MIT Wireless and Mobile Commerce
Future Markets, Current Realities-The Asian Angle

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Ringtones, Gaming, and Email are the Killer Mobile Internet Applications in Japan/Korea.

Japan Mobile Internet Usage%
NTT Docomo with 60% Mkt Share Source: Goldman Sachs 2002

Korea Mobile Internet Usage%
SK Telecom with 50% Mkt Share Source: Goldman Sachs 2002
Korea/Japan Mobile data ARPU’s rising

As color phone penetration rises, more money is spent on Data (K Won/J Yen Monthly Source: CSFB/Goldman)

SKT showing ARPU Trends linked to Color 12/01

2G B&W=US1.62 Per Month 5.3% ARPU
2.5G B&W=US3.68 Per Month 11.9% ARPU
2.5G Color=US6.29 Per Month 20.4% ARPU

SK Telecom  KT Freetel  LG Telecom

NTT Docomo  J-Phone  KDDI
NTT Docomo, SK Telecom, China Mobile Data%

ARPU Data % Developing according to Handsets available and Customer spending power
(Source: Goldman 2002)
Asian Channel Strategy will Increase% Sales
Planned by someone who has lived in China, Japan, Korea

Step One
Research
Set Channel Strategy with VC, CEO, BD & Consultant

Step Two
Source Regional/Local SI/Channel
Localize Product Trials

Step Three
Target Launch Customers
Broaden Channel 6-9months later If needed

Step One
Scout for Management Candidates w/ China Japan Korea Track record

- Asia is usually priority #3 after US and Europe, this is faulty strategy if Asian mobile markets are more mature, have higher Capex than US/Europe and offer revenues today.
- Working in Japan for 1-2 years does not qualify someone as the Asian expert. Asia covers a larger global area with more diverse language, culture and GDP compared to Europe/US. Find the rare Regional Experts who know China, Japan, Korea, not the guys “flying in” for 3 days a month from Hong Kong and Singapore who lack in-depth “color”.
- VC’s should phase out US Centric views of the world by recruiting partners/Principals who can reduce risk & enhance portfolio firms network/traction with Global customers.
- Startups hiring an expat to head the region is ok to start but the sooner you can replace him and locate Western Educated locals, the sooner you start scaling revenues.
Channel Case Study: Ascend Launch in Asia

• Ascend was too small to secure Asia’s largest SI in 1995
• Ascend had to turn to a small, scrappy, cutting edge SI to get Asia jumpstarted

Ascend Communications 10Q 11-14-1996
“International sales accounted for approximately 45% of net sales for the nine months ended September 30, 1996 compared to approximately 24% of net sales for the nine months ended September 30, 1995. This increase was principally due to increased sales of the Company's products in Asia and the Pacific Basin. “

• 9 Months later, the largest SI in Asia contacted Ascend and signed on
• Choosing the right SI relationships when entering the market and knowing the Right time to stimulate and broaden the channel without alienating your first partner is critical and can be set up with the right Venture consultant
Asia leads the Way in Semis, TFT, Mobile & Broadband

VC’s need a partner who understands Asian customers/competition

Asia=100% TFT, 56% Semis, 25% Mobile

Innovation is up in Japan, Korea, Taiwan

1-US 85K              |  US 56K               |  US 47K
2-Japan 31K           |  Japan 22K            |  Japan 20K
3-Germany 10K         |  Germany 6.6K         |  Germany 7.6K
4-Taiwan 4.6K         |  France 2.8K          |  France 2.9K
5-France 3.8K         |  UK 2.5K              |  UK 2.8K
6-UK 3.7K             |  Canada 2.1K          |  Canada 1.9K
7-Canada 3.4K         |  Taiwan 1.6K          |  Switzerland 1.3K
8-Korea 3.3K           |  Korea 1.2K           |  Italy 1.3K

2001 Global TFT Production by Country%

Japan 37%  Korea 41%  Taiwan 22%

2001 Global Semi Sales by Region%

Asia 35%  Japan 21%  Europe 20%  America 24%

2002E Global Mobile Handset %

Sony Ericsson 7%  Motorola 18%  Samsung 8%  Siemens 9%  Sony 38%  Others 6%

Source: Display Search, SIA  
Source: CSFB

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About Greg Tarr

Greg Tarr founded GT Ventures- a Venture Consultant/Angel Investor based in Asia (www.gtventures.com). He works with the Top Boston & Valley based VC's and their portfolio companies on Business Development/Strategic/Financial projects. In addition, he is a consultant responsible for sourcing dealflow to CDP Capital (US$10b Managed) Canada's Largest Private Equity Group. Greg also founded M-Werks where he sourced, analyzed, valued, worked on exits and Business Development with VC's and Asian Wireless/Broadband infrastructure firms. He initiated strategic alliances with Verizon, Nokia, Nortel, Qualcomm & Sun. His geographic expertise is US, Korea, Japan, Taiwan and China. Investments include: Intrinsic from Shanghai which supplies technology to China Mobile(valuation has doubled after attracting Fidelity & Asia Info as investors), Unitech Networks- a Regional Asian System Integrator who designed software for Hong Kong Airport's 802.11 system, was the first Channel partner to bring Ascend, Alteon & Unisphere to Asia and Infobank-Korea's Leading Wireless Financial Trading platform.

Greg worked in Investment Banking/Equity Research at Deutsche Bank Securities-DMG Tech Group(now CSFB Tech Group) where Reuters ranked him #4 sell side Asian Technology analyst after his first year as an analyst, he was a Management Trainee in Toyota Motor Corp operations and interned for MTV during startup mode. He is an Advisor to the Wireless Research Consortium/ Center for eBusiness at MIT's Sloan School of Management and lectures at MBA schools: MIT, Korea Institute of Science &Technology & NUS-Singapore. Greg is quoted by: CNBC, CNN, Wall Street Journal, Fortune and has worked/lived in Asia 5 Years (Korea, Hong Kong, Singapore), Europe (Sweden), US(NY,LA). He holds an MBA from Pepperdine Business School (Los Angeles), a BA from U Colorado-Boulder and attended Bronx High School of Science (New York City).