



2021 Annual Letter

By Thareendra D Kalpage

As a technology holding company that will eventually invest entirely from its own balance sheet, we will report Gross IRR performance in future letters, as fees and expenses will no longer be included in our calculation. We focused on filling "Institutional Voids" in Emerging Markets,

An emerging market is one that has not yet reached maturity but is on the verge of doing so. Alternatively, it can be impoverished with potential or already rapidly growing, but neither of these is a very detailed definition. Tarun Khanna and Krishna Palepu of Harvard Business School have spent the last 15 years studying emerging markets. They coined the term "institutional voids" to describe the market ecosystem on which businesses rely and the fact that the institutions that comprise this market ecosystem are either missing or are not functioning properly in emerging economies. They are referring, in general, to labor markets, product markets, and capital markets.

To those who have lent their support to Digital Zyndicate:

This is the first in a series of annual letters in which we discuss our investments and other topics related to technology, markets, and our mission.

Years ago, when we had these discussions and a few months ago, when we formally launched Digital Zyndicate, we began with the goal of addressing difficult problems in the present, as few investors were already doing so. While many investors were enamored with social media networks, photo-sharing apps, and other consumer-oriented investments, we chose to focus on two critical institutional voids we identified. Two initiatives that we initially funded did not intend to raise additional institutional capital until we provided them with the long-term, patient capital they required. We believe we will be handsomely rewarded for our contrarian wagers. Today, as we write to you, we reflect on our first two initiatives and anticipate our next nightly eight. Our tactics will evolve as the world changes, but our goals will remain constant: we want to empower entrepreneurs to solve the world's most difficult problems while generating long-term compounding returns, both economically and socially.

Business Mind set - Zero to one monopolies. This is an ingenious framing device—controversial enough to spark debate, but commonsense enough to convince an incrementalist of its utility.

We believe in starting small and growing big, so we aim to dominate a small market first. In other words, we are attempting to establish mini monopolies on the two initiatives we are supporting. The ideal target market for a start-up is a small group of specific people concentrated in a group but served by few or no competitors.

As you may have guessed, we are inspired by Peter Thiel and Blake Masters' Zero to One: Notes on Startups, or How to Build the Future.

Thiel's philosophy of progress inspired the title of the book: going from zero to one is transformative, but going from one to n is incremental and, in Thiel's opinion, not grounds on which any upstanding entrepreneur wishing to launch a startup should tread.

In a technical sense, going from zero to one isn't about being first. In fact, the most transformative businesses are the late movers who come to define their industry. And you can't get there by improving what's already there. Gates, the Google guys, and Zuckerberg didn't just improve on



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existing offerings; they improved on them by orders of magnitude—and when you're that much better, quantitative change becomes qualitative.

Creating something completely new is a one-to-one accomplishment, but so is deploying impactful technology at scale. And, in a way, that's even more intriguing, because in business, it's critical not only to create value, but also to capture some of that value.

There's no doubt that south Asian business needs to aim higher in general, which is why we wanted such a stark concept as "zero to one." Unless there's a way to make our standards almost too extreme, they're probably not high enough.

Funded Projects during the year –

We funded two social initiatives that were aiming to filling institutional voids in their own segments. Duthaya, the Service app & Enki, the wisdom app

Duthaya, the service app - In recent years, dozens of new online and mobile "service networking" companies have sprung up in global and Asian cities, claiming to be "revolutionizing" the way work is done. These technology companies, which comprise what has come to be known as the "platform economy," provide platforms for online and mobile marketplaces where users can buy and sell their goods and services. These "platform economy" companies form a concentrated innovative cluster.

Despite the rise of this so-called Platform economy, South Asian Cities like Colombo, we've all had those moments when we wish we could just summon someone to go to the bank or the government office on our behalf to wait in line and submit our documents. A few cough drops are always a good idea when you're feeling under the weather.

Imagine the following scenarios: you must visit the Inland Revenue Department as well as the bank to make a cross-cheque deposit, to submit a TT document, to submit a Letter of Credit (LC), to collect a cheque book, or to hand over loan documents. Not only that but consider a scenario of takeout food that will not be delivered.

A convenient pick-up and delivery service with value-added services such as document submission to a bank or government office would be a welcome convenience, right? You've come to the right place, thankfully. Duthaya has arrived at last. We will run all of your errands and have everything delivered right to your door!

How we intend to solve it

DUTHAYA -PLATFORM & IT'S OVERVIEW

Duthaya is an innovative, state-of-the-art Platform that facilitates mobile marketplace that connects freelance skilled labor with local demand, allowing consumers to find immediate assistance with specialized tasks such as Inland Revenue Department Services, Registrar General's Department Services, Consular Services, as well as everyday tasks such as getting your basic banking needs met, sending and receiving items, and other services.



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The service management network of Duthaya Mobile Platform will make life easier for people who are overwhelmed by their to-do lists. Duthaya connects people with trusted and reliable Messengers in their local communities who can help them get the job done now and in the future. Duthaya is a lifeline.

Enki, the wisdom App - We want you to consider how you think about the quality of your health care in your country, those of you is reading this letter from the United States, please take note. Normally, you'd ask around to make sure you had a good doctor. You'd try to get a referral from your current primary care provider. Alternatively, you could ask your friends who had been in similar situations to triangulate and figure out who the good doctors were. However, you would also have the support of a number of institutional mechanisms that would ensure that the quality of the doctor you were seeing was sufficiently high, that reassure you that your care was being placed in the hands of a good person. Not only is he a competent professional, but he is also a moral person.

In the United States, lists of the best doctors in this and that specialty are published monthly, annually, and semi-annually. There are, of course, institutions that are constantly ranked and rated by various commissions of the US government. There are magazines dedicated to ranking doctors and medical care facilities on a variety of criteria.

There is a veritable cornucopia of rating options. And you might run into the opposite problem that you would in other parts of the world: there is simply too much data to base your decision on. However, you would not be short of being able to obtain the necessary information to make an informed decision about a doctor. In most parts of the world, that information is woefully lacking. Of course, you'd still rely on your friends and family to figure out who the good doctors were.

However, you would have much less assurance that the doctor you are seeing is of acceptable quality. Of course, if you were in the upper crust, you'd find a way around this. However, for the vast majority of people in South Asia and developing countries, accessing a doctor is extremely difficult, let alone worrying about the possibility that the doctor is not credentialed, is not ethical, is not sufficiently trained, or has not received continuing education. These are all the little things that no one thinks about. If there is a doctor outside with a Red Cross sign, that seems to work fine.

This information void is what we refer to as an institutional void. That's quite a mouthful. However, the term "void" simply refers to the idea that something is missing. The piece of information that is missing in this case is reliable information about the doctor.

How do I locate a reputable primary care physician?

How do I locate a reputable gastroenterologist?

How do I locate a reputable ophthalmologist?

How do I locate a reputable oncologist?

It is surprisingly difficult depending on my requirements. In some ways, when the complexities, ethical dimensions, and human dimensions of health care are stripped away, there is a basic elemental need here to bring people together who have something to exchange. Buyers and sellers coming together is what economists would call this. The purchaser is a patient in this case which we can name as the buyer as well. In addition, the doctor is a medical service provide or the seller. We basically need a little bit of credible information to get the buyer and seller to come together. So that the buyer and seller can both find each other.



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In many parts of the world, that information is taken for granted. And so difficult to create in a formalized capacity. For a second, consider what it takes to ensure that information is reliable, easily accessible, credible, reproducible, and regenerable. You realize how complex it is. And if that information isn't available, you're left with the most fundamental breakdown. A doctor is unable to locate his patient, and the patient is unable to locate his physician. Furthermore, medical care is not provided. And therein lies the issue

How we intend to solve it

ENKI -PLATFORM & IT'S OVERVIEW

ENKI is an innovative, state-of-the-art Platform that facilitates a service to help you find, schedule, and pay for expert advice via a mobile app to help you solve your problem. With ENKI, you can easily connect with a person who has faced the same problem that you're facing to get advice. When in doubt, and if you feel like you need advice or have any doubt in mind about any day to day matter such as obtaining a certain service from government department, advice on what to do after got pulled over by police for traffic violation, when in need for basic legal advice such as which lawyer to select or which doctor to select or which class to go to or which shop to select or in matters that need more professional advices as career, job, studies, relationship, private problems, get advice from someone who has been through the same problem on the ENKI app.

Just as ENKI enables everyday people to provide advice for everyday problems, ENKI also enables subject / domain experts to become certified subject experts on a variety of topics in order to be paid to share their knowledge with advice seekers. These certified experts can provide advice on specialized topics such as legal, healthcare, content marketing, banking, startup funding, and more. These verified experts would otherwise be out of reach for the average person, but ENKI's business model makes it worthwhile by charging users a per minute fee for live phone consultations.

Respectfully
Thareendra D Kalpage
For Digital Zyndicate
December 5th, 2021