.



# Voices from 2016 Participator

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## Hannah Waitt | CEO of moonROK Media

*“Being in Korea has been nothing but awesome for our company so far.”*



Our business has grown tremendously since starting up in Korea—we've established new partnerships with sponsorships and brands, and we've seen a huge growth on our website in terms of traffic and users. None of this would have been possible without the K-Startup Grand Challenge, which helped us get acclimated to the Korean business environment in the first place and supported our company expand with new investors and VCs. We were able to raise our company funds through investors we met during the competition, and were able to produce various media contents for free at the production and studio facilities provided by the K-Startup Grand Challenge. Participating in the Grand Challenge 2016 was the best thing we did for our company, and being in Korea has been nothing but awesome for our company so far.

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## Chris Georgiev | Founder and Marketing Director of Imagga

*“The K-Startup Grand Challenge was an amazing journey for us.”*



The K-Startup Grand Challenge 2016 was really more than what we bargained for, and more than anything, it was a truly valuable learning experience. The program provided us with crash courses on how to startup in Korea, how to take care of patents and IP protection in Korea, how to validate our technologies and products for the Asian market, and how to expand to the Asian market in general. On top of that, we were able to receive personalized advice from mentors within the local startup ecosystem but also from experts from different fields. We were able to collaborate with major Korean companies like KIA Motors, and we continue to thrive with the connections and networks formed during our time participating in the Grand Challenge last year. The K-Startup Grand Challenge was definitely an amazing journey for us.

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## Rena Koh | Co-Founder of Fashory

*“The K-Startup Grand Challenge was a turning point in our company's development”*



We have been very lucky to be part of the K-Startup Grand Challenge 2016 because we were able to make full use of the mentorship and pitching opportunities, as well as the accelerating program that really boosted our company in terms of financial investments as well as expansion into new markets. As a startup, it is hard to navigate in a new environment and figure out what the investors are looking for. Part of the process we went through during the accelerating program was to communicate directly with the Korean investors and get feedback from them, which was invaluable for our business. The K-Startup Grand Challenge was a turning point in our company's development, and we are still grateful for all the support and guidance we received—and still receiving—from the program.

# Korea at a Glance

South Korea is conveniently located in East Asia, between China and Japan, with Hong Kong and Taiwan to the south. For a small country of 100,210 square kilometers (38,691 square miles), its capital is the world's second largest metropolitan area with almost half of all Koreans living in Seoul.

The country sets apart a larger percentage of its GDP (4.36%) for research and development than any other country in that world, and its gross domestic expenditure on research and development (GERD) ties for first place (9.4%) with China. As a result, South Korea is a leading manufacturer of cutting edge electronics, but is also one of the biggest consumers of these digital products. It is the world's most connected country with 95% of the country covered by Wi-Fi; Korea has the fastest average internet connection in the world, and has the highest number of broadband services per capita. This type of hyper-connectivity is especially important in a country where four out of every five people use smartphones. South Korea's highly advanced technology infrastructure allows for quick consumer consumption of new services. In other words, everyone is an early adopter.

Moreover, cultural feat manifested into another attraction to Korea. With Korean Wave, encompassing K-Pop, dramas, fashion designs, cosmetics and arts, Korea made another declaration to the world as a major cultural power. It is an alluring country, fascinating Asia, Americas, Europe and even the fortitude of Islamic cultural sphere.

Intangible assets like passion and creative ideas create intense synergy with cutting-edge ICT technology and the inclusive governmental support. The Korean government has defined establishing new businesses as the key to survival in the next generation and has given enormous subsidies to prospective business owners. As a result, Mergers and Acquisition activities and induced investments increased drastically, recording 369 instances among which 347 investment commitments have been logged. 249 companies participated in investing activities, proving the dynamic quality of Korean market.

Corporations like Wemakeprice, Ticket Monster, Yellow Mobile and 4:33 Creative Lab thrived under generous governmental subsidies and economic policies focused on startups, inflating the ample possibility of the emergence of unicorn corporations, which exceed the value of 1 trillion KRW (approx. 0.8 billion U.S. dollars).

Currently there are around 40 startup accelerators in Korea providing funding for entrepreneurs in diverse sectors. As the funding of Korean venture capital firms increase and the number of Korean startups climbs, South Korea is poised to become the startup hub in Asia.

# Startup Hub : Seoul, South Korea

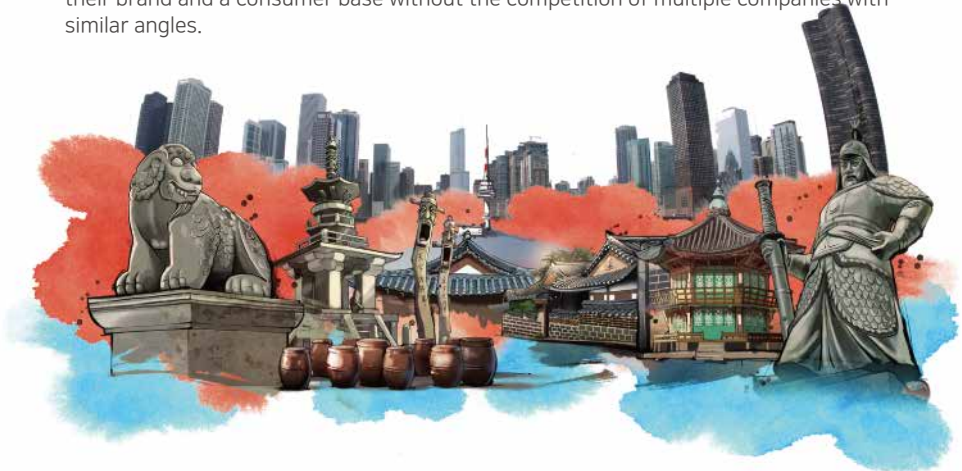


The social, political and economic climate in South Korea is favorable to the growth of the startup scene. The South Korean government has spent more than \$2 billion each year since 2013 and plans to invest nearly \$3.7 billion in the startup industry during the next three years. Accordingly, per capita government backing is higher in Korea than in any other country.

On top of its aims to change the financial structure of the startup ecosystem from loan-based to investment-centered financing, South Korea encourages the growth of the startup scene even further by endorsing tax breaks and incentives for angel investors and venture capitalists, tax benefits for mergers and acquisitions in the technology and R&D sectors, and improvements in visa regulations for foreign startups and entrepreneurs.

Additionally, the social climate is fertile for the growth of the startup ecosystem. Korea's college graduation rate is the highest among the OECD countries and its students have one of the best results in mathematics and sciences. Naturally, the country possesses a large group of skilled developers and engineers knowledgeable in multiple areas from gaming apps to social media innovation. More and more of these fresh, college-educated talents are starting their own business instead of walking down the well-worn path of working for one of Korea's major corporations.

Unlike the startup scene in Japan that started with Nintendo, Sony, Honda and many others during the 1940s and has tapered off, Korea's startup ecosystem is fresh and well-structured. As it is not overly saturated like other well-known hubs such as Silicon Valley or Tel Aviv, it offers an opportunity for domestic and foreign startups to build their brand and a consumer base without the competition of multiple companies with similar angles.



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# PANGYO TECHNO VALLEY

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Pangyo Techno Valley is an innovation park located south of Seoul (Gyeonggi Province) that focuses on information, biotech, cultural and fusion technology. It is Korea's best ICT-based R&D innovation cluster with a total of 5.27 trillion won (around 4.2 billion USD) invested by the South Korean government. It was completed in 2015 and covers an area of about 454,964 square miles with support facilities such as the global R&D Center, Public Support Center, and the Industry-Academy R&D Center.

The Pangyo Techno Valley is an environment where SMEs and startups can mutually exchange information with high-tech technology research institutes and large, global companies. This complex aims to merge different industrial sectors, mostly within the information and communications technology, to create new business opportunities and foster the growth of startups. Born2 Global reports that Korea's top 60 startups and K-Global 300 startups are all located in the Pangyo Startup Campus.

To further support the growth of startups, the Korean government has started construction on the Pangyo Techno Valley, an addition to the existing complex, and is scheduled to be completed in 2019. The extension will be a new community especially for startups and high-tech firms and will consist of sites for private companies, including venture startups, "venture campus" sites for startups, "innovation towns" for companies and research institutes, and government organizations that will provide support for startups, innovative technologies and for arts and other creative industries in the area.



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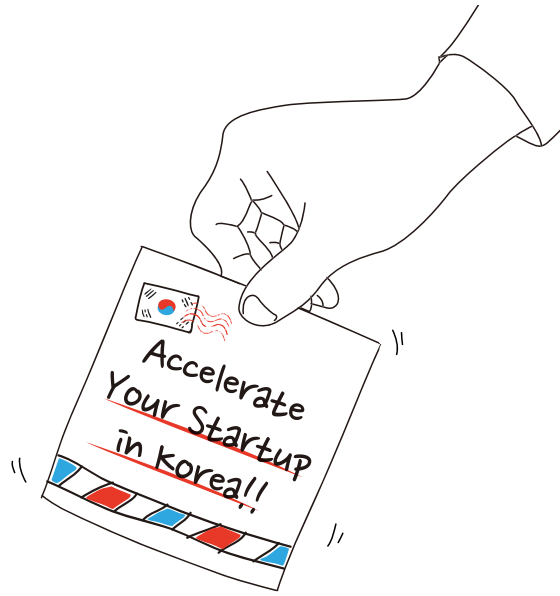
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[www.K-StartupGC.org](http://www.K-StartupGC.org)

# K-STARTUP GRAND CHALLENGE 2017

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and Future Planning



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