5-Point Update on International Sentiment RE: Vietnam Tech Opportunities

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For AmCham Vietnam, “Tech Startups in Vietnam”
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Quick Intro

Passionate about unlocking human potential by helping develop and finance businesses

Professional History

- 6 years in strategy and M&A for clients ranging from startups to Fortune 500 companies in financial services, media & entertainment, telecom, manufacturing
- Startup-related experience includes:
  - Started career working with a fin-tech startup on product and business case development
  - Consultant/advisor (paid and pro bono) for several startups
  - Advisor for Harvard’s Innovation Lab

Journey in Vietnam Startup Scene

2010 to 1H2013
Explorer / Observer

2H2013 to 1H2014
Quiet Supporter (advising)

2H2014 to 1H2014
VAF

Now
1. Media coverage about Vietnam’s tech scene has stabilized

Jan-Sept 2014

One of the “world’s best startup hubs”
— Virgin Entrepreneur, July 2014

Apple’s fastest-growing market *in the world*
— Apple earnings call, April 2014

Oct 2014 – Early 2015

“Entrepreneurship in Vietnam is incredibly diverse”
— Seedstars World, August 2014

Now

“As Technology Entrepreneurs Multiply in Vietnam, So Do Regulations”

“Vietnam in 2015: A Light at the End of the Tunnel”
— Anh-Minh Do, Tech In Asia, June 2015
2. Increasing interest from international tech giants…
Among international investors and startups, there is generally more interest in Singapore (higher ARPU; easier to do business) and Indonesia (higher population) than Vietnam.

### Table: Country Comparison

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
<th>Internet Users</th>
<th>GDP Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Tier</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>6M</td>
<td>4M</td>
<td>$56K</td>
</tr>
<tr>
<td>Indonesia</td>
<td>255M</td>
<td>40M</td>
<td>$3.5K</td>
</tr>
<tr>
<td>Thailand</td>
<td>68M</td>
<td>20M</td>
<td>$5.4K</td>
</tr>
<tr>
<td>Philippines</td>
<td>103M</td>
<td>39M</td>
<td>$2.8K</td>
</tr>
<tr>
<td>Vietnam</td>
<td>92M</td>
<td>41M</td>
<td>$2.1K</td>
</tr>
<tr>
<td>Malaysia</td>
<td>31M</td>
<td>20M</td>
<td>$10.8K</td>
</tr>
<tr>
<td>Myanmar</td>
<td>52M</td>
<td>0.7M*</td>
<td>$1.2K</td>
</tr>
<tr>
<td>Cambodia</td>
<td>15M</td>
<td>1M</td>
<td>$1.1K</td>
</tr>
<tr>
<td>Laos</td>
<td>7M</td>
<td>0.8M</td>
<td>$1.7K</td>
</tr>
<tr>
<td>Timor-Leste</td>
<td>1M</td>
<td>&lt;0.1M</td>
<td>$3.6K</td>
</tr>
<tr>
<td>Brunei</td>
<td>0.4M</td>
<td>&lt;0.3M</td>
<td>$36.6K</td>
</tr>
</tbody>
</table>

**How to get Vietnam to the top tier**
- More advanced deal flow
- Some big exits or, at least, more visibility on highly-value holdings
- In addition to the usual wish-list (legal framework; more internet penetration; …)

**In the meantime, basic Vietnam talking points:**
- >90MM population, >40MM internet users, >20MM smartphone users
- [or] 13th largest country, most internet users of any SE Asian country, smartphone population is 3X larger than all of Singapore
- One of only 2 SE Asian countries with a “unicorn” (>1B valuation company)
- Low startup costs, scrappy entrepreneurs with virtually nothing to lose
- eCommerce market may increase 5X-10X in next 5 years
4. Still, there is niche overseas interest

**Overseas Vietnamese**

- Binh Tran, co-founder of Klout (exited in 2014 @ $200M)
- Kim Ngo, 500 (ex-Facebook)

**Investors Specifically Seeking Emerging Market Opportunities**

- Michelle Phan, YouTube star and co-founder, Ipsy ($84M valuation in 2014)
5. 500 is among those who are bullish on Vietnam

Silicon Valley angel fund and accelerator pioneering the “lean VC” approach: >$170MM funds committed, 1,000 investments in 40+ countries in 5 years

“Top 3 most-active Silicon Valley tech investor”
- CB Insights

Notable Investments:

**Wildfire**
Build engaging social campaigns that drive real business results and measure the ROI.

Acquired by Google for $350MM

**Makerbot**
The standard in 3D printing, scanning, and entertainment

Acquired by Stratasys for $400MM

**Viki**
Eliminating language barriers between entertainment & fans

Acquired by Rakuten for $200MM
500 Startups in Vietnam

Deals Done

- **babyme**: Healthcare app for mothers and babies
- **ticketbox**: Event ticketing platform
- **Tappy** – hyper-local social media app *(exited)*

Coming Soon

- Up to 16 more deals in next 12 months
- and “MOAR!”
Summary

The Five-Point Update

1. Media about Vietnam tech scene has stabilized
2. Increasing interest in Vietnam from international tech giants
3. Vietnam is not yet a top-tier tech investment destination in Southeast Asia
4. Overseas Vietnamese and certain niche funds are interested though
5. The Silicon Valley fund 500 is interested in Vietnam

What This Means for Founders

Build something today!
• You have a window of relatively weak in-country competition (since VN is not at the top of everyone’s hit-list), but it won’t last forever. Move fast.
• Money is available

What This Means for Investors

• Diversify. A lot.
• Keep some “gunpowder” dry
• Provide more than money.
  Founders need advice, connections
THANKS!