

**FEAR THE  
KNOWN**



**IMBA Thammasat**

# A Quick Intro To Me

- In Thailand 20 years.
- Started four businesses in Thailand since 1997, in automotive sector.
- Professional background: combination of engineering design, distribution, and technology marketing.
- Education:
  - PhD in marketing from Thammasat,
  - MM in management from Sasin,
  - SB and SM from MIT in mechanical engineering.



# My Most Recent Past

- During the last 15 years, invited regularly to give guest lectures on entrepreneurship, which led to starting two entrepreneurship programs in Thailand (at Mahidol University and Thammasat University)
- Goal: to create technology spin-offs.
- Learned from the experience:
  - Met NSTDA and the research it creates;
  - Found a large gap that must be overcome for technology to become part of a business.
- On Jan. 1 2008, linked with the TLO of NSTDA in Thailand



# Our Story For Today...

- Entrepreneurs in Developing Countries are More Innovative than Entrepreneurs in Silicon Valley
- Southeast Asia will become the World's 3<sup>rd</sup> Largest market, after China and India.
- Entrepreneurs in Developing Countries Have a Market Advantage Over Silicon Valley Entrepreneurs
- (Everything I say today is true, depending on how you define “true”.)



Entrepreneurs in  
Developing Countries  
are More Innovative  
than Entrepreneurs in  
Silicon Valley



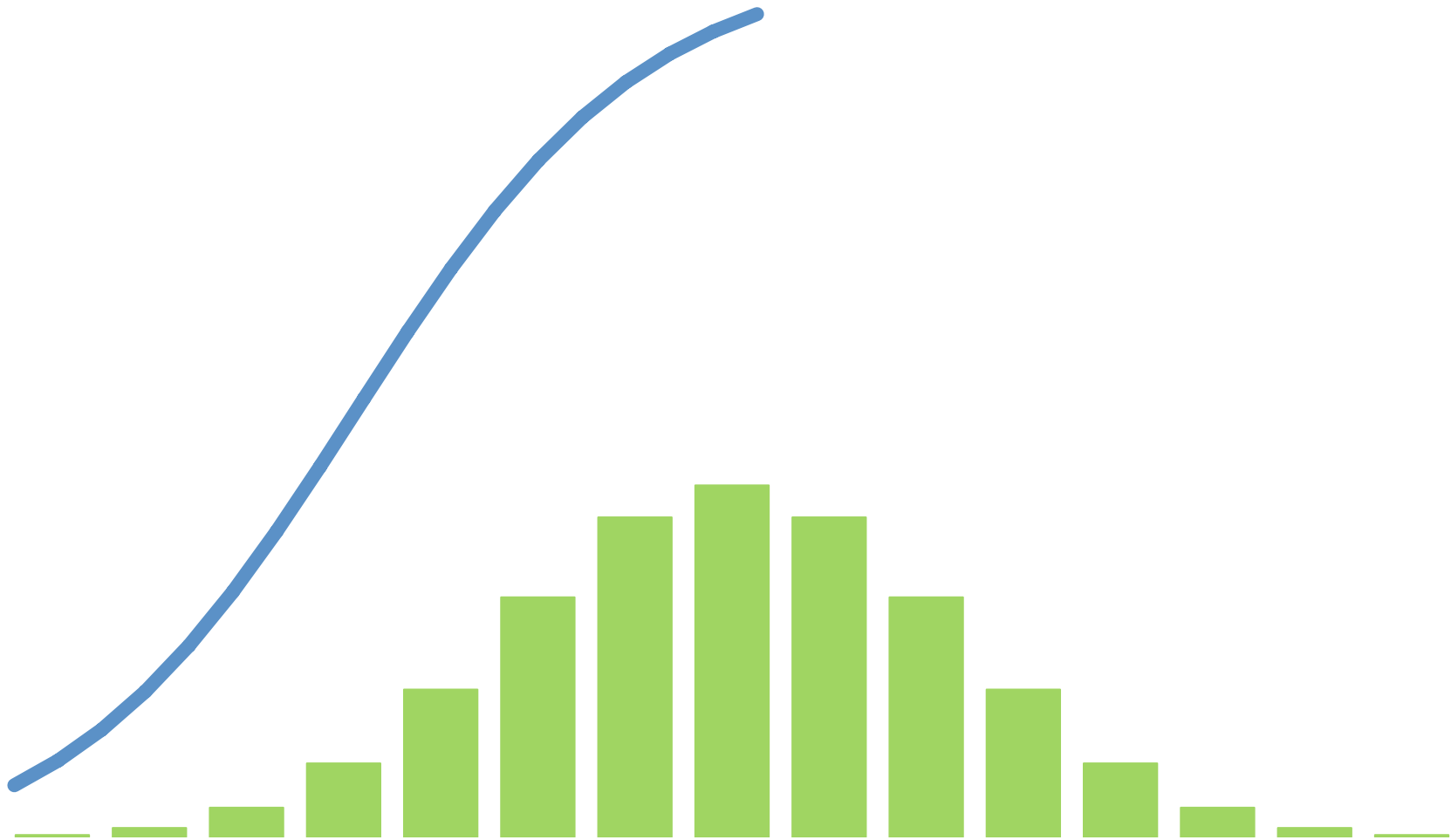
# Some Basic Innovation Theory...

## Adopter's Curve



# Some Basic Innovation Theory...

## Adoption Into Market

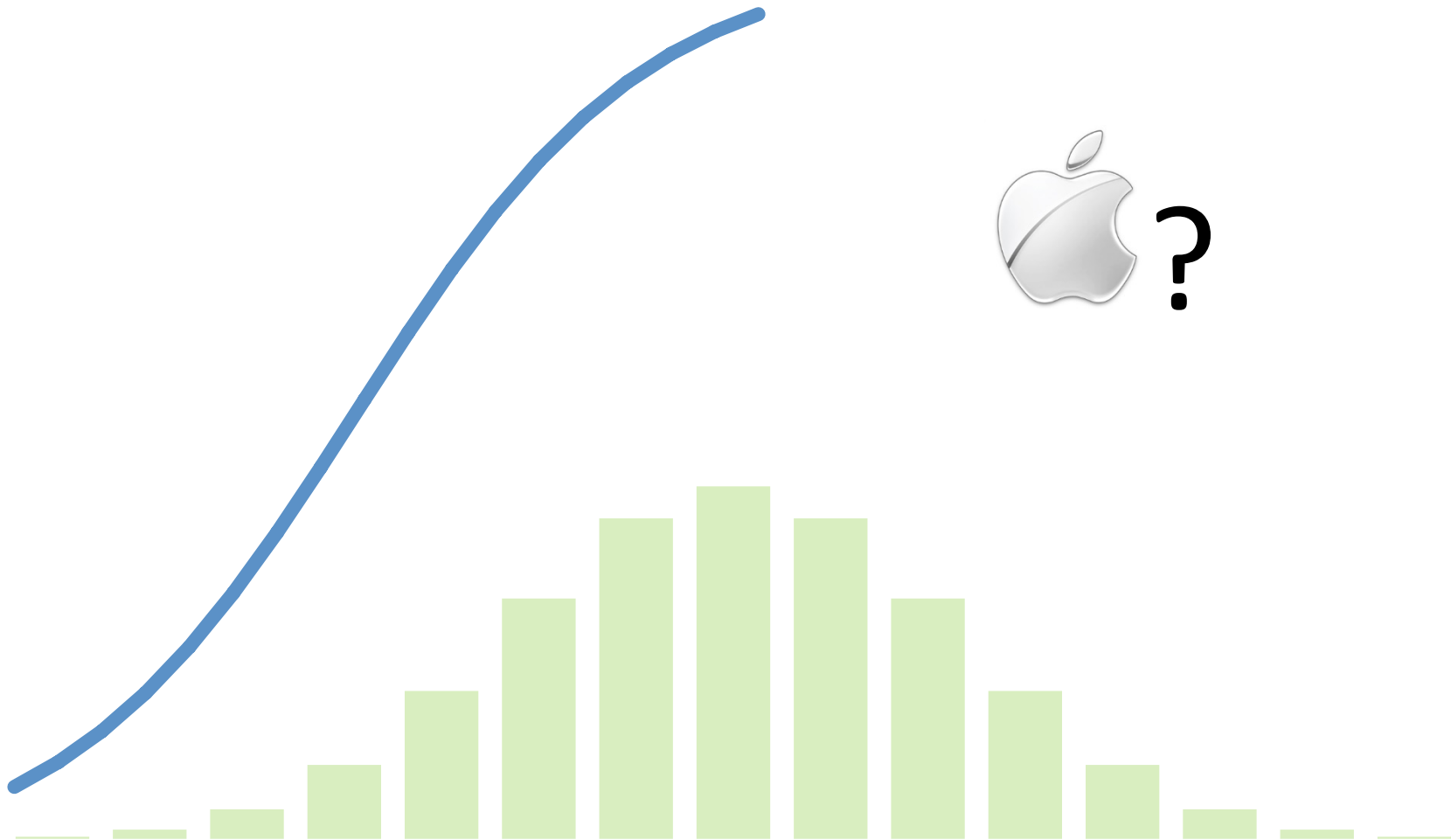


# Adoption Into Market: What Customers Think

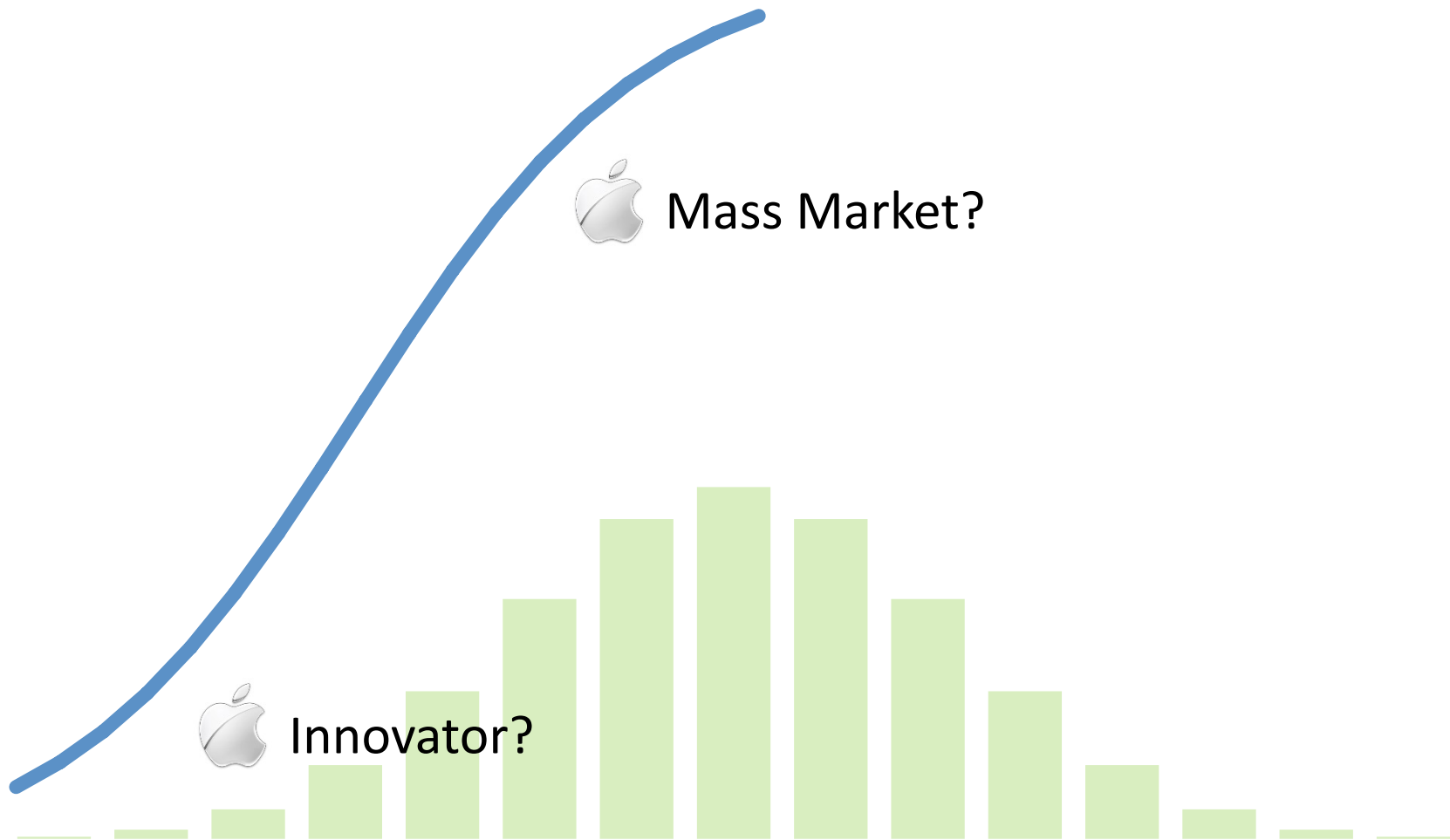




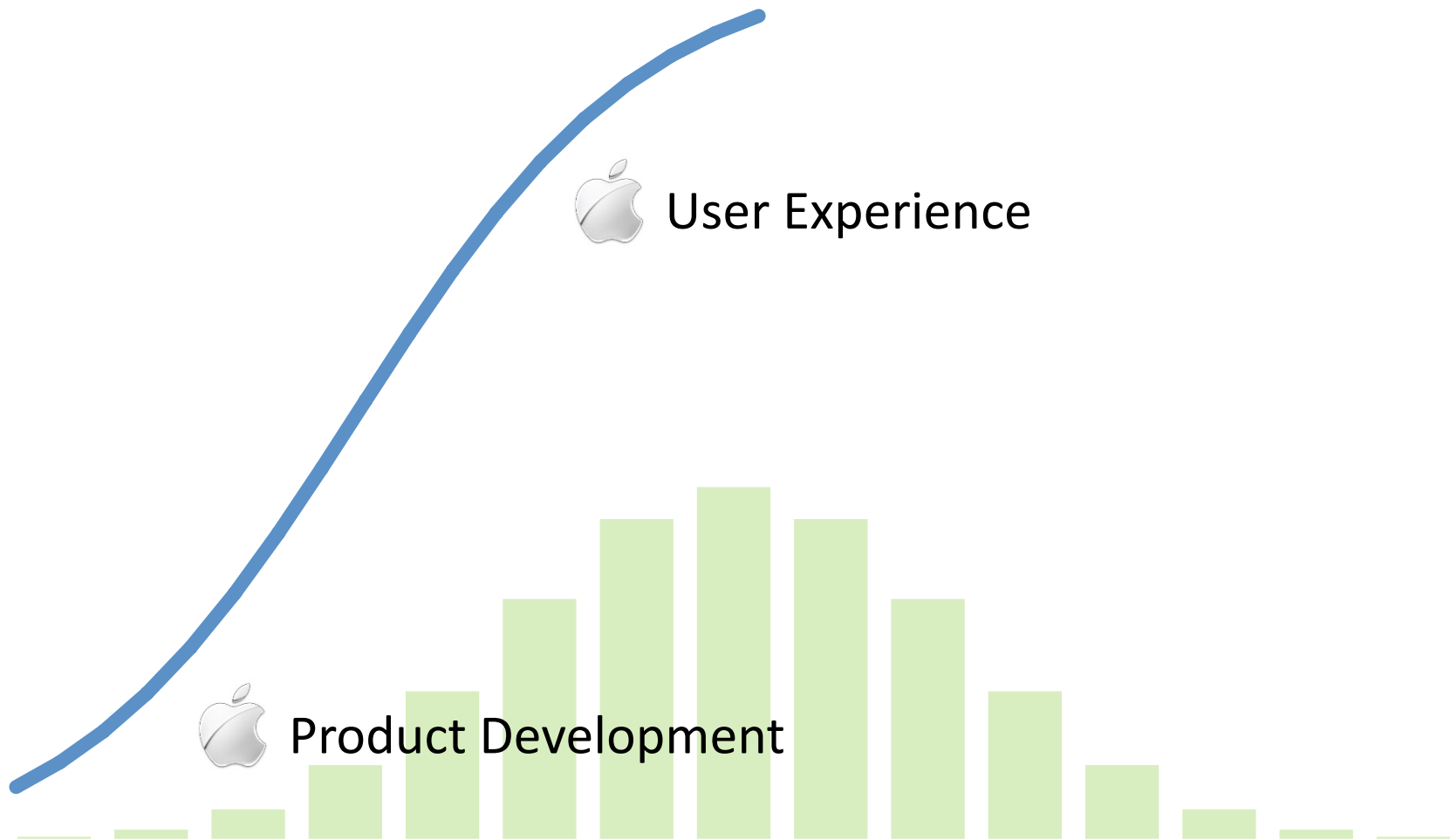
# Where is Apple on this?



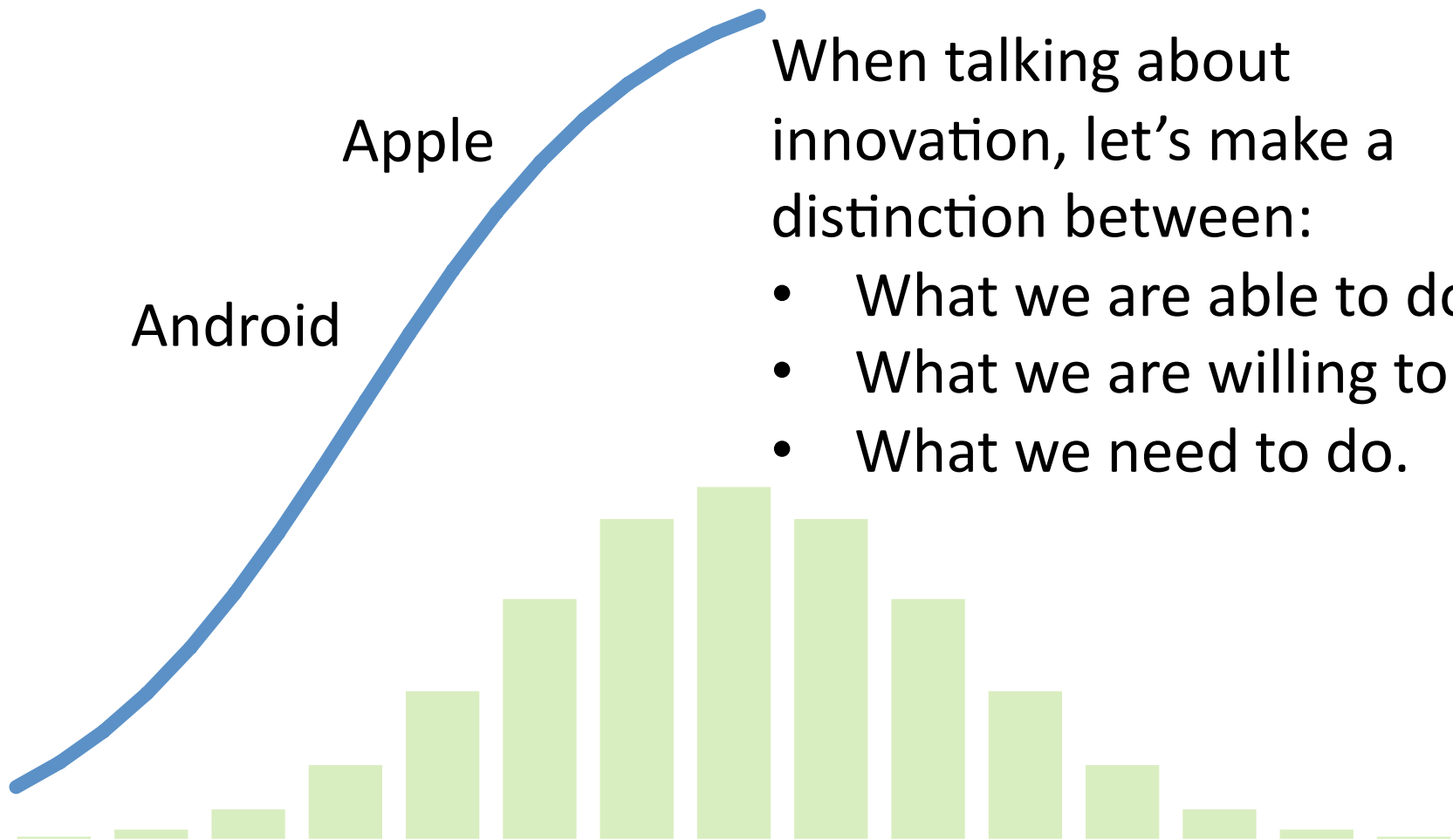
# Some Possibilities...



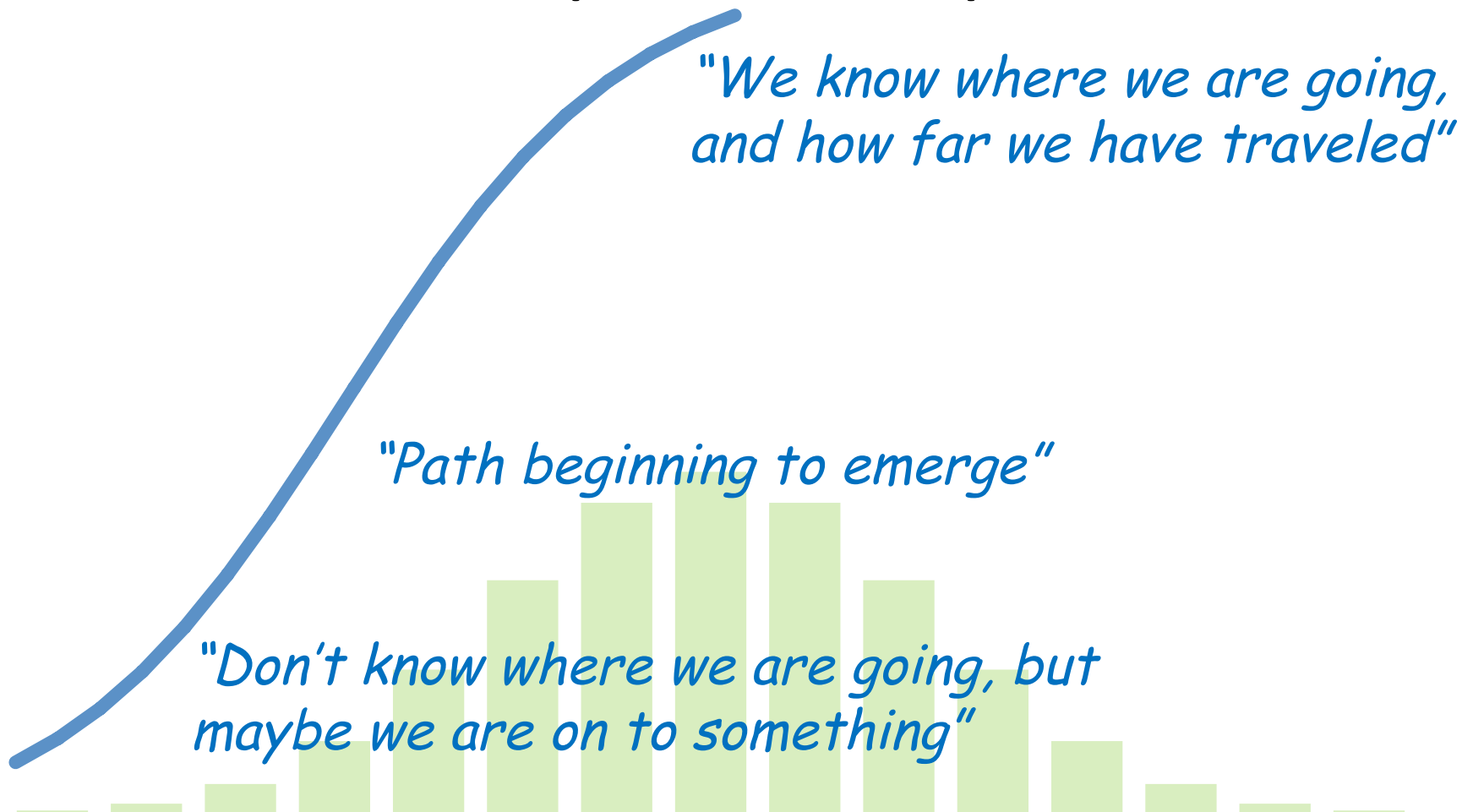
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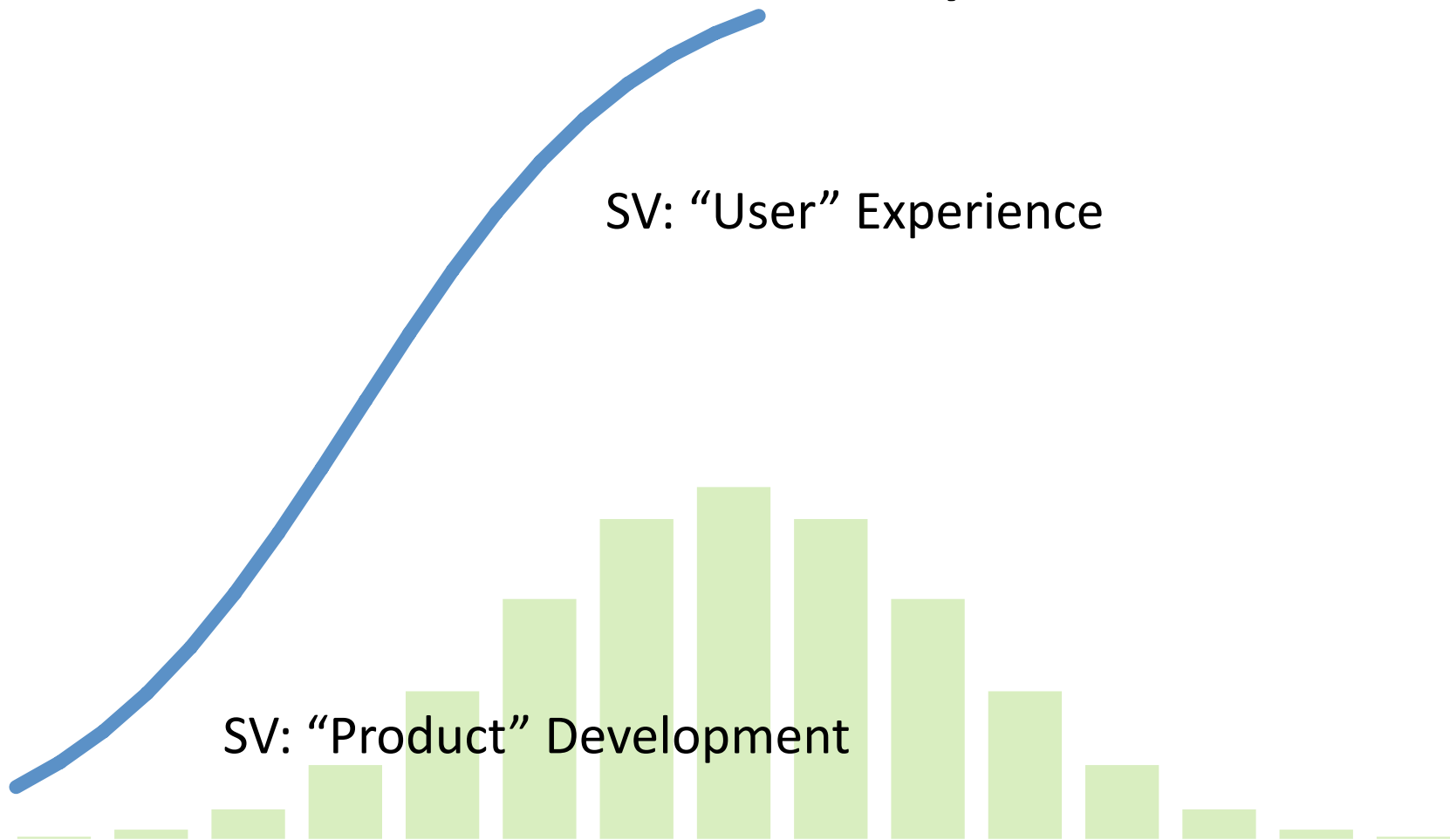
# Why am I suggesting this?



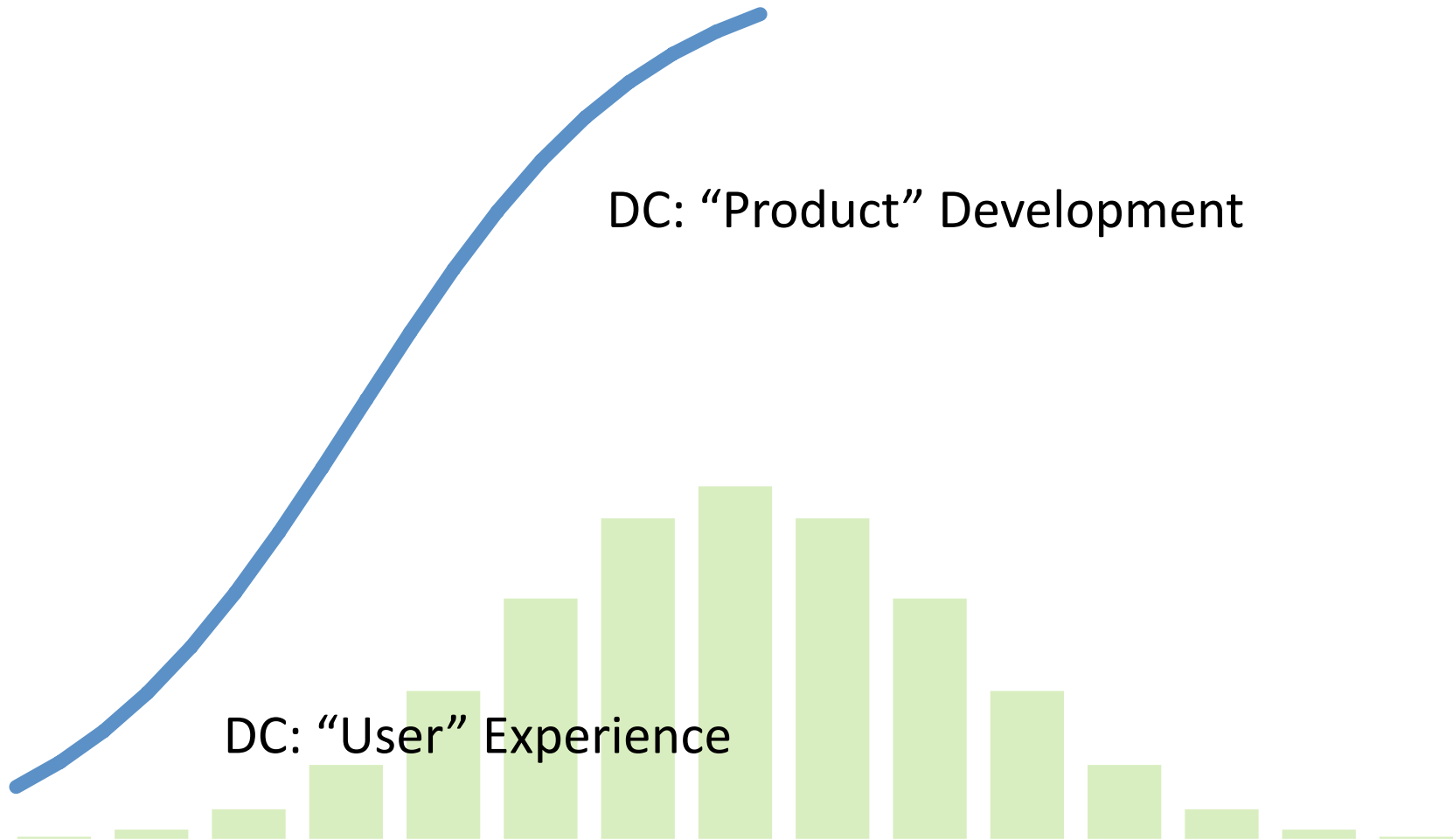
# Can we apply this to the activity of “entrepreneurship”?



# Apply this to being an entrepreneur: Silicon Valley



# Apply this to being an entrepreneur: Developing countries



# SV vs DC

- SV: entrepreneurs do not need to innovate in the entrepreneurial process
  - Although they may be making some very innovative products
- DC: entrepreneurs need to find their own path, without clearly defined rewards
  - Although their opportunities may come from more commonplace products or services





# Fred Terman

*(Thanks to Steve Blank for the first introduction)*

- Professor, Electrical Engineering
- Dean of Engineering, Stanford
- Provost, Stanford



# Fred Terman

- Determined to move the center of engineering from the East Coast.
- Encouraged students to open companies:
  - William Hewlitt and Dave Packard
  - Charles Litton
- Encouraged companies to be nearby:
  - Stanford Research Park
- Encouraged companies to stay linked:
  - Contract research
  - Students employed by companies
  - Continuing and professional education

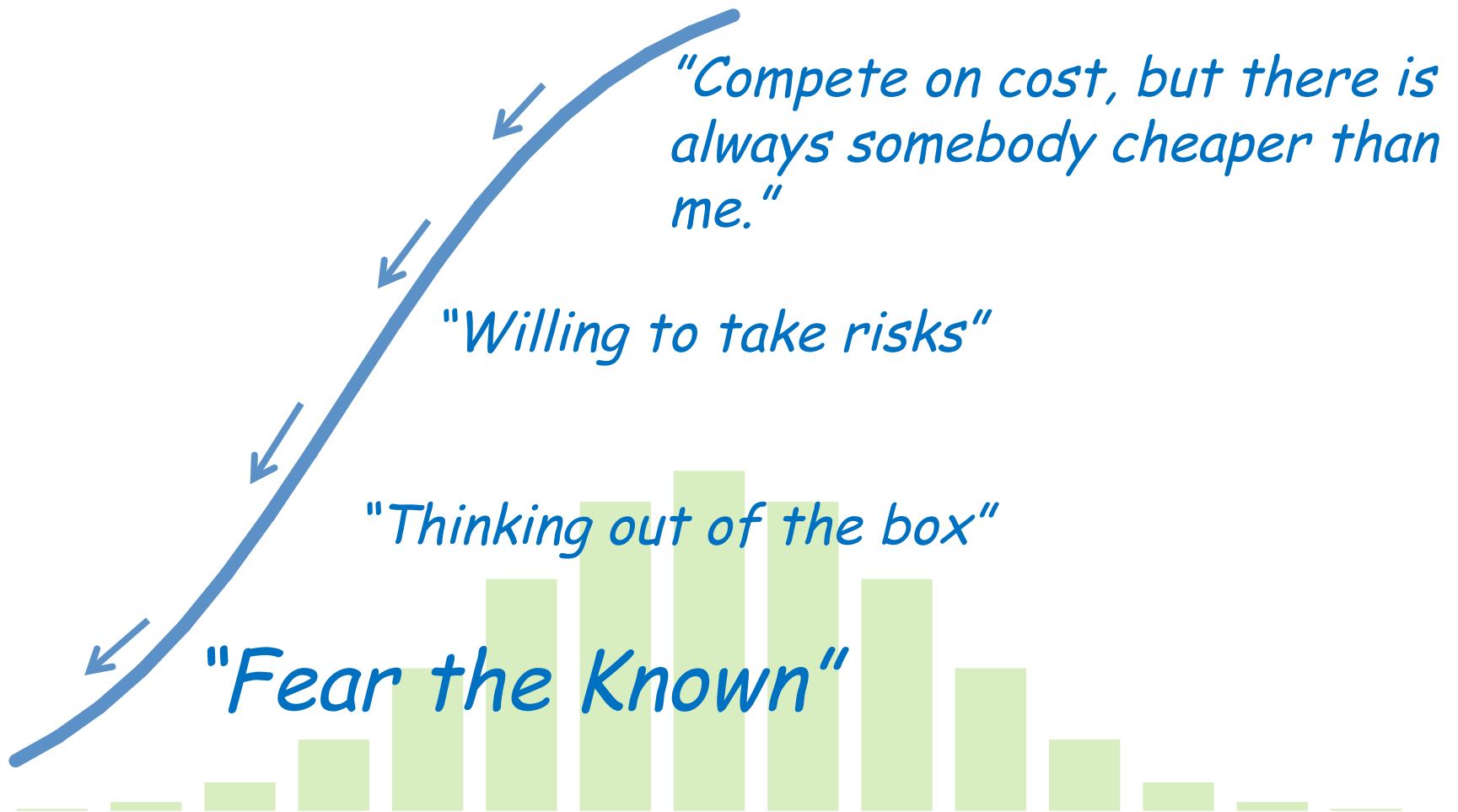


# Fred Terman

“When we set out to create a community of technical scholars in Silicon Valley, there wasn't much here and the rest of the world looked awfully big. Now a lot of the rest of the world is here.”



# The real opportunities of being an entrepreneur in a developing country...



# So, What's "The Known"

- Entrepreneurship, innovation, and business is about people, not about money
- Social Risk >> Economic Risk
  - (Entrepreneurship is a social activity not an economic activity)
  - (Yes, I've heard of Instagram)
- Social Risk...from whom?
  - Family
  - Friends
  - Potential boy/girlfriends
- This problem is an opportunity, if handled properly:
  - Not about VC funding
  - About developing social nets



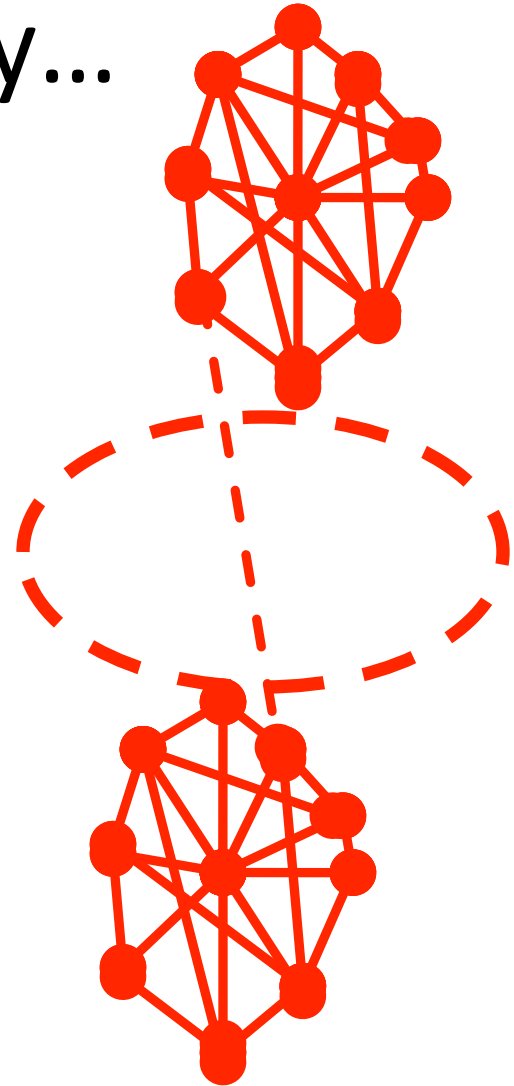
# Innovation is a Social Activity



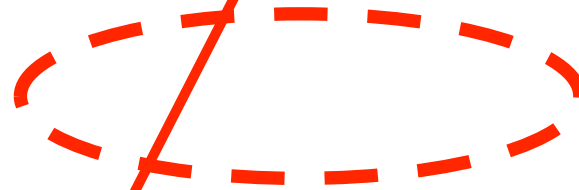
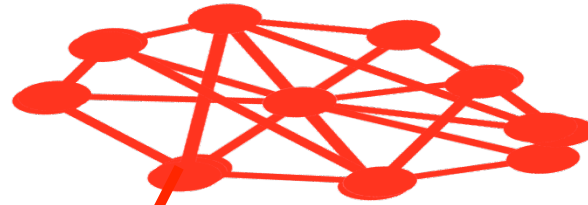
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# An Opportunity...

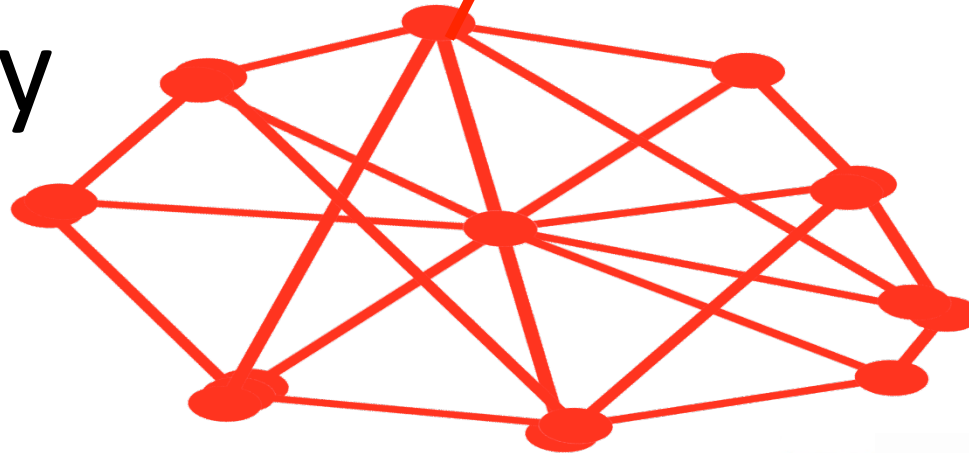
- The entrepreneurial opportunity: fill the structural hole (or build the “weak” tie).



Thailand



Silicon  
Valley

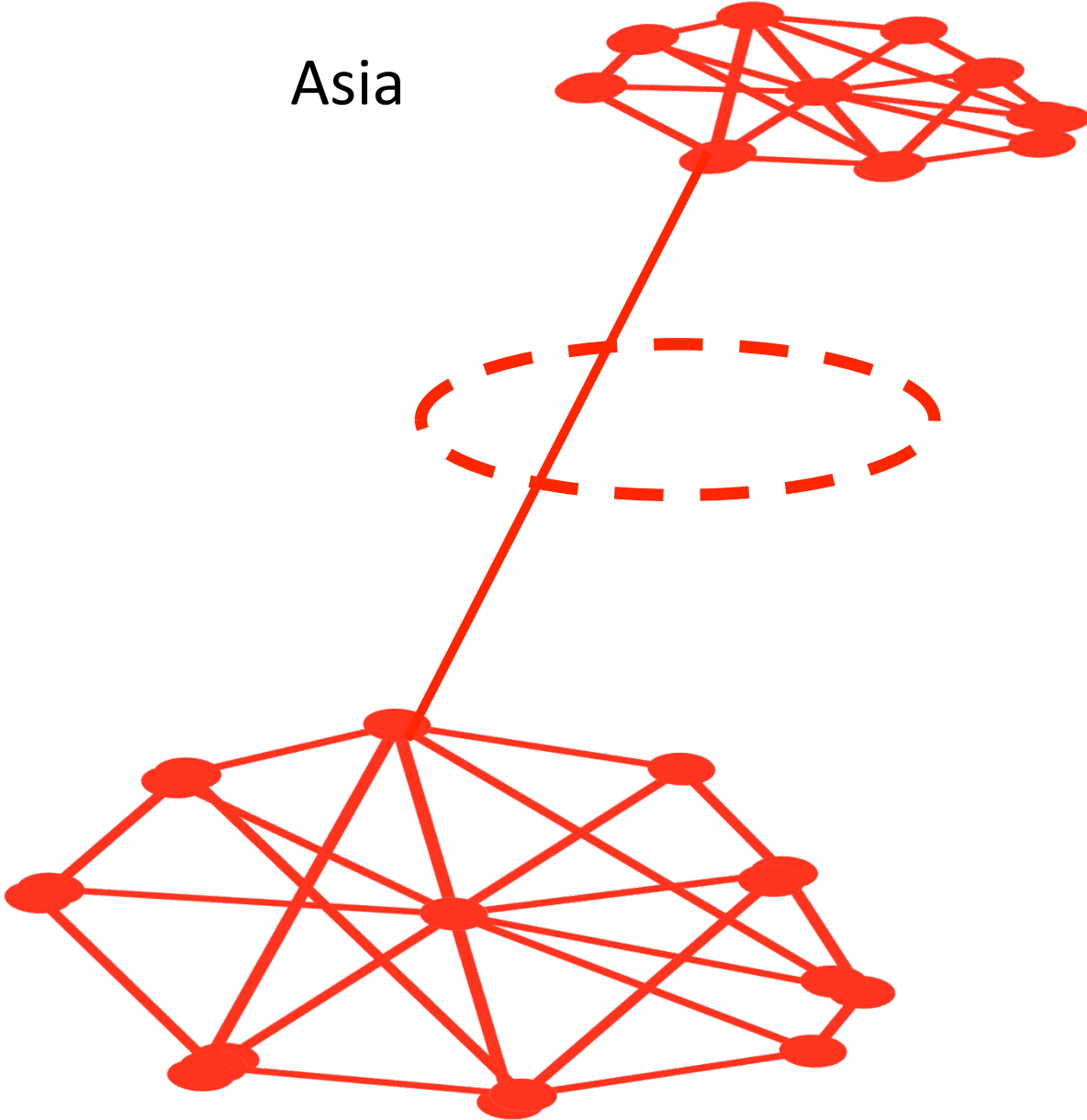


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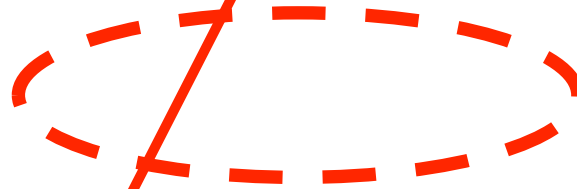
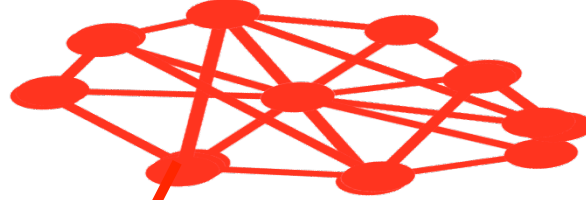
US

Asia

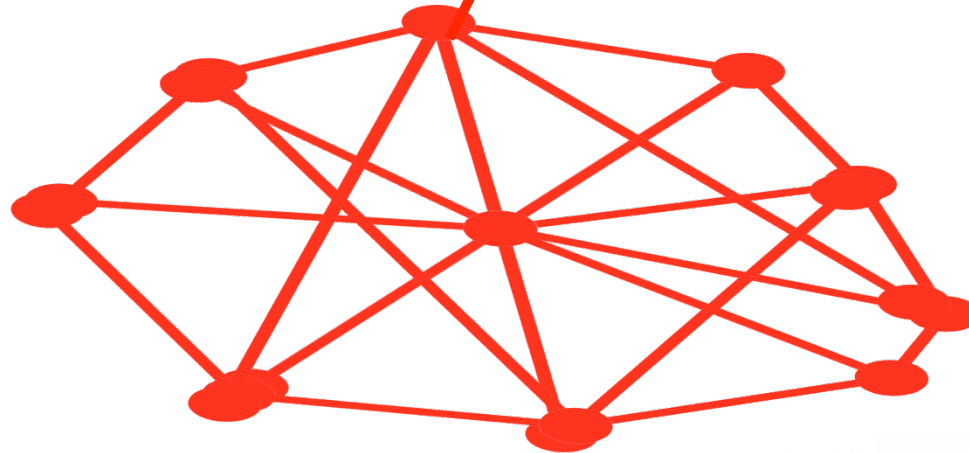


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Consumer

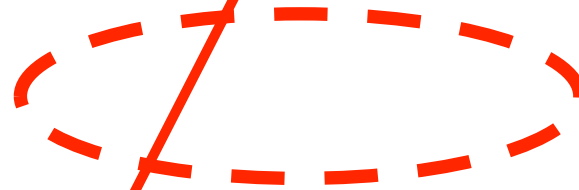
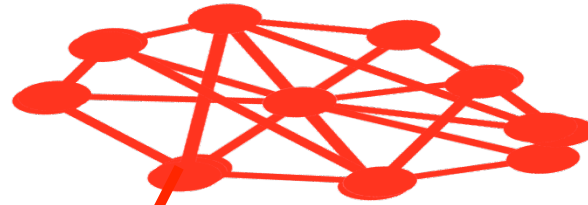


Science

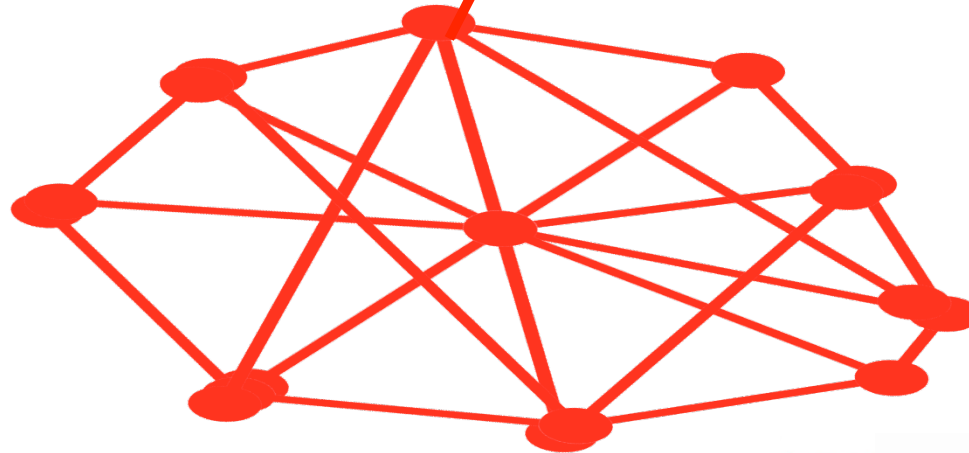


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Art

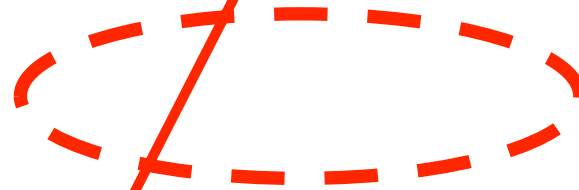
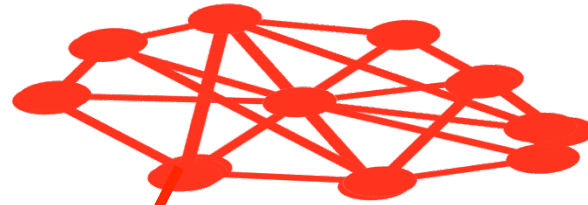


Technology



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Developing



Developed



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# Entrepreneurs

Find creative ways to link different groups of interesting people—*who would not otherwise interact.*



# This view...

- This view is consistent with the cultures I see in Thailand, Asia, and developing countries.
- Avoids the burden to build “another Silicon Valley.”
  - Silicon Valley and VC in the “early years.”
- Becomes the basis of our educational strategy at IMBA Thammasat.



Southeast Asia will  
become the World's  
3<sup>rd</sup> Largest market,  
after China and India



# ASEAN Economic Community

- 1967: Establishment of ASEAN, to promote regional stability.
- 1992: Agreement to form a free trade area and customs union
- 2015: Establishment of a common market:
  - Free flow of goods: single market and production base
  - Free flow of services: cross-border investment in tourism, telecommunications, health, and transportation
  - Free flow of capital: liberalization
  - Free flow of human resources: medical personnel, engineers and architects, finance professionals can move and work freely
- 20XX: Single Current and Political Union





# Examples of Potential Effects and Opportunities

- ASEAN Exchange: common access to public markets in Malaysia, Thailand, Singapore, Indonesia, the Philippines, and Vietnam.
- 40 out of 100 doctors in Thailand will be from Malaysia, Laos, and Myanmar.
- Regional average growth of 6%; an investment alternative to China and India.
- Abundant natural resources: oil, gas, agriculture, seafood.
- Climate and tourism.
- Population of 613 million.
- ASEAN Fragmented: Threat or opportunity?



# Opportunities Around ASEAN

(a view from Bloomberg)

- Thailand: Health care, food, hospitality, entertainment.
- Malaysia: Environmental services, IT services.
- Philippines: Education, skills professionals.
- Singapore: Shopping and trade hub, publishing, computers.
- Vietnam: Manufacturing and tourism.



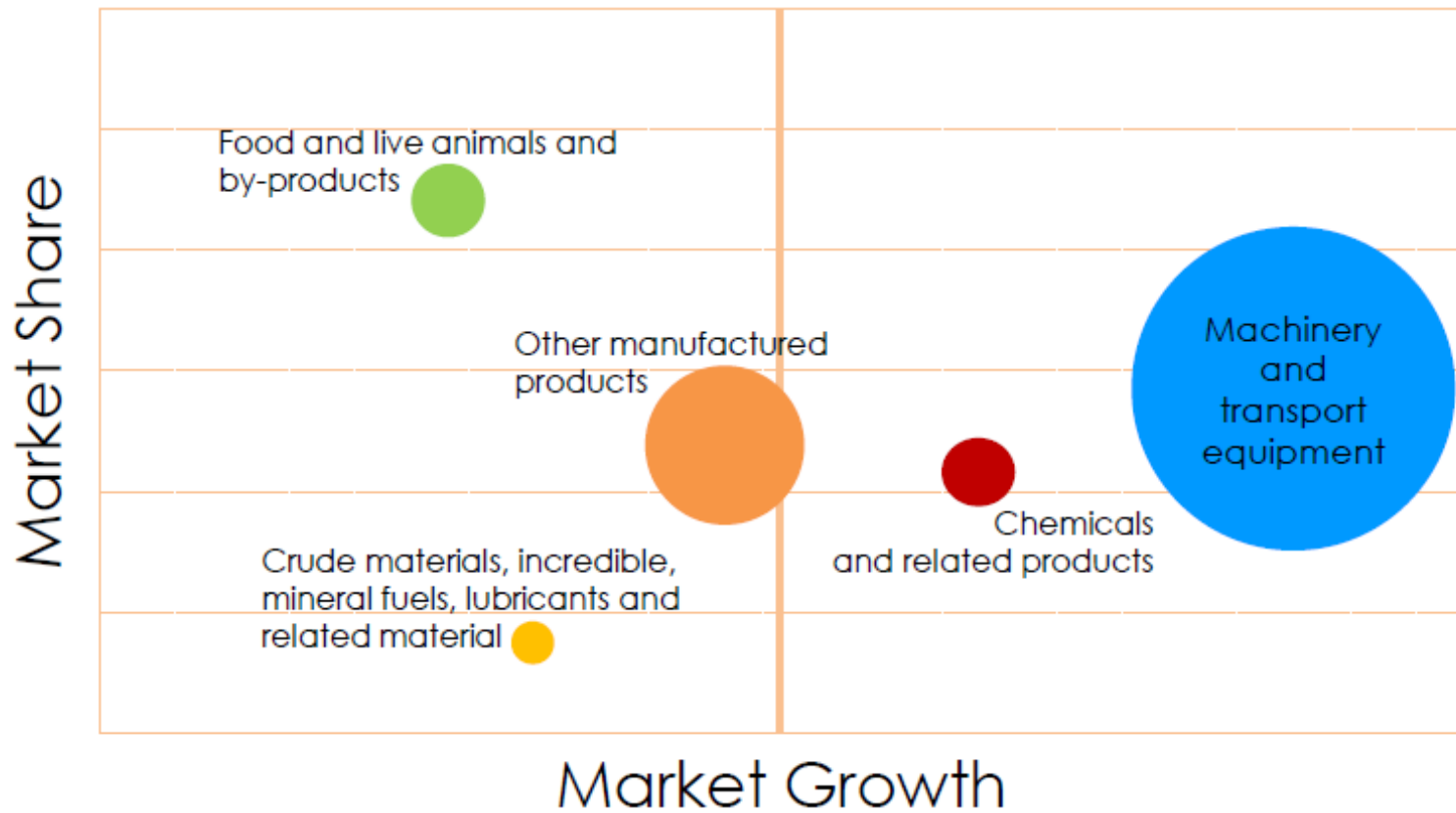
# Trade/Logistics Hub

60% of world  
maritime  
trade passes  
through  
Southeast  
Asia.



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# ASEAN Export



Source: ASEAN business Intelligence



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Entrepreneurs in  
Developing Countries  
Have a Market  
Advantage Over  
Silicon Valley  
Entrepreneurs



# We've Viewed "Entrepreneurship" as a Product...

- We can extend this analogy further:
- Interesting programs that export entrepreneurship and innovation:
  - Center for Affordable Design, as an example.
  - Engineers, entrepreneurs, business people from Europe and North America create solutions for developing countries
  - This is an example of a supplier entering an international market...what advantages do local companies/organizations/people have in this kind of situation?



# Where do we go from here?

- Opportunities for developing countries:
  - Solve problems “at home”
  - Things we can be great at:
    - Personalized education
    - Information for rural people
    - Urban wellness
    - Agricultural expertise
    - Distributed health
  - Language, culture, and religion-specific applications:
    - Software
    - Ecotourism
    - Halal products





# Where do we go from here?

- Opportunities for developing countries:
  - Developing cooperation throughout ASEAN
    - Similar challenges: do we all need to do the same research?
    - Competition: short term pain vs. Cooperation: long term benefit



Need willingness to Think  
Big, and to Scale.



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# Fearing the Known

- Are ASEAN's countries friends or competitors?
  - Without innovation, everyone is a direct competitor.
- Not enough Fear: *“How do people see opportunities of ASEAN?”*
  - Thailand ranks 8 out of 10 in awareness of ASEAN integration.
  - Laos ranks #1.



# Some closing thoughts...

- There is excitement (or adventure?) in the entrepreneurship process outside of Silicon Valley.
- Come to Silicon Valley to learn...
- ...but leave again.
- Learn from successful entrepreneurs and companies, but only believe the first half of their stories.
- Try to learn from failed or not-yet-successful entrepreneurs.

