

# Netrove.com's budding grove

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By SHIREME SHAN

NETROVE.COM's chief executive officer and under Teh Kim Seng is a gardener. He rows dotcoms. So far he has handpicked 18 budding Asian start-ups after sifting through a myriad dotcom ideas.

His company focuses on conceptual and early-stage Net start-up companies, investing between US\$100,000 (US\$1 = RM3.80) and US\$500,000 of angel capital in each.

"Invariably, we seek to have equity stakes of no less than 15 per cent," Teh said. Netrove.com's other partner-founders are Mr Tan Jiew Sing, president of INTI College, and Netrove.com chairman Foo Yong Kwang.

Foo has worked with NCR, AT&T and Bell Lab, and was involved in Telekom Malaysia Ltd's Corporate Information Superhighway.

Netrove.com works closely with netpreneurs to add management and Internet entrepreneurial value.

Most of the dotcoms under its care are at present from Hong Kong, China and Singapore, and Teh and his business partners are bringing the start-ups to Malaysia.

For a start, Netrove.com, which has a stake in Hong Kong's Corpmart.com, has recently set up Corpmart.com.my as a regional hub for South-East Asia.

Corpmart.com was established six months ago and provides a host of freebie services such as domain names, website hosting, web-based e-mail and Intranet applications to small- and medium-scale enterprises.

Of particular interest is the firm's trilingual (English-Chinese-Malay) portal. It is an ASC status company.

Until the end of last year, Teh was immersed in corporate finance, mergers and acquisitions in London, and then the world investment banking in China and Hong Kong, specially cross-border acquisitions and initial public offerings.

He was partner, director and chief operating officer at Clarion Capital Asia. In 1997, cur-

iosity drew him towards several Internet projects in Hong Kong, around the time the island's Internet market was about to take off.

"The Hong Kong Internet market then was similar to what Malaysia is like today."

He advised Quamnet.com, a bilingual Internet financial portal in China on corporate and financial matters, and also assisted friends who had begun to dabble in Internet start-ups.

During those days, it was tough finding the right people, companies and financial backing — the key elements in building a successful e-community.

"In 1996, the Internet market in Hong Kong began to pick up and I personally invested in several dotcoms. I spent my free time advising the start-ups and my involvement became more than just a hobby," Teh said.

Some lacked the managerial and business skills to grow their ideas, so he became a management consultant to them.

In 1998-99, Teh found that he was partial to Internet investment banking, at work and play.

This was when he decided to quit his highly successful financial career and take the plunge into what is now his passion, the Internet business. And by late-1999, he had found his two Malaysian partners to set up Netrove.com.

As a Malaysian who had lived abroad for many years, he felt a need to share his fervour and insight for the business.

In his view, the Malaysian Internet space is brimming with potential.

Japan is the pioneer Internet market in Asia, having taken off five years ago, and countries like Hong Kong, South Korea, Taiwan and Singapore have moved past the early phase of development.

There are three stages to Internet market development, Teh explained. First, it is about gaining an understanding of the business; second, the firming up of a strategy; and third, the gathering of a team to realise the vision. In Malaysia, only a small number of companies have reached Stage 3, he added.

"The authorities, investors, dotcoms and the media all have an important role. Malaysia is well behind many markets in Asia and it shouldn't be, given the available ideas and resources in the country."

"The main reason is there is no Internet market benchmark here yet and to draw comparisons with the mature US market is ridiculous."

"If dotcom people are more realistic and go into partnerships, it would be a good start."

"And happily, some people are starting to talk to us, increasingly recognising what we do as Internet angels, how we are able to help them at a very early stage when a lot of people will turn them away," Teh said.

He believes a lot of venture capitalists (VCs) in Malaysia are not ready to finance conceptual start-ups, dismissing them as too high-risk.

"There are not as many VCs investing in pure-play dotcoms here as in Singapore, but the good thing is that the Malaysian Internet incubator market is growing, although foreign investors that target dotcoms are still reluctant to park their funds in Malaysia due to issues like foreign exchange controls and lack of faith in an immature Internet market."

Things will change, he is convinced, which is precisely why local investors ought to tap the opportunities now before the foreign funds start flowing in.

**‘ If dotcom people are more realistic and go into partnerships it would be a good start ’**

So far, Netrove.com has committed RM10 million in eight projects throughout Asia. It plans to raise another RM10 million in the next few months. "We will hire another person with Internet expertise. We will make presentations, meet with CEOs, potential investors and explain who we are and what we do. We want people who share our vision."

Of the projects, five are in North Asia and three in South-East Asia. They are Corpmart.com (Hong Kong and Malaysia), CocoonAsia.com (Singapore), China's ehotelzone.com (B2B e-procurement), V2tech.com, ebar.com, 3Eweb.com, and a voice over Internet protocol (VoIP) and content provider in Singapore.

"For Corpmart.com, our first project, we invested in the holding company and it has penetrated China and Taiwan. We are now helping it bring products and services to South-East Asia."

"Malaysia is the regional headquarters for Corpmart South Asia and this will cover Singapore, Philippines, Indonesia and Thailand."

Singapore-based CocoonAsia.com meanwhile counts Ho Ching, wife of Lee Hsien-Loong as an investor. It is an online matchmaker for start-ups and investors.

Corpmart.com.my has raised RM2.5 million since it was launched, while the two-month old CocoonAsia.com has set up shop in China and is on an expansion drive in Taiwan, India and the rest of Asia. It will be in Malaysia soon.

It has raised S\$1 million after only two

On V2tech.com, Teh said: "The technology enables information or voice files to be compressed and delivered through the public network. And because of the extremely low compression technology used, the quality is good."

"The people behind this technology are graduates of a top-notch college in China. Tsing Hwa University. They created the technology and we are packaging it," Teh said.

This product will be launched in Malaysia next month.

Ebar.com is an Internet intelligent agent. Right now, people spend a lot of time searching for the information they need.

The software allows the user to "personalise" the Web, through the use of artificial intelligence. "We have not decided on the revenue model for this yet," he said.

Netrove.com has also committed to two other start-ups, pending documentation. "These two deals were agreed in principle in Singapore in 24 hours. We discussed valuations, business strategies and arranged to help develop their business plans," Teh added.

One is a content provider in media publishing that is moving from "bricks to clicks". Teh likes this company because it is a profitable, well-run niche company, with a good managerial team and 20-30 years of industry experience.

"Offline publications have heavy overheads, which can be mostly done away with online. You can reach a million readers and need only maintain a website."

The second is a two-year-old, semi-managed VoIP service company. It has generated some revenue from its operations in Singapore, Hong Kong, Taiwan and Philippines.

The VoIP service provided by this company will be available on a roaming basis. This will



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