

Industry Survey on Hong Kong Mobile Apps Industry 2016

ASIA SMARTPHONE APPS CONTEST 2016



Survey Background

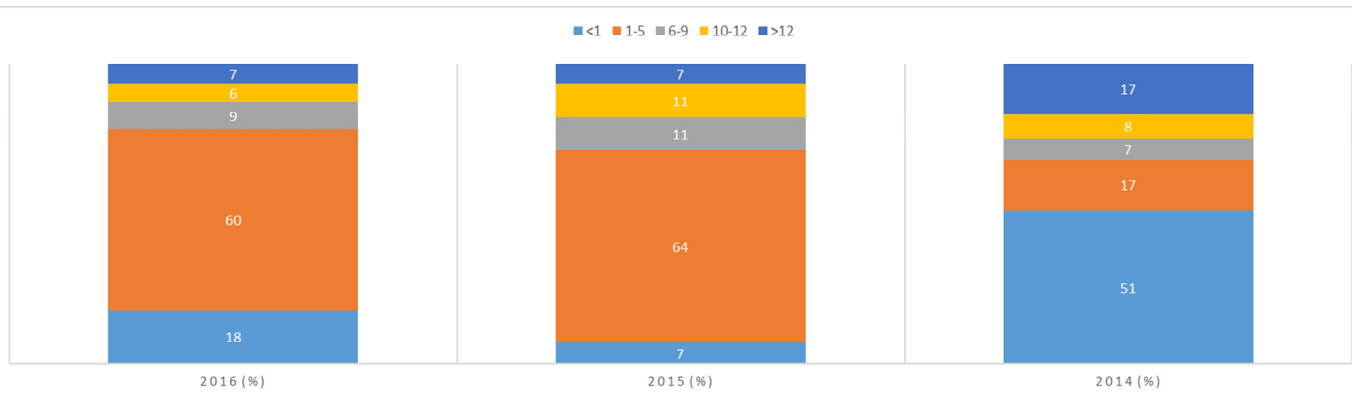
- A unique Mobile Apps Industry Survey conducted in Hong Kong for the 3rd time.
- Administered by The Academy of Hong Kong Studies, The Hong Kong Institute of Education.
- Provide up-to-date picture of the industry in 2015 and compare it with the results of previous surveys.
- Offer recommendations to the industry and policy makers.

Data

- The data was collected from 11 Apr to 13 May.
- 104 replies were received.
- Four replies were dropped as they were filled by two different respondents from the same companies.
- Replies from 100 companies are included in the following analysis.

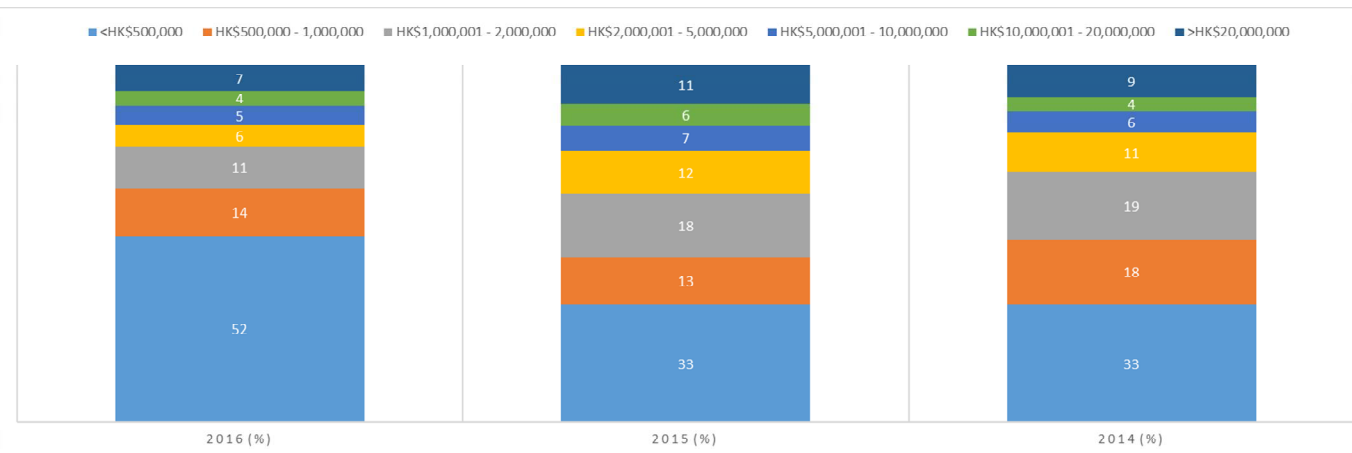
Company Overview

Years of business



60% of companies have at least one to five years of experience. About 20% of the companies are in their first year of business and another 20% of them have six or more years of operation.

Yearly revenue of the companies

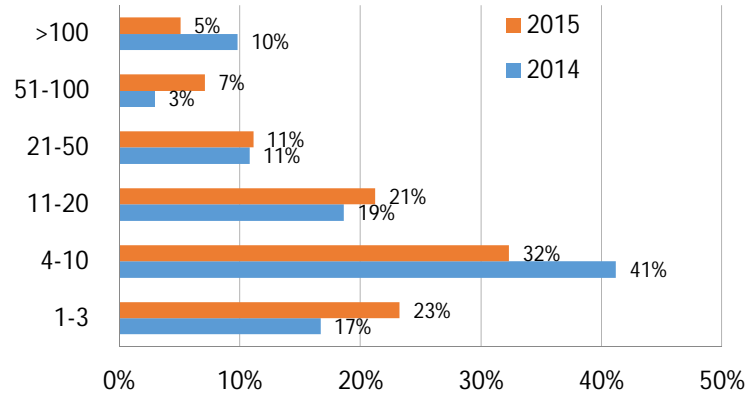
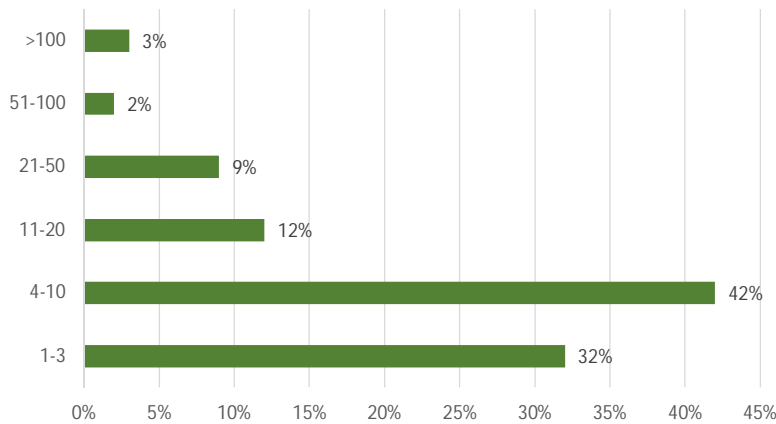


About half of the companies (52%) have an yearly revenue of less than HK\$500,000 in 2016. This proportion is the highest among the three surveys.

The yearly revenue in 2016 is in general decreasing.

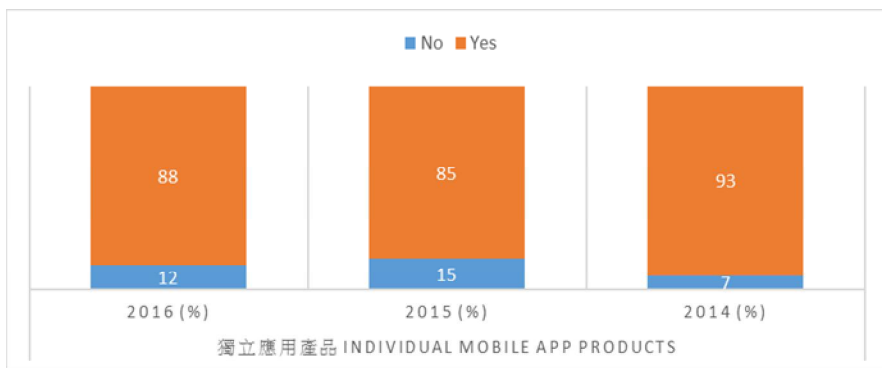
Total number of staff

2016 (%)



More small-sized companies replied in 2016 (32% of total). Fewer companies with staff over 50 replied in 2016 (5% of total).

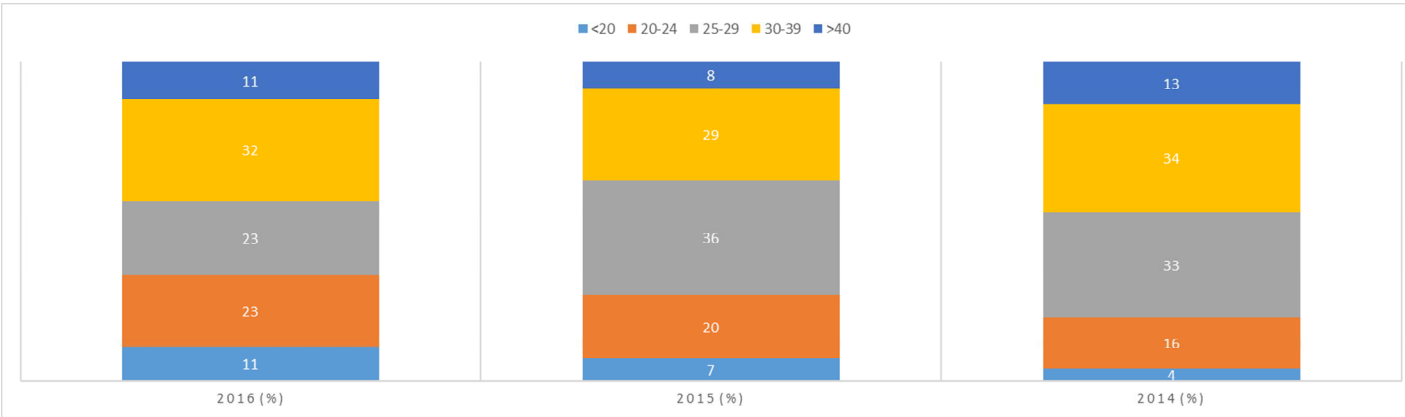
Products & projects ratio: Individual mobile app products



In 2016, 88% companies engaged in individual mobile apps products. The figures vary slightly over the years but products' development have been remaining in high proportions.

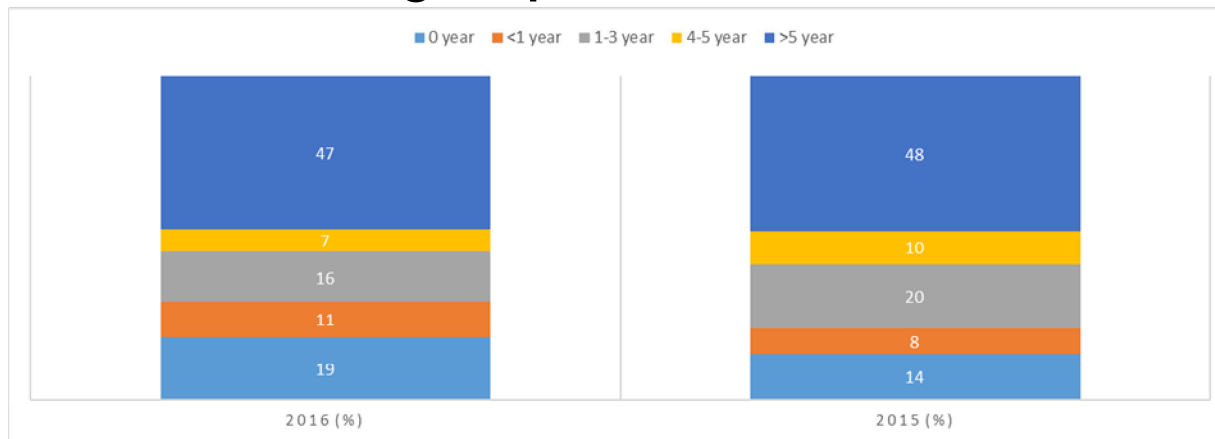
The Founders

Age of founder(s) when starting business



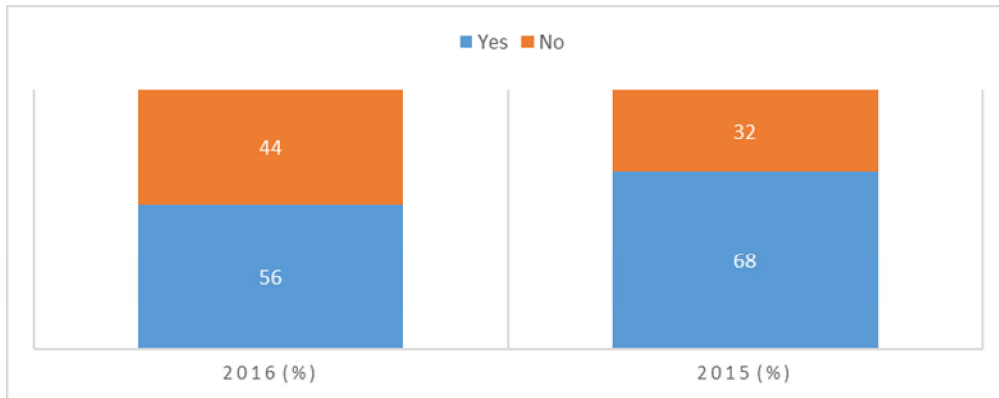
When we compare three years' figures, most founders established their business in the late twenties and thirties. In 2016, 32% of the founders report to establish their business in their thirties. Most founders established their businesses in their twenties (23% in their early twenties and 23% in their late twenties).

Previous working experience of founder(s)



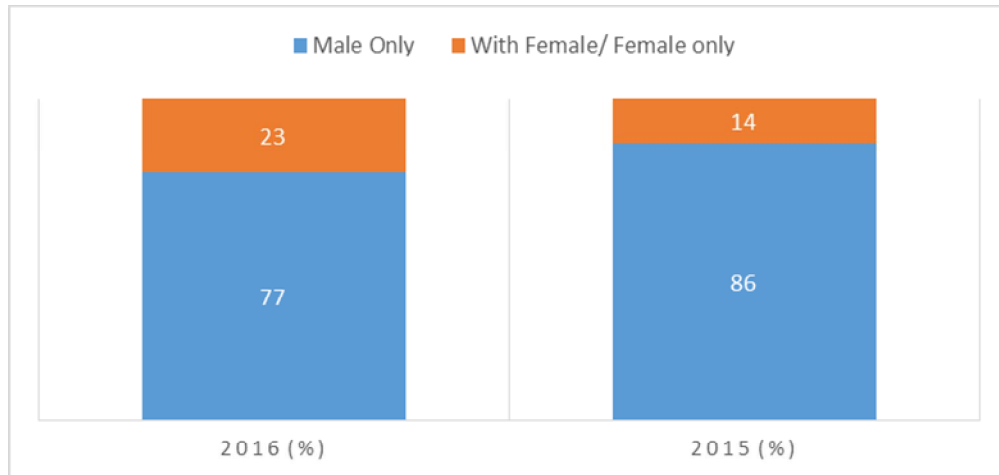
Similar to 2015, 47% of founder have more than five years' working experiences in 2016. More founders (19%) in 2016 has no working experiences than 2015 (14%).

Is it the first time to start a business?



Most founders (56%) started their businesses for the first time. More founders are reported to have experiences in starting a business in 2016 (44%) than in 2015 (32%).

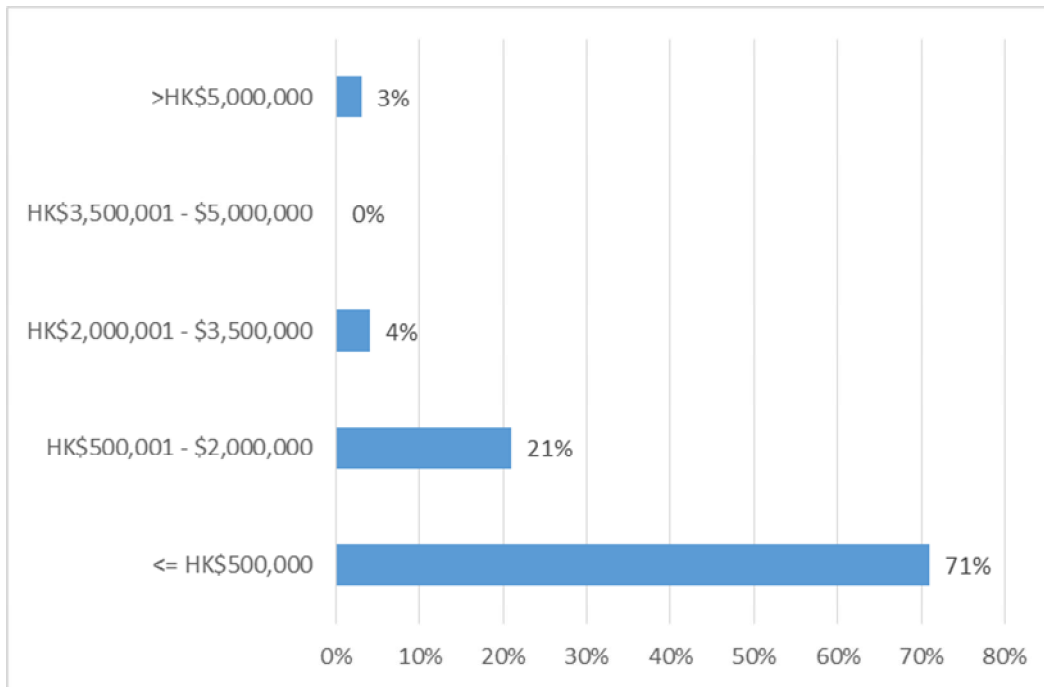
Gender of founders



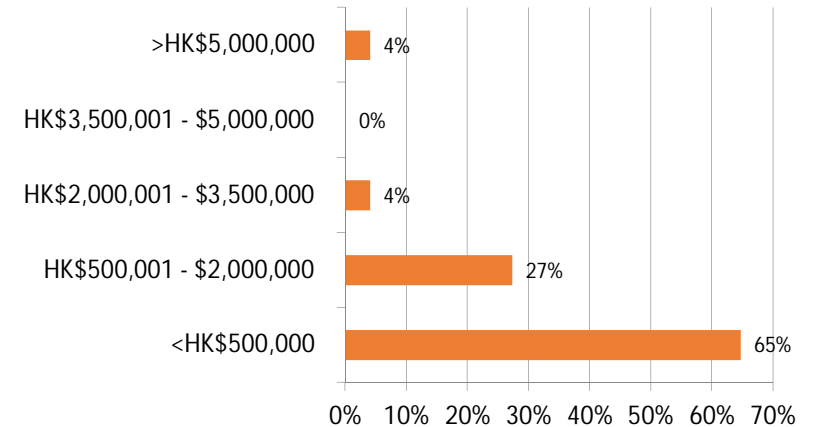
The industry is dominated by male founders. In 2016, there are more companies have female founders (14% in 2015 and increased to 23% in 2016).

Startup Stories

Amount of founding capital / seed money



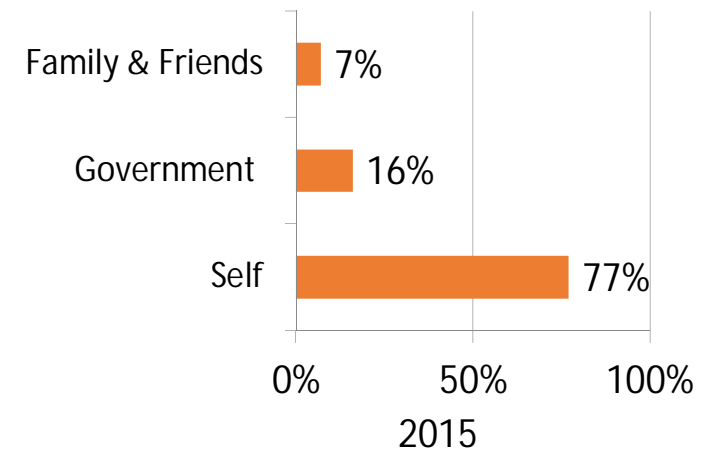
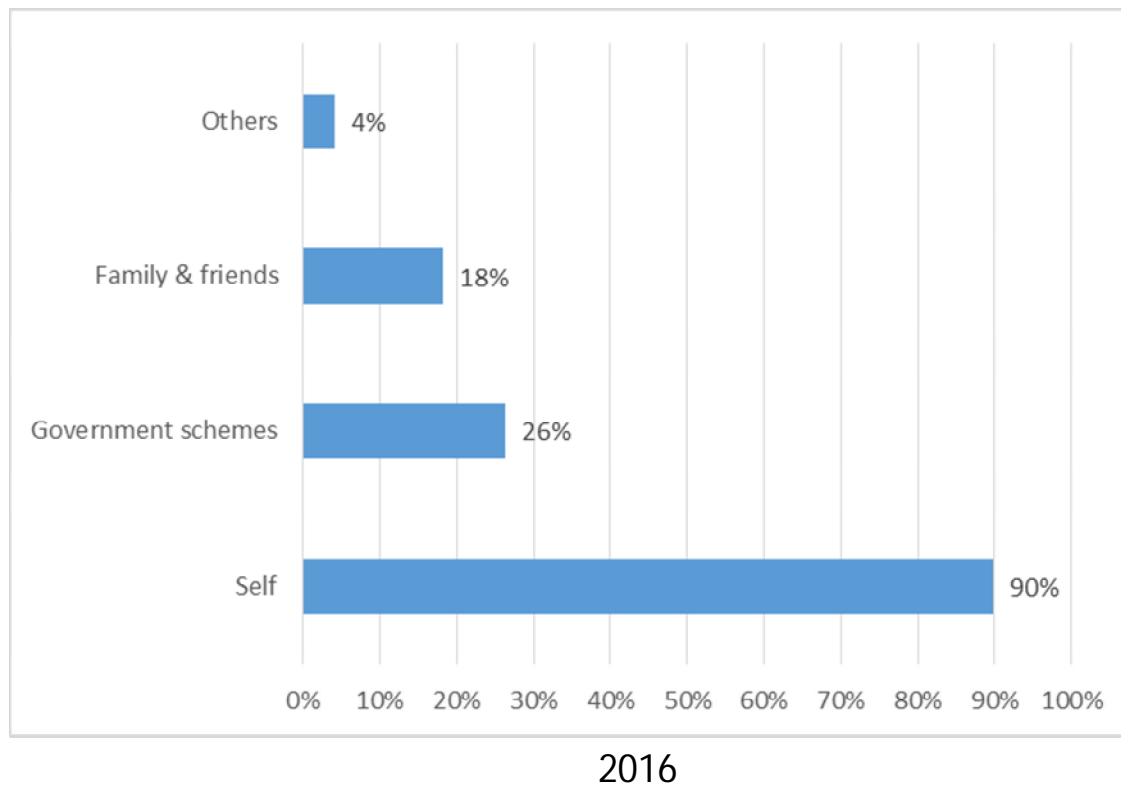
2016



2015

Similar to 2015, most companies have their founding capital less than HK\$500,000 (71% in 2016).

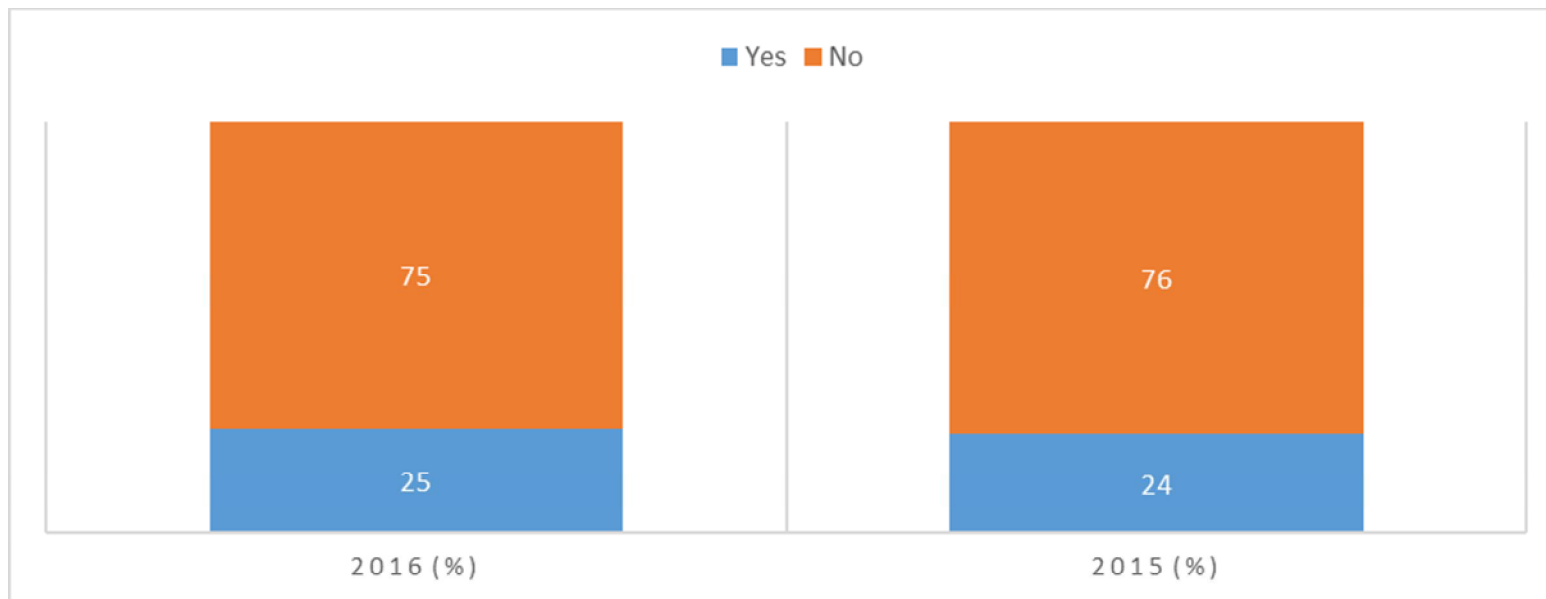
Sources of funding for starting the business



Most companies are self-funded, from nearly 80% in 2015 to 90% in 2016.

In 2016, 26% have funding supports from Government schemes and 18% have supports from family and family to start their business.

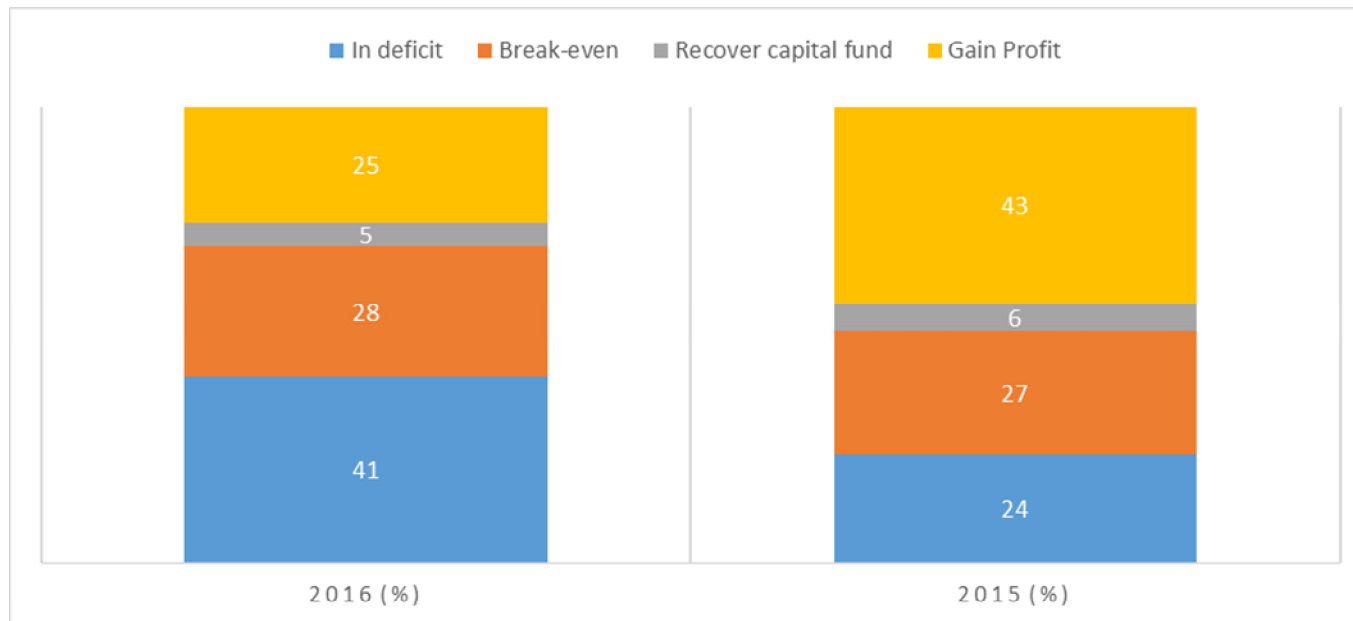
Additional funding after starting the business



As in 2015, most companies (75%) reported in 2016 that they have no additional funding after their business had started.

Average amount of additional funding is HK\$2,500,000 (based on 13 companies with amount of additional funding provided).

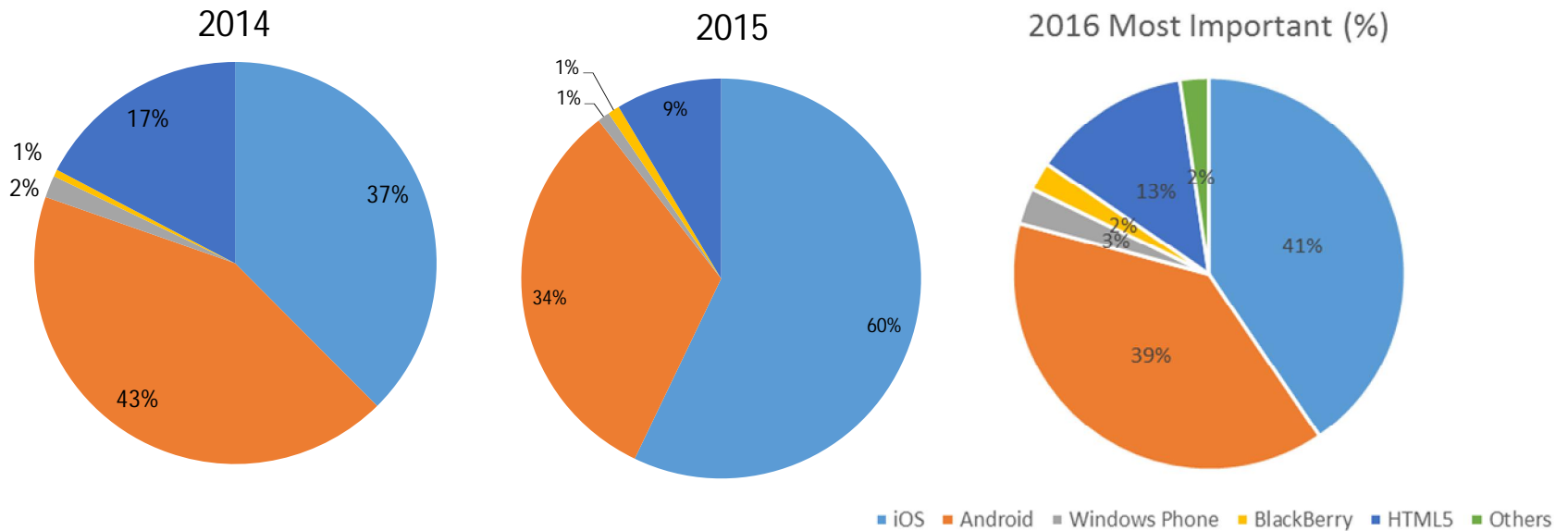
Current business operation status



The number of companies gaining profits have been decreasing from 43% in 2015 to 25% in 2016.

The number of companies which is break-even remains similarly at 28% in 2016.

Mobile platforms currently targeting at



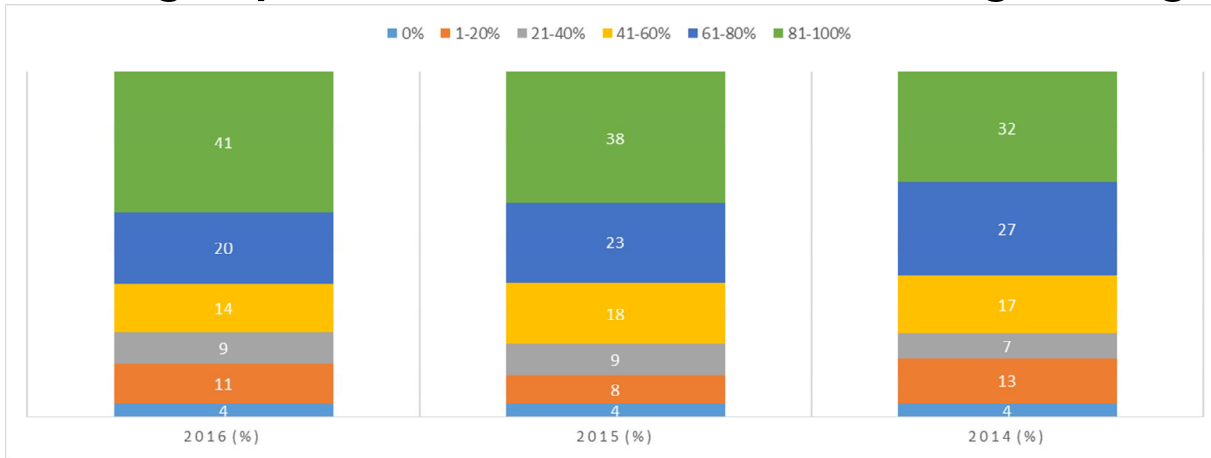
More companies focused on iOS. The figures increased from 46% in 2014 to 58% in 2015 while developing apps on Android platform has been the second largest.

In 2016, 41% of companies reported iOS as the most important and 39% of companies reported Android as the most important.

13% of companies reported HTML5 as the most important in 2016.

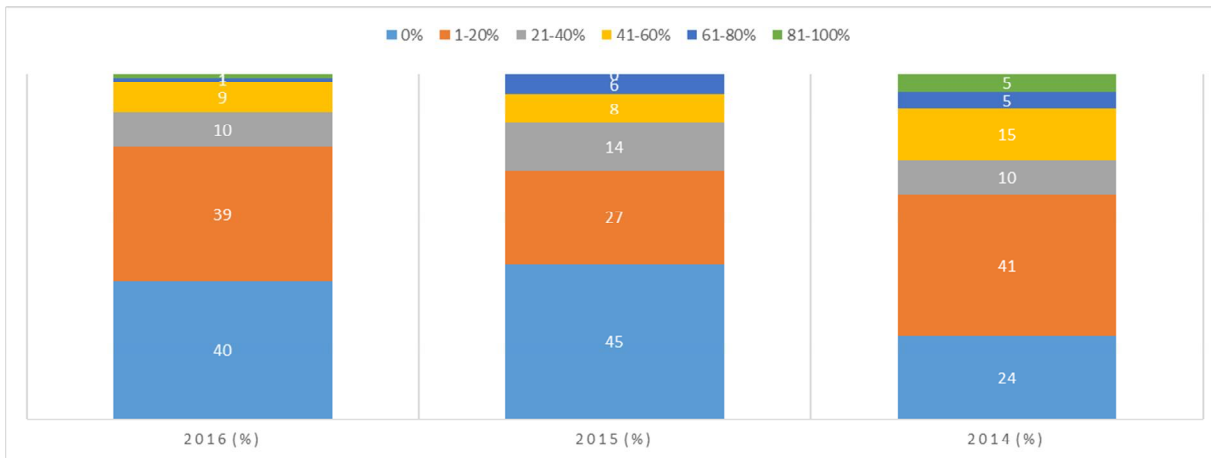
Market Analysis

Geographical focus in the Hong Kong market



41% of companies focus their business in the HK market. It has a 9 percent-point's increase from 2014.

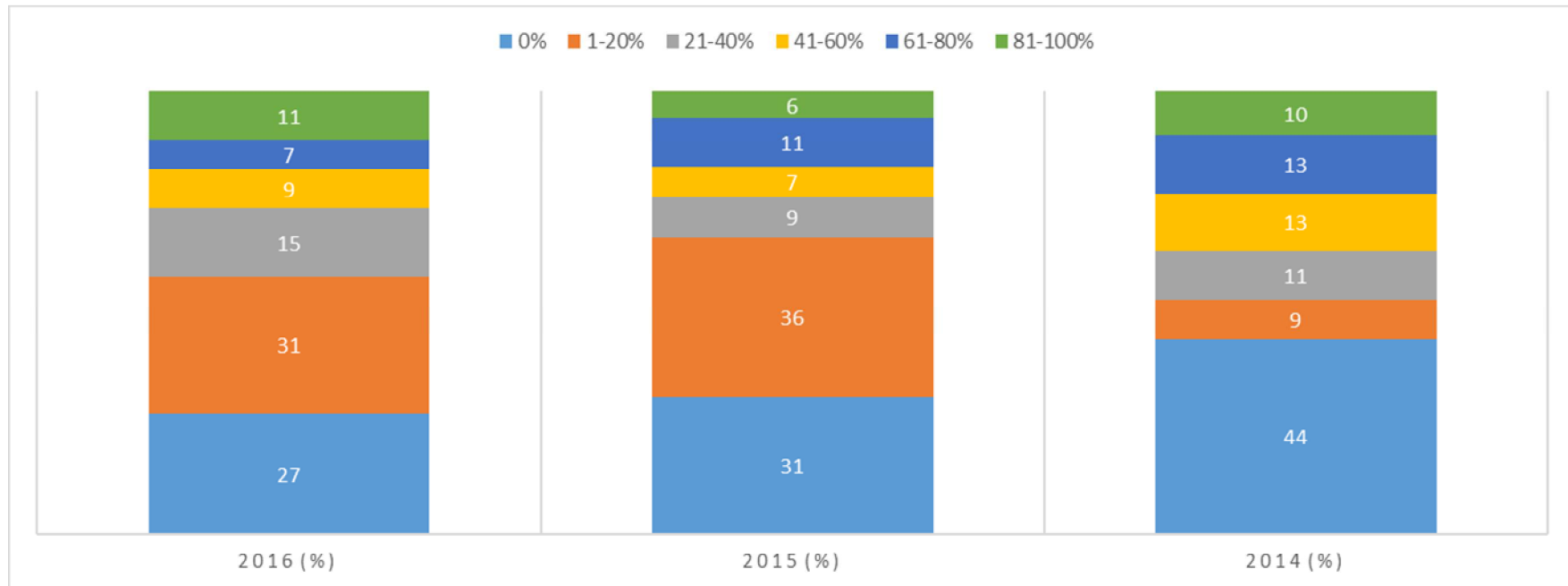
Geographical focus in the Mainland market



As in 2015, most companies had no business in the Mainland Market in 2016 (40%).

A large proportion of companies (39%) have less than 20% of their business in the Mainland Market.

Geographical focus in the overseas market



In 2016, only 27% of companies have no business in the overseas market. This percentage is the lowest in these three years.

About one third of the companies (31%) have a small part, less than 20%, of their business in the overseas market.

Recommendations

- Business environment is getting more competitive
 - Development in new products and new platform are necessary
- More companies are running with deficit
 - More supports to companies at early set-up stages

Acknowledgements

- All participants in the study
- Cyberport
- Hong Kong Productivity Council
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