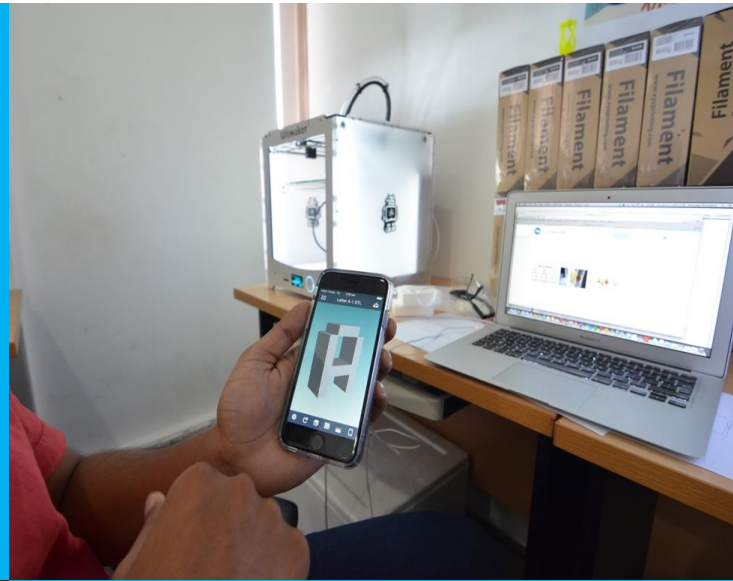




Digital Dynamism: How IT and Social Media are Enhancing Business Opportunities for Sri Lankan Entrepreneurs



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Abstract

As the Sri Lankan economy attempts to transform into a more value-added and knowledge-led one, recent advancements in technology and innovation have created a plethora of new opportunities for small and medium-sized enterprises. This paper provides four case studies of innovative enterprises and initiatives to demonstrate how the digital economy is enhancing the country's business potential and creating jobs. The firms studied are all start-ups run by young professionals (between 28-35 years) and are specifically unique to show the range of possible benefits. The aim of this initiative is to shape a new narrative around the use of IT and social media for entrepreneurship in the future.

Key words: competitiveness, entrepreneurship, innovation, SMEs, technology

JEL codes: M13, M15, M21, M37, O31, O33

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Introduction

Across the world, the digital economy is creating new opportunities to do new things and to do things better, both commercially as well as socially. Mobile and social media solutions, e-commerce, cloud computing, and big data analytics are creating new possibilities for products and services and creating new value for firms, economies, and societies at large. How well and how quickly Sri Lanka adopts these will be a key determinant of growth in future years. This collection of case studies explores examples of innovative enterprises and initiatives that demonstrate business potential in Sri Lanka, but also highlight the key challenges that must be tackled. The cases were selected¹ to cover a unique mix of examples, going beyond those that are often written and talked about. The aim of this initiative was to shape a new narrative around the use of IT and social media for entrepreneurship in Sri Lanka.

As Sri Lankan economy attempts to transform into a more value-added and knowledge-led one, technology and innovation offer new opportunities for growth and dynamism. A [2012 IPS Working Paper](#) – ‘Fostering Innovation to Fast-forward Growth in Sri Lanka’ – identified the need to have a focused, coherent, and holistic approach in driving the innovation agenda in Sri Lanka if the country is to avoid the middle-income trap, achieve and sustain faster growth rates, and raise incomes and living standards across the country. Following this report, Google Asia-Pacific and IPS explored a few case studies that highlight new examples of innovative enterprises and initiatives that demonstrate Sri Lanka’s potential, but also highlight the key challenges that must be tackled. The cases were selected to cover a unique mix of examples, going beyond those that are often written and talked about. The aim is to shape a new narrative around innovation and entrepreneurship in Sri Lanka.

These case studies explore how digital tools are disrupting traditional business models - individuals and organisations that are using cloud-based applications to work in lean and smart teams; are using social media beyond taking ‘selfies’ to boost self-employment; are providing additive manufacturing solutions; and are taking advantage of new funding opportunities to launch new marketplaces. All these ‘disruptions’ are driving new sources of competitiveness among SMEs. SMEs are

¹ The case studies were prepared by Anushka Wijesinha under a joint initiative of Google Asia-Pacific and IPS in 2014.

recognised for their ability to be more nimble and innovative than larger firms (ESCAP, 2012). Technology is offering them new potential to enhance their competitiveness.

The case studies were selected based on the fact that each provides a unique perspective on the emerging uses of new technologies by Sri Lankan entrepreneurs; that they are all start-ups by young professionals (between 28-35 years); and that they demonstrate how whether it is sophisticated technologies like 3D printing or simple social media and software applications, IT is no longer the preserve of large corporates or high-tech businesses alone, but small and start-up entrepreneurs operating in niche markets. These case studies may seem simple examples of small initiatives, but have far-reaching implications on larger issues of entrepreneurship, innovation, competitiveness, small business promotion, and labour market participation.

1. 3D Concept Studio: Pioneering 3D Printing Venture Helping More Sri Lankans Become 'Makers'
2. Trekurious: A Travel Start-Up Using Online Collaborative Tools to Stay Lean and Grow
3. Stripes & Checks Inc: Bringing the Best of A Neighbourhood Tailor To Your Desktop
4. Bakes by Bella: A Home Baker with Instant Success Through Instagram

1. Pioneering 3D Printing venture helping more Sri Lankans become 'Makers'

Pioneered in Sri Lanka by Mr. Nissanga Warnapura and his 3D Concept Studio (3CS) in 2013, 3D printing is changing the landscape of manufacturing in Sri Lanka. By being able to 3D print a new mould design, a mock-up of a new product, develop a prototype quickly, or produce a customized plastic component, this new technology is offering endless possibilities for large companies and SMEs alike.

The idea for 3CS came to Mr Warnapura quite by chance. "I have seen 3D printers and have heard a lot about 3D printing. Last year I had an injury and had to stay home for a while with nothing to do, and during this time I decided to order a printer, to start 3D printing as a hobby. It was so very simple – I spoke to a number of suppliers who I found online, did an analysis of all the machines and all the pros and cons and the pricing of what I can afford". To finance the project, apart from some of his own funds, he approached a few investors through the nascent angel investment community in the capital Colombo, and convinced them to come on board. Subsequently he expanded the number of printers and also the nature of the service offered (helping clients move from simple replication to original designs, by hiring a full time designer to develop their ideas).

As business expanded, 3CS has moved out from the owner's home, to a start-up incubator space at 'Orion City' – a tech park – to a dedicated design and print studio in a business park. Since his first 3D printing machine, 3CS has now grown to having around a dozen printers offering various different options (flexible vs. rigid, single vs. multiple colours, finer vs. rougher finish, etc).

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