China’s start-ups take on world

Model S. LeEco’s vision, and its business plan, is to provide the consumer with a whole entertainment ecosystem, from hardware to software to content.

As a consumer, all you need to do is subscribe into the LeEco ecosystem, and you will have everything you need.

Many thoughts crossed my mind after my visit. These are new businesses started by young entrepreneurs in China and they are growing at phenomenal speed, partly due to the huge Chinese consumer market and demand. They are hiring thousands of young people, including university graduates in S&T and many other fields.

They have ambition beyond China, and they have business models which potentially can be exported globally in the near future.

The revenues they get from the huge Chinese market give them oxygen to fuel business expansion and R&D to conquer the world, and their services are already available in Hong Kong. Both Didi and LeTV should serve as inspiration for our youth in Hong Kong who are looking to run their own start-ups.

In the digital age where we are all connected, we should aim at a much bigger market beyond the SAR.

Learning about international and Chinese market needs would contribute much to help Hong Kong companies to attract funds and worldwide attention.

Even 10 years ago, it would be hard to imagine Chinese companies like Didi and LeTV. But now there are probably thousands of companies like them mushrooming in China. How can we in Hong Kong create such hope for the future for our young people? It’s time to act.

To reach these goals, Didi will have to partner with universities and even outsource its work completely, so it is not just hiring drivers, but hiring a large number of S&T talents as well.

Compared to Didi, LeEco is a relatively older company. I first thought of LeEco as just another TV service provider, but it has much bigger plans.

It has hired a wide range of talents in China (its VP of strategy, Ablikim Abilimit, whom I met, is a Uyghur from Xinjiang who graduated from Tsinghua), has signed up famous filmmakers (such as Zhang Yimou) to make its own movies, and it also makes its own television sets and mobile phones.

In its showroom, there was a prototype electric sports sedan on display, a car to out-compete the Tesla

Recently I had the opportunity to visit both companies’ headquarters in Beijing. I left with an impression that both of these companies would soon burst onto the world scene.

First founded in 2012, Didi, which merged with Kuai Di Da Che in 2015, is now the biggest transportation network in China. It handles 15 million rides per day. In May, Didi received a US$1 billion (HK$7.8 billion) investment from Apple, and the news caught the world by surprise.

With a business sprawling from personal taxis, drivers for hire, rental vans, cargo trucks, business vehicles, and cross-province coach services, Didi seems to be poised to take on the rest of the world (it partners with Lyft in the US). This two-year-old company now already has over 5000 employees, and its staff average age is a young 26.

As a transportation company, Didi has quite a grand R&D plan: classify its needs into three categories: near-term operation improvement (eg routing algorithm optimization), medium-term next generation technology (eg machine learning algorithms) and longer-term potentially disruptive technologies (eg self-driving cars).

Most people in Hong Kong probably had never heard of LeEco (formerly LeTV) until very recently. My own encounter with it was when I found that it had bought the broadcasting rights to the US Open tennis tournament (later also NBA, and World Cup 2018). That piqued my interest about the company. What is it? How big is it? How will its business affect my own personal life?

At about the same time, reports of Uber encountering regulatory problems in the SAR were all over the news. I had used Uber in the US, and I had hoped that the convenience of Uber would be brought to Hong Kong sooner than later.

Then I read the surprising news that Uber China was recently bought by Didi Chuxing, basically admitting defeat in one of the world’s biggest markets for personal transportation. I was intrigued — what is this company Didi Chuxing? How did it manage to win the market battle with Uber in China?

Out of the Box

Tony Chan Fan-cheong is president of the Hong Kong University of Science and Technology. He has spent his life pursuing his dreams relating to teaching and research, and has unique views on education, scientific and technological development, and nurturing the young.

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