

Asian Financial Forum 2018

Fireside Chat

Moderator

- **Ms Melissa Guzy**
Founder and Managing Partner, Arbor Ventures

Speaker

- **Ms Christine Tsai**
Founding Partner and CEO, 500 Startups

An early Google and YouTube employee and the Founding Partner and CEO, of venture capital (VC) firm 500 Startups, which has investments in over 1,700 companies in more than 50 countries, Christine Tsai explained her company's strategies and criteria when identifying investment opportunities to delegates at the 11th Asian Financial Forum.

In an onstage 'fireside' discussion with Melissa Guzy, Founder and Managing Partner, Arbor Ventures, Tsai explained that 500 Startups pays close attention to the strategic advantages a potential investment offers. Tsai said criteria include geographical location, market entry positioning, expertise and the energy, drive and personality of the founder. "Something that is often overlooked is the human element of running a business," Tsai said. From her experience of working with thousands of business founders, usually those that are coachable are ultimately the most successful.

Tsai emphasised how becoming an entrepreneur and remaining one is often stressful and demanding, requiring great resilience and fortitude. Citing Ben Horowitz's book *The Hard Thing about Hard Things*, Tsai said it is a desirable characteristic not to expend valuable energy on blame when something goes wrong. "It's a whole lot easier said than done to not give up and instead redirect energy into figuring out how to sort out a mess." She dismissed the idea that successful entrepreneurs and business leaders are brash and don't listen: "CEOs and business leaders that have a reputation for brashness have usually got to their position despite of, not because of their personalities."

Guzy asked if Initial Coin Offering (ICO) and cryptocurrencies that use Blockchain are poised to wipe out traditional VC investment, and Tsai replied she believes in the need and demand for different types of early-, mid- and late-stage investment in technology. In spite of an upsurge of ICOs being used by start-ups as a way to bypass the regulated capital-raising process required by venture capitalists or banks, Tsai said she believes ICO funding has a place in the start-up funding landscape. "I can't see ICO going away, but a level of regulation could be helpful, while not stifling the space for innovation." She added if start-ups look at ICO investment as the only way of raising finance instead of through sales and building branding, they may be misreading the bigger picture of running a business. Tsai also mentioned the value of the knowledge and experience a VC firm can offer a start-up enterprise: "VC investors and board members can bring a lot to the table to help the companies they

invest in, in ways they would not be able to help themselves." Addressing the issue of founders of start-up firms being pushed out by VC investors, Tsai pointed out that her own company has about 100 employees and does not seek takeovers. "Because we invest in so many companies, it would not be remotely feasible to consider taking over running the businesses," she explained.

Tsai said the Japan-based SoftBank Vision Fund's US\$100 billion earmarked for investment in technology companies will add a new dimension to the VC market. "A lot of jaws dropped when the Vision Fund was announced and the scale of the investment activities, but the market will adapt," she predicted. "The positive side of SoftBank's activities gives confidence to the tech start-up market." Tsai believes the environment in Asia for tech start-up enterprises and VC investors that focus on the tech environment looks promising for this year and 2019.

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