Asia Entrepreneurship Update – 2018

Richard B. Dasher, Ph.D.
Director, US-Asia Technology Management Center
Adjunct Professor, Stanford University
Outline

♦ About this seminar series

♦ Introduction: some current economic / business trends in Asia

♦ Participation and attitudes toward entrepreneurship in Asia

♦ Ecosystems for entrepreneurial innovation in Asia economies

♦ Discussion
Welcome to everyone!

♦ Weekly public lecture / panel discussion series presented by the US-Asia Technology Management Center
  ♦ Every Tuesday, through May 29, 2018
  ♦ See <http://asia.stanford.edu> for upcoming schedule

♦ Mission: new information and insights into entrepreneurship and supporting ecosystems in Asia high-tech industries

♦ Available for credit to Stanford students
  ♦ EASTASN-402T “Entrepreneurship in Asian High-Tech Industries”
    ♦ Cross-listed as EALC-402T, EE-402T
    ♦ No pre-requisites, open to undergrads and graduate students
    ♦ May be repeated in future years for credit
Seminars 402T – Requirements for Credit

Obtain **Syllabus** for official statement of credit requirements

**REQUIREMENTS MAY BE DIFFERENT THAN FOR OTHER SEMINARS**

A. **On-site attendance** at seven (7) of nine (9) sessions
   - This Requirement (A) is waived for students registered through SCPD
   - Evidence of attendance is required: today fill out survey, from next week sign weekly pass-around sheet at auditorium – no signature, no credit!

B. **Submit one written comment / summary per session**
   each week for eight (8) of the nine (9) sessions
   - To me (Prof. Dasher) <rdasher@stanford.edu>
   - cc to course assistant
     Pearl Yip <yipearl@stanford.edu>
   - Comment must provide evidence that you watched the session
   - Each comment is due within two weeks of the date of the session
   - See Syllabus for details on formatting, etc. (*no attached files*)
   - Comments for today are due by April 17, 2018
Some upcoming sessions

♦ 4/10 Ms. Robin Li, Vice President, GGV Capital – “Venture capital and entrepreneurship in China: Women in a rapidly growing ecosystem”

♦ 4/17 Dr. Rick Wan (Co-Founder & VP, Zmodo Technology Shenzhen Corp.) – “Globalization in Shenzhen: a perspective on business practices in China”

♦ 4/24 Mr. Allen Miner (Founder & CEO, SunBridge Group) – Topic will be about recent trends in Japanese entrepreneurship

♦ 5/01 Mr. Bobby Lee (Former CEO, BTCC) – “What’s next for blockchain in China?” (tentative title)

♦ Subsequent sessions will feature social entrepreneurs, startups and investor perspectives in other regions – SE Asia, S. Korea, etc.
Some current economic / business trends in major Asia economies
### GDP of selected economies (2016)
- calculated at PPP in current international dollars

<table>
<thead>
<tr>
<th>Size rank</th>
<th>Economy</th>
<th>GDP (trillions of US$)</th>
</tr>
</thead>
<tbody>
<tr>
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<td>World</td>
<td>$120.70</td>
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<tr>
<td>1.</td>
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<td>2.</td>
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<td>Japan</td>
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<tr>
<td>14.</td>
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<td>15.</td>
<td>Australia</td>
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<tr>
<td>16.</td>
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<tr>
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<tr>
<td>22.</td>
<td>Singapore</td>
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</tr>
<tr>
<td>23.</td>
<td>Hong Kong</td>
<td>0.43</td>
</tr>
</tbody>
</table>

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2018.04.03   Richard B. Dasher, Stanford University
GDP history @ PPP (current dollars): The Big Five

Source: IMF World Economic Outlook (2017.10)

$ billions


China  United States  India  Japan  Germany

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GDP history at PPP (current dollars): The “Tigers”

Source: IMF World Economic Outlook (2017.10)
GDP history at PPP (current dollars): SE Asia


$ billions
Big picture: current economic trends in Asia

1. Asia is developing its own ecosystem for growth

One factor: Shift from regional supply chains for EU, US, Japan end-user markets to value chains with end users in Asia

♦ Fueled by rise of middle class --
  ♦ Retail spending in Asia (excl. Japan): 10% / year growth over last 5 years
    ♦ Even though general GDP growth in China is slowing toward 6.5%
  ♦ Increasing consumer debt (has good and bad consequences)
    ♦ Much Asia consumer debt is short-term and not fixed-interest
    ♦ But, mortgage debt has increased to 4.5% of household income (2017) up from 3.6% (2015)

1. Asia developing its own ecosystem for growth, continued – self-awareness (DIY) by Asia

♦ **TPP-minus-one**
  - U.S. pulled out of 12-country Trans-Pacific Partnership (regional free trade agreement) early 2017
  - Led by Japan & Australia, 11-countries negotiated “Comprehensive and Progressive TPP” agreement
    - Includes almost all of TPP agreement language -- signed 3/2018
  - Participants: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam
  - Especially innovative in regard to digital economy challenges: data policy, ecommerce, etc.

♦ **Intra-Asia investment thriving**
  - Now seeing more major VC investments inside Asia (led by Asian investors) – including many cross-border
  - Beginning to see unicorns, more M&A, & impressive IPO exits
  - Co-occurs with rise of high net worth individuals (next slide)
  - Softbank & China’s GCL System Integ Tech: $930M India solar power
High-net-worth individuals
Global wealth*, $trn

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Number of individuals, m

<table>
<thead>
<tr>
<th>Year</th>
<th>Africa</th>
<th>Middle East</th>
<th>Latin America</th>
<th>Europe</th>
<th>North America</th>
<th>Asia-Pacific</th>
</tr>
</thead>
<tbody>
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<td>10.9</td>
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<td></td>
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<td>2015</td>
<td>15.4</td>
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<td></td>
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<tr>
<td>2016</td>
<td>16.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Capgemini

*Individuals with at least $1m of investable assets

Economist.com

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1. Asia developing its own ecosystem for growth, continued

Social and environmental problems are being transformed into opportunities in Asia – drivers include:

♦ Demographic change – aging society
♦ Social inequality – e.g. servicing the “unbanked” (mobile payment systems are a driver of growth at present)
♦ Awareness of social and environmental needs
  ♦ Business & Sustainable Development Commission report (2017.06.05) estimates $5 trillion of new Asia business by 2030 from addressing the 17 U.N. Social Development Goals (SDGs) = ~40% of world total
  ♦ BSDC commissioners include Jack Ma (Alibaba), Ho Ching (Temasek CEO), Sunny Verghese (Olam Group CEO)
  ♦ SDG-related new business: China $2.3 trillion, India $1.1 trillion, developing/emerging Asia $1.1 trillion, more developed Asia $0.7 trillion

Also a driver: Shift to digital economy – leapfrog opportunities (led by mobile payments, electric vehicles, crypto-currencies)
Big picture: current economic trends in Asia

2. SE Asia is the battleground for global influence

Competition by governments for influence

♦ China leads Regional Comprehensive Economic Partnership (RCEP) – a bigger “alternative” to TPP, but less innovative
  ♦ Ten members of ASEAN plus six countries that already have free trade agreements with ASEAN members (Australia, China, India, Japan, South Korea and New Zealand)

♦ One Belt One Road (now officially “Belt and Road Initiative”)  
  ♦ Infrastructure investment and development projects led by China that focus on regional integration, economic & social development  
  ♦ Expanded from historical Silk Road countries to over 68 countries  
  ♦ Started along with creation of Asia Infrastructure Investment Bank (AIIB), in which China has 26% stake  
  ♦ Currently China has put in over $150 billion; total investment (by all parties) could eventually reach over $4 trillion dollars  
  ♦ Other governments may end up owing China a lot of money ...
SE Asia as a battleground for influence, continued

**Competition via private sector investment:** big deals in SE Asia (as well as rest of world) by *Asian corporate investors* – examples:

- **Alibaba**
  - $1.1 billion investment in Tokopedia (Indonesian ecommerce co.) (8/2017)
  - Increased total investment in Singapore-based Lazada (SE Asia wide competitor based in Singapore) to $4 billion (3/2018)
  - In talks to acquire 11Street (ecommerce firm in Malaysia) that previously received backing from (Korean) SK Planet and Malaysian telco Celcom Axiata (10/2017)

- **Tencent**
  - Along with Chinese ecommerce firm JD.com led $1.2 billion round in Go-Jek (Indonesia-based Uber competitor, 8/2017)
  - Had backed Singapore-based Sea Ltd. (online games), which raised $884M in U.S. IPO (10/2017)
  - Has outspent Alibaba & Baidu on (worldwide) acquisitions ($62.5 bn since 2012)
SE Asia as battleground for influence, continued

Battleground for global expansion by digital economy companies

- **Amazon starts Prime Now delivery in Singapore** (7/2017) & then full Prime membership there (12/2017)
  - Competes against Lazada, Shopee, Tokopedia, ...
  - Lazada had launched own LiveUp membership service in collaboration with Redmart (online grocery), Netflix, Uber (4/2017)
- **Expedia: $350M investment in Traveloka** (Indonesia) along with Sequioa, JD.com (Chinese ecommerce)
- **Uber selling SE Asia business to Grab** (ride hailing company)
  - Grab operates in 36 SE Asian cities with over 1.1M drivers; has recently started providing online payment services
  - Grab had obtained $2 billion funding round by Didi Chuxing (follow-on of earlier investment in Grab) and Softbank (7/2017)
  - Didi Chuxing is said to have “defeated” Uber in China
- Currently under investigation: anti-competitive? (SG, 4/2018)
Big picture – current economic trends in Asia

3. Changing role of entrepreneurial innovation in growth

<table>
<thead>
<tr>
<th></th>
<th>Factor-driven Economies*</th>
<th>Efficiency-driven Economies*</th>
<th>Innovation-driven Economies*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Typical per-capita GDP (at PPP)</strong></td>
<td>Below approx. $15,000 / year</td>
<td>Approx. $15,000 - $35,000 / year</td>
<td>Approx. over $35,000 / year</td>
</tr>
<tr>
<td><strong>Societal developments</strong></td>
<td>Industrialization, urbanization</td>
<td>Labor and capital shortages, needs for higher skills</td>
<td>Wealth spreads throughout pop, higher educ. levels</td>
</tr>
<tr>
<td><strong>Business opportunities</strong></td>
<td>“Gold rush” to supply basic demands</td>
<td>Develop new markets - domestic or international</td>
<td>Creative, fresh new ideas, “out of the box” thinking</td>
</tr>
<tr>
<td><strong>Key competitive strengths</strong></td>
<td>Get there first!</td>
<td>Operational efficiency, rapid scaling, high quality</td>
<td>Manage (allow) risk, early ID of great new ideas, sustain high growth</td>
</tr>
<tr>
<td><strong>Distinctive government policies</strong></td>
<td>Basic laws, establish industry base</td>
<td>IPR, select &amp; promote key industries</td>
<td>Encourage entrepreneurs, bridge over “valley of death”</td>
</tr>
</tbody>
</table>

* Terms from World Economic Forum, chart & analysis original to RD
Economic development and entrepreneurial innovation in Asia

- **Japan, S. Korea** – slowly moving into “innovation-driven” stage
  - Existing big firms still control B2B markets and are weak at true “open innovation”
  - But, much growth in entrepreneurial activity & supporting ecosystems over last three or four years

- **China**: entrepreneurial culture, but concerns about a similar “middle income trap” for entrepreneurial innovation
  - Large global Internet companies and also much-improved SOEs: prestigious stable employers – may provide better working conditions & siphon talent away from startups
  - Lots of government research funding to universities and national research institutes, but questionable results in commercialization
  - Setting of national priorities may turn into “picking winners”
  - What will be impact of huge expansion of venture capital?
Participation and attitudes in Asia toward entrepreneurship
Introduction: Global Entrepreneurship Monitor

- Two yearly surveys of 54+ economies (countries) around the world – led by Babson College + three partners (in Chile, Malaysia, Korea)
- Adult Population Survey of at least 2,000 adults in each economy described – often many more people
  - Conducted by national teams (e.g. China survey done by Tsinghua University)
  - Four lead partners ensure compliance with standards – data not reported if, for example, insufficient number of respondents
- (Not using data from National Expert Survey in this presentation)
  - Survey of opinions of experts in each economy: they provide (subjective) assessments of ecosystem factors (government programs, physical infrastructure, cultural norms, etc.)
- Now 19 years of survey results – most recent is 2017-18 GEM Report
- Website includes online database of country-specific data
GEM “TEA” (Total Early-Stage Entrepreneurial Activity)

From 2016-17 GEM Global Report

- Motivation

From GEM Global Report 2017-18, p. 22

<table>
<thead>
<tr>
<th>Individual attributes</th>
<th>Industry</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Sector</td>
<td>Business growth</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td>Innovation</td>
</tr>
<tr>
<td>Motivation (opportunity, necessity)</td>
<td></td>
<td>Internationalisation</td>
</tr>
</tbody>
</table>
General trend: TEA rate decreases as per cap GDP increases

% of 18-64 year olds

TEA Rate Averages Of 54 Economies Surveyed, By Stage of Econ Development
TEA Rate History - USA

% of 18 – 64 year old population engaged in TEA

Notes by RD:
• Lowest TEA rates after 2008 Financial Crisis – probably related to difficulty of raising funds and general mood
• Relatively stable higher TEA rate since 2011

Data from http://www.gemconsortium.org/data, accessed 2018.03.21
TEA rate history – Asia economies in world’s biggest ten

Notes by RD:
• Wide y-y variation China & Indonesia
• Overall decline China & Indonesia; Japan remarkably unchanging

Data from http://www.gemconsortium.org/data, accessed 2018.03.21
Notes by RD

- Lower TEA rates than U.S.
- Stable Taiwan; increases in SG, HK, SKorea?

Data from http://www.gemconsortium.org/data, accessed 2018.04.01
RD Notes

- Higher TEA rates than U.S. (except Malaysia)
- Wide y/y variation: Econ transition? External?

- Malaysia mystery – TEA depressed by external factors (politics?)

Data from [http://www.gemconsortium.org/data](http://www.gemconsortium.org/data), accessed 2018.03.21
General comments on participation in entrepreneurship in Asia economies

- Given the amazing rise in GDP in many Asia countries, surprising that there are not more noticeable declines in TEA rates
  - China decline *may* be related to slowdown of economy
    - But as we will see, offset by remarkable increase in available funding

- Some structural changes in China
  - Appearance of global MNC size domestic firms (Baidu, Alibaba, Tencent, Huawei, etc.)
    - Their hiring may have negative effect on TEA rate: siphoning off potential entrepreneurs from startup activities

- What do attitudes toward entrepreneurship in Asia reveal?
GEM Survey: Attitudes toward entrepreneurship (among non-entrepreneurs)

Data from http://www.gemconsortium.org/data, accessed 2018.03.21

Notes by RD
- Very high scores – opportunities & capabilities
- Relatively low fear of failure
- Intention close to actual TEA rate

% of working-age adults (not already doing TEA) who “intend to start a business in the next three years:
- Entrepreneurial intentions
- Perceived opportunities
  “% of working-age adults who see good opportunities around them for starting a business” – GEM Report
- Perceived capabilities
  “% of working-age adults who feel they have the ability to start a business”

% of working-age adults who feel “constrained from starting a business due to fear of failure”

USA 2017

TEA rate

60
50
40
30
20
10
0
10
20
30
40
50
60
70

Entrepreneurial intentions

Fear of failure

Perceived opportunities

Perceived capabilities

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Big increase: perceived opportunities, some incr. fear of failure, actual TEA & intentions close
**China: Attitudes and TEA -- History**

**RD Notes:** 2011 “bump,” increase in fear, decrease in perc’ed capabilities (?), ambivalent about perceived opportunities, overall decline in intentions but > TEA
Rel. lower perceived opportunities (comp. to China), fear similar, large gap between intention & TEA
Much higher perceived opportunities (than SK); also higher perceived capabilities; high fear; higher TEA and intentions (than SK)
Japan: Attitudes and TEA -- History

Fear comparable to other economies; extremely low perceived opportunities, perc’d capabilities; intentions < TEA
Entrepreneurship ecosystems in Asia
Basic elements of an innovation system -- applies to entrepreneurial innovation

As an idea is incubated, the needed inflow of people, capital, knowledge may change during the process
## Key elements of ecosystem for startup companies

<table>
<thead>
<tr>
<th></th>
<th>Startup creation</th>
<th>Company growth</th>
<th>Exit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital</strong></td>
<td>Angel funds</td>
<td>VC funds, (later stage: debt)</td>
<td>M&amp;A or IPO</td>
</tr>
<tr>
<td><strong>People</strong></td>
<td>Founders, advisors (who receive stock)</td>
<td>Labor force (a) willing to work in startup (b) Capable of growing company</td>
<td>Flexible labor market: post-exit opportunities for founders, employees</td>
</tr>
<tr>
<td><strong>Ideas/knowledge</strong></td>
<td>Access to R&amp;D output, design thinking, access to market &amp; business knowledge</td>
<td>Lean-startup principles, rapid prototyping, investor relations</td>
<td>Probability of realization of idea potential (not killing it) after M&amp;A or IPO</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td>Physical: incubators Legal and accounting infrastructure, consultants (paid)</td>
<td>Physical location, access to markets, Legal &amp; accounting infra., etc.</td>
<td>Business infra: bankruptcy law, transparent accounting, etc.</td>
</tr>
</tbody>
</table>

2018.04.03
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Capital flow patterns in Asia

♦ Begin with friends and family money: feature of all economies

♦ Most Asia economies have insufficient angel investors
  ♦ See following discussion of people: as much a mentoring problem as a financial problem

♦ Venture capital investments have grown in Asia (although some recent slowdowns)
  ♦ Flood of VC funds in China
  ♦ Domestic VCs tend to reflect traditional financial institution investing
  ♦ More Silicon Valley influence: initiatives by SV investors, local investors with SV background

♦ Exit patterns differ greatly
  ♦ U.S.: 90% via acquisition, much larger IPOs, smaller % held by founders (in comparison to Asia patterns)
  ♦ In S. Korea, Japan: 85 – 90% of exits are by IPO, entrepreneur may keep over 50% of stock
Venture Capital – Worldwide 2012 – 2017

Number of VC Deals (All Stages)

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S.</th>
<th>Asia</th>
<th>Europe</th>
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<td>5,811</td>
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<td>5,786</td>
<td>1,851</td>
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<td>2016</td>
<td>5,268</td>
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<td>2017</td>
<td>5,052</td>
<td>2,134</td>
<td>2,134</td>
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</table>

VC Deals - Funds Raised (All Stages)

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S.</th>
<th>Asia</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
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<td>5.2</td>
<td>5.2</td>
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<td>36.1</td>
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<td>2014</td>
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<td>2015</td>
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<td>2016</td>
<td>71.9</td>
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<tr>
<td>2017</td>
<td>70.8</td>
<td>17.6</td>
<td>17.6</td>
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</table>

Data: CB Insights, PwC, MoneyTree Report Q4 2017

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VC in China: Driven by government money, large investment firms into tech, strategic CVC, and...
### VC Trends: World’s largest mega-deals in Q4 2017

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Industry</th>
<th>Amount Raised ($M)</th>
<th>Investors (selected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Didi Chuxing</td>
<td>Beijing</td>
<td>Mobile commerce</td>
<td>$4,000</td>
<td>Mubadala Investment Co., Softbank Group</td>
</tr>
<tr>
<td>China Internet Plus (Meituan Dianping)</td>
<td>Beijing</td>
<td>Ecommerce</td>
<td>4,000</td>
<td>Coatue Mgmt, IDG Capital, Sequoia China</td>
</tr>
<tr>
<td>Lyft</td>
<td>San Francisco</td>
<td>Mobile commerce</td>
<td>1,500</td>
<td>(Oct., Dec. PE rounds) capitalG (Google)</td>
</tr>
<tr>
<td>Grail</td>
<td>Menlo Park</td>
<td>Biotech</td>
<td>1,212</td>
<td>(Raised from March); Arch Ventures, Dentsu</td>
</tr>
<tr>
<td>NIO</td>
<td>Shanghai</td>
<td>Auto mfr</td>
<td>1,000</td>
<td>Bailie Gifford &amp; Co, China Asset Mgt Co</td>
</tr>
<tr>
<td>Faraday Future</td>
<td>Los Angeles</td>
<td>Auto mfr</td>
<td>1,000</td>
<td>Undisclosed</td>
</tr>
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</table>
Exits by venture-backed companies in U.S.

Data from KPMG Venture Pulse Q4 2017, p. 49, 56

Richard B. Dasher, Stanford University

U.S.: Number of Exits


Strategic M&A and Buyouts

IPOs

U.S. Exits: Funds Raised


Strategic M&A and Buyouts

IPOs
Exits by venture backed companies in Asia


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Exits in China still predominantly via IPO

For comparison: Exits by VC-backed companies in U.S. 2012: M&A = 449, IPO = 49 (NVCA)
VC in India: number of deals down, but a few mega-deals

Source: Venture Pulse, Q4'17, Global Analysis of Venture Funding, KPMG Enterprise. Data provided by PitchBook, January 16, 2018.
VC in other Asia countries

♦ Japan
  ◆ Startups in Japan raised Yen 271.7 billion (= US$2.5 bn) in 2017
  ◆ Compare to Yen 63.6 billion in 2012
  ◆ Strategic CVC by Japanese companies accounted for about $671M
    (obviously not including Softbank Vision etc.)
  ◆ Over half of Japanese CVC went to outside Japan

♦ S. Korea
  ◆ Startups raised about US$574M in 2017
  ◆ 37% decline from 2016
  ◆ 54 startups raised at least $1M each
  ◆ Naver and Kakao active in M&A and CVC

♦ Singapore
  ◆ $1.2 billion invested in 2017 (112 deals)
SE Asia funding is happening mostly in Singapore

Figure 1: Venture Capital Investments in Southeast Asia from January - May 2016 (in US$ millions)
Interesting summation of VC investing

Growth in both deal value and volume, 2009-14

Legend:
Bubble size = Average deal value
≈ $5m

Global average growth in deal value

“Adolescent”
SEA

“Teenagers”

“Adults”
USA
EU
Israel

China
India

Global average growth in deal volume

Source: Preqin, AVCJ, Dow Jones Venture Source, EVCA, NVCA, Bain & Co, Ernst & Young, DTaslim Analysis
Note: CAGR - Cumulative Annual Growth Rate

https://dimitaslim.com/vc-startup-list/southeast-asia-versus-the-world,
February 15, 2016

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People flow patterns in Asia

- Entrepreneurs exist everywhere
- Growth stage is the bigger problem in Asia: labor markets tend to lack good people who are willing to work for (other people’s) startups
  - Incentivization by start-up companies is still not sophisticated (startup wages are cheap, little equity – creates less team cohesion)
  - “BAT” (Baidu, Alibaba, Tencent) draining off good workers in China
- Social stigma: not only fear of failure often cited, but GEM data suggests that perceived lack of opportunities is bigger problem
- Relative lack of mobility in some countries – career cost of failure high
  - Entrepreneurs tend to stay with their company after exit – relative lack of clear expectations about exit: so far, few serial entrepreneurs in Asia
Idea and knowledge flow in Asia

♦ Most Asia countries have focused on increasing IP output from universities, research institutions; emphasis on tech transfer
  ♦ Not enough attention to flow of business knowledge to founders

♦ Mentoring is not well-developed
  ♦ Considerations of “face”
  ♦ Less confrontational board – management relations
  ♦ Confucian traditions of apprenticeship (imitate the master, don’t expect explanations or analysis)

♦ Start-up companies arguably have more difficulty getting to market in Asia (except China)

♦ Failure of open innovation systems – start-up companies lack recipients for ideas
  ♦ Big companies may buy start-ups, but usually fail to realize the potential of the external idea
Summary and final comments – 1

♦ Asia developing its own (independent) ecosystem for entrepreneurial growth
  ♦ New drivers of growth: continuing economic structural change in China, growth of middle class in SE Asia, new solutions to societal needs
  ♦ Growth of Asia investment community: China moves into world prominence

♦ SE Asia is hot spot for competition among global influencers – success in Asia markets will provide global platforms for winners
  ♦ Dangers for U.S. digital economy companies if we cannot access

♦ Entrepreneurship and ecosystems: robust and growing in Asia
  ♦ Attitudes toward opportunities for entrepreneurs reveals ecosystem development (although fear of failure is evident)
  ♦ Still some ecosystem weaknesses in Asia: mentoring, open innovation, (not discussed much) university-industry relations
Summary and final comments

2. Factors to watch in 2018

- Overall economic and political conditions: trade war?

- Emerging VC industry, especially in China & SE Asia
  
  - Will it be too influenced by government strategic objectives and general hype?

  - Is AI the next dot-com bubble?

- Development of capacity for open innovation by big companies
  
  - M&A, CVC, and business partnerships with startups are beginning to happen, but big companies are not obtaining the potential value

  - It will take longer than one year to develop this capacity