



**Asia-Pacific  
Economic Cooperation**

## **APPENDIX REPORT**

# **Financing APEC SME Innovation Workshop: Identifying Government Policies that Promote Venture Capital In- vestment in APEC Economies**

**18 – 19 June 2014, Bangkok**

**APEC Small and Medium Enterprise Working Group**

**August 2014**

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**APPENDIX 1  
Participant List**

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**Asia-Pacific  
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**APPENDIX 2**

**Speaker List**

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13	Thailand	Mr.	Tiwa York	Head Coach	OLX	<a href="mailto:tiwa@sanookonline.co.th">tiwa@sanookonline.co.th</a>	Male
14	Thailand	Mr.	Thanakrit Chatraporn	Senior Economist	Bureau of Saving and Investment Policy, Fiscal policy Office, Ministry of Finance	<a href="mailto:soranunc@gmail.com">soranunc@gmail.com</a>	Male
15	Thailand	Mr.	Bancha Dhammarungruang	Co-Founder at MangaMagazine.net	MangaMagazine.net	<a href="mailto:bancha@socialoctopus.net">bancha@socialoctopus.net</a>	Male
16	Thailand	Mr.	Chalernpol Tuchinda	Director	Software Park, Thailand	<a href="mailto:chalernpol@nstda.or.th">chalernpol@nstda.or.th</a>	Male
17	USA	Mr.	Charles Blocker	Trustee & CEO	Kenan Institute Asia, InVIsion	<a href="mailto:cblocker@invision-capital.com">cblocker@invision-capital.com</a>	Male



**Asia-Pacific  
Economic Cooperation**

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**APPENDIX 3**

**Speaker Bio**



## Dr. John Kimball Dietrich

Marshall School of Business  
University of Southern California  
Los Angeles, California 90089-1427  
(213)-740-6539 (213)-740-6650 (FAX)  
E-mail: [kdietrich@marshall.usc.edu](mailto:kdietrich@marshall.usc.edu)

895 South Madison Avenue  
Pasadena, California 91106  
(310)-458-4702 (cell)  
(626)-744-9590 (home) (626)-744-9599 (FSX)

### PRESENT POSITION

1979-present Associate Professor of Finance, Marshall School of Business,  
University of Southern California

### PAST POSITIONS

1987-1988 Special Assistant, Assistant Secretary for Economic Policy, U.S.  
Treasury Department

1979-Summer University of Oregon, Visiting Assistant Professor of  
Finance

1973-1979 University of Arizona, Assistant Professor of Finance

1972-Summer Board of Governors of the Federal Reserve System. Student  
Intern, International Special Studies Section.

1967-1970 Continental Illinois National Bank (Chicago), Manager,  
Management Sciences Division. Directed research and analysis for the  
bank's management and for corporate customers.

### EDUCATION

Yale University, A.B. (1961) History  
University of Chicago, M.A. (1967) Economics  
University of Michigan, Ph.D. (1973) Economics  
Thesis Title: International Capital Transactions:  
A Theoretical and Empirical Analysis  
Freie Universitat-Berlin, post-graduate study (1961-1962)  
Illinois Institute of Technology (1967-1968)  
Undergraduate Mathematics

### TEACHING EXPERIENCE

Financial Institutions and Markets  
Financial Institution Management  
Introduction to Corporation Finance  
Security Analysis  
Intermediate Macroeconomics  
International Finance (graduate seminar)  
International Trade

**HONORS AND  
AWARDS**

Rackham Prize Fellowship, 1972-73  
Sharfman Fellowship, 1971-72  
Taylor Prize in Economic Theory, 1972  
Free University of Berlin Exchange Fellowship, 1961-62  
Yale University Fellowship, 1957-61

**PROFESSIONAL  
AFFILIATIONS**

American Economic Association  
American Finance Association

**RESEARCH  
INTERESTS**

Financial Institutions and Markets, Corporation Finance,  
International Finance, Financial Policies in Response to Financial Crisis,  
Financial Market Integration and Development



**Mr. Jakob Lykkegaard Pedersen**

Early on, Jakob decided to stop university and a good job in Denmark so he could move to Thailand instead and start his own business. While in Thailand, he co-founded Pagemodo.com which provided marketing tools for Facebook and after an explosive growth was acquired by Webs Inc. in 2011 and later public listed VistaPrint Inc. less than 2 years after it was started.

Today, Jakob is co-founder of Pocket PlayLab, the biggest independent mobile game developer in the region.

Their latest title "Juice Cubes" was published in partnership with Rovio and have been grossing better than all of their titles (including all Angry Birds sequels).

The team have without external funding grown to 50+ and is mix of Thai and foreigners, representing around 10 different nationalities at their Bangkok office."



**Dr. Adrian Vanzyl**

Adrian is a veteran early stage investor and technologist in the Digital Media space, spending most of his career in Silicon Valley in various venture backed startups. Adrian spent ten years with Blumberg Capital in San Francisco (most recently as CTO for this \$100M early stage digital media focused fund, where he was also CEO of two portfolio companies). Formerly he was CTO of Sausage Software (and board member at its IPO), CTO of LookSmart (IPO on Nasdaq) - two of Australia's earliest and largest internet successes. He was also a Group Manager at Microsoft in the US (post the successful exit of LinkExchange, where he managed the international business team).



**Mr. Tom Kim**

Tom Kim is the Chief Executive Officer responsible for the Inspire Group's investment and operational activities.

Prior to co-founding Inspire with Tony Williams, Tom was one of three Partners of Indochina Capital, a \$1.2 billion AUM leading fund manager and property developer in the Indochina region, most notably Vietnam. Tom was the Firm's Co-Chief Investment Officer responsible for directly managing over USD 700 million in funds invested in the private and public equities markets.

Before to coming to Asia, Tom was an investment banker with the Goldman Sachs Group in New York. While at Goldman Sachs, he executed M&A transactions and new money issues totaling over USD 5.4 billion for healthcare clients and was a member of the internal team that executed Goldman Sachs' historic USD 33 billion IPO in 1999.

Tom holds an undergraduate degree from the University of Minnesota with accreditation in political science from Georgetown University and American University in Washington, D.C. for two semesters working full-time in the Executive Office of the President in the White House.



**Ms. Quynh Le**

Ms Quynh Le is a Macroeconomist at the Policy Support Unit where she specialises in providing in-depth analysis on macroeconomic and financial trends for the 21 APEC Economies. She is the lead author of the “APEC Economic Trends Analysis” reports, a bi-annual macroeconomic publication from the PSU. Previously, Ms Le was a Macroeconomist at the New Zealand Treasury working on fiscal policies and forecasting. She also has experience in the financial consulting industry in South America, working on various projects ranging from country risk analysis to developing Risk Management Models. Ms Quynh Le holds a Master of Arts in Economics (Summa Cum Laude) from Ilades/Georgetown University and a Bachelor of Business Studies from Massey University.



**Ms. Plern Tee Suraphongchai**

At Ardent Capital, Tee is responsible for sourcing potential deals, performing due diligence, and making investment recommendations. She also advises current portfolio companies on their business strategies as well as help drive subsequent funding rounds. Prior to joining Ardent Capital, Tee spent several years with Central Retail Corporation – the largest retail conglomerate in SE Asia - as a senior manager working in strategy, business development, and brand marketing. She has also worked for a venture-funded e-commerce apparel business in the US and co-founded two companies in the Food & Beverage space where she helped manage investments and set up operations. Earlier in her career, Tee spent three years at Lehman Brothers in New York. She has a BA from Brown University and an MBA from Stanford Graduate School of Business



**Mr. Nobuaki Kitagawa**

Nobuaki is responsible for all of the company's investments in China, Taiwan, Vietnam, Indonesia and Korea. Since joining to CyberAgent Ventures in 2006, Nobuaki has led international expansion from no investment outside Japan then to >40 overseas investments including Tudou.com(CN), Vatgia(VN), Tokopedia(IDN) and Kakao(KR). Prior to CyberAgent Ventures he had more than 10 years' experience in the telecom industry working for Japan's NTT DoCoMo. Graduated from Hitotsubashi University in Japan with a major in Economics and Georgetown University in the United States with MBA.



**Mr. Vorasit Pokachaiyapat**

Office address: Finansa Plc., 20<sup>th</sup> Floor, TISCO Tower, 48/48 North Sathorn Rd., Bangkok

Tel.: 66-2-697-3700 Fax: 66-2-266 6688

**Experience**

- 2002 – Present Managing Director - Finansa Public Company Limited, Bangkok
- 2009 – Present Director - Finansa Asset Management Ltd., Bangkok
- 1994 – Present Director - Finansa Fund Management Co., Cayman Islands
- 2005 – Present Executive Director - Prospect Development Co., Ltd., Bangkok
- 1999 – Present Director - Thai Venture Capital Association, Bangkok
- 1998 – Present Independent Director - SE-EDUCATION Public Co., Ltd., Bangkok
- 2002 – 2010 Director - The Peach Canning (1958) Co., Ltd., Bangkok
- 1998 – 2005 Director - Pranda Jewelry Plc., Bangkok
- 1990 – 1991 Associate - Chase Manhattan (Thailand) Ltd., Bangkok
- 1989 – 1990 Head of Securities Research - Thai Investment and Securities Public Co., Ltd.

**EDUCATION**

- 2002 Directors Certification Program  
Thai Institute of Directors Association
- 1987 – 1989 Bentley College, Waltham, Massachusetts, USA  
M.S. Computer Information Systems
- 1982 – 1987 Carnegie-Mellon University, Pittsburgh, Pennsylvania, USA  
B.S. Managerial Economics and Industrial Management



**Mr. Natavudh Pungcharoenpong**

Moo Natavudh is a tech entrepreneur with over 12 years experience in founding, funding and managing tech companies in Thailand and ASEAN countries.

He is currently the founder and CEO of OOKBEE ([www.ookbee.com](http://www.ookbee.com)), Thailand's biggest e-book store with market shares over 85%. Since the launch, Ookbee apps have been in the top 10 Top Grossing iPad Apps in the Thai Apple AppStore every day for the past 30 months. OOKBEE now has over 5 million users across Asia.



### **Mr. Patai Padungtin**

Patai was a construction engineer and general contractors for more than 13 years.

With deeply understanding pains in construction business, he has built BUILK to solve his own pains and found the way to disrupt this old-fashioned industry.

Today, BUILK crowdsources construction data from 3,000 construction SMBs in Southeast Asia by providing FREE cloud-based ERP & mobile app for construction companies helping them save their time and money while running business easier.

BUILK has raised 400K USD from Project Planning Service (Public) Company Limited in August 2013 and joined 500 Startups accelerator (Batch 7) in Silicon Valley from October 2013 - February 2014

Awards:

- Asia-Pacific ICT Awards 2011
- Most promising startup, Echelon 2012
- DEMO ASEAN 2013



**Mr. Amarit Charoenphan**

Amarit Charoenphan is a startup ecosystem builder, serial events organizer & entrepreneur. Prior to starting Thailand's 1st startup coworking space (HUBBA) & 1st creatives & design coworking space (PAH Creative Space), he worked in management consulting and ran a social enterprise incubator for a local non-profit. He is actively building the Thai startup community as the Cofounder of the Thai Tech Startup Association, through events and workshops such as co-organizing Echelon Ignite Thailand, Thailand's biggest international tech startup conference ([www.e27.co/ignite](http://www.e27.co/ignite)) and was Thailand Country Host for Geeks on A Plane Southeast Asia tour. Over the past two years, he has organized over 200 events and attended over more than the same amount.

He is also working on his own startup, and loves to volunteer his time as a Startup Weekend Organizer & Global Facilitator and other entrepreneur mentoring programs, speakers in classes and judges in competitions. He based in Bangkok but calls Southeast Asia home. In his spare time, he likes to scuba dive and to visit different coworking spaces across the world.



**Mr. Paul Srivorakul**

Paul Srivorakul is a serial internet entrepreneur and investor based in Thailand. He is currently the Regional CEO of aCommerce, a full service end-to-end E-commerce solutions provider in S.E. Asia. He is also the Co-Founder & Executive Chairman of Ardent Capital, an early stage internet private capital fund focused on S.E. Asia. Paul has raised over \$20 million for his past three internet ventures and exited them at an accumulative value of over \$100 million.

Prior to Ardent Capital, Paul was the Regional CEO and Co-Founder of Ensogo Group (ecommerce site acquired by LivingSocial), Admax Network (ad network acquired by Komli Media), and Newmedia (digital ad agency acquired by STW Group).

Prior to his entrepreneurial efforts, Paul worked as Inside Sales at Ask Jeeves (ask.com), a search engine based in California acquired by IAC. He holds a B.A. in Anthropology from U.C. Berkeley.



**Mr. Tiwa York**

**Experiences**

Mar 2014 - Present	Head Coach <b>OLX.co.th</b>
September 2011– Present	Managing Director E-Commerce, <b>Sanook Online Limited</b>
December 2010– July 2011	Director Platforms <b>Omnicom Media Group</b>
May 2009– November 2010	Managing Director (Thailand) <b>Admax Network</b>
October 2008– April 2009	Executive Director <b>Syndacast Co., Ltd. (Admax Plus)</b>
October 2007– October 2008	VP Marketing & Business Development <b>DMS Group</b>
May 2006– October 2007	Managing Director (Thailand) <b>New Media Co., Ltd.</b>
January 2005– May 2006	Managing Partner <b>New Media Co., Ltd.</b>
April 2004– January 2005	Sales Director & Head of Creative Production <b>Impaq Interactive</b>
2001– 2004	Instructor <b>Nava</b>
1996– 2000	Product Manager <b>Medicalogic</b>
1995– 1996	Network Admin <b>Arizona Medical Clinic</b>



**Mr. Thanakrit Chatraporn**

Fiscal Policy Office

Rama VI rd., Bangkok

10400 Thailand

Tel. 662-273-9020 ext 3635

19/1 Soi Intamara 37 Right

Sutthisan Rd. Dindang

Bangkok 10400

Tel : 0-2691-9430

Mobile : 089-776-2285

E-mail: thanakrit@fpo.go.th

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**EDUCATION:**      **Collage of Management, Mahidol University**      Bangkok, Thailand

Master of Management, Oct 2013

Concentration: Management and Strategy

**University of San Francisco**      San Francisco, CA

Master of Arts and Sciences in Economics, May 2003

Concentration: International Finance and Financial Economics

Activities: Thai Student Association at University of San Francisco, President, 2001 – 02

**Thammasat University**      Bangkok, Thailand

Bachelor of Business Administration, Major in Finance and Banking, February 1998

**Honors:** Second class Honors

Activities: Finance Student Club, Member, 1996 - 98

**PUBLICATION:**

- *The Investment opportunities in China*, Finance and Fiscal magazine No.53, June 04
- *The current situation of Venture Capital industry in Thai economy*, FPO website, October 04
- *The Globalization of capital and Challenge for Thailand*, FPO research paper, May 07
- *The Development of the public foreign investment fund*, FPO research paper, Oct 12

## EXPERIENCE:

Feb 04 - Current *Fiscal Policy Office, Ministry of Finance* Bangkok, Thailand

### *Bureau of Savings and Investment Policy*

#### Senior Economist

- Acted as a policy maker of Venture capital Industry and State-own Investment Funds
- To follow, and report the situation of Venture Capital Industry in Thailand
- To follow and report the current active SMEs VC Fund
- To do any related jobs as requested from supervisor

Dec 02 - Feb 04 *Acer Computer Co.,Ltd.* Bangkok, Thailand

#### Finance Specialist

- Acted as an assistant finance manager (available) for credit control including cash & risk management
- To control all Acer's dealers account in term of credit facilities and approve for new dealers
- To arrange and manage incoming cash flow among A/R accounts
- To control, report and give advice about the situation of A/R balance on weekly, quarterly and yearly basis

Aug 02 - Dec 02 *Department of Economics, University of San Francisco* San Francisco, CA

#### Graduate Student Researcher

- Assisted in searching information for current Professor's research " The East and Southeast Asian Economy, financial development and economic growth"

Nov 98 - Mar 00 *Federal Express Corporation (Thailand)* Bangkok, Thailand

#### Credit & Collection Agent

- Acted as a junior financial controller for duties and tax collection
- Organized and conducted daily, weekly and monthly reports
- Developed MS access for control all duties and tax invoices
- Audited and analyzed all cash customer accounts in term of further improvement
- Contacted and approved cash account for new customers

Summer 97 *Thai Military Bank (Public) Co.,Ltd.* Bangkok, Thailand

#### Summer Practical Trainee

- Applied to participate in training program within investment banking department
- Developed broad understanding in financial policies and roles of financial market

#### ADDITIONAL SKILLS:

- Economics related programs: Eview 3.1 and SPSS program
- Computing Skills: Good knowledge of Microsoft Word, Excel, Access, PowerPoint
- Web developing program ; Dream weaver 4.0
- Excellent Keyboard skills: Thai and English (around 40 wpm)
- Language: Fluent in English and Thai
- Hobbies: tennis, football, golf, swimming, Internet and web designing

#### INTERESTS AND ACTIVITIES:

- MC for various events in organization since 2005, for instance, FPO Forum :The important of financial access for Thai SMEs, January 05

**Skills gained:** talking and performing in public, increasing individual ability to communicate in front of the public, organizing the event communicate with variety level of people

- A member of Thai Society committees in University of San Francisco  
Position: President 2001 - 02

**Skills gained:** performing in public, questioning and listening skills, forming relationship with wide range of people and introducing public information to Thai people in University of San Francisco

- Keen on participating in a variety of sports, especially good at playing tennis, golf and swimming
- Enjoy going out, friendly, good in team-working, diplomatic, smart looking, determinative, easy to communicate with people, sociable, good in problems solving, continuous self-development, easy to understand the new coming situation and punctual

**PERSONAL:** *Date of birth:* 19 September 1977 *Nationality:* Thai *Sex:* Male *Marital status:* Married



**Mr. Bancha Dhammarungruang**

**EDUCATION:**

**Sasin Graduate Institute of Business Administration of Chulalongkorn University**, Bangkok, Thailand July 2014

- **Master of Business Administration**, Executive Program  
**Carnegie Mellon University**, Pittsburgh, Pennsylvania
- **M.S. in Information Technology**, School of Computer Science August 2005  
Concentration: E-Business Technology
- **B.S. in Computer Science**, School of Computer Science May 2005  
Double Major: Chinese Language and Culture

**PROFESSIONAL CERTIFICATIONS:**

Sun Certified Programmer for the Java 2 Platform, Standard Edition 5.0 September 2006

MicroStrategy Certified Engineer November 2005

MicroStrategy Platform Administrator November 2005

MicroStrategy Report Developer November 2005

MicroStrategy Project Designer November 2005

CMMI: Managing Technological Change September 2005

**EXPERIENCES:**

**OctoSoft Co., Ltd.**, Bangkok, Thailand – **General Manager** June 2012 – Present

**Social Octopus, Inc.**, San Francisco, California – **Chief Technology Officer** May 2011 – Present

**Amazon.com, Inc.**, Seattle, Washington – **Technical Program Manager** November 2010 – May 2011

**Amazon.com, Inc.**, Seattle, Washington – **Software Development Engineer** January – November 2010

**Amazon.com, Inc.**, Seattle, Washington – **Software Development Engineer in Test** April 2007 – January 2010

**MicroStrategy, Inc.**, McLean, Virginia – **Senior Software Quality Engineer** October 2005 – April 2007

**Intel Corporation**, Pittsburgh, Pennsylvania – **Computer Science Software Engineer** June – August 2005

**Korea International Trade Association**, Pittsburgh, Pennsylvania – **Technology Consultant** June – August 2005

**Winstore Co., Ltd.**, Bangkok, Thailand – **Software Engineer** August – September 2004

**HONORS:**

Member of Phi Sigma Iota, International Foreign Language Honor Society Spring 2004



**Mr. Chalernpol Tuchinda**

**Education:**

- MBA (Advance Certificate in Decision Support System), 1986, Southern New Hampshire University, USA.
- B.S. (Management Information System), 1984, Southern New Hampshire University, USA.

**Work Experience:**

- Director, Software Park Thailand, January 2013-Present
- Director, Technopreneur Development and Services Division, National Science and Technology Development Agency, 2010-2012
- Deputy Director, Software Park Thailand, 2009-2010
- Head of Transactions Platform Group Asia, Thomson Reuters, 2007-2008
- Technical Director, Reuters Software (Thailand), 2001-2007

**Other Experience:**

- Board of Director, Learn Tech Co., Ltd., 2011-Present
- Board of Director, IIRC Co., Ltd., 2011-Present
- Advisor, Fidelity Testing Co., Ltd., 2011-Present
- Committee, Technology Innovation Management Group of Thailand Management Association (TMA), 2011-Present
- Secretary, Thai Business Incubation and Science Park Association (ThaiBISPA), 2011-Present
- Committee, Computer Science Special Program B.S. Kasetsart University, 2007-Present
- President, Thailand Software Process Improvement Network (Thailand SPIN), 2001-2008



**Mr. Charles Blocker**

A leader with broad based knowledge of real estate development and project finance in Asia, Mr. Blocker brings more than two decades of experience in corporate finance and commercial real estate to IC Partners Limited (formerly Z-I Capital Partners Ltd) ([www.invision-capital.com](http://www.invision-capital.com)). Established in January 2011, and based in Bangkok, Thailand , IC Partners serves as an investment and asset manager for a number of hospitality related investment joint ventures investments and funds in Southeast Asia. IC Partners supports the business development undertakings of Bangkok, Thailand based Zinc | InVision Hospitality Group ([www.zinchospitality.com](http://www.zinchospitality.com)) and also works with other international hotel operators and investors.

IC Partners also has development and financial structuring capabilities in both commercial and industrial asset classes within SE Asia and the US. IC Partners works closely with two family offices for direct investments under a managed account structure.

His previous engagements include appointment as Chief Development Officer in 2007 for InVision Hospitality Co., Ltd. which merged with Zinc Holdings Inc. in December 2010 to form Zinc | InVision Hospitality Group and Senior Vice President and Director of Corporate Finance for Gannon International Ltd. and Managing Director of Gannon

Realty (Thailand) from 1999-2007 overseeing the company's real estate and industrial development projects in both Thailand and Vietnam.

1997- 2000 Mr. Blocker served as Chairman and CFO of Asian Trade Alliance, Inc., which later merged with Gannon International. From 1984 to 1997 he was a Senior Banker for Corporate Finance and Vice President of the original Wachovia Corporation, a financial services company in Winston-Salem, North Carolina, USA.

In 1992 Mr. Blocker earned an MBA at the Kenan Flagler Business School, University of North Carolina Chapel Hill, with honors. He currently serves as a Trustee of The Kenan Institute Asia. He is also a current member of Kenan-Flagler Business School's International Board of Advisors. Mr. Blocker is a 1984 graduate of Hampden. Sydney College in Virginia, with honors. Mr. Blocker served as a Governor and Vice President of the American Chamber of Commerce in Thailand from 2004 to 2007 and is currently Chairman of AM-CHAM • fs Travel & Tourism Committee.



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**APPENDIX 4**

**Presentations**

**Presentation 1: Financing APEC SME Innovation Workshop**  
**By: Dr. John Kimball Dietrich**

# FINANCING APEC SME INNOVATION WORKSHOP

J. Kimball Dietrich

Marshall School of Business, University of Southern California

June 18, 2014,

## Questions and Issues for Workshop

- Why are SMEs important in APEC economies?
- What is the role of innovation in SMEs?
- How are SMEs financed and what is the role of venture capital (VC) in their growth?
- What policies and conditions foster VC activity in APEC economies?

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## **WHY ARE SMES IMPORTANT IN APEC ECONOMIES?**

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# SMEs in Thailand to 2008

Number of enterprises and % of total number of enterprises, by size of firm

	1997	2002	2003	2004	2005	2006	2007	2008
All enterprises	803 201	1 645 530	..	2 209 907	2 249 718	2 287 057	..	2 836 377
All SME	799 033	1 639 427	..	2 199 595	2 239 280	2 274 057	..	2 827 633
%	99.5	99.6	..	99.5	99.5	99.4	..	99.7
Small	..	..	..	2 189 968	2 229 353	2 254 734	..	2 815 560
%	..	..	..	99.1	99.1	98.6	..	99.3
Medium	..	..	..	9 629	9 927	9 791	..	12 073
%	..	..	..	0.4	0.4	0.4	..	0.4
Large	4 168	6 103	..	4 323	4 444	4 292	..	4 158
%	0.5	0.4	..	0.2	0.2	0.2	..	0.1

- Overwhelming percentage of business enterprises in Thailand are small
- Standard in most APEC countries

Source: OECD Studies on SMEs and Entrepreneurship: Thailand (2011), p. 25

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# SME Employment in Thailand

Table 1.6. Employment by SMEs, 1997-2006

By size of firm

	1997	2002	2003	2004	2005	2006
Total	5 313 370	7 234 022	..	11 750 868	11 551 272	11 551 272
SME	4 057 595	4 990 217	..	8 863 607	8 896 164	8 863 334
%	76.4	69.0	..	75.4	77.0	76.7
Small	..	..	..	7 454 493	7 482 561	7 524 936
%	..	..	..	63.4	64.8	65.1
Medium	..	..	..	1 409 114	1 413 603	1 338 398
%	..	..	..	12.0	12.2	11.6
Large	1 255 775	2 243 805	..	2 887 261	2 894 932	2 687 938
%	23.6	31.0	..	24.6	25.1	23.3

- SMEs in Thailand dominated employment, with the smallest accounting for about 2/3 of employment in 2006

Source: OECD Studies on SMEs and Entrepreneurship: Thailand (2011), p. 27

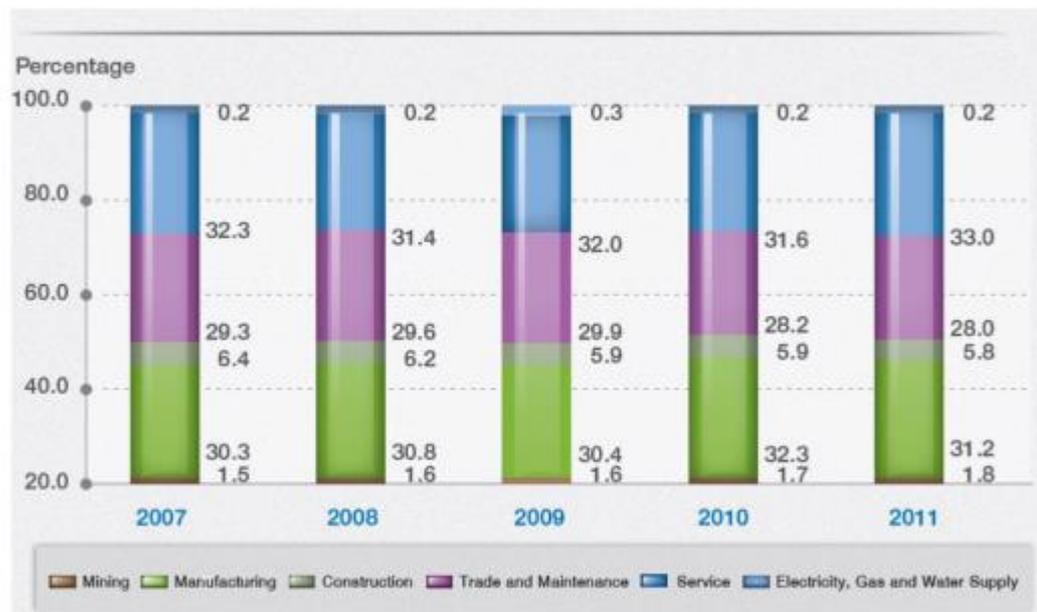
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## Simple Fact: SMEs are Important

- SMEs are the largest source of employment in all global economies
- SMEs are the major source of economic growth and new jobs
- Most employment concentrated in smallest SMEs
- In which economic sectors do these workers have jobs?

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## SMEs by Economic Activity



Source: OSMEP, "White Paper on SMEs of Thailand in 2010 and Trends 2011," Chapter 1, page 5, downloaded from <http://eng.sme.go.th> June 6, 2014

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# Urbanization of Thailand

(urban population (% of total) compared to selected APEC economies)

Country	1980	1990	2000	2012
China	19	26	36	52
Indonesia	22	31	42	51
South Korea	57	74	80	83
Thailand	27	29	31	34

- Note that Thailand has only begun its transformation to urban concentrations relative to other rapidly growing Asian APEC economies
- What does this suggest about SMEs and jobs?

Source: The World Bank, webpage : <http://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS>, transcribed June 6, 2014

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## Summary Observations

- SMEs are concentrated in manufacturing (31%), trade and maintenance (28%), services (33%)
- Casual observation does not support the assumption that high technology is central to most of these categories of activity
- Focusing on high technology firms is a riskier source of growth exploiting urbanization

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# WHAT IS THE ROLE OF INNOVATION IN SMES?

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## SMEs Growth

- Most SME growth will be in traditional segments of the economy
  - Retail, wholesale services
  - Hospitality industry
  - Repair and maintenance – housing, automobiles
  - Construction
- All of these areas may experience *technology enabled* investment opportunities
  - Restaurants and retailing logistics
  - Medical services

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# Innovations: Sources and Inspirations

- Most innovations come from improvements of traditional methods or applying innovations in one activity to another
- Entrepreneurial inspiration comes from perceived opportunities and stimulating environments
- Both innovative ideas and entrepreneurial inspiration develop spontaneously
- Necessary ingredients for innovative products and technologies are difficult to design or create

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## Silicon Valley – Pioneer VC Center

- Concentration of wealthy investors exempt from restrictions on securities regulation in U.S. (accredited investors)
- Evolution of community of wealthy angel and VC limited partnership investors
- VC funding comes wealthy individual and institutional investors (like pension funds)
- Long-term relationships and established networks develop systematically over time

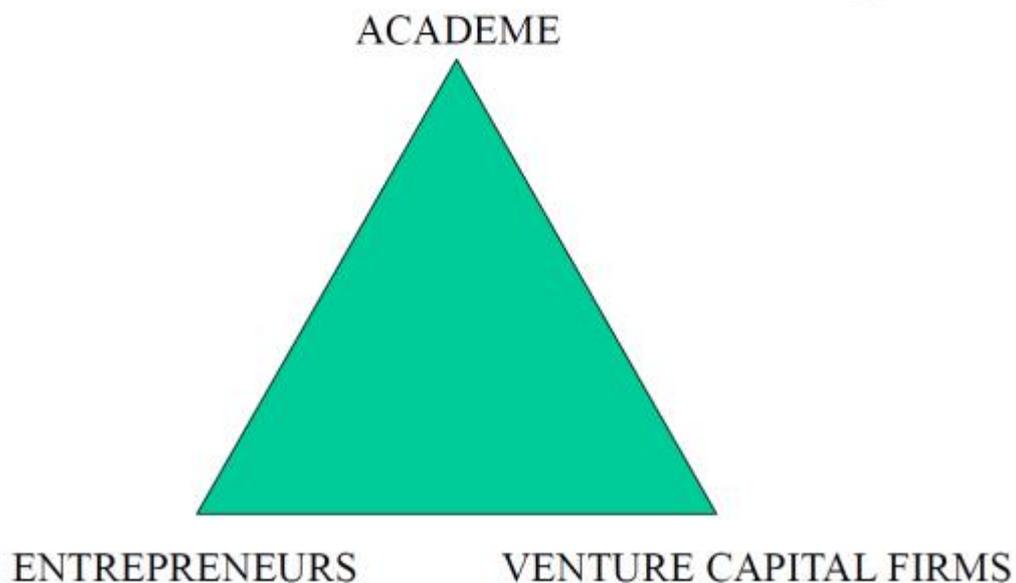
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# Nature of Global VC Centers

- Silicon Valley –
  - Universities – Stanford, Berkeley, USF, others
  - Open immigration and deep technical sophistication
    - Americans from throughout the U.S.
    - Chinese, Indians, Israelis, Europeans, others
    - Open, creative atmosphere
    - Easy access to other regions, markets
- More recent: Boston, Bay Area, NY, LA, U.K., Israel, Miami (see *Wall Street Journal* article)
- In Asia (2001): Hong Kong, Japan, Singapore

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## The VC Center “Iron Triangle”



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# Private Equity in Pacific Rim 2001

Economies	No. of Venture Capital Funds/Companies	Number of Venture Capital Professionals	Venture Capital Under Management (US\$ million)
Australia	169	431	4,742
China	200	360	6,044
Hong Kong, China	177	631	26,019
Indonesia	31	105	153
Japan	232	1,531	21,515
Korea	180	483	6,251
Malaysia	41	95	811
New Zealand	30	68	587
Philippines	18	59	291
Singapore	117	509	9,754
Chinese Taipei	165	437	6,261
Thailand	16	58	580
Vietnam	7	21	114

Source: Asian Venture Capital Journal, *The 2003 Guide to Venture Capital in Asia*

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# Private Equity Funds Raised (including VC)

Country	2004 Amount (US\$m.)	2005 Amount (US\$m.)	2006 Amount (US\$m.)	2007 Amount (US\$m.)	2008 Amount (US\$m.)	2009 Amount (US\$m.)	2010 Amount (US\$m.)	2011 Amount (US\$m.)	2012 Amount (US\$m.)	2013 Amount (US\$m.)
Australia	2,280.33	2,861.62	4,927.55	7,579.93	2,471.75	550.37	2,469.66	2,305.82	1,607.37	807.89
Brunei	-	-	-	-	25.00	-	-	-	-	-
China (PRC)	1,011.63	2,712.90	6,683.87	14,614.27	17,869.84	10,532.14	26,328.20	55,182.30	27,403.01	18,597.26
Hong Kong	1,465.34	8,682.94	10,463.60	15,892.41	14,961.50	2,572.73	5,575.40	7,564.16	10,406.50	12,023.00
Indonesia	-	-	150.00	200.00	555.00	7.00	285.00	871.70	756.00	226.90
Japan	8,225.24	7,675.16	7,865.74	6,601.79	6,045.30	4,499.87	1,480.54	2,467.33	2,749.36	5,700.73
Malaysia	403.41	323.33	624.11	1,621.02	814.04	818.60	1,297.80	507.11	444.18	1,053.59
New Zealand	110.71	296.14	53.35	-	297.06	274.52	269.93	86.57	411.34	40.32
Papua New Guinea	-	-	16.00	-	6.00	-	-	-	-	-
Philippines	20.00	-	-	2.50	41.05	-	-	-	625.00	115.20
Singapore	1,149.35	832.56	1,563.50	4,542.51	2,356.02	1,399.47	3,186.80	711.48	2,769.84	1,970.26
South Korea	1,099.67	3,488.94	7,782.76	3,389.09	4,196.72	4,542.77	5,834.59	7,151.16	4,638.56	4,728.64
Taiwan	514.13	564.30	230.67	246.22	141.31	784.48	448.89	15.00	170.10	221.30
Thailand	40.00	24.00	51.00	125.89	6.31	2.50	-	-	-	600.00
Vietnam	21.00	103.19	1,237.41	1,449.95	680.42	9.21	115.49	291.70	33.90	-

Source: AVCJ Research Department (June 16, 2014)

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# Venture Capital in Pacific Rim 2013

Economies	No. of Venture Capital Funds/Companies	Number of Venture Capital Professionals	Venture Capital Under Management (US\$ million)
Australia	266	1,568	31,307
Brunei	2	3	25
China	760	3,151	193,888
Hong Kong	373	2,066	98,521
Indonesia	46	123	2,999
Japan	443	2,059	56,200
Macau	1	1	7,897
Malaysia	68	315	97
New Zealand	57	259	209
Philippines	20	118	1,043
Singapore	240	1,305	24,732
South Korea	308	1,289	41,668
Taiwan	141	501	6,882
Thailand	28	127	997
Vietnam	34	125	4,387

Source: AVCJ Research Department (June 16, 2014)

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# High-Tech Investment in Asia

	Australia	China	Hong Kong, China	Indonesia	Japan	Korea	Malaysia	New Zealand	Philippines	Singapore	Chinese Taipei	Thailand	Vietnam
Computer related	5.8%	27.4%	9.9%	1.2%	7.3%	8.3%	9.4%	14.0%	9.3%	7.9%	20.0%	7.7%	4.7%
Electronics	1.0%	4.2%	7.2%	17.8%	9.9%	8.5%	14.1%	5.5%	6.0%	10.1%	17.8%	6.3%	0%
Information-technology	9.3%	7.7%	9.9%	10.5%	5.3%	10.3%	16.8%	14.4%	15.6%	14.1%	16.5%	9.8%	6.5%
Medical Biotechnology	6.0%	3.8%	5.0%	3.4%	1.9%	1.4%	3.5%	7.5%	0%	8.8%	6.3%	2.6%	7.5%
Telecommunication	6.1%	7.4%	15.3%	8.1%	10.8%	10.7%	10.2%	17.1%	11.9%	16.9%	9.0%	12.4%	0%
<b>High Technology (Total)</b>	<b>28.2%</b>	<b>50.5%</b>	<b>47.3%</b>	<b>41.0%</b>	<b>35.2%</b>	<b>39.2%</b>	<b>54.0%</b>	<b>58.5%</b>	<b>42.8%</b>	<b>57.8%</b>	<b>69.6%</b>	<b>38.8%</b>	<b>18.7%</b>
Other industries	71.8%	49.5%	52.7%	59.0%	64.8%	60.8%	46.0%	21.5%	57.2%	42.2%	30.4%	61.2%	81.3%
<b>Total Disbursement to Industry (millions)</b>	<b>\$5,524</b>	<b>\$5,675</b>	<b>\$10,287</b>	<b>\$89</b>	<b>\$9,226</b>	<b>\$5,823</b>	<b>\$516</b>	<b>\$248</b>	<b>\$143</b>	<b>\$54,195</b>	<b>\$3,717</b>	<b>\$296</b>	<b>\$107</b>

Source: Asian Venture Capital Journal, *The 2003 Guide to Venture Capital in Asia*

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# High-Tech VC in Asia 2004-14

By Amount (US\$bn)															
Industry	Australia	China (PRC)	Hong Kong	Indonesia	Japan	Malaysia	New Zealand	PSG	Philippines	Singapore	South Korea	Taiwan	Thailand	Vietnam	
Computer related	2,570	6,729	41	1	3,462	19	329	-	11	10,911	2,137	413	3	8	
Electronics	919	8,303	279	-	9,508	48	69	-	1	445	4,116	1,458	11	40	
Information technology	970	16,455	532	4	6,134	140	158	-	636	1,138	763	1,037	7	235	
Medical Biotechnology	7,583	8,522	123	-	4,876	851	986	-	18	4,282	1,301	139	161	43	
Telecommunications	824	1,886	3,309	961	3,664	664	40	63	61	762	3,862	3,580	3,639	18	
High-technology Total	12,866	41,896	4,284	965	27,703	1,732	1,582	63	727	17,537	12,179	6,636	3,821	343	
Other Industries	88,330	136,116	10,040	8,395	63,285	16,559	11,620	77	2,591	17,553	36,106	5,628	1,503	3,170	
<b>Total</b>	<b>101,196</b>	<b>178,011</b>	<b>14,324</b>	<b>9,360</b>	<b>90,988</b>	<b>18,291</b>	<b>13,202</b>	<b>140</b>	<b>3,318</b>	<b>35,090</b>	<b>48,285</b>	<b>12,263</b>	<b>5,325</b>	<b>3,522</b>	
By Percentage															
Industry	Australia	China (PRC)	Hong Kong	Indonesia	Japan	Malaysia	New Zealand	PSG	Philippines	Singapore	South Korea	Taiwan	Thailand	Vietnam	
Computer related	2.5%	3.8%	0.3%	0.0%	3.8%	0.1%	2.5%	0.0%	0.3%	31.1%	4.4%	3.4%	0.1%	0.2%	
Electronics	0.9%	4.7%	1.9%	0.0%	10.5%	0.3%	0.5%	0.0%	0.0%	1.3%	8.5%	11.9%	0.2%	1.1%	
Information technology	1.0%	9.2%	3.7%	0.0%	6.7%	0.8%	1.2%	0.0%	19.2%	3.2%	1.6%	8.5%	0.1%	6.7%	
Medical Biotechnology	7.5%	4.8%	0.9%	0.0%	5.4%	4.7%	7.5%	0.0%	0.6%	12.2%	2.7%	1.1%	3.0%	1.2%	
Telecommunications	0.8%	1.1%	23.1%	10.3%	4.0%	3.6%	0.3%	44.9%	1.8%	2.2%	8.0%	29.3%	68.3%	0.5%	
High-technology Total	12.7%	23.5%	29.9%	10.3%	30.4%	9.5%	12.0%	44.9%	21.9%	50.0%	25.2%	54.1%	71.8%	9.7%	
Other Industries	87.3%	76.5%	70.1%	89.7%	69.6%	90.5%	88.0%	55.1%	78.1%	50.0%	74.8%	45.9%	28.2%	90.3%	
Total Disbursement to Industry (US\$bn)	\$12,866	\$41,896	\$4,284	\$965	\$27,703	\$1,732	\$1,582	\$63	\$727	\$17,537	\$12,179	\$6,636	\$3,821	\$343	

Source: AVCJ Research Department (June 16, 2014)

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# Venture Capital in U.S.

	Dollars (millions)			Percent of Total		
	1998	1999	2000	1998	1999	2000
<b>Online specific</b>	<b>3,284.7</b>	<b>18,513.1</b>	<b>25,246.1</b>	<b>17.1%</b>	<b>38.5%</b>	<b>31.0%</b>
<b>Communications</b>	<b>3,318.5</b>	<b>8,335.4</b>	<b>17,627.8</b>	<b>17.3%</b>	<b>17.3%</b>	<b>21.7%</b>
<b>Computer Software</b>	<b>3,834.7</b>	<b>7,500.9</b>	<b>14,374.3</b>	<b>20.0%</b>	<b>15.6%</b>	<b>17.7%</b>
<b>Medical and Health</b>	<b>2,392.2</b>	<b>2,457.0</b>	<b>3,613.7</b>	<b>12.5%</b>	<b>5.1%</b>	<b>4.4%</b>
<b>Semiconductor</b>	<b>827.0</b>	<b>1,740.2</b>	<b>6,098.8</b>	<b>4.3%</b>	<b>3.6%</b>	<b>7.5%</b>
<b>Computer Hardware</b>	<b>556.2</b>	<b>1,303.8</b>	<b>2,279.2</b>	<b>2.9%</b>	<b>2.7%</b>	<b>2.8%</b>
<b>Biotechnology</b>	<b>1,030.1</b>	<b>1,182.2</b>	<b>2,763.8</b>	<b>5.4%</b>	<b>2.5%</b>	<b>3.4%</b>
<b>High-Technology (Total)</b>	<b>15,243.4</b>	<b>41,032.6</b>	<b>72,003.7</b>	<b>79.3%</b>	<b>85.4%</b>	<b>88.5%</b>
<b>Other Products</b>	<b>2,443.7</b>	<b>4,551.9</b>	<b>6,279.4</b>	<b>12.7%</b>	<b>9.5%</b>	<b>7.7%</b>
<b>Consumer Related</b>	<b>1,083.7</b>	<b>1,710.4</b>	<b>1,665.6</b>	<b>5.6%</b>	<b>3.6%</b>	<b>2.0%</b>
<b>Industrial &amp; Energy</b>	<b>441.1</b>	<b>751.1</b>	<b>1,423.8</b>	<b>2.3%</b>	<b>1.6%</b>	<b>1.7%</b>
<b>Total</b>	<b>19,211.9</b>	<b>48,046.0</b>	<b>81,372.5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Gompers (2001), Table 1

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# HOW ARE SMES FINANCED AND WHAT IS THE ROLE OF VENTURE CAPITAL (VC) IN THEIR GROWTH?

This section draws on the analysis in: Ahlstrom, David, and Gary D. Bruton. 2006. "Venture Capital in Emerging Economies: Networks and Institutional Change," *Entrepreneurship theory and Practice* (March), Baylor University.

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## Financing SMEs: US

Table 1  
Estimated Distributions of Equity and Debt for US Small Businesses  
(% of Total Equity Plus Debt)

	Sources of Equity				Total Equity	Sources of Debt				Total Debt	Total Equity plus Debt		
	Principal Owner	Angel Finance	Venture Capital	Other Equity		Commercial Banks	Finance Companies	Other Fin. Insts.	Trade Credit				
A. All Nonfarm, Nonfinancial, Nonreal-Estate Small Businesses													
	31.33	3.59	1.85	12.86	49.63	18.75	4.91	3.00	15.78	4.10	3.83	50.37	100.00
B: Breakout by Size of Small Business													
'Smaller' (< 20 employees & < \$1 mill. sales)	44.33	n.a.	n.a.	n.a.	56.00	14.88	3.08	5.53	11.81	5.59	5.11	44.00	100.00
'Larger' (≥ 20 employees or ≥ \$1 mill. Sales)	27.22	n.a.	n.a.	n.a.	47.67	19.94	5.47	2.83	17.01	3.63	3.45	52.33	100.00
C: Breakout by Age of Small Business													
'Infant' (0-2 years)	19.61	n.a.	n.a.	n.a.	47.90	15.66	8.33	5.84	13.40	6.04	4.83	52.10	100.00
'Adolescent' (3-4 years)	17.37	n.a.	n.a.	n.a.	39.37	30.84	2.51	2.26	13.42	6.19	5.31	60.53	100.00
'Middle-Aged' (5-24 years)	31.34	n.a.	n.a.	n.a.	48.00	17.86	5.85	2.87	17.10	3.91	4.41	52.00	100.00
'Old' (25 or more years)	33.42	n.a.	n.a.	n.a.	56.50	17.25	3.28	3.38	13.86	3.68	2.65	45.50	100.00

Source: Adapted from Berger and Udell (1998, Table 1). Most of the underlying data are from the 1995 National Survey of Small Business Finance.

Source: Allen Berger and Gregory Udell, 2002. "Small Business Credit Availability and Relationship Lending: The Importance of Bank Organisation Structure," *Economic Journal*, v. 112 (February), F32-F53., Table 1

- Principal owner, commercial banks and trade credit are the largest investors in small firms

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## Information and Institutional Issues

- VCs in non-traditional businesses must develop investment knowledge doing *due diligence* and *confidence in entrepreneur* before investing
- Emerging markets often lacks good accounting familiarity with firms' principals in new markets and cultures may be hard or impossible
- Value to VCs by *structuring and monitoring businesses* requires board access and seats, often not possible in emerging markets

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## Venture Capital in Emerging Markets

- Venture capital investors must overcome a number of obstacles not encountered traditional firm investing (new products and technologies)
- VC markets like Canada, U.S., U.K., and Israel rely on stable legal systems and corporate governance practice
- Emerging market investors must overcome several information and contracting problems

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## VC Investment Structures

- VC firms often structure their investments to allow intervention in firm policy when problems occur and assure participation of gains with good firms
  - Convertible debt and/or preferred often are not possible in some jurisdictions
  - Options and warrants may not be possible
- Cultural (role of families) and regulatory differences in emerging markets must be overcome

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## **WHAT POLICIES AND CONDITIONS FOSTER VC ACTIVITY IN APEC ECONOMIES?**

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## Policy Issues

- A careful study of policy issues facing innovation and growth of venture capital identifies the three major impediments for entrepreneurs:
  - Corporate tax rates (gains, income)
  - Suitable new issue markets for exit strategies
  - Barriers to entrepreneurship
- These issues may not be focus of analysis for VC policies but are basic
- Alternative views in OECD 2011b

See: Da Rin, Marco, and Giovanna Nicodano, and Alessandro Sembenelli. 2006. "Public policy and the creation of active venture capital markets," *Journal of Public Economics*, v. 90, pp. 1699-1723  
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## Other Venture Capital Challenges

- Alternative cultural and practical solutions to problems of information, monitoring, and control issues may have to develop with unique characteristics in the relevant markets
- Investing SMEs or start-up high technology firms may require locally solutions that are difficult to design and implement in the abstract
- VC funding may be easier from jurisdictions outside individual countries

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## Financing Issues for SMEs

- Most important sources of start-up funds normally would be entrepreneurs and commercial banks, but since 2008 Crisis regulation has tightened
- Non-traditional financing vehicles (such as “shadow banking”) may emerge to meet needs
- To engender development of networks and work environments promoting innovation and entrepreneurship, many institutional or social forms develop that are non-traditional

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## Summary of Policy Implications

- Official policy may have to be opened to non-traditional financing, new institutions, networks or social structures
- The focus may best be on growth and achievement on broader economic objectives than on specific structural outcomes in terms of VC and SME development in individual economies

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**Presentation 2: World Class Content and Games from Thailand**  
**By: Mr. Jakob Lykkegaard Pederson**

# **World Class Content and Games from Thailand**



The Story Behind Pocket PlayLab  
and Juice Cubes

*-Jakob Lykkegaard*

- 26 Years old Danish
- 5+ Years in Bangkok
- Serial Entrepreneur & Mentor
- Sold Pagemodo.com 2011 to Webs.com/Vistaprint Inc.
- Co-Founder & WD-40 at Pocket PlayLab



## Agenda

- 1. Pocket PlayLab Today**
- 2. History**
- 3. Startup lessons Learned**

**Games est. \$20M+ 2014**

**Reg. in BKK, SG & HK**

**22M+ Downloads**  
**5 Mobile Titles**



**40+ People**

**10+ Nationalities**

**1000sqm Office & Playspace in Bkk**

**This is how it all started...**

# Why should we make a gaming company in Thailand?

## 2 Major headaches

### **1. Distribution**

#### **1. Traffic**

## 2 Major headaches

~~1. Distribution~~



App Store



Google play

~~1. Traffic~~



## 2 Major headaches

~~1. Distribution~~



App Store



Google play

~~1. Traffic~~



- + Worldwide Market growing
- + Data Driven (No support etc)

- Started Mar 2012
- Ex-GameDuell team of 13
- Small Townhouse
- No Mobile Game Experience
- Self Funded
- BOI Registered



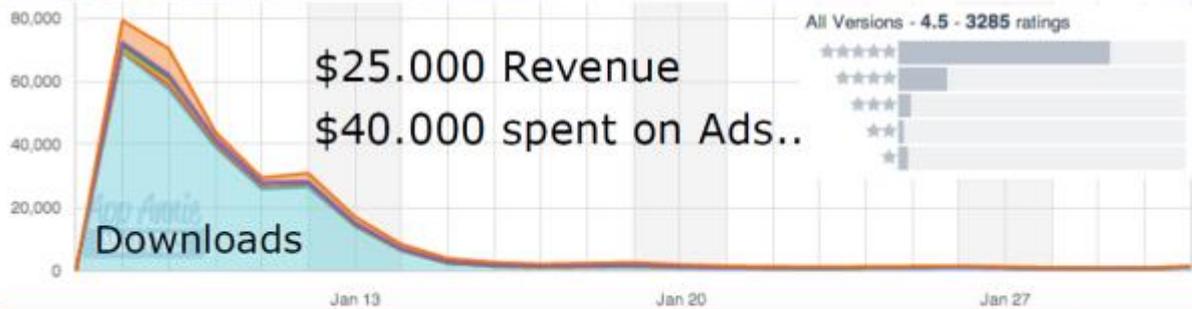
# How do we make a Game?

- 3 Months Production
- \$706 Total Revenue
- Art & Development separated



**Viral**  
**How do we Make a Game?**

## 2 Title: Lost Cubes



afford another  
How do we making Game?

# 30+ Investor pitches later..

What do they do different?

Grossing		
1	<b>Clash of Clans</b> Supercell	=
2	<b>Candy Crush Saga</b> King.com Limited	=
3	<b>Game of War - Fire Age</b> Machine Zone, Inc	=
4	<b>Farm Heroes Saga</b> King.com Limited	=
5	<b>Pet Rescue Saga</b> King.com Limited	▲ 1
6	<b>Big Fish Casino - Free Slots, ...</b> Big Fish Games, Inc	▼ 1
7	<b>Boom Beach</b> Supercell	=
8	<b>Hay Day</b> Supercell	=
9	<b>The Hobbit: Kingdoms of Mid...</b> Kabam	=
10	<b>Slotomania - FREE Slots</b> Playtika LTD	=

# Monetizing How do we make a Game?

## Lost Cubes Speed (Juice Cubes)



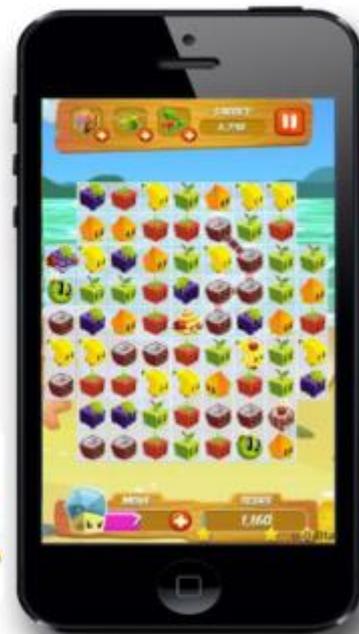
Latest release:



Launched 1Nov 2013 on Rovio Stars  
3 Months soft launch

*In Numbers*

- 20M+ Downloads
- 1.6M Daily active users
- 55/23/16% (1/14/30 days retent
- iOS, Android, Kindle & Facebook



## second Monetizing How do we make a Game?

## Upcoming release:

**Puzzle Adventure** on our match 3 platform  
 Inspired by **Puzzle and dragons** among others.

Soft launched March 2014



## BKK startup Lessons Learned

1. Hire organically (Local/Expat)
2. Get trusted Thai key managers
3. Find the structure from start (BOI)

# even more awesome How do we make Games?

## Pocket PlayLab 2.0





## Thank you!



**Jakob Lykkegaard**

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- [@JakobLykkegaard](https://www.instagram.com/JakobLykkegaard)
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**Presentation 3: APEC SME Presentation**  
**By: Dr. Adrian Vanzyl**



## **APEC SME Presentation**

Dr Adrian Vanzyl

[adrian@ardentcap.com](mailto:adrian@ardentcap.com)

*This presentation is available at [www.ardentcap.com](http://www.ardentcap.com)*

## ▶ Overview

### Venture Capital, Entrepreneurs, and Government

- What is happening in Thailand from Ardent Capital's perspective
- What is happening in the rest of the region, particularly Singapore
- Why Thailand could be perfectly positioned
- What could the government do – three models

## ▶ Why Venture Capital?

### Provides the capital and support to build large businesses

- Provides money in exchange for equity (as compared to a loan)
- Very high risk
- Early – before any evidence of real success
- Very high reward when it works – for investors and founders
- Perfected in Silicon Valley over the last 40 years
- Financed the giants we know today – from Facebook to Google
  
- It is the only type of capital available to an early stage company that has limited or no revenue, customers, or IP
- It spawns innovation, **jobs** and IP
- Generates wealth and tax revenue
- Generates 'export' revenue
- Generates an angel ecosystem, to fund next generation of entrepreneurs

## ▶ How hard is it to raise venture capital in Thailand?

### Where does a Thai entrepreneur go for money?

- Thailand
  - Maybe
  - Some angel money; very little experience
  - Almost impossible to raise > 30M baht (US\$1M)
- Singapore
  - Maybe
  - Lots of money, dozens of funds
  - Highly competitive
  - Many strings attached – must incorporate in SG, have key execs in SG
- Japan
  - Maybe
  - Lots of money, dozens of funds
  - Language and cultural barriers
  - Highly complex due diligence
- So what is the solution?
  - We need more venture funds in Thailand!!

## ▶ Who is Ardent Capital? We build companies in SEA



- ➔ Ardent Capital is an operator VC headquartered in Bangkok with offices in Singapore and Indonesia
- ➔ Traditional VC – we make seed and early stage investments, with seven investments made in past 24 months throughout Southeast Asia
- ➔ Labs business – we incubate companies in-house such as aCommerce and WhatsNew
- ➔ Ardent only invests in SEA companies in which both the founders and primary customers are in SEA
- ➔ New Jobs - 160 people in Bangkok, 300+ across region in our portfolio, in past 18 months

## ▶ Adrian Vanzyl

### Entrepreneur and Venture Capitalist

- Nothing but internet since 1993
- Australia
  - CTO & Board member Sausage Software – first ever internet IPO in AU, peak market cap \$1.5B
- Australia and USA
  - CTO of LookSmart – IPO NASDAQ, peak market cap \$3.5B
- USA
  - VP Bizdev LinkExchange – sold to Microsoft for \$260M. Less than \$4M raised
  - Group Manager bCentral Microsoft – the Small Business Portal
  - CTO Blumberg Capital for 10 years – CEO of two companies, LP, Advisor
- Thailand
  - Ardent Capital – Founding CEO, Board Member
- Why Bangkok Thailand?
  - Largest opportunity in the region, highest upside

## ▶ Ardent Capital team's exits in SE Asia in the last 4 years



## SE Asia has seen several notable exits

Company	When?	Exit	Values
	Sep 2013	Acquired by 	USD200mm
	Mar 2012	Acquired by 	USD321mm
	Nov 2007	Acquired by 	USD150M
 Asia's No.1 Online Property Group	Aug 2007	IPO at 	USD 178mm (Market Cap as of Mar 13)

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## Nothing compared to USA recently

Company	When?	Exit	Values
	2014		USD 19B
	2014		USD 2B
	2014		USD 3B
	2014		USD 1B
	2014		USD 2B
	2013		USD 1B
	2012		USD 1B

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## ▶ Biggest player in SEA - Who is Rocket Internet?

Rocket Internet has built over 100 companies in 50+ Countries

- ➔ Started in 2007; headquartered in Berlin
- ➔ 75+ active independent portfolio companies
- ➔ Employing over 27,000 people
- ➔ Raised over \$1bn in 2012
- ➔ 30+ exits
- ➔ \$2.5bn+ in revenue
- ➔ 7 companies currently in SE Asia

**ZALORA**  
Indonesia  
Malaysia  
Philippines  
Singapore  
Thailand  
Vietnam

**foodpanda**  
Indonesia  
Malaysia  
Singapore  
Thailand  
Vietnam

**pricepanda**  
Indonesia  
Malaysia  
Philippines  
Singapore

**EASY TAXI**  
Malaysia  
Philippines

**Lazada**  
Indonesia  
Malaysia  
Philippines  
Thailand  
Vietnam

**Wimdu**  
Indonesia  
Malaysia  
Singapore  
Vietnam

**kaymu**  
Indonesia

## ▶ Rocket's SEA bets

### ZALORA

- ➔ Started in Dec 2011
- ➔ Adaptation of Zappos.com
- ➔ 1,300+ employed across the region
- ➔ Annualized Gross Run Rate: €115mm
- ➔ **Well over \$126mm in funding**
- ➔ Spent over \$23mm in marketing in 2012

### Lazada

- ➔ Started in Feb 2012
- ➔ Adaptation of amazon.com and alibaba.com
- ➔ 900+ employed across the region
- ➔ Annualized Gross Run Rate: €92mm
- ➔ **Well over \$185mm in funding**

#### INVESTORS:

SUMMIT PARTNERS | HOLTZBRINCK VENTURES | J.P. Morgan Asset Management | Investment AB | NEA

## Why SE Asia? Converging Trends

- ➔ Sustainable GDP per capita growth (Avg. 5-6% est. 2013)
- ➔ Rising disposable income
- ➔ Growing mobile broadband penetration
- ➔ Accelerating smartphone penetration
- ➔ Social Media penetration
- ➔ Increasing Credit Card penetration
- ➔ AEC 2015

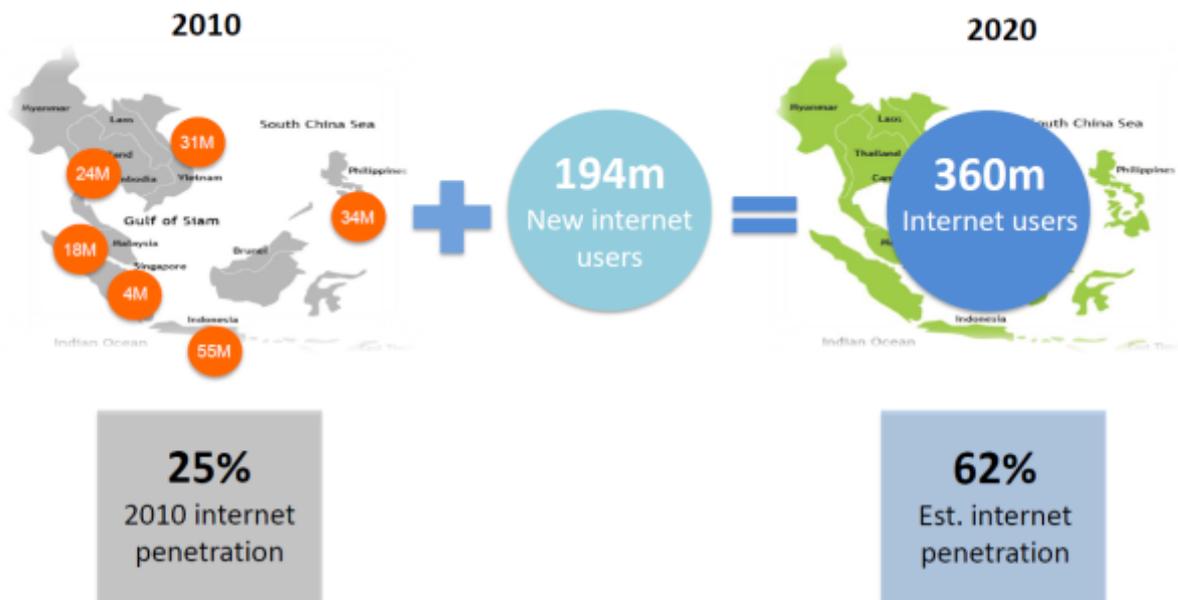
*Over \$17B of branded and direct to consumer ecommerce coming into SEA in next 3 years*



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ARDENTCAPITAL

## Internet Penetration is Exploding



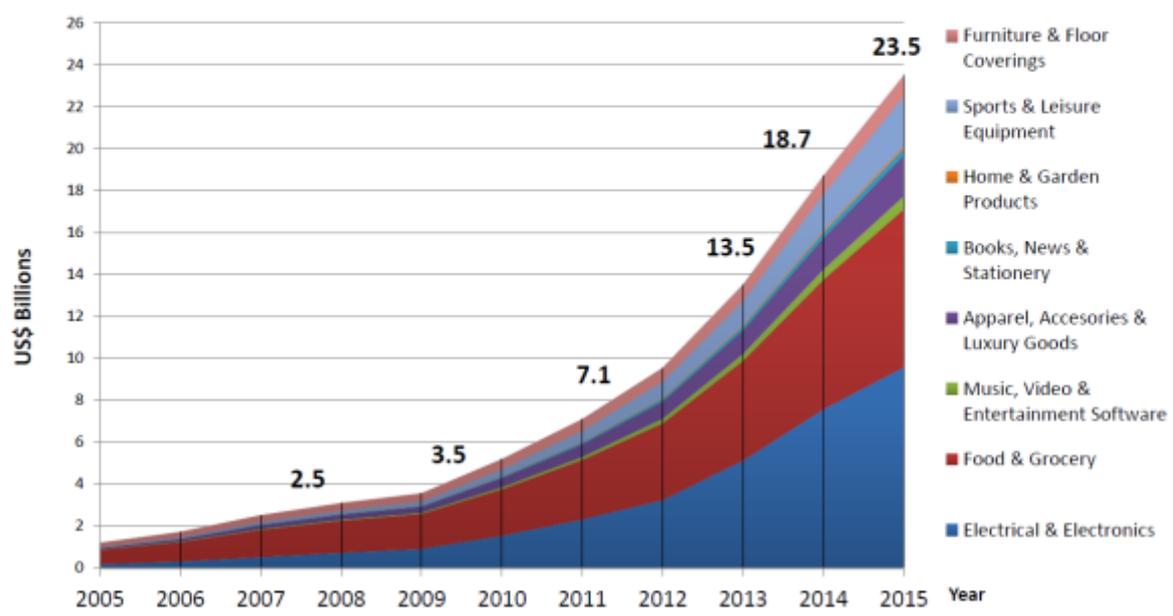
Source: We are Social, Accenture

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# Why SE Asia? eCommerce is exploding

## Thailand, Philippines, & Indonesia Online Retail is Growing Fast! Online Retail Sales Forecast 2005 – 2015 – Source ICD Research



# The ASEAN Economic Community (AEC)

In 2015, Southeast Asia will transform into an integrated market, making it easier for businesses in Southeast Asia to expand



What it is comprised of...	What it means...
Free flow of goods	Cheaper and easier to sell goods across borders
Free flow of services	Easier to provide services and establish companies in the region
Free flow of investment	More attractive to foreign direct investment
Free flow of capital	Easier to obtain/move capital across the region
Free flow of skilled labor	Easier to recruit talent from countries in Southeast Asia

## ▶ Singapore, INC

- SG's National Research Foundation provides dedicated **Early Stage Venture Fund (ESVF) to support early stage ecosystems** (Series A)
- **First Round (2008)** – Seeded S\$50M total funds to five VC firms. VC companies must co-invest on a dollar-to-dollar basis. (Totaling S\$100M fund size)
- There is a buy-out option offered to other LPs/GP
- These companies have collectively invested over S\$38M in 24 start-ups from various technology sectors to-date.
- 10 years fund life: 5 in active investment (2% mgnt fee), 5 in divestiture period (-0.25% reduction in mgnt fee each year)
- **Second Round (2013)** – S\$50M to five VC companies on the same dollar-to-dollar co-invest basis
- NRF will take profit up to 5% ROR (simple interest) and share rest with LPs/GP

## ▶ Why Thailand?

- Reasonable legal setup (BOI is a great structure)
- Corruption in private sector is low
- Reasonable payments infrastructure
- Good credit card and banking penetration in the population
- Reasonable logistics (transport and traffic are OK)
- High mobile phone penetration (> 100% saturation)
- High smartphone penetration
- High quality mobile broadband
- Large market
- Closed language market, price premium on exit

## ▶ Goldilocks Principle for SEA

- We do not start in Singapore
  - the market is too small
  - the exits are too small
  - It proves little, experience not relevant to the rest of SEA
  - Too easy, too many competitors
- We do not start in Indonesia
  - it is too difficult as a first market, with too many challenges
  - Legal, infrastructure, ownership, payments, staffing
- We start in Thailand
  - because it is difficult, but not too difficult
  - Lessons learnt are applicable to rest of region
- After Thailand
  - Indonesia
  - Then Philippines, Malaysia, Singapore, and Vietnam

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Singapore | Thailand | Indonesia | Philippines | Malaysia | Vietnam

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## ▶ aCommerce.asia – Built by Ardent Capital



▶ Full End-to-End Solution



▶ aCommerce Warehouses



**Bangkok**  
 Storage Space: 2,600 sqm  
 Office Space: 500 sqm  
 Central Bangkok on Rama III Road

**Jakarta**  
 Storage Space: 1,515 sqm  
 Office space included  
 Central Jakarta location

Same day delivery

Same day delivery

## aCommerce Clients

 <p>No. 1 cosmetics and beauty company in the world</p>	 <p>HP Shopping, one-stop online store</p>	 <p>No.1 Retail Group in Indonesia</p>	 <p>Central Group: No.1 Retail Group in Thailand</p>	 <p>Hypermarket chain in Thailand, Vietnam, and Laos</p>	
 <p>No. 1 Largest Telecom company in Thailand</p>	 <p>No. 2 Largest Telecom company in Thailand</p>	 <p>No. 1 messaging app in Thailand (23M users)</p>	 <p>No. 1 daily deal site in the world</p>	 <p>Fashion Ecommerce site in Indonesia</p>	 <p>Industrial Ecommerce site in Indonesia</p>
 <p>Leading online luxury cosmetics and skin care in SEA</p>	 <p>Largest Regional Luxury Online Retailer (Funding \$79M)</p>	 <p>Ecommerce Health Site in Singapore</p>	 <p>Curated Subscription Commerce Fashion Site in Singapore</p>	 <p>Fashion Ecommerce site in Indonesia</p>	
 <p>Fashion Ecommerce site in Indonesia</p>	 <p>No. 1 Japanese TV Shopping Network</p>	 <p>No. 1 Online parenting and Pet E-commerce site in Thailand</p>	 <p>Blackmores, Australia's leading natural health brand</p>	 <p>B2B Beauty &amp; Spa products distributor owned by IBS Beauty</p>	

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## What can Government do in Thailand?

- 1) Nothing
  - Stay out of the way
  - The ecosystem will continue to develop independently
  - Has grown successfully to date
- 2) A little bit
  - Keep the BOI process flexible
  - Allow foreign workers to bring in expertise and train locally
  - Keep the tax system business friendly
- 3) A lot
  - Education – English as real second language
  - Engineering and Computer Science degrees
  - Tax incentives – for foreign LPs, for local LPs, ESOP taxation, reinvestment
  - Venture support schemes – dedicate US\$20M+ to an NRF like scheme (600M baht), work with local funds to grow the ecosystem

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# ▶ Thank you

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12940

**Presentation 4: APEC Economic Trends Analysis:  
Innovate for a better future with sustainable growth  
By: Ms. Quynh Le**



Asia-Pacific  
Economic Cooperation

Advancing  
Free Trade for Asia-Pacific  
Prosperity

# APEC ECONOMIC TRENDS ANALYSIS *(updated)*

Innovate for a better future with  
sustainable growth

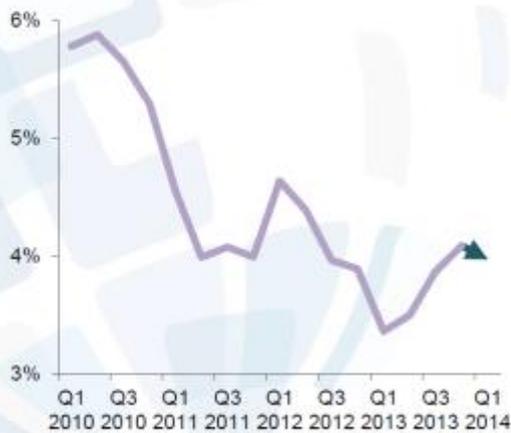
*Presented by:* Quynh Le - APEC Policy Support Unit



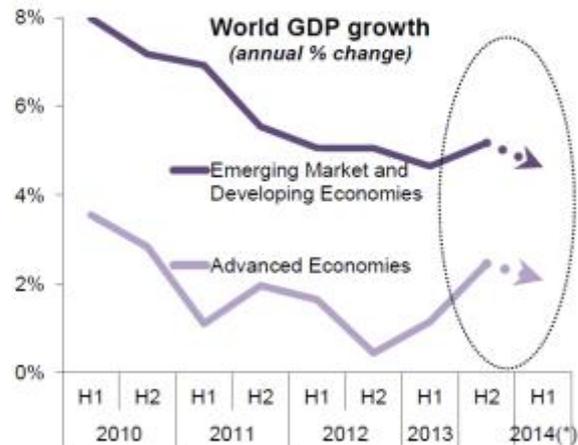
Financing APEC SME Innovation through Venture Capital Workshop,  
Bangkok, June 18-19, 2014

Copyright © 2013 APEC Secretariat

## APEC economic activities have been unsteady in the first few months of this year

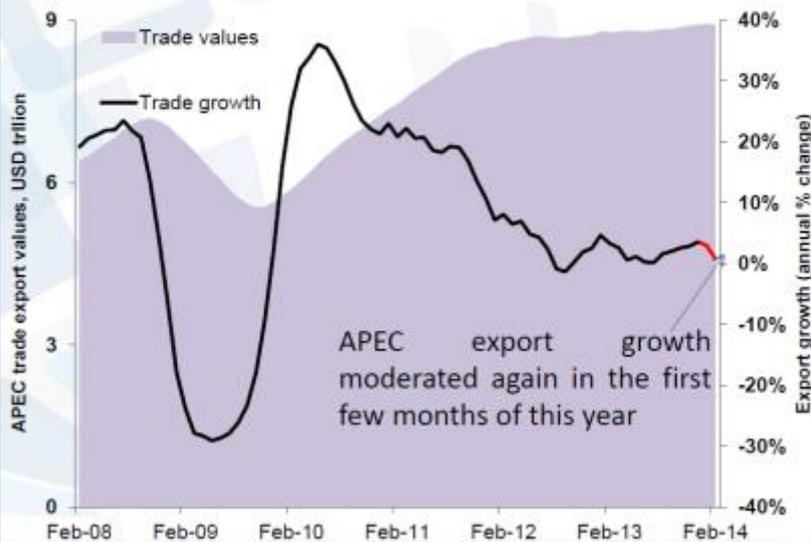


Estimates for APEC GDP growth have shown a moderation in economic activity in the first quarter of this year



In its latest report, the IMF has forecast moderated growth for the global economy in the first half of this year. This reduced pace of growth is expected across both advanced and developing economies

## Trade growth has faltered in recent years

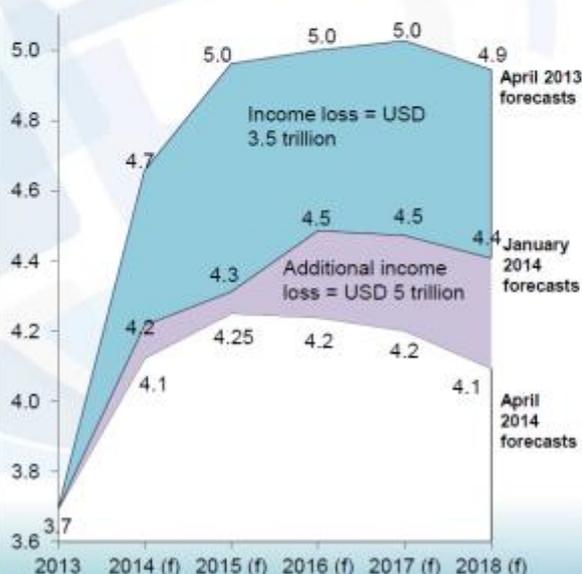


- The much anticipated recovery in world trade did not occur in the first few months of this year.
- Increases in APEC export earnings have been subdued for a prolonged period.
- In February, APEC export growth fell to 0.7% (3mma, y-o-y), much lower than the 1.9% growth reported last year

## Expectations of APEC economic recovery are less optimistic



### IMF forecasts for APEC GDP growth

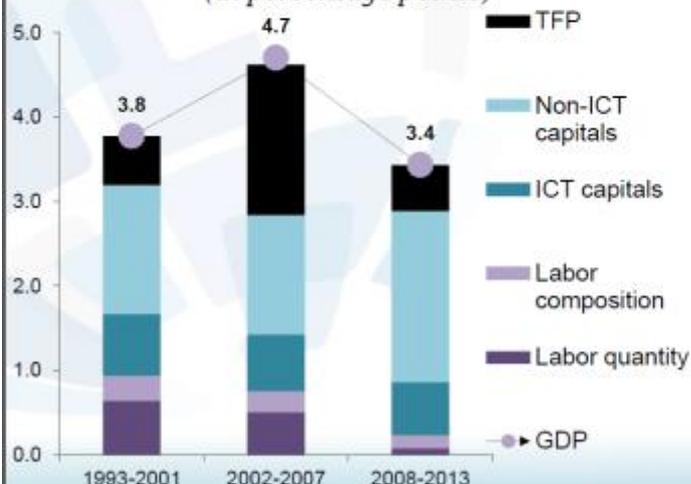


- The softening pace seen in the first few months of this year has prompted the IMF to lower its forecasts for APEC growth.
- The region is forecast to increase output by 4.1% this year, down from 4.2% projected earlier.
- The new forecast marks a **sharp downward revision** in APEC medium-term growth rate.
- APEC is now forecast to grow at an annual average rate of **4.2% during 2014 to 2018**, down from the 4.4% rate projected in January and the 4.9% rate projected in April 2013
- The difference in the growth forecasts implies a **potential income loss of USD 8.5 trillion** between 2014 & 2018

## The Global Financial Crisis has left APEC with reduced labor input and productivity growth

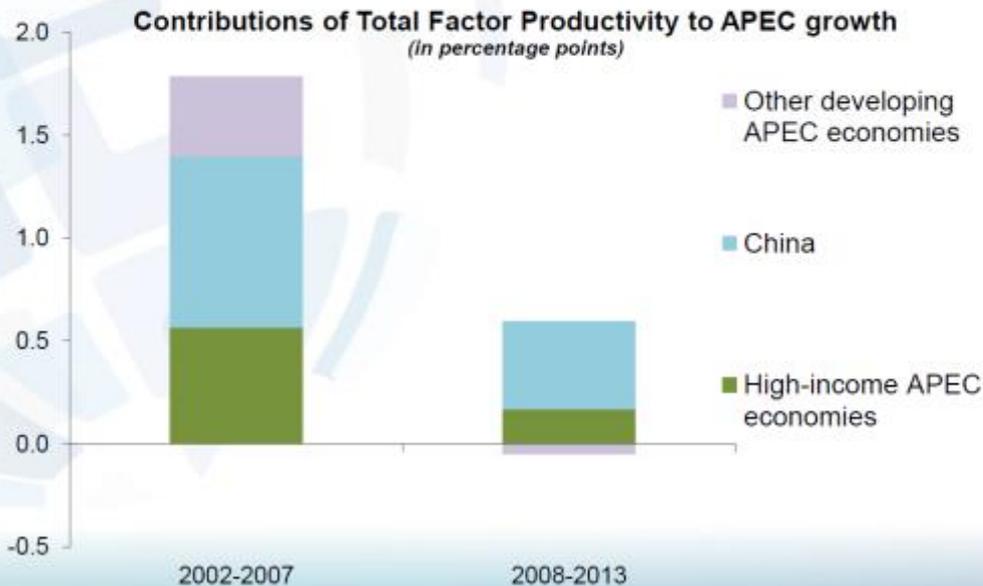


### Contribution of different factors of production to APEC growth (in percentage points)



- In the 6-year period since the 2008-09 Global Financial Crisis, APEC GDP has expanded at a much slower rate
- Two notable factors are attributed to this slower growth
  - A weaker Total Factor Productivity (TFP) growth – indicating efficiency gains have been moderating in recent years; and
  - A reduced rate of labor input expansion
- APEC growth in the past few years has been increasingly reliant on capital inputs

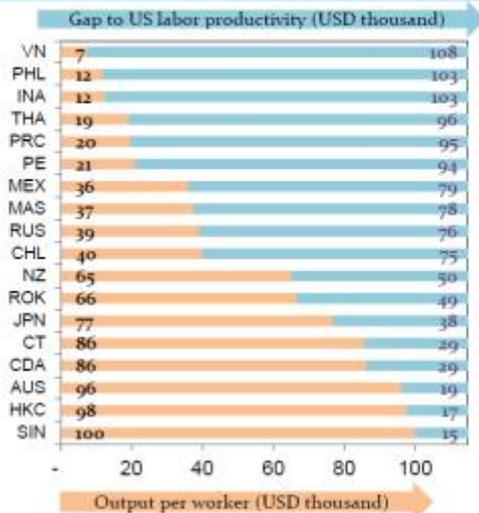
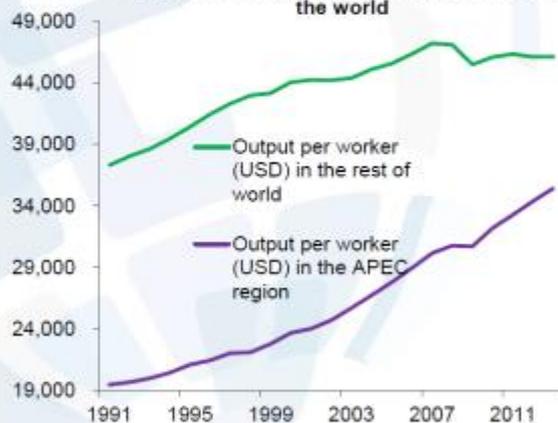
## The slowdown in input efficiency growth was most notable among APEC developing economies (excluding China)



## Improving the region's competitiveness is critical...



**Labor productivity: APEC versus the rest of the world**



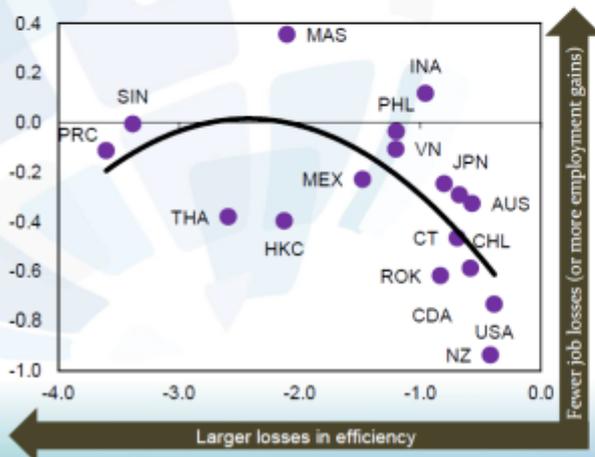
Despite the rapid rise in labor productivity over the past two decades, output per worker in APEC has been on average relatively lower than that of the rest of world. Large gaps in labor productivity exist between developing economies and the United States.

## ...but achieving higher productivity and employment growth can be complicated



### Losses in efficiency were generally larger in economies that registered fewer employment cuts

(changes in the contributions of TFP & labor quantity to GDP growth over the two periods 2002-2007 and 2008-2013)



➤ The reduction in the growth rate of Total Factor Productivity or the rate of efficiency in the utilization was synchronized across all APEC economies.

➤ In this most recent downturn:

- Firms in emerging and developing APEC economies appeared to sacrifice some efficiency and profitability while hoarding labor
- Companies in industrialized APEC economies responded by laying off workers more aggressively

## Innovation: boosting competitiveness while preserving healthy employment growth

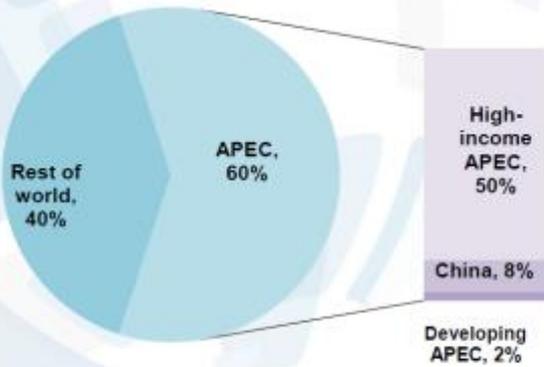


- The competitive environment has driven firms to improve efficiency by reducing labor inputs that are needed to maintain output.
- Therefore, it is important for APEC policy makers to create incentives for firms to pursue efficiency by increasing the quality and value of outputs, as opposing to reducing employment.
- In the current climate, **investing in innovation** confers a critical competitive advantage for companies, setting up barriers against competitors and at the same time producing extra added-value to the economy.
- Technological innovation will result in new markets for new products, thereby creating new jobs and expanding production frontiers.

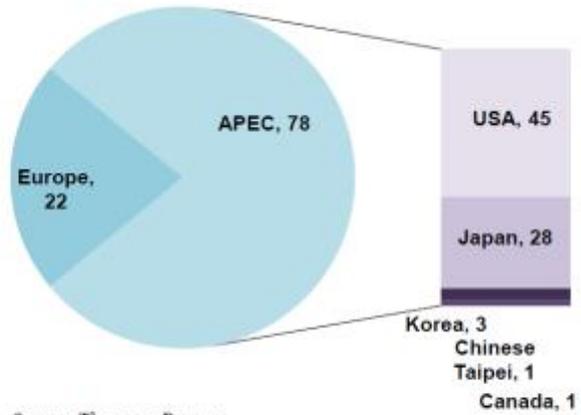
## Observation 1: Developing APEC economies lag behind in global innovation effort



**R&D investment**  
(% of global investment)



**Top 100 global innovators, 2013**

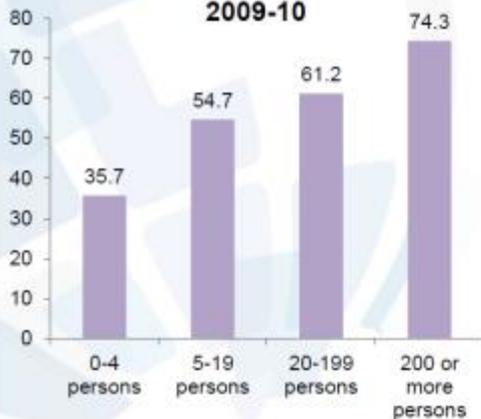


Source: Thomson Reuters

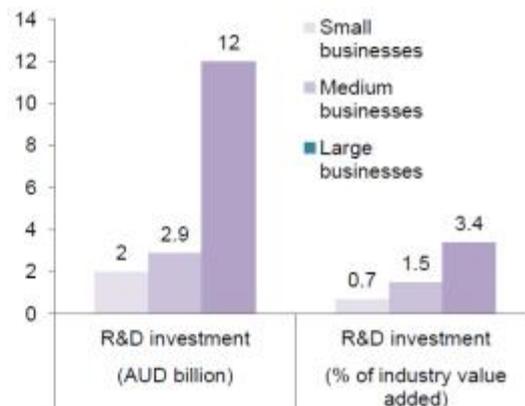
## Observation 2: SMEs generally innovate less than larger firms



**Innovative activity in Australia by business size, 2009-10**



**R&D investments in Australia, 2008-09**

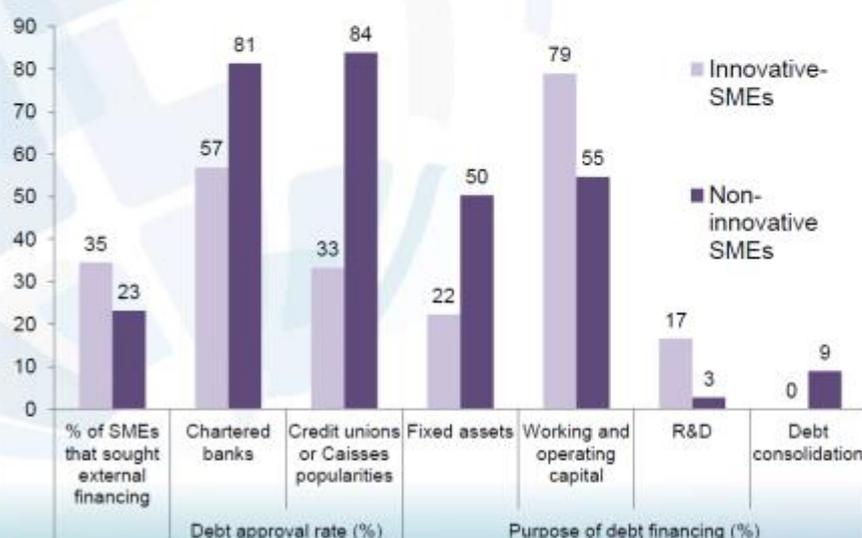


Note: in this slide, innovation is defined as the introduction of a new or significantly improved good or service, operational process; organization/managerial process; or marketing method. A business with innovative activity is a business that is undertaking any work that was intended to or did result in the introduction of innovation

## Observation 3: Innovative SMEs face greater financial constraints



### Case study on financing innovative SMEs in Canada



- Innovative SMEs were more likely to seek external financing.
- Innovative SMEs were less successful in obtaining loans.
- A majority of innovative SMEs intended to use the financing requested for working and operating capital

## Summary and conclusion: innovative solutions are required for financing innovative SMEs



In the post global financial crisis, achieving stable and inclusive economic progress requires APEC economies to emphasize on promoting innovation.

R&D investments, which are an essential driver of innovation, are characterized by high and usually firm specific investment cost with low collateral values. The intangibility of the assets that are being created by R&D investments impede financing conditions for R&D investments.

Lenders often prefer physical and re-deployable assets as security for their loans. R&D investments, however, involve significant sunk costs which cannot be redeployed (e.g. costs for high-skill workers).

The long-lag between R&D investments and the commercialization of a project reduces the viability of the cash flow and the net value of R&D projects.

Thank you



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**Presentation 5: Internet and VC Investment Trends in Asia**  
**By: Mr. Nobuaki Kitagawa**



**Nobuaki Kitagawa**

**Managing Director, CyberAgent Ventures, Inc.**





## Topics



- CyberAgent Ventures
- Glance of the Internet market in Asia
- Hot sectors in the Internet space for venture capital investments in Asia
- Venture capital markets in Asia



## CyberAgent Ventures Overview



1

### Continuous theme based investment into Internet industry for >10yrs

- ✓ Unchanged focus on and commitment to the Internet industry
- ✓ Has invested in more than >170 Internet start-ups since 2004



2

### Local presences with 10 cities in 6 countries/region in Asia

- ✓ Operates offices in Tokyo (JP), Beijing/Shanghai/Shenzhen/Taipei (CN and TW), Ho Chi Minh City/Hanoi (VN), Jakarta (IDN), Seoul (KR) and Bangkok (TH)
- ✓ Establishes strong ties with local Internet and start-up communities with >25 investment professionals

3

### Strong past track records

- ✓ 18 IPOs from our past investments including Mixi, DeNA(JP) and Youku-Tudou(CN)
- ✓ Notable investments under management include Kakao Corp (KR), Tokopedia (IDN), Vatgia.com (VN) and Hoolai (CN).



## Introduction

**Nobuaki Kitagawa**

**Managing Director of CyberAgent Ventures, CEO of CyberAgent Ventures China**



- Responsible for all of CAV's investments in China, SEA and Korea.
- Since joining to CAV in 2006, I have led its international expansion from no investment outside Japan then to >50 overseas investments.
- My investments include Youku-Tudou(CN), Userjoy (TW), Vatgia(VN), Tokopedia(IDN) and Kakao(KR).
- Prior to CAV, I had more than 10 years' experience in the telecom industry working for Japan's NTT DoCoMo.
- Graduated from Hitotsubashi University in Japan with a major in Economics and Georgetown University in the United States with MBA.
- Living in Beijing for >7 yrs

3



## Investment Records

- ✓ Mainly focus on seed-early stage investments in the Internet space
- ✓ Unique access to the Pan-Asia markets



4

## Investment Records

### Japan

**mixi**  
mixi, Inc. (TSE:2121)  
Leading Social networking service  
>\$2B valuation at peak

**DeNA**  
DeNA, Inc. (TSE: 2432)  
Leading mobile social game developer  
>\$3B market cap at present

**DRECOM**  
DRECOM, Inc. (TSE: 3793)  
Mobile social game developer  
\$1B market cap at peak

### Southeast Asia

**Vatgia.com**  
Largest online e-commerce marketplace "Vietnamese Taobao/eBay", raised \$12M from Mitsui in Series C

**VNG Corp. (VinaGame)**  
Largest online game & SNS provider in VN, w/ >\$100M annual rev and >10M subs, co-invested by Tencent and Goldman Sachs

**tokopedia**  
PT Tokopedia  
Largest online C2C marketplace in Indonesia, "Indonesian Taobao", the latest round led by Softbank

**Priceza**  
Priceza  
Online price comparison service in Thailand  
>4.2M of MAU; Already expanded into Indonesia

### China

**土豆网 Youku**  
Youku Tudou Inc. (NYSE:YOKU)  
Leading online TV company in China  
Tudou was merged with Youku with \$1B valuation

**宇峻奥汀**  
UserJoy, Inc. (TWSE:3546)  
Online game developer in Mainland China and Taiwan  
\$300M valuation at a peak

**iPartment**  
iPartment (TWSE:5278)  
Leading dating SNS in Taiwan, listed on TWSE on June 2013

### Korea

**Kakao Corp.**  
Leading smartphone messaging & game platform, with >100M users worldwide, merged with Daum at >US\$4B valuation

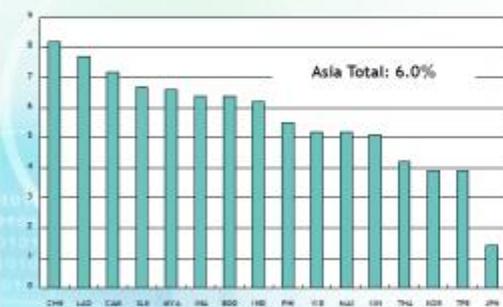
**Loc and All**  
Smartphone based navigation service, the largest navigation app in KR with 5M subs, >45M route inquires/mo

## EXITs

2014.5 Acquired by Shanda	2013.12 Acquired by Alside (SZ:002416)	2013.7.10 TSE	2013. 6. 4 Taiwan OTC	2012.10.19 TSE
2012. 9. 28 TSE	2012. 3. 27 TSE	2011. 8. 17 NASDAQ	2010.8 Acquired by Zynga (ZNGA)	2010. 3. 3 TSE
2008. 4. 18 Taiwan OTC	2007. 12. 26 TSE	2007.11.20 JASDAQ	2007. 8. 2 TSE	2007. 2. 28 JASDAQ
2007. 2. 14 JASDAQ	2006. 9. 19 TSE	2006.9.14 TSE	2006. 6. 22 Nagoya SE	2004. 2. 9 TSE
2005. 2. 16 TSE				

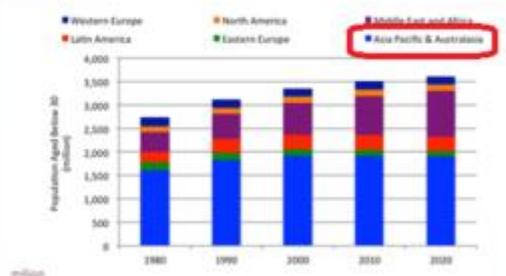
- CyberAgent Ventures
- Glance of the Internet market in Asia
- Hot sectors in the Internet space for venture capital investments in Asia
- Venture capital markets in Asia

Forecasted GDP growth of Asian countries in '14



Source: Regional Economic Outlook, April 2013/IMF

World population aged below 30; 50% in Asia



Source: Euromonitor International from national statistics/ UN

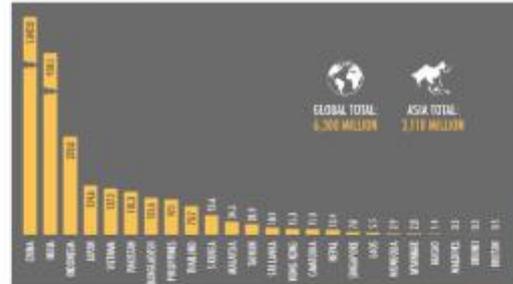
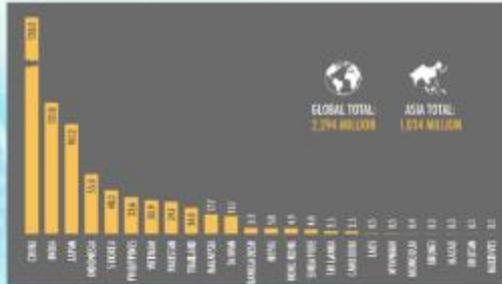


## Glance of the Internet Industry in Asia



45% of the world Internet users live in Asia

50% of the world mobile users live in Asia



Source: Wearsocial.sg. "Social, digital, and mobile in Asia: October 2012"

Source: Wearsocial.sg. "Social, digital, and mobile in Asia: October 2012"

9

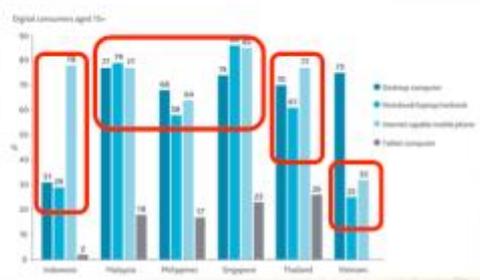
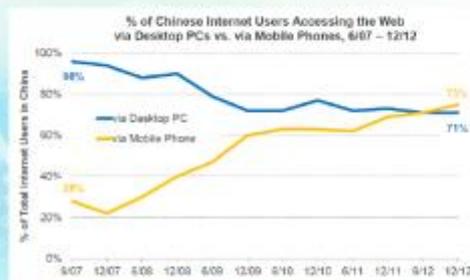


## Strong Momentum Shift from PC to Mobile in Asia



Mobile Internet access surpassed PC in China

Smartphone ownership surpassed PC's in many SEA countries



Source: Mary Meeker, KPCB "Internet Trends", 2013

Source: Nielsen "SURGING INTERNET USAGE IN SOUTHEAST ASIA RESHAPING THE MEDIA LANDSCAPE, 2011"

10

## Infrastructure Gap in Asia

Fixed broadband penetration in Asia:  
 Developed 30%;  
 Emerging <10%

Fixed vs Mobile line penetration:  
 Developed 112% vs 133%;  
 Emerging 35% vs 87%

	GDP per capita	Rural population	Mobile penetration	Broadband penetration
Australia	50748	11%	201%	24%
Hong Kong	31757	0%	196%	30%
Japan	42831	23%	95%	27%
Singapore	41120	0%	149%	25%
South Korea	20757	17%	105%	36%
China	4428	83%	64%	9%
India	1410	70%	61%	3%
Indonesia	2946	56%	92%	1%
Malaysia	8373	28%	113%	7%
Philippines	2140	91%	86%	2%
Thailand	4668	66%	104%	5%
Vietnam	1224	70%	175%	4%



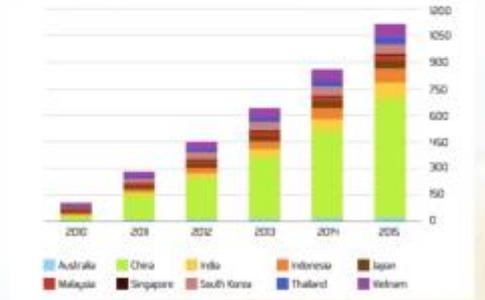
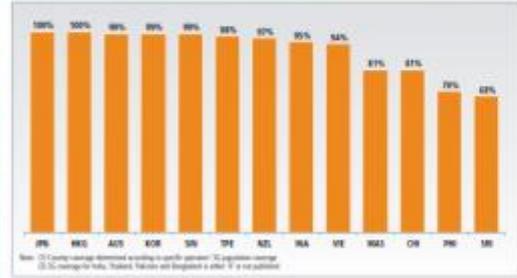
Source: Ernst&Young, GSMA Mobile Asia Expo, June 2012

Source: AT Kearny, Asia Pacific Mobile Observatory 2011

## Infrastructure Gap in Asia: The Gap in Mobile is Much Smaller than That in Fixed

3G Network population coverage;  
 Most of the countries reached to >80%

Smartphone users in Asia;  
 450M in 2012 -> 1B in 2015



Source: AT Kearny, Asia Pacific Mobile Observatory 2011

Source: adsmobi Inc. White Paper: Smartphone Movement Heads East



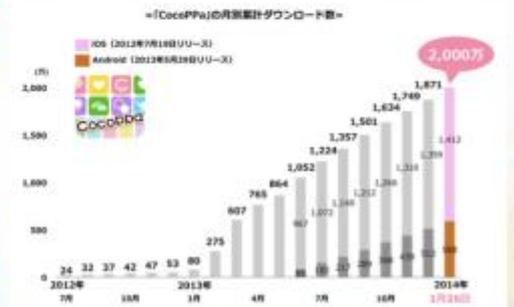
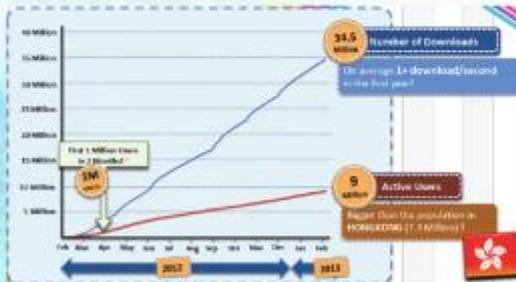
## More New Regional/Global Players Come Out in Asia

### PicMix (IND): Photo sharing app

- 35M DLs within 1 yr after the launch;
- >60% subs are outside Indonesia

### Cocoppa (JPN): Home screen app

- 20M DLs for 1.5yrs
- >80% subs are outside Japan



13



## Opportunities in the Asian Internet Industry

Tremendous new opportunity for regionally successful players to come out in the Asian Internet market

Steady long-term growth & huge scale of macro economies in Asia

Asia: Mobile oriented markets

“Smartphone-ization” makes regional expansion easier & quicker

Higher possibility that regionally successful Internet players come out

14



## Topics



- CyberAgent Ventures
- Glance of the Internet market in Asia
- Hot sectors in the Internet space for venture capital investments in Asia
- Venture capital markets in Asia

15



## Our Recent Investments



### #1: Smartphone oriented services

- Smartphone video chatting community - "Xiuba" (China)
- Smartphone app for online garage sale - "Xiaojiaoyi" (China)

Monthly revenue: >US\$1.5M  
Just raised US\$10M at the series-A

Daily # of items newly uploaded: >3k,  
from zero in Jan 2014



16



## Our Recent Investments



### #2: O2O

- Real-estate information platform for realtors  
“Fangduoduo” (China)

Monthly revenue: US\$10M  
Will raise US\$50M at the recent round

- Navigation & local info service  
“KINGISA” (Korea)

Currently >7M DLs, MAU >25%  
>45M route inquires per month



17



## Our Recent Investments



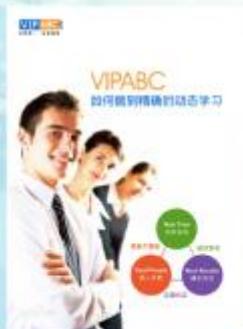
### #3: Internet x Education

- Online English learning service  
“Tutor Group” (China)

Raised US\$100M this Feb from Alibaba  
and Temasek at the series-B

- Online learning for bachelor degree  
“Topica Bachelor” (Vietnam)

Provides >10 universities' online  
bachelor programs in Vietnam, 15K  
paying students



18



## Topics



- CyberAgent Ventures
- Glance of the Internet market in Asia
- Hot sectors in the Internet space for venture capital investments in Asia - China and SEA
- Venture capital markets in China and SEA

19



## Venture Capital Market in China

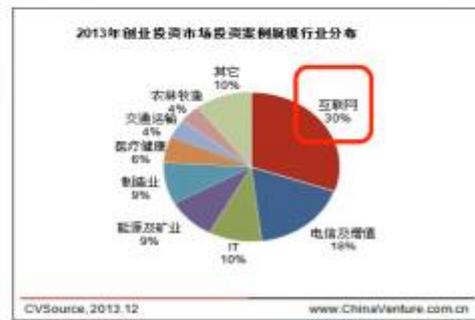


VC investments in China in 2013:  
US\$4.7B

30% went into Internet start-ups



Source: China Venture 投中集团



Source: China Venture 投中集团

20



## EXIT Environment in China

US IPOs of Chinese Internet Companies in 2014

M&As related to mobile Internet companies in China in 2013:  
US\$1.2B



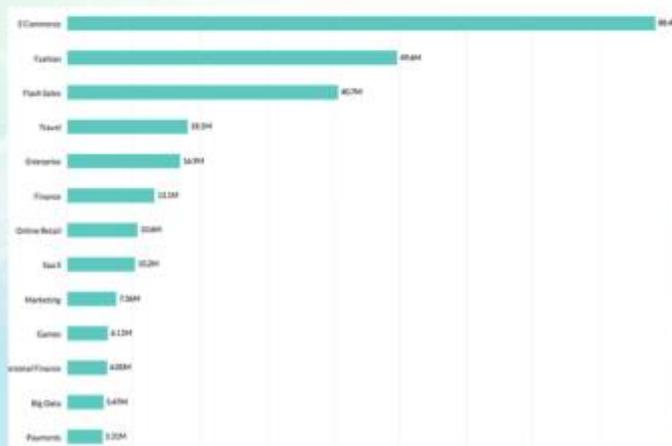
Source: China Venture 投中集团

21



## Venture Capital Market in SEA

- VC investments into Internet space in SEA in 2013: Appx. US\$700M
- However, if excludes Rocket Internet, they should be about US\$200M
- E-commerce takes up about 70% of the total investments



Source: Technasia; "Southeast Asia startup investments 2013: It's all about e-commerce, fashion, and women" Jan 10, 2014

22



## Exit Environment in SEA

The Internet market in SEA in 2020 is expected to be equivalent to that in China now

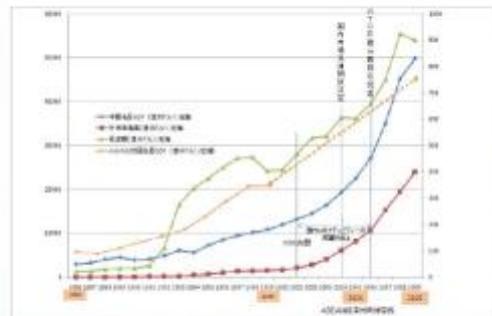
# of Internet users' forecast in SEA;  
180M -> 400-500M

GDP of ASEAN in 2020 is equivalent to that of China in 2009-10

	人口	インターネット利用者数		60% 80%に上昇した場合の利用者数	
		普及率	百万人	60%	80%
Indonesia	241	23%	55	145	193
Thailand	64	31%	20	38	51
Malaysia	29	64%	19	17	23
Singapore	5	65%	3	3	4
Philippines	96	31%	30	58	77
Vietnam	89	34%	30	53	71
ASEAN Total	608	30%	180	365	486
EU	500	74%	370		
U.S.A	312	79%	245		
Japan	128	79%	96		

Rebright Partners

Source: Rebright Partners



Source: 独立行政法人日本貿易保険、「ASEANと東アジアの経済統合に不可欠なインフラ整備」2011年8月

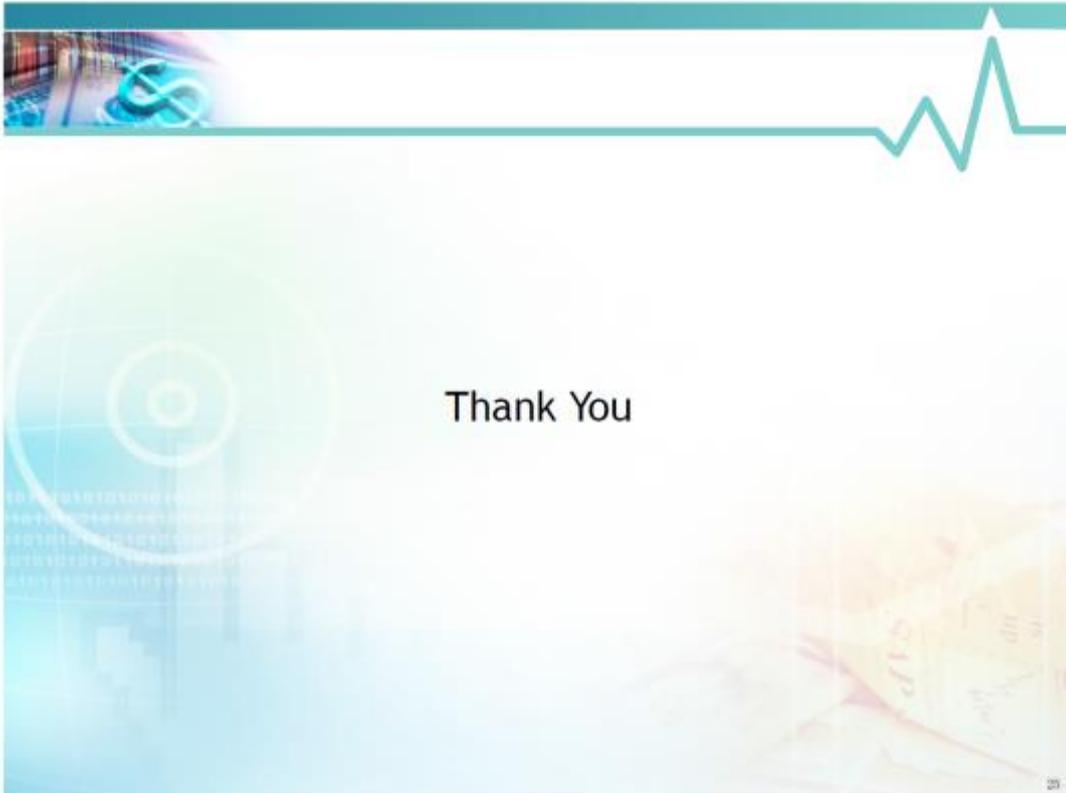
23



## Our Goal

Create New Internet Companies  
Representing the 21<sup>st</sup> Century

24



Thank You

**Presentation 6: Early Days: Growing the Venture Capital Industry in Thailand**  
**By: Mr. Vorasit Pokachaiyapat**

# Early Days : Growing The Venture Capital Industry in Thailand

Vorasit Pokachaiyapat  
President  
Thai Venture Capital Association

June 2014

1

# Agenda

- History
  - Before 1997 Asian Financial Crisis
  - After 1997 Asian Financial Crisis
- Other Observations Regarding VCs

2

## Before 1997 Asian Financial Crisis

- 20 Thai commercial banks
- 98 Finance companies
- Accounted for 90% of country's saving
- They were the major sources of funding
- Banks were competition to VCs
  - Loan and 10% Equity
  - Much more competitive funding cost

3

## Before 1997 Asian Financial Crisis

- Other Capital markets Players
  - Bangkok Stock Exchange 1964
  - Stock Exchange of Thailand 1975
  - Securities and Exchange Commission 1992
  - 43 Securities Firms
- Thai Venture Capital Association
  - Established in 1988
  - No organized local VC firms
  - Mostly foreign firms with local representatives
  - Majority of funding were from overseas

4

## Before 1997 Asian Financial Crisis

- The Clash
  - “Emerging Markets” phenomenon
  - US normalized relations with Vietnam 1995
- Conclusion
  - Few VCs Firms
  - Banks were competition to VCs
  - Asset based lending by banks
  - Early establishment of capital markets

5

## After 1997 Asian Financial Crisis

- Players :
  - 14 Commercial Banks
  - 2 Finance Companies
  - 40 Brokers
- After Global Financial Crisis
  - Focus on larger companies
- Banks are no longer allow to take equity in ordinary companies

6

## After 1997 Asian Financial Crisis

- Government Support
  - 8 Stated owned financial institutions
  - SME Bank of Thailand 2002
  - Office of SME Promotion (OSMEP) 2000
  - The Institution for Promotion of Teaching Science and Technology (IPST) 1972

7

## After 1997 Asian Financial Crisis

- Established Capital Markets
  - Market for Alternative (MAI Stock Exchange) 1999
    - First Listing on MAI 2001
    - 97 companies listed
- Establishment of Trust Law
  - Local investment vehicle
  - VC Investment Manager

8

## Other Observations Regarding VCs

- Venture Capital is a local business
  - Role of “Angles”
  - Role of “Universities”
  - Role of Government
- Lack of “incubators”
  - A collection of start-ups which share space and admin, legal technical support
- No critical mass
  - Not enough business seeking start-up capital
  - Not enough providers of capital to spur entrepreneurs

9

## Other Observations Regarding VCs

- Family provided seed capital to family members seeking to launch new business
- Culture differences
  - US rewards risk-takers who succeed
  - US accepts corporate failure as a part of business life
- Need well established financial systems
  - Banks
  - Capital markets

**Presentation 7: Success Case: Builk**  
**By: Mr. Patai Padungthing**



**\$200M**

CONSTRUCTION  
SPENDING DATA

**3,000**

CONSTRUCTION  
COMPANIES

**\$200K**

IN REVENUE  
2013

**WE CROWDSOURCE  
CONSTRUCTION DATA**



**PROJECT**



**MATERIAL**



**SUPPLIER**



**COST**



**FREE**

**CONSTRUCTION  
SMBs**



**DAILY DOCUMENTS & REPORTS**

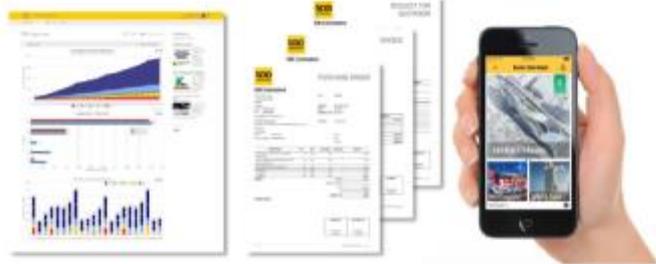


**120,000**  
PURCHASE  
ORDERS



**450,000**  
ITEMS  
PURCHASED

**\$200M**



VALUABLE CONSTRUCTION DATA

### MARKET RESEARCH INDUSTRY INSIGHT



GEO DEMAND  
MARKET SHARE  
PRICE RANGE

# Ready-Mix Concrete | Actual Price

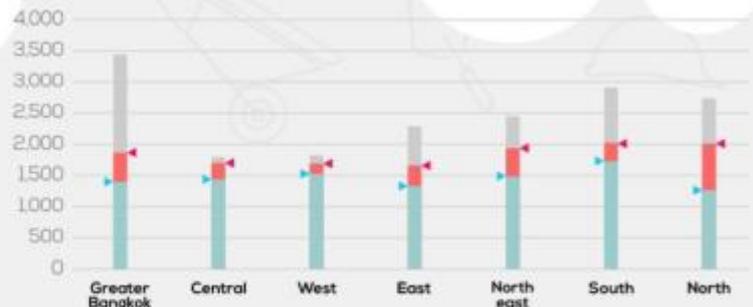
Jan 1 - Oct 31, 2013



Data from BULK PRO Users in Thailand combined into ordered ready-mix concrete

**18,590 m<sup>3</sup>**

These price ranges are based from actual purchase and can be used as rough estimates only. Each price may vary from concrete specification, volume, distance and payment terms.

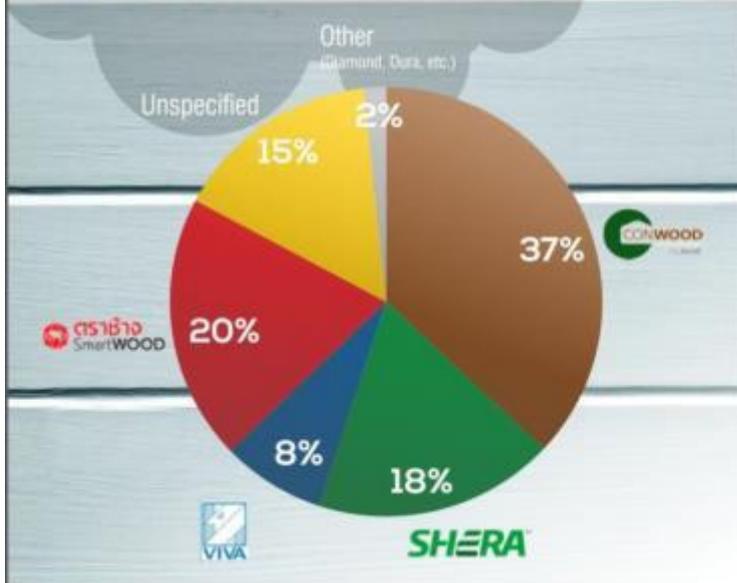


	Greater Bangkok	Central	West	East	North east	South	North
avg	1,866	1,702	1,692	1,659	1,939	2,023	2,010
min	1,401	1,438	1,528	1,333	1,480	1,730	1,265
max	3,443	1,800	1,825	2,290	2,450	2,910	2,735

© Bulk Asia - November 2013

# ARTIFICIAL WOOD | Market Share

Jan 1 - Oct 31, 2013



## DISTRIBUTION CHANNEL

RESELLER 98%

MODERN TRADE 9%

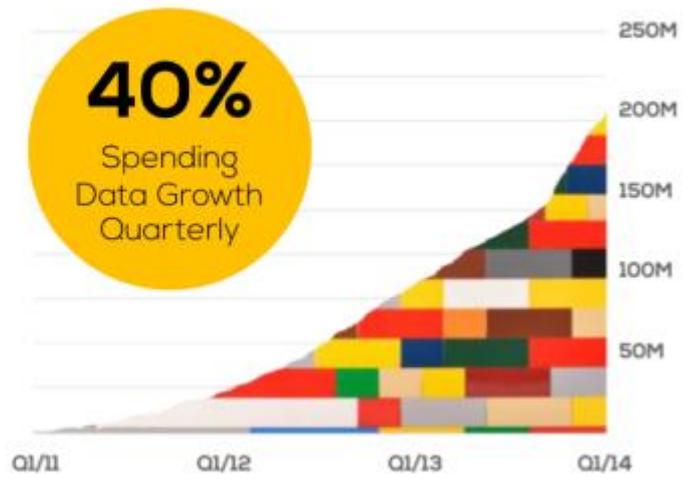
SHERA DIRECT SALES 1%

## AVERAGE ORDER VALUE

**SHERA**  
6,304.64  
Baht/Order

**Competitors**  
7,145.63  
Baht/Order

**SHERA™**







**GENERAL CONTRACTOR**  
13 YEARS EXP



CONSTRUCTION  
**B2B MARKETPLACE**

CONSTRUCTION  
**DATA+INSIGHT**

CONSTRUCTION  
**COMPANIES**



**PATAI PADUNGTIN**  
founders@builk.com

**Presentation 8: Success Case: HUBBA**  
By: Mr. Amarit Charoenphan

**UP Summit Meeting Places**

- 1 Downtown Grand Hotel
- 2 Container Park
- 3 Learning Village
- 4 The Western Hotel
- 5 Club Azul
- 6 Gold Spike
- 7 Inspire Theatre
- 8 The Ogden
- 9 TechCocktail HQ
- 10 Work in Progress: 6th St Workspace
- 10 Work in Progress: Bridger Workspace

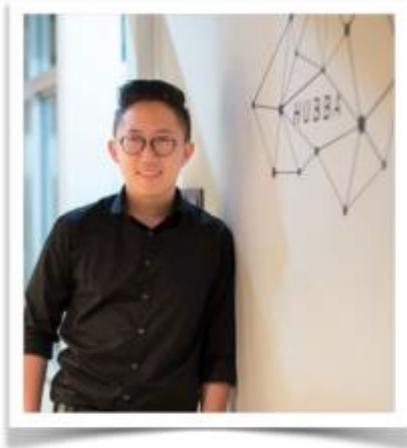
**Vegas Points of Interest**

- 11 Fremont Street Experience
- 12 Zappos Tour Experience
- 13 Neonopolis Shopping Center
- 14 The Mob Museum
- 15 Las Vegas Racetrack & Ballpark
- 16 Emerging Arts
- 17 Simply Pure – Vegan Restaurant
- 18 Big Em's BBQ
- 19 EAT.
- 20 La Comida
- 21 The Stitch Factory
- 22 Wellthly
- 23 Bridger Building

**Downtown Project Las Vegas**

**Startup Ecosystem  
Growth Hacking**

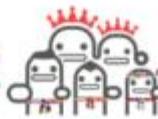
@AimAmarit  
Cofounder & Co-CEO  
@HUBBATHailand Coworking Space



**Amarit Charoenphan (Aim)**  
CO-CEO & Cofounder, HUBBA



**Startup Ecosystem builder /  
Metapreneur / Superconnector**







**PAH CREATIVE SPACE**



**STARTUPS, CREATIVES, FREELANCERS**

**500**  
startups



## OUR SUCCESSES



=

# 38,000+

largest number of active followers in Thailand



## 4,000+

have been to HUBBA



## 200+

Active members



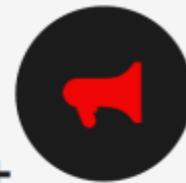
## 300+

Events to date



## 4000+

E-mail Subscribers



## 120+

Press interviews

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Entrepreneurs & Leaders

Community

Talent

Terroir

Corporate Patrons



Mentors

Services & Support

Access to Capital

Spaces & Places

Communication Platforms



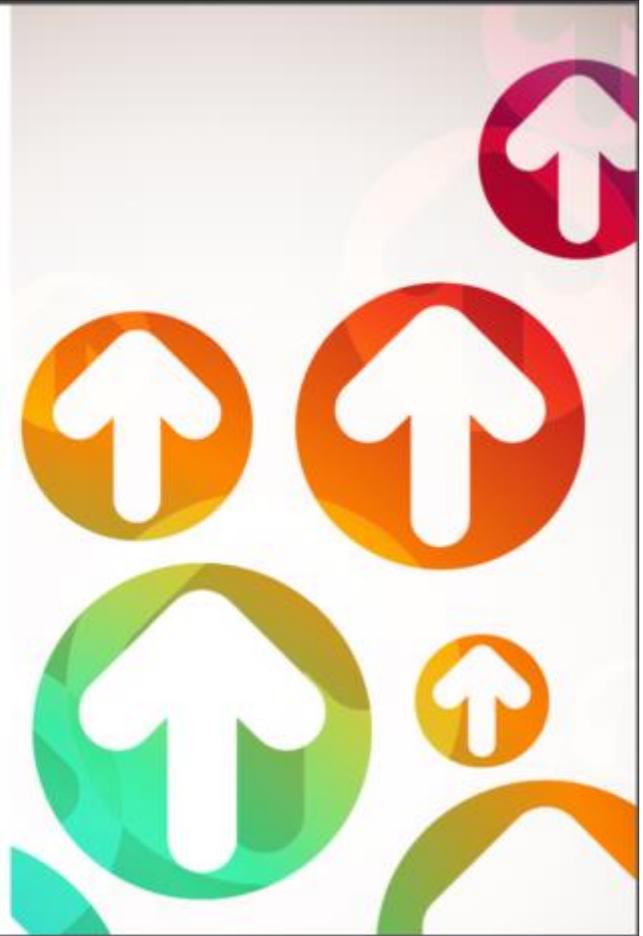
## #1 What is your purpose?

- Become professional, full stacked ecosystem builder
- Revenue + Impact focused, sustainability first (I'm still an entrepreneur!)



## #2 What is Ecosystem Growth Hacking?

- Growth hacking is:
  - a marketing technique
  - developed by technology startups
  - which uses creativity, analytical thinking, and social metrics
  - Low-cost and innovative alternatives to traditional marketing.
  - to sell products and gain exposure.



## Why Growth Hacking?

- 1.) We don't have the time
- 2.) We don't have a money and traditional marketing background.
- 3.) We need critical mass for community to survive and achieve persistent, organic growth
- What does it mean to community builders = Growth hacking is about building up your community size fast and achieve organic growth so that you can focus on other important aspects



### #3 Do you have a Theory of Change?

- Theory of Change (ToC) is a specific type of methodology for planning, participation, and evaluation that is used in the philanthropy, not-for-profit and government sectors to promote social change.

**“Our theory of change is simple: if we can accelerate the number of successful startup companies, the ecosystem will grow”**

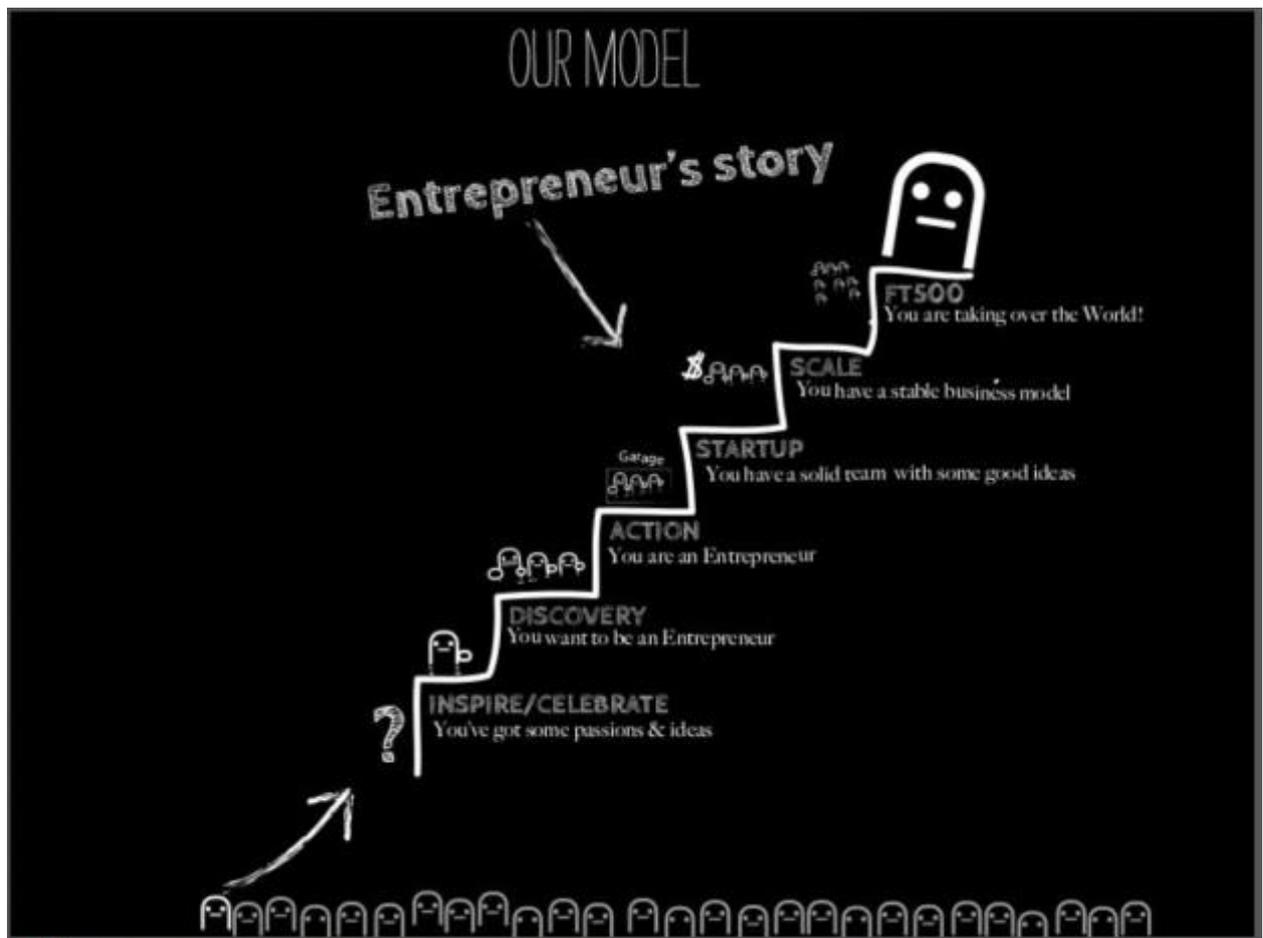


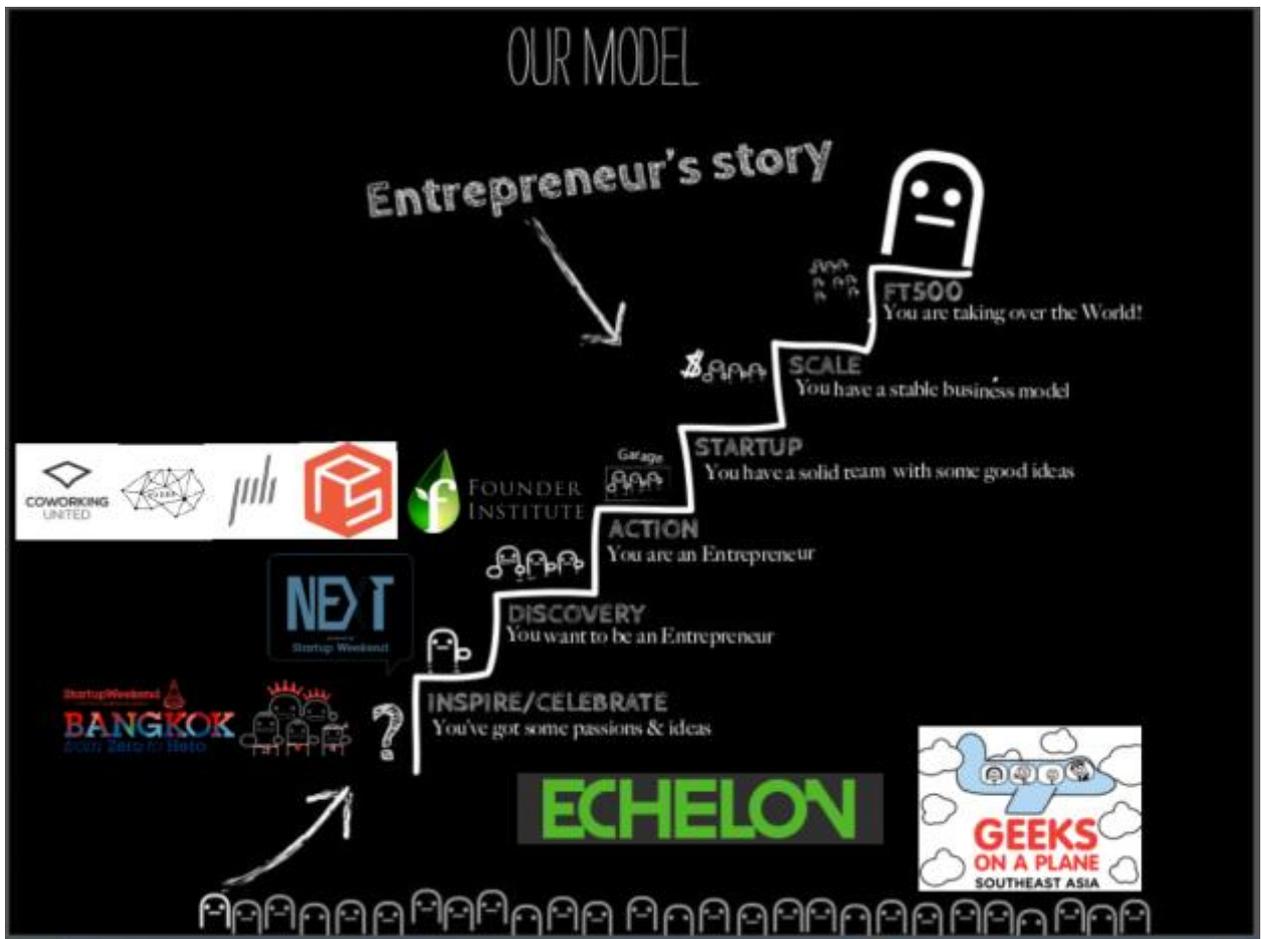
### #4 Understand the problem & find sweet spot

- Culture
  - philanthropy
  - women entrepreneurship
  - sharing & mentorship
  - fear of failure
  - community spirit & collaboration btw stakeholders
  - toughness and persistence
  - copycat
  - aggressive competitiveness
- Density
- Youth talent
- Education & Talent Development
- Investment - Angels, Series A, Sponsorship
- Marketing / public relations / story telling
- Corporate innovation
- Government support (regulatory, tax, incentives, policies, promotion, funding etc.)
- Community leeches



## An example of my TOC:





## SO WHAT ARE WE DOING?



Uniting Thai Founders  
[startupthailand.org](http://startupthailand.org)



Be full stack and  
diversified

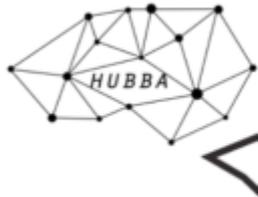


Build a regional &  
global brand

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# HUBBA GROUP'S BUSINESSES



**Coworking Space Operator  
& Management company**

**COWORKING  
UNITED**

**Coworking Space Alliance & Online Platform**

Community Builder & Management



WE DESIGN EVENTS

**Boutique Events Agency**

(JV with Embrya Productions

from Singapore)



**Technology Media**

(Thailand Partner with [e27.co](http://e27.co))



BSD

CODE AND DESIGN ACADEMY

**Coding & Design School**

(Thailand Partner with BSD Academy, HK)

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## HUBBA'S DREAM



**Creating our own "Downtown Projects" in every  
city we build a coworking space**

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## Key Takeaways

- Define your **Purpose** and develop your personal plan. "Are you ready to be an ecosystem builder?"
- Come up with a **Theory of Change** and develop your own TOC
- Understand **Growth Hacking** for communities and develop a **Growth hacking plan**
- **Build Measure Learn.**



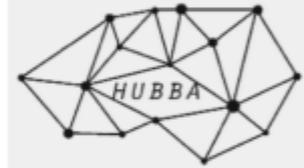
@AimAmarit

## Startup ecosystems builder is a 20 year project - Brad Feld



**LIKE TO WORK WITH HUBBA?**

**AMARIT@HUBBATHAILAND.COM**



@AimAmarit

**Presentation 9: E-Commerce Thailand**  
**By: Mr. Paul Srivorakul**



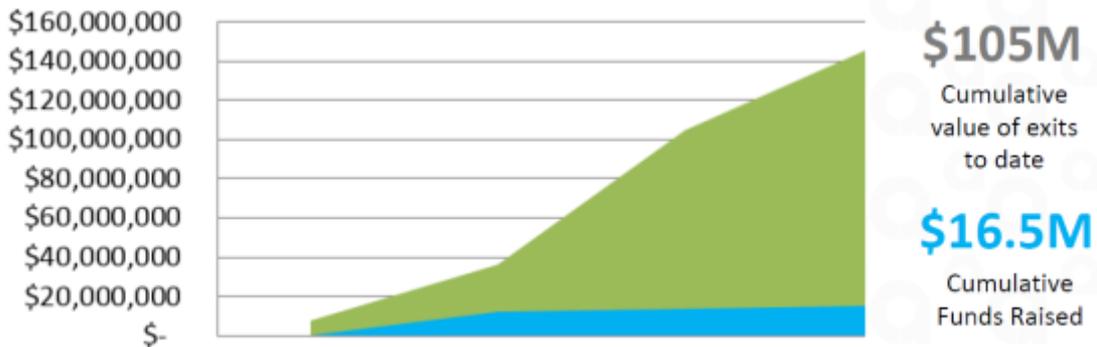
**Ecommerce Thailand**

Financing APEC SME Innovation through  
Venture Capital Workshop

Paul Srivorakul | June 18, 2013

## aCommerce team's exits

Our founding team has built and sold three companies (New Media, Admax, Ensogo) prior to starting aCommerce



USD	New Media (Payout: Dec 2011 – Jun 2012)	Admax Network (Payout: Feb 2012 – March 2012)	Ensogo Group (Payout: June 2011 – June 2013)
Total Funds Raised	\$200,000	\$12,200,000	\$2,800,000
Exit Valuation + Earnout	\$8,000,000	\$28,000,000	\$69,000,000

## S.E. Asia Ecommerce market



	ID	SG	PH	VN	TH	MY
Population (m)	244.8	5.3	97.7	88.8	67.9	29.5
# Online (m)	75.9	3.9	33.6	31.0	31.2	18.5
% Online	31.0%	74.0%	34.4%	35.0%	46.0%	62.6%
# Facebook users (m)	65	3.4	36	22	26	15.8
# Social media users (m)	66	3.6	38	24	27	17
Retail sales (US\$ bn)	100.2	29.6	34.0	79.6	94.4	98.2
eCommerce % of retail	0.1%	1.0%	0.3%	0.1%	0.2%	0.2%
Opportunity (US\$ bn) at 5% retail sales	5.0	1.5	1.7	4.0	4.7	4.9
Opportunity (US\$ bn) at 8% retail sales	8.0	2.4	2.7	6.4	7.6	7.9

Total online estimated at 199m in ASEAN; 194m in table highlights key markets. Source: UBS estimates\*



**\$188m**  
2013



**\$4.7B**  
Est. 2020

<http://www.ubs.com/investmentresearch>

## What do you need to launch Ecommerce?



Web & Mobile Design



IT Development



Transactional Marketing



Copywriting & Content



Production & Photography



Data, Analytics, & B.I.



Call Center



Sourcing & Merchandising



Payment Management

## How it works after you click buy



Sales Order



Order Processing



Inbounding



Storage



Picking



Packing



Dispatching



Delivering



Collect on Delivery



Entertainment before the internet



Entertainment after the internet

## Shopping before the internet



Discover through ads

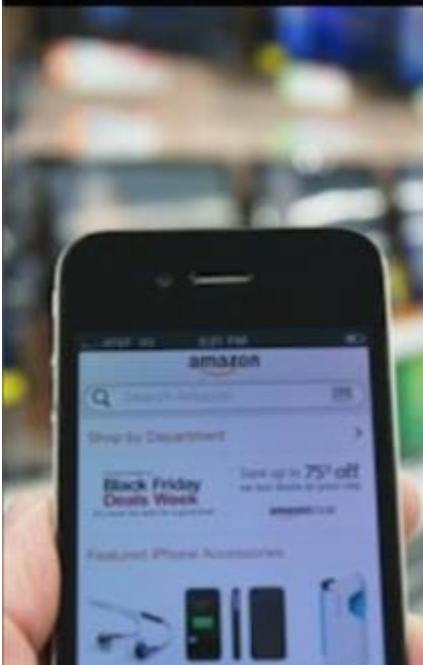


Drive to shopping mall



Find product and buy

## Shopping after the internet



Test in store  
buy online



Buy online &  
get delivered



Buy online &  
pickup in store



**Traditional Logistics are tailored to B2B**



**Ecommerce logistics is complex & personal**

# B2B vs B2C Logistics

**B2B** >

- 100s of big orders
- Delivered in Bulk
- Easy Business Locations

**B2C** >

- 1000s of small orders
- 1000s of Deliveries with cash collection
- Difficult Home Locations

Receipts, invoices & reports

100s Returns & Refunds

## S.E. Asia Ecommerce market



	ID	SG	PH	VN	TH	MY
Population (m)	244.8	5.3	97.7	88.8	67.9	29.5
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Total online estimated at 199m in ASEAN; 194m in table highlights key markets. Source: UBS estimates\*



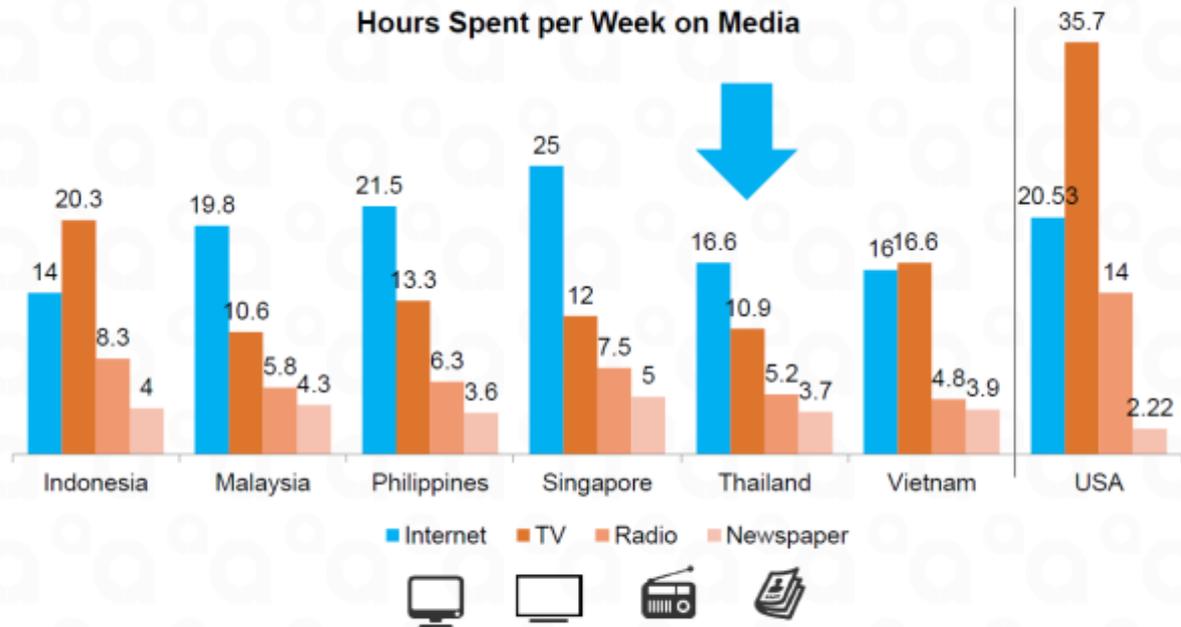
**\$188m**  
2013



**\$4.7B**  
Est. 2020

<http://www.ubs.com/investmentresearch>

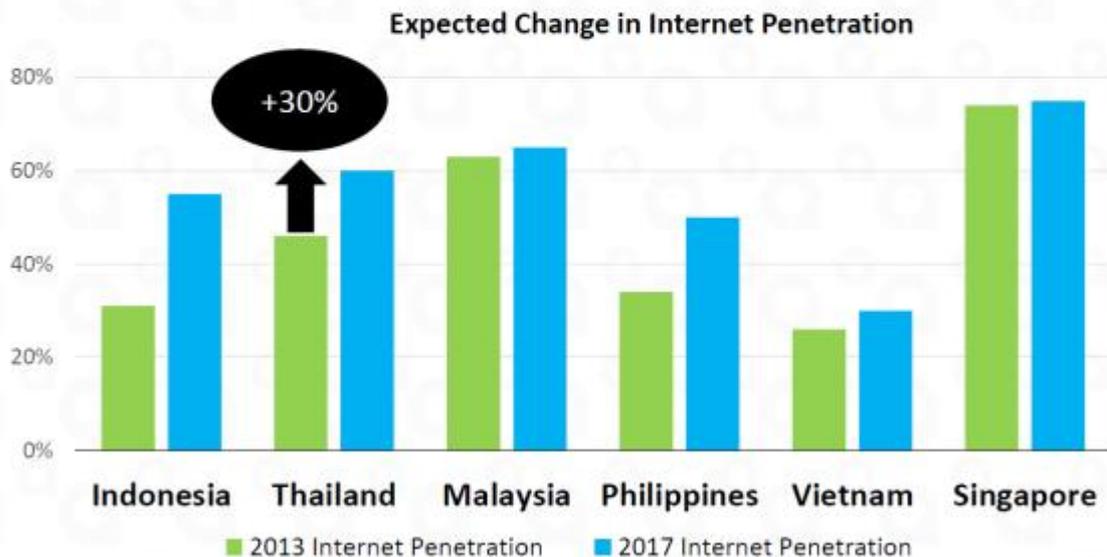
## In Thailand, Internet has surpassed TV in most Southeast Asian countries as the #1 medium



Source: The Digital Media and Attitudes of Southeast Asian Consumers 2011, Nielsen; eMarketer

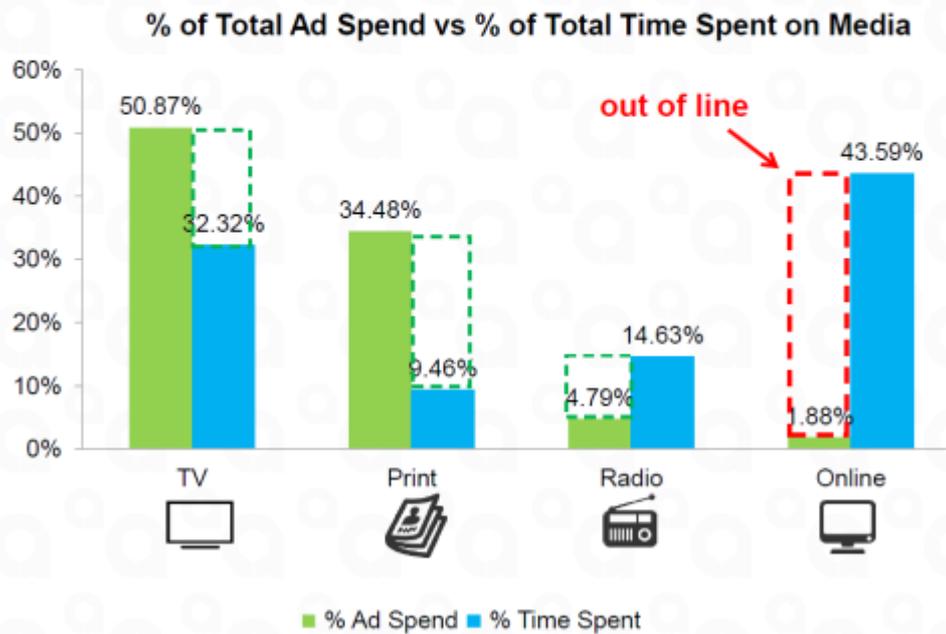
## Internet penetration

Within 3 years, Thailand internet penetration will grow 30%



Source: UBS

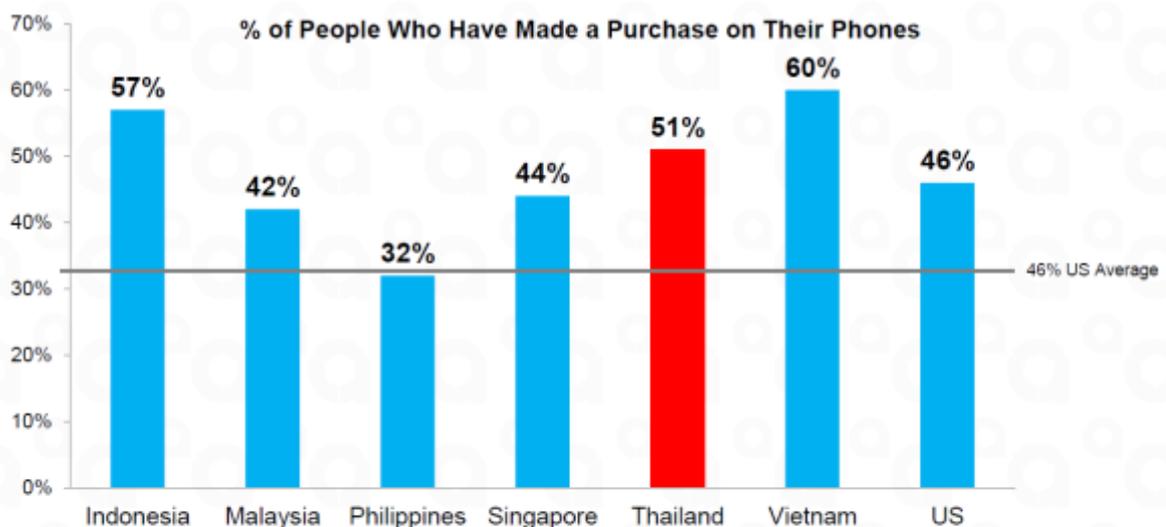
# Online ad spend is completely out of line with total time spend online



Source: Euroonitor, Nielsen

## Mcommerce - Buying on smartphones

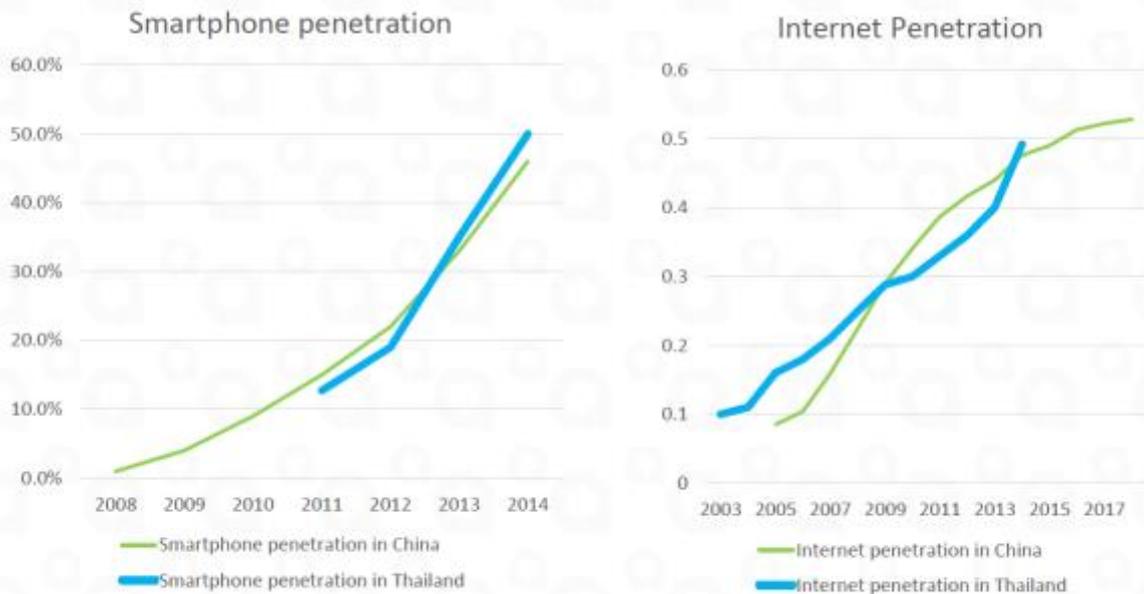
In Thailand a greater percentage of smartphone users have made purchases on their phones than smartphones users in the US.



Source: Our Mobile Planet, Google

# Thailand vs China

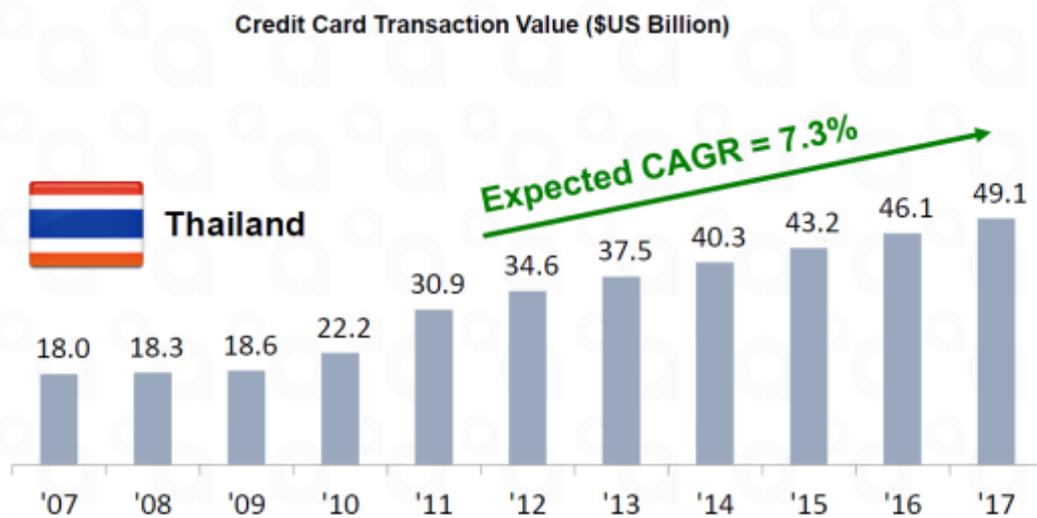
Thailand requires much lesser time to reach the same online penetration level as China's



Source: CNNIC, UBS estimates

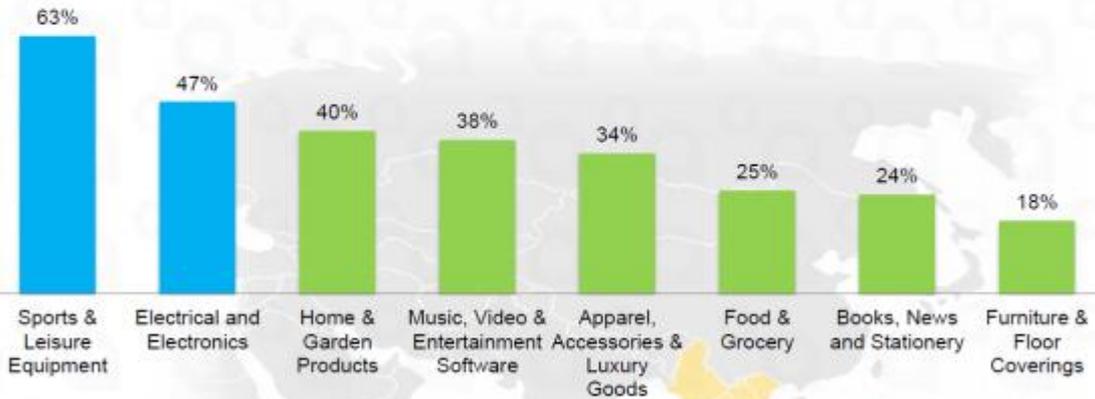
# Thailand credit card usage increased significantly

Every country in Southeast Asia will experience growth in credit card



## Every ecommerce segment in Southeast Asia had double-digit growth rates from 2005-2012

Southeast Asia Online Retail Segmentation Compound Annual Growth Rate from 2005 to 2012



Source: Online Retailers in Emerging Asia to 2015, ICD Research

## Thai online purchases on local vs foreign sites

32% of purchases in Thailand happened on foreign sites

### TOP 3 ON FOREIGN SITES

- 20% - Apps
- 18% - Hotel accommodations
- 16% - Toys and gifts

### TOP 3 ON THAILAND SITES

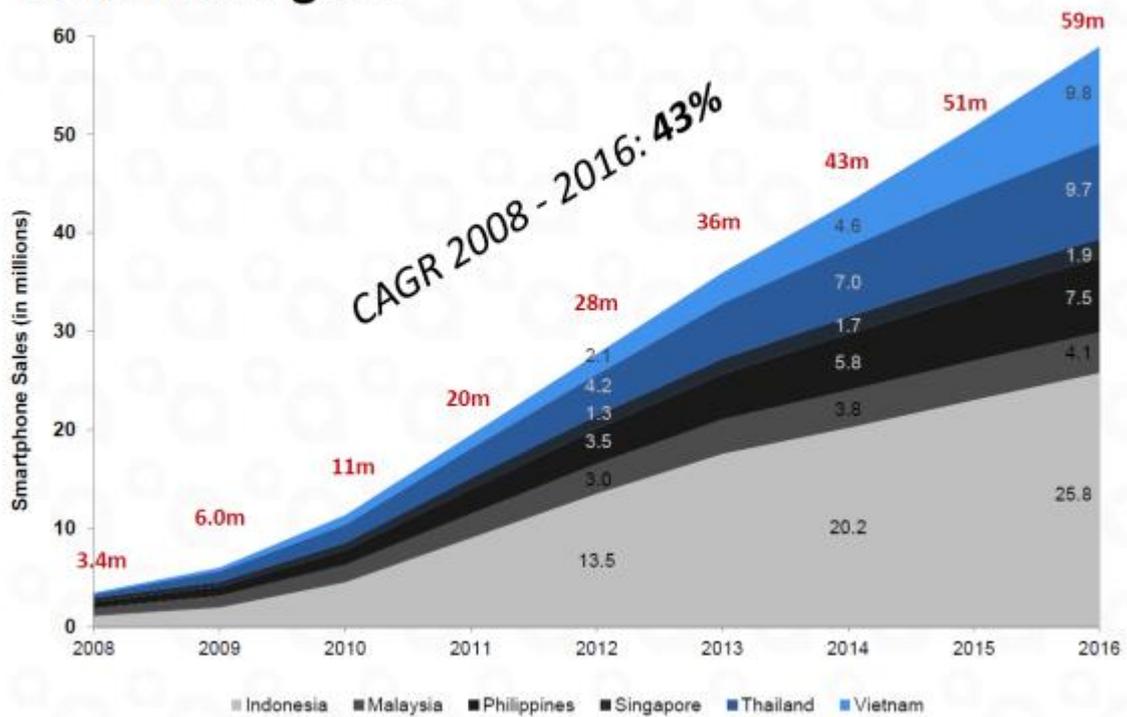
- 46% - Movie theatres
- 45% - Music download
- 43% - Clothing and accessories



MasterCard Online Shopping Behavior survey 2013



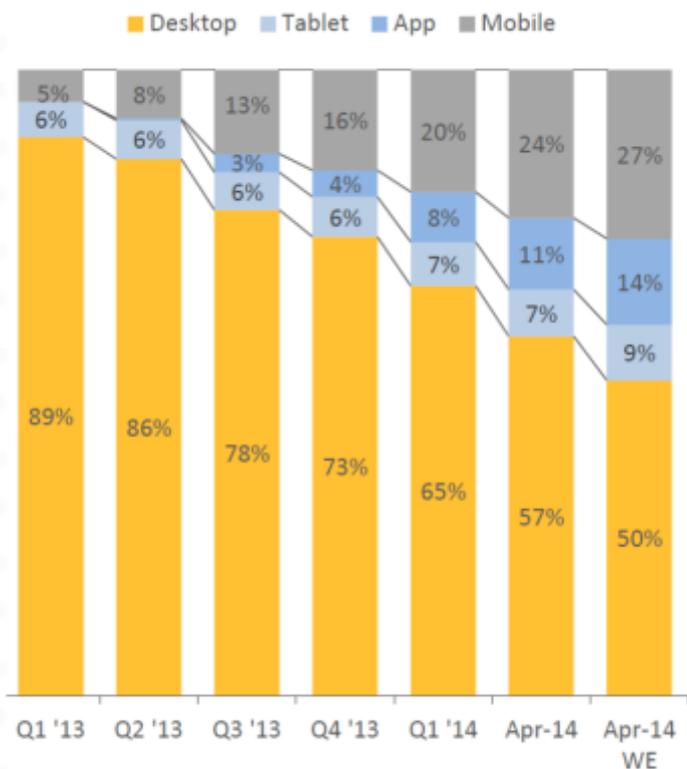
## Smartphone sales have been robust and will continue to grow



**LAZADA**  
GROUP

Lazada Group  
traffic source

Desktop is 50%  
and quickly  
dropping



## Lazada group sales by category (2013)

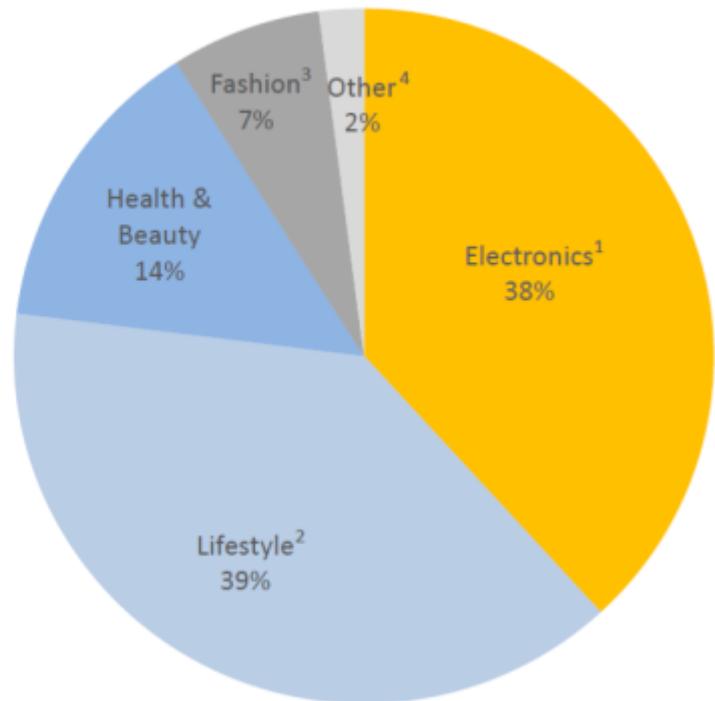
**Lifestyle outgrowing other categories driven by assortment growth**

**Lifestyle:**

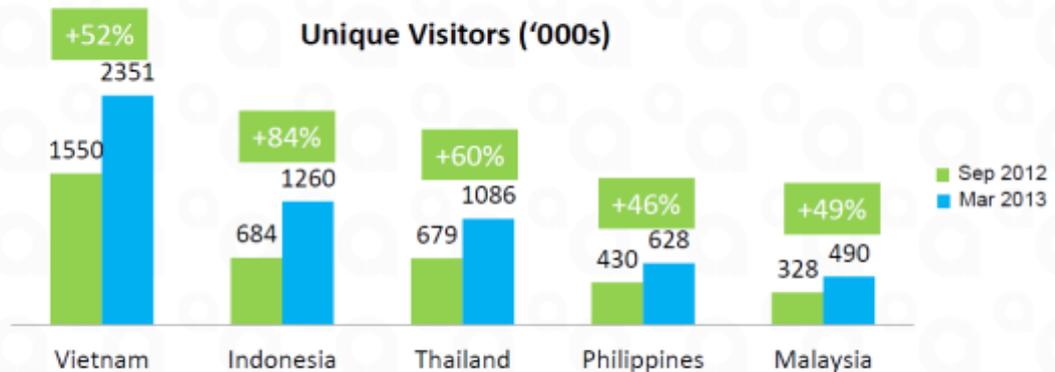
Home Appliances, Home & Living, Toys, Kids & Babies, Sports & Outdoors, Travel &

**Other:**

Automotive & Gadgets and Media, Games & Music



### is growing fast



### amazon is losing visitors



Source: Southeast Asia Digital Future in Focus 2013, ComScore

# Thailand is not a 'winner takes all' market

## Largest shopping sites in Thailand by traffic (Mar 2014)

Domain	Share	MoM change	Avg time on site	Avg page views	Avg bounce rate	Total website traffic hits*
weloveshopping.com	7.0%	-0.8%	0:03:44	3.44	50.1%	6.948
tarad.com	4.8%	-10.6%	0:02:31	2.69	66.7%	5.200
lazada.co.th	4.5%	17.6%	0:05:20	6.18	46.2%	4.464
pantipmarket.com	4.0%	4.4%	0:03:13	3.46	61.7%	3.976
ebay.com	3.4%	21.5%	0:08:22	7.76	42.9%	3.382
hitech.sanook.com	2.8%	21.7%	0:01:12	2.98	69.1%	2.813
taladrod.com	2.5%	2.8%	0:15:14	13.81	7.1%	2.464
amazon.com	2.1%	17.1%	0:04:31	4.92	56.3%	2.088
rimnam.com	1.9%	32.6%	0:02:23	2.20	59.5%	1.937
taradplaza.com	1.7%	2.0%	0:02:38	2.06	62.7%	1.648
apple.com	1.5%	4.1%	0:03:22	3.17	38.3%	1.476
Ensogo.com	1.4%		0:06:29	4.53	38.6%	1.400
aliexpress.com	1.3%	-40.9%	0:04:22	4.14	59.1%	1.291
Zalora.co.th	1.2%		0:06:50	8.42	34.4%	1.200
thaisecondhand.com	1.1%	4.1%	0:02:33	3.13	66.8%	1.140
cdiscount.co.th	1.1%	61.3%	00:02:17	2.81	63.6%	1.059

Source: comScore Media Metrics, March 2014. \*Internet Audience 13\* accessing Internet from Home or Work PC.

## Leading Ecommerce companies in S.E. Asia

By Country	B2C Ecommerce Enablers	B2C Marketplaces	B2C Multi-brand Retailers	B2C Private Sales & Daily deals	C2C Marketplaces & Classifieds
Singapore					
Thailand					
Indonesia					
Philippines					

## Thailand is a social media market but 'social commerce' is yet to be proven



Facebook average conversion rate is 0.5%

10,000+ Facebook pages selling products (Some earning \$100,000 USD monthly)



TechnAsia & eCommerce Insights 2014



## Thailand is also a 'social messaging' market and m-commerce has real opportunity



LINE average visits to transaction conversion rate is 1.5% (**GOOD**)



LINE transactions by device  
70% mobile, 25% desktop, 5% Tablet



LINE transactions by region  
45% Bangkok 55% Non-Bangkok  
(Non-Bangkok 17% higher AOV)

TechnAsia & eCommerce Insights 2014



## Top marketing channels that converts for Ecommerce 'physical goods'

1. Direct to site
2. Email
3. Organic Search (Google)
4. Dynamic retargeting
5. Affiliates
6. Paid Search (Google)
7. Paid Social (Facebook)



Source: eCommerce Google Analytics Data, Feb-May 18 2014



## Type of payment options

- 65% COD
- 35% Credit card



## Transactions by devices

- 60% Desktop
- 35% Mobile
- 5% Tablets

Source: eCommerce Google Analytics Data, Feb-May 18 2014



## Barriers to Ecommerce for brands and agencies

### 3 biggest barriers perceived by agencies:

- Lack of strategy (56%)
- Lack of integration into rest of business (47%)
- Lack of technological understanding (56%)



### 3 Biggest Barriers perceived by Brands

- Lack of budget and resources (59%)
- Lack of Integration with rest of business (45%)
- Finding staff (30%)

Econsultancy Report: State of Ecommerce Southeast Asia 2014

## Thailand has a geographical advantage that connects it to China and global manufacturing



ASEAN–China Free Trade Area (ACFTA) the third largest trade volume after the [European Economic Area](#) and the [North American Free Trade Area](#)



## Thailand Ranks 3<sup>rd</sup> in Logistic Competency



Remark: The number in parentheses is the rank of country's logistics competency out of 155 countries

Source: Logistic Digest Magazine, World Bank, SCB EIC

Note: NESDB refers to Office of the National Economic and Social Development Board

Source: <http://www.solidiance.com/whitepaper/thailands-logistic-opportunities.pdf>

## 2015 ASEAN integration

Thailand's logistics industry will experience positive impact from AEC (ASEAN Economic Community) between all ASEAN countries to collaborate on trade facilitation.

Aims to promote trade in many industries one of them being:  
**LOGISTICS**



### Direct Implications on Logistics Industry:

- International logistics VAT at 0%
- Road Network Development
- Promote Transportation

Source: NESDB, UNDP, SCB, EIC <http://www.solidiance.com/whitepaper/thailands-logistic-opportunities.pdf> (page 14)

## Ecommerce emerging trends



### Companies want to sell everywhere

Companies will want to sell their products everywhere (i.e. apps, emails, blogs, devices, local, regional, and global)



### Multi-Channel Management & Marketplaces

Companies want to set up and operate stores in online marketplaces (Traffic) but manage under one system



### Logistics & Warehousing

Rising demand for E-commerce fulfillment to solve complex supply chain and warehousing problem



### Cross Border E-Commerce (AEC 2015)

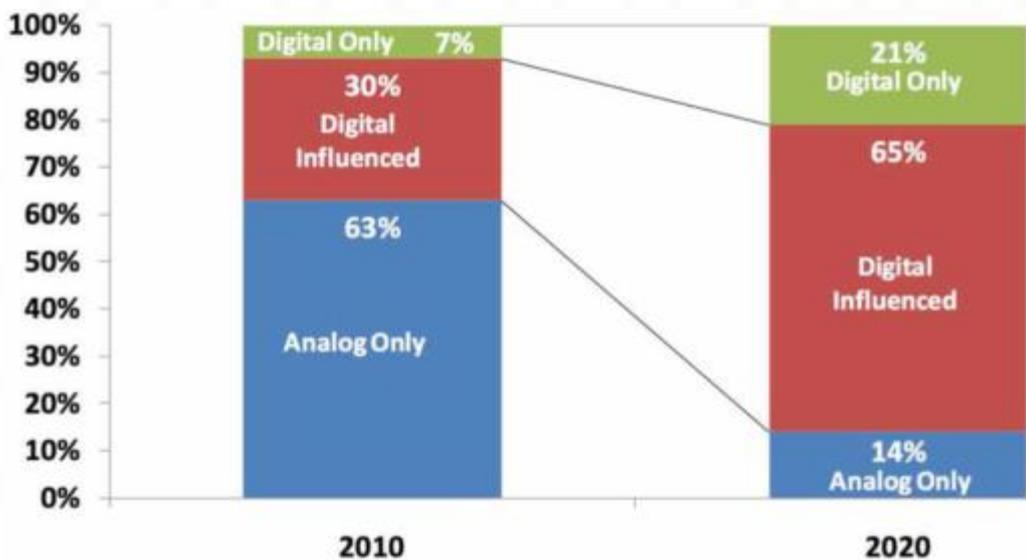
From customs clearance to FDA approval and logistics, Companies will need to expand their e-commerce business across S.E. Asia.



### Online-to-Offline (O2O)

Consumers buy online and continue the service offline. O2O leverages web traffic and engagement to drive consumers to offline

## Over the next five years, 65% of transactions will start online and finish offline, known as O2O Commerce (Online-to-offline)



Save22 2014 Online-to-offline presentation, Mastercard Online Shopping Survey 2013

## Ecommerce solutions will get very competitive



Fast and predictable delivery with COD (Collection on Delivery) is a big driver for online SALES in S.E. Asia

## How do you succeed in Ecommerce?

Solve the hard problems from marketing, technology, and operations, to fulfillment and delivery

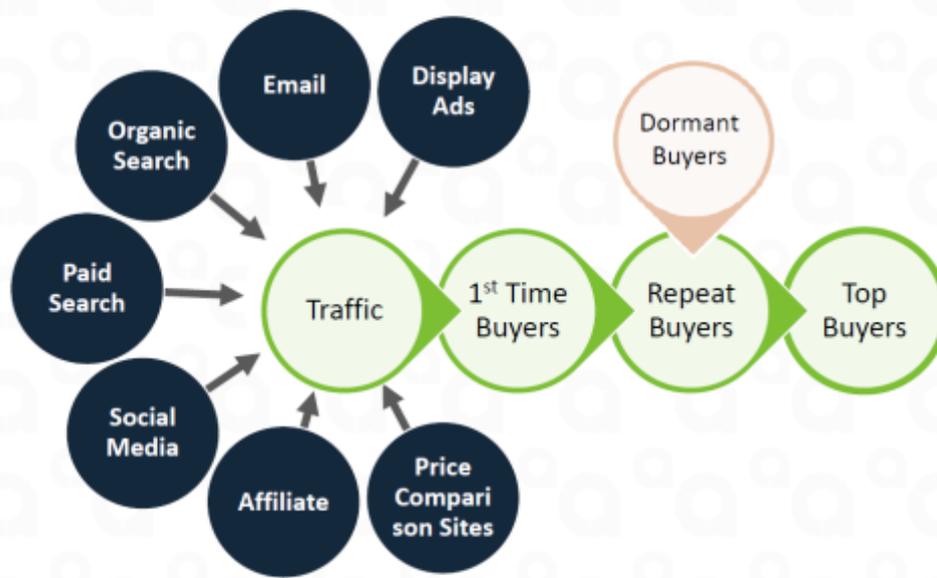


Ecommerce Technology  
(Evolves rapidly)



Fulfillment Centers  
(Difficult to scale)

# You have to be sales driven



“Transactional marketing is the future”

# You have to be data driven

## Summary: Users, Order Status, and Revenue



## Product Sold: Type, Quantity, and Revenue

Quantity	Today	Quantity	Yesterday	Revenue	Today	Revenue	Yesterday
incoo...oficial Kit	20	wasaw...oficial	42	Samsung Galaxy N...	78.0 K	Samsung Galaxy S...	57.2 K
samsung Domee q'ub...	18	subo...oficial Real In...	20	Samsung Galaxy S...	43.7 K	Samsung Galaxy N...	30.4 K
samsung Domee H Q 2	15	subo...oficial Real	16	Samsung Galaxy N...	38.0 K	LG LED TV 32 In...	39.1 K
samsung Domee q'ub...	10	subo...oficial real	12	LG LED Smart Olg...	30.3 K	Samsung Galaxy N...	37.8 K
SAMSUNG Easy	6	subo...oficial H	10	Samsung Galaxy S...	32 K	Samsung Galaxy W...	32.7 K
samsung Domee H Q ...	6	subo...oficial/real	11	Samsung Galaxy N...	19.0 K	subo...oficial DGLR...	30.8 K
samsung DS-2 Invis...	6	subo...oficial Real Tec...	10	LG LED Smart Olg...	15.1 K	LG LED Smart Olg...	30.3 K
samsung Domee q'ub...	4	subo...oficial/real Re...	6	LemooA511 - 4GB...	14.2 K	Samsung Galaxy N...	25.2 K
Mony Piko Parts ...	4	subo...oficial real...	7	Samsung Galaxy N...	12.0 K	Samsung Galaxy N...	23.1 K
samsung Domee H Q 2	4	LG LED TV 32 In...	6	Samsung Galaxy ...	13.0 K	Samsung Galaxy N...	19.8 K

## Email: Sent, Open, Click, and Revenue



## Marketing: Campaign, Channel, and Revenue

EOM Performance*			Facebook Performance*			Keyword Performance*			Adwords Performance*		
Campaign	Transactions	Revenue	Campaign	Clicks	Transactions	Keyword	Transactions	Revenue	Campaign	Transactions	Revenue
20140101_1461	31080.0		1461	750.0		1461	3		1461	3	
20140101_1462	31070.0		1462	400.0		1462	2		1462	2	
20140101_1463	31060.0		1463	200.0		1463	1		1463	1	
20140101_1464	31050.0		1464	100.0		1464	1		1464	1	
20140101_1465	31040.0		1465	50.0		1465	1		1465	1	
20140101_1466	31030.0		1466	25.0		1466	1		1466	1	
20140101_1467	31020.0		1467	12.5		1467	1		1467	1	
20140101_1468	31010.0		1468	6.25		1468	1		1468	1	
20140101_1469	31000.0		1469	3.125		1469	1		1469	1	
20140101_1470	30990.0		1470	1.5625		1470	1		1470	1	
20140101_1471	30980.0		1471	0.78125		1471	1		1471	1	
20140101_1472	30970.0		1472	0.390625		1472	1		1472	1	
20140101_1473	30960.0		1473	0.1953125		1473	1		1473	1	
20140101_1474	30950.0		1474	0.09765625		1474	1		1474	1	
20140101_1475	30940.0		1475	0.048828125		1475	1		1475	1	
20140101_1476	30930.0		1476	0.0244140625		1476	1		1476	1	
20140101_1477	30920.0		1477	0.01220703125		1477	1		1477	1	
20140101_1478	30910.0		1478	0.006103515625		1478	1		1478	1	
20140101_1479	30900.0		1479	0.0030517578125		1479	1		1479	1	
20140101_1480	30890.0		1480	0.00152587890625		1480	1		1480	1	
20140101_1481	30880.0		1481	0.000762939453125		1481	1		1481	1	
20140101_1482	30870.0		1482	0.0003814697265625		1482	1		1482	1	
20140101_1483	30860.0		1483	0.00019073486328125		1483	1		1483	1	
20140101_1484	30850.0		1484	0.000095367431640625		1484	1		1484	1	
20140101_1485	30840.0		1485	0.0000476837158203125		1485	1		1485	1	
20140101_1486	30830.0		1486	0.00002384185791015625		1486	1		1486	1	
20140101_1487	30820.0		1487	0.000011920928955078125		1487	1		1487	1	
20140101_1488	30810.0		1488	0.0000059604644775390625		1488	1		1488	1	
20140101_1489	30800.0		1489	0.00000298023223876953125		1489	1		1489	1	
20140101_1490	30790.0		1490	0.000001490116119384765625		1490	1		1490	1	
20140101_1491	30780.0		1491	0.0000007450580596923828125		1491	1		1491	1	
20140101_1492	30770.0		1492	0.00000037252902984619140625		1492	1		1492	1	
20140101_1493	30760.0		1493	0.000000186264514923095703125		1493	1		1493	1	
20140101_1494	30750.0		1494	0.00000009313225746196484375		1494	1		1494	1	
20140101_1495	30740.0		1495	0.000000046566128730982421875		1495	1		1495	1	
20140101_1496	30730.0		1496	0.0000000232830643654912109375		1496	1		1496	1	
20140101_1497	30720.0		1497	0.00000001164153218274560546875		1497	1		1497	1	
20140101_1498	30710.0		1498	0.000000005820766091372802734375		1498	1		1498	1	
20140101_1499	30700.0		1499	0.0000000029103830456864013671875		1499	1		1499	1	
20140101_1500	30690.0		1500	0.00000000145519152284320068359375		1500	1		1500	1	
20140101_1501	30680.0		1501	0.000000000727595761421600341796875		1501	1		1501	1	
20140101_1502	30670.0		1502	0.0000000003637978807108001708984375		1502	1		1502	1	
20140101_1503	30660.0		1503	0.00000000018189894035540008544921875		1503	1		1503	1	
20140101_1504	30650.0		1504	0.000000000090949470177700042724609375		1504	1		1504	1	
20140101_1505	30640.0		1505	0.0000000000454747350888500213623046875		1505	1		1505	1	
20140101_1506	30630.0		1506	0.000000000022737367544425010681234375		1506	1		1506	1	
20140101_1507	30620.0		1507	0.0000000000113686837722125053406171875		1507	1		1507	1	
20140101_1508	30610.0		1508	0.00000000000568434188610625272030859375		1508	1		1508	1	
20140101_1509	30600.0		1509	0.0000000000028421709430531261065169696875		1509	1		1509	1	
20140101_1510	30590.0		1510	0.00000000000142108547152656252725348484375		1510	1		1510	1	
20140101_1511	30580.0		1511	0.000000000000710542735763281263671722421875		1511	1		1511	1	
20140101_1512	30570.0		1512	0.000000000000355271367881640625271813612109375		1512	1		1512	1	
20140101_1513	30560.0		1513	0.0000000000001776356839408203126090680546875		1513	1		1513	1	
20140101_1514	30550.0		1514	0.00000000000008881784197041015625270453402734375		1514	1		1514	1	
20140101_1515	30540.0		1515	0.0000000000000444089209352050781252702267013671875		1515	1		1515	1	
20140101_1516	30530.0		1516	0.0000000000000222044604676025390625270113353696875		1516	1		1516	1	
20140101_1517	30520.0		1517	0.0000000000000111022302338012651562527005676834375		1517	1		1517	1	
20140101_1518	30510.0		1518	0.000000000000005551115116900632578125270028384171875		1518	1		1518	1	
20140101_1519	30500.0		1519	0.000000000000002775557558450316289062527001419209375		1519	1		1519	1	
20140101_1520	30490.0		1520	0.00000000000000138777877922515644453125270007096484375		1520	1		1520	1	
20140101_1521	30480.0		1521	0.000000000000000693889389612577222656252700035482421875		1521	1		1521	1	
20140101_1522	30470.0		1522	0.000000000000000346944694806286361328125270001774112109375		1522	1		1522	1	
20140101_1523	30460.0		1523	0.0000000000000001734723474031431806562527000088705609375		1523	1		1523	1	
20140101_1524	30450.0		1524	0.000000000000000086736173701571550328125270000443528046875		1524	1		1524	1	
20140101_1525	30440.0		1525	0.0000000000000000433680868507857751640625270000221764034375		1525	1		1525	1	
20140101_1526	30430.0		1526	0.000000000000000021684043425392887578125270000110882209375		1526	1		1526	1	
20140101_1527	30420.0		1527	0.0000000000000000108420217126964437890625270000055441046875		1527	1		1527	1	
20140101_1528	30410.0		1528	0.000000000000000005421010856348221894531252700000277205234375		1528	1		1528	1	
20140101_1529	30400.0		1529	0.0000000000000000027105054281741109476562527000001386026171875		1529	1		1529	1	
20140101_1530	30390.0		1530	0.0000000000000000013552502640870554978125270000006930133696875		1530	1		1530	1	
20140101_1531	30380.0		1531	0.000000000000000000677625132043527739062527000000346506834375		1531	1		1531	1	
20140101_1532	30370.0		1532	0.000000000000000000338812566021763869453125270000001732534171875		1532	1		1532	1	
20140101_1533	30360.0										



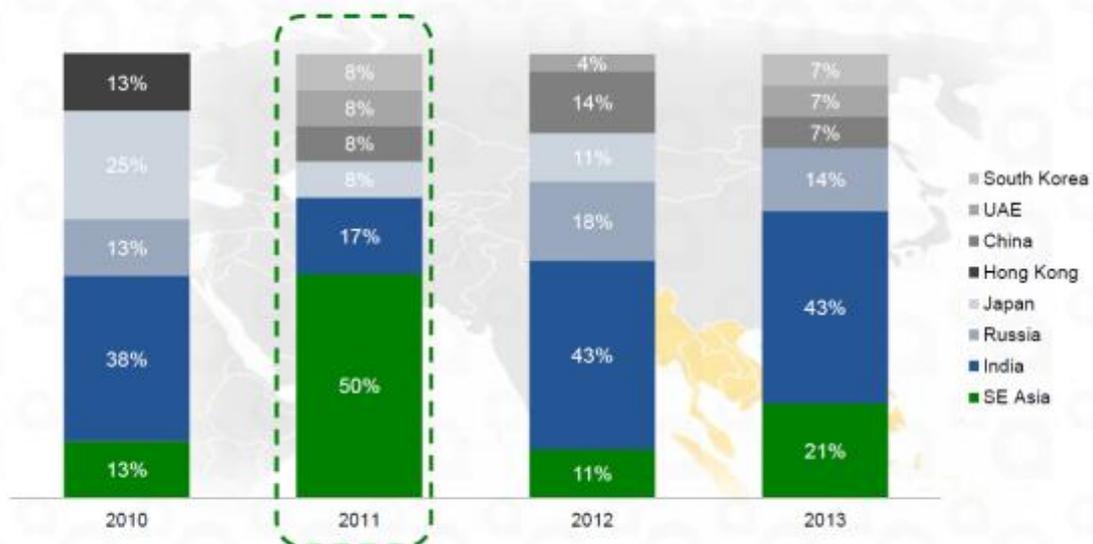
**“THE CHALLENGE ACOMMERCE IS FACING IS THAT THERE ARE MANY BROKEN PARTS IN THE VALUE CHAIN. SOMEONE TRYING TO SOLVE ONE PARTICULAR PROBLEM FINDS THAT HE HAS TO SOLVE A FEW OTHER PROBLEMS FIRST.”**

– Ray Alimurung, CEO Philippines



## More funding and exits in SE Asia due to global focus of emerging markets and HIGH valuations in BRICs

In 2011, 50% of e-commerce exits in Asia were in SE Asia



Source: Tech In Asia

# Thank you

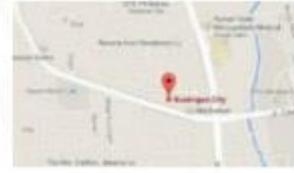


**Paul Srivorakul**  
*Regional CEO*  
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Legaspi Street, Makati, Philippines 1200



## The Regulatory Framework : Tools for Venture Capital

### ❑ OVERVIEW

"Venture Capital (VC)" is understood as:

- Financial Capital (mainly in the form of Equity Capital)
- For Start-up Companies that hold High-Potential & High-Risk
- *Venture Capital* compared with *Private Equity* (LP & GP)
- With Unique Advantages, that are a combination of:

*Technology*

*Business Model*

*People*

### ❑ ECOSYSTEM

### ❑ GOVERNMENT SUPPORT

### ❑ THAILAND MODEL

### ❑ Ministry of Finance : Role and Stakeholders

- Fiscal Policy Office (FPO)
- Revenue Department
- Securities and Exchange Commission Thailand (SEC)
- The Stock Exchange of Thailand (SET)

Others :

- National Science and Technology Development Agency (NSTDA)
- Office of Small and Medium Enterprises Promotion (OSMEP)
- SME Bank
- NECTEC, BIOTEC, MTEC, NANOTEC
- Ministry of Industry
- Ministry of Science and Technology
- Ministry of Commerce



**Venture Capital : Government**

**Two important paths**

**INCENTIVES**

**Actions (illustrative)**

- Provide strategic grants/incubation support
- Enact tax-breaks for strategic industries
- Establish industry clusters/districts dedicated to high-growth industries
- Fund national research projects
- Provide subsidies for R&D expenditure

**REGULATIONS**

- Strengthen intellectual property rights regulations
- Streamline business set-up / liquidation requirements
- Ease fund formation requirements

**Venture Capital : Thailand**

**Thai VC's Timeline**

**1988 - 1996**

- Origin of VC
- Private sector
- Business Angel

**1996 - 2002**

- Financial Crisis
- Economic stimulation packages 1999
- Tax Privilege ACT 2001 (SMEs & obstacles)

**2002 - 2008**

- Innovation Fund:NSTDA, MST
- Thai Competitiveness fund : OSMEP
- Tsunami Fund
- Extend Tax Privilege ACT 2<sup>nd</sup> 2004 (Improved)

**2008 - present**

- Extend Tax Privilege ACT 3<sup>rd</sup> 2008 (Improved)
- New Tax Privilege measure (ongoing)

**Key Individuals**

Business Angel Fund H&Q

SMEs VCF (Government)  
 V - net co.,Ltd (Automotive Fund)  
 BVP co.,Ltd  
 Thanasathaphana co.,Ltd

Kaokla co.,Ltd (Kbank) (SME fund)

- Thai NDT (IPO)
- Dimet Siam (IPO)
- Cyber Planet (IPO)
- Jubilee (IPO)

#### ❑ **Venture Capital : What we learned**

- Depend on situation (Financial crisis & tsunami)
- Favorable on SMEs (8.1% access to Gov't funding)
- Traditional Thai business culture (role of families)
- Strict tax privilege condition
- Limitation of fund management (Gov't policy)

#### ❑ **Venture Capital : New Proposal**

- Provide equity financing as source of fund
- Support corporate VC fund approach
- Project investment qualification (Core Technology & Business)
- Start - up funding
- Investment incentive ; relaxed regulation

**Fiscal Policy Office : Tax Privilege (New)**

SMEs → **Technology-Based Business**

**10 Target industries (Certified by NSTDA)**

for example : Renewable energy, Creative economy, Advanced technology  
Automotive Part and design, Software development, Medical and Healthcare etc.

Small fund sizes (more than 20 million baht or \$0.7 Million US)

Limited funding privileges (specific for 10 target industries's investment)

Exempt Dividend & Capital gain for 10 years

Definition of Venture Capital Company : VCC (Regulated by SEC)

**Presentation 11: Success Case: ink blazers (formerly MangaMagazine)  
By: Mr. Bancha Dhammarungruang**



Current:



ink  
blazers

Education



Sasin

Graduate Institute of Business Administration  
of Chulalongkorn University

Carnegie Mellon

Experiences

amazon.com.



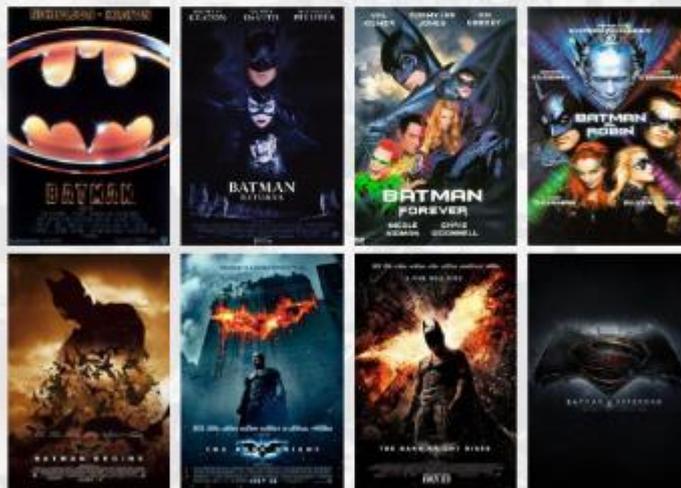
COMICS  
TO  
LOVE

www.inkblazers.com



## Problem: Comic Industry is Broken

- How many Batman movies have you seen?



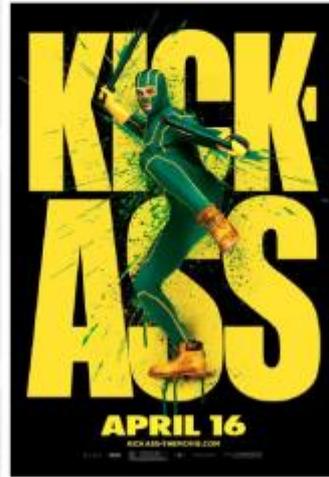
COMICS  
TO  
LOVE

www.inkblazers.com



## Problem: Comic Industry is Broken

- Who remembers Kick-Ass?



COMICS  
TO  
LOVE

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## US\$ 1 Billion Industry Dominated by Big Players, until...

Individual Artists



Big Players



COMICS  
TO  
LOVE

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# Technologies and Social Platforms Disrupting the Competitive Landscape



COMICS  
TO  
LOVE

[www.inkblazers.com](http://www.inkblazers.com)





# Thriving Ecosystem of Artists and Fans

**7,000**  
Comics Online

**2,000**  
New Comic Pages/Week

**8.9 Million**  
Views/Month

**20,000**  
New Likes/Week

**8,500**  
New Comments/Week

**10.33%**  
Avg. Growth/Month



COMICS  
TO LOVE

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# Challenges and Next Steps: Mobile



COMICS  
TO LOVE

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# How did it all began?



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TO  
LOVE

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## The Long Months: Raising Funds

- Family and Friends
- Cold Calls
- Google Ventures
- Undisclosed Companies
- Public Presentations
  - Philly Tech Meetup
  - Boston New Technology Meetup
  - Comic-con International: San Diego
- Angel Investors



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LOVE

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## Our Team Today



COMICS  
TO  
LOVE

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## Advice for Aspiring Entrepreneurs

- Partner/Co-founder You Trust
- If you are an engineer (or starting your own business for the first time), get ready for a roller coaster ride.

*“The only man who never makes mistakes is the man who never does anything.”*

- Theodore Roosevelt



COMICS  
TO  
LOVE

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**Presentation 12: Technology Innovation Business Startup Fostering Program**  
**By: Mr. Chalernpol Tuchinda**



*Technology Innovation Business  
Startup Fostering Program  
by Software Park Thailand*

Chalernpol Tuchinda, Director  
Software Park Thailand, NSTDA  
Thailand

June 19, 2014



Ralph waldo Emerson

“Do not go where the path may lead;

*go instead where there is no path and leave a trail.”*

## Death Valley



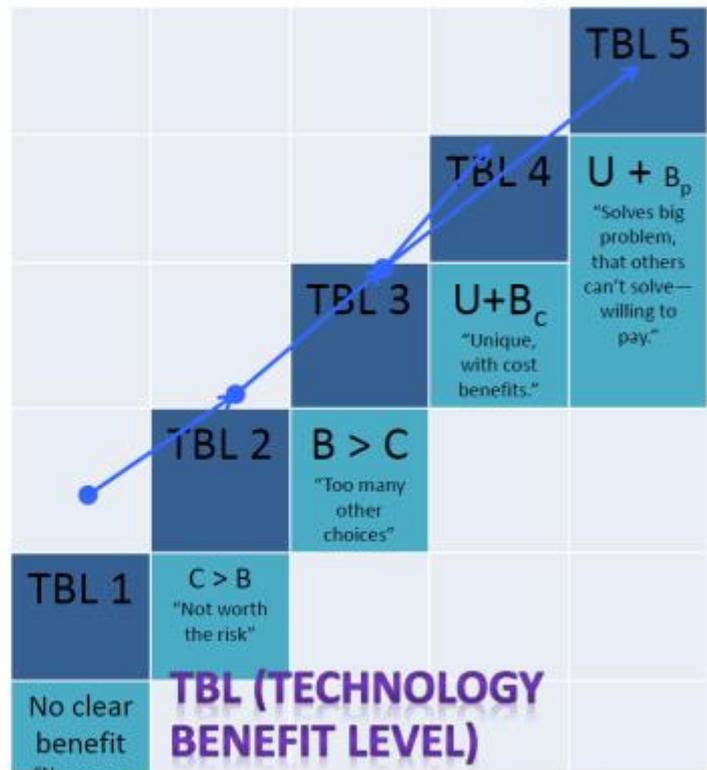
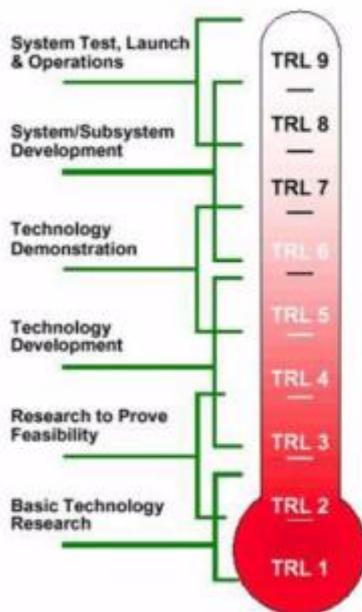
Illustrations by Sandbox Studio

It's all about...

**SOLVING SOMEBODY'S  
"BIG" PROBLEM**

- RIGHT TIMING
- KNOW YOUR POTENTIAL CUSTOMERS
- DOMAIN KNOWLEDGE
- UNIQUENESS
- RESOURCES
- INTERACTION
- OPEN MINDED
- RIGHT PLACE
- BUSINESS MODEL
- NETWORKING
- PERSUASION
- LIME LIGHTS
- UNDERSTAND THE MARKETS AND LANDSCAPE

Screening: Technology Readiness that solves **big** problem



# Software Park Program for Technology Business



From IDEAS



To SUSTAINability

Getting SERIOUS

Growing SUCCESS

Products/  
Technologies

Business

Markets

Process/  
Quality

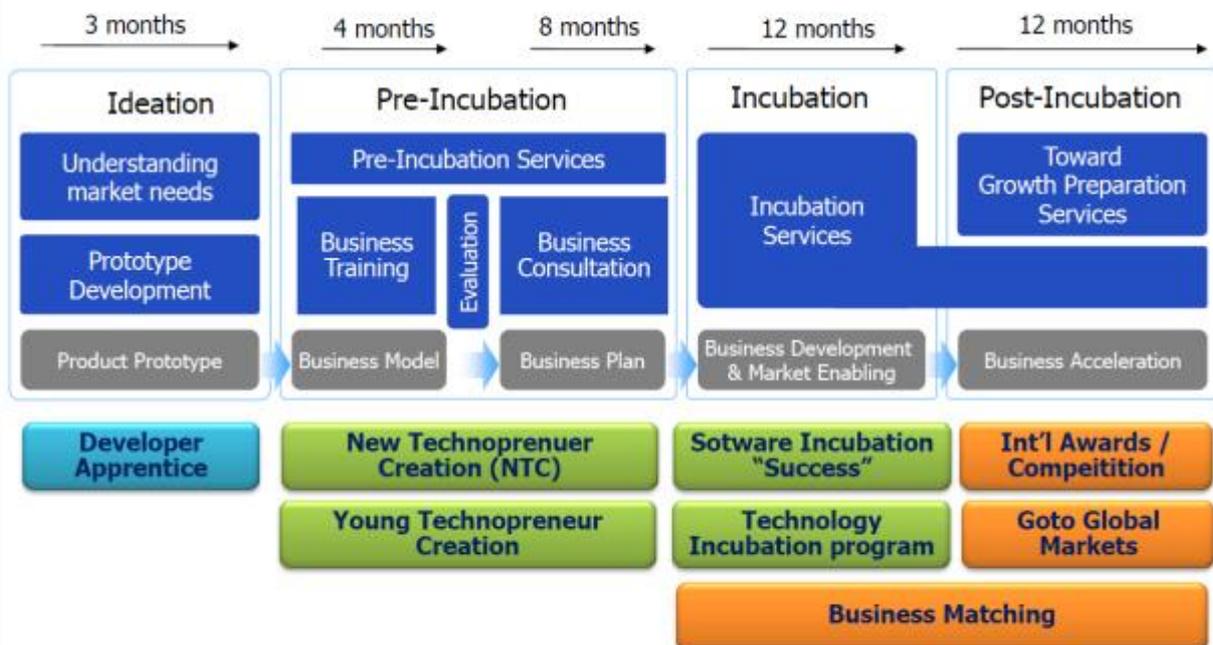
120 product ideas

57 new businesses  
136 business ideas  
28 Awards  
Eco-Impact **US\$14.4 M.**  
Investment **US\$2.6 M.**

100+ business matching  
Eco-Impact **US\$5.2 M.**  
Investment **US\$2 M.**

25 CMMi certified Org

# Software Park Tech Startups Fostering Program



## Software Park Highlighted Startups Achievements

**LNW SHOP**  
e-commerce Shop



Reached **100,000 Shops**  
Within 6 Months  
Trade value **US\$12,500,000**

**DTR** Data Root Asia

PROFESSIONAL SERVICES, MANAGE SERVICES, TURNKEY PROJECT, IT OUTSOURCING



Revenue **US\$1,100,000**  
in 3 months after the Success program

## Software Park Highlighted Startups Achievements

**OB** One Bit Matter  
SERVICING COMMUNITY  
MONITORING REPORT



**OBVOC**  
Onebit Voice of Consumer

“เครื่องมือที่ช่วยให้อุปกรณ์ได้ทราบถึง  
ผู้คนที่ผูกพันกับอุปกรณ์บนโลกออนไลน์”



Revenue **US\$500,000**  
in 3 months after the Success

**CONSULTO**  
SOFT  
CONSULTO SOFT CO.,LTD.

**CRM solution**

Revenue **US\$200,000**  
During the Success program

# Awards in Innovation Technologies

## Business Commercialization



## Innovation Awards



## SwPark Highlighted Startups: Contests Winners



COMPUTERLOGY



netk system



MEGA GENIUS

GRANDLINUX SOLUTION

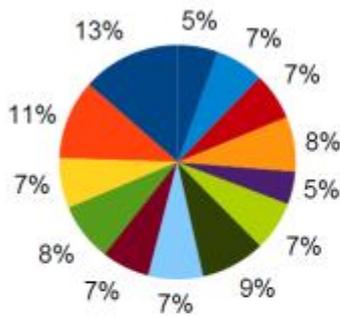


SensorBuilder

LnW SHOP



# Startups and Park Tenants

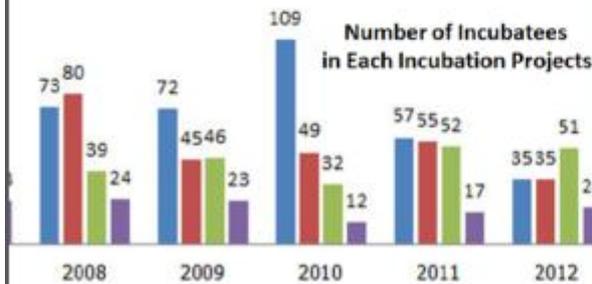


- Manufacturing
- Government
- Education/ Library
- Retail/Wholesale/Trading
- อื่นๆ /Others
- Food/Beverage
- Telecommunications/Mobile
- Tourism
- Animation/Game/Edutainment/ Digital content
- Logistics/Transportation/GIS
- Medical and Healthcare
- Consulting
- Agriculture

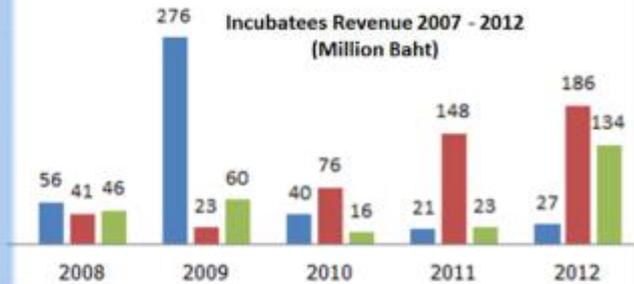
Tenants	54
Incubatee Alumni	123
<b>Total</b>	<b>177</b>

(Industry Sector)

SW Preincu Tech Preincu SW Incu Tech Incu



Preincubation SW Incubation Tech Incubation



# Thailand Technology Startup Landscape

**Venture Capital** InVent ARDENTCAPITAL TOGETHER VC MB VC K-SME +13

**Incubator/Accelerators** AIS Startup dtac accelerators true incube SOFTWARE PARK THAILAND O3i

**Co-working Space** NUSBA LAUNCHPAD the sync GLOWFISH KLIQUE DESK WORK BUDDY ME:D PUNSPACE

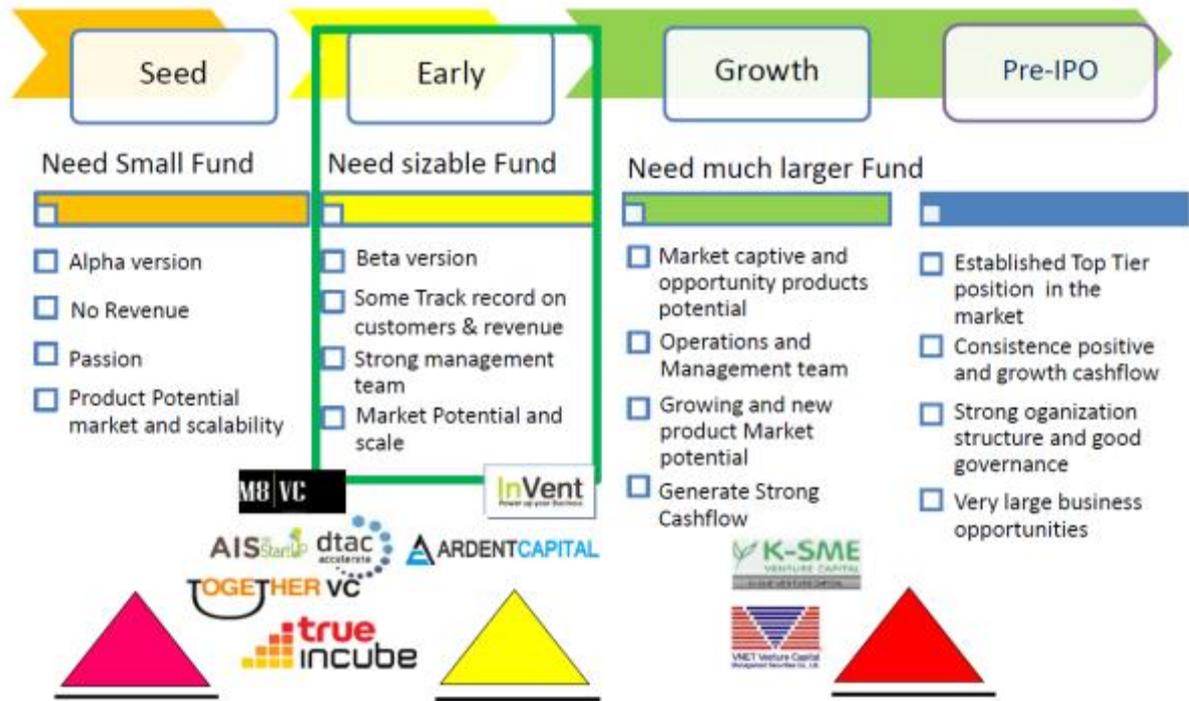
**Training Centers** doo eeeet K SME SOFTWARE PARK THAILAND

**Media** thumbsup EGG idea THE NATION

**Government** OSMEP SOFTWARE PARK THAILAND NSTDA NIA 10

**Association** BSIPA

# Local main investors



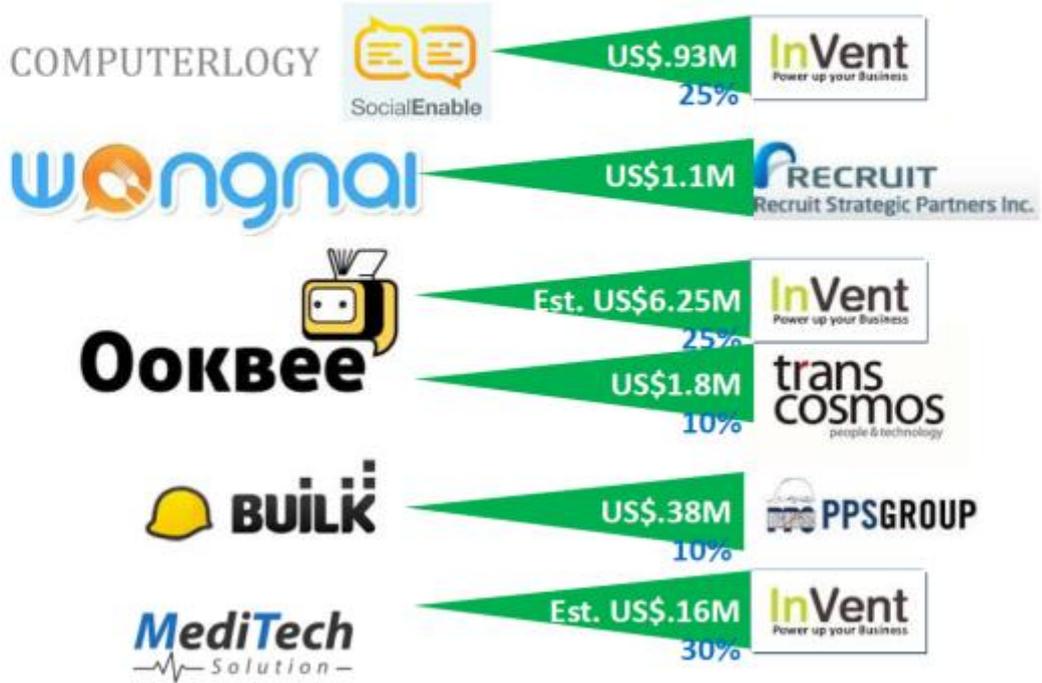
## Q&A



[WWW.SWPARK.OR.TH](http://WWW.SWPARK.OR.TH)  
[BIC@NSTDA.OR.TH](mailto:BIC@NSTDA.OR.TH)  
[CHALERMOPL@NSTDA.OR.TH](mailto:CHALERMOPL@NSTDA.OR.TH)



## Highlighted Startup: Invested in 2013&2014





**Asia-Pacific  
Economic Cooperation**

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**APPENDIX 5**

**Minutes of Meeting**

**Financing APEC SME Innovation through Venture Capital Workshop  
Ballroom 2, Sofitel Sukhumvit, Bangkok, June 18-19, 2014**

**Minutes of the Workshop**

**Day 1, June 18, 2014**

**Opening Remarks**

*Dr. Patima Jeerapaet, Director General of the Office of Small and Medium Enterprises Promotion, Ministry of Industry, Thailand*

DG Dr. Patima opened the Workshop by stressing the need to increase APEC SME access to financing particularly in the innovative startup sector, as stated in the Strategic Plan of the SME Working Group. Venture capital having been identified as an important means of increasing such access, he emphasized the purpose of the Workshop in growing this important source of startup capital for SMEs involved in low-collateral, high-tech businesses. Venture capital is an important means of spurring innovation, but VC markets in our respective economies differ vastly. How can policymakers, entrepreneurs, innovators, and investors work together to facilitate this synergy? Dr. Patima urged the audience and speakers to work together to achieve policy solutions aimed to grow the VC mechanism and SME innovation.

**Keynote Address: Venture Capital in APEC – Ten Years On**

*Professor Dr. Kimball Dietrich, Associate Professor of Finance and Business Economics, USC Marshall School of Business*

Professor Dietrich gave a broad overview of the venture capital industry in APEC, updating his report to PECC given in 2003. Why are SMEs important? Dr. Dietrich observed how important SMEs were to all APEC economies, representing over 99 percent of total enterprises in many of those economies. Many entrepreneurs are driven into the SME sector because of lack of employment elsewhere. Service industries remain the most important, with trade and construction following. Dr. Dietrich looked at the population distribution in Thailand and other APEC economies, pointing out that many APEC economies remain heavily rural in population. At the same time, as economic changes take place and people move to the cities in these economies, there will be a concurrent growth in non-traditional sectors (healthcare, for example). High technology is not central to most APEC economies yet.

What is the role of innovation in SME? Most of this will occur in manufacturing, construction, and services in the lower-income APEC economies. Dr. Dietrich pointed to a Chinese VC investment in the logistics of the food industry as a good example of innovation in more traditional industries. In the US, talk of raising the minimum wage will result in innovation to cut out costly labor (e.g. using iPads to order in restaurants). Medical service is another area that will see innovation. Cellular technology has assisted traditional industries as well, for instance in predicting crop prices for farmers.

Beyond financing, developing entrepreneurs is a major basic obstacle for many APEC economies. Dr. Dietrich pointed to Silicon Valley as a major incubator for innovation and innovators. The investor environment there is dominated by former entrepreneurs, for instance the founders of Netscape have subsequently become investors in other startups – thus, Accredited Investors. This cuts down the level of public disclosure and information that an outside investor requires. Limited partnerships are a legal form where money can be raised by General Partners from wealthy investors. Tax law favors this mechanism by not taxing this partnership. All of the income from the partnership is passed directly to the partners.

Pension plans and other institutional investors are also a major source of equity in VC. Relationships in this mechanism are paramount – Silicon Valley’s investors have lists of effective managers who are on hand to take the reins of any potential startup.

Universities play a key role in this mechanism as well, producing qualified graduates in high-technology fields. Talent is sourced globally and from throughout the US and from India, Israel, and China, creating a uniquely cross-cultural incubating environment. Thus, talent mobility is a major factor in promoting this innovative environment. Miami, Boston, the Bay Area, and many other areas in the US are replicating this kind of phenomenon, while internationally only certain loci have provided the same nurturing environment – Singapore, Hong Kong, Japan. Much depends on the development of the so-called “Iron Triangle” consisting of academia, entrepreneurs, and investors.

In terms of comparative Pacific Rim investment between 2001 and 2013, China has moved from 5<sup>th</sup> position in 2001 to 1<sup>st</sup> in terms of funds under in management. At the same time, much of this investment has been in real estate rather than high tech. Hong Kong has fallen from 1<sup>st</sup> to 2<sup>nd</sup> place. Japan has moved from 2<sup>nd</sup> to 3<sup>rd</sup>. Singapore has gone from 3<sup>rd</sup> to 6<sup>th</sup>, while Korea moved from 5 to 4 and Australia 6 to 5. Chinese Taipei has dropped off the list, which may indicate that Chinese Taipei managers have moved to Shanghai and Beijing.

Investment in high technology specifically has been concentrated differently in APEC. In Thailand, 72% of VC funds have been focused in high tech, 28 in traditional. In the US, 88% was in high tech.

How are SMEs financed and how much does VC feature? In the US, owners, commercial banks, and trade credit are the top three sources of funding for SMEs. VC and angel financing is far behind, and very due-diligence dependent. Reputation and networks are therefore extremely important in building investor confidence. Accounting and other administrative frameworks may not be entirely stable or transparent. This is particularly true in economies when families and politics play an important role in business administration – transparency and governance are major issues.

Stable economic and legal systems as found in the US, Canada, and Singapore are also major contributive factors. In some economies, convertible debt is not allowed, and hence a standard VC technique – making investment of convertible debt in order to be able take on a position of responsibility – is out of the question. Options and warrants may also be regulated. Pension fund investment regulations; contractual forms; disclosure – all of these may be dictated by regulation which may make VC difficult.

What policy measures need to be taken to promote VC and innovation? Entrepreneurs must be there, and have technical skills. Then, VC must be in place. Corporate tax rates allowing preferential tax treatment for limited partners must also be in place.

Exit strategies are also key. An environment with a number of options for exit must exist. Trade sales – another firm buying the assets (like Google). IPOs are a usual exit strategy – Baidu for example has decided to list in New York, where regulations exist to facilitate board voting by the founders, rather than in Hong Kong or China.

No-one could have designed Silicon Valley. It emerged from an open environment which could not have been artificially created. However, certain control, transparency, and open policy decisions may create a nurturing environment for such a perfect combination as Silicon Valley to eventually emerge. In the words of Andreessen, founder of Netscape, the gov-

ernment should “just leave us alone”. Libertarianism is a key driving culture among most startups and VC.

There is some debate as to how much VC should be domestic and how much international VC presence should be encouraged in certain economies.

Poorly-regulated banking systems offer risks for emerging economies. For instance, short term certificates being used to finance high-tech or real estate in China present a risky proposition for the entire economy. At the same time, shadow banking sometimes presents a very real resource for startups by investors who can afford to take a loss. We may see other institutional financing forms emerge that are non-traditional or unfamiliar. There sometimes has to be a cultural shift at the policy level to adjust to new networks, social structures, and forms. Focus on growth and broader economic development, rather than accepted forms.

### **Early Days: Growing the Venture Capital Industry in Thailand**

*Mr. Vorasit Pokachaiyapat, President, Thai Venture Capital Association*

Mr. Vorasit introduced the Thai VC scene as well as made some broad observations about VC in APEC in general. 1997 was a major watershed in Thailand and Asian economies. VC was a new field before 1997. There were 98 finance companies before 1997, together with 20 commercial banks accounting for 90% of the country’s savings. Very few sources of financing existed. Banks were in competition with VC funds, and took 10% equity. Funding costs were much more competitive. Venture capitalists could not compete with this kind of asset based lending because of the dominance of banks.

The Stock Exchange of Thailand was only founded in 1975, with the SEC only starting in 1992. It was a very small group of players. VC only started in 1988, with no organized local VC funds; most funding was from overseas. Just before the 1997 financial crisis, the catchword was “emerging markets”. Finansa started in 1992 with an American partner, and at the time much money was being poured into these emerging markets. The SET skyrocketed without very much oversight or organization to growth and investment.

For VCs, one key issue: Innovative environments are very locally based. As Professor Dietrich pointed out, Silicon Valley was not created. It grew organically, and despite the desires of policymakers, it cannot be replicated artificially. The talent and networks grew by themselves and through the efforts of locals, and locals must help each other. Finansa looked at Vietnam, although there was money everywhere in Thailand; this was challenging, hence local knowledge and presence is of paramount importance. It is extremely difficult for foreigners to be investing, for instance, in Bangkok from San Francisco. Even in America, Seattle investors invest in Seattle, not in New York.

After the financial crisis, there are now 14 banks and 2 finance companies, with 40 brokers. There is now a focus on larger companies rather than SMEs. Banks are no longer allowed to take equity in ordinary companies; they are now straight lenders. Lending regulation was also tightened up considerably, particularly for SMEs.

The government is now playing a more important role. There are now 8 state-owned financial institutions, including the SME Bank and OSMEP. Institution of Promoting the Teaching of Science and Technology has also been an important addition. The Market for Alternative Investment (MAI) established in 1999, with the first listing in 2001. 97 companies are now listed. The establishment of the Trust Law has been vital, finally establishing a legal local vehicle for VC to raise funds similar to the LP/GP mechanism in the US. Before an offshore

vehicle would have to be founded, or they would go through a local corporations. VC investment managers have also improved.

The second major message is that many key players have to be in place, like universities, investors, exit options, angles and incubators. Networks are indispensable. These are early days – we finally have a Trust Law and the legal framework, but now the real work starts in terms of creating the nurturing environment of universities and incubators and the networks they create. Right now there is not enough critical mass in terms of businesses seeking startup capital, while not enough providers of capital in place to spur entrepreneurs.

In Asia, families are still a major source of funding, and challenges are presented when financing is institutionalized. In the US, risk-takers who succeed are rewarded; this is not always true elsewhere. At the same time, in the US corporate failure is accepted as being part of business life and failed enterprises are allowed to die while entrepreneurs move on. This is not true in Asia, where “face” is very important, and often failed businesses limp along through court cases etc. At base level, well-established financial systems are needed in terms of banks and capital markets.

Question: Quynh Le, PSU. How has the picture changed after the 2008 financial crisis, given the global fallout? Has there been a similar dial-down of VC as has been seen in the US? What policy measures can be taken in Asia?

Mr. Vorasit: Each country is different, although of course all markets are linked. In Thailand, Hong Kong, Japan these economies must help themselves. No-one is going to come help set up these systems; only locals can do it for themselves. There is a need to build brands locally. Governments also need to facilitate the path to seed funding as well as regulating those systems. AEC will change everything as well, and we can expect more regionalism as the world becomes both large and smaller. Government must allow for movement of money and entrepreneurs. Talent and people must also be developed as well; better education and training is of vital significance – build networks between startups and investors through the university nexus.

Professor Dietrich: In the US, macro growth has been slow. Banks and corporations have trillions of dollars of bank loans. Taxes are high, so money is kept abroad. Europe is not an exciting investment destination. People are confused in the US about tax and health policy etc. – it is not a pleasant business environment for VC and SMEs as well. It is not always obvious how the actions of institutions affect the environment. In the 80s, Small Business Investment Corporations were allowed to make equity investments in SMEs, but they were not very successful. Eventually a lot of these fund managers moved over to VC. The incentives are effective in ways that are not immediately clear. It is difficult to pin down the reasons why an environment becomes unattractive.

Sunny from Hong Kong Trade and Development Council: Why are Thai VC firms not investing in Thai startups? Are you focused mostly on technology companies? Is it because Thailand is not technology intensive yet? What about cultural crafts? Is this a preferred investment target?

Mr. Vorasit: We ask ourselves – where are we competitive? Before 1997, we were a place for multinationals to manufacture. But what about SMEs? One of the companies we’ve looked at is a jewelry trading company, because Thailand is a cutting and polishing destination. We have worked to identify and invest in our strengths. There is a strong entrepreneurial spirit here. Agriculture is small-scale, not like Indonesia, but there can be strong individual models. The government has tried to institute legal and tax systems to incentivize innovative individ-

uals to be formalized. Factory permits, etc. were difficult to come by. It is early days, but things are moving in the right direction. SMEs drive the economy and have to be supported by institutions like the SME Bank.

Delegate from Vietnam: What is the strategy to create more listed companies? You mentioned that there are only 100 listed. What are the preferred means of exit?

Mr. Vorasit: Exits here are generally through capital markets or IPO. There is still no capital gains tax. If you list your company and sell to a multinational, you are basically tax free. Trade sales are the second option. Once the market gets bigger trade sales are going to become more important.

## **Sectorial Presentation, Digital Content: World Class Content and Games from Thailand**

*Mr. Jakob Pedersen, Pocket Playlab*

Mr. Pedersen has also worked in angel investing and VC, and so gave both an introduction to startups in Thailand and the investment. He is a serial startup entrepreneur from Denmark. Thailand was not perceived as a startup destination by his fellow entrepreneurs, but his first startup was acquired by a firm that did not even know where his company was located. Pocket Playlab is looking to do 20 million US worth of business this year. 45 people on staff of 10 different nationalities. They are registered in Bangkok, Singapore, and Hong Kong. They often bring in international talent to train Thai teams on mobile gaming, because the technology changes so quickly. They also have a training space to teach people how to use new technologies in order to incubate new talent.

The decision to set up in Thailand was difficult as both distribution and traffic to sites is considered to be quite poor in Thailand. But with the App Store and Google Play, and distribution taking place over mobile, traffic and distribution was avoided as an issue. 40 year old women are the biggest market for their games. It is a worldwide market and is data driven, so no support is required. No warehouse or call center is required. Started in March 2012 with a team of 13 taking over GameDuell; none had mobile game experience. It was self-funded, with some employee shares. It is BOI registered. Trash Your Teacher was the first attempt, but was a complete failure. Art and Development teams were at one point separated physically but are now integrated.

Going viral is a key for a startup. Lost Cubes did 25k US in revenue, but 40k was used on ad budget. Given the shortage of investors they had to look for other forms of financing. They tried in Thailand, Singapore, and Japan with no success to source VC, after 30+ investor pitches. In Japan they only understand the local game market, so a lot of this is contingent upon investor education. They looked at the highest grossing games: Clash of Clans makes 3 million US/day. Monetization is paramount, and strategizing this in order to make every user spend, as well as bring in other users, is vital. They converted Lost Cubes into Juice Cubes, which was a final attempt to avoid selling the company. Test markets were positive. 55% of users were coming back – there are now 22 million users.

The next challenge has been to make another monetizing game. Jungle Cubes is the new release with the same platform. The monetizing strategy is now in place, with the product re-skinned to be more attractive with new graphics.

Lessons learned: 1) hire organically, both local and expat. 2) hire local managers, rather than getting expats that want to change everything 3) find structure from the start in terms of own-

ership (BOI); this can be a challenge with the 49% foreign ownership law, which allows the sale process to be more transparent especially for foreign buyers, who can be confused by local laws.

Other administrative issues are also important, for instance getting a corporate credit card is difficult; banking procedures are complicated and make income management quite difficult.

There are cultural issues at work, where the traditional Thai company pyramid structure does not work. The structure in a gaming company needs to be flatter in order to stimulate creativity. This can take some getting used to.

Question from Indonesia: It is difficult in Indonesia because we don't know the market very well – how to develop a game that will be attractive? Also the life-cycle of games is short. How are you managing the market research process?

Mr. Pedersen: We focused not on downloads, but on monetization. We're not focused on going viral, and charging people to download; we're focused on getting people to spend money after downloading for free.

Ajarn Saisawan: Why did you choose to come to Thailand? And why was your first game a flop?

Mr. Pedersen: I was working in Denmark on software security when I was in my late teens, doing business deals. I saw Asia and liked it, particularly Japan. However, on moving there I wasn't comfortable; the same happened in China. It wasn't an issue of ecosystem or VC presence; I just liked it here. If this positive feeling is there, success will follow, especially when a product can be developed here and sold internationally. Also, self-funding is much cheaper here.

Trash the Teacher had technical glitches, and the focus was on growing virally and organically, not on monetizing. Developers were sick of it. That is an important cultural factor – you have to be ready to end something, and developers and artists need to be educated on this.

Mr. Vorasit: What should the Thai authorities do differently? What about investors?

Mr. Pedersen: The political situation, although not much can be done about that. We are trying to brand Thailand as a place to make games. We have a disadvantage because people don't perceive Thailand as a center of gaming. The BOI system works, but it took a long time to start a company, and being unsure whether it was going to work was very difficult. We couldn't bring in expertise on a legal basis because applying for a work permit is so difficult. This is still a problem. I can't bring in consultants legally.

The banking sector can only be used for payroll. We as a company cannot put our money here because it is too difficult to get it out again. Our cash flow is very high and we need to be able to disburse internationally quickly. The system is not at all cut out for the digital sector, which requires fast payouts particularly for marketing.

## **Sectorial Presentation, Ecommerce Thailand: the Market, the Growth, and the Opportunities**

*Mr. Paul Srivorakul, CEO, aCommerce; Ardent Capital*

Entrepreneurs have to go through the process and learn how to fail before we figure out how to scale. In Southeast Asia, we look at the world differently. We think locally; try to create barriers for entry to others. We have to be aware of how the outside world looks at us. For Jakob, he is developing locally and selling globally.

We started off with MSN and other new media and exited through an Australian company. Then we went to Admax, but overinvested. We tried to grow and drive the market by buying up sites all over six markets in the region, but it was very challenging. Now we try to build up locally, and then exit regionally and globally. We create a bidding war, trying to find buyers that could take us to the next level.

We built Acommerce – a variety of regional investors including Tom Kim, Indonesians, and Japanese. No Thai, unfortunately. UBS has been very active in promoting local startups and has provided showcases for this market at the exit end. Thailand is an exciting place to be, in some ways more attractive even than China.

What is an ecommerce company? It involves a large number of components, much of which is physical. It is long to build up. We partner with brands that want to do ecommerce and provide that service. We take care of the backend and logistics for big brands and retailers. The internet has changed everything in terms of business to consumer. People test in shops, then buy online – “showcasing”. Online to offline is also a major phenomenon – buying online and then picking up offline. Ecommerce is only 1% in Southeast Asia; online ads are 3%. Without the logistics, ecommerce cannot grow. It’s a value chain. Acommerce looks not only at the logistics of B to C, but at the whole process.

In Thailand, internet use is higher than TV, but not for ecommerce, close to Malaysia, but behind Singapore. Online ads are not effective in Southeast Asia yet. Smartphone and internet penetration are actually growing faster than China. Acommerce has cooperated with Line, because mobile has so far outstripped desktop as a retail outlet. Line has allowed market penetration beyond Bangkok. Credit card penetration (35%) is still low, and that’s why we’ve had to drive Collect on Delivery (65%), in order to drive demand.

Thailand is not a winner-take-all market; there are no clear leaders, like in the US with Amazon. There is a lot of room, but things will change when big international players come in. Facebook is still a C to C market, and is not a good platform, because often quality/transparency is poor.

Talent is the major challenge. Companies cannot find the talent to manage an ecommerce outlet. That’s why Acommerce offers their outsourcing option, but it is even difficult to find internal people to manage that relationship between Acommerce and the vendor.

Cross border commerce is the next horizon, and Thailand is well-located for this. Eventually people will want to buy regionally, and postal services and other logistical factors will be key players once more. We are beginning to look at outbound sales.

Acommerce helps with the whole spectrum of trying to find international markets. Ecommerce technology is easy to scale, but the logistics are difficult. We do revenue share as well with our customers. We drive their sales strategy. There are many broken parts in the value chain.

Question: Will future penetration for ecommerce in Thailand cannibalize normal stores?

Mr. Srivorakul: Thailand has a great opportunity because local dealers have monopolies on the brands they handle. This will change as wholesalers adapt and exert greater control over their brands internationally. It is better that they cannibalize yourself than to leave it to the Amazons and the EBays. However, some of these big brands do not move fast enough.

Chayamon: What does the presence of big international entities like AliBaba, etc. mean for local Thai retailers.

Mr. Srivorakul: Rather than thinking about a bricks and mortar shop, it is important for local entrepreneurs to start off with their online strategy. Put your product on Lazada, Rakutin, etc. right from the beginning. If you're manufacturing, get on international ecommerce markets like Timo. Australia Post works with Timo to help Australian brands sell on Timo. Who is doing that for Thailand? That's a great synergy. It's the new exporting. Before you had to travel to the other country to get your products placed there. Now you can do this all online.

### **Success Stories**

*Mr. Natavudh Pungcharoenpong, CEO, Ookbee*

This is his third startup; he started his career right out of college. He has set out build the largest ebookstore in Southeast Asia, a region that previously did not have an ebookstore presence. Kindle etc. did not have revenue from local press at the time. Now they have over 5 million users, growing by 10k users. Now with over 100 staff. Thailand, Vietnam, and Malaysia offices; Indonesia is next. The business model is to partner with publishers, selling their publications online, and then doing profit sharing. Current and back issues of magazines can be read. Payment works through Apple iPay, although payment is accepted through credit cards and cash at 7-11. Payment is also accepted through pre-paid and post-paid telephone billing.

The company does a lot of bundling with Line and other companies in order to acquire customers and build awareness. Facebook advertising is also very effective. They currently control 90% of market share in Thailand. Most of the mobile technology (iOS) revenues are from games. Ookbee has singlehandedly pushed Thailand's revenue from books to number 8 in the world. Ookbee is second only to Super Sale, the company that released Clash of Clans.

Mr. Natavudh founded IT Works out of college, doing software outsourcing for big Japanese companies and localizing technology (language, etc.). Programmers are cheaper here. Startup capital was just 1 million, among a group of friends. They broke even in month 14. There have been acquisition offers locally, but for very little money; Mr. Natavudh decided to go out and find his own funding. In Touch provided 2 million US for the first round of funding. There has been regional expansion into Vietnam and Malaysia, but 80% of revenue is still from Thailand. Thais are particularly inclined to be active on social media (Instagram, etc.).

One challenge has been to avoid M&A offers and focus on raising a Series B. Ookbee does 3-5 pitches for each international trip. They are also looking for the partner who will help them grow. Transcosmos, an outsourcing company in Japan provided their Series B. They have grown 1000 times in 3 years. They are looking to expand into Audio books in different languages; this is anticipated to grow particularly in Thailand, where people spend a lot of time in traffic.

In terms of marketing they have used BTS ads, which are a much more costly proposition than advertising online but reach an entirely different audience.

The ecosystem here is growing fast, but is still small.

Question from Indonesia: I hear that you are trying to expand to Indonesia.

Mr. Natavudh: There have been obstacles – Scoop etc. – but we are thinking next year.

Indonesia: Yes – how do you think to overcome local competition?

Mr. Natavudh: Ookbee Me will be all you can read for all of Southeast Asia. Once we have all of these other countries in place we will go back into Indonesia and talk to potential partners again.

*Mr. Patai Padungthin, CEO, Builk.com*

Builk is focused on B to B and construction only. Mr. Patai was trained as a civil engineer and worked as a general contractor. He founded a construction ERP in 2005 and moved to Vietnam in 2008; it was a difficult move, as there were cultural and localization problems when moving there. They had to take a step back and rethink the model. Builk was founded in 2010, and received funding last year from 500 Startups and a local corporation, Project Planning Service.

The construction industry is old-fashioned and impenetrable to most outsiders. Builk provides the data for small contractors to source materials and develop their products and marketing campaigns. The site summarizes users' activities. They also carry ads related to the construction business – loans, materials, etc. They provide data on material, labor, equipment, sub-contractors, and overhead. Users get a professional report for their profit and loss.

They currently have 13,000 users from 3480 companies. They do market research, figuring out, for instance, how much concrete a company should buy. They increase transparency in the industry, an example of businesses driving transparency. As a crowdsourcing platform, Builk has developed much more in-depth data mining facilities than even the Thailand Construction Association can provide. Philippines, Malaysia, and Indonesia are the next targets, but they always go in partnership, because the industry itself is so localized and network based. They want to be the Big Data of the Construction business. They have also launched a mobile app in order to facilitate communications between the construction site and the head office.

Builk trains their team and customers through a lot of offline activities – factory visits, site visits, etc. Their funders, Project Planning Services, share the same vision for the industry.

Mr. Pathai has spoken to US companies in the same sector, and realizes that so much is to do with offline networking as through this event. Advertising represents 30% of their income, 40% through market research, and 30% through licensing (not revenue sharing). The next revenue stream is the construction B to B marketplace in Q4 this year. They will sell construction materials online.

Sunny from Hong Kong Trade Development Council: How have you found financing? What drives your entrepreneurship? What drove you to step out and create your own business?

Mr. Pathai: We are still in the early stage. I came at the right time in 2012. I went regional – I pitched in Singapore, and then we won the most promising startup in Asia, which changed everything. Being under the spotlight was a major boost in terms of funding. Coverage in tech blogs and other media was also incredibly important. The money is not only here, it is coming from the region.

Finally, choosing the right partner was very important. PPS had the construction background which I wanted.

In terms of obstacles, local regulations were also an issue. Our balance sheet, etc. do not follow international standards. Overseas investors had major questions about this.

As far as the drive to innovate, doing a business that is fun is a major factor. We didn't have revenue for 18 months, and this took perseverance. There is much room for improvement in the construction business, and I am passionate about it.

Ministry of Industry and Trade of Vietnam: You mentioned that you had tried to enter Vietnam.

Mr. Pathai: We worked with Cofigo, but it was not scaleable. We couldn't grow. We are now looking for another partner. Having the right partner is paramount.

Mr. Natavudh: We bootstrapped as well. Ookbee was just a department in my old company. Once we got momentum I got my investors to buy out that department and create Ookbee. It is not difficult to find investors and money, but we didn't have experience in how to spend it, and how to spend it effectively. We learned the hard way.

As for drive, I always wanted to build something. Being creative drives me, as well as controlling my own destiny.

It is very difficult to structure things in Thailand, for instance stock options, or different classes of shares for investors and founders. That is why we have decided to move to Singapore. Most startups have had these difficulties. Everyone sets up in Singapore and comes back to do business here.

## **Venture Capital in APEC: A Regional Investor's Perspective**

*Mr. Adrian Vanzyl, CEO, Ardent Capital*

Ardent Capital is active across SEA, but we are based right here in Thailand. ACommerce is one of our investments. We have raised 11 million for ACommerce's Series A last week, which is a record for an ecommerce firm in Asia. We pitched 60 different times in Australia, the US, Indonesia, Singapore, and elsewhere.

Why do we need VC? In Thailand, startups are bootstrapped by founders' real jobs, because the funding is simply not available. Companies grow slowly, there is a ceiling, and there is no ambition to go regional. VC solves this problem, because it steps up where others don't dare to provide a loan. VC unlocks the growth when these companies hit a ceiling.

Ardent is here because they believe that Thailand is a growth market. We both operate and invest in internet businesses across the region. Opportunity is here and it is coming. I was involved in the dot com boom. Thailand is in the same place as the US was in 1997, and the

place China was in 2008. There is no question that Thailand is the place to be in terms of growth.

Is there a real need for VC? Yes. There are now incubators, co-working spaces, and the Eche-lon events here now have over 1000 attendees. 2-3 hundred entrepreneurs come to the VC talks I give. The same thing is happening in Indonesia.

Venture capital follows entrepreneurs, and we have seen more entrepreneurs funded in this region than anywhere else in the world.

But how to raise that 2 million dollar initial injection for a startup? Unfortunately, the options are incredibly limited outside of Singapore in this region. No-one will provide Series A ven-ture. Most entrepreneurs go to Singapore, but there are strings attached there as well. Most Singapore money is government provided, and recipients must be registered in Singapore, have shareholder agreements there, pay taxes there, and move your entire operation there. Singapore has taken money and thrown it all over the startup ecosystem. There is no better place to raise money if a startup is comfortable with the strings. The Singapore government has more money than the entire US startup industry put together. The Early Stage Venture Fund is a good example of this.

Japan also has a lot of money, with investors that are not afraid of Southeast Asia. Language and culture, however, are very different and difficult. The model there is still corporate and uncomfortable with young fast startups.

Ardent fills a gap where there are no funds in Thailand. By far the majority of funds that Ar-dent has raised have come out of Japan, but ACommerce for instance is entirely Thailand-built, as have been all of our key exits.

The first big exits (over 100 million) have started to take place here: Agoda, etc. In the next 2 years we will start to see the first half billion dollar US exits, and upward from there.

Is there a role model for aggressive growth? Rocket Internet has been a huge ecommerce suc-cess story. They have also been a training ground for ecommerce professionals.

We are in an area in which GDP is going up, mobile technology is going up, and consump-tion is going up. The financial infrastructure is coming together. Asia is also intensely social and active on social media.

The AEC will also considerably change the landscape. If we can drive costs down by opening borders and removing the friction, we are poised for massive amounts of growth in ecom-merce.

Thailand is not too hard, not too easy – it's just right (the Goldilocks concept). You don't learn anything about doing business in SEA by starting a business in Singapore. Thailand has that scalability which allows expansion to the other similar regional markets, without being too difficult (e.g. Indonesia). Thailand has the right balance. The language issue is there, but people have credit cards and bank accounts, and the transport infrastructure is mostly there.

Both internet and smartphones have had a doubling effect on Thailand. The same amount of growth in China in three years was achieved in Thailand in one year. If this continues, there will be another massive boom.

What can private industry do to help entrepreneurs? Angels are an important dimension of this – we have set up an angel network here in Bangkok. Family offices are also key – families play an important role in fostering innovation. Finally, corporate venture capital is important. In Thailand, all the big players have incubators etc. The lack of capital will be solved as we move towards the Singapore model.

The government on the other hand should stay out of the way. Let private industry do what it will do. The BOI structure needs to remain simple and flexible. There was a rumor last year that the structure would change; don't let this happen. Foreign ownership structures need to not change or get better.

Finally, in the long term Thailand needs to promote English language. If you can't pitch in English you will not raise capital.

Most important of all, talent needs to be developed. We are desperate for engineers, designers, etc. The university system needs to double or triple the number of seats available for key courses in technology, or growth here will stagnate. Vietnam is ahead of Thailand in this area, as well as China.

The tax structure needs to be clarified. No one sets up in Thailand because the structure is more articulate and favorable in Hong Kong and Singapore. Businesses set up in Hong Kong and Singapore and do business here.

Finally, if possible, the government should institute a matching fund program in the Singapore mould. Not much is needed, just 50 million will do as a spark to stimulate the startup environment.

Ajarn Saisawan: How do you modulate your pitching?

Mr. Vanzyl: I test the market. I go out with my minimum viable pitch and pitch to friends and friendly VCs. Then I ramp it up for the big players.

Ajarn Saisawan: I have noticed this in my experience that people end up talking about themselves too much.

Mr. Vanzyl: Angels are a good example of this. They are experts, and want to hear an expert pitch. Pitching is a learned skill.

Kenan Institute: Do you do pitch training for local startups?

Mr. Vanzyl: In the first instances for companies we support we go along with the entrepreneurs and do most of the talking. After ten pitches they are on their own.

### **Moderated Discussion: Achieving a Policy Environment Encouraging Entrepreneurship and Innovation through Venture Capital**

*Dr. Kimball Dietrich, Moderator*

*Mr. Tiwa York, Head Coach, olx.org.th*

*Mr. Natavudh "Moo" Pungcharoenpong, CEO, Ookbee*

*Mr. Jakob Lykkegaard Pedersen, Co-Founder, Pocket Playlab*

Professor Kimball focused on "What makes an entrepreneur?"

Mr. York introduced himself – he started in the internet/software sector in 1999 in the US. His company crashed the next year, and he came to Thailand. Here he worked with Paul Sri-vorakul at Admax and a few other startups before leaving in 2010 to work for Sanook where he does “intrapreneurship” – DealFish, rebranded as OLX – which invests in emerging markets in classified advertising, including Sub Saharan Africa and the BRICS.

K. Natavudh explained his background as an entrepreneur – his partners and he have all been friends since he was twelve years old. He started off doing odd jobs and making quite a bit of money that way. He had been advised by his father to get a “real” job; instead he raised capital by selling his capital and his car and moved back in with his father. Some friends were working in Silicon Valley and he invited them back to work in Thailand for free. They decided they need to create their own product and started off with fingerprinting technology which now has spread in Thailand and Vietnam. It was only later that the book idea came along for Ookbee.

Mr. Pedersen described how at the age of twelve he got his sister to sign up for a paper route, because thirteen was the legal working age. He was too lazy to get up on Sundays, so he subcontracted to friends. He then started doing odd jobs, and dealt in the copper from copper wires when his school did renovations. His father has been in the same job for forty-five years, starting as a salesman selling diapers. He is now CEO for Denmark and Norway, and is attracted by the stability. Mr. Pedersen was given nothing as a child, and hence that built his drive both to make money and perhaps outdo his father. He also realized that selling an hour of his time was never going to be enough; that was how he learned to source talent in order to get other people to work for you.

Mr. York’s family had a Thai restaurant; he went on to try to sell things. His first venture was at 19, in which he had a computer servicing business which folded. His first “real” startup in ’99 failed. It’s not about the cash – it’s about the creation, the creating something new. At 40, his risk profile is now much lower than it used to be. He could never be a game developer now.

Professor Dietrich: Giving young people the opportunity to fail is an important training ground for entrepreneurs. How can we teach this culture? What is your formal educational background, and was there anything about your training that inspired you to take risks?

Mr. York: was a college dropout. His first employer pulled him straight from undergrad and he left immediately. He did not agree that education particularly played a part; it is more a cultural thing to want to go out and carve something out. There is a lot of entrepreneurial spirit in Thailand in terms of creating a business, but less so in terms of taking risks. Much of that will change when the culture becomes shaped by people like these panelists.

Mr. Natavudh agreed that Thais are risk-averse, and that it is part of familial culture to “just get a job”. He identified the fundamental contradiction between teaching children to “do things for themselves” and then later teaching young adults to “do the safe thing”. He was always driven by passion for what he was doing, rather than by gain, and describes giving up a Fulbright in order to start his business.

One initial challenge though was once he had started he had to hire people to help him, but had no idea how to manage them. He was then faced with the failure of having to move back home, which was a humbling but learning experience. He was in aerospace and industrial engineering.

Mr. Pedersen observed that the social safety net in Denmark also promoted risk-taking, because that certainty is always there. It was difficult for his parents to accept his decision to drop out of an evening MBA program, move to Thailand and start a company. It was only after he sold his first company that their attitudes changed. It helped that his boss was an entrepreneur as well, and wanted to push him out upon the world.

Professor Dietrich: Clearly there is no standard “entrepreneurial” education system.

Kenan Institute: Have you ever regretted the lack of a formal business education?

Mr. Pedersen: Yes. Because now I know what I need. And now I would love to go back and have a very focused course of study, perhaps in managing people. But things like statistics, etc. would be irrelevant. I do a lot of self-study.

Mr. York – I too do a lot of self-study on corporate finance, etc. Any entrepreneur needs to be voracious in terms of educating themselves.

Mr. Natavudh – I’ve forgotten most of what I studied in university, because so little of what I do now is related to that. What I need is quiet time to reconnect with my passion for what I do. Mentoring, for example, remains very important to me.

Mr. Pedersen – the biggest lack has been consulting and mentoring for me as an entrepreneur. Here there is very little of that as compared to Denmark or the US.

Professor Dietrich: How can public and private sectors here provide more help on mentoring and networking?

Mr. Pedersen: DTac and some other companies have been effective, but it is important to bring in fresh talent from outside of Thailand.

Mr. York: My father was running the Small Business Administration in Arizona, and advised him to read Gerber and talk to the local Arizona SBA; that kind of network was very useful.

Mr. Natavudh: Some of this has started in Thailand, with happy hours and pitching competitions for startups. I and Tiwa have both been judges in private-sector sponsored pitching competitions, which are then followed by mentoring by the judges themselves.

Mr. York – the startup scene here is only three years old. It is still incredibly difficult to find companies that are even able to pitch. VCs are not looking for SMEs; we are looking for businesses that can scale. Thai businesses are modest about how much money they want and how much they want to grow. They want to stay small and keep control, whereas VC wants businesses with vision.

Professor Dietrich: I have heard that the family business dynamic here is very strong. But what about the networks? Are they developing?

Mr. Pedersen: Yes. The circle is extremely small. In Singapore they have a club for people who have sold their companies for more than 10 million dollars; they will help these people to meet government officials and act as a mentor.

Mr. Natavudh: Only 7 or 8 companies in Thailand have raised Series A. We get together and talk about “what now?” There are also groups for people looking for seed funding.

Professor Dietrich: What about the tax system? Is it a major factor in your decision making?

Mr. York: The corporate tax at 20% is not terrible. However, the restrictions on foreign-owned businesses are difficult. In order to set up an internet business you have to go to four different ministries. There is a huge amount of regulatory red tape. Going to Singapore is a no-brainer, and the cross-border facilities there are good too.

Mr. Natavudh: Tax is not the issue. It's attracting foreign investment. Investors will ask startups to go set up shop in Singapore. They want it to be easy, because they are bringing the money and they want to be able to take it out again.

Mr. Pedersen: From an entrepreneurial point of view, people don't care about taxes. Entrepreneurs solve problems and find their own solutions.

Professor Dietrich: Thailand ranks quite high in terms of indexes of ease of doing business, but in practice this appears to not be the case. What about BOI?

Mr. Pedersen: BOI is a good structure for us, because it allows us to bring in foreign talent and train locals. The issue with BOI, however, is that so much paperwork is involved in setting up a BOI. I usually advise real startups to simply set up with local partners in the traditional manner. And then manage finances from abroad (Singapore).

Mr. Natavudh: Just to transfer money within the company is difficult here. If you want to transfer more than 2 million baht you have to declare the purpose. We have to do this all the time, for instance my company in the Philippines needs to do some advertising, and it is so difficult to get the money out there.

Mr. York: In 2005-2006 money was pouring into Vietnam; then four years ago money was pouring into Indonesia. But Thailand has continued to be overlooked. Why, when the conditions are so good in terms of GDP, etc. Of course, the political situation is an important factor. So is ease of doing business. Laws concerning shareholding and preferential shares are very difficult, as well as the movement of funds. For us, we are taking the long view – late stage investment, ten years presence. We need the kind of environment that will facilitate that.

**Panel Discussion: Venture Capital Markets in emerging APEC Economies: Issues and Challenges**

*Mr. Charles Blocker, CEO, Invision Capital, Moderator*

*Mr. Tom Kim, co-founder, Inspire VC*

*Mr. Nobuaki Kitagawa, CEO, Cyber Agent Ventures*

*Ms. Tee Surapongchai, Director, Ardent Capital*

The panelists introduced themselves

Mr. Tom Kim: Is now a co-founder and CIO of Inspire Capital with 25 million under management. Was a co-founder of IndoChina Capital active in Vietnam. Mr. Kim emphasized the importance of strong networks on the part of founder entrepreneurs that they invest in. They also like entrepreneurs that have had a constructive failure in their past – and capitalize on that experience to be more successful the second time around.

Ms. Surapongchai: Ardent Capital generally invests 100-200k in early stage companies. They also look for capable founders, and assess them based on their records; failure can be a key learning experience. Market opportunity is of course a key element as well.

Mr. Kitagawa: Director and CEO of CyberVentures China. They have invested more than 150 million across Asia in China, Japan, and SEA. They focus on early-stage investments. People are the most important factor, followed by the market potential. If the market potential is not there, even if great talent is in place the business cannot grow.

Mr. Blocker: VC has been contracting as private equity and other vehicles have come into play. How is this affecting the playing field?

Mr. Kim: What LPs look for is performance. If they're taking a risk, they want returns. It will take two or three years for money invested now to start flowing back. But changes need to be made. Legal reform is needed. In China, anyone who has invested in liquid markets has lost money. Will we see risk rewarded when reforms come into place? Will P multiples increase?

Ms. Surapongchai: That's the macro level – we look at operational capability and ability to execute on the part of businesses we invest in. We also have a considerable amount of expertise with which we can deliver on their behalf. That our value-add when trying to attract co-investors.

Mr. Kitagawa: It is relatively easy to attract money to China from LPs; financial institutions are interested. In SEA, this is less so. It is not as proven in, say, IT, and the big banks are not interested. But in Japan and Korea, the potential of SEA is acknowledged, and there is much more interest in those places.

Mr. Blocker: Companies with less than 25 million in market cap can't be listed; mostly these are sold to LPs or other larger companies. But will this change? Will we begin to see micro-listings?

Mr. Kitagawa: We definitely do not look at companies under 100 million. It is not worth the risk. But if you look at SEA, the potential for the internet market is growing, and will be at the level of China in the next 4-5 years. We will be seeing companies rising to that attractive 100+ range.

Mr. Surapongchai: Ardent definitely has the same approach. We want to make sure there are exit options available, whether listing or trade sale, and usually we take a regional approach.

Mr. Kim: The approach globally is now buy high, sell higher. Here in Asia, however, there are still opportunities to buy low and sell high. There is less competition here and companies can corner their respective markets. A bigger investment in the buy side – more liquidity – will drive these markets more strongly, for instance Vietnam, where liquidity is a problem.

Mr. Blocker: What about regulation? It can slow you down a lot. What about AEC?

Ms. Surapongchai: When we look to exit, we have to look at company structure in order to pass muster with international players. Therefore we have to structure our holding company in Hong Kong, with a BOI entity in Bangkok (and elsewhere, as needed). We try to make processes as transparent as possible. In Hong Kong, everything is in English, and that's more convenient for foreign buyers. Nominee agreements can also be a headache.

Mr. Kitagawa: Regulation is always an issue in emerging markets. In China it remains unclear and uncertain, but the market being strong, investors are willing to take that risk. As long as "common practice" is in place, regulation ends up not being such a big issue. The holding capital situated in Hong Kong or Singapore is just more transparent and easy to deal with.

Mr. Kim: Business visas are a huge problem for startups; they need to be easier to get in order that talent can be sourced from abroad. Taxation is not such an issue, but foreign ownership is. It is an advantage to be an American here, because the Thai-US Amnesty allows us 100% ownership, but for investors of other nationalities it can be an obstacle.

Mr. Blocker: What about incentive packages (BOI in Thailand, MAI in Burma, etc.) are most attractive? Which government grant programs etc. are the most attractive and what difference do they make?

Mr. Kim: Such grant programs are great, but they come with strings attached. Singapore's matching funds and leverage capital are the most attractive, but they come with restrictions. We must ask ourselves whether it's worth it, because fulfilling all of the requirements in the long run may limit opportunities (having to move to Singapore, for instance). Education system skills development, ownership laws, and other measures to bring in foreign – PE, Angel, etc. – might also be more critical than grant programs.

Ms. Surapongchai – I agree it is not critical, but it can be important to kick start the ecosystem particularly in tech. We end up in Singapore all the time looking for startups. Once a couple of big exits take place, the grant money is not so important anymore. Employees of big exit companies then have a little bit of wealth which they can then plow back into the ecosystem. In Thailand, it's going to take a little longer to get to Singapore's level.

Mr. Kitagawa: It all depends on the conditions of the grant. Most of the early stage companies cannot afford to go to Singapore to take advantage of that grant program. For us, the availability of grants is not critical to the investment decision making process.

Mr. Blocker: Deep capital markets and corporate governance laws – is the government doing enough?

Mr. Kim: Independent directors on the board are important. Directors who are not founders, who are not shareholders should be sitting on the board of these companies. They are not

popular, particularly with entrepreneurs. They don't like it at first, but eventually they are grateful. Companies should embrace them, and there should be more means for us as investors to recruit competent directors with sector experience.

Ms. Surapongchai: Local LPs and local directors are both really helpful, with on the ground experience.

Mr. Kitagawa: It is our challenge as VCs to prepare the companies for the exit, and to make them attractive for trade sales through having effective governance systems.

Quynh Le: What kind of profile of SME are you looking at? What is the rate of approval or refusal for each of you?

Ms. Surapongchai: We see about 2-3 pitches coming across our desk per week, but we've only made 5 investments in the last year. We are pretty focused on ecommerce, so often it is not a good fit. We want to add value. Entrepreneurs often don't think big enough. They only look at one market, and we want entrepreneurs with regional vision and expansion plans.

Ajarn Saisawan, Kenan Institute: If you were to advise the government on new entrepreneur creation, what would you change?

Ms. Surapongchai: Education and other very basic things – corporate structure, governance, mentorship. Technology and management education are important. We see a lot of foreign-born or educated talent coming back, but not that much home-grown talent. We can do the hand-holding, and they don't need to know everything, but the building blocks need to be there.

Indra, Digital Innovation Association, Indonesia: What do you think of the quality of digital startups in Indonesia? How can we improve their capabilities and potential?

Mr. Kitagawa: We have already invested in Indonesia; the passion and ideas are there, but the engineering talent is scarce. Finding good software engineers is tough. In China and Vietnam the engineering talent pool is much larger.

Ms. Surapongchai: There's a lack of engineering talent here in Thailand as well. Ownership is also tricky in Indonesia.

Mr. Blocker: Where are you going to be in the next couple of years?

Mr. Kim: 5 investments a year, 1 million US/each for 20-30% of each business. Exits within 5 years, with profits of 3-5 times our initial investment.

Ms. Surapongchai: We will build 1 or 2 more companies; 5-6 external investments with synergy with our built companies

Ms. Kitagawa: 8-10 companies. 1 million/deal. 30-50 million in the SEA market.

## **Internet and VC Investment Trends in Asia**

*Mr. Nobuaki Kitagawa, CEO, Cyber Agent Ventures*

We are internet-industry focused VC fund. We have been in business for 10 years, and have invested in 170 internet startups in Asia since 2004. We have offices in 10 cities of the Asian

region. 18 companies in our portfolio have gone public. We have well-positioned companies in most important sectors. I am responsible for all investments outside Japan – Korea, SEA, and China, and have led overseas investment from zero to 50 investments outside of Japan. Mr. Kitagawa worked for 10 years for a telecom operator.

We focus on early-stage investments of about 100 million US throughout our target markets. We mainly invest in B to C internet companies: mobile gaming, smartphone-based messaging, social networking, ecommerce market places, video services (Chinese YouTube). We have no IPOs in SEA yet. In Thailand we are investing in Priceza, a price-comparison site.

Mr. Kitagawa gave an overview of the Asian internet market. The growth potential is still very high, as the population is big and young. 45% of internet users and 50% of the world's mobile users live in Asia. There has been a major shift from PC to mobile. Internet infrastructure and broadband penetration still has a long way to go, but mobile technology is widespread. Through mobile technology, even small companies can get regional reach.

Hot sectors in the internet space include smartphone-oriented services, including video chatting. CyberAgent has also invested in a Chinese online “garage-sale” marketplace.

Online to offline is also growing, for instance real-estate information platforms. Online navigation and local information services is also a major category, as well as online learning and tutoring websites.

4.78 billion of VC was invested in the China in 2013 with 30% investment in internet companies. It remains the most popular sector for VC in China. In terms of exits, in the coming year an estimated 10 Chinese companies will go public in the US. 1.28 billion US went into M&A in 2013.

In SEA in 2013, only 200m went into the internet space if we exclude the 500 million Rocket Internet deal, so the sector is still very small. However, we believe that the internet market in SEA will grow to the size of China's now by 2020, with a lot of opportunity for IPOs and M&A.

Tom Kim: Are you looking at Myanmar?

Mr. Kitagawa: No, not yet. We are focusing on Thailand, Indonesia, and Vietnam. The infrastructure is just not there yet, although there are some interesting people at work. We have to prioritize according to market potential.

Mr. Blocker: What was the metric for measuring the 35 million downloads in 12 months of your Indonesian venture? Also, how much do bandwidth limitations in Asia affect your business?

Mr. Kitagawa: We can compare to other markets, and 35 m is good for anywhere. In terms of bandwidth, the difference between Asia and elsewhere is not so big, and it doesn't affect monetization that much. There are other options – the App Store, etc. And the overall environment is improving very quickly.

Amarit, HUBBA: What about deal-flow in SEA?

Mr. Kitagawa: There are so many entrepreneurs in SEA, so we have lots of opportunities. We have lots of incubators and seeding programs in place here providing seed money, etc. here. But growth-stage funding is limited, and that is a big challenge. It is difficult to monetize un-

til there is a user-base, and funding is needed to acquire that user-base and tied them over the negative cash-flow period. CyberAgent wants to come in at that juncture.

## **Success Stories**

*Mr. Amarit Charoenphan, Co-Founder, HUBBA*

Mr. Amarit discussed ways to grow the ecosystem in Thailand. HUBBA regards itself as “the entrepreneurs behind the entrepreneurs” – providing the spaces in which entrepreneurs can develop and grow. They are expanding to Hua Hin, and already have a presence in Chiang Mai, and are branching from tech into design. HUBBA does lots of events for entrepreneurs and VCs.

Thailand is about on par with Malaysia and Indonesia in terms of development across the spectrum of elements required for a productive ecosystem. HUBBA is seeking to build that fully-stacked ecosystem. Sustainability is a key factor, as well as “growth hacking” – creating growth on a very low budget. We have to create the entrepreneurs and a healthy flow in order to attract VC. But long-term goals are important – we can’t teach people to code overnight, although HUBBA has a coding and design school. But we can get them started. Thailand might look to Malaysia’s level of investment as a good way to kickstart the ecosystem.

*Mr. Bancha Dhammarungruang, Co-Founder at MangaMagazine.net*

Mr. Bancha is the founder of Ink Blazers. He is a software engineer by training, and worked at Amazon and Intel. Ink Blazers feel that the traditional comic industry is broken. Big publishers dominate the market to the expense of smaller talent. With the disruptive qualities of the internet, why should we let the big players decide what gets published and read? Ink Blazers is a social-comic platform for authors to write and readers to read. We pay authors by how much their work is read. Anyone can upload their work, and their comics can be downloaded and read. Merchandise is also available from the site. They have 7000 authors online currently. They are growing at 10.3%/month. Authors have customizable pages with readership data. Ink Blazers will be focusing on going mobile over the next month.

The company came into being while Mr. Bancha was working at Amazon; he raised funds from friends and family, cold calls, google ventures, angel investors, and undisclosed companies. He spoke at ComiCon and other major events. Mr. Bancha had no training in valuation, etc. They finally landed seed funding, and now have branches in Russia, Vietnam, the US, UK, Chinese Taipei, and Thailand.

In terms of advice for entrepreneurs, choose your partner wisely. Also, get ready to take risks, and fail.

Mr. Blocker: Mr. Bancha, what is the business model?

Mr. Bancha: It’s a revenue sharing arrangement. We watch authors’ readerships, and when it reaches a certain level we will actually pay the artist to produce more content.

Mr. Kim: Do you have other revenue models for the site as well?

Mr. Bancha: Yes, we also publish real books for collectors, as well as merchandise. It is also complex to deal with authors, who are very sensitive about their work and how it is presented.

Mr. Blocker: How does HUBBA's mentoring system work? Also, what about the Myanmar market?

Mr. Amarit: We are not a hand-holding institution. We provide the space, and we are happy to provide help, but we don't insist that there is a "right way" to do things. Yangon is a very interesting market, but infrastructurally it is not quite there yet.

### **APEC Economic Trends Analysis: Innovate for a Better Future with Sustainable Growth**

*Ms. Quynh Le, Macroeconomist, APEC Policy Support Unit*

Ms. Quynh Le introduced the Policy Support Unit, which is the research arm of APEC. It is a relatively new agency, having been founded in 2008 to research macroeconomic trends. Ms. Le started off as an economist in the New Zealand Ministry of Finance just before the global financial crisis in 2008.

The outlook for APEC following the 2007 financial crisis is not as positive as is generally accepted. APEC picked back up in 2013 after the financial crisis, but recovery has been unstable and is contingent upon unsteadiness in the US. Why hasn't growth picked up as much as hoped for? Exports values have plateaued between 2013 and 2014. We were hoping that a more stable Euro would push exports back up, but no. Growth forecasts for the next 5 years have been lowered from 5 to 4.1 %. This translates to an 8.5 trillion US dollar loss. Total labor productivity has reduced, with considerable job loss and much lower productivity in the lower-income economies. China and the other big APEC economies have been functioning with efficiency (by shedding jobs), but the lower income markets no. Hence, APEC needs to look abroad to increase competitiveness. Higher productivity and higher employment at the same time is difficult to achieve.

But there are other ways to increase efficiency than to reduce jobs. Innovation is a key means of producing added value, as well as increasing the quality of outputs. APEC represents 60% of the world's R&D spending, but 58% is shared between the big economies. The developing economies account for 2%. SMEs generally produce less innovation than larger firms. Among innovative SMEs, access to financing is much more difficult than for "normal" SMEs, because these funds are intended for intangible assets like R&D rather than fixed assets. So the traditional financing methods have to change. Despite the calls for government to stay away, the government still has a role to play in improving the business environment. APEC is working to do this.

Mr. Blocker: How have service industries factored into your forecast for pickup? APEC economies presumably have a higher concentration of service industries, and this is presumably the area in which most VCs are going to be investing.

Ms. Le: We have admittedly focused on the traditional manufacturing etc. sectors as these are much easier to report on.

Mr. Amarit: What else is APEC doing to increase R&D? There seems to be a disconnect between funds spent and impact.

Ms. Le: Innovation has been at the backbone of APEC's strategic plan. We have the Policy Partnership on Innovation, which leads on innovation issues. One of their big priorities has been improving education as well as labor mobility. The APEC Business Travel Card, for

instance has been one such program to avoid having to get visas for business leaders. It should be extended to skilled workers.

Ajarn Saisawan: How is APEC helping SMEs to innovate?

Ms. Le: We are doing a study on regulatory impediments to innovation in various sectors including the IT sector.

### **The Regulatory Framework: Tools for Venture Capital**

*Mr. Thanakrit Chatraporn, Senior Economist, Fiscal Policy Office, Ministry of Finance*

FPO plays an important role in supporting VC, using fiscal tax and various other means to incentivize VC here in Thailand. There are also other government offices dealing with VC. We closely study neighboring countries' policies regarding VC, as well as those of the US and other APEC economies. VC we consider financial capital in the form of equity capital. LPs and GPs are defined along internationally accepted lines. FPO, the Revenue Dept., SEC, and SET are all involved. NSTDA and OSMEP also both play important roles.

We also study the ecosystem and its formation. We see ourselves in the middle, supporting entrepreneurs through grants, subsidies, and tax breaks, along with funding and deregulation for investors. We are also providing incubation support, subsidizing R&D on a national level, establishing clusters, and funding national research. For investors, we need to ease fund formation requirement, streamline business setup and strengthen IPR.

The Tax Privilege act of 2001 paved the way for VC here in Thailand. In 2002, NSTDA and OSMEP both began offering VC-type funds, as well as funds for tsunami recovery. The Tax Privilege Act was revised in 2004 and again in 2008, indicating that regulation needs to be regularly reexamined and redrafted according to changing conditions and needs. The Tax Privilege Act may be revised yet again in the coming period.

New matching funds have generally been issued as part of post-crisis stimulus packages. These are generally targeted at SMEs. Traditional Thai business culture remains a major obstacle for policymakers, as families are very proprietary about their businesses. Tax privileges are also very strictly regulated. Government funds are usually tied, meaning that they must be invested in areas that the government prioritizes.

New measures to promote VC include providing equity financing as a source of funding, supporting corporate VC, new project investment qualification, and further relaxed regulation. New tax privileges will also target ten priority sectors including healthcare, software development, automotive, creative economy, high technology, and renewable energy. Compliance will allow exemption from dividend and capital gains tax for 10 years.

Mr. Amarit: Is the FPO considering any of the matching funds-type programs?

Mr. Thanakrit: Yes, but we want to use local money first. We want funds to set up here first and then possibly implement matching funding.

Sunny, Hong Kong Trade and Development Council: Are there policy initiatives regarding inflows and outflows of cash?

Mr. Thanakrit: Flows are dictated by the Bank of Thailand. But we are definitely trying to facilitate Thai investment abroad.

Ajarn Saisawan: What about R&D incentives?

Mr. Thanakrit: If you have R&D expenses, you can state these expenses to get 200% returns on your tax.

### **Technology Business Start-Up Fostering Program by Software Park Thailand**

*Mr. Chalernpol Yuchinda, Director, Software Park Thailand*

The 200% tax is only applicable to those companies which are registered with NSTDA. They must submit a proposal first.

Thailand's startup environment has been booming, but connectivity between big state research and the private sector is low. Only the large corporates have funding to bridge this gap; SMEs cannot undertake such risky activity. Often entrepreneurs have a good idea, but the scope is not large enough – our job at Software Park is to scale up their ideas. We give the big picture, including the market, which is where some entrepreneurs don't have much knowledge. What is the level of technical readiness, and what is the cost/benefit of a particular new technology.

Software Park is a government agency under the Ministry of Science and Technology and NSTDA. Started in 1999. We help software companies grow, and industries to use IT for their competitiveness. We do IT training for HR development. We're linked to government research centers. We look at technology, how it can be used to do business, what the market is like, and how do we maintain IT quality.

We have many programs in place. Through the Apprentice program, we mentor prospective entrepreneurs. We do training in coding, new entrepreneur creation, business matching, and sustainability for businesses. Entrepreneurs go through ideation; pre-incubation; incubation; and post-incubation. Successful projects have included ecommerce, data analytics, and Customer Relations Management solutions, and our startups have competed in many local and international innovations awards programs like Microsoft's Imagine Cup. International exposure is vital to building reputation.

We also have established software companies renting space from us, and hence the environment is a stimulating one. Mr. Chalernpol concluded by mapping the current Thai ecosystem from VCs to incubators, co-working spaces, training centers, media, government, and associations.

Thailand had a 20 billion baht startup program a couple of years ago, because it was tied to the bank. But without a revenue track record, balance sheet, or collateral, entrepreneurs were unable to access the funding. We need to solve this through more seed and angel investors – who are not yet very visible in Thailand. VCs are generally working at the early and growth stage, waiting for winners to emerge. We need to fill that seed and very early stage gap in funding.

Mr. Blocker: Software Park Thailand should come to serve the whole region. Thailand needs to lead the way and transfer knowledge to contiguous countries.

Mr. Chalernpol: Yes, we have signed MOUs with incubators all over ASEAN. We have trained incubator managers in Malaysia; we get speakers from Malaysia and Indonesia all the

time. We share resources and maintain a continuous conversation, and very much believe in partnerships.

Ajarn Saisawan: What do you mean by graduation from Software Park?

Mr. Chalernpol: It means you are ready to go into the world. We have several different training streams of varying length with different end scenarios – competitions, diplomas, or actual business matching or market entry.

### **Closing Remarks**

*Dr. Wimonkan Kosumas, Deputy Director General, Office of Small and Medium Enterprises Promotion, Ministry of Industry, Thailand*

Dr. Wimonkan thanked participants and closed the Workshop.



**Asia-Pacific  
Economic Cooperation**

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**APPENDIX 6**

**Project team**

## Project Team

Kenan Institute Asia Project members

- |  |  |
|--|--|
| <b>1. Dr. Saisawan Vadhanapanich</b><br>Director of Marketing and Project Development                                      | <b>Project Manager</b>                                   |
| <b>2. Dr. Denwood Holmes</b><br>Regional Consultant<br>Marketing and Project Development                                   | <b>Project Lead</b>                                      |
| <b>3. Mr. David Gilmore</b><br>Assistant Consultant<br>Project Development Division  | <b>Research and Backstop</b>                             |
| <b>4. Ms. Natinee Kulpichit</b><br>Senior Consultant<br>Marketing and Project Development                                  | <b>Logistics Supervisor</b>                              |
| <b>5. Ms. Pornpimol Jarunnarumol</b><br>Team Coordinator<br>Marketing and Project Development                              | <b>Logistics Assistant and<br/>Secretariat Assistant</b> |
| <b>6. Ms. Orasa Chotbunyong</b><br>Senior Coordinator<br>Project Development Division                                      | <b>Secretariat Assistant</b>                             |
| <b>7. Ms. Chayamon Sinhaseni</b><br>Assistant Consultant<br>Project Development Division - Corporate Social Responsibility | <b>Researcher and<br/>Master of Ceremonies</b>           |
| <b>8. Ms. Chalit Phankow</b><br>IT System & Support Service<br>General Administration                                      | <b>IT Support</b>  |

APEC Project: SME03 2013A

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