

Korean tech start-ups offer life beyond Samsung

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As an engineering major at Seoul's Yonsei University, Yoon Ja-Young was perfectly poised to follow the secure, lucrative and socially prized career path long-favoured by South Korea's elite graduates.

But the idea of corporate life in an industrial giant like Samsung, however well-remunerated, simply didn't appeal so instead Yoon joined the swelling ranks of young Koreans looking to make their mark in the volatile world of tech start-ups.

In her final year at college, Yoon, now 26, created a Pinterest-style image-sharing app, StyleShare, for fashion-conscious young women.

"I was always into fashion, and there were so many moments that I wanted to grab someone on the street and ask what is that pretty dress or pair of shoes she's wearing," Yoon told AFP.

"All the fashion magazines only talked about expensive brand clothes, which didn't help ordinary people like me," she said.

The app became a hit and now has more than one million users.

Yoon said her parents initially panicked when it became clear the app was more than a fun hobby and she wasn't going to get a "real" job.

"But they soon became strong supporters," she said.

Her father, a loyal LG employee for two decades, even offered some of his retirement savings to help kickstart the business.

For her parents' generation nothing matched the stability and prestige that came with a job in one of the family-run conglomerates, or "chaebols", that dominate the national economy.

The likes of Samsung, LG and Hyundai remain magnets for many of the country's brightest graduates.

But with the global economy in low gear and the smartphone era opening new doors, an increasing number like Yoon are forsaking a rigid career structure to try tech entrepreneurship.

'Astounding amount of money'

The number of new "venture firms"—high-risk, largely tech-related enterprises—stood at 30,053 last month, according to the state-run industry tracker Venturein.

That figure was almost double the 15,401 registered in 2009—a milestone year when the first iPhone went on sale in South Korea and brought the app-making industry with it.

Under President Park Geun-Hye, the South Korean government has poured billions of dollars into startups, in line with her push to foster a "creative economy" that would move beyond the country's traditional manufacturing base.

"There is an astounding amount of money, from both the private and state sectors, flowing around in the market right now," said Jang Sun-Hyang, investment director at Mashup Angels, a Seoul-based startup incubator.

"The word 'startup' didn't even register in the public consciousness in, say, 2011. Now it's one of the hottest buzzwords among college kids," Jang told AFP.

According to government data, the pool of private and public investment available to tech start-ups stood at 2.5 trillion won (\$2.3 billion) in 2014, up 62 percent from a year ago.

South Korea's hyper-wired populace also offers a fertile ground for tech businesses—most households have broadband access and 80 percent of people own smartphones.

More than 60 percent of smartphone users—the highest ratio in the world—use ultra-fast 4G service that allows users to download a feature-length film in a few minutes.

Asia's Silicon Valley?

Google is set to open "Campus Seoul" this year to help train budding startup firms and facilitate their expansion, while Samsung and LG are also boosting investment in start-ups.

As the number of other incubator centres popping up offering office space, business advice and potential investment opportunities rise, the capital is drawing comparisons with US tech haven Palo Alto in Silicon Valley.

"I think South Korean tech startups have the biggest potential in Asia, except for China," said Lee Naree, a former managing director of D.CAMP Seoul, a major startup incubator jointly built by local banks.

He has since been recruited by Samsung's marketing arm, Cheil Worldwide, to forge ties with new startups.

But challenges remain.

The relatively small domestic market means successful start-ups have to look overseas if they want to keep growing.

Crossing language and cultural barriers can be daunting, even for established firms like Kakao Talk, the South's top mobile chat app with 48 million global users which has struggled to expand into Southeast Asia.

And the consequences of failure are high in a society where experience counts for little if there is no successful outcome.

"In Silicon Valley, experimenting with a start up that doesn't work out can be a valued experience," Lee said, whereas in Korea it can be seen as "wasting" the crucial career years after graduation.

Kim Sun-Hyuck's business degree from Korea University would have put him on the fast-track with a big-name firm but, like Yoon, he took the start-up plunge.

After a series of small business ventures, the 31-year-old launched a website connecting small rural farmers with urban consumers last year.

"Many of my classmates didn't quite understand me, but now I have a group of like-minded young startup friends," Kim said, adding that his father—a Hyundai manager for 30 years —was his strongest backer.

"My dad said he wanted to have his own business but couldn't do it because there was no support and he had to feed his family," he said.

"This is not just my dream. I'm living my father's dream too," he said.

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