

THE HUSTLE

Failure of first startup opened new doors for SGAG co-founder Karl Mak

His software venture Televate did not pan out as expected, but paved the way for the next business. BY SHARANYA PILLAI

KARL Mak is well known as co-founder and chief executive of Hepmil Media Group, the company behind meme site SGAG. But the 34-year-old's entry into the startup world in fact began with failure.

Mak's first venture, a software startup, had started out full of promise. It won a high-profile hackathon, secured pilots with large enterprises and seed funding from a venture firm.

"That all came crumbling down when we couldn't get revenue and we couldn't get more traction," Mak recounted in a video call with *The Business Times*.

Called Televate, the startup came up with a digital solution that would eliminate the customer hot-line waiting times for banks and telcos.

The idea traces back to a school project in 2013, Mak's final year at the Singapore Management University, where he majored in economics and entrepreneurship. The assignment involved solving a bank's struggle with consumer satisfaction ratings on the call centre.

Digital interface solution

Mak's team pitched a solution: A digital interface where customers of banks and telcos could report their problems, allowing the company to call back promptly with a solution. The team even came up with a prototype.

"When we pitched it to the CEO of the bank, he loved it so much that he was like, guys, if any of you are going to build this, I will buy it. I will be your first customer," Mak said.

At that point, the startup scene in Singapore was only beginning to gain traction. Mak decided that he



The Hepmil team – co-founder and chief executive Karl Mak is sixth from left (seated), while co-founder and chief creative officer Adrian Ang is fourth from left (seated).

PHOTO: HEPMIL MEDIA GROUP

wanted to build a startup from this idea. He took the plunge, enrolling in a coding camp to attempt to make the product.

Soon enough, he realised that this was far beyond his capabilities. So he instead pitched to a teacher at the camp, Josh Teng, who liked the idea and agreed to build the prototype.

The duo joined a hackathon by StarHub in late 2013 and clinched the top prize. It was a dream come true for any aspiring founder – a few banks came on board to try the software. Early-stage investor Quest Ventures put in S\$50,000 in seed money.

But Televate soon ran into a wall. "Enterprise security and integ-

ration was just so difficult for a 2-man team with no resources," Mak said. He also realised that many enterprises are still cost-conscious at the end of the day.

"We couldn't meet security compliance requirements. We couldn't meet insurance requirements, in case our software failed. After initial interest, we just couldn't get enough traction or commitment to continue."

Further compounding this problem, Standard Chartered suffered a data theft in 2013, prompting the Monetary Authority of Singapore to remind financial institutions to have robust controls on operations outsourced to third-party providers. As a young outfit, Televate

could not meet the tighter requirements.

"Our pilot was also put on hold, people were not so interested in working with a young, fresh company. The risk was too high. We looked at that and said, do we want to pivot to an SME model?"

"But SMEs don't really have customer support centres that require you to wait for a long time. So we figured, it was just not going to go anywhere if we kept beating a dead horse," he said.

It became clear that it was time to call it quits. What Mak did not expect was how much support he would receive upon failing.

"Not that Quest Ventures paid me to say this, but literally, the mo-

ment I failed, the managing partner James (Tan) came to me and offered multiple job opportunities within the portfolio companies," Mak recounted.

There were also valuable lessons from the experience. Mak learned how to build connections from scratch, as well as how to work with a co-founder, which he muses "is kind of like getting married".

These little lessons all slowly shaped how he approached his next venture. Mak's longtime buddy, Adrian Ang, had been running SGAG by himself and needed help with business decisions.

Mak was not sure if he wanted to take the plunge into a startup again, but first came on board

SGAG for 3 months as a consultant. Within that short span, he was hooked.

"The Web traffic was just crazy when we launched. I had so much fun and saw the potential. And you know, it was really nice working with a good friend," he said.

Yet it hadn't always been that way. Mak and Ang had clashed before, when they ran a T-shirt blogshop together in 2008, after National Service.

"It was a terrible experience. We fought a lot, had a lot of disagreements because we're so different as individuals. We had actually sworn never to work together again. When he asked me to work with him on this, I was like, huh, I'm not so sure," Mak said.

But with further mulling, the duo came to the realisation that they had matured since then and that this was an opportunity to build on the friendship.

Full circle

Quest Ventures also came full circle, becoming an investor in Hepmil. Asked about the decision, managing partner Tan said: "Karl learned something from Televate, which is that B2B is very tough and the market (timing) must be right."

In Tan's view, it would be too simplistic to say that failure should be celebrated. Rather, any failure should be viewed in the context of whether a founder has grown from the experience.

For Mak, being an entrepreneur again may not have been the easiest decision, but he credits his family, especially his wife, with giving him the support he needed.

"In fact, it was my wife who actually told me I shouldn't get a job. I shouldn't work for somebody but start something else."

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