

LunchWithSumiko

His drive has taken him far

Aaron Tan, co-founder of Carro, a unicorn start-up dealing in used cars, tells Executive Editor Sumiko Tan that he is aggressive when it comes to business.



An early adopter of the Internet, Mr Aaron Tan made a small fortune building websites and doing other businesses in his teens. ST PHOTO: CHONG JUN LIANG



Aaron Tan bristles with a self-confidence that is a little unnerving up close in a lunch setting. "I'm aggressive. Fast," he says when I ask him to describe himself. "I like to do things quickly. I think the word is 'efficient'." The co-founder of Carro, an online marketplace for used cars, certainly talks fast and eats fast.

We're at Como Cuisine, a casual restaurant in Dempsey with an international menu, and we are both having lobster bryani. Chunks of curried lobster meat nestle inside moist, flavoured basmati rice, topped by three layers of crackly papadam. The serving is generous. It is a dish to be savoured slowly. He gobbles it up in under 10 minutes, leaving me struggling to catch up and wondering if this is going to be a short lunch. At 37, Mr Tan, a software engineer by training, has lived life in the fast lane. As a teenager, he was something of a computer whiz in a rough neighbourhood school, and made a small fortune from Web-related businesses. He went to a polytechnic, got a government scholarship to university and served his bond in a venture capital fund. In 2015, he started Carro with two friends, Mr Aditya Lesmana and Mr Kelvin Chng. The start-up achieved unicorn status in June last year when a new round of funding pumped in US\$360 million (S\$488 million), pushing its value beyond the coveted US\$1 billion mark. He has about 10 per cent share in the business. Carro topped The Straits Times and Statista's list of Singapore's fastest-growing companies last year. It was also No. 1 in the Nikkei Asia and Financial Times' Asia-Pacific list of high-growth companies last year. He's touchy when it comes to the subject of his business, and not the most patient when explaining technical details, but the lunch starts off pleasantly enough. I'm actually expecting someone warm and easy-going because that was the tone of our WhatsApp messages prior to our meeting. I'd told him that the interview format is he picks the restaurant and we pay. "I am bad with restaurants. Why don't you pick and I will pay :)" he messages back. I ask what he likes to eat. "Chicken, cooked food. Generally unhealthy. Hahaha. KFC is good for me. That's what I normally eat just saying." He adds: "I am low maintenance." I choose Como Cuisine because the parking is easy and it isn't far from his office in Midview City in Sin Ming. Lunch is at 12.15pm and I

arrive at 11.45am. I'd read that he drives a Porsche Macan. I spot such a car in the carpark and can make out someone inside. He appears at the restaurant at 12.10. "I didn't know you guys were here already," he says. "I came at 11-plus. I was on a call." Tall - he's 1.83m - and lanky, he is wearing casual blue pants, a white T-shirt with the word Carro, and brown shoes. It would appear that fashion is not important to him. He says he favours company T-shirts or batik shirts, which he can just "grab and go". I tell him I'd read that the lobster bryani is good, and he opts for that too. "But can I order French fries for fun?" he adds, boyishly. He remarks that I look Japanese and when I say I am half, he shares that so is he. His father - surname Karo - is Japanese and his mother is Chinese Singaporean. His parents divorced when he was in primary school and he uses his stepfather's surname. **STARTING EARLY** The oldest of three children, he grew up in an HDB flat in Jurong and later in the Hillview area. He has a sister and a stepbrother. His mother is a housewife and his stepfather an engineer. His father, who has his own business, lives in the United States. He went to Shuqun Primary School and didn't get a good score at the Primary School Leaving Examination - "definitely less than 200, I barely made it to Express," he says when I ask if he was a smart kid. He went to Teck Whye Secondary School. "I always joke that it is the second last school in Singapore," he laughs, referring to school rankings of the past. When he was 13, an uncle helped him buy a computer and he was soon going to Sim Lim Square to buy parts and assemble his own computers. The mid-1990s were the early days of the World Wide Web. He was fascinated by search directory Yahoo and set about to learn how to build websites by reading up at the public library. He soon turned it into a business. "I was 13, 14 and building websites for companies selling stuff ranging from D2C hair loss companies to restaurants and search engines," he

says. He sometimes made more than \$10,000 in a day. He also started a network hosting business where he rented out space in servers he had bought. He had to register the business in his grandmother's name as he was underage. There was also a pay-per-click search engine called YoSearch. It was all self-taught. "You figure those things out quite quickly when you are young," he says with a shrug. He lets slip that he was head prefect at Teck Whye Secondary. So you were a good boy in a "bad" school, I remark. "I think I am a good balance," he says. Being a prefect taught him how to manage people. "At the end of the day, why would the hooligan need to listen to you?" He made it to a junior college but on the first day of term, decided to drop out while on the bus there. "I told myself, 'Screw this, I'm not going to study Chinese'. I refused to study what I felt was a waste of time, in this case languages which I was bad at." He spent the rest of his time coding at home - "the best decision I made in my life". He later went to Ngee Ann Polytechnic to do computer science. In 2005 when he was 21, he was named the Singapore Computer Society's IT Youth of the Year after representing Singapore in the biennial World Skills Competition where he won bronze. He turns mysterious when I ask where he did his national service. "I'm in the basement. That's all I can say." He sold his Internet businesses before he turned 21. His teenage ventures earned him hundreds of thousands of dollars. What did you do with the money, I ask? "Buy cars. Invest." Were your parents impressed? "I don't think they cared that much," he says. "My mum was more curious about scholarships and saying 'why can't you be more normal, take a scholarship' and

stuff like that. So I was like, yeah okay, scholarship helps, so I went to take the scholarship for fun. I got it." Armed with a scholarship from the Infocomm Development Authority of Singapore, he graduated with a double degree - MSc and BSc - from the school of computer science at Carnegie Mellon University (CMU) and information systems from Singapore Management University. CMU exposed him to people at the top of their game, like PhD students in quantum physics. "You realise there are far smarter people than you, like way smarter." He did a lot of work on virtualisation while he was there. What's that, I ask. "Virtualisation is like hypervisors. You know VMware?" No, I say. He looks faintly irritated. "Anyway, cloud? You know cloud? Cloud and stuff like that? The genesis of cloud systems is basically virtualisation. So any hardware, hard disk or whatever not, we will visualise it so you can build any operating system on it." I still don't get it, but let it go. He served his bond at Singtel Innov8, the venture capital (VC) arm of the telco. Interviewing bright young people with start-up ideas gave him a grounding in matters like fund raising, hiring, accounting and marketing. "By itself it was like an MBA." One of his projects was to grow Block71 at Ayer Rajah, Singapore's largest start-up cluster. He started an overseas version called Block71 in San Francisco. Silicon Valley opened his eyes even more to start-ups, including Uber. **CARRO DAYS** In 2015 when his bond ended, he entered the start-up world. He was joined by two friends from CMU, Mr Lesmana, 36, who is Indonesian, was his university housemate, and now heads the Indonesian operations. Mr Chng, 36, is Singaporean and leads the operations here.

From his days at Singtel Innov8, Mr Tan knew he couldn't - and shouldn't - do it alone. "From a VC standpoint, we only invest in teams, we don't invest in individuals." He explains: "I can start by doing everything but at the end of the day, a team needs to take over. That's why I'm very careful. Even today, even though I can code, I try not to, because there are always better people for the job. "Separation of function is very important in any organisation. If I do everything myself, how am I going to scale up the business?" The trio contemplated going into property or automobiles, and landed on the latter, in particular the used car segment. As start-ups like Uber were proving, the automotive sector had big potential. Importantly, it offered adjacent verticals like insurance and financial services. The used car scene in South-east Asia was also not very developed, compared with the US where services like Carfax provide the complete history of a vehicle, and those like Kelley Blue Book give detailed valuation. Carro, which amalgamates "car" and "hero", set out to create a used car marketplace that is transparent and professional. It also provides a "full-stack service for all aspects of car ownership" - one can buy, sell and lease used cars, as well as get financing and maintenance. It touts AI-powered technology to make transactions "a trustworthy and transparent experience". Among other things, it has a proprietary pricing algorithm and software that scans images of the cars to detect potential problems while mechanics check them for defects. In 2020, amid the Covid-19 pandemic, it launched a contactless online car purchase service. Mr Tan gets prickly when I ask how different Carro is from other second-hand car dealers. "Name me one used car dealer that you will go to to buy a car from," he says at one point. "Name me a car dealer that lets you buy a car online. Name me a car dealer that has data scientists in their team," he asks again later. "We are a tech company selling cars online. We are not a used car dealer with a fancy website. Very different," he sets me right. Carro does not make money from advertising, he says. It deals in actual cars - "at any point of time, thousands" - it has workshops and mechanics, and there's also a financing arm. The company has three big challenges: Capital, people and perception. The capital requirements are huge, and it has raised more than US\$500 million. "We were very lucky, we raised angel money right from the get-go." But it has had to fight with other

IMPORTANCE OF TEAMWORK
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MR AARON TAN, who started Carro in 2015 with two friends, Mr Aditya Lesmana and Mr Kelvin Chng.

FACTORS BEHIND SUCCESS
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MR TAN, who says that Carro is the "market leader by far" in Singapore, Thailand and Indonesia.

companies for tech talent. He also knows the perception of the used car market isn't great - "it's a very opaque industry... generally you don't hear good things about used car salesmen". There's also the perception of competition within the industry. He shares that a colleague had just reported to him how car dealers in a country Carro is planning to enter are up in arms. His colleague suggested he "lie low". "But I didn't do anything. I didn't even do any PR and stuff like that," he says indignantly. I wonder if he ever feels bad about entering a space long held by traditional small-time players. "I am not taking their lunch. I am here to professionalise the trade. I am here to expand the pie, what is there to feel bad about? That is the right way to think about things," he corrects me sternly. How are you expanding the pie? By creating a more transparent platform, more people will buy used cars or consider buying used cars, and that will benefit the whole trade, he counters. Carro currently transacts over 100,000 units of vehicles annually across Singapore, Malaysia, Thailand and Indonesia. He says it is the "market leader by far" in Singapore, Thailand and Indonesia. "That said, the company is just at the tip of the iceberg as it's just at about 2 per cent to 3 per cent penetration of the overall regional markets," he adds. It booked revenues of US\$300 million for the year ending March 2021 and has registered positive Ebitda (earnings before interest, taxes, depreciation and amortisation) for two years. Going public is a target but he is realistic. "It really depends on the markets more than ourselves," he says. But the immediate aim is to become a "well-rounded company" in three to four years. "I do acknowledge that there are a lot of things to fix in the company," he says in a reflective moment. "Recently, my shareholders keep talking about culture, culture, culture," he relates. "They were complaining to me saying, 'oh Aaron you are too Chinese-like. You are too aggressive when it comes to management and stuff like that. I said, 'isn't that great?' They said, 'no, we need to look at culture.'" Mr Tan, who does not want to discuss his private life, feels he has been very lucky. "More than just because I'm smart or not - and I don't think I'm that smart - luck is the important factor in all this." As he bids a quick farewell after the photo shoot, I conclude to myself that it has been luck, yes, but also the smarts and a sheer drive to succeed.

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WHAT WE ATE

Como Cuisine
Block 18 Dempsey Road

2 lobster bryani: \$96
1 juice of the day: \$10
1 wellness juice of the day: \$12
French fries: \$10

Total (with tax): \$150.65

SCAN TO WATCH
Aaron Tan:
"I don't believe in buying new cars": <https://str.sg/lws09>