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**Headline: Harvard Inspires Man to Ditch Family Riches for Taxis**

## Harvard Inspires Man to Ditch Family Riches for Taxis

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BY SIDDHARTH PHILIP

Anthony Tan was a student at Harvard Business School when a classmate pulled him aside to gripe about how hard it was to hail a cab in Malaysia.

“What’s wrong with your taxi system?” said Tan, recalling the complaint about his country three years ago. “Your great-grandfather was a taxi driver, your grandfather started the Japanese auto industry in Malaysia, so do something about it.”

Tan drew up a business plan for an Uber-like service that won backing from angel investors, leading the youngest of three brothers to quit the family business in 2012 to start GrabTaxi, a mobile application that assigns available cabs nearby to commuters using mapping and location-sharing technology.

The business has grown to become Southeast Asia’s largest taxi-booking mobile application, attracting Singapore’s \$171 billion Temasek Holdings Pte among its investors. That wouldn’t have happened had he stayed on at his job as head of marketing at Kuala Lumpur-based Tan Chong Motor Holdings Bhd. (TCM), Nissan Motor Co. (7201)’s sole distributor in Malaysia run by his father Tan Heng Chew.

“He didn’t disown me last time I checked,” Tan, 33, said of his father in an interview in Singapore in late May. “Building something from scratch from just a PowerPoint and seeing the lives we affect is a lot more rewarding.”

### Taxi Booking

GrabTaxi is capitalizing on the popularity of ride-sharing services that are sprouting up worldwide to meet growing demand for better ways to catch a cab in major cities. They follow the success of San Francisco-based Uber Technologies Inc., which said last week it had raised \$1.2 billion in new financing, giving it a valuation of about \$17 billion. That compares with the \$15 million GrabTaxi raised in a second round of financing.



May 30 (Bloomberg) -- GrabTaxi CEO Anthony Tan explains how the company plans to revolutionize the taxi industry in Southeast Asia. He speaks with Zeb Eckert on Bloomberg Television's "On The Move Asia." (Source: Bloomberg)



Photographer: Charles Pertwee/Bloomberg  
A driver gets into his ComfortDelgro Corp. taxi at a taxi stand in Singapore, on Thursday, Aug. 13, 2009. ComfortDelgro Corp. is the operator of the world's second-largest fleet of buses and taxis

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Instead of flailing unsuccessfully during rush hour or in bad weather, commuters can use GrabTaxi to track the assigned taxi on the smartphone as it arrives by curbside. Cabbies gain by not leaving the next fare to chance.

“There’s a wealth of opportunities for new apps if the developers can find a way to stand out,” said Mark Tanner, Shanghai-based founder of China Skinny, a digital marketing research firm. “You’ve got some formidable competition from Uber, which has deep pockets.”

### **‘Hyper-Growth Phase’**

Uber is still in a “hyper-growth phase,” with revenue more than doubling every six months, Travis Kalanick, the company’s chief executive officer and co-founder, said in a June 9 interview on Bloomberg Television. The service is now in about 40 countries and 130 cities, including Kuala Lumpur, he said.

Tan’s app is available in Singapore, Malaysia, Thailand, Vietnam and the Philippines, and has 250,000 active users and more than 25,000 drivers, according to the company. GrabTaxi is targeting to quadruple the number of bookings to 120 per minute in the “next few months,” and is aiming to gain 1 million users, said Tan.



Photographer: Charles Pertwee via Bloomberg

Vehicles sit in traffic on the Jalan Tun Razak road during the morning rush hour in Kuala Lumpur, Malaysia.

### **Funding Plan**

GrabTaxi may consider an initial public offering when the number of rides booked reaches 2 million a day, he said, declining to be more specific beyond saying a share sale “won’t happen next year.” The company also offers a limousine service option, called GrabCar, with the app.

The company has raised more than \$15 million in a second round of financing after garnering at least \$10 million in an earlier round. Tan declined to provide details that would give a valuation of GrabTaxi.

Besides Temasek, which invested through wholly owned unit Vertex Venture Holdings Ltd., GrabTaxi also attracted funding from Menlo Park, California-based GGV Capital, which has backed companies such as Alibaba Group Holding Ltd. and Flipboard Inc.

Mobile apps are increasingly popular in Asia.

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Didi Taxi, with 100 million passenger users and 1 million taxi drivers signed up in China, plans to hold an IPO in three to five years, preferably in the U.S., Zhang Bo, the company's co-founder, said in an interview in Beijing last month.

## **Uber Valuation**

"There's some demand, but I don't know if all of these companies will be able to make as much money as they have hoped," said Terence Fan, an assistant professor for strategic management at Singapore Management University. "The market in Southeast Asia is much smaller compared to even the smaller cities in China."

On a rainy weekday morning in Singapore last month, using GrabTaxi's service resulted in a vehicle arriving in about 15 minutes. By comparison, no cabs were available at the time when calling a taxi company's automated call-center booking hot-line.

The assigned cab driver, Jenny Yeo, said the app has helped boost her income by about 15 percent.

"It reduces the amount of aimless cruising and allows me to better plan my routes," Yeo, 45, said in an interview during the ride from a northern suburb to the city's central business district. "You know where the passenger wants to go before they even get on. As a lady driver, you also feel safer because the passenger details are logged."

## **Rising Demand**

Tan predicts demand will continue to grow in Southeast Asia as smartphone usage increases in the region. Less than 6 percent of taxi rides are booked through mobile apps in Singapore, while in the Philippines and Indonesia, it's under 2 percent.

To ensure that the drivers have the necessary equipment, GrabTaxi buys smartphones in bulk in all the countries it operates in, except Singapore. The company then issues the phones to the drivers, who pay for them in daily installments.

"Our biggest competitor is the hand," or street hailing, Tan said. There are no near-term plans to expand into India or China, he said.



Source: GrabTaxi via Bloomberg  
Anthony Tan, founder and chief executive officer of GrabTaxi Holdings Pte Ltd.

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## **Family Roots**

Though Tan left the family business, in a way, he's going back to his roots. His great-grandfather drove taxis.

It was the younger Tan's grandfather and granduncle who founded Tan Chong Motor, which began as a distributor of small motor vehicles in the 1950s before assembling cars for Nissan in Malaysia.

Tan joined the family business after graduating from the University of Chicago, starting on the factory floor before stints in various departments, including in customer service and marketing. His two older brothers still work at Tan Chong.

"I lived under my grandfather's shadow," said Tan, who had bodyguards until he was 13 and whose chauffeur in Malaysia now spends most of the time taking jobs on GrabCar when he's out of the country. "The name is established in the region and it was quite tiring."

With GrabTaxi, "whether it will pay off financially or not, I don't know," he said. "I think that it's not as important as knowing that this is my one shot at making a difference."