

## Liza Wang - Entrepreneur, VC, and Investor

*“Entrepreneurship is not for the smartest, it’s for people who are willing to work hard and to improve themselves.” – Liza Wang*

In May 2007, Liza Wang’s decision to leave Procter and Gamble to focus full time on her young start-up was met with disdain from her family and friends, who viewed the venture as a fleeting idea and an unstable career. Her “rebellious attitude by nature” set her on the path to prove them wrong.

### Background

Liza Wang was born in Hong Kong in 1982 to a traditional Cantonese family. When time came to decide where to go to college, Wang declined an offer from Oxford University and instead enrolled in The Chinese University of Hong Kong (CUHK) for a Bachelor of Business Administration – specialized in Marketing and Finance. Although Wang chose to remain in Hong Kong to stay close to her family, she jumped on the opportunity to attend The University of California, Berkeley in 2003 as part of an Education Abroad Program. In California, she fell in love with the entrepreneurial spirit that surrounded the Bay Area. Wang never thought she would return to Berkeley, or even back to America in general.

After graduating from CUHK in 2005, Wang applied and was offered a job in the Marketing and Brand Management department at Procter and Gamble (P&G). Her ambition was to become one of their first female senior executives. Wang was exposed to the digital marketing industry while at P&G, and she soon realized that the methodology the company was using had not progressed. She felt little thought was given to the new digital and mobile trends. As an ambitious twenty-five-year-old, Wang realized that she could do more for the digital marketing industry than what she was learning at P&G. Through mutual connections she rekindled her friendship with some colleagues from her time at CUHK, and together they sought out to explore options in the then-immature digital marketing sector. Digital marketing represented less than 2% of the total market at the time. In March of 2007 Wang co-founded the company Guru Online along with Mr. Yip Shek Lun (Alan Yip), Mr. Ng Chi Fung (Jeff Ng), and Ms. Wan Wai Ting (Karin Wan).

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## Procter and Gamble

From May 2005 through May 2007 at P&G, Wang developed a strong understanding of the work culture inherent to most large industries in Hong Kong. Wang really appreciated her company's marketing and management philosophy. She considers it the "training ground" for all types of management. However, she felt marketers and related practitioners at P&G were extremely conservative towards new trends without developed best practices. Although she loved the training philosophy, she couldn't help but notice that it was covering material that was not relevant to her generation. Wang was not accustomed to relying on TV and print as information sources. She was reliant on the internet. Experienced industry veterans seemed to lack the necessary openness for innovation and embrace the digital trend

As a result, Wang started thinking about new media planning and marketing strategies that were more relevant to her generation. At the time, Hong Kong did not have Facebook or other forms of internet marketing, and Wang saw an opportunity for a new kind of company. She and her founders knew that the only way to get ahead was to find a small yet profitable niche within the existing industry conglomerates in Hong Kong, and digital marketing was that perfect fit.

## Hong Kong's Digital Advertising Industry

Hong Kong's advertising industry was growing steadily, with advertising expenditures rising annually. The advertising industry contributed a gross added value of 5 billion Hong Kong dollars (HK\$) in 2007 (Exhibit 1). Total advertising expenditures amounted to HK\$25 billion in 2007, which represented an 11% increase over the previous year. According to market forecasts, this was set to increase steadily over the subsequent years (Exhibit 2). This increase in local advertising expenditures was fueled by disposable income growth in Hong Kong, on which corporate budget decisions on advertising spending is dependent on. This signified a promising future for the advertising industry.

Non-digital print media, which included newspapers and magazines, were traditionally the major advertising medium in Hong Kong, followed by television. In 2009, internet advertising accounted for 5.1% of all advertising expenditures in the country (Exhibit 3). As internet access became more widespread in Hong Kong in 2009, approximately 69.4% of the city's population was using the internet (Exhibit 4). Based on this data, the demand for internet advertising was predicted to increase. This presented potential opportunities for a digital advertising firm to capitalize on a growing market space.

The turn of the decade also saw rapidly changing trends in the digital advertising industry. With the advent of technology, as well as the increasing prevalence of smartphones and social media, the role of digital advertising continued an upward trajectory globally and became the fastest growing advertising medium (Exhibit 5). This meant that digital advertising companies needed to be nimble enough to adapt to the changing demands of clients and the target audience, while also maintaining the same standards of quality and service as before. It was necessary for market players to be aware that they were in a constantly evolving market space and needed to constantly reinvent themselves in order to compete successfully.

## Guru Online

Once Wang and her co-founders became invested in Guru Online full time in May 2007, they struggled to find support from any professional resource. The startup culture in Hong Kong did

not have the same strong support system of the Silicon Valley. Most industry sectors were dominated by well-established market players that had already garnered respect and power through many years of experience. Moreover, Hong Kong's industry culture valued seniority over innovation and was generally unaccepting of small companies trying to make a change. This meant high barriers to entry that made it difficult for small companies to outshine existing players even if upstart had an accurate market position and a sound business strategy.

Guru Online had several direct competitors in the industry that were more established, which led Wang to operate Guru Online at very low burn rate for the first nine months. The founders chose to not pay themselves and instead focused on maximizing profit for the company. While there were established players in digital advertising, Wang and her co-founders saw a gap in which they could capitalize. Current players engaged with individual website owners on a highly transactional basis, and none of Wang's competitors secured exclusive rights for advertising placements on the owners' sites. Gaining exclusivity became the key strategy and provided a competitive edge. Obtaining exclusive rights to advertising placements on popular websites not only proved to give Guru Online a pricing advantage and bargaining power, but it also was a key resource to engage with advertisers.

Engaging website owners turned out to be less of a struggle than engaging advertisers. Advertisers didn't trust such an inexperienced team, making rejection common. On the other hand, website owners tended to be younger, generally in their twenties, and the Guru Online team was able to connect with them. Through persuasion, minimum guarantees, and sheer grit, the team obtained exclusivity to fifty popular websites in Hong Kong. That opened the path to the next step: engaging advertisers.

## First Hurdle: Threatening Call from a Competitor

As Guru Online was gaining traction, it started drawing unwanted attention from competitors in the industry. One evening, the founders received a call from an established competitor claiming that they would send an email the next day to advertisers and potential clients, stating how Guru Online was not a legitimate company. They also said that the email would be signed by several established companies in the industry, as well as by a reputable third-party measurement agency. The consequence would have been dire to a fledgling company like Guru Online. They risked losing the trust of their clients and there was no way they would have been able to secure subsequent meetings with advertisers if they had suffered such damage to their credibility.

Faced with the danger of being forced to give up on the digital advertising market, Wang and her founding team did not have much time to react. Without the help of a professional lawyer, they had to do their own research on how to craft a legal document. The team also had to strategize who they were going to send the document to. Would it have helped to issue the letter to their competitors? Clearly not, since their sole purpose was to drive Guru Online out of the industry. Instead, the team targeted the third-party measurement company which had much more to lose. A legal letter was drafted overnight and sent via email to the General Manager of the Hong Kong branch of the certification agency. The email explained that Guru Online had all required legal documentation for its operations and that legal actions would be taken against them should they partake in the sending of the defamatory email campaign as outlined by Guru Online's competitor. Fearing the letter would not reach the General Manager in time for him to intervene, the team printed it and slid it under his office door at 2AM.

The legal letter was successful and the defamatory email about Guru Online was never sent out. While competitors continued to badmouth Guru Online after the incident, Wang understood that such actions could not be prevented. Instead, she realized that learning how to properly manage

and control damages during times of crisis was more important than finding ways to prevent them.

Amidst the unpleasant experience the team remained positive, seeing a silver lining in the situation. The incident was a sign that the industry they had decided to go into needed to be disrupted. Existing players could carry out anything just to frighten newcomers and prevent them from entering the industry. If Guru Online could avert these tactics and maintain their position, they will be able to establish themselves and forge a strong competitive edge.

## Getting Tripped While Striding

Four years into the business, everything was rosy for Guru Online as it experienced extremely fast growth. The business doubled in size every year, along with the growth came increasing revenues, staff expansion, and a larger office space. As the company moved into its new offices, the employee headcount expanded to 40 staff members and the founders formed the first middle management team.

As the founding team was starting to get comfortable and planning to spend more time on strategy instead of daily execution, disaster struck. A few months after the implementation of middle management, the entire middle management team resigned. With cash all locked up due to the rental deposit, renovation fees, and costs of moving into the new office, the company had little room for error. Losing key members took its toll on the company which lost important clients and recorded its first financial loss in three years. To make matters worse, there was panic among the remaining employees because of their dependence on the middle management team. Consequently, the founders found themselves detached from their staff.

The only remedy was for them to get back to the basics. To reconnect with the employees and forge a greater sense of teamwork. Wang and her team decided to lead by example and worked extra hours alongside their staff to make ends meet. The extra effort paid off as the company recorded its highest revenue to date just a few months after the crisis.

Wang discovered afterwards that a Chinese company had bought out the entire middle management team to start another company to compete directly with Guru Online. Along with the managers, the Guru Online also lost much of its intellectual property in the form of presentation materials, client database, and company information. Limited funding and the lack of an established legal structure to protect the company's intellectual property meant that legal actions would prove to be of little value. Wang felt that the company would not survive the drain of a lawsuit, and the founding team continued moving forward and set their sights on their own path. They realized that the only solution was to work hard and constantly improve the company. As Wang stated, "People can copy and steal current materials, but they cannot steal future ones. Our materials will change and improve." Staying ahead of competition was the only way to survive in her mind.

To Wang, the competition, challenges, and setbacks were also fun aspects of entrepreneurship. She saw crisis management not merely as an opportunity to grow as a company, but also an opportunity for her to grow personally. Dealing with challenges and uncertainties, working hard, and reflecting on mistakes is how Wang believes entrepreneurs grow. The compounding effect of hard work and continuous learning is what defines a successful entrepreneur in her view.

## Explosive Growth

While Guru Online experienced steady growth for many years, its business was limited to website design, banner design, and advertisement banner placement. The digital advertising sector was still a very small segment of the entire advertising industry, accounting for only 2% of the total market size. The tipping point for the company was Facebook's entrance into Asia. Wang was an early user of Facebook and quickly saw its potential impact on the industry. Following the viral growth of Facebook and other social media platforms, Guru Online secured an early mover's advantage by promoting Facebook to clients. Guru Online was the first in the region to help clients deliver Facebook campaigns. This was significant in providing the fuel to keep it on an upward trajectory.

## Funding

As a service based company, Guru Online did not require as much funding as a product based company. In fact, Guru Online grew with only the initial capital injection from its founders. About four years in, the company had a good business model that the founders felt was worth developing further. Further business model development would require cash, so the founders went out to look for it. After months of engaging investors, the founders did not find a deal they were happy with, so instead of settling for something they felt like was less than they deserved they turned their attention back to operations.

A year later, Guru Online transitioned into its next developmental stage and investors started streaming in. Wang and her co-founders were then faced with an important decision. Did they really require funding? And if so, from which source should they take it? The question of equity investment, acquisition, exit, or going public reigned as the founders were faced with numerous offers.

The team decided that while the company was not in dire need of cash, but a strategic investor would benefit the company's growth and provide a strong backing to stage an eventual initial public offering (IPO). Huayi Brothers International Investment Ltd., led by Mr. Zhonglei Wang, was brought in as a strategic investor, and Wang was put on the board as a Non-Executive Director.

Huayi Brothers International Investment Ltd. is a subsidiary to Huayi Brothers Media Corporation, media giants and China's largest privately held film conglomerate. The investment not only gifted Guru Online broader national recognition and a stronger brand name in preparation for its IPO, but it also opened the Mainland China market to the company. While Guru Online still had to lay the groundwork and secure the deals, opportunities with important China clients became possible thanks to their new strategic investor. Starting with the governments of Chinese cities that engaged Guru Online to promote their cities globally, the floodgate opened and the Hangzhou tourism board became a client. This was quickly followed by the tourism boards of Beijing, Shanxi, the Nanjing Youth Olympics, and several private companies. Guru Online's total revenue from the Chinese market increased from 0% to 20% over the next two years.

## IPO

On May 29, 2015, Guru Online was officially listed on Hong Kong Stock Exchange's Growth Enterprise Market (GEM) Board with net proceeds approximating HK\$91.8 million. While service provider companies in Hong Kong generally yield lower Price to Earnings (P/E) ratios, Guru Online

was listed as a tech and internet company. The listing allowed the company to reap the rewards of a higher P/E ratio. Guru Online's success was as much due to the dedication and hard work of the founding team as to the timing of its resurgence since Asia had few internet companies at the time.

Guru Online's IPO also marked the end of Wang's eight-year journey with the company she founded. A month after the company went public, Wang resigned from her position as non-executive director. Wang does not consider IPOs to be the end of a company, but rather another new beginning to further its growth. However, Wang married and her husband lived and worked in the Bay Area. The couple was faced with the tough decision of choosing their new family's home. Although Wang greatly enjoyed her time at Guru Online and had all her family and friends in Greater China, she made the tough decision of resigning from Guru Online to move to Silicon Valley.

In the first few months of moving to Silicon Valley, Wang felt as if she was starting everything all over again. Fascinated by the Valley's product and platform companies, Wang eagerly learned and soon developed an effective way to help local startups on their growth strategy. She put her newly acquired knowledge to test by consulting for various startups.

One of her consulting experiences included a Growth and Marketing mission at the educational network Edmodo in 2016. She helped them achieve 4x growth in a 6-month period, and she helped the team drastically increase user traffic. Pregnant, she worked until the last day before her daughter was born, and then decided to become a full-time mom.

## Angels of the Bay and Long Venture Partners

Wang always wanted to be an Angel Investor, but at Guru Online, she was unable to focus on investing. After moving to California, she had the opportunity to focus on her career as an Angel Investor full time while also taking care of her family. In October 2017, Wang decided that she wanted to expand her influence in the investing field and took a job as a Venture Capitalist for Long Venture Partners. She has been able to provide seed funding for numerous startups. Because of her upbringing in Hong Kong, Wang remains a firm advocate of entrepreneurship in the Greater China region, frequently extending her influence to help startups within the Asian community.

As a Venture Capitalist, Wang interacts with many technology startups. She focuses in the machine learning and artificial intelligence software field. She enjoys her time outside of the office when she is working directly with the founders because it gives her the opportunity to see how they work and communicate with others. She firmly believes that the team is a critical factor for determining the startup's success. She also works with the rest of the VC board at her firm to analyze financials and product-market fit of their prospective startup investments.

## Advice for the Young Entrepreneur

As Wang enters the VC industry, she has a few key pieces of advice for young, college students aspiring to become entrepreneurs. What she believes is most important is not to develop life presets or limitations for yourself. Anything can happen in life, which is exactly how revolutionary ideas can emerge. If Wang had stuck onto her original plan of staying in Hong Kong, finding a traditional job, and building a family, she would have never embarked on her adventurous and fulfilling entrepreneurial journey and had the opportunity to come to the United States to pursue

her interests for VC investing. This is what she hopes students will take into consideration before locking onto a specific dream or goal.

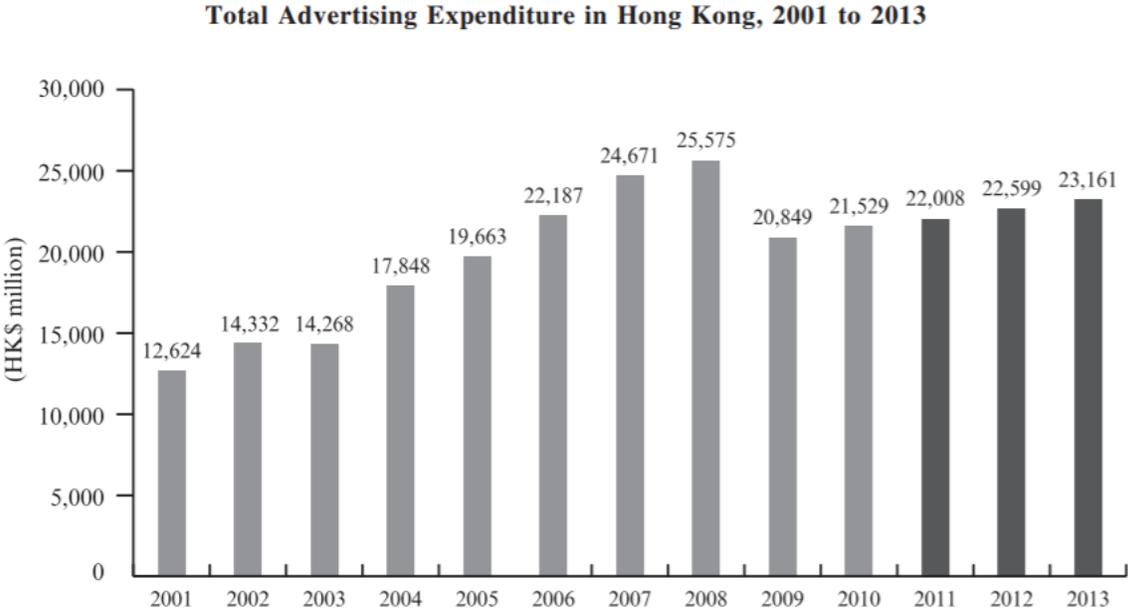
Additionally, she believes that all young entrepreneurs should immerse themselves into learning as much as they can in a wide range of fields, even after they graduate from college. Wang hopes that “whenever people say something is definitely not possible”, students will utilize their inquisitive mindsets to “think thrice, challenge traditional ideas, and innovate.”

**Exhibit 1** Gross Added Value of Hong Kong Advertising Industry, 1997-2007



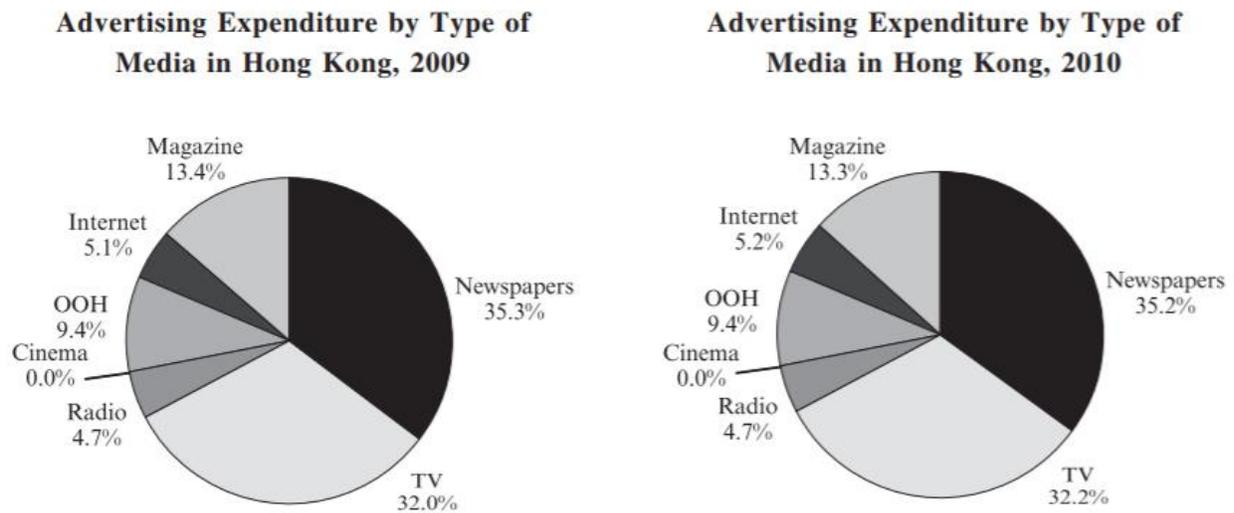
Source “Current Status of the Various Sectors of Creative Industries in Hong Kong”, Page 110, accessed November 2017  
[http://www.ideascentre.hk/wordpress/wp-content/uploads/2009/04/ci\\_report\\_part2.pdf](http://www.ideascentre.hk/wordpress/wp-content/uploads/2009/04/ci_report_part2.pdf)

**Exhibit 2** Total advertising expenditures in Hong Kong, 2001-2013



Source Industry Overview Report, page 51, accessed November 2017  
[http://www.hkexnews.hk/listedco/listconews/gem/2011/0630/08112\\_1106725/E114.pdf](http://www.hkexnews.hk/listedco/listconews/gem/2011/0630/08112_1106725/E114.pdf)

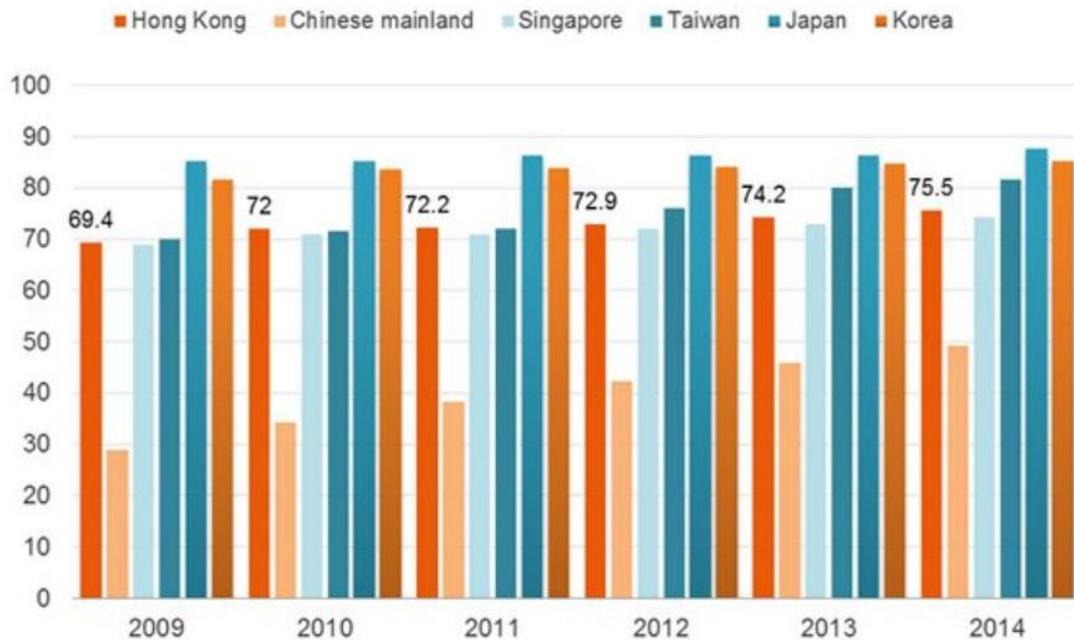
**Exhibit 3 Advertising Expenditure Breakdown in Hong Kong, 2009 & 2010**



Source Industry Overview Report, page 52, accessed November 2017  
[http://www.hkexnews.hk/listedco/listconews/gem/2011/0630/08112\\_1106725/E114.pdf](http://www.hkexnews.hk/listedco/listconews/gem/2011/0630/08112_1106725/E114.pdf)

## Exhibit 4 More Hong Kong Citizens Using the Internet, 2009-2014

### Percentage of Population Using The Internet



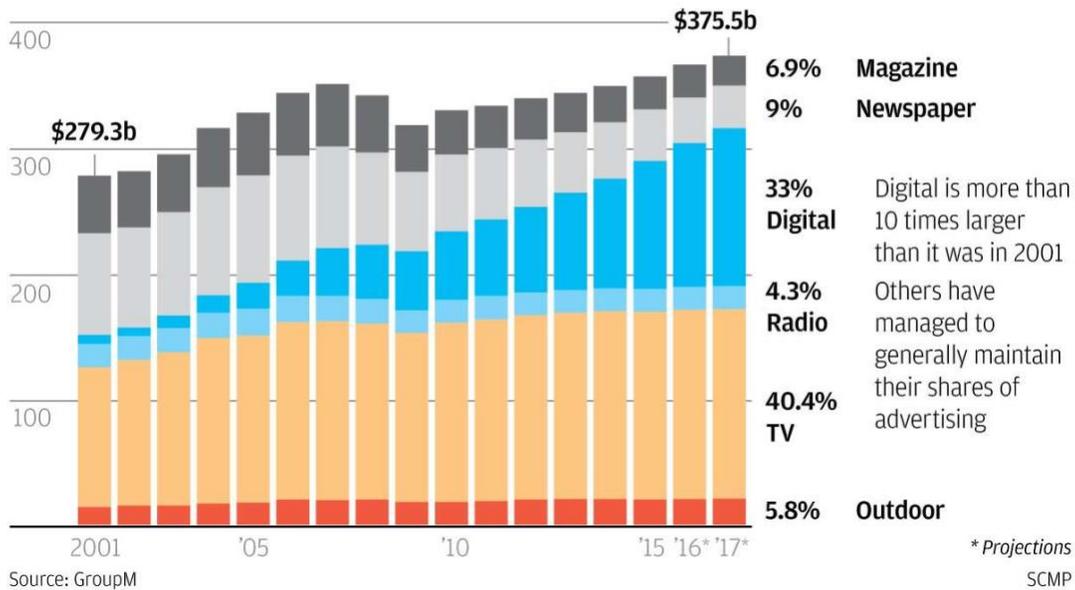
Source “Hong Kong’s Advertising Industry: Digital Evolution”, June 16, 2015, Hong Kong Trade Development Council, accessed November 2017  
<http://hkmb.hktdc.com/en/1X0A2R8J/hktdc-research/Hong-Kong's-Advertising-Industry-Digital-Evolution>

## Exhibit 5 Media Shifts in the Advertising Industries Globally, 2001-2017

### Media shifts

Newspaper declines in print advertising are accelerating, shrinking the sector's share of media spending

Global ad spending, divided by media share, inflation-adjusted (US\$)



Source "Facebook, Google, SCMP band together to spur Hong Kong's growth in digital advertising", October 26, 2016, South China Morning Post, accessed November 2017

<http://www.scmp.com/tech/leaders-founders/article/2040334/facebook-google-scmp-band-together-spur-hong-kongs-growth>