

# TheLINK

CEIBS Alumni Magazine

Volume 1, 2017



SHARING  
ECONOMY

Iconic view from  
Mr & Mrs Bund

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There was just no way we could pass up an opportunity to look at the sharing economy, the topic of this issue's **Cover Story**. After all, words such as **Uber**, **Mobike** and **Airbnb** have become a part of our everyday vocabulary. So in this issue, CEIBS faculty and industry players whose enterprises share everything from accommodations to professional services help explain how and why the sharing economy is such a hot topic – and what it means for us all.

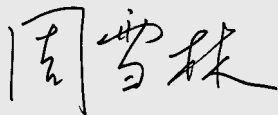
In addition to the information-packed **Cover Story**, there are several **Features** in this issue as well. One of them looks at the softer side of CEIBS Professor of Economics **Xu Xiaonian**, and the outstanding charitable work he has done over the years. We also introduce you to **Professor Emily David**, whose career has taken her to places many of us can only dream of, such as the NASA International Space Station. We also bring you a story from our **Zurich Campus**, part of a new push to showcase more of *all* CEIBS' five locations across the globe.

Then in **CEIBS Knowledge**, we bring you two

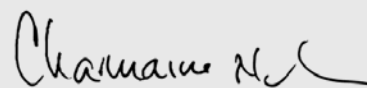
very different pieces. In one, **CEIBS Dean Ding Yuan** looks at **Four Ways China is Changing**. In the other, **Professor Shameen Prashantham** provides **3 Tips for Foreign Tech Firms to Win in China's Internet Market**.

And we have a **LOT** of great news about our alumni. This includes a new section called **Alumni Chapter Sharing** where we provide an update on the **International Alumni Association**, check in with the **Guangxi Chapter** and share the **Alumni Golf Club's** long-sought-after win. **Entrepreneurial Spirit** brings us the fascinating story of singer/songwriter/producer and CEIBS alumnus **Jerry Huang**; and we also bring you the story of CEIBS MBA alumni **Ritwik Ghosh** and **Vijay Chowdhary** whose billion dollar deals are helping bridge ties between China and India. As usual, major school updates are included in the **Briefing** and **Scene@CEIBS** sections.

We hope you like this revamped version of *TheLINK*. We look forward to your feedback, along with story ideas for future issues. Just drop us a line at [alumnimagazine@ceibs.edu](mailto:alumnimagazine@ceibs.edu)



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Online

Shanghai Campus



▲ Launch of CEIBS Case Master Development Camp

# CEIBS 5 LOCATIONS



Beijing Campus

▲ Beijing Campus Celebrates CEIBS 22nd Anniversary

►  
Guangzhou  
Management  
Forum



◀  
Zurich Campus  
celebrates Chinese  
New Year

102 New  
Graduates



# HIGHLIGHTS

# President's Letter



Dear alumni:

Happy New Year!

Gusting winds from the east have joined forces to bring us another new year.

For China, 2016 was a year of optimising the structural economy, a year that saw a boom in entrepreneurship; for CEIBS, it was a key year in its efforts to be a world-class business school that epitomises “China Depth, Global Breadth”. But as “uncertainty” has risen to be the one thing we are most certain of in today’s world, the question is how can we remain in tune with the trends of our times? CEIBS’ answer remained unchanged in 2016: we do so through self-analysis and introspection, by reinventing ourselves, and making major breakthroughs.

If 20 years ago CEIBS’ internationalisation was about opening up the country’s borders and importing cutting-edge global management knowledge, then 20 years later our internationalisation is more about complementing the trend of Chinese enterprises’ globalisation and providing intellectual support as they expand beyond China’s borders. This task is made easier by the fact that CEIBS has itself established a development model based on sustainable and profound globalisation, with seamless interaction and

synergy among our five teaching locations in Shanghai, Beijing, Shenzhen, Zurich and Accra.

The “going out” of Chinese companies signifies the “going out” of the Chinese management model, which in turn means the “going out” of Chinese management education. This is why in 2016, for the first time ever, CEIBS hosted a forum on the island of Taiwan and held a series of forums in key European cities including Munich, Zurich, London and Paris. We are convinced that a country’s economic development hinges on its innovative talent and entrepreneurial spirit, as well as an educational system that nurtures this talent and spirit. CEIBS has witnessed China’s rise and Chinese companies’ boom, and with the accomplishments of these enterprises the country is destined to make its way to the centre of the world stage.

CEIBS has itself had its fair share of achievements, all of which are rooted in the school’s teaching and research capabilities that have been forged over the years. In 2016, CEIBS remained the only business school in Asia that has all its MBA, EMBA and Executive Education programmes listed in the *Financial Times*’ Top 30. The faculty team was further strengthened with multiple renowned scholars joining CEIBS. Among them are former Chairman of the

Industrial and Commercial Bank of China (ICBC), Dr Jiang Jianqing; former Director General of the Department of Statistics & Research at the People's Bank of China (PBOC), Dr Sheng Songcheng; former Chair Professor of Management at the School of Business and Management, Hong Kong University of Science and Technology, Dr Jiing-Lih Farh; former tenured Associate Professor of Finance at the Chinese University of Hong Kong, Dr Wang Cong, etc. In addition, CEIBS again dominated the rankings of Most Cited Chinese Researchers in the category of Business, Management and Accounting. One third of the scholars on Elsevier's Top 30 list in this category are from CEIBS. The school's excellent academic team has boosted CEIBS' reputation of being at the pinnacle of China's management theories and a source of corporate innovation and reform.

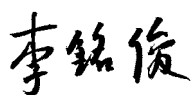
At the same time, CEIBS has been seeking a "new launching pad" through which it can tap into and leverage today's trends. Within the popular wave of "entrepreneurship and innovation" sweeping across the country, CEIBS has found its new mission – cultivating excellent entrepreneurs. In October 2015, in response to this new mission, CEIBS E-Platform was established. In 2016, CEIBS E-Platform focused its efforts on constructing an entrepreneurship ecosystem through a series of programmes, forums and competitions. In the coming years, CEIBS E-Platform will further integrate alumni and global resources to bridge the gap between education, entrepreneurs, mentors, incubators, and investors, with the goal to grow into a brand new intersection of global innovation.

CEIBS itself can also be seen as an "entrepreneur", one who is blazing a trail, and going through his own share of adversities as he works towards perfection. In fact, the entrepreneurial spirit is part of CEIBS' DNA and the school has always closely linked its own fate to China's development and market demand. Only with this level of insight can one grasp today's trends, precisely identify the opportunities available, and create value. A shared mission and a profound understanding of what we stand for have forged a community – about 19,000 alumni scattered across more than 80 countries – with a common destiny. In 2016, a total of 1,564

alumni recommended candidates to the various CEIBS programmes, 154 alumni were mentors for the MBA Mentoring Programme, over 30 alumni companies contributed cases to CEIBS Case Centre, and numerous alumni took part in the Dishuiquan Loan Project – a public-good initiative where alumni provide low-interest rate loans for students. In addition, CEIBS Alumni Association has set up 15 international alumni chapters in Asia, North America, Europe and Africa; in order to improve interaction among the international alumni based in China, CEIBS Alumni Association Shanghai Chapter (International) was inaugurated in November 2016; CEIBS Alumni Association Australia and New Zealand Chapter has been formed, and the Japan Chapter is in the preparatory phase. At reunions during the celebration of the school's anniversary in November, our alumni who had gathered reflected on shared opportunities and challenges as they work toward the common goal of being responsible business leaders who play the leading role in global corporate governance.

Many of our alumni can also say, "The business school that educated me is younger than I am." At 22 years old CEIBS is like a young man in his prime who is faced with a weighty mission. We still have a long way to go. So CEIBS must give full play to its unique advantage and foster more future business leaders who possess international vision and are adept in global governance; it must continuously advance and curate China's management practices and business models, and contribute original management ideas to the world; it must maintain its focus on students and alumni, attach importance to social responsibility, and embody its values; it must provide intellectual support for China's economic transformation and accelerate the economic and cultural exchanges and cooperation between China and the rest of the world.

As Friedrich Nietzsche said, "We should consider every day lost on which we have not danced at least once." We will conquer the stars as well as the oceans. Let's walk the talk, and let's do it together. We shall dance every day to our hearts' content in 2017, and write an even more splendid chapter of CEIBS' history!



CEIBS President  
Professor Li Mingjun



CEIBS President  
Professor Pedro Nueno

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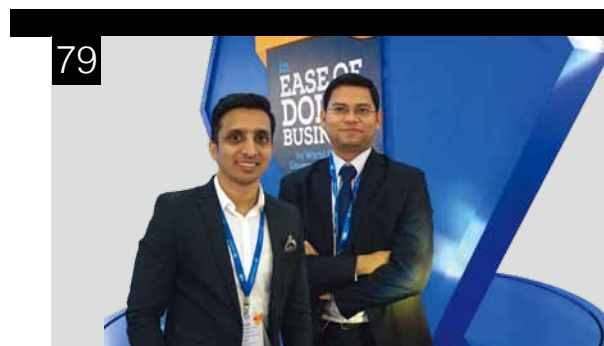
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# SHARING ECONOMY

For those whose ultimate dream is to be unencumbered by mortgage payments and China's sky-high car license plate fees, but still have access to the best homes and cars their budget can cover, this is the perfect time to be alive. Today, it's all about sharing. So consumers, especially the younger generation, scour Airbnb and Xiaozhu.com for the best apartments they can call home while vacationing anywhere in the world – or just to get a change of scenery for a few days. Depending on the size of their purses and the distance they have to cover, they rely on mobike, Uber or Car2Share to get around town. They gleefully use all these resources that are often just an App away, then leave them without so much as a backward glance as they move on to the next “goodie” to be consumed.

In this **Cover Story**, five CEIBS

faculty explore **The Sharing Economy Revolution** and the impact it is having on our everyday lives. They also touch on the issue of just what constitutes the sharing economy, a long-running debate that has intensified over the years.

Prof Lin Chen also looks at **Why Mobike is a Hit**; and we bring you **A Case Study on the Sharing Economy** with some of the main players behind **Xiaozhu.com** (similar to Airbnb) explaining how they solved the challenges faced when building both sides of their platform. There is also an interview with professional services platform **ZBJ.com** Founder Zhu Mingyue who tells us what the sharing economy means to him. The section wraps up with excerpts from a China Entrepreneurs Seminar where four rising stars of China's sharing economy offer advice on succeeding.





# The Sharing Economy Revolution

■ By Janine Coughlin

Private jets, parking spaces, power tools, dog walkers, babysitters – even a pristine fishing spot, are among the things that can be procured today through “sharing” platforms. Though it’s been less than a decade since the first home stay was arranged via Airbnb and the first ride was booked on Uber, the rapid rise of the sharing economy is not only changing how we buy goods and services, it’s disrupting industries and business strategy models, along with influencing work culture and HR practices.

“In the past, figuring out how to build the asset was the biggest challenge and the biggest risk both financially and operationally,” explains CEIBS Adjunct Professor of Management Jeff Sampler. “[Today] there is a different theory of strategy underway here.”

The results of a study, done by PwC for the European Commission, that was published in April 2016 estimates that the five key sectors of the sharing economy — accommodations, transportation, household services, professional

services and finance — generated revenues of nearly €4bn and facilitated €28bn of related transactions within Europe in 2015, and could generate global revenues of \$335 billion by 2025. China's sharing economy was estimated to be worth RMB1.95 trillion by the National Information Centre's Information Research Department in a report it issued in February 2016. There are 50 million sharing business providers in China serving more than 500 million customers, according to the report, and it predicts that the country's sharing economy will grow at an annual rate of 40% in the next five years, making up more than 10% of its GDP by 2020. The importance of the sharing economy has been recognised at the highest levels of the Chinese government. In his keynote address at the WEF's Summer Davos meeting in Tianjin in June 2016, Chinese Premier Li Keqiang noted that, "it could unleash everyone's potential, facilitate reasonable income distribution, expand the middle income group, allow more people, in particular the young, to fulfil their dreams through hard work, and promote social equality and justice."

It has certainly been attractive for entrepreneurs around the world. Three of the top five companies on the TechCrunch ranking of Unicorn Startups (private companies valued at US\$1 billion or more) are sharing economy enterprises. As of March 1, 2017, Uber tops the list with a valuation of US\$62.5 billion; its former Chinese rival, Didi Chuxing, is fourth with a valuation of US\$33.7 billion, and Airbnb, valued at US\$30 billion, is fifth.

CEIBS Associate Professor of Strategy Peter Moran, who is researching sharing economy dynamics with Prof Sampler, says the pair believe the ability to mitigate risk is a key to succeeding in this new era. "Many of the [long-held] theories around strategy are really from the supply side," says Prof Moran. "It's usually [about] heavy assets; and it's the ownership of those assets. Strategy theories are all based on preventing others from appropriating the value from those assets. What the economy of sharing allows us to think about is using these assets in very different ways so that you can actually stimulate demand and make some demand-side

insights around building strategy."

Adds Prof Sampler, "In the past you'd say, 'build the market and they will come'. That's the [approach used by] Craigslist and Taobao who say, 'I'm just going to create this big exchange platform and good luck [to anyone who wants to use it]'. An alternative [approach] says, 'I'm going to create a walled garden where you know it's safe to play'. There's huge value in that. The assets you will put into play are very different when you have less risk. Obviously as technology becomes more pervasive, with mobile and so on, it only highlights these opportunities."

It remains to be seen how different consumers around the globe will take advantage of these opportunities. For example, sharing economy enterprises have a different appeal to consumers in China than in the West says CEIBS Associate Professor of Strategy Weiru Chen. "Take car-hailing as an example. Uber highlights how technology can reduce the hassle of decision-making for people, while Yidao Yongche, a pioneering car-hailing service launched





in China before Uber, gives passengers more autonomy to choose their driver, car type, and service rating,” he says.

According to Assistant Professor of Marketing Lin Chen, social media has been the key to unlocking the sharing economy in China. “It all started with Didi Da Che and Kuaidi Da Che for the taxi hailing service,” she says. “People are using social platforms such as WeChat and those sharing economy related apps leveraged the social platforms to get their first customers.”

WeChat has also facilitated the rise of bicycle sharing platforms in China, which have become a hot area of the sharing economy for venture capital investment. WeChat’s parent company Tencent led a US\$215 million Series D round of funding in the Mobike platform in January this year. Several weeks later manufacturing giant Foxconn announced a strategic investment in mobike, and the Singaporean investment firm Temasek followed with one at the end of February. Meanwhile, mobike’s biggest rival, Ofo, includes Chinese ride-sharing giant Didi Chuxing among its strategic investment partners.

However Profs Moran and Sampler argue that bike sharing is part of the rental economy, not the sharing economy. In fact there has been a running debate, for a number of years, on the definition of the sharing economy. It initially grew out of individuals sharing goods or services but is increasingly being used to refer to economic and social activity involving online transactions – including B2C. For Profs Moran and Sampler, they are guided by the original meaning of the term. “Mobike owns the bikes, just like Hertz owns the car,” says Prof Sampler. “That’s a very different business model than Uber, where the driver owns the car. I think mobike is very clever to say that they’re part of the sharing economy because that’s good for their hype and that’s good for their valuation, but it’s a Hertz business model, not an Uber business model.”

Another clever Chinese enterprise that leveraged WeChat in an innovative way to transform itself into a sharing economy business is Rongchang Laundry, which was founded by CEIBS EMBA alumnus Zhang Rongyao. A case study co-authored by Prof Weiru Chen explores how it went from

being a traditional bricks-and-mortar laundry chain to an O2O (online-to-offline) “e-washing” platform, where busy urban white collar workers could book laundry pick-up service through WeChat. Demand proved so great that the company had to ‘share’ the excess capacity of rival chain store franchisees and local housekeepers to help wash and sort the clothes, respectively. The company has also contemplated leveraging its housekeeper and customer base to extend its business into other areas of home service such as cooking and cleaning. (The case study is titled “O2O Transformation in Rongchang Laundry Chain Services: Incubating an ‘e-Washing’ Platform” and it won the top prize in the 2015 Global Contest for “Best China-Focused Cases” co-organised by CEIBS, the Shanghai MBA Case Development and Sharing Platform, and the Global Platform of China Cases.)

The knowledge-sharing platform Fenda is another uniquely Chinese example of a sharing economy enterprise that has leveraged WeChat. The platform allows users to share their knowledge through 60-second WeChat voice messages with others who are willing to pay a fee to have

*“The whole gig economy is expanding greatly. I think it is going to happen in very knowledge-intensive areas.”*

a question answered. It also has a feature that lets people eavesdrop on the answers for a smaller fee. It surged in popularity after its launch last summer when Wang Sicong, son of Dalian Wanda Group founder Wang Jianlin, made RMB130,000 auctioning off answers to 25 questions that covered everything from investment to his love life.

“It was an extremely popular business model,” says Prof Lin Chen, explaining that the person who asks a question also gets a share of the money collected from everyone who pays to eavesdrop on the answer.

Prof Sampler expects that in future, we will see more and more professional services being offered through sharing platforms. “We see this happening already, for example with coding and platforms like TopCoder.com,” he says. “The whole gig economy is expanding greatly. I think it is going to happen in very knowledge-intensive areas such as accounting, engineering, legal, and strategy consulting.”

The rise of this so-called gig sharing economy is also changing the work culture in traditional companies. CEIBS Assistant Professor of Management Emily

David says it can exacerbate the existing problem of decreasing employee and employer loyalty. “To borrow an example from the star of the sharing economy, Airbnb, although the first person to stay in your house through this arrangement may become a close new friend, you are unlikely to even remember the name of the 70th person to do so,” she says. “A side-effect of working with so many freelancers on short-term projects is that full-time employees may become desensitised to new faces.”

She adds that it can also be hard for short-term employees to integrate into a company’s culture. “People need to form deep bonds in order to work through differences and cooperate meaningfully. Managers of project-specific workers need to remember that just because these workers are hired only for a specific purpose or project, they are not robots. People thrive most when they are helped to develop their skills, motivated with a compelling vision, given a sense of purpose, and recognised for their achievements.”

Where is the sharing economy headed? The early-moving giants are already trying to extend their brand into

other areas. Airbnb is adding on tour-booking services, and Uber is trying out food delivery in big cities such as New York. Prof Weiru Chen believes that organisational capacity, timing, and the path (i.e. what to do and when to do it) are the biggest challenges for established service businesses to expand.

“Every element of diversification introduces another party and level of complexity, which introduces different risks one might not have considered,” says Prof Moran. “I think the companies that are going to be the most successful in diversifying and really changing the use patterns of the assets they make available are the ones that are more forward-looking in terms of how these assets could be used and what risks are stopping those potential uses.”

He notes that the risks extend beyond just the two parties involved in a transaction. It’s not just the host and the guest, or the passenger and the driver; it’s the local community. Airbnb, Uber and Didi have all bumped up against local government regulations in various places. Prof Moran notes, for example, that Airbnb has been increasingly willing to facilitate paying local accommodation taxes. “They see the hotel lobby that is trying to shut them down as a bigger threat to their business,” he says. “If they can show the community that they spread the wealth more geographically and they are willing to pay transaction taxes and not just siphon off this value, they gain more credibility and legitimacy, and that ensures they won’t get stamped out.”

# Why Mobike is a Hit

■ By Lin Chen

**B**icycles with bright orange wheels are now a common sight along the streets of Shanghai and Beijing. It began last fall when mobike became all the rage. But why has this Tencent Holdings-backed start-up become such a hit?

Mobike's operational model is simple: download the app, deposit RMB300 and then pay RMB1 per half-hour ride. The app provides the location of nearby bikes and they can be dropped off anywhere after use. One reason behind mobike's success is that it makes customers feel as if they are getting a great bargain, paying RMB1 to enjoy a RMB3,000 bike. Second, the mobike looks cool and many users have taken to sharing WeChat Moments of themselves riding them. Mobikes have now become a kind of social currency, synonymous with cool, green (environmentally friendly) and definitely in. Finally, the mobike was destined to be a hit because of its flexible return system which is

perfectly in line with the post '80s and '90s generation lifestyle trend of "own nothing, reject nothing and be responsible for nothing".

Thus despite the fact that the mobike business model is commercially illogical in many ways, it has sparked public interest with some even going as far as calling it a Unicorn in the making. But is mobike really a money-making machine?

According to the company's own projections, its annual profit may be as much as RMB1.6 billion yuan; that's more than the profit level of 90% of A share listed companies!

*"Own nothing, reject nothing and be responsible for nothing."*

Lin Chen is Assistant Professor of Marketing at CEIBS.





## Mobike Money

Mobike Algorithm		Notes
Single user deposit	¥309.00	According to mobike's internal calculations, the deposit and rental residue are 309 RMB.
Number of users	10,000,000	According to the company's internal projections, each mobike can serve 10 users.
Annual Interest Rate	8%	The deposit is similar to an interest-free loan. A little higher annual interest rate is reasonable because of the low cost.
Deposit Return Rate	40%	Male white collar workers, aged 26-35, in the financial sector are the main users of mobike. It is projected that 40% of users will have their deposit returned.
Deposit Income	¥148320000.00	The deposit will be returned to clients so that cannot be calculated as a source of income. However, the interest earned on the deposit can be calculated as income.
Daily Usage Per Bike (Hour)	3.5	According to mobike's publicly available data, each bike is used 7 times per day, half an hour each time.
Number of Bikes Offered	1000000	The company's estimated number of bikes available is 1,000,000, however, the true number is 20,000 in Beijing and Shanghai.
Mobi Price	¥1.00	
Number of Days	300	According to mobike's calculations, the significant number of days is 300 per year, not including days when the weather is unsuitable for riding.
Profit from Bike Use	¥2100000000.00	
Profit from Other Business	¥ -	In the future, advertising will be considered.
Cost of Single Bike	¥1500.00	Purchase cost.
Residual Scrap of Single Bike	¥150.00	
Estimated Useful Life	3	
Depreciation Cost of Single Bike per Year	(450.00)	Calculated as straight line depreciation. It should be accelerated depreciation actually.
Total Depreciation Cost	(450000000.00)	
Operating Cost of a Single Bike	(180.00)	According to the company's internal information, the daily operating cost of a single bike is 0.6 RMB, in addition to the cost of maintenance and other costs.
Total Operating Costs	(180000000.00)	
EBITA	1618320000.00	1.6 billion!





摩拜单车



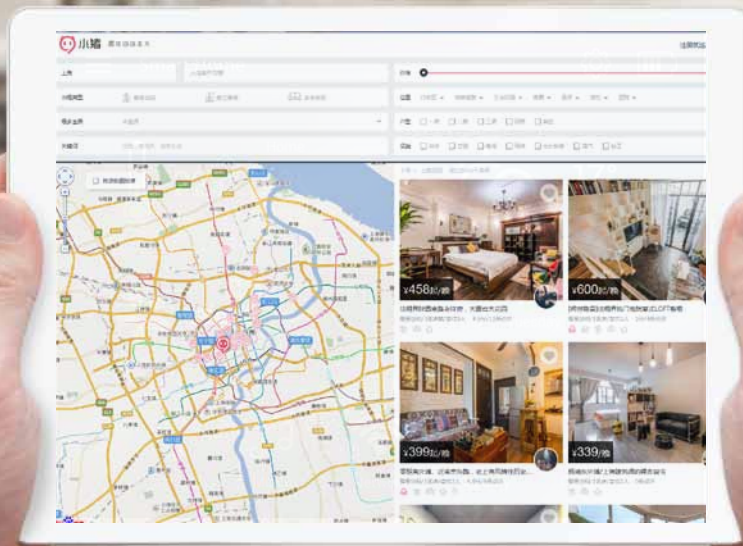
*“It is like an ultra-low-cost capital pool, which significantly reduces the pressure on the company's need to access external financing.”*

A closer look at their numbers (see the chart called Mobike Money) shows that, based on the various assumptions of their calculations, mobike could immediately increase their profit to RMB30 million by simply adjusting the number of users and bikes. However, I believe the number of users doesn't influence the company's bottom line that much. The final profit is determined by the number of bikes offered.

Contrary to what many people think, the deposit paid by each initial user doesn't have a huge influence on mobike's profit margins. On the other hand, when the number of uses declines, profit falls rapidly.

However, the importance of the deposit cannot be underestimated. The capital pool, made up of the deposit plus non-refundable payments left over when the bike is recharged, is the most important source of funding. After all, a large deposit is the equivalent of an interest-free loan for the company. It is like an ultra-low-cost capital pool, which significantly reduces the pressure on the company's need to access external financing.

But looking ahead at mobike's long-term operations, it will be vital for the company to explore other sources of funding. Maybe it can generate new streams of revenue by placing ads on its eye-catching bright orange wheels.



# Xiaozhu.com:

## A case study on the sharing economy

**X**iaozhu.com is a typical sharing economy start-up, using a platform business model to match Chinese consumers seeking short-term rental accommodation to those with property to let. It is similar to the US start-ups Airbnb and HomeAway, which are currently the dominant players in this space in many countries. Xiaozhu.com closed a US\$60 million Series C round of funding in July 2015. Two of its founders and its main investor shared the company's

start-up story with CEIBS China Entrepreneurial Leadership Camp participants on November 6, 2016. The following is a translated, edited and condensed version of this talk by Chen Chi, Wang Liantao and Li Xiao. Read on to learn first-hand how they solved some of the challenges faced in building the two sides of the platform, how Xiaozhu.com differs from its US-based competitors, and some of the unique aspects of running an enterprise that leverages the sharing economy.



## Chen Chi: *The New Digital Age*

*Chen Chi, a former obstetrician and gynaecologist, worked at Qihoo, Kuxun.cn and Ganji.com before co-founding Xiaozhu.com with Wang Liantao in May 2012.*

“Every platform business should have a ten-year development plan. The first major issue that needs to be solved is how to develop both sides of the platform – in order to promote transactions there needs to be both users and suppliers. It took Xiaozhu two to three years to sufficiently develop both sides of its platform in order to then be able to begin building the brand and business ecosystem, and improving user experience.

Our transaction platform was set up to address the issues of supply, customers, market infrastructure, as well as the transaction environment – it would pave the way for transactions by allowing buyers and sellers to resolve the problems of moral hazard and adverse selection. With Xiaozhu.com we were stepping into a brand new market in China. No one had set up this kind of business before, which meant we had to start from the ground up in creating both supply and demand. There was no infrastructure, and even worse, there were many inconveniences in the transaction environment for accommodation sharing.

Initially none of the lodgings on Xiaozhu.com were independently operated. During our first two years of operations we had to solve the problem of creating a supply of properties available for rent, which turned out to be very costly. Why did we send photographers to the hosts to take good photos? Because we needed to ensure there was reliable information for the renters. We also took an active role in helping the hosts to furnish their places and gave them suggestions to make their properties attractive to customers. In the beginning, hosts were responsible for the headlines and descriptions of their properties, and I would verify the accuracy by visiting every single lodging in person. If I found anything that was improper or unclear, I would ask my colleagues to work with the hosts to make changes.

In order to make sure the platform would quickly have enough available properties to list, we began to rent lodgings in cities such as Beijing and Shanghai. With our knowledge of consumers’ demands, we selected a variety of places, including studio apartments and units with one, two or three bedrooms. This enabled us to control the inventory as well as the furnishings. At first we charged RMB120-140 per night, but as we found demand was rather broad, we added properties that

we could rent for RMB500-800 per night, and even villas that rented for RMB2,000-3,000 per night.

Most of our efforts in those early years were spent getting from zero to one – we needed to solve the problems of creating a supply of properties and increasing the variety of accommodations, as well as improving the transaction environment. We didn't pay much attention to building traffic and a user base.

### Taking it to the Next Level

We are in touch with local government officials, and at all levels they have been very supportive of the sharing economy, which is in line with China's economic transformation away from heavy industry; supply-side reform policies want to leverage existing assets and spare labour in order to improve productivity.

The short-term rental market has grown quickly in the past year, especially in first-tier cities. We have begun to get traction on both sides of our platform. Now, at this stage, our challenges have to do with the user experience; many of the issues come from consumers and hosts. There is an increasing number of hosts willing to share their residences because the threshold for sharing is low enough; this is all part of the user experience. But for some hosts, the logistics make it difficult to participate on the platform. For example, they would say, 'I'd like to share my place,

but you need me to receive the guests every day, and my wife needs to do all the cleaning. All of this makes it impossible.'

Building up the number of users is, of course, important. The rise of the mobile internet and new media has been helpful in that regard. Many established traditional online players such as Ctrip and Qunar are finding it challenging to attract millennials who are not familiar with such PC-era platforms. It's a great opportunity for companies to build new brands in a new media and communication environment. The digital entrepreneurship environment in China has already evolved to a new era that will serve these young users.

In the future, Xiaozhu will focus on improving user experience and brand development. Of course, China's consumer credit rating system will undergo big changes in the coming years. We have a rigid real-name registration system, and China's system for this is one of the strictest

in the world. We also need to develop a financial credit verification system. In my opinion, it's not enough to create a third-party credit score, which Xiaozhu is now demanding from new users. If we can set up a convenient and reliable credit rating system, and settle all the issues with a real-name registration system, fraud issues can be resolved – not only for Xiaozhu, but for everyone.

I have learned a lot as the company developed. We are full of confidence in China's future, because my outlook on society's future is seen through the prism of this micro-environment of the sharing economy. We will be a society full of strangers, who can establish trust through new, real-name registration credit systems which will resolve the problems of adverse selection and moral hazard. Greedy self-interest will decrease, and altruism will increase. This is a conclusion we have drawn from our experience with our house-sharing enterprise in the sharing economy."





## Wang Liantao: Challenges Spur Innovation

*Wang Liantao & Chen Chi have been friends for 10 years and are now start-up partners.*

“Xiaozhu.com has introduced a number of innovations to the short-term rental business model. For example, the accuracy of the information exchanged between hosts and guests is very important. So we took photographs of the properties and established a verification procedure. Another example: furnishings are one way that lodgings signal their quality and improve their competitiveness, so we decided to provide furnishing services, and give hosts suggestions on renovations and décor. Also, knowing that people need to know who they are doing business with, we introduced real-time authentication. Given the size of Chinese cities, it’s difficult for hosts and guests to meet to pass along house keys, which prompted us to launch the first smart key system in the industry to solve this problem [once a lease expires, the landlord simply uses his mobile phone to change the password that unlocks the door]. But our most successful innovation this year has been our cleaning service. We used crowdsourcing to find part-time cleaners to service rental units through our platform.

Our platform has grown from a relatively weak start-up into a business with various modules. To me this kind of growth comes from unceasing exploration and evolution. The volume of transactions done on Xiaozhu reached almost RMB1 billion this year. Can we introduce finance and insurance mechanisms? This is the new question that has arisen from the current stage of our business. Users’ problems signal opportunities, and as we encounter problems they push us forward to make changes to the platform.”





## Li Xiao: Making the Tough Calls

*Founding Partner of Joy Capital and lead investor in Xiaozhu.com.*

“Xiaozhu.com is very unique among the investments I have made in my career. I have been the lead investor through several rounds of the company’s fund raising, and we have experienced many challenges as the company has developed. It was especially difficult in the first few years due to some issues in China’s business environment.

In the past year, there have been frequent references to the ‘bottoming out’ of entrepreneurship. I think this will be the norm for a while. All the low-hanging fruit has been picked; the days of an asset-light business model easily raking in the money have come to an end.

Let me explain, from the supply chain perspective, why so many e-commerce platforms have failed. Actually the key things for e-commerce platforms are traffic and supply chain. Every time there is a new thing that can drive traffic we will all claim it’s an opportunity for vertical e-commerce. In 2011 and 2012, many vertical e-commerce platforms sprang up, but almost none have lasted. When mobile internet developed, everyone said mobile traffic would pay dividends. Many vertical e-commerce platforms did emerge from the mobile internet, but today, in retrospect, there are still few that can rival Taobao. As a result, supply chain challenges are increasingly daunting.

### Control the Pace of Development

You need to know the essence of the business you are in. What is the environment like? How fast should you develop? To be honest, if we had adopted a model that heavily subsidised users, we would probably not be sitting here with you sharing our experiences.

The short-term rental market became an instant hit in 2012. The first company we saw in this space was HomeAway, which has adopted a really asset light model. The US vacation rental market is very standardised. HomeAway puts the information about vacation rentals online, and collects an annual fee from property owners. It has developed into a company with a market value of more than US\$2 billion. Many others began to attempt this simple asset-light model of connecting renters with owners.

Some would say that every city has a variety of available sublets in different neighbourhoods, so if I just put the lodgings they have on my platform and run the business with an asset-light model, isn’t that enough? However this will not work, because these hosts have no sense of service. They are short of good infrastructure,



and lack payment links. In addition, in the early stages, the mobile internet market was not that big, and because communication was being done online using a computer it sometimes took a host two to three hours to reply to a potential client. The user could have a really bad experience. If we had chosen to develop rapidly at that stage, we would have died. Instead we were inspired to develop a tempo for the company's development.

Why have I continued to invest in this company? Because as it's grown, I have seen that things I was concerned about have been changing. In the early stages, I knew that China's housing stock was considerable. I saw there was a high demand for transitional housing, and the market was huge, which implied a great demand for this kind of business. At the beginning, we didn't know what kind of business model could work in China, and just sensed vaguely that it would be a long-term opportunity. I found that this company shared my thinking, and I looked at this investment as a long-distance race.

From my point of view, a start-up aimed at building a platform must be doing something that differentiates it from everyone else. Take e-commerce as an example. Everyone says Taobao's vertical departments are not doing well, which creates an opportunity to set up an alternate transaction platform. But if the differentiation of the platform is not that obvious, and you are just attracting a few customers

from Taobao with your slightly better products, it won't be enough for customers to stick with your platform. If you really want to differentiate yourself, you must do something very tough, something that others don't want to do.

### Sharing Economy Business Models

The sharing economy is an area where we see great promise. It is not a very new topic, so why is it getting so much attention? There are many reasons for this. Its users are more likely consumers than businesses, the supply side has undergone many changes, and some consumers have become suppliers. It is also because of the emergence of transaction platforms, such as Xiaozhu.com.

*“Building up the number of users is, of course, important.”*

I also think there has been a shift in Chinese society: where in the past China lacked everything, now there is an excess of many things, including resources. There is also a change in the way that people live and consume. For example no one would have predicted

that we would have a “co-working” workplace style – a shared work environment where employees from different organisations work together. Many people say that WeWork's success in the US is because there are many freelancers there, so this model would not apply in China. However, we have invested in similar companies, and many of them are getting good traction. Of course, the power of technology and mobile devices has also played a role in making the once-seemingly-impossible sharing economy possible.

However, the sharing economy has more than one business model. For example, when it found Kuaiche could no longer provide standard services, Shenzhou Zhuanche chose to make group purchases available in its back-end system, providing uniform quality services via management. Doesn't this also count as part of the sharing economy? I think this is a way to optimise the use of resources by putting them together, and it is a type of sharing economy.

In Xiaozhu's first stages of development, due to lack of supply and an unwillingness to put low-quality listings on the platform, it had to adopt an asset-heavy model. We have more than 400 lodgings on the platform that we developed. At a meeting last week, we agreed that they had fulfilled their purpose and were no longer needed. This shows that if there isn't ‘heaviness’ at the beginning, you can never realise ‘lightness’ later.”

# ZBJ.com:

## Creating new value by sharing existing resources

■ By David Yu



The Chinese professional services platform ZBJ.com, also known as Zhu Bajie, is very much like its namesake character from the classic Chinese novel *Journey to the West*. The half-pig, half-human character may lack the powerful magic of his flashy Monkey King brother Sun Wukong, but in his own simple and honest way still manages to succeed. Unlike China's powerful "Monkey King" internet giants that began in the first-tier cities, ZBJ.com was launched 11 years ago in Chongqing, a mountainous city in the country's western interior, with a focus on providing a platform for professional service transactions. From its low-key beginnings, the pig is now flying with the wind of the sharing economy beneath its wings.

The CEO of the US-based parking space sharing platform ParkatmyHouse.com Alex Stephany said in his book *The Business of Sharing: Making it in the New Sharing Economy* that it is hard to come up with a definition for the sharing economy that everyone can agree on. Since ZBJ.com is one of the early movers in today's sharing economy, I sat down with its founder Zhu Mingyue (EMBA 2013) to get his perspective on what the term sharing economy means.

*“The topic is now popular in media, among scholars, investors and entrepreneurs.”*

“The topic is now popular in media, among scholars, investors and entrepreneurs. But when I began my business 11 years ago, there was no such term,” Zhu says. “This [sharing economy] label was recently given to ZBJ.com by researchers and practitioners.”

ZBJ.com and its global platform, witmart.com, connect small businesses with freelancers offering professional services such as translation, as well as logo, website and software design. In China it also offers business and copyright registration and even beauty and home repair services. Businesses can simply post available tasks, or hold an audition where several freelancers complete the task and only the one whose work they like the best gets paid.

Zhu says that seeing the Chinese e-commerce marketplace Alibaba and its Taobao.com platform gave him the idea to start ZBJ.com. “Jack Ma launched Taobao.com in 2003, which inspired me to create a website that could connect small- and medium-sized enterprises to individuals with the ability and time to offer professional services,” he says. He modelled the initial design of ZBJ.com on the online shopping platforms which were becoming popular in 2004 and 2005.

“Online-shopping, or what we call e-commerce today, meant nothing but selling to me. ZBJ.com sells human abilities, which I considered to be a kind of good that could

be sold.” After a long pause, he adds, “However, looking back, we approached it the wrong way during our first 10 years.”

At a glance, the business models for e-commerce platforms and ZBJ.com seem the same, except that one sells goods while the other sells services. But Zhu explains the subtle differences. “The former is essentially a market, in which price determines [the buyer’s decision] to a large extent.” However, at ZBJ.com, it is not price but getting the right match that matters. “ZBJ.com plays the role of cupid,” says Zhu. “ZBJ.com provides a way for buyers and sellers who have a mutual need to find each other.”

# SHARING ECONOMY



“The hand of the market cannot play a big role in this sharing economy model. We say that an e-commerce platform follows the [80/20 rule], 20% of the merchants generate 80% of the transactions. However, this is not the case on sharing platforms such as ZBJ.com or the ride-sharing app Didi Chuxing. A designer on our platform, no matter how skilful he or she is, cannot handle 10,000 orders in a short time. A driver on Didi, no matter how capable he or she is, cannot meet all the travel demands of a neighbourhood,” Zhu explains.

The ultimate aim of the sharing economy is to realise the optimal

matching of resources with service needs. “Sharing platforms are matching platforms,” he says. Charging a fee for that matchmaking was initially the main source of profit for ZBJ.com. “We took commissions on every match in the past,” Zhu says. “But we cannot take commissions forever, because this model is not a long-term solution.” The freelancers don’t want to have to share their hard-won earnings with the platform, and the buyers want to have the full attention of those providing services. Once a buyer and seller find each other through ZBJ.com they could easily choose to deal directly with each other in the future, outside the platform.

When considering how to transform ZBJ’s commission-based business model in order to generate profits in a smarter and more efficient way, Zhu was inspired by the Platform Strategy course taught by Associate Professor of Strategy Weiru Chen which he took during his EMBA studies at CEIBS. What he learned during the course led to his later success, he says.

“One feature of the sharing platform is that it has a mass user base and transaction flow,” Zhu says. “Any platform relying on the sharing economy, after a certain development period, is essentially an ocean which contains a huge pool of data.” By analysing the transaction flow and data, Zhu learned that small- and medium-sized enterprises had a huge demand for trademark and copyright registrations after they purchased logo design services on the platform. “After exploring the transaction workflow for brand logos, for example, we found that most customers are not satisfied with only having a logo – they still need to get the newly-created logo registered and protected. Why not let ZBJ.com do the job?” says Zhu. “So we began a new business that provides trademark and copyright registration services in response to this need from ZBJ.com users.” Zhu and his team continued this “offshore oil-drilling” – an analogy he likes to use when explaining to people how ZBJ.com discovers new profit models from the vast data ocean. “Trademark and copyright registration is the first oil well that we discovered. After that,



*“The ultimate aim of the sharing economy is to realise the optimal matching of resources with service needs.”*

we drilled a few more wells covering all the services that our customers need to run their businesses, including product promotion, marketing, website and app development, fiscal management and intellectual property protection. We even began to consider offering financial services to small- and medium-sized enterprises.” As the platform transformation began to pay off, in June 2015 Zhu decided to stop charging commissions on ZBJ.com, and the platform formally established its new business model, in which basic transactions such as finding the best match with someone who provides services, are free. ZBJ.com charges a fee for the platform’s other services, such as trademark and copyright registration for a logo created by a platform vendor.

With the business model transformation complete, Zhu has

begun to explore ways to expand the platform. “Now we have physical industrial park projects in more than 20 provinces throughout the country. We hope to bring together professionals and agencies in these parks and provide services to local corporate and individual customers.” While a company’s relationship with ZBJ.com might begin with needing a logo or a line of code, ZBJ aims to continue expanding the boundaries of services it can provide for enterprises by relying on Big Data and combining online and offline initiatives. “Frankly, we really don’t know what species the pig will evolve into in the future,” says Zhu with a smile.

It only took ZBJ.com two years to become the top provider of trademark registration services in China, with 12% market share. Looking ahead, Zhu says this will continue to be an area of

focus. “In 2017, an item on our to-do list is to finish the transformation of this business unit and build a vertical platform for trademark registration services,” he says.

Among the more than 10 well-known service sharing platforms in China, traffic to ZBJ.com far exceeds its competitors according to Alexa, which tracks website traffic. How has ZBJ managed to dominate the market? Zhu says that developing a platform takes time; a platform is essentially an ocean of data, so it takes patience to wait for the data to flow into the sea. “In my view, the key to a platform’s success is not smart decision-making or an abundance of capital, it is time,” says Zhu. “Once we realise this, we must prepare for a marathon.”

ZBJ.com rarely did any market promotion during its first five or six years. Even after receiving an RMB5 million investment in 2007, which was huge at that time for a start up in Chongqing, Zhu and his team continued operating from their crowded office. “I must protect our cash flow,” he says. “From a financial point of view, during the first seven or eight years, our cash flow has remained steady, even though we weren’t showing a profit.”

ZBJ.com can use the passage of time to help defeat its competitors. The internet is now influencing all aspects of enterprise services. Large enterprises require strong branding and internet plus services, while a wave of innovation

*“ZBJ.com rarely did any market promotion during its first five or six years.”*



and entrepreneurship in China has spawned many small- and micro-sized enterprises. Their rising demand for services has buoyed ZBJ.com’s long-term outlook.

“I think if you are planning to make a quick buck, don’t bother; this is not the business model for you. Sharing economy and the platform business model need diligent, patient people,” says Zhu. Quoting Professor Weiru Chen, he adds that the primary task for those building a platform is to facilitate the businesses on the platform to make their first pot of gold. Only then can those who build the platform earn *their* pot of gold. “The toughest challenge for all platform players is persistence,” he adds.

By helping to optimise matches between buyers and sellers, the sharing economy has disrupted the traditional corporate business model and improved efficiency of resource utilisation; it will continue having a

profound influence on society in the future.

Zhu believes sharing economy platforms must embrace their social responsibility. “They cannot be purely commercial enterprises. A successful sharing economy business should also have a strong social attribute, and in a way can even provide some infrastructure,” he says. “Many sharing platforms have similar functions. For example, ZBJ.com is similar to an employment agency that provides wealth and value to many people, which is also our long-term mission.”

ZBJ.com is reportedly planning to launch a series of education and training programmes in order to cultivate more professionals who can contribute to regional economic development, both online and offline. “The ultimate challenge in the sharing economy is to perfectly combine commercial value with social mission in order to create new value by sharing existing resources,” says Zhu.

# China's Used Goods Market Must Solve Trust & Credit Problems

Yang Haoyong (EMBA 2012) CEO of used car platform Guazi.com

“The sharing economy has become a popular concept in China. Generally speaking, Didi Dache, jiashuangkuaizi.com and guazi.com can all be categorised as sharing economy enterprises.

In my view, the sharing economy means people can share the right to use an item with many others during its life cycle. It helps improve efficiency of use, and creates higher value from the item. If Didi users share cars in units of minutes and hours, Guazi clients share cars on a yearly basis. This kind of sharing economy will create great value for society.

Except for a few categories, many domestic sharing economy businesses are doing worse than expected after more than a year of development. Therefore, we should look at the nature of the sharing economy to understand the reason behind this phenomenon.

As you may have noticed, in China both the sharing economy and the second-hand or used goods sectors lag behind those in other countries.

In developed countries such as the US, the second-hand-goods marketplace developed organically. When

consumption standards for the average person reach a certain point, goods become abundant, all brands are trusted universally, and there is a high degree of mutual trust between people. It's natural for second-hand merchandise to appear in large numbers, because there is already a high degree of trust and credit. However, in China, the sharing economy is still in the early stages of development. It's a concept that has exploded in popularity in just the last one or two years, long before consumption standards have risen to the point where the second-hand-goods marketplace came about in developed countries. Now it seems everyone is in the second-hand merchandise business, including the Xianyu App, 58.com's platform Zhuanzhuan.com, Ganji.com, and Guazi.

Therefore, as we develop our own businesses, the platforms facilitating the sale of second-hand merchandise should also be more responsible, because we are actually building the business culture for this marketplace.

In order to help people share their goods with others, and build our reputations, we have had to go to greater lengths than our foreign rivals. For instance, in the US, there's a company called Kelly Blue Book, and a used car sales platform called CarMax.

Everyone can visit Kelly Blue Book to look up the standard value of various car brands and models after a certain number of years and miles, and they can compare it to the asking price of the car being sold on CarMax. In China, there is no impartial third party that can tell you how much a second-hand car is worth, so Guazi must do it.

This is what we, as a second-hand merchandise platform, need to deal with in the specific context of China today. We need to shoulder the social responsibility related to honesty and credit as well as culture. It is far more complicated than the second-hand businesses in developed countries.”





# Four Chinese Sharing Economy Stars

■ By Lei Na

The CEOs and founders of four of China's most successful sharing economy businesses, Xiaozhu.com, Dudu Bus, Home-Cook and mobike, brought a large audience to the Greenwoods Classroom on the Shanghai Campus February 24 for the China Entrepreneurs Seminar, which was organised by the CEIBS Entrepreneurship Platform (E-Platform). The event is one of 20 intimate salons the CEIBS E-Platform plans to hold this year which will provide an opportunity for CEIBS students and alumni to explore

various aspects of entrepreneurship and innovation.

CEIBS Assistant President and Management Committee Member Dr Snow Zhou, who is also Secretary General of the E-Platform, offered advice and encouragement to the entrepreneurs in the audience during his Opening Speech at the event. He said that no matter how complex and uncertain the business environment, every industry holds opportunities for those with an innovative mindset. "Every enterprise's failure can be

attributed to a lack of innovation," he said. "Both for startups and established enterprises, innovation is a necessary gene. Without it, even if you succeed today in telling a good story to market yourself to investors, you are certain to face failure tomorrow."

Read on for some of the highlights of the China Entrepreneurs Seminar and some words of wisdom from the successful sharing economy entrepreneurs who spoke during the event.





## Xiaozhu.com: China's Airbnb



The co-founder and COO of China's home-share platform Xiaozhu.com, and a CEIBS EMBA alumnus, Wang Liantao said one of his initial challenges was to create a supply of available properties that could be promoted on the platform. The first bed offered was actually a sofa in a Xiaozhu.com employee's home, and the first guest was a journalist. The first 100 lodgings offered were provided by staff and their relatives. After overcoming many difficulties at the beginning, Xiaozhu.com now boasts more than 100,000 lodgings, and handled around RMB400 million worth of transactions last year. Learn more about the challenges Wang had to overcome in developing Xiaozhu.com on page 18 of this issue of *TheLINK*. Here is some of the advice he gave to sharing economy entrepreneurs during the Seminar:

The sharing economy, in our view, actually means to re-empower an individual who owns a property, allowing him to participate in a brand new production and service based on his assets, capital or knowledge.

Abundant resources, a full-fledged credit system, and development of the mobile internet are three keys enabling the sharing economy to develop further.

For any internet business, if it cannot solve the problem of experience, it can never create a positive cycle, and any kind of promotion is in vain.

The platform should be the target of a business, instead of an operational approach. Only when it has a clear target and can solve user experience problems can it become a real platform.

Many entrepreneurs worry about regulations when innovating, but in the long run, aren't you creating value for ordinary users and creating new service modes for society? If the answer is a yes, then the problem of regulations can be overcome over time.



## DuDu Bus: *Another Type of Ridesharing*



While working at Chinese internet giants Alibaba and Tencent, the founder and CEO of DuDu Bus Liu Yixun had a front row seat to watch the fierce competition between China's first two ride-sharing platforms Didi Dache and Kuaidi Dache who were backed by his employers. He also saw firsthand the power of having a platform that can leverage Big Data. These experiences gave him the idea to create a more efficient travel solution for commuters. He observed that during the week there were many idle buses that were mainly in service on weekends and in peak tourist seasons. He and his start-up team created Dudu Bus by finding a way to reuse these idle resources and enhance their use efficiency during the week to serve commuters.

“In the future, we hope we can grow into the biggest intelligent public ridesharing platform nationwide and connect workplaces, residences and public spaces with buses,” Liu said. He has also shown his ability at innovating in the transportation sector by launching PonyCar, a service which is making a few electric cars available for short-term, short-distance travel. Liu Yixun had the following insights for aspiring sharing economy entrepreneurs looking to jump into the transportation sector:

*Chinese society has arrived at a turning point where everyone wants to own a car. I believe in a couple years, everyone's focus will shift to travel efficiency and finding a quicker way to reach their destinations.*

*We have divided the ridesharing market into three segments according to travel distances: journeys within 3 km, from 3 to 30 km, and more than 30 km. Journeys within 3km will be dominated by shared bicycles, cars will be used for journeys between 3 km and 30 km, and buses will take care of trips longer than 30 km. Ridesharing is a huge market worth hundreds of billions of dollars.*

# Home-Cook:

## “Innovated in China” Outpacing the World



Home-Cook is a platform that lets people order home-cooked meals prepared by their neighbours, and has completed its Series B round of funding. CEO Shao Kai him, who dropped out of MIT to join the company, said the idea for the platform came from his generation’s nostalgia about their childhood. “When I was young, every time I came home from school, I could smell my neighbours’ cooking and would join them for dinner. Why can’t we dine at the neighbours’ now?”

In her presentation on the sharing economy at the Seminar, CEIBS Assistant Professor of Marketing Lin Chen illustrated what a competitive market Home-Cook is in, by showing an image filled with all the logos of apps providing home-cooked meals and shared bicycles which have launched in the previous year and noting that all of them have received Series A funding. Home-Cook has managed to stay in the game against more than 20 rivals. Though Home-Cook has been successful in its initial development, the CEO says the next challenge will be government regulations. Here are some of his insights for entrepreneurs on surviving in the sharing economy:



**Meal sharing has a long history. In the past it mainly only occurred between acquaintances and neighbours, but now, thanks to the internet, it can be expanded and occur between strangers.**

**The sharing economy is also a product of entrepreneurship, and is a combination of interest arbitrage and innovation.**

**O2O catering is still a competitive, fast-growing area; its annual compound growth rate is currently 20%. Even though ele.me and meituan.com handle more than 9 million orders every day, their monthly compound growth rate still remains at 20%.**

**In the beginning, everyone thought the cooks on Home-Cook would be retirees, but now more than half of the newly-registered cooks were born in the 1980s and 1990s. Those who have the highest opportunity costs have already joined our platform.**

**The offline local promotion team for Home-Cook has grown to 1,000 people. We have also provided O2O subsidies. However, these cannot create any business value. Today, what we care most about is how to enhance the efficiency of the cooks.**





## Mobike: Unicorn's Ambition

Among the many sharing economy start-ups in China, perhaps none have had a rise as meteoric as the bicycle sharing company mobike. Though it hasn't yet reached the Unicorn status given to start-ups valued at US\$1 billion or more, it seems likely it may get there soon, having already closed a US\$215 Series D round of funding in January this year, and then weeks later announced additional investments from manufacturing giant Foxconn and the Singaporean investment firm Temasek. Thus the Seminar audience, many of whom already follow the company's founder, Hu Weiwei on their WeChat Moments, eagerly awaited mobike's Shanghai General Manager Yao Chengwu to have his turn at the microphone.

Though as of last December the company already had 100,000 bicycles in Shanghai alone, Yao said that the company would never define itself as a bicycle company. Instead it saw itself as, "China's biggest internet of things company". As the founder of ZBJ.com Zhu Mingyue told *TheLINK* in the story **ZBJ.com: Creating new value by sharing existing resources** on page 24, a sharing platform is a sea of data; therefore young mobike is still accumulating data in anticipation of the miracles it will be able to use it for in the future. Read Prof Lin Chen's insights on Mobike's business model in the story **Why Mobike is a Hit** on page 14. Here are some insights into the company's business shared by Yao at the Seminar:



There are three reasons behind mobike's rapid development in the past year. First, the ubiquity of the mobile internet in China; thanks to the use of apps, the emergence of Didi and Uber, and the influence of internet plus, people were more open to mobike. Second, our aim is to solve the problem of 'the last one kilometre' in urban traffic, and we have provided the government with a solution to the smog problem. Third, our success is a result of the "internet plus" entrepreneurship ecosystem that has only recently developed. If we launched years ago, all our bikes would have been quickly confiscated.

Mobike is a public product in some sense. In every city we enter, we always spend a lot of time communicating with the local government.





## Diploma in Leadership Development Programme: The Future Leaders' Boot Camp (Modular)

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