

diffuse *tap*
Virtual Event Series

Asia's Best Investment Opportunities

Guest Speaker:



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Hosts:



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DiffuseTap: Asia's Best Investment Opportunities

Last time on DiffuseTap, Chok Ooi, Senior Partner at AgilityIO, talked to us about some of the biggest investment opportunities in Asia, why most Asian startups are just recreating solutions already widely available in the US, and whether the AI craze is all just a passing fad.

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DiffuseTap

This networking session is part of our weekly virtual events series. Networking (you'll bump into at least a dozen high caliber fund managers) meets purposeful (you'll tap into brand-new sources of ideas)... straight from your armchair like a boss.

Meet the Speaker



CHOK OOI is the Co-Founder and Chief Geek at [42Geeks](#), which aims to foster cross-border collaborations and investments through the global Geeks Tour. He is also the Co-Founder and Senior Partner at [Agility.io](#), a company that works with startups and Fortune 500 firms to build game-changing technology solutions.

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KENNY ESTES: The speaker du jour is Mr. Chok Ooi. Chok, do you want to tell the good folks a little bit about your background and what you're up to over at Agility and 42Geeks?

CHOK OOI: Thank you for having me, Kenny. I started a company called Agility.io 15 years ago because a lot of my friends who ran startups in the Bay Area at that time were competing with Facebook, Twitter, and all for engineering talent. So, we thought one way to help solve that was to go to Vietnam, hire a lot of smart senior engineers, retrain them for seven months, and get them to produce code to be as good as someone in the Bay Area but at a third of the price.

That was our thesis. And miraculously, 15 years later, we're still in business. That's the first company I started. I started a second company to bring tech training to the Midwest, seven years ago. Soon after, almost a year and a half ago now, my partner [Dave McClure](#) and I started [42Geeks](#).

KENNY: All right. Well, we'll dig in more into the geeks in a second. You've been in Asia for more than a minute. Can you give the folks a bit of a lay of the land? What has changed in recent history? What's the status quo? Maybe you could give some backstory.

CHOK: To give a little context to answer that, I came from Southeast Asia. I grew up in Malaysia, but I've been in the States for almost 25 years. I joined Dave, who created a group called [Geeks on a Plane](#), which brought a group of founders and investors to travel the world. Through that tour, I've visited Southeast Asia and East Asia a couple of times, and managed to meet a lot of interesting companies.

We think one of our first trips to Southeast Asia was almost eight or nine years ago. It was a very, very early ecosystem back then. No one thought it was going to go anywhere. But what's interesting is some of the companies we met are unicorns today, and some of the people that we hang out with today run publicly-traded companies.

So, we've seen the whole growth for Asia and Southeast Asia in particular, since way back when people thought it was not going anywhere. Today, there is a lot of funding, the ecosystem is mature, and even new ecosystems are trying to emulate what people did over in [Southeast Asia](#).

KENNY: When you say Southeast Asia, that's not a homogenous term. There is a lot of nuance to Southeast Asia. Are we just talking about areas like Singapore, which have seen a lot of success? Where are the hot areas and regions, and what are they focusing on? Are we just cloning stuff from the US? Is there actually a lot of innovation going on there? What does that look like?

CHOK: So when people say the US, it's a combination of 50 countries. But it's actually even more difficult in Southeast Asia. It's a region with a lot of population. If you figure out how to solve problems for



that region, you are going to make a lot of money. But the challenge is, there is a difference in language, in culture, and geography. It's logistics, regulation, etc. It's even more challenging.

The biggest part is deciding where you want to start your company. And just because you solve a problem in one country, it does not mean it will work for all the other countries in the region. That's one of the challenges there. Usually, the easiest thing for people to do is to start their companies in Singapore because the laws are well defined. It's English-speaking. It has access to the global financial markets and things like that.

But the problem is, the economy is so small that almost very quickly, you're building something in Singapore that is serving the world, and if not, you have to quickly expand to the rest of the region. But then, many companies very quickly find out that what works in Singapore does not work in Indonesia, in Malaysia, or in Thailand.

And then, the other thought process is to start in the hardest places to start, and then go easy in the other way, but that may not always work as well. We've seen successful companies, companies like Grab that started in Malaysia. When they started going big, they moved to Singapore because of the regulation and everything, just before they IPO. And they have been successful.

We have seen that with Gojek in Jakarta as well. What's interesting in Indonesia is that it's such a big market. You don't even have to think about Indonesia as a whole, just Jakarta itself. If you start a business in Jakarta, you have such a big market that you can build a pretty massive company.

KENNY: Do you know what the population of Jakarta is, offhand?

CHOK: I think Indonesia as a whole is 200 to 300 million. I learned that stat as a kid, and it's way bigger today. In Jakarta, I'm not sure in particular, but it is a big chunk of the population. I think it's about 25 to 30 million.

KENNY: Okay. We previously also had a talk about Latin America, and about how a lot of the really successful startups are just taking US ideas and concepts that have found their product market fit, and then adapting it for the local geography. When you talk about these companies and the solutions that are coming in there, is that what you're seeing a lot of in Southeast Asia as well? Or is there a lot of, for lack of a better term, true innovation going on?

CHOK: I think the first batch of companies were doing that. Back then, before Anthony (Tan) went back to run Grab, it was My Taxi, and his friend from McKinsey Wei-Chuan Chew was running it. I had lunch with them many, many years ago, when they were tiny. They were trying to use apps to book taxis. And I was like, yeah, we do it in the States. But I can't see my parents ever picking up their phone and booking an app, so I don't think your company is going anywhere.



That was my feedback. Stupidest thing I've ever said. But I think with our generation and the younger generation, we take many things for granted in the Western world. But I think there is a common need no matter where you are in the world.

Therefore, I think gen one companies will just try and emulate things like logistics and transportation. That's why Grab and [Gojek](#) grew very quickly, and e-commerce. There are people in different parts of the world who do enjoy shopping online as much as we do on Amazon.

We have things like [Bukalapak](#) in Indonesia, and everything that came out. I would say that we're seeing more gen two companies right now, where people are thinking about leveraging the efficient cost of talent in Southeast Asia, but building for the global markets. So, I definitely think the ecosystem has gotten a lot more sophisticated.

KENNY: Gotcha, that makes sense. Here's the question, and this is actually a leading one because of what we prepped on. Is Taiwan and Hong Kong considered Southeast Asia? Feel free to opine on both of those countries.

CHOK: Their economies are very, very linked to Southeast Asia. A lot of companies in Taiwan have done manufacturing out of Southeast Asia. And I think with the fragmentation of the US and China right now, we're also seeing a lot of Japanese companies coming down into Southeast Asia, especially to Vietnam. There are a lot of Japanese companies setting up shop and operations in Vietnam, for cost perspectives and things like that. The economies of the two regions are very, very linked.

KENNY: Have you seen a lot of the tech startup type stuff moving out of Hong Kong, in the last 15 to 20 years since they officially became part of China? Again, how has that shift played out?

CHOK: I think that pre-COVID, there was a lot of excitement going in Hong Kong. I haven't been back to Hong Kong since COVID, but I've seen a lot of companies shifting from Hong Kong over to Singapore. Singapore is definitely benefiting from a lot of that. But, again, I have not been back so I cannot comment about the state of Hong Kong right now. Someone here in this group probably has a better insight than I do.

KENNY: Fair enough. Speaking of insights, you mentioned a couple times the Geeks organization that you're spearheading. What is that?

CHOK: I was very grateful that McClure allowed me to join [Geeks on a Plane](#) many years ago. That trip changed my life because first of all, by going into different ecosystems and meeting different people with



different perspectives and things like that, I learned so much that I wouldn't have learned, even if I attended a Stanford class. But secondly, the network that I've built and the people I have met. Today, I can go to almost any part of the world and someone will allow me to stay in their house.

If I need connections to somebody in the world, all I have to do is reach out to the Geeks network and somebody will know that person I'm trying to reach. It changed my life. I've done six tours as a participant. And then, after the trip died off six or seven years ago, and after I sold my second company, I decided to work with Dave to bring it back.

We renamed it 42 Geeks. It's an invite-only group, highly curated. We bring a group of investors, founders, and fund people, and we go to interesting places to discover ecosystems. We love emerging ecosystems because that allows us to meet a lot of interesting founders, and maybe invest in them. And then, fast forward another 8 to 10 years, and we see amazing things happen there.

KENNY: That makes sense. I've done two trips with you all, and I will say that there was not a lot of cultural exploration, but it's more about meeting tech people, which is right up my alley. And like you said, the networking is great. There are super high caliber people, with the exception of myself and, well, Dave. Let's be honest.

But if you guys want to check it out, it's definitely worth having a look. Because it is, like Chok said, pretty mind-bending how much of an impact can happen in a very short period of time.

CHOK: They've supported a lot of emerging founders. When it wasn't even sexy to invest outside of Silicon Valley back in the day, Dave has been going around the world writing checks and mentoring founders and investors. There is a lot of good karma built up. What's interesting is that when we go back to a lot of these regions, these very busy people that would usually not show up, do show up to our events or host us.

I think last year, one of my most exciting encounters was when we were hosted for dinner by the founders of Mercado Libre. They are the Amazon of South America, and probably one of the biggest, if not the biggest tech company in the region. And because of our connections, Dave and one of our Geeks knew them from when they were early stage. That's how we got to spend time with them. It's amazing to meet these interesting people, and learn a lot from them.



KENNY: Gotcha. I see all sorts of links to the upcoming Southeast Asia tour in the chat, so feel free to check that out. Changing topic a little bit. AI is generally pretty hot in the valley right now. What are your thoughts on that? What is the impact you're seeing as to the Asian market, or what your day job is at Agility?

CHOK: It's interesting, because I just had this conversation in my previous meeting. We met one of my clients, which is one of the Fortune 500 companies, and they were so glad they didn't jump into the whole AI craze because they would have been crash and burn. I feel like there's a lot of hype. The technology is legit. There are a lot of great applications for it. But one of the Geeks I met, the way she described it is, AI is like iPhone 2.0 right now.

It does really sexy things. You can see your photos, you can zoom in with your fingers and all those fun things. But there are a lot of things that people think it can do, but it cannot. It's not really there yet. What's exciting right now is that if you just filter out all the noise and just focus on really building real impact applications that's connecting all the dots. I think there are a lot of opportunities over the next few years to build companies and systems.

AI is like the iPhone. And now, we expect the Ubers, the Instagrams, and all those companies that will come out from this platform. I've met some people who said and done some crazy shit, and we'll see what happens. But, yep, it is exciting. I do expect a lot of new companies to come out.

What I'm most excited about is the convergence of AI and biotech. I was at Richard Branson's Island, Necker Island, last year with some of the top biotech scientists in the country, hearing them talk about how they plan to leverage AI and research and how a lot of research is now being turned into biotech companies and technologies. Over the next 10 years, I think those are two areas that are the most exciting to pay attention to.

KENNY: Interesting. So just to map things better, I don't know anything about biotech, but I guess it kind of makes sense.

CHOK: It's doing a better job reading X-rays and all kinds of things. And yes, a lot of things that in the past will take a long time, AI may find new patterns that humans may not be able to in a conventional way.

KENNY: All right. Maybe we'll go back to Asia valuations. Do you think that what we're seeing right now, and the sheer amount of money that's being chucked at these AI type companies out of the valley is reasonable? Or do you think there's a little bit too much hype? Feel free to extend that to generally the Asia startup evaluation cycle.



CHOK: From an AI perspective, it's definitely hype. At the end of the day, as a company, if you cannot make money and you don't have good unit economics, then you cannot show proper growth. Right now, people are buying a dream. I feel like we now have the first generation of companies. And just like in the dot-com generation, it's overhyped. But later on, you will have proper maturity.

I would say that better companies will come up after that, and a second wave that could capitalize on the opportunity. I always never like to be on the bleeding edge. I don't like to be cannon fodder. But I like to be the guy behind that. And when it's not as sexy, that's when it's fun to jump in.

KENNY: The chat comments seem to be echoing that VCs seem to be not super happy with some of their recent investments.

CHOK: Yeah. Slap "dot ai" in your domain, and you double, triple the valuation. But in terms of valuations in Southeast Asia, I think when we first went there, the Geeks, about nine years ago, valuation was very, very cheap. And then, a lot of money started coming in. I feel like at one point, in Southeast Asia, there is way more money chasing high caliber founders. They definitely suffer from that problem.

KENNY: Is that Chinese money? What's the source of that? Or is it us, VCs? Where is it coming from?

CHOK: I remember spending time in Malaysia and Singapore. Back then, it was so hard to get capital. I met one guy in Kuala Lumpur and he was like, "I'm the only real angel investor writing checks here. And I might be crazy." But similar to many ecosystems, before they develop, the first batch of investors are usually people who think about things like real estate investments. They want a sure thing. Then, they'll write a small check for a majority of the company to protect the investments and all that.

And then, you have people like Dave who come to the region and start really stirring things up, writing checks and not expecting a majority ownership, with very founder-friendly terms. I think that really changes the ecosystem. And then, other US investors and other original investors start coming in. What's interesting about Southeast Asia is yes, there is a mix of US money, Japanese money, and Chinese money.

It's very diverse. And then, if you're building a company in Southeast Asia, you can decide where your focus is, although building in China is very hard. It's a closed ecosystem, and it's hard to build outside of China and to serve the Japanese market, to serve the US European markets, Middle East, etc.

Indonesia is one of the largest Muslim countries in the world, probably the largest Muslim country in the world. You also have Malaysia. So, it's very uniquely set up to serve the MENA region as well.



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Corporate Director, CME Group

DiffuseTap: Institutional Grade
Governance

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CEO & Founder, LionShare Media

DiffuseTap: Media Metaverse
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Susan described the 2020 digital media landscape; the evolution of media distribution; how converging, emerging technology points to the metaverse; and the prospect of having an open, decentralized, and free Web 3.0 marketplace. [Read on](#)



Raj Mukherjee J.D.
VP/Global Head of Tax, Binance.US

DiffuseTap: Crypto Taxes
Decoded with Binance.US

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