

POST-COVID WORLD SPECIAL

MEDTECH, CLEANTECH, IoT and URBAN SOLUTIONS WILL BE THE KEY SECTORS TO INVEST IN



Interview
with Zhou Wei,
startup entrepreneur





The Post-COVID World Special gathers original analysis and testimonies from Spanish and Chinese experts on the main transformations of our societies in this unprecedented context.

Zhou Wei is a serial entrepreneur and the founder of a startup accelerator in Shanghai. He started his career in management consulting, followed by investment funding, before becoming a startup founder. His latest startup company is called XNode, a startup and corporate accelerator based in Shanghai. XNode starts from entrepreneurs, connects the resources of large enterprises, and brings together investment institutions, academia, innovation agencies, and accelerators/incubators to gradually build a diverse entrepreneurial innovation ecosystem.

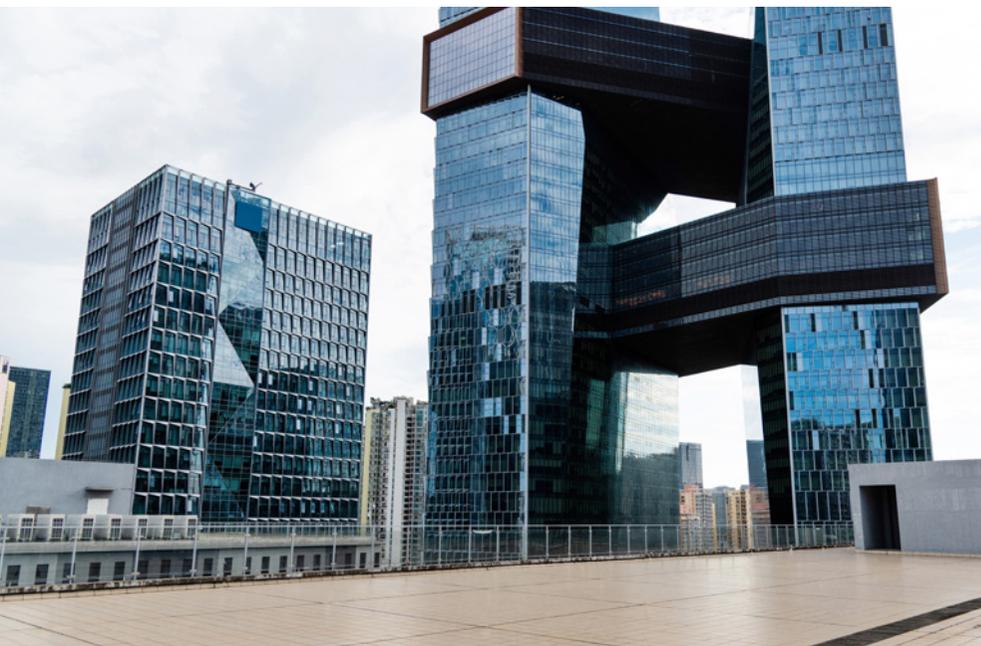
In 2017, Zhou Wei took part in the 11th edition of the [Chinese Future Leaders Program \(CFLP\)](#) about startup ecosystems, organized by the Spain China Council Foundation. The CFLP is

a visiting program that once per year invites 5 to 6 brilliant experts to join in a series of activities, such as seminars, roundtables, and networking events, around a strategic topic for both China and Spain.

In which specific ways the Coronavirus crisis is modifying the startup ecosystem in China? Which aspects of the startup ecosystem do you think will suffer the most in the post-covid world?

We have been seeing some startup trends in China since the beginning of the COVID-19 pandemic. Digital tools became increasingly sophisticated and popular, from B2C to B2B. There was a rise in importance of domestic markets, technology and capital, because global exposure became almost impossible





in the first half of the year. Technology and agility drove winners to capture the lion's share of industry value. Traditional manufacturing and the hospitality industry have been affected a lot and may need more disruptive innovation to recover.

Do you believe Venture Capital firms are being more conservative in their investments in China due to the Coronavirus crisis or do they see this as a moment of opportunity?

China had seen Venture Capital booming during 2012-2017. But from 2018, the Venture Capital investment started cooling down. In the first half of 2019, 573 billion Chinese Yuan were raised in China's Venture Capital/Private Equity market, down 19.4% in comparison to the previous year, causing what was called the "capital winter" in China, before COVID-19 hit.

This year has been challenging

to many startups, and Venture Capitals are more cautious with the impact from the Coronavirus crisis. However, the money is still there and looking for quality startups to invest in. In post-Covid China, the situation varies from industry to industry. Corporate Venture Capital is growing gradually in China and is marked by industry synergies, long-term investments, and tends to be more generous in single deals.

// This year has been challenging to many startups, and Venture Capitals are more cautious with the impact from the Coronavirus crisis. However, the money is still there and looking for quality startups to invest in. In post-Covid China, the situation varies from industry to industry. Corporate Venture Capital is growing gradually in China and is marked by industry synergies, long-term investments, and tends to be more generous in single deals.

In 2020, Beijing came in as the top city for startups in Asia, climbing from 17th to 6th globally while Shanghai jumped from 31st to 10th, according to StartupBlink, an Israel-Swiss startup ecosystem map and research center.



You are the founder of an accelerator in China and have access to first-hand information on new trends in the tech sector. In your opinion, which sectors hold the most potential these days? Which industries will thrive in this new context?

This year, of course, medtech and biotech got a lot more attention and opportunities. XNode has been accelerating B2B technology-driven startups, and we see fast-growing opportunities in particular in the fields of medtech, cleantech, Internet of Things and urban solutions.

Because startups have become a very important engine for job creation, has the Chinese government issued any specific measures to help the startup ecosystems in these uncertain times?

Yes, indeed. The Human Resources Bureau at all levels have been



active in the startup ecosystem, encouraging and supporting startup companies to recruit more local employees, as well as attracting returned Chinese and overseas talents. This support includes awarding hiring locally, sponsoring training, job fairs, startup challenges, providing subsidies to reduce human resources costs etc.

How important do you think startups and tech entrepreneurship will be for the economic recovery of

// XNode has been accelerating B2B technology-driven startups, and we see fast-growing opportunities in particular in the fields of medtech, cleantech, Internet of Things and urban solutions.

// The Human Resources Bureau at all levels have been active in the startup ecosystem, encouraging and supporting startup companies to recruit more local employees, as well as attracting returned Chinese and overseas talents.





Chinese startup Bytedance, which operates short video app TikTok, is the world's most valuable startup, said to now be worth over USD 100 billion.

the Chinese economy in the post-COVID world?

Very important, if not the key drive for economic development. We think that technology innovation and open collaboration between startups and corporations will create the next big thing. Innovation is not invention. We help companies explore the possibilities of innovation to accelerate business growth and generate high returns.

Do you think the coronavirus will

// We think that technology innovation and open collaboration between startups and corporations will create the next big thing

// Those startups looking to expand overseas need to find more reliable local partners in order to continue the pace and avoid potential negative impacts with cross-border policy changes, and likewise, for foreign startups aiming to launch in China.

have a negative effect on the process of Chinese startups scaling up and expanding their businesses to other countries?

We hope it can have a limited effect. The global exchanges have to move online and are virtual due to the travel limitations. It has affected global corporations on their operations, and this impact was even worse for startups. Those startups looking to expand overseas need to find more reliable local partners in order to continue the pace and avoid



potential negative impacts with cross-border policy changes, and likewise, for foreign startups aiming to launch in China.

Are Chinese Venture Capital firms still interested in startups abroad? Do you think Spain is an interesting market for them?

Yes, the investment funds with overseas setup will still bet on startups abroad. But the RMB Funds are wary of foreign startups that have recently setup in China, being more cautious during this uncertain time. The Spanish startups and ecosystems are a bit less known to Chinese investors compared to German, French and Swiss. There could still be good startups in Software as a Service (SaaS) or other Business 2 Business (B2B) solutions from Spain to attract interest.

Regarding the US-China tech

China's major incubators and accelerators are affiliated with universities. For example, Innoway, is a government-backed startup village, located at the heart of Zhongguancun and surrounded by Beijing's top institutions, Peking University and Tsinghua University.



decoupling, will it have an impact in the startup ecosystems?

It depends on if the Chinese startup is aiming at the US market or vice versa. Both countries have been active in the startup ecosystems and could be a stand-alone entrepreneurial environment.

// The Spanish startups and ecosystems are a bit less known to Chinese investors compared to German, French and Swiss. There could still be good startups in Software as a Service (SaaS) or other Business 2 Business (B2B) solutions from Spain to attract interest.

