

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

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For AmCham Vietnam, “Tech Startups in Vietnam”

26 June 2015



Quick Intro

Preliminary

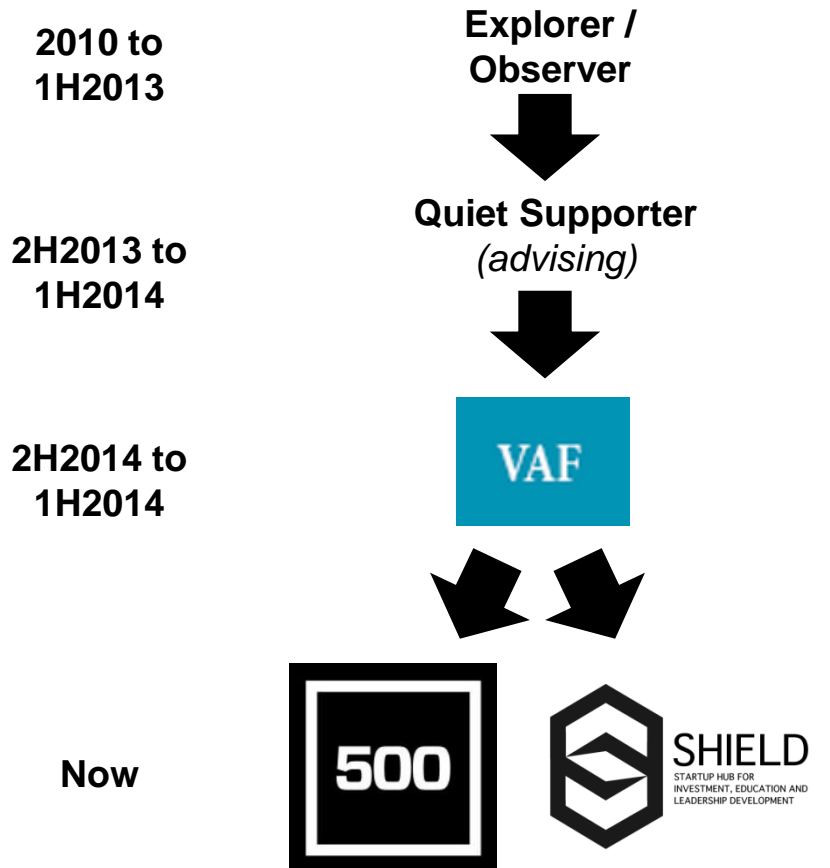
Passionate about unlocking human potential by helping develop and finance businesses

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



1. Media coverage about Vietnam's tech scene has stabilized

Preliminary

Jan-Sept
2014

One of the “world’s best startup hubs”

— Virgin Entrepreneur, July 2014

**“Entrepreneurship in Vietnam is
incredibly diverse”**

— Seedstars World, August 2014

Apple’s fastest-growing market *in the world*

— Apple earnings call, April 2014

Oct 2014
– Early
2015



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3

Is Vietnam’s startup ecosystem facing a crisis?

 Anh-Minh Do
4:40 pm on Nov 4, 2014
Follow @hellominhdo

f 506 t 49 in 25

Now

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

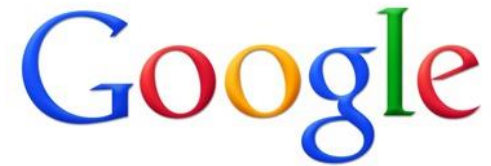
— New York Times, February 2015

**“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...

Preliminary



3. ...but not (yet) a top tech investment destination in SE Asia

Preliminary

Among international investors and startups, there is generally more interest in Singapore (higher ARPU; easier to do business) and Indonesia (higher population) than Vietnam

	Country	Population	Internet Users	GDP Per Capita
Top Tier	Singapore	6M	4M	\$56K
	Indonesia	255M	40M	\$3.5K
2nd Tier	Thailand	68M	20M	\$5.4K
	Philippines	103M	39M	\$2.8K
	Vietnam	92M	41M	\$2.1K
	Malaysia	31M	20M	\$10.8K
The Rest	Myanmar	52M	0.7M*	\$1.2K
	Cambodia	15M	1M	\$1.1K
	Laos	7M	0.8M	\$1.7K
	Timor-Leste	1M	<0.1M	\$3.6K
	Brunei	0.4M	<0.3M	\$36.6K

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:

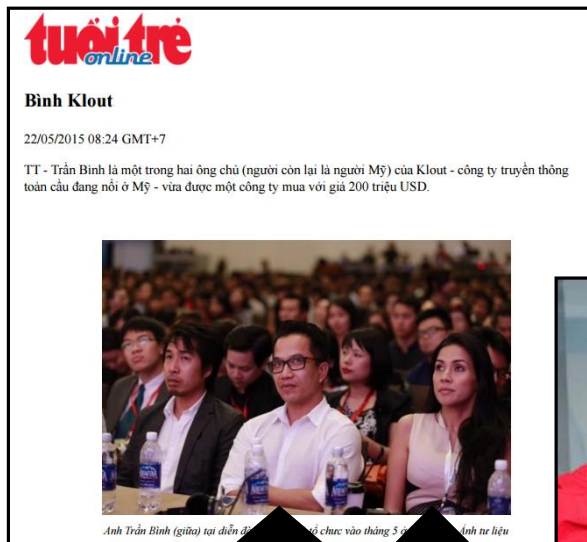
- >90MM population, >40MM internet users, >20MM smartphone users
- [or] 13th largest country, most internet users of any SE Asian country, smartphone population is 3X larger than all of Singapore
- One of only 2 SE Asian countries with a “unicorn” (>\$1B valuation company)
- Low startup costs, scrappy entrepreneurs with virtually nothing to lose
- eCommerce market may increase 5X-10X in next 5 years

4. Still, there is niche overseas interest

Preliminary

Overseas Vietnamese

Investors Specifically Seeking Emerging Market Opportunities



Michelle Phan,
YouTube star and co-founder, Ipsy
(\$84M valuation in 2014)



Binh Tran, co-founder of Klout
(exited in 2014 @ \$200M)

Kim Ngo, 500
(ex-Facebook)

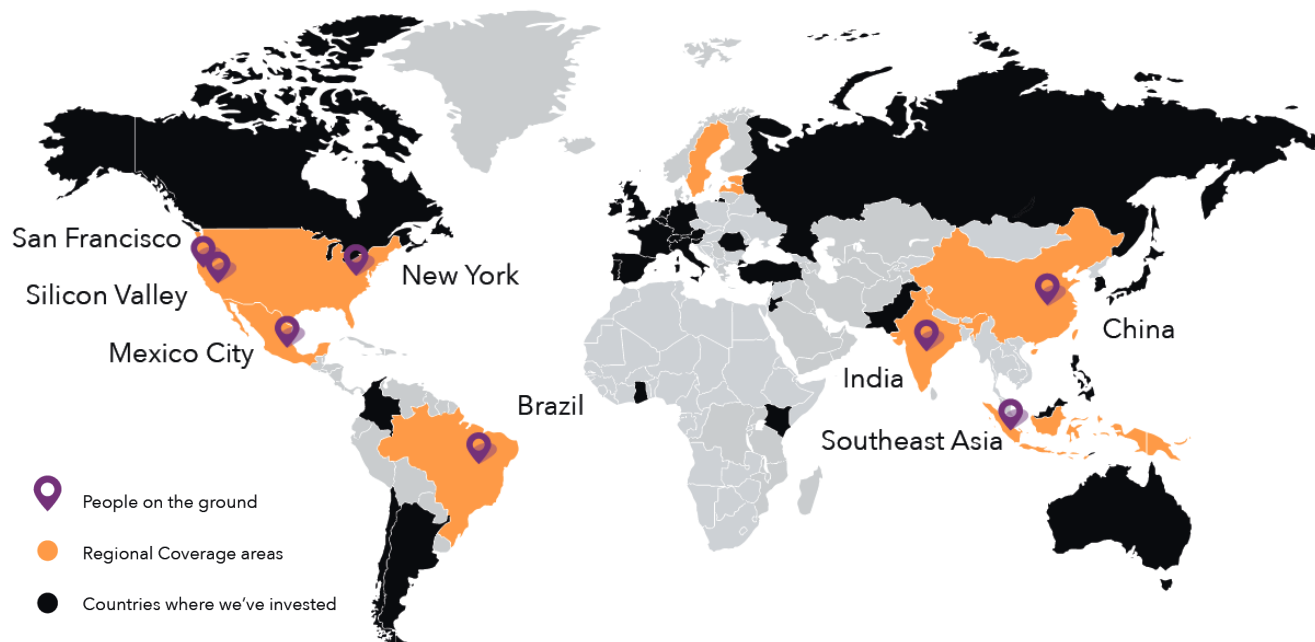


5. 500 is among those who are bullish on Vietnam

Preliminary

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 Stratysys for \$400MM



Viki
Eliminating language barriers between entertainment & fans
Acquired by Rakuten for \$200MM

Deals Done



Healthcare app for mothers and babies



Event ticketing platform



Tappy – hyper-local social media app (*exited*)

Coming Soon

Up to 16 more deals in next 12 months

and “MOAR!”

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!