THE NEW FACES OF TRANSPACIFIC TRADE
An artisan working for Batik Boutique in Malaysia with batik textiles she has sewn.
## CONTENTS

<table>
<thead>
<tr>
<th>Acknowledgements</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>3</td>
</tr>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td></td>
</tr>
<tr>
<td>KeepCup</td>
<td>6</td>
</tr>
<tr>
<td>Shoes of Prey</td>
<td>8</td>
</tr>
<tr>
<td><strong>Brunei</strong></td>
<td></td>
</tr>
<tr>
<td>Rai Ranie</td>
<td>10</td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td></td>
</tr>
<tr>
<td>Clearpath Robotics</td>
<td>12</td>
</tr>
<tr>
<td>Island Abbey Foods</td>
<td>14</td>
</tr>
<tr>
<td>Weddingstar</td>
<td>16</td>
</tr>
<tr>
<td><strong>Chile</strong></td>
<td></td>
</tr>
<tr>
<td>Lab4U</td>
<td>18</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td></td>
</tr>
<tr>
<td>Moff</td>
<td>20</td>
</tr>
<tr>
<td>Whill</td>
<td>22</td>
</tr>
<tr>
<td><strong>Malaysia</strong></td>
<td></td>
</tr>
<tr>
<td>Batik Boutique</td>
<td>24</td>
</tr>
<tr>
<td>DF Automation</td>
<td>26</td>
</tr>
<tr>
<td><strong>Mexico</strong></td>
<td></td>
</tr>
<tr>
<td>Blooders</td>
<td>28</td>
</tr>
<tr>
<td>Polsie</td>
<td>30</td>
</tr>
<tr>
<td><strong>New Zealand</strong></td>
<td></td>
</tr>
<tr>
<td>DEXIBIT</td>
<td>32</td>
</tr>
<tr>
<td><strong>Peru</strong></td>
<td></td>
</tr>
<tr>
<td>Cinepapaya</td>
<td>34</td>
</tr>
<tr>
<td><strong>Singapore</strong></td>
<td></td>
</tr>
<tr>
<td>Overdrive</td>
<td>36</td>
</tr>
<tr>
<td>Skin Inc</td>
<td>38</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td></td>
</tr>
<tr>
<td>FenguGreen</td>
<td>40</td>
</tr>
<tr>
<td>Midwest Scrapbook</td>
<td>42</td>
</tr>
<tr>
<td>NB Products</td>
<td>44</td>
</tr>
<tr>
<td><strong>Vietnam</strong></td>
<td></td>
</tr>
<tr>
<td>Elsa</td>
<td>46</td>
</tr>
<tr>
<td>MTTs Asia</td>
<td>48</td>
</tr>
<tr>
<td>Triip.me</td>
<td>50</td>
</tr>
<tr>
<td><strong>Common Challenges</strong></td>
<td>52</td>
</tr>
<tr>
<td><strong>Common Solution: Technology</strong></td>
<td>53</td>
</tr>
<tr>
<td><strong>Conclusion</strong></td>
<td>54</td>
</tr>
<tr>
<td><strong>Recommendations</strong></td>
<td>56</td>
</tr>
</tbody>
</table>
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ABOUT THE GLOBAL INNOVATION FORUM

The Global Innovation Forum is a nonprofit startup that connects entrepreneur, small business, development, and university communities with policymakers and select corporations to explore the opportunities and challenges of engaging in the global marketplace. GIF serves as a hub for startup, university and development communities around the world to communicate with officials and corporations, discover public and private resources to help them succeed, and improve the public policy landscape to enable global innovation. GIF is a project of the 501(c)(3) National Foreign Trade Council Foundation. To find out more visit: www.globalinnovationforum.com

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FOREWORD

There has never been a better time for startups and small businesses in the Asia-Pacific region to go global.

Thanks to technology, we are entering a golden age of global trade, where small businesses and startups are looking for new ways to grow in a world of accelerating change.

In the Asia Pacific, global commerce is poised to get a boost from the recently concluded Transpacific Partnership (TPP) agreement.

This is a historic free trade agreement among 12 nations—Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam—representing nearly 40 percent of the global economy.

Once in force, TPP will open up new markets for businesses across the region. The agreement puts in place critical foundations for e-commerce, reduces customs and other barriers, and simplifies trade to help small businesses, which often do not have the resources to overcome regulatory challenges in order to find new customers.

The TPP is an important example of how governments can help their small businesses, empowering them to go global by creating the conditions for growth and innovation.

The private sector has a role to play in enabling trade as well. At UPS, our global network of over four hundred thousand people work every day with small businesses to help turn possibilities into winning opportunities. We are proud of our partnership with them, helping to find new markets and navigate the rules of international trade, to fulfill their promises to customers.

The small businesses profiled in this report are just examples of the possibilities. But, like UPS, I hope you will find inspiration in their stories, and appreciate how trade can unlock the new and exciting growth opportunities of the 21st century.

UPS is proud to partner with the Global Innovation Forum on this unique report to elevate the amazing spirit of entrepreneurship in the Asia Pacific and lend a face to the dramatic shift in global commerce.

Jim Barber
President, UPS International
For many entrepreneurs in the Asia Pacific, going global is a given, not a choice.

Enabled by the Internet, technology and government policies, entrepreneurs are creating businesses with a global footprint. With just a few employees and a website or app, small businesses can meet consumer needs and innovate in ways that were not possible even a decade ago.

Economies across the Asia Pacific are creating the conditions to permit even very small companies to decentralize staffs, find manufacturing and engineering partners, establish their own micro-global supply chains and export to the region and beyond.

Some countries are working to level the playing field to enable businesses, workers and citizens to compete effectively in the global marketplace by lowering tariffs, increasing transparency of regulations and improving the infrastructure and policies that permit global shipping, transactions and commerce.

One major initiative that is poised to enable the global journeys of startups and small businesses is the Transpacific Partnership, an agreement by 12 countries to lower barriers and facilitate global trade and investment in the region.

The agreement includes provisions to lower tariffs, improve transparency, reduce frictions associated with shipping and customs, improve access to the global digital economy, establish more effective intellectual property regimes and create a mechanism to address the concerns of small businesses.

This report profiles entrepreneurs from each of the countries involved in the TPP agreement, who are tapping into the global marketplace, to elevate their global stories, understand the challenges they face and investigate how public policy can help them succeed.

Some are part of a new generation of startups that are being born global in the Asia Pacific.

For example, Skin Inc, a startup skincare line with headquarters in Singapore, has a design team in the United States, manufacturing in Japan and sales in over 100 cities around the world.

Others run more established small businesses which are also finding reasons to take their brands global.

Rick Brink, CEO of Weddingstar, a Canadian company which originally focused on the domestic market when it was founded more than three decades ago, observed that, “competitors coming into Canada made us realize that we have to go after the other markets also.”

Global markets can be particularly important for suppliers of niche products, like NB Products, a Seattle-based company that improves quality-of-
life for ostomates around the world. And Gregory Dajer, CEO of MTTS Asia, a manufacturer of pediatric medical devices based in Vietnam, noted, "We’re a very niche market selling in small volumes. Without grasping bigger markets, it’s impossible to be sustainable."

The stories in this report help illustrate the larger phenomenon taking place across the Asia Pacific—the emergence of micro and small enterprises as effective global players.

Over 98 percent of commercial sellers from ASEAN countries on eBay’s e-commerce platform exported everything from clothing, auto parts and beauty products to toys, industrial equipment and computer products in 2014.1 eBay sellers based in APEC economies reached an average of 36 markets in 2013.2

PayPal points out that Asia has been an early adopter of technologies, such as e-payments, that facilitate the entry of small and new firms into the global marketplace. Fifty million users in the region adopted mobile app banking in only three years, while it took 14 years for the same number of people to utilize ATMs.3 In Australia, a recent survey on the startup ecosystem found that 38 percent of local startups had export revenue. Of these, roughly one-third derived 60 percent or more of their revenue from exports.4

Jodie Fox, cofounder of Australian startup Shoes of Prey, said that 70 percent of her company’s revenue comes from international markets. The company, which maintains offices in Australia, the Philippines and the United States and manufactures in China, was born digital and global—a common theme among the entrepreneurs surveyed.

"We started in Australia and it will always be a part of who we are," said Fox. "But we’re a global brand."

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For more than a decade, as the co-owner of several coffee shops in Melbourne, Abigail Forsyth had witnessed the rise of the takeaway coffee cup. As their popularity grew, she became frustrated at their underwhelming design—they did not fit under the group heads of the espresso machines—and impact on the earth. Forsyth sought to kick-start the demise of the disposable with her startup KeepCup.

KeepCup produces reusable take-away coffee cups in several different sizes (including one that fits under a typical espresso machine group head) and numerous color combinations. The cups are made from BPA-free polypropylene or glass and can be microwaved and put in the dishwasher.

Though Forsyth says she was not initially certain if she would have a small local business or an international one, she got her first hint early on: “We launched the product at a design market in Melbourne’s Federation Square and we sold 1,000 cups in six hours. One of the people who bought one runs a blog called Apartment Therapy in Los Angeles. She wrote about KeepCup in her blog and that weekend seven people ordered cups from the United States.”

Forsyth quickly adopted a global mindset, instilling in the company’s mission statement the goal of “creating a global brand” and contributing to “a positive global campaign that strives to make a difference to how we think about convenience culture.”

Since launching in 2009, the cups have been a hit all over the world. Today the company has sales in 65 countries as well as several international offices and manufacturing facilities. The company made a few smart moves early on, according to Forsyth, including hiring professional designers and marketers to ensure the product could appeal to a broad consumer base and had high-quality branding.

Even though the company produces a universally-used product—a cup—Forsyth said different attitudes across countries towards health and sustainability have led the
company to tailor its approach to local preferences. In the United States, for example, some consumers dislike plastic, so the company has debuted a line of tempered glass cups.

KeepCup’s popularity and wide reach have led to numerous imitators, some of whom have even tried to use the company name. “We’ve had to go after some big brands here in Australia who used our trademark or brought in a knock-off product,” Forsyth said. She added, “Alibaba has been like whack-a-mole for us.” Other regulatory challenges for the company have included plastic import restrictions in some countries and currency exchange fees.

Forsyth said that while these issues have posed challenges for her business, she ultimately believes that consumers factor corporate ethics into their purchasing decisions, which favors values-driven companies like hers: “We want to connect our product with purpose and if you’re just trying to buy a cheap cup, you’re probably not the right customer for us anyway.”
High heels, wedges, peep toes: leather, suede, printed fabrics; glitter, bows and animal prints: no two pairs are alike.

Four-year-old e-commerce startup, Shoes of Prey, is revolutionizing the way women approach footwear. Co-founder Jodie Fox said the concept began simply enough: “I couldn’t find shoes that I loved. Someone was recommended to me who could help me make shoes. My girlfriends loved them, and the idea of being able to design their own shoes specifically for them.”

The idea grew organically once Fox teamed up with Michael Fox and Mike Knapp, who complemented her design skills with experience working for Google and in retail operations management.

Their interactive e-commerce store has been key to their success. A step-by-step shoe builder allows the customer to customize every pair, down to heel height and shape, strap shape and color, even the color and material of the insole, and includes a total cost estimate (which typically ranges between US$150-300), making the experience truly unique in the world of shoe shopping.

The idea was so popular that they quickly discovered that the Australian market could not adequately meet their ambitions.

“Right from the outset, we were focused on this being a global business,” Fox said. “The model has always been based on retailing online and being able to ship anywhere in the world.”

Today, the company operates out of offices in Australia, the United States and the Philippines and ships to over 100 countries. They have also established partnerships with high-profile retailers such as Nordstrom to offer an in-store shoe designing experience.

Thanks in part to this global footprint, Shoes of Prey was able to scale rapidly. Fox said the company recouped its initial investment in just two months, and was netting multi-million dollar profits in just two years.

www.shoesofprey.com
Despite its international successes, the company has faced challenges going global. The founders cite several obstacles, including finding the right skill and capacity to manufacture, understanding and complying with local labor laws and navigating customs clearances and shipping.

Fox recalls that, “At one point the consolidator we were working with was cutting our boxes up to make the volume smaller and customers were receiving these awful shoe boxes that we put so much effort into making beautiful.” The company now ships direct to customers in small volumes using express delivery services for greater control over the process.

For young startups, Fox suggests being open to all geographies, but taking the time and doing the research to connect meaningfully and get each new market right.

“We have Skype, and Hangouts, and WebX—all these ways of communicating with people across the globe. But the simple fact is that there’s nothing like a face-to-face meeting to get things done. I’m not the American woman. I need to be in the States to learn about her and figure out how we can best solve problems for her so she feels wonderful in her custom shoes.”
Raifana Ranie first began her business in Brunei as a hobby. She had taken a few fashion courses on the side while pursuing a Master’s degree in the United Kingdom and, when she was on maternity leave a few years later, she decided to put her sewing skills to use.

She began adding lace embellishments to plain blouses and snapping some pictures for Instagram. To her surprise, she started getting orders from friends. “From there I offered to make tops for people and I asked them to choose the color and size. I purposely chose UK sizes instead of the typical Asian S-M-L-XL, which can be quite subjective,” Ranie explained.

Three years ago, she was taking client measurements and manufacturing from her living room after receiving orders via Instagram or WhatsApp. Today she employs eight people, maintains a showroom and atelier in Brunei and offers her products for sale via a concept store in Kuala Lumpur and internationally through her website.

“I don’t accept any orders via WhatsApp anymore. Now all of our orders are done online,” Ranie said, noting that busy career women and young mothers—her target markets—preferred the convenience of the
online ordering process she instituted. “I was able to spend more time making the garments, and we tripled our sales just moving to a website.”

Ranie now makes a variety of garments, from ready-to-wear kaftans and flutter tops to custom-orders, all crafted in-house. She imports her fabrics, beads and lace from Europe via suppliers in Singapore and Malaysia. Her expansion into a shop in Kuala Lumpur offers a testing ground for the Malaysian market, but Ranie said she aims to expand the business beyond Southeast Asia. “I want my brand to be in Saks in New York!” she said with a grin.

Like many small businesses, Ranie said she has faced difficulty scaling the business due to a lack of capital. “In order for us to expand, we need to make more clothes and that means we have to pay for materials early,” she said. “It would be easier if there were other means out there: venture capital and things like that.” Since the brand is selling mostly in the region at present, Ranie has set up an agreement with a regional courier company that manages the postage costs and customs clearances.

Ranie said that in the past year, Brunei has made efforts to support small and medium-sized businesses through a new government agency, Darussalam Enterprise, or DARE, but that it still has work to do. “DARE did encourage me to trademark my intellectual property as soon as possible, so that was helpful. But other entrepreneurs with connections to Hong Kong Trade Centre or places like that in Malaysia have access to cheaper or better quality garment-makers or suppliers. We don’t have that in Brunei.”
With names like Grizzly, Otto and Turtlebot, you might think Clearpath Robotics manufactures children’s toys, but don’t be fooled by their cuddly names: the company is a world-class manufacturer of unmanned ground vehicles.

Founded seven years ago, Clearpath started out producing robots for research institutions like MIT, Carnegie Mellon University and NASA to tackle lofty projects like landmine detection, monitoring waterways for algal blooms and geological data-gathering to predict landslides.

In April 2016, the company began producing self-driving vehicles for material handling for clients like GE and John Deere. So far, industrial sales have come largely from the North American market, according to Meghan Hennessey, Marketing Communications Manager at Clearpath, but she said the company has sales worldwide for its research robots and aims to expand its industrial reach as well.

“Opening our sales channels to the international market has had a significant impact on our business and our growth.” Hennessey noted that roughly 80 percent of their business comes through direct sales channels, like their website, which is the ‘front door of our business for everyone around the world.’

“We’ve been able to use the Internet and use our e-commerce platform to set up a sales page. Now anybody can go to our site and, within ten minutes, they can buy a robot and within two weeks they can have it at their doorstep, up-and-running and ready to go,” she said.

One of the company’s biggest international challenges has been hiring. As the company grew from four to 130 employees over seven years, it became increasingly urgent to source the best and brightest engineers and researchers from around the world, but bringing them into Canada can be difficult.

Despite some of its current challenges, Hennessey said that
the company—which manufactures and assembles in Kitchener—couldn’t have gotten where it is without the support of the Canadian government and local incubators. The government offered R&D grants and incorporated their story into official trade promotion efforts.

Local incubators provided free mentoring and office space, which was pivotal when starting out: “Our co-founders were just out of university when they decided to start a hardware business, and they didn’t have the funds to rent a full office space. The incubators provided a means to setup shop without having to pay overhead costs—every penny counted!”

“NOW ANYBODY CAN GO TO OUR SITE, BUY A ROBOT AND WITHIN TWO WEEKS HAVE IT AT THEIR DOORSTEP.”
Like a scene out of Winnie the Pooh, the story of the founding of Honibe begins with John Rowe finding himself in a very sticky situation.

‘After a very long, eight-hour hike, we got into the campsite and I opened up my backpack and discovered that the glass jar of honey I had in the top of my pack had shattered all over, onto my clothes and everything else. So I thought, ‘there’s got to be a better way to carry honey around.’”

He quickly discovered there was a reason someone else hadn’t solved this yet. Nobody could figure out how to convert liquid honey into a solid state. This did not deter Rowe, who came from a long line of farmers and entrepreneurs.

After roughly a decade of running trials, in 2008, Rowe debuted a single honey product—a solid cube of pure honey for sweetening tea and coffee—in the company’s online store. Today, the company produces several pure honey products, including the original honey cube, candies, chewable gummies, lozenges and other medicinal products.

The first clue of the potential for global success came within just a few months of launching. ‘We started getting phone calls from people in the honey business all around the world wondering how we had done it and if we would work with them.”

Honibe’s honey solidifying technology platform is patented, and the company has 30 to 40 collaborative projects underway with global partners at any given time.

And Honibe products can now be found in roughly 40 countries across North America, Europe, Asia, Australia, and the Middle East, many via distribution partnerships or co-branding. International markets now make up roughly 80 percent of Honibe’s sales revenue.

Rowe said that Asian markets have been the fastest growing due to their much higher average consumption of honey than the West. “In the United States, average per capita consumption of honey is about a pound per year; in Europe, it’s double that; and in the Middle East and Asia, it’s double Europe.”

This would seem like good news on the surface, but extremely high tariffs—between 10 and 90 percent—have made exporting there difficult and expensive.
“TPP COULD HELP BY LOWERING DUTIES AND LANDING COSTS AND THROUGH ALIGNMENT OF REGULATION.”

“TPP could help in two ways,” said Rowe, “by lowering the barriers to entry with respect to duties and landing costs, and—very important for us whether it’s in food or health—the alignment of regulation of these products. It’s really important for our company that we get into these trade agreements.”

“It’s a big challenge when you’re going into new country markets to ensure that you comply with their laws—and also trying to figure out the business case if there are high taxes to get the product in,” he added.

Rowe advises new entrepreneurs to seek advice when starting out: “If you’ve never done it before, then it’s better to ask for help and learn from other people’s mistakes than making them yourself.”

“We got worldwide buzz. (Excuse the pun.)

The New Faces of Transpacific Trade
From candles to invitations to wedding toppers, you can deck out your entire wedding with a few clicks on Weddingstar’s website. The 34-year-old company specializes in the manufacture and sale of unique wedding accessories and has logged sales in over 100 countries.

In its early days, the company focused largely on the domestic Canadian market, selling to wedding retailers. But, as CEO Rick Brink described, the company’s global success was born out of near disaster: “Two companies in Canada started a price war and we almost went bankrupt because prices were dropping 20, 30, 40 percent. Fortunately for us, one of the worst points in the company’s history was also one of the best because it made us realize that we had to be different.”

The company did so by beginning to design its own products. It now sells over 3,000 products, roughly 90 percent of which are unique to Weddingstar.

They also began selling internationally. Though Brink’s initial vision was to be the market leader in Canada, he quickly realized that to stay competitive, the company needed to play offense abroad in addition to defense at home: “If we lose business here, we need to pick up business elsewhere to compensate.”

Today the company has 120 employees globally, with warehouses in Canada, the United Kingdom and Australia, and several global manufacturing locations including in India and China. The company used to produce products in Canada, but rising labor costs led them to find locations that could manufacture more affordably.

Brink points to several challenges his company has faced along the way, including tariffs that, in some cases, seemed to make little sense. He said that the United States levied a 110 percent duty on certain miniature candles. The irony, said Brink, was that “there’s no one in the United States that makes those type of candles. Makes you wonder why these
regulations are put in place.”

Brink said his company has also suffered from patent infringement from companies. Some also copied photographs directly from his website to market their products.

Brink offers several suggestions to governments to help companies like his engage in the global marketplace. First, standardize regulations to streamline the export process; second, do more to help small businesses address theft of their designs; and third, reduce risk for small companies by offering export insurance or guarantee mechanisms.

CFO Terence Kowalchuk added that any time tariffs are eliminated or regulations are improved, “it is a positive for exporters like Weddingstar. It opens up the potential for new geographic regions to focus on.”

Despite regulatory challenges, Brink remains positive about the opportunities global markets present and advises new entrepreneurs to look beyond their own borders: “If you’re fortunate not to have competitors from outside your country, it’s only a matter of time before you do,” he said. “You’re better off starting the process early to stabilize yourself because it is going to become a very global market.”
TRANSFORM YOUR SMARTPHONE INTO A LAB IN YOUR POCKET

Three-year-old Lab4U, a Chilean EdTech start-up, was born to address a simple, but serious, issue: over 80 percent of high schools in Latin America have no science lab.

Lab4U co-founder, Komal Dadlani, set out to solve this problem after finding herself unable to access high-quality scientific instruments in her university as a recently-minted biochemist.

Dadlani met Alvaro Peralta, a software engineer, at a StartUp Chile boot camp, and the two of them set out to create a mobile lab with something nearly every high-schooler has in his or her pocket: a smartphone.

Most smartphones, they found, have key components of expensive laboratory instruments, like sensors that measure geographical orientation and acceleration and a camera. With the right software applications, these built-in features can be harnessed to do lab experiments at a very low cost.

When the company assessed the market for a mobile lab product, they discovered that classrooms were not only missing instruments, they also lacked a dynamic approach to teaching science, often because the teachers themselves lacked training. From then on, Chief Operations Officer Victoria Corti explained, “Our whole idea became, ‘let’s make science an adventure again.”

The company has created over 20 guided experiments for both physics and chemistry and plans to add biology experiments soon. Their approach aims to create lasting knowledge, rather than encouraging rote memorization, by putting discovery back into science. So far, their approach is working. Corti said that, in trials, after students used Lab4U apps, grades increased by an average of 40 percent.

Lab4U found success in its native Chile, but demand from abroad encouraged them to scale internationally. The company has expanded into the United States with an office and a pilot program in California schools and

www.lab4u.co
is working on expanding into Argentina, Colombia, Mexico and Uruguay.

Corti added that financial support from the Chilean government was critical to Lab4U’s growth. Tech companies, she said, need time to develop a Minimum Viable Product and hire coders. In Lab4U’s case, support from the government made that possible. The company also formed partnerships with Microsoft and the global Teach for All network, whose teachers tested Lab4U apps in their classrooms, accelerating their global expansion.

Corti notes that every country has its own challenges. In the United States, Lab4U found that it had to create new apps for Apple’s iOS platform which is more dominant than the Android platform. On the policy side, the company has had to change some of the colors it uses in its apps to meet colorblindness requirements in the American Disabilities Act and align with different curricula.

She thinks trade agreements can help elevate Chile’s reputation as a great place to do business and that the TPP “may make it easier to export products or services. That is always good and contributes notably,” she said, but isn’t yet sure how relevant it will be for her industry.

As Lab4U expands in the United States, Latin America and potentially the Middle East, Corti said she foresees more challenges arising. She reinforced that, while openness to adjusting the product and business plan were a necessity, changing the core vision was non-negotiable.

“Don’t change your vision. It’s the only strong thing that needs to stay with you jumping from country to country.”
Children have vivid imaginations, from playing doctor to turning cardboard boxes into castles. Moff, a Japanese wearable smart toy, entertains kids (and adults) by working to complement their imagination, rather than replacing it with a game.

The Moff Band, a silicone electronic slap-on bracelet, is controlled through a smartphone app and produces sound effects—guitar and drums, cooking or sword-fighting to name a few—as the wearer moves his or her body. One smartphone can connect over Bluetooth to two bands, allowing two people to play together. The basic model has numerous applications, and the company licenses its technology to partner companies in children’s entertainment, like PBS Kids in the United States, and in the fitness space, including Zumba Dance Fitness.

The company launched using funds from a successful Kickstarter campaign, achieving their fundraising goal in just 48 hours, which came as a surprise to founder and CEO Akinori Takahagi.

Most of Moff’s current business centers on Japan and the United States. While the company found strong demand for its software in Japan, more of its hardware sales come from the United States.

As the company has grown and started shipping their hardware into more markets, they have experienced a number of challenges, including with customs, regulation and culture.

For example, when shipping bands to Kickstarter supporters, the company encountered customs issues
in Europe where some countries lack online mechanisms and electronic payment procedures to facilitate payment of fees. "We ended up having to ask supporters to go to customs and pay the fee directly. It was terrible both on our side and for the customer," Takahagi said.

Expanding their physical presence into the United States—the company now has an office in Menlo Park, California, which manages U.S. operations and logistics—has brought its own challenges. "We plan to expand human resources in the U.S. office, but it's difficult to hire in California and the Bay Area, especially. The best people are quickly hired by bigger startups, and salaries are much higher than in Tokyo. It's not a legal issue, more the hiring environment," Takahagi said.

He added that the high cost of product liability insurance in the United States versus Japan has also been burdensome.

Going forward, Takahagi feels corporate partnerships will become more important, especially as they enter new markets such as China. They are also exploring Southeast Asian markets like Singapore.

When exploring international markets, Takahagi recommends hiring local staff instead of just sending people from the home office to the new location.

"It's very important to hire good local people," he said. "Some startups here send Japanese employees to the U.S. office, or vice versa, but it doesn't work. Only local people know local business customs and culture, and they have their own networks."
Satoshi Sugie, co-founder and CEO of WHILL, said his idea to redesign the wheelchair came from a chance meeting. “We met a wheelchair user back in 2010, and he said, ‘I’ve given up going to the grocery store, even just two blocks away.’”

Sugie said he saw two problems to solve: the negative image attached to wheelchairs and the fact that existing wheelchair design cannot account for differing pavement surfaces, making cracks and bumps difficult to navigate. “What we’re trying to do is change the image of the personal mobility device,” Sugie said.

Along with co-founders Junpei Naito and Muneaki Fukuoka, Sugie, who used to work for Nissan in their technical center, set out to create a personal mobility device that met the active lifestyles of many wheelchair users.

The result is the WHILL Model M—a compact, motorized wheelchair with four-wheel drive and all-directional wheels that is customizable to suit individual customers’ needs. Model M is available in Japan as well as in the United States, where it has been approved by the FDA as a medical device. (This means it could be covered by some health insurance plans.) The company has patented its innovation in both Japan and the United States.
WHILLS ARE DESIGNED IN JAPAN AND MANUFACTURED IN TAIWAN.

WHILLS are designed in Japan and manufactured in Taiwan, which Sugie said was a preferred location for several reasons: lower costs, cultural similarities to Japan and the presence of a business cluster housing similar manufacturing activities. The company hopes to expand to Europe next, focusing on the United Kingdom and Germany.

Sugie said WHILL began its global journey by selling into the United States because of the large size of the potential market, but he added that, if he could do it all over again, he might have started elsewhere. “I don’t think starting in the United States was a good choice,” he said, “because regulation is too strict and it has a very complicated insurance system.” Sugie said that acquiring FDA approval took nearly two years, which is a large opportunity cost for a small company. The difficulty of trying to get his product covered by U.S. health insurance companies has nearly made the company abandon that endeavor entirely. “Others in the industry said I should avoid the U.S. market,” he noted.

WHILL received startup funds through global startup accelerator 500Startups in the United States, which has a large network in Asia and helped connect the founders with angel investors and venture capital in seed rounds. But he added that he would like to see the Japanese government play a more active role in helping startups like his succeed globally, especially with accessing funding.
Amy Blair, founder of Batik Boutique, didn’t intend to create an international business; she just wanted to support her neighbor, Ana.

After moving to Kuala Lumpur from Texas, Amy met Ana, a single mother who was looking for more income to support her family. After discovering that Ana was a skilled seamstress, the two bought some fabric with a batik print, a traditional style that uses an ancient dyeing technique, which Ana then transformed into aprons, tote bags and other crafts. Amy marketed the items to friends in the United States and, before they knew it, demand was outstripping supply. Blair attributed the popularity of the products to a gap in the market. “We have artisans and people who manufacture beautiful products, but they haven’t been given design help and market access.”

In 2014, Amy incorporated Batik Boutique in Malaysia as a social enterprise selling a range of unique goods handcrafted by female artisan entrepreneurs. The company’s fabrics are hand-printed with eco-friendly dyes and sewn locally. It also reinvests a portion of their profits back into the local community. Today, Batik Boutique has customers in Malaysia, the United States, the United Kingdom, Europe, Singapore, Australia and Japan, and manufactures for select American brands.

“WE HAVE ARTISANS AND PEOPLE WHO MANUFACTURE BEAUTIFUL PRODUCTS, BUT THEY HAVEN’T BEEN GIVEN DESIGN HELP AND MARKET ACCESS.”
While the company has a robust domestic business, mostly selling customized gifts for corporations in Malaysia, Blair said that around half of the company’s revenues come from international markets.

Interestingly, their international success has helped the business grow domestically. “To really get respect, you need to make it internationally first and then locals will take note,” said Blair. “And I’ve discovered as we’ve been doing manufacturing for U.S. labels that there’s been more attention given to our brand here.”

Today, thanks to those international sales and partnerships, Batik Boutique empowers more than a dozen female artisans—who set their own wages and hours—to sell their creations to a global audience.

As a social enterprise, Blair said, the Government of Malaysia has been supportive of her startup business, offering funding through grants and loans and assistance with exporting through a Ministry of Finance body called MaGiC SE—Malaysian Global Innovation & Creativity Centre.

Exporting poses its own challenges. Blair said managing the ‘purgatory’ of customs clearance has been one of the company’s biggest issues. In the past, their shipments were trapped in customs for up to two weeks, without any information on why they were being held up or when they would clear.

She notes that she is ‘very pleased with the TPP’ and thinks it ‘will make it easier and more cost efficient for us to work in importing and exporting.’

Blair advises would-be global entrepreneurs to do their homework before entering a new market. “People do their market research as far as the product goes and if people will like it—but it’s more about can you even sell it there, how will you get it in, and what are the regulations?”

“RIGHT FROM THE OUTSET, WE WERE FOCUSED ON THIS BEING A GLOBAL BUSINESS.”

The New Faces of Transpacific Trade
As a professor at Universiti Teknologi Malaysia, Dr. Che Fai Yeong admits that he was a bit out of his depth when it came to commercializing his robotics technology. Luckily, the customers came to him. In 2012, a multinational firm approached him to develop an Automated Guided Vehicle (AGV) to help them move heavy materials. “There are AGVs from the United States, United Kingdom, Japan, etc. but in this part of the world, companies can’t afford to buy from those other countries,” he explained. This motivated him to develop a more affordable robotic technology for local industry.

Today, Yeong said, the company has a growing list of local and international clients, including Western Digital, Jabil and Esquel Group, and it sells its robots in Malaysia, Singapore, Indonesia and Vietnam. The company’s original plan was to focus on R&D and leave manufacturing and shipping to partners. But, Yeong said, it was too difficult to find partners that knew how to do it, so at present DF Automation assembles, quality checks and ships by itself and outsources fabrication to a Malaysian supplier.

Adaptation has been a recurrent theme for DF. In fact, they didn’t initially expect to have business outside of Malaysia. “When we first started, it was to meet some of our local industry demand. Our first customer was Celestica, a Canadian MNC with an office here. We thought it was just a one-off project, but they ended up purchasing a lot of AGVs so we thought, ‘Hey, a lot of industry may need this.‘” said Yeong.

Demand has been growing fast, with inquiries coming in from as far away as Brazil. But, with only 13 employees, the company does not yet have the capacity to accept those orders. They are also at an inflection point where they have to decide if they want to continue with hardware, or focus more on the software side of the business.

This calculus is informed by the challenges the company has had to face, including financing.
Payment terms in Southeast Asia are often between one to three months, so, if production and delivery take two months, the company may not see a return for five months after receiving an order. With such capital-intensive work, any outlay can place a lot of strain on small businesses. Yeong said they have also had trouble categorizing their products for customs clearance, which sometimes landed their client with a large tax fee. “Sometimes we even asked customs and they didn’t know what to write down either,” he added.

Yeong gave credit to the Malaysian Government, specifically their incubator MaGIC—Malaysian Global Innovation & Creativity Centre—for helping him kickstart the company, citing several grants they gave DF Automation, as well as providing mentorship and training. Yeong said, “We’re very lucky to have had some government support and our customers have supported us all the way, so that’s why we’re still here.”

“OUR FIRST CUSTOMER WAS A CANADIAN MULTINATIONAL CORPORATION.”

“AT DF AUTOMATION, OUR ULTIMATE AIM IS TO HELP OUR CUSTOMER TO GET THE SOLUTION.”
Only 3 percent of Mexicans donate blood without being asked to do so specifically for a sick friend or relative. As a result, many Mexicans die each year from a lack of adequate blood for transfusions.

This directly affected César Esquivel, CEO of Blooders, a Monterrey-based startup connecting blood donors with those in need of blood. His coworker Charlie lost his wife while she was ill in the hospital, resulting in part from a lack of blood. “He was very worried,” Esquivel said. “He couldn’t even find it on the black market. He told me, ‘If I don’t get the blood, they’re not going to help my wife.’” César Esquivel said.

To do something about this problem, César Esquivel and his brother Javier Esquivel founded Blooders in 2014 after developing the idea at a ‘startup weekend’ event held by local incubator Startup Studio Monterrey. They have since been in beta mode, aiming for a public launch this summer.

Blooders’ app provides a platform where donors can sign up and make appointments at local hospitals, rather than walking in and waiting, and those in need of blood can create a campaign page to request blood donations, “like Kickstarter for blood donation.” They also aim to tackle one of the underlying causes of poor blood donation rates: a lack of follow-up. “In [developing] countries, once you donate, the cycle ends,” César Esquivel said. Blooders tracks and follows up with every donor.
Currently, the project is in two states in Mexico—Nuevo León and Puebla—and has 3,000 active donors and 2,500 active campaigns. They are currently in negotiation with a hospital in a third state—Tabasco—and plan to expand across the country, and then across Latin America in the next year or two.

The two said that because the U.S. system is so different from Latin American countries, it would be a difficult market to start with: “If we go to the U.S., we would work with the blood donation centers. Since they are usually big corporations, they think we are a menace, even though we’re really their partners.”

Due to Mexico’s lack of a ‘social enterprise’ designation for businesses, Blooders is run as a hybrid organization with a non-profit side that connects blood donors and recipients, and a for-profit side that sells donor management software to hospitals.

As they expand, they said they foresee regulatory issues, technology adoption, and trust being their biggest barriers. Unlike in the United States, most hospitals in Latin America do not have a Chief Innovation Officer yet, so figuring out who within the hospital is the buyer has also been tough. They do, however, plan to borrow guidelines from the U.S. health privacy law, HIPAA, on blood portability and safety.

Javier thinks trade agreements “could be really amazing,” but that, “NAFTA, for example, has a very complicated set of rules for organs—and blood donation is considered in the same category.” Simplifying that process “would be a benefit for us. For example, a patient needs blood in Texas and the donor is in Mexico. That would be the ideal world for us.”
While e-commerce platforms abound, artisans often struggle to manage the technical aspects of their page or the logistics of shipping and accepting payments. What if setting up an e-commerce shop could be as simple as uploading a photo?

Marcela Benavides and Ramón Ornelas founded Polsie with that question in mind. Polsie is an e-commerce platform that allows users to easily create their own custom store, with a dedicated URL, simply by uploading photos of their products to Instagram with #polsie.

Benavides explained, “Our users need to focus on what they do best. A lot of them are designers, or artists or crafters. You focus on what you do best and we do the rest for you.”

The two started Polsie as a side project at first, to test the market, until they were accepted into the SXSW Accelerator program in late 2014. “That was the sign. After we got into South-By, we committed fully to Polsie,” Benavides said. It turned out to be a good decision: within a year of launching, they already had 1,000 stores on the site. While most of the store owners are based in Mexico at present, Polsie is gaining traction in the United States and United Kingdom.
One key differentiator for Polsie has been that they incorporate shipping into their model, so they can be a one-stop shop for users. So far, the company is only offering shipping within each country, but they are looking forward to making international shipping available soon and helping the businesses on their platform tap into the global marketplace.

Benavides said they intentionally built their site in English to make it appeal globally, as if it “lives on the Internet” rather than being based in any particular country. She also points to tools like PayPal and Stripe, which have smoothed international transactions and make accepting different forms of currency easier.

She added that, as they grow, she anticipates that they will need to tailor the site’s functionality to meet local needs. For example, expansion into certain parts of Latin America, where Facebook is used more predominantly than Instagram, may mean that they will need to adapt the software so that users there can upload photos from Facebook, instead.

On the role of government policy, she observed that, “Having the TPP is great for an e-commerce business like ours; it can help us bring access to the world to our stores.”

Benavides added that while focusing on the local market may be easier from a marketing perspective, it would ultimately limit any new business. “We have tried to make Polsie a global solution. Mexico is a growing market in terms of e-commerce but, eventually, most of our users won’t be in Mexico.”
Museums around the world see thousands of people pass through their galleries every year, yet many administrators of cultural institutions have little insight into how visitors spend their time inside their venues and what factors affect their experience. Dexibit uses data to provide answers.

"Part of every museum’s mission is transparency," explained Dexibit’s founder and CEO, Angie Judge. "They have a lot of reporting obligations to the government and the public. And our data helps solve that problem for them in a really cost-efficient way."

Dexibit is a data analysis tool and dashboard that provides museum administrators statistics and analysis about museum-goer behavior and experience, noting where visitors go or don’t go, measuring how long they spend in particular locations and recording external information like the weather outside at the time of their visit. The company also sells a physical sensor that can be placed in galleries to understand visitor movement.

The company currently has customers in New Zealand, Australia and the United States. “Our Day One plan was to be global,” Judge said, but added that it took some time to adapt to cultural differences in the U.S. market and navigate different state-to-state laws given Dexibit’s size.

"Rightly or wrongly, we’ve done most of that work in-house."
You suddenly need to become a bit of an expert in all the different states and different systems. That was a bit of a learning curve,” Judge said. She also suggested that, though the Internet offered a good deal of information, it was always useful to pick up the phone and call experts and officials abroad. “We found that the people on the other end of the line were very enthusiastic about helping us to come into the country to do business there.”

Judge credits New Zealand Trade and Enterprise (NZTE), the government’s international trade development agency, for being very supportive of Dexibit’s international expansion. NZTE offered advice on compliance and cultural issues in the United States and included them in trade shows.

The company is now opening an office in Washington, D.C. Judge said she had difficulty trying to establish her business and obtain an Employer Identification Number without having a physical presence. “This is a big burden for a small business to face in any country,” Judge said. She suggested the New Zealand government establish a set of office spaces in key export markets that small businesses could use when launching there.

While the United States has been a focal point for Dexibit, Judge encouraged other new entrepreneurs not to limit their scope when founding their own companies. “We live in a completely different age: to stand up new businesses and explore new business models, to develop new services. Having that global mindset—to bake it in from the very beginning—is a recipe for success.”
CinePapaya is an example of a business pivot gone right. Starting with a small R&D grant from the Government of Peru, co-founders Gary Urteaga, Manuel Olguin and Inma Cañadas started working on the project as an online video streaming technology in 2011, adding a movie show times website for local theaters to attract traffic.

The site quickly gained traction but by the middle of the year hit a major roadblock: Netflix. “Netflix announced marketing in Latin America with a three-month free subscription and very low prices. At the same time, our negotiations with the movie studios and distributors to license digital content were proving difficult and expensive,” Urteaga explained.

Luckily, their movie show times page was doing considerably better. They had established relationships with several movie theaters and had even begun selling tickets online, through their own app and by licensing their software to theaters.

A year later, the company jettisoned the movie streaming portion of the company to focus on building the site for show times and ticket sales. The reason for its success is simple: “Until 2012, the standard way in Chile and Peru to look up movie show times was to go to the newspaper or to go to the website of each individual movie theater. But newspaper and theater websites didn’t necessarily have accurate information. Many times you would look up a time and go to the movies and the timing was wrong.” By providing up-to-date, reliable showtimes, CinePapaya cornered the market and gained consumer trust.

Today the company operates in 29 countries across Latin America, Europe, the South Pacific and Asia in English, Spanish and Portuguese. They continue to expand into new countries and add new languages while experimenting with new business lines such as bus ticketing.

CinePapaya has set up local offices in several of the countries...
in which it operates and notes that the incorporation and compliance issues associated with establishing in new markets is often time-consuming and complex. Urteaga added that getting travel visas for meetings had been especially hard in the United States, Canada and Australia, though the introduction of the APEC travel card had made travel between APEC member states a breeze.

For other startups interested in the global marketplace, he recommends protecting their technology using patents and other IP protections. Not only to protect against infringement, Urteaga said, but also because it can be a selling point to investors: “Very early on, we registered our trade name and our software in the local IP office,” he explained. “During the due diligence research of various investors, having this registration added value to our negotiation processes.”
Ordering take-out or a package for delivery can sometimes feel like a leap of faith: you cannot be 100 percent sure it is actually going to arrive. Overdrive—a driving analytics app—aims to address this information blind spot with data.

Overdrive is an Internet of things (IoT) platform that gathers data, like engine diagnostics, driving behavior and location, from vehicular fleets for the transportation, logistics and automobile industries.

By installing a small device into a vehicle’s diagnostic port—which already exists on most sedans manufactured after 1996—a fleet manager can remotely monitor an individual vehicle’s activities and condition through a mobile app.

This type of technology is useful for a host of reasons, from maintaining vehicle standards to ensuring quality service.

“One of our customers was involved in an insurance dispute because goods they delivered turned out to be damaged; so from our system they pulled data showing that, in transit, the driver was adhering to normal driving behaviors and they managed to mitigate that case,” said co-founder Zen Chin.

Overdrive’s clients include car rental and leasing companies, cold trucks delivering food and logistics companies.

Overdrive was spun-off from an older web development company about a year ago. They currently operate in Singapore and Malaysia but aim to expand more widely into Asia.

“Singapore is a very small market. If you’re in the IT industry, you cannot disregard being a player in the international market,” Chin explained. “From the start we really prepared ourselves in terms
of product design, our offerings and many other areas, to be a global or international business.”

As they expand, Chin said he foresees the biggest challenge being the localization of his product to individual countries in Asia. “You need to prepare properly to convey your message accurately, especially the dissemination of information and how you package different information,” he said.

His insight for entrepreneurs thinking of expanding internationally?

“With the design of your services or product, you cannot ignore the global market. You may use your local market as a testbed, but if you’re confident enough, you can straightaway target your product into major markets.”
“Lazy girl skincare” is how Singapore’s Skin Inc founder and CEO, Sabrina Tan, jokingly describes her brand.

Not that Tan would know much about being lazy—at the age of 34, with two kids, and ten years of experience under her belt working in the IT industry for companies like HP and IBM—Tan left the path she was on to become an entrepreneur.

“I asked myself, ‘Why isn’t there a skincare brand that leverages technology to detect the lifestyle and environmental changes in your life?’” Tan said. She set out to create one.

Tan’s brand offers a range of serums that can be customized to meet an individual’s skincare needs.

Within four years of launching in Singapore, the company had entered several Asian markets and secured a partnership for distribution with cosmetics retailer Sephora. Today, Skin Inc products are available for purchase in over 100 cities worldwide in standalone shops and Sephora stores, as well as globally on the Skin Inc website.

Tan attributes her global success in part to the wide applicability of her products to women of all different skin types. “Beauty is a universal language!” she observed. She added that the openness and improving speed of the Internet around the world has helped: “With social media today it’s so easy for us to relate and engage and hear from global customers directly.”

Another factor in her success was Tan’s background in IT and understanding of the evolving nature of business in the Internet era.

“We were born digital and global,” Tan said.

She established her company as a global entity from the beginning, with R&D and manufacturing based in Japan, an innovation team in Cincinnati, Ohio, and headquarters in Singapore.
She explained that the reason for this layout is to capitalize on different countries’ strengths in order to keep pace with the market: “The marketplace is moving so fast, but just because you have speed, doesn’t mean you can have quality. If you look at the example of Apple, they were able to scale their manufacturing while still delivering a good quality product into the hands of the consumer. It’s hard to ensure that these two objectives match with both your suppliers and manufacturing.”

The company’s global expansion posed several challenges, noted Tan, especially in the areas of product registration, tax and trademarking. She advises leaving enough time to manage the administrative aspects of entering a new market. “Often we had consumer demand in a new market but couldn’t move in due to registration processes.” Since filing paperwork and getting approvals is such a streamlined process in Singapore, she said, it came as a surprise that receiving similar approvals in other countries could be so onerous.

She advocates the use of a “70-30” model, where smaller countries recognize the legitimacy of a rigorous national or regional regulatory body and eliminate some of the baseline regulatory requirements. “We shouldn’t have to start from ground zero in every new market we enter.”
“My story is the story of a startup that went global completely by accident,” said Kavita Shukla, founder and CEO of Fenugreen.

Shukla is the innovator behind FreshPaper, a spice-infused paper insert that keeps fruits and vegetables fresh for up to four times longer. She invented FreshPaper by tinkering with some of the spices her grandmother gave her to prevent her from getting sick on a childhood visit to India.

She initially sought to apply FreshPaper in a developing-world context through a nonprofit. “I really wanted to get this to people in India and Africa,” she said. “But it was hard for me to convince donors that it was worth their time.”

Almost ready to give up, Kavita decided to make a batch of FreshPaper and try marketing her invention at the local farmer’s market. To her surprise, it was a hit. “What happened next was something we never could have imagined,” she said. “Simply through word-of-mouth, within a year, we were shipping FreshPaper to farmers and families in over 35 countries.”

“Having customers internationally for me was, personally, a really big deal,” Shukla said. “I had tried to get this product out in so many different ways and the idea that now we could get it to places like Haiti and Malawi and India was incredible.”

When Fenugreen first began shipping FreshPaper internationally, it was time consuming because “we didn’t know what we didn’t know.” It would take Shukla and her team 20 minutes to fill out one customs form, and then half of the orders wouldn’t even make it. “We would show up at the post office with a wheelbarrow full of international shipments,” she remembered.

One day, searching online, an intern pointed out UPS Mail Innovations, which could streamline the shipping process. The company began to leverage services platforms including UPS, www.fenugreen.com
BigCommerce and QuickBooks to streamline the process, operate the business on a global basis and make an initially steep learning curve worthwhile.

Initially, the company faced difficulty trying to find international distributors, even after high-level endorsements from the likes of Oprah Winfrey.

“Going direct to consumers, and showing that there was a market there and getting international press got us in front of distributors.”

Shukla encourages innovators to not discount an idea because it is simple or because it was hard to get to market on the first try. Rather, she said, try to partner with a company with a specialization in the area where you lack expertise: “I, on my own, could have never gotten this into the hands of women in Haiti who are entrepreneurs running a small catering business in eight months. But somebody else could. UPS often held my hand through the global shipping process, for example. Just ask—you never know.”
After adjusting from a jet-set senior-level corporate role to full-time caregiver for her newborn daughter, Rebecca Germain, founder of Midwest Scrapbook, found she was ready for a new challenge.

Her husband suggested she make a business out of what Germain described as her crafting addiction. “At the outset the goal was to be able to stay at home with my daughter. It also provided an outlet for my many years of business experience and allowed me to channel some energy beyond changing diapers and fixing bottles,” she said.

Germain began by launching Midwest Scrapbook on eBay, reselling supplies she purchased locally out of her home. Ten years later, she now buys directly from manufacturers via a fulfillment center that stocks and ships her products around the world. “I’ve gone from ten items in my basement to 120,000 products in stock at my fulfillment center,” she said.

Initially, German didn’t even open her eBay store to foreign buyers, thinking the hassle outweighed the opportunities. After receiving requests from international consumers, she began her global journey by selling to customers in Canada, the United Kingdom and Australia. After getting a firm grasp on the customs clearance process for those three countries, she opened her eBay store to other countries. Today, Midwest Scrapbook sells to customers in 73 countries.
worldwide, and international sales account for 20 percent of the business.

While she said she valued the chance to participate in the global marketplace, she was frustrated by some of the challenges. "There are certain countries that you know will require a minimum of three weeks [for a package to reach a customer], and that's if nobody's on strike and there are no national holidays and it's not during the summer."

Germain also highlighted the difficulties e-commerce businesses like hers face handling international returns. "Even if the customer pays the return shipping, the paperwork and obstacles at the border are not worth the hassle on either end."

Germain credited eBay, PayPal and Stripe for helping to kickstart her business. She also noted that she took advantage of the business advice that eBay provided early on in her journey, which she applied as she launched her own e-commerce website and became a multichannel retailer.

Germain observed that trade agreements can help micro-businesses like hers: "I think the TPP could very positively impact my business," pointing to key issues she expects the agreement to address, such as improving international returns and raising de minimis levels as "things that will help my business."

"I do hear somewhat regularly, 'I'd love to place this large order but the shipping is just too complicated,' or 'the customs are just too high' so anything that we can do to make it easier for international customers to purchase can only benefit all parties," she added.
For patients suffering from gastrointestinal disease and requiring an ostomy—a surgically-created opening in the body for the discharge of body wastes—returning to life as it was before can be incredibly difficult. Add to that unpleasantness from the ostomy pouch which collects waste, and some patients become reclusive. After hearing about a friend’s difficulties, Michelyn Caldwell, founder of NB Products, and her mother set out to invent a solution.

That solution was Na’Scent, a concentrated, stabilized-oxygen-based liquid that eliminates ostomy odors. Caldwell founded the parent company in 1998 and named it NB Products for “new beginnings” because, she said, “it’s a new beginning for people who can have the confidence to do all of the things they would normally dread on a daily basis.”

The company is run mostly by Caldwell herself, with some assistance from her children, and she manufactures everything on-site. She says she refuses to outsource to ensure that her product remains of the highest quality.

The product gained popularity across the United States after a mention in a magazine for ostomates. After several inquiries from customers outside the United States, Caldwell decided to expand into new markets.

In 2012, she began shipping to a number of countries through distributors, as well as via direct sales from her website.

These international sales were a huge boost to her business. Her revenue rose 600 percent in a year, allowing her to expand her sales and marketing in the United States. Today, international sales make up roughly 35 percent of her business. She credits the U.S. Department of Commerce and programs offered by the International Trade Administration, like Startup Global, for the advice and technical assistance to go global.

Even though she knows demand exists in a number of international markets, she said difficulty getting customs clearances and
health certifications have caused her to delay entry into some countries like South Africa, Russia and several destinations in Asia. "I'm going to wait until I have someone on board who can handle those markets and knows what they're doing or until I have a distributor there," she said.

Caldwell has been negotiating with an international ostomy product manufacturer to distribute her product, but said that the fact that she sells a "class 1" medical device, which is lightly controlled under U.S. regulation, has caused some confusion around the proper classification of Na'Scent under foreign regulations.

Despite these and other challenges, Caldwell said she is determined to keep growing her business. "At one point in time I was ready to say, 'I'm done. I can't do this anymore.' But I continued because, for people that have ostomy bags, it's a hard thing to deal with. And I thought, 'I can't give up on these people.'"
Vu Van doesn’t sleep much these days. As the Founder and CEO of ELSA, a speech training app, she manages teams in California, Portugal and Vietnam, meaning her primary sleeping hours are between 3–5 pm Pacific Time. ‘That’s my beautifully quiet time when I sometimes take a nap,’ she explained. ‘But it’s not like that every day. The team is very supportive and really independent so it’s not like I need to talk to them 20 hours a day.’

Van was born and raised in Vietnam but moved to the United States to complete an MBA and Masters in Education at Stanford University where, like many entrepreneurs, her business was born out of frustration. ‘When I was in class. I would contribute ideas and nobody paid attention, and then five minutes later, someone else would say the exact same thing, and it was perceived as genius,’ she remembered. Her language skills, she thought, were holding her back. ‘That was a wake-up call for me.’

She couldn’t afford to hire a pricey speech therapist so she attempted to improve her accent by watching American TV but found the lack of feedback frustrating. Speaking with a friend who worked in Google’s artificial intelligence division, she found out that computer speech recognition technology had improved significantly and that it was being used for educational applications.

A light bulb went on: she would design a speech-training app for language learners to improve pronunciation and reduce accent. Thus, ELSA, or the English Language Speech Assistant, was born.

ELSA, a mobile app, ‘listens’ as users read words on the screen and indicates where a mistake has been made. The company is testing the app in Vietnam currently, where a data team is working with users to “train” the app’s AI software to recognize the Vietnamese accent, but will be launched more widely over time.

One key to rolling the app out
to new markets, Van said, is reliable access to the Internet. “There are definitely some issues where the connectivity is poor; then the ELSA app doesn’t work as well, and people just have to be patient and wait for it to work or move to a better spot,” she said. She is also working to make more of the app’s functions available offline to extend its usefulness in rural areas of Vietnam where access to the Internet is spotty.

Despite the focus on Asia, Van says they chose to base the company in California because of proximity to investors.

As they expand, one of the biggest challenges is the need to custom-tailor the app and market it differently in each country. She said her experience living in several different countries on different continents has made her feel comfortable about dealing with these issues. “A lot of American companies don’t even know where to start with international expansion. It’s kind of an advantage for us.”
MTTS Asia’s husband and wife team originally planned for their company to deliver innovative, low-cost solutions for newborns in Vietnam but were soon in search of bigger markets to scale.

In Vietnam, “we’re a very niche market selling in small volumes. Without grasping bigger markets, it’s impossible to be sustainable, so we have to look at many different countries,” said CEO Gregory Dajer.

Nga Tuyet Trang, Dajer’s wife, founded MTTS Asia in 2004. Trang, who was educated in Denmark—where she and Gregory met—wanted to help her native Vietnam.

Trang teamed up with an American biomedical engineer and a local pediatric hospital to develop what would become MTTS Asia’s first product: an innovative infant respiratory device.

Twelve years later, the company now produces four pediatric medical devices: two phototherapy devices for infants with jaundice, an updated version of the original respiratory distress device and a radiant warmer to treat hypothermia.

The company sells to 21 countries and maintains offices in Vietnam, Hong Kong, the Philippines and Myanmar. Manufacturing takes place in Hanoi but, with its growing reach, the company has faced some challenges with importing electronic components from neighboring countries, which Dajer said is a trifecta of being “difficult, expensive and slow.”

When it comes to exporting, he said that some countries are not even on the company’s radar at the moment. “If you can succeed in China, you can succeed anywhere in the world; it’s a really tough place.”

And while Vietnam is party to trade agreements meant to eliminate many tariff and non-tariff barriers, Dajer has observed some countries institute other fees in place of those tariffs or use regulations to complicate the company’s exports. “Some
countries’ interpretation of regulations is very liberal,” he said.

The company has employed a multipronged financial strategy, basing their financial operations in Hong Kong to minimize difficulties associated with cash flows in and out of Vietnam, applying differential pricing for equipment depending on the market and applying for grants from foreign charities and NGOs.

One key to their ability to export so widely has been getting European health and safety certification, called CE Marking, which is accepted in most of Europe and also by many Asian, African and Middle Eastern countries and Vietnamese certification, which is accepted by ASEAN nations—giving the company entree into roughly 75 percent of the world’s markets.

Dajer advises other small businesses trying to enter global markets to do their homework, especially when attempting to enter a big market—a lesson he says they learned after a failed attempt at entering India. “The bigger the country, the more preparation you have to do. Those big markets are definitely lucrative but you need to be extremely careful with approaching them. Sometimes it’s better not to, unless you’re 100 percent sure you can do it.”

“THE BIGGER THE COUNTRY, THE MORE PREPARATION YOU HAVE TO DO.”
If you ask Ha Lam and her husband, Ho Hai, co-founders of Triip.me, if selling their house to fund their startup was the right move, you’ll quickly discover that it wasn’t a difficult decision for them.

‘At one point, we almost gave up. We said, ‘We cannot support the business ourselves anymore.’ But when we looked at all the interest from people saying ‘I want to be a Triip creator,’ I thought, ‘People need us.’ So, that’s the moment we decided to sell our house, even though we had two children,” Hai explained. They put everything they had into Triip.me, a web platform that connects all types of tour guides with tourists looking for a more personalized, unique travel experience.

Lam started the business as a weekend project alongside the tours she led as a full-time guide in Vietnam. Her initial goal was to create a platform to allow students to offer free tours to tourists, something Lam and some friends had done ten years earlier as students at the local university to improve their English language skills.

Luckily, their gambit paid off. After selling their house, said Hai, things improved: they were able to establish an office, hire full-time staff and eventually secure seed and angel investment.

Today, Triip.me offers tours in over 90 countries and has employees in Vietnam, Singapore and Germany. Hai said that, as they have grown, they have focused on English-speaking countries first and will expand into countries like Japan, China and Russia later on, as they acquire more investment.

Funding has been Triip.me’s main limiting factor. The platform takes a 10 percent cut from every transaction (though many free tours are also available on the site), but exchange rate differences and fees for processing payments have cut into their margins.

Hai said that they have had limited success with incubators in Vietnam because, ‘what we’re doing is unprecedented in
Vietnam." Lam added that many local incubators are focused on solving local challenges, rather than global ones.

To other companies trying to go global, Hai advised, "When you have a company that's starting out from a very small country like Vietnam, you have to start targeting customers outside your market from the start, because it's a very, very different world. You have to find a way to grow in a bigger market first."

They also had some advice for policymakers, saying that they are very supportive of policies such as the ASEAN single visa, which they said would be very helpful for the travel industry. "The cost of getting a visa to every country in Southeast Asia is almost the same as a ticket for air travel. If they made just one visa, people will spend the money to go from one place to another place."
CHALLENGES

COMMON CHALLENGES

Tapping into the global marketplace can bring a steep learning curve and new challenges, which startups and small businesses often have to tackle with limited resources. Several common challenges emerged from these global entrepreneurs:

01  OBSTACLES AT THE BORDER

“The biggest pain points for us have been tariffs and duties on certain products and the amount of paperwork needed to get across the border.” – Rick Brink, Weddingstar

“Even if the customer pays the return shipping, the paperwork and obstacles at the border are not worth the hassle on either end.” – Rebecca Germain, Midwest Scrapbook

“Sometimes we put a robot in the wrong [customs] category and the customer was taxed a lot. When we asked customs, even the customs agent didn’t know what to write down.” – Dr. Che Fai Yeong, DF Automation

02  PROTECTION OF INVENTIONS AND DESIGNS

“We know there are probably people buying knock-offs but we want to connect our product with purpose. And if you’re just trying to buy a cheap cup, you’re probably not the right person for us anyway.” – Abigail Forsyth, KeepCup

“We had smoking-gun evidence that another company had hacked into our website and stolen our code. But we chose not to take legal action. We said, ‘we’re going to out-innovate them instead.’ And we did. They no longer exist.” – Jodie Fox, Shoes of Prey

“There was one movie theater chain that copied our whole system. But for us being a startup, going into any kind of legal action or litigation would have been a waste of resources. We just focused on building a good service.” – Gary Urteaga, CinePapaya

03  REGULATORY CHALLENGES

“Being from Singapore, it wasn’t within my expectations that certain countries would take so long to review documents. It’s not always clear what documents they even require.” – Sabrina Tan, Skin Inc
“The FDA required so much documentation, even for very small things. We had to do everything from zero. That was a big surprise.” – Satoshi Sugie, WHILL

04 FINANCING

“Even if we were a Vietnamese startup, we would have incorporated our company in Singapore, because that’s where investors are comfortable putting their money.” – Vu Van, ELSA

“At one point, we almost gave up. But when we looked at all the interest from people saying ‘I want to be a Triip creator,’ I thought, ‘People need us.’ So, that’s the moment we decided to sell our house.” – Hai Ho, Triip.me

“It would be easier to expand if there were other means out there: venture capital and things like that. It’s not really clear how to get that.” – Raifana Ranie, Rai Ranie

05 LOCAL DISTRIBUTION & PARTNERSHIP

“[In the UK,] I’m limited to the customer base and resources [of my current distributor].” – Michelyn Caldwell, NB Products

“Our distributors are usually local companies that have already established a presence. Sometimes in Africa it was so difficult to find such companies, so we’re working with startups or doctors who want to represent us.” – Gregory Dajer, MTTS Asia

“Going direct to consumers and showing that there was a market there and getting international press got us in front of distributors.” – Kavita Shukla, Fenugreen

COMMON SOLUTION: TECHNOLOGY

While the companies we spoke with shared a number of common challenges, they also shared one common approach to building their businesses: the use of digital platforms and services to operate their businesses on a global basis. Here is what they said about their favorite tools:

- “The vast majority of software we use is Google Enterprise software.”
- “Our solution depends on data sources streamed from other apps, like Google Analytics, Facebook and Twitter.”
- “UPS has really held our hand through the shipping global process.”
- “We use QuickBooks for accounting and Fishbowl.”
- “Paypal, Stripe and eBay have been the main technology platforms that we use.”
- “We are slowly migrating to Google Hangouts.”
- “We use Dropbox all the time.”
- “We implemented Slack in the business and it’s been awesome.”
Technology has made it easier than ever for small businesses to build an international brand and find new customers globally. But governments play an important role as well. Through policy, they can either inhibit or facilitate the effective participation of startups and small businesses in the global marketplace.

Weddingstar CFO Terence Kowalchuk observed that any time tariffs are eliminated or regulations are improved, “it is a positive for exporters like Weddingstar.” He added, “it opens up the potential for new geographic regions to focus on.”

Governments can coordinate to develop the right set of rules to ensure that the global marketplace is open, transparent and fair for their startups and small businesses.

For instance, the World Trade Organization could serve as a global platform to support a small business agenda—deepening current transparency initiatives, digitizing border processes and procedures and continuing to reduce duties—as the National Foreign Trade Council suggested in a policy brief earlier this year.¹ Such an initiative would complement the efforts of other trade platforms such as the Asia Pacific Economic Cooperation (APEC) forum and Association of South East Asian Nations (ASEAN).

Regional and bilateral trade deals are another avenue for improving access to certain markets. The TPP in particular can serve as an important step in securing the right environment for small businesses and innovators to thrive in the Asia Pacific by improving market access and facilitating trade, creating more effective intellectual property frameworks and generally supporting an environment for the new digital economy for cross-border goods and services.

Amy Blair, CEO of Batik Boutique in Malaysia said that she is “very pleased with the agreement” and think[s] it will “make it easier and more cost efficient for us to work in importing and exporting.” Polsie co-founder Marcela Benavides added that, “having the TPP is great for an e-commerce business like ours; it can make selling international much easier and help us bring access to the world to our stores.”

On the other hand, many small businesses may be unaware of the impact of efforts like the TPP. Governments, therefore, have a role to play in connecting these agreements to their success. Sabrina Tan of Skin Inc noted that she was not aware of the TPP and that it “will definitely be helpful if it is published in trade portals or communicated through newsletters.” Angie Judge says she and her colleagues at Dexibit “haven’t begun to understand the impact of this yet on our business and haven’t yet seen any press moving past the coverage of the

signing to look at business impact around it.”

And a few may not be guided by these agreements regardless of the benefits. Abigail Forsyth of KeepCup emphasized that her decision to manufacture locally in Australia is based on principles—not policy—and worries that, “the whole free trade thing just plays to the big players.”

Other national policies and programs can deliver meaningful support to startups and small and medium businesses as well. In the United States, the Global Innovation Forum is partnering with the U.S. Department of Commerce to accelerate Startup Global, an initiative of Secretary Penny Pritzker to help startups and incubators think global from day one and to identify U.S. government and private sector resources to help them succeed internationally.

As the entrepreneurs in this report note, governments throughout the Asia Pacific are deploying programs via organizations such as Darussalam Enterprise (DARE) in Brunei, New Zealand Trade and Enterprise and Startup Chile to provide advice and resources to help startups and small businesses tap into global markets.

The stories profiled in this report suggest that national laws and regulations matter and highlight how trade barriers can prevent innovators and small businesses from achieving their full global potential.

For the small businesses profiled in this report and for millions more of their peers around the world, the message is simple: make trade easy and we can do the rest.

In short, through smart policymaking, governments can help create even more new faces of transpacific trade.
The entrepreneurs in this report reinforced the importance of maintaining a suite of public policies to support the seamless cross-border flow of lawful goods, data and payments, transportation and effective intellectual property and regulatory frameworks to enable their global success.

In order to support the global journeys of innovators like the ones profiled in this report, governments should:

1. Accelerate efforts to simplify trade, modernize customs processes and improve physical connectivity around trade lanes, which would have a disproportionately large benefit for startups and small businesses.

2. Enhance access to the Internet, payments mechanisms and delivery services—the critical infrastructure that allows entrepreneurs to innovate and sell across borders and help overcome local distribution and partnership issues.

3. Maintain effective intellectual property frameworks and help entrepreneurs understand how to avail themselves of low-cost tools to protect their innovations on a global basis.

4. Consider how to simplify regulations and make them as transparent as possible, and take steps to facilitate the ability of startups and small businesses to understand and comply.

5. Increase outreach to startups and small businesses and the associations, incubators and community groups that support them in order to understand their global challenges and improve awareness of the government resources and initiatives that may benefit them.
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Pages 6-7: Abigail Forsyth
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Pages 20-21: Akinori Takahagi
Pages 22-23: Satoshi Sugie
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Pages 26-27: Dr. Che Fai Yeong
Pages 28-29: César Esquivel
Pages 30-31: Marcela Benavides
Pages 32-33: Angie Judge
Pages 34-35: Gary Urteaga
Pages 36-37: Zen Chin
Pages 38-39: Sabrina Tan
Pages 40-41: Kavita Shukla
Pages 42-43: Rebecca Germain
Pages 44-45: Michelyn Caldwell
Pages 46-47: Vu Van
Pages 48-49: Gregory Dajer
Pages 50-51: Ha Lam
Page 55: Amy Blair