

THE  
INVESTOR

# DECODED X

December 1, 2017

## THE SILICON VALLEY KOREANS



Amid the startup hype that's been gripping Korea over the past couple of years, this week, a team from The Investor was in Silicon Valley to explore Korea-rooted startups and find out what makes them tick.

The founders and CEOs of the Korean startups we met appeared to be giving it all they've got to make it work. And they all have some pretty impressive backgrounds. They've usually worked for prestigious companies in the past, ranging from Samsung and Google to Apple and Naver.

Education-wise, these folks are from top-notch schools like Stanford and Harvard, and they aren't afraid to flaunt what they've got.

They're also inclined to speak their mind when it comes to regulatory setbacks.

Here are some quotes from these quirky, successful geek-turned-entrepreneurs:

"We all know that the smartest people in Korea go into



government service. Together, they create the smartest regulatory traps forever.”

“If there’s one thing the Korean government officials enjoy, it is that of being the world’s first to do anything. So their goal is to create the world’s first regulation for every industry.”

“The government seems a wee bit obsessed with job creation. You want grant support? Prove that you are employing Koreans. You want to extend it? Prove that you’re employing more Koreans this year than last. The list goes on.”

The bottom line is, we agree that Korean civil servants are intelligent. Now, it’s about time they create a system that makes things work, and not vice versa.

## INVESTMENT 101



Some exasperated members of the venture capital community in Silicon Valley vented about the steady stream of Korean startup-wannabes who drop in without doing basic homework.

“We are actually considering creating an online tutorial,” one told us.

Every month, Koreans with entrepreneurial dreams trickle into the area, wanting advice on how to set up their own company and be successful.

The problem is, nine times out of 10, they have done



no preparation at all, not even most basic stuff. They simply hop on a plane and expect the Silicon Valley gurus will answer all their questions. One cause of this mutual waste of time is again, the government, which is quite eager to foot the bill for potential startups looking for overseas learning opportunities. There are many programs funded by many government agencies, including KOTRA.

It's great to know the government is so willing to help, and it's hard to blame the entrepreneurs or companies for wanting to come to Silicon Valley, but they could do with a bit more homework, perhaps, before hopping on the plane.

## A FRIEND IN NEED



Ironically, those that the people in Silicon Valley wish would come have yet to visit.

The startups believe a visit by the South Korean president or any other high-ranking official with some real say could give their community a boost, especially as they stand against competitors from China, Japan and Southeast Asia.

The wish became even more fervent after Japanese Prime Minister Shinzo Abe visited last year, which has led to a bigger presence of the Japanese community in Silicon Valley.

The Japanese government also provided monetary support: The New Japan Summit held at Stanford University was funded by Tokyo.

But the situation in Korea is starkly different.

Former president Park Geun-hye whose key policy was creative economy, never visited here, and recently, a planned trip by the Science Ministry was canceled.



## LINKING IT IN KOREA



LinkedIn CEO Jeff Weiner made it clear at a McKinsey Consulting seminar on corporate automation in California this week that he has no plans to appoint a regional manager for Korea just yet, despite the firm's growing presence.

LinkedIn is the first global career site to take off in Korea.

There are a few domestic sites with public bulletins, but the community isn't well developed, and the Korean culture stands in the way too. In Korea, it's still more common to recruit by word-of-mouth, through personal connections who can be more trusted than, say, an impersonal website. Headhunting is also quite rampant. But LinkedIn has been growing slowly and steadily in Korea, and the same has been happening in Japan.

Japan's cyber career community was dominated by BizReach – called the LinkedIn of Japan – but these days, LinkedIn is getting bigger. Due to its growth, and the larger size of the market, LinkedIn has named a regional manager for Japan.

On a side note, BizReach is a startup that managed to nab US\$33 million of investment in Series B funding.



## IMPOSSIBLE FOOD



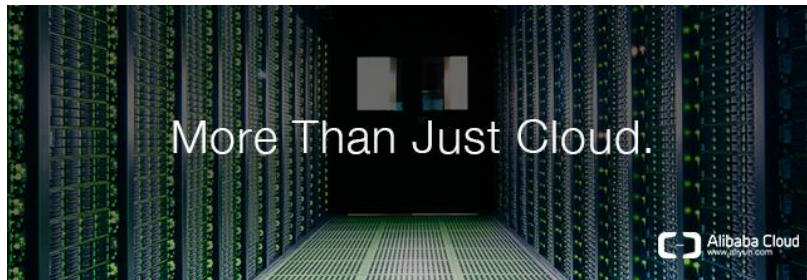
Their mission is simple, but hard. To cook food that looks and tastes like an authentic meat dish, but is actually plant-based.

Impossible Food, a company founded by Stanford professor Pat Brown, has achieved this using an enzyme called heme, which brings out the meaty flavor in plant-made steaks.

Impossible Food is now planning to launch in Korea and Hong Kong as early as next year.

Their Communication Officer Nick Hallas is coming to Korea for a demo day sponsored by SparkLabs. The Investor tried the Impossible Burger at Umami, a restaurant in Palo Alto, close to Stanford University. We ain't no Michelin Guide, but the burgers weren't exactly star material.

## THE FATE OF CHINESE CLOUDS IN KOREA



Alibaba Cloud has been in Korea for about 1 1/2 years now.

As is well known, it is behind Alibaba's payment service Alipay.

For now, Alibaba Cloud will remain quiet in Korea, although it is scheduled to introduce new services



during the 2018 PyeongChang Winter Olympics. Because the Korean cloud market is already reaching saturation, Alibaba Cloud is likely to tap niche areas -- such as medical, health care, big data and security. By the way, Alipay is unlikely to enter Korea separately, since it's already investing in Kakao Pay. It has so far invested 23 billion won (US\$211.45 million) in Kakao Pay. This isn't unusual, since Alibaba is known for its management style outside China, which is to merge its brand DNA with a major partner in whichever country it enters.

## DECODED X

Here are 4 things you need to know about DECODED X.

1. DECODED X is a weekly brief prepared by The Investor ([www.theinvestor.co.kr](http://www.theinvestor.co.kr))
2. We want to hear from you. Email the editor-in-chief Jemie Kim at [jemie@heraldcorp.com](mailto:jemie@heraldcorp.com) for feedback and more.
3. For subscriptions, email Monica Lee at [jylee@heraldcorp.com](mailto:jylee@heraldcorp.com) or call us at 82-02-727-0617.
4. DECODED X is for the eyes of our clients only. The Investor does not take responsibility for actions taken based on this report. The Investor holds the copyright to all content of DECODED X and will take legal action against unauthorized copies.

