Industry Survey

on Hong Kong
Mobile Apps
Industry
2015

香港 智能手機應用程式 業界調查 2015



#### Survey Background

- » A unique mobile apps industry survey conducted in Hong Kong, 2<sup>nd</sup> time in the series.
- » Present up-to-date picture of the Hong Kong mobile apps industry in 2015, as well as comparing it with results of 2014.
- » Offer recommendations to Hong Kong mobile apps developers and policy makers.
- » Participated by 100 companies in the mobile apps industry.



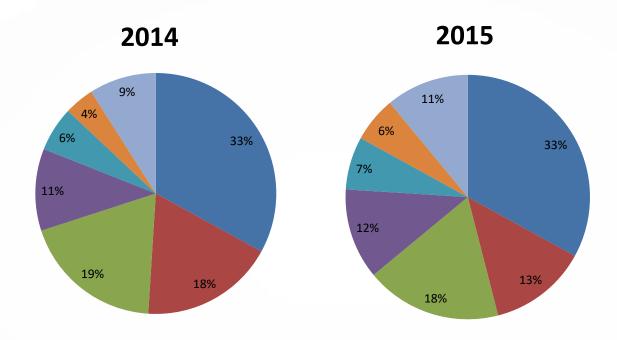








#### Yearly Revenue

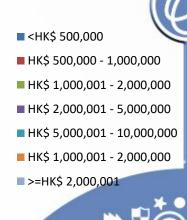


Similar to last year (87%), most mobile app companies (83%) generated revenues *less than* HK\$10M per year. But the percentage of companies generating *more than* HK\$10M has been increased from 13% to 17%.

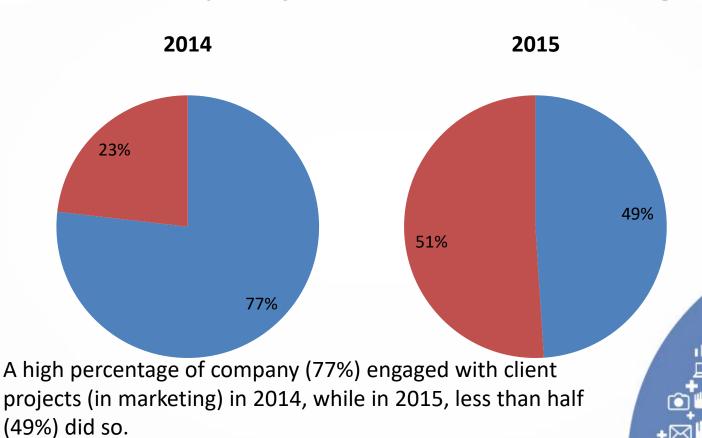








## Products & projects ratio – Client projects - marketing?





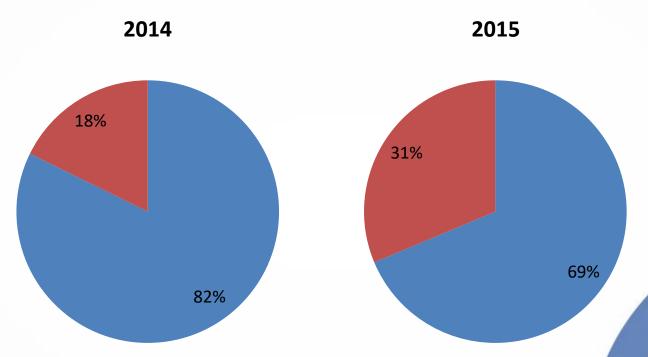




Yes

No

# Products & projects ratio — Client projects-enterprise solutions?



In 2014, 82% companies engaged with client projects in "enterprise solutions". In 2015, it decreased to 69%. Mobile app companies in HK are more focus on product development this year.







Yes

No

### Industry Landscape - Founders



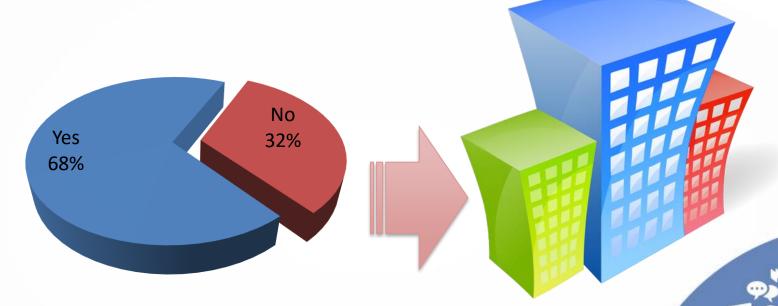








Is it your first time to start a business?



They have started **1.94 times** business before

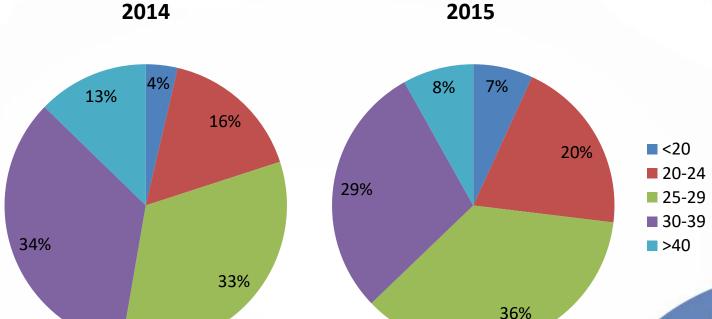
68% interviewees are first-time founders. As for the balance 32%, they have had 1.94 times of experience to form a business on average.







#### How old are you?



Most founders (36%) established their companies when they are 25-29 years old, while 27% of them establish their companies when they were under 24.

In other words, 63% of the founders were under 30 when they set up their businesses, comparing to 53% last year. The founders are getting younger.

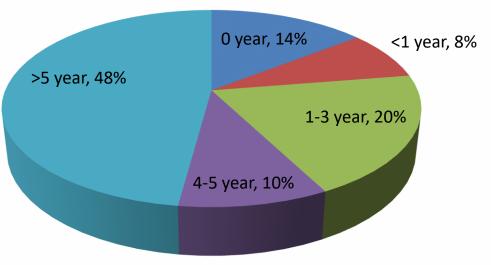








#### Founders' work experience



Most founders (48%) have had over 5 years of work experience when they established their companies. On the other extreme, 14% of them have no work experience at all.

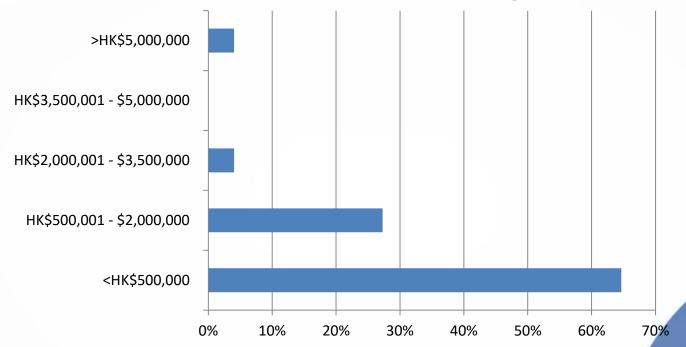








# Amount of founding capital / seed money



65% of the interviewees used less than HK\$500,000 to start a business.

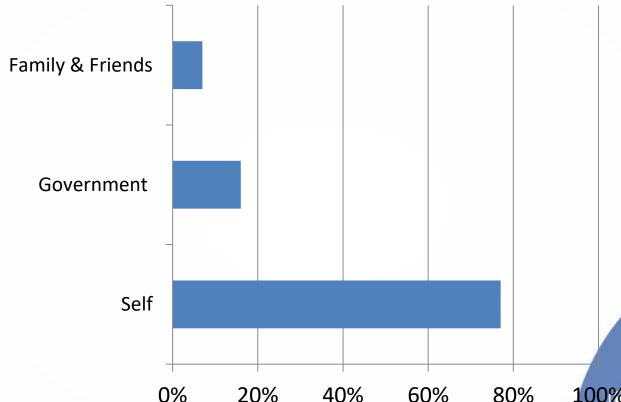
Joining app development does not require a large amount of capital.







Source of founding capital / seed money



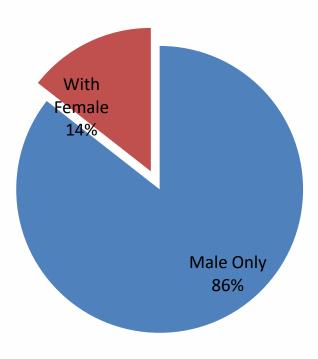
Most (77%) founders are self-funded; and some (16%) have applied for government schemes to kick-off.







### No. of founders: gender gap



86% of the respondents are founded by Male only.
Only 1% (i.e. one startup) is founded by Female only (2 girls).









### Industry Landscape - Startups



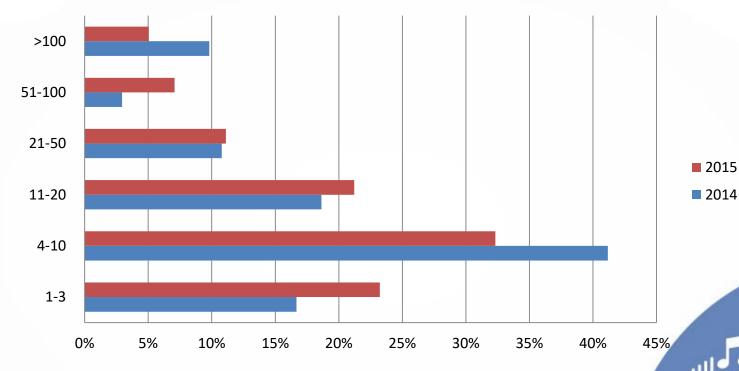








#### Total number of staff



In 2015, 87% of the companies are under 50 staffs, while it is 88% in 2014.

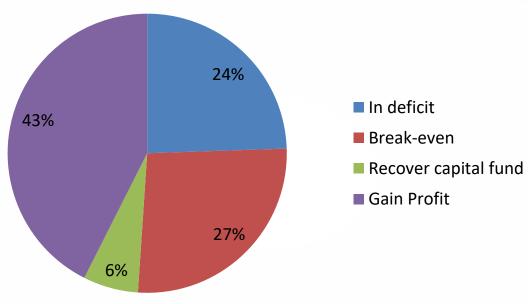
In other words, most mobile app companies in HK are SMEs. The industry is still in growth phase.







#### Current business operation status



Over 70% companies are above break-even while only 24% are in deficit.

43% of them are gaining profits.

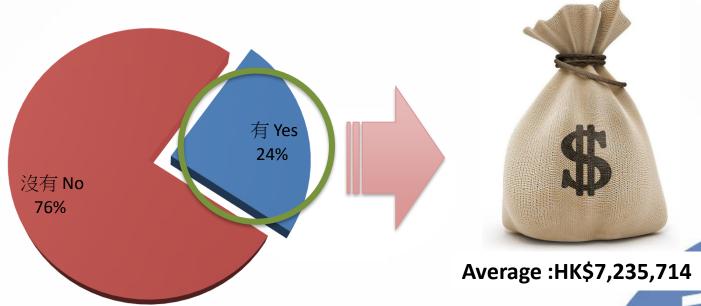








## Ever raised fund after starting business?



76% of the respondents haven't raised any fund from investors after establishing their business.

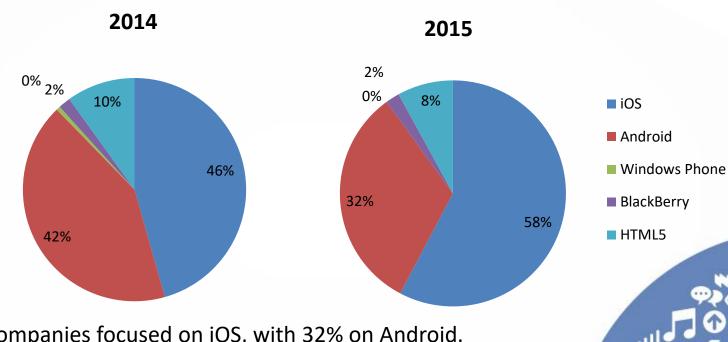








#### Current target mobile platforms



58% companies focused on iOS, with 32% on Android. In 2014, the usage of iOS (46%) and Android (42%) was comparable.

Note: iPhone6/6+ with bigger screen size was launched last September

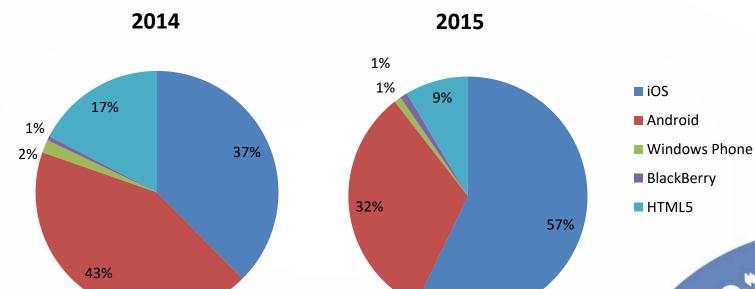








#### Mobile platforms with potentials



Last year, most companies (43%) predicted that they would develop apps on Android platform.

Nevertheless, 57% predicted that they would use iOS instead this year. Only 32% expected Android would have better market potential









#### Market Analysis



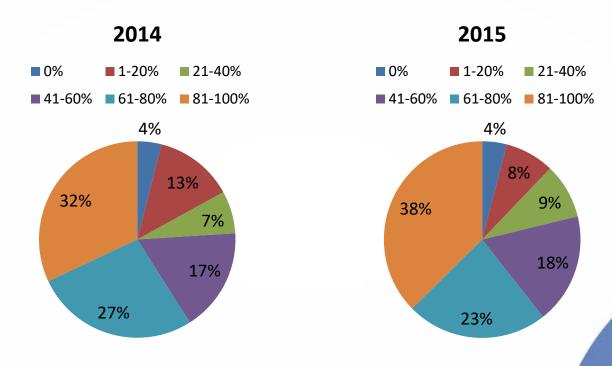








#### Geographical focus - HK



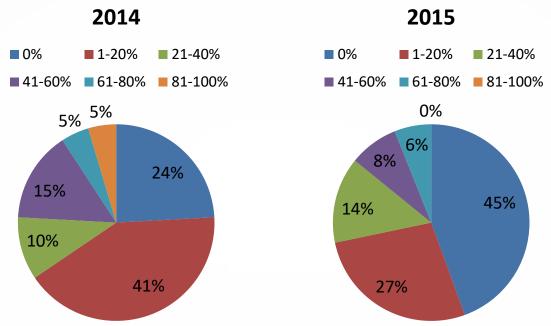
38% companies focus their business in HK, 6% higher than that in 2014. It may related to more start-up is established this year and HK have a high demand for this service.







## Geographical focus – Mainland



45% companies have no business in Mainland, 20% higher than that in 2014..

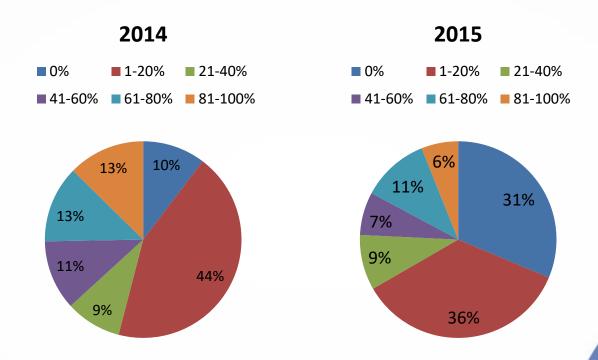








#### Geographical focus – Overseas



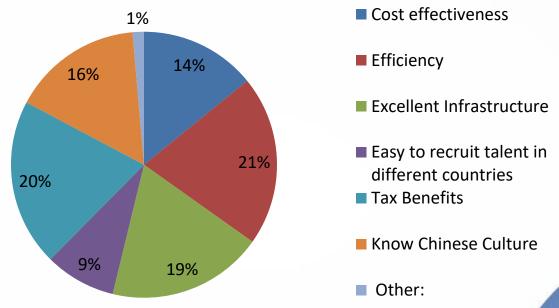
31% companies have no business overseas, 21% higher than that in 2014. It shows more companies focused to local market.







## Competitive advantages of HK vs Overseas



Compare with overseas' competitors, 21% interviewees agreed HK is more efficient; 20% considered HK has a better tax system and 19% agreed HK has an excellent infrastructure.

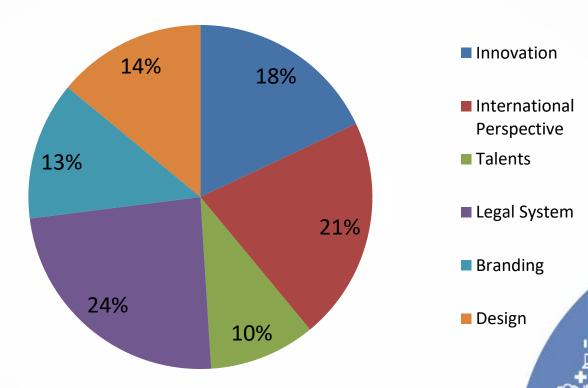








### Competitive advantages of HK vs Mainland



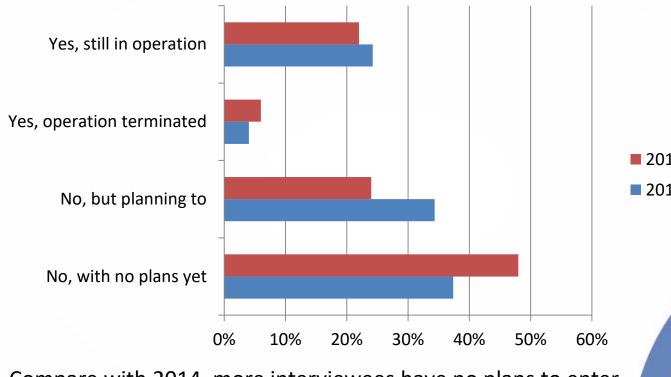
Most considered a better "Legal System" (24%) and more "International perspective" (21%) the advantages of HK startups over Mainland's.







### Attempts to Enter Domestic Market of Mainland



Compare with 2014, more interviewees have no plans to enter domestic market, 9% higher than 2014. And there are 2 % companies terminated their mainland business.

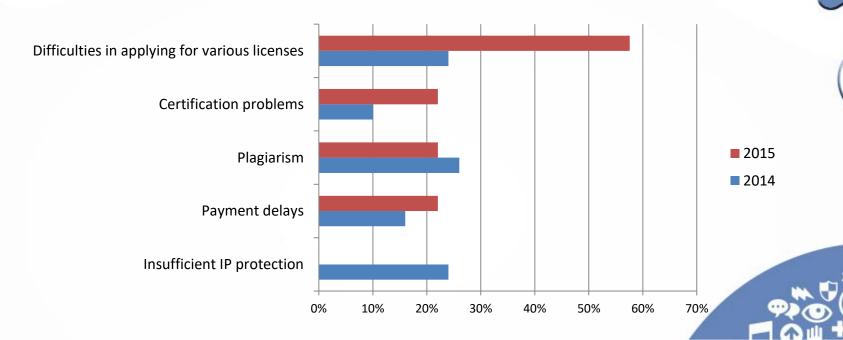








### Problems encountered in Mainland market



Due to the legal systems are different, 58% companies faced difficulties in applying licenses in Mainland; 22% interviewees had problems with payment delays, plagiarism issues and certification problems.













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