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Forbes Asia

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AUGUST 2022 — VOLUME 18 • NUMBER 5
FORBES ASIA (ISSN 1793 2181) is published monthly, except bimonthly in December/January, February/March and April/May. FORBES ASIA is printed at Times Printers in Singapore. Singapore MCI (P) 046/11/2021. Malaysia KDN PPS 1411/01/2013 (022902).

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On The Bright Side

Seemingly overnight, the world has changed. From pandemic to living with the virus. Virtually no inflation to rising prices everywhere. Rates once near-zero going up. But, and this may be a big but, the global economy so far appears to be handling these adjustments, although equity markets are signalling caution. Yet our issue this month presents a message of optimism, with one exception.

The first major list in this issue is the Best Under A Billion list, featuring the 200 best companies across Asia-Pacific with revenues below $1 billion. Plenty of them are doing just fine. The decline of Covid-19 in the region has turbocharged companies that operate in the real world wherever people congregate, like hotels, restaurants, live entertainment and so on. Another positive story is our cover on the Philippines' Manuel Villar. He's doing well and rolling out major plans to expand his business empire.

The issue's one warning comes from the Philippines' 50 Richest list, where some two-thirds on the list have seen their fortunes decline. The combined total of the list is down to $72 billion from $79 billion from last year. The country has been hit by slowing exports, and rising inflation and energy prices. All these headwinds caused collateral damage to the wealth of this year's listees.

Moving the lens to include Indonesia and South Korea, the picture turns rosy again. The digital boom is still in full bloom for the two companies featured—despite overall weakness is the global tech sector this year. Indonesia's Xendit is a fintech that is helping transform traditional cash businesses into digital to help them survive, while Miso's app offers physical services in the real world.

Thus, across the Asia-Pacific, it appears there is reason for hope, though perhaps tempered with some caution. Will the erosion of wealth in the Philippines be a harbinger of the future? Or is the trend for the future found in the rest of the mostly upbeat coverage in this month's issue? Time will tell.

As always, all comments welcome at editor@forbesasia.com.

JUSTIN DOEBELE
EDITOR, FORBES ASIA

By Steve Forbes, Editor-in-Chief

Big Deal Decision for Liberty

Overshadowed by the storm created by its abortion ruling, the Supreme Court's decision in West Virginia v. Environmental Protection Agency struck a stunning, historic blow against unbridled, unaccountable bureaucratic power. The court decisively declared that the EPA had vastly exceeded its authority with regulations to force utilities to switch from fossil fuels to so-called renewables, most notably windmills and solar panels.

The Court was clear: If an unelected agency is going to issue rules that will make a major impact on society, it must have explicit authority from Congress to do so. It can't conjure up justifications based on twisted readings of laws.

In this case, the EPA several years ago began putting arbitrary caps on greenhouse gas emissions, with the ultimate goal of making it illegal to use oil, gas or coal to generate electricity. The trouble was, there was no legal mandate to impose such sweeping changes. In fact, Congress had repeatedly refused to pass such legislation.

Frustrated, extreme environmentalists resorted to getting regulators to do what they hadn't been able to get done through the democratic process. The EPA's overreach wasn't isolated. For decades federal agencies have been taking on increasing power.

Congress has gone along with this emasculation of its traditional powers because doing so has allowed lawmakers to duck accountability for unpopular decisions. In fact, many laws have been deliberately written with vague language to give bureaucrats maximum flexibility.

This neutering of Congress goes back to the late 1800s with the rise of the idea that a modern industrial society had made the Constitution obsolete and that government should be run by experts who wouldn't get bogged down by the laborious legislative process. Woodrow Wilson, America's 28th president, was a prime proponent of the belief that the Constitution, with its checks on government power, had outlived its usefulness.

This notion was recently expressed by Anthony Fauci, who said that decisions made by health experts like himself shouldn't be subject to judicial review.

But the Founders wisely understood such concepts were recipes for tyranny. All those who exercise power should be held accountable for their actions.

Moreover, experts are not always right, including Dr. Fauci, who in the weeks before the March 2020 lockdown was saying that people should be more concerned with the seasonal flu than with the emerging coronavirus.

Power-hungry agencies aren't about to passively accept this decison. The SEC, for example, still plans to formally issue a 500-page ruling this spring concerning listed companies and climate change. The High Court will have to render a number of decisions reinforcing what it did with West Virginia v. EPA.

Baseball Shouldn't Be Snoreball

Baseball's All-Star Game in July and the attendant celebrations were a poignant reminder that there's no way the sport can occupy the overwhelming position it once had when it was truly America's favorite pastime. Affluence and innovation have given people a number of exciting alternatives, including video games.

But much of baseball's relative decline has been self-inflicted, primarily the length of time it takes to complete a Major League game. Decades ago, a contest rarely exceeded two and a half hours. Today, that would be considered warp speed. Owners' and MLB officials' efforts to hasten the pace have met with limited success. Games are still too damn long.

A faster-paced game would be a better-played game, and more people would be attracted to a sport that uniquely combines individualism and teamwork. Baseball biggies shouldn't let players and coaches deter needed reforms. Fans will cheer.

Game-saving adjustments are straightforward.

• No more coaches or managers visiting the pitcher's mound, unless it's to yank and replace the hurler. Mound visits had become ridiculously frequent. Now teams are limited to five such summit meetings a game. That's still five too many. This mound prohibition would apply to catchers as well.

• If a team wants to challenge an umpire's field call, it should be required to do so instantly. No waiting for a report from its video expert on whether a challenge might work.

• Require pitchers to throw the ball 14 seconds after receiving it, 18 seconds when a runner is on base. That rule, when tested with minor league teams, has cut more than 20 minutes off the average game time.

• Bar hitters from leaving the batter's box without just cause. Years ago, this was an ironclad custom.

Of course, these needed changes don't deal with the game's other big challenge: the decline in hitting. Batting averages are at levels not seen since the late 1960s.

One factor is the more analytical and strategic use of pitchers. Rare is the game today in which the hurler goes a full nine innings. Years back, a typical team might have eight or nine pitchers on its roster. Now a dozen or more is common.

One response might be to slightly lower the height of the pitcher's mound, as baseball did after the 1968 season.

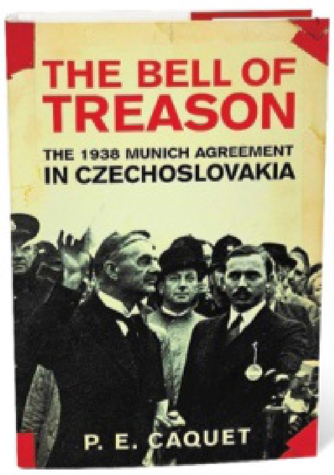
The quality of infield defense has improved enormously, especially in the use of the "shift," where players bunch up at a particular area on the field. The once familiar ground-ball single is almost a thing of the past. One almost expects to see the catcher positioning himelf at shortstop.

One new rule should restrict the shift by requiring two players on either side of second base and four players on the infield dirt.

The Perils of Appeasing Putin

The Bell of Treason—by P.E. Caquet (Other Press). This book should—but won't—be read by Joe Biden's national security team, not to mention the pusillanimous leaders of Germany and France. Its lesson: Appeasement of determined adversaries is a deadly dangerous game.

Take the example of the Munich Agreement. In the fall of 1938, Britain and France needlessly betrayed a crucial ally, Czechoslovakia, to Adolf Hitler. The ghastly consequence of this was the Second World War.



Czechoslovakia—today split into the Czech Republic and Slovakia—was created from the remnants of the Austro-Hungarian Empire after WWI. About 20% of the population were German-speaking Sudetens. The country, firmly and formally aligned with France, was a thriving democracy. Hitler wanted to destroy and occupy it, so he cooked up a pretext that Prague was cruelly suppressing the Sudetens, who, he claimed, desperately desired to be part of the Third Reich. This was nonsense, but the Nazis were experts at stirring up trouble, and Hitler was threatening war.

British Prime Minister Neville Chamberlain dragged the war-reluctant French to Munich, where, along with Italy, they agreed to give Hitler the German-speaking chunk of Czechoslovakia, which contained the country's sophisticated system of fortifications. "Peace for our time," proudly proclaimed the prime minister. Within months Hitler gobbled up the rest of the now-defenseless country, and a few months after that he invaded Poland, which triggered World War II.

Czechoslovakia's strategic location and the hundreds of thousands of German troops it tied down before Munich made its bloodless loss a catastrophic blow to France's security. Worse, the Czechoslovaks had one of the world's best armament works, which immensely aided Berlin's rearmament. One-third of the advanced tanks Germany used against France in 1940 came from those captured facilities.

In 1938, France and Czechoslovakia would have defeated Germany, as Berlin's rearmament was woefully incomplete.

Of course, no two periods in time are exactly alike. But China, Russia, Iran and others have made their aggressive designs clear. The initial response to Vladimir Putin's invasion of Ukraine seemed to belie their perception of Western weakness, but the resolve of the U.S., France and Germany appears to be wilting. "We must not humiliate Putin," squeals French President Emmanuel Macron, as he and others push for a Munich-like deal with the Monster of Moscow.

As in 1938, it appears democratic leaders are woefully not up to the task.

RESTAURANTS: GO, CONSIDER, STOP

Edible enlightenment from our eatery experts and colleagues Monie Begley, Richard Nalley and Randall Lane, as well as brothers Bob, Kip and Tim.

● Il Gattopardo

13–15 West 54th St. (Tel.: 212-246-0412)

This classic in the old Rockefeller townhouse continues to serve some of the best Italian fare in the city. Start with Parmigiana of zucchini with smoked mozzarella or, as a lighter alternative, the crispy salad with radicchio, frisée, carrots and radishes in a tangy red wine vinaigrette. The pasta dishes are delicious, especially the cavatelli with shellfish ragout and the linguine alle vongole with a hint of anchovy pesto. For pescatarians, pan-seared monkfish with a spring vegetable ragout and olive dressing is a must. And for dessert have either the flourless torta caprese al limoncello or the semifreddo of buffalo ricotta with pear purée.

● Sotto 13

140 West 13th St. (Tel.: 212-647-1001)

A sleekly modern space featuring black-and-white canvases of architectural vignettes and a skylight over the dining area housing the pizza oven. Everything is first-rate. To start, try the tangy tuna tartare or the luscious ball of burrata. Next up, go for the roasted boned chicken breasts in a light sauce with mashed potatoes and shredded zucchini or choose one of the city's best hanger steaks in its own flavored juices. Save room for the divine chocolate cake or the perfect tiramisu.

● Gray Hawk Grill

1556 Second Ave., between 80th & 81st streets (Tel.: 646-669-7376)

Having signed its lease the week before the March 2020 shutdown, this terrific American grill survived the pandemic's legendary openings and closings and offers delicious versions of all-time favorites. Begin with a luscious tuna tartare, a generous mound of chopped salad or an order of creamy cacio e pepe. The steak frites is perfectly cooked with bubbly sides of mac and cheese or grilled Brussels sprouts. For the sweet tooth there's nothing more tempting than the grill's coconut cake or its version of classic cheesecake. The setting is casual, inside and outdoors, and the service impressive.

● Alice

126 West 13th St. (Tel.: 212-691-4886)

The two distinct dining areas here are separated by the bar area and the kitchen, and both have fabulous food and fast service. As with its 13th St. neighbor, Alice's burrata ball knocks it out of the park, and the harvest salad is crunchy perfection. Grilled octopus is beyond enhanced on its bed of shaved radish and caramelized onions. The steelhead salmon is so good it disappears in the blink of an eye. The torta caprese looks like an igloo housing a very dense chocolate cake, and the tiramisu is out of this world.

By Rich Karlgaard

Sports and Free Markets

Last month I went to see the World Track and Field Championships. Americans love their football and basketball, but my heart has a special place for track and field and Olympic sports. At the world championship level, these sports are carnivals of excitement, inspiration and healthy national pride. On display is individual and team talent, ambition, hard work, focus and (finally) no small share of ego—human attributes that create excellence.

Do you ever wonder why free markets work better than the alternatives? Look to sports like track and field for one answer. Athletes get to specialize in sports for which they are suited. That's a wonderful thing. Ethiopia's Tamirat Tola, who weighs 59 kilograms, won the men's 26.2 mile marathon in a record-setting 2 hours, 5 minutes and 36 seconds. Worth noting: the gold in Tola's first-place marathon medal weighs the same as the shot put gold medal won by Ryan Crouser. The big American weighs 145 kilograms, equal to two-and-a-half Tamirat Tolas.

Track and Olympic sports inspire us precisely because they display a wide spectrum of human body types and talents. High jumpers are tall and skinny, while sprinters are muscular and lean, made for explosive bursts. Hurdlers are lithe as ballet dancers. Swimmers have broad shoulders and long torsos. Women gymnasts rarely stand more than 1.5 meters. Downhill skiers are cool as astronauts, at peace with moments of lethal danger, as are pole vaulters. Long distance runners, swimmers and cyclists are stoics.

Why does capitalism work? Instead of sports, let us turn to Adam Smith's seminal book, *The Wealth of Nations*. Smith noted that societies prosper when individuals are free to bring their talents to the marketplace and trade their work for other people's work. Thus a talented maker of leather boots can pursue excellence in bootmaking and not worry about glassmaking for his shop's windows, which is the handiwork of the glassmaker. In free markets, one plus one is greater than two.

Likewise today, nations prosper when their people and companies are free to pursue excellence of their choosing. The mathematically gifted but shy teenage girl should not have her human worth judged outside her range of natural talents—in kick-boxing, say. Ethiopian marathoner Tola would be mediocre if measured for his backstroke skills or how far he could throw the discus.

Division of labor—the distribution of talents and capabilities—is essential to invention, growth and flourishing societies. Yet no matter how true Adam Smith's theories have proven to be, politicians and corporate leaders bungle the idea with depressing regularity. Their job is simple: Allocate capital, technology and people to make profitable products, happy customers who want more, inspired and constantly learning employees, and supportive communities. Capital is fungible. Technology is universal. That leaves people as the differentiators between success, mediocrity and failure. People will always be the differentiators.

Few understood this better than Singapore's grand architect, Lee Kuan Yew. He saw Singapore as a collection of talents, nearby and around the world, free to pursue excellence under the rule of law, nurtured by education and unencumbered by corruption. Japan's post-World War II miracle was driven by exceptional business heroes who studied the world's best practices (e.g., Toyota's adoption of Six Sigma quality standards). South Korea evolved into a world-class maker of cars, electronics and pop music.

For companies and nations to thrive, they must become marketplaces for talent discovery. Perhaps they might draw inspiration from track and field or the Olympics, where a glorious wide range of people get to discover their talents and pursue their excellence.

Rich Karlgaard is editor at large at *Forbes*. As an author and global futurist, he has published several books, the latest of which is *Late Bloomers*, a groundbreaking exploration of what it means to be a late bloomer in a culture obsessed with SAT scores and early success. For his past columns and blogs visit our website at www.forbes.com/sites/richkarlgaard.

AKINDO/GETTY IMAGES

By **John Kang**

Photograph by **Jae-Hyun Kim** for Forbes Asia

Home Concierge

MISO head Victor Ching is aiming to replicate his app's success in home cleaning to sweep up new business at home and overseas.

Over the past seven years, Victor Ching has carved out a niche in the home cleaning space in South Korea with an app called Miso. Though it's a relatively small market compared to online payments or food delivery, the app, which connects cleaners with clients, is the category leader in the country by users.

Miso, which means "smile" in Korean, has handled more than 5 million bookings since its founding in 2015. Of those, almost 90% have come from repeat customers, the Seoul-based company says. Top startup investors including Silicon Valley incubator Y Combinator and Los Angeles-based Strong Ventures have backed Miso, which has raised over $11 million to date.

After years of steady growth in South Korea's home cleaning market, cofounder and CEO Ching is taking Miso to the next stage. He's aiming to replicate Miso's success with the 70 other services it now offers and make its first move overseas. To help fuel its expansion, Miso is preparing to raise $30 million in fresh funding this year.

"We're focused on building a platform that makes booking services as easy as buying a product online," says Ching, 41, in a video interview from his office in Seoul's upscale Gangnam neighborhood in late May. Miso, which made the inaugural 100 to Watch list last year, aims to be the Amazon of home services. "Expanding selection is very important in e-commerce," he says, pointing to the success of billionaire Jeff Bezos' company. "We feel the same thing is very important in services because you don't need many services repetitively."

Through its app, Miso offers regular services, such as home cleaning, laundry and pet sitting, to occasional jobs like repairs, moving and interior remodeling. The company says it has more than 500,000 paying customers and over 50,000 service providers on its platform. "You might need a wide variety of different services in a year, so we feel like the best experience we can provide for our customers is to offer a one-stop shop where you open the Miso app and we get it done," Ching says.

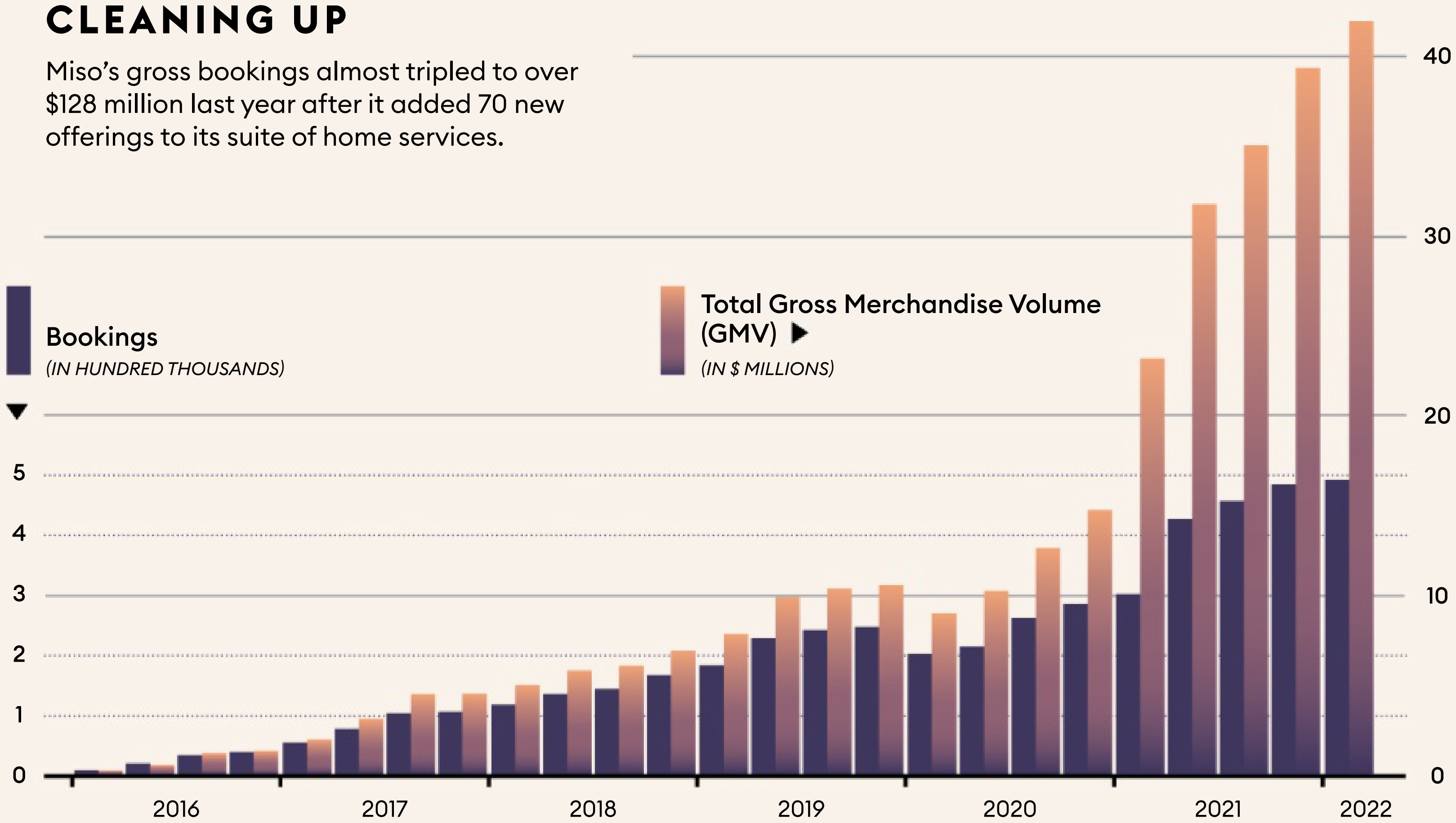
Miso has seen its sales soar since it began adding to its suite of home services in September 2020. Ching declined to give specific revenue figures, but shared that gross bookings almost tripled to over $128 million last year from about $47 million in 2020. He expects further acceleration if Miso's one-stop shop plan continues to work. "You have this huge services market where you have billions of dollars in transactions, and then you can add a payments layer on top of that," Ching says. "So there's huge potential for what we can do in the future."

While Ching's plan for an omnibus home services platform is ambitious, John Nahm, cofounder and managing partner of Strong Ventures, is confident in him. "Just like many great founders, Victor is very data-driven," says Nahm, whose firm has invested in the likes of secondhand marketplace unicorn Danggeun Market and cryptocurrency exchange Korbit. "He's very meticulous in his approach to new businesses. He gives it a try, does a quick experiment and then, if the data shows that this can

"As home services are highly local, we prefer to work with existing companies and founders in the local ecosystem," says Miso cofounder and CEO Victor Ching *(second from right)*.

CLEANING UP

Miso's gross bookings almost tripled to over $128 million last year after it added 70 new offerings to its suite of home services.



Source: Miso

work, he goes all in," says Nahm.

Before starting Miso, Ching cofounded a dating app called Chinchin in 2014 that failed after nearly two years. "Learned important lesson that external validation from investors and/or press is worthless," Ching wrote on LinkedIn about the experience. "All that matters is that customers love your product." Prior to that, Ching, who grew up in Hawaii and studied business at the University of Illinois Urbana-Champaign, was chief product officer and employee No. 2 at food-delivery app Yogiyo.

Miso plans to use its series B round to fuel its growth. "Our core platform is working and definitely major funding would help accelerate that," says Ching, adding the round is expected to be completed this summer. Its last fundraising was in 2018, when it secured $8 million from Strong Ventures and Y Combinator as well as AddVenture, a home services-focused venture capital firm, and venture capitalist Chamath Palihapitiya's Social Capital. Ching says Miso will eventually go public, but currently has no concrete plans to do so.

Ching, whose mother is Korean and father is Chinese, has big plans for international expansion, and is currently looking at Hong Kong, Indonesia, Singapore and Vietnam. Instead of simply launching Chinese or Bahasa Indonesian-language versions of Miso, Ching prefers to partner with established local home-service providers, for example by sharing its platform and know-how. "When we make the ultimate decision to enter a new market, it'll be working with a local partner who's already in that space," Ching says, adding that he has met with a few providers but has yet to strike a deal. "As home services are highly local, we prefer to work with existing companies and founders in the local ecosystem."

> **WE'RE FOCUSED ON BUILDING A PLATFORM THAT MAKES BOOKING SERVICES AS EASY AS BUYING A PRODUCT ONLINE.**

At the same time, Ching is careful not to rush Miso's expansion and fundraising. "We are growing quickly while being cash-flow positive and like being in control of our own destiny," he says. What's unique about Miso, Nahm notes, is that while other successful Korean startups have benchmarked themselves against top global players, Miso is poised to become a global trailblazer in its own right.

By **Chris Helman** | Photographs by **Benedict Redgrove** for Forbes

Backup Plan

When Aaron Jagdfeld took over as CEO of generator manufacturer GENERAC, the company was having trouble keeping the lights on. Now, after a pandemic and a never-ending string of extreme weather, he can barely keep up with demand—and he's prepping for a new future.

In 2008, things were looking grim for Generac. The 49-year-old firm, which makes natural-gas-powered backup generators, had been acquired a couple of years earlier by CCMP Capital, a New York City private equity shop. To buy out the 81-year-old founder's 70% stake, CCMP had loaded up the Milwaukee-based firm, which had just $700 million in sales, with $1.4 billion in debt.

The timing was terrible. In 2006 and 2007, only one hurricane (a big driver of generator sales) made landfall on the U.S. mainland. Then the housing crash and Great Recession scored direct hits, cutting Generac's earnings by a third before debt service and merger-related charges. CCMP was forced to pony up more cash to prevent a technical debt default and tapped Aaron Jagdfeld, a 33-year-old accountant who had risen internally to chief financial officerCFO, to take over as CEO.

The young bean counter had a surprising solution: Get more aggressive. After buying in some debt at 50 cents on the dollar, he took the company public in 2010 and began a string of acquisitions (25 since 2011). First, he bought into peripheral businesses such as cellphone transmission and outdoor light towers. Then he made additional acquisitions to realize a vision of the home as an energy efficient "virtual power plant" capable of not only keeping the lights, heat and refrigerator running when the power grid goes down, but also of selling juice back to utilities as part of a microgrid.

Demand for Generac's $20,000 generators has surged, helped along by extreme weather events, the deterioration of U.S. power grids and the pandemic, which Jagdfeld says has turned homes into sanctuaries. Between competitors' troubles (archrival Briggs & Stratton went bankrupt in 2020) and its own efforts, Generac now has an 80% market share in home backup generators and a six-month order backlog.

Over the 12 months ended March 30, the company did $4.1 billion in sales and $1.8 billion in gross profit—both double pre-pandemic levels. Non-generator sales now account for 20% of revenue. Since the company went public at $13 a share, Generac stock has been on a wild ride. It spiked to an incredible $498 last October and is now back at $250—still a hefty 33 times trailing earnings per share. Debt is a manageable 6% of enterprise value, compared to 80% after the IPO. (Jagdfeld's personal holdings are currently worth $150 million. CCMP sold out in 2013 at a profit.)

But with new housing starts falling and inflation-battered consumers growing wary of spending five figures for a machine they'll turn on only a couple times a year, Jagdfeld expects the order backlog to shrink. That's why he's got a backup plan.

Rather than selling "a product people hope they never use" and buy only after a natural disaster or grid failure, Jagdfeld wants to start marketing an "energy independence" package pairing gas, solar and batteries, all optimized with machine learning software that manages your heating and cooling with an eye toward making you money. "AI will help you export power," he says. "Your power is going to be delivered and consumed in ways you can't imagine today." F

RAIN CHECKS

It's not your imagination. The weather is getting worse. Last year there were 20 "billion-dollar" climate disasters in the U.S.—mostly superstorms and hurricanes—ten times more than in 1981. These ten-figure calamities cost nearly $153 billion—48 times as much as four decades ago, even after adjusting for inflation.

* *Includes wildfires, hurricanes, floods, winter storms, freezes and droughts.*
Source: National Oceanic and Atmospheric Administration

CEO Aaron Jagdfeld at Generac's Whitewater, Wisconsin, plant, where he started as an accountant and even worked some shifts on the assembly line.

By **Chris Helman**

Photograph by **Ethan Pines** for Forbes

Money Heap

Garbage was the ultimate commodity business until a young McKinsey consultant saw how REPUBLIC SERVICES could transform itself into a profit machine by pricing trash at a premium. Now he's CEO and Bill Gates is cashing fat dividend checks.

In the Sheep mountains just north of Las Vegas, the Apex landfill receives 8,000 tons of trash per day, delivered by 280 trucks that roll off the interstate before laboring up a winding dirt road to what's called the working face—an active zone of three acres where supersized bulldozers with spiked metal wheels crush and compact the trash. The heap is already 150m feet deep at spots, but there's enough room left to keep burying Sin City's garbage for centuries. Its owner, trash giant Republic Services, has a 15-year monopoly contract to collect trash and recyclables from the entire Las Vegas region.

"We prefer to call it a franchise," says CEO Jon Vander Ark, 47, who kicks back 5% of contract revenue (which runs about $250 million a year) to Las Vegas County in return for exclusivity.

Republic trucks some 28 tons a day of buffet and other food leftovers from hotels and casinos to a farm adjacent to the Apex landfill, where it's boiled into a yellow-brown stew slurped by 3,500 hogs. Other organic material rots over time and gives off methane—euphemistically called landfill gas—which Republic captures and sells at a premium to industrial users. Meanwhile, a mining company pays Republic a royalty on the 150 trucks per day of pulverized mountain stone that it hauls out of the site to make room for more loads of garbage coming in. The removed rock gets mixed into concrete for Vegas sidewalks. Next up: a new regional "polymer center" to profit from food and beverage manufacturers' willingness to pay more for high-quality recycled plastic than for virgin material.

Republic, which is based in Phoenix, operates 198 landfills, 71 recycling centers and collection routes in 41 states. After a pandemic down year in 2020, volumes recovered in 2021, helping it notch a 17% increase in net income, to $1.3 billion, on $11.3 billion in sales. Its stock, trading around $131, is down only 10% from its 2021 high, compared to an 18% slide in the S&P 500.

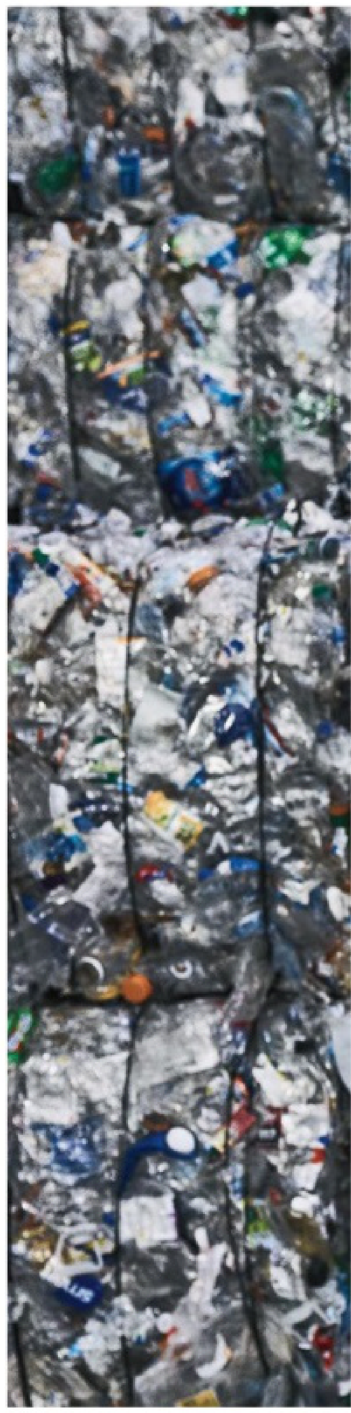
Vander Ark's secret? Fully embracing the concept that in his business, garbage is an asset and should be priced at a premium. "Trash is worth so much more than we ever thought," he exults. Well, more than most people thought, anyway. Even back in 2009, when he began advising Republic as a young McKinsey consultant with a Harvard Law degree, Vander Ark saw the pricing power of trash. "The pandemic underscored that the only thing we control is price. We don't control volume, and we don't create demand."

"I'm a cynic about hiring consultants from McKinsey," says Michael Hoffman, managing director at Baltimore's Stifel Investments, who has followed the garbage business since 2008. "But Jon brought something that they wouldn't have figured out. Industrial waste has never priced assets as scarce. Never maximized routes."

Early on, the young consultant convinced then-CEO Don Slager that Republic wasn't charging independent trash haulers high enough "tipping fees" to dump their loads at Republic-owned landfills. The marginal cost of adding another few tons of trash to a landfill appeared deceptively low because it didn't include the high expenses of opening new landfills. In essence, Republic was selling its future profits too cheaply.

Vander Ark argued that Republic should dramatically increase its fees. Operators that couldn't afford it would go elsewhere. Those that

CEO Jon Vander Ark, shown at a Republic recycling sorting facility in Arizona, plans to build "polymer centers" around the U.S. that can produce recycled plastic fit for food packaging.



could pay were self-identifying as profitable enough to become Republic acquisition targets. It wasn't until 2019, Hoffman says, that Houston-based archrival Waste Management (2021 sales: $18 billion) caught up with Republic's aggressive landfill pricing.

Both Waste Management and Republic (Nos. 1 and 2 in trash) are the spawn of billionaire Wayne Huizenga, who died in 2018. He got his start hanging on the back of a trash truck, then acquired hundreds of competitors before taking Waste Management public in 1971. He left that company in 1984 and repeated his roll-up play with Blockbuster Video and AutoNation. Republic was spun out of AutoNation in 1999.

When Vander Ark arrived on the scene a decade later, Republic still hadn't moved past its roll-up roots. It operated under dozens of names (everything from Duncan Disposal to Trash Taxi) and hadn't standardized truck maintenance or fleet operations. "You don't need to fix a truck 165 different ways; there ought to be one way to do it. Uptime equals profitability. You need to have a fleet that rolls," says Vander Ark, who will even fly mechanics cross-country to keep trucks moving.

Vander Ark's approach to growth—and profit—is illustrated by Republic's just-completed $2.2 billion acquisition of U.S. Ecology, which has a market-leading 36% share in hazardous waste disposal, with five landfills that entomb chemical, medical and low-level nuclear waste. He didn't hesitate to pay a 70% premium to the pre-deal stock price for a company with lower operating margins than Republic's. That's because with hazardous waste volumes growing faster than those of normal trash, and opening new hazardous waste facilities nearly impossible, he will have the power to raise prices and expand margins.

Despite such investments, Republic pays steady dividends; its largest shareholder, Cascade Investments (Microsoft cofounder Bill Gates' personal holding company), receives more than $200 million a year in dividends from its 34% stake. Hoffman figures it's a good diversifier for Gates. "Remember, we're talking about garbage," he says. "It's capital-intensive and it's not compounding at 20% per year like software, but for the big players it's become an extraordinarily repeatable and inflation-resistant business."

200 BEST UNDER A BILLION

As Covid-19 restrictions ease across the Asia-Pacific and people adapt to the new normal, this year's annual Best Under A Billion list highlights the shift to discretionary spending. While healthcare and pharmaceutical-related companies were standouts last year, the post-pandemic return to daily life has benefitted apparel makers, mall operators, restaurants, consumer electronics and entertainment companies, among others. This year's list includes 75 returnees from the prior year, reflecting their resiliency in a fast-changing environment, such as Taiwan's Aspeed, which has made Best Under A Billion for a notable nine consecutive years.

EDITED BY **ARDIAN WIBISONO**

With reporting by Jonathan Burgos, Ralph Jennings, John Kang, Ramakrishnan Narayanan, Phisanu Phromchanya, Yessar Rosendar, James Simms, Yue Wang and Jennifer Wells.

COMPANY	INDUSTRY	COUNTRY/ TERRITORY	SALES	NET INCOME	MARKET VALUE
Aarti Industries	Chemicals	India	939	175	3,284
Adaptive Plasma Technology [2]	Semiconductors	South Korea	155	41	371
AfreecaTV [2]	Entertainment	South Korea	238	62	990
Alchip Technologies [2]	Semiconductors	Taiwan	373	53	2,119
All Ring Tech	Technology	Taiwan	93	19	296
Ample Electronic Technology [2]	Electronic components	Taiwan	62	7	79
Amrutanjan Health Care [2]	Traditional medicine	India	54	9	291
AP (Thailand)	Real estate	Thailand	993	142	1,021
Apcotex Industries	Manufacturing	India	128	13	414
ARB	Automotive	Australia	465	84	1,774
Arvida Group [2]	Healthcare	New Zealand	135	139	738
Arwana Citramulia	Tiles & ceramics	Indonesia	179	33	542
Asian Sea	Food	Thailand	296	33	389
Asiasoft	Games developer	Thailand	58	15	178
Aspeed Technology [9]	Semiconductors	Taiwan	130	47	2,735
Astral [2]	Construction	India	590	65	4,308
Atrae	Software & services	Japan	42	6	365
Auden Techno	Technology	Taiwan	51	10	250
Australian Ethical Investment [3]	Financial services	Australia	44	8	413
Azeus Systems Holdings	Software & services	Hong Kong	28	6	168
B&B Triplewall Containers	Paper & packaging	India	42	3	62
Bafang Electric	Electronics	China	409	94	3,506
Balaji Amines [2]	Chemicals	India	311	49	1,299
Base	Software & services	Japan	121	19	396
BayCurrent Consulting [2]	Consulting	Japan	517	139	4,124
Beijing Zhidemai Technology	eCommerce	China	216	28	565
Benefit Japan [2]	Telecom	Japan	103	9	88
Besterra	Industrial services	Japan	54	13	80
Beximco Pharmaceuticals [2]	Pharmaceuticals	Bangladesh	348	60	769
Caplin Point Laboratories [2]	Pharmaceuticals	India	170	40	763

[x] Number of consecutive years on the list, including this year. ☐ Returnee

ALL VALUES IN $ MILLIONS

COMPANY	INDUSTRY	COUNTRY/ TERRITORY	SALES	NET INCOME	MARKET VALUE
Careerlink	Recruiting	Japan	384	28	179
CareNet [2]	Education	Japan	73	15	315
CE Technology	Healthcare	Malaysia	31	9	87
Century Plyboards	Construction materials	India	406	42	1,591
Ceres	Media	Japan	213	25	119
China Leon Inspection Holding [2]	Inspection services	China	105	6	87
Chularat Hospital [3]	Healthcare	Thailand	367	131	1,205
CHUNBO	Chemicals	South Korea	237	38	2,049
Classys	Medical equipment	South Korea	88	38	871
COL Financial Group	Financial services	Philippines	27	12	319
Cosmo Films	Plastic products	India	408	53	413
Co-Tech Development	Electronic components	Taiwan	319	55	471
Creas F&C	Consumer durables	South Korea	328	60	356
Crown Asia Chemicals	Construction materials	Philippines	35	5	21
D&O Green Technologies [2]	Electronic components	Malaysia	204	27	1,129
Daytona [2]	Automotive	Japan	114	12	81
Deepak Nitrite	Chemicals	India	913	143	3,316
Dentium	Medical equipment	South Korea	255	48	667
Digital Holdings	Media	Japan	897	93	229
Digital Information Technologies	Software & services	Japan	136	11	165
Dollar Industries	Textile	India	181	20	389
Dong Hai of Ben Tre [3]	Paper & packaging	Vietnam	182	21	209
Eagle Cement	Construction materials	Philippines	434	122	1,170
eClerx Services	Consulting	India	290	56	917
Eggriculture Foods [3]	Food	Singapore	38	5	18
Elite Semiconductor Microelectronics Technology	Semiconductors	Taiwan	854	178	1,173
Espressif Systems	Semiconductors	China	214	31	1,384
Essex Bio-Technology	Pharmaceuticals	Hong Kong	211	45	248
Exotic Food Thailand [2]	Food	Thailand	48	14	185
Filatex India	Textile	India	514	41	305
Fine Organic Industries	Chemicals	India	252	35	1,992
Fong Chien Construction	Real estate	Taiwan	110	33	148
Geechs	Recruiting	Japan	48	6	71
GeneReach Biotechnology	Medical equipment	Taiwan	36	13	151

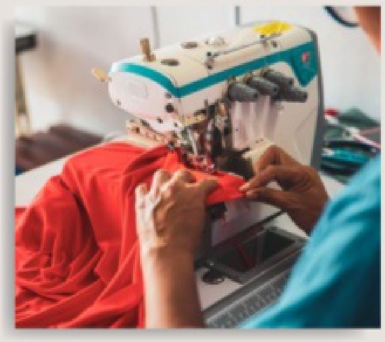
[x] Number of consecutive years on the list, including this year. ☐ Returnee

ALL VALUES IN $ MILLIONS

BAFANG ELECTRIC

E-bike popularity accelerated during the pandemic as people looked to cycling for recreation and alternative transport. Riding the trend, sales at Suzhou-based electric motor and battery maker Bafang Electric surged 90% last year while net profit climbed 50%. It recently opened a new manufacturing plant in Poland to serve the European market.

DOLLAR INDUSTRIES



Following a recovery from Covid 19-induced trade and supply disruptions, Indian apparel maker Dollar Industries booked 30% sales growth for the fiscal year ended in March, with net profit surging 72%. Besides expanding its clothing range for women, the company also recently added a spinning mill and a warehouse.

COMPANY	INDUSTRY	COUNTRY/ TERRITORY	SALES	NET INCOME	MARKET VALUE
Gift Holdings	Food	Japan	125	10	164
Global Mixed-mode Technology [2]	Semiconductors	Taiwan	337	78	650
Global PMX	Manufacturing	Taiwan	316	43	589
Global Standard Technology	Semiconductors	South Korea	266	33	205
Globe International	Textile	Australia	199	25	147
Grand Process Technology	Semiconductors	Taiwan	131	24	301
Grand Venture Technology	Industrial services	Singapore	87	13	196
Grand-Tek Technology	Wires & cables	Taiwan	33	3	42
Greatech Technology	Technology	Malaysia	97	34	1,097
Guangdong Jia Yuan Technology Shares	Electronic components	China	433	85	2,919
Gufic Biosciences [2]	Pharmaceuticals	India	105	13	264
Hai An Transport & Stevedoring	Transportation	Vietnam	85	18	265
Hanmi Semiconductor [2]	Semiconductors	South Korea	326	91	1,160
Hansen Technologies	Software & services	Australia	230	43	726
Hecto Innovation [3]	Software & services	South Korea	193	18	178
Highnoon Laboratories [2]	Pharmaceuticals	Pakistan	80	11	106
HiTech Group Australia [2]	Recruiting	Australia	31	3	55
Hithink RoyalFlush Information Network [2]	Software & services	China	540	296	7,124
Hong Tai Electric Industrial	Wires & cables	Taiwan	226	97	265
Hycon Technology [2]	Semiconductors	Taiwan	50	14	128
HyVision System	Technology hardware & equipment	South Korea	238	38	228
I'LL [2]	Software & services	Japan	124	11	272
Impack Pratama Industri	Construction materials	Indonesia	156	15	1,234
InfoBeans Technologies	Software & services	India	36	8	220
Insource	Education	Japan	70	15	684
Insyde Software	Software & services	Taiwan	47	8	115
Integra Indocabinet	Furniture	Indonesia	379	38	292
International Games System [3]	Games developer	Taiwan	404	170	1,800
Ion Exchange	Industrial services	India	212	22	364
IPH	Legal services	Australia	268	40	1,195
IPS [2]	Telecom	Japan	95	17	224
Japan Electronic Materials	Semiconductors	Japan	210	34	182
Japan Elevator Service Holdings [2]	Construction	Japan	265	24	1,005
Japan Living Warranty [2]	Construction	Japan	26	3	58

[x] Number of consecutive years on the list, including this year. ☐ Returnee

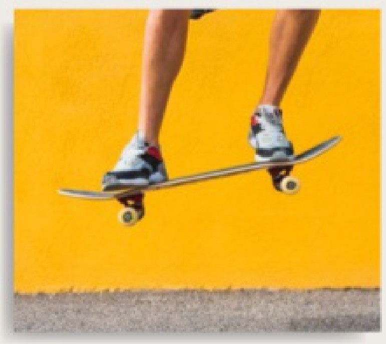
ALL VALUES IN $ MILLIONS

GIFT HOLDINGS

The ramen restaurant company saw sales jump 22% to $124 million as pandemic restrictions lifted in Japan, bringing customers to its tables again. Last year it managed 602 restaurants across Japan, including 147 company-owned outlets, up from 519 in 2020.

GLOBE INTERNATIONAL

This Australia-based apparel, footwear and skateboard manufacturer saw sales increase by 75% to $199 million as its three main markets, Australia, North America and Europe, delivered the biggest return in the company's history. It sells to over 100 countries worldwide.



GETTY IMAGES (2)

COMPANY	INDUSTRY	COUNTRY/ TERRITORY	SALES	NET INCOME	MARKET VALUE
JT	Semiconductors	South Korea	57	12	71
Jumbo Interactive	Entertainment	Australia	62	20	683
JYP Entertainment	Entertainment	South Korea	169	59	1,566
Keiwa	Technology	Japan	165	23	311
Keystone Microtech [2]	Electronic components	Taiwan	53	15	233
Kim Loong Resources	Plantations	Malaysia	410	33	425
Koda	Furniture	Singapore	83	9	37
Lalin Property [2]	Real estate	Thailand	198	43	253
Longshine Technology Group	Consulting	China	717	131	4,523
M&A Capital Partners	Consulting	Japan	141	40	806
M.C.S. Steel	Construction materials	Thailand	216	44	169
Mainland Headwear Holdings	Textile	Hong Kong	206	16	105
Makus	Semiconductors	South Korea	123	22	130
Mark Dynamics Indonesia [2]	Manufacturing	Indonesia	83	27	302
Mastek [2]	Software & services	India	293	40	996
Maxscend Microelectronics	Semiconductors	China	718	331	10,579
Mega Lifesciences [2]	Pharmaceuticals	Thailand	442	61	1,307
Mgame	Games developer	South Korea	49	19	135
Micro-Mechanics	Semiconductors	Singapore	55	13	306
Mitra Keluarga [2]	Healthcare	Indonesia	305	86	2,536
Naigai Trans Line	Transportation	Japan	321	25	160
Nam Long Investment	Real estate	Vietnam	227	44	680
Nanjing Hanrui Cobalt	Mining	China	652	103	2,583
Neogen Chemicals	Chemicals	India	65	6	463
Neojapan [2]	Software & services	Japan	53	8	138
Netwealth Group [3]	Financial services	Australia	106	40	2,237
Nordic Group	Industrial services	Singapore	77	10	126
Novarex [3]	Pharmaceuticals	South Korea	243	23	247
Novatech [2]	Manufacturing	South Korea	79	35	299
OFX Group	Financial services	Australia	117	18	396
Ovctek China [2]	Medical equipment	China	199	86	5,647
Parade Technologies [2]	Semiconductors	Taiwan	716	188	4,195
Pelita Samudera Shipping	Transportation	Indonesia	109	25	307
PharmaBlock Sciences [2]	Pharmaceuticals	China	185	75	2,614

[x] Number of consecutive years on the list, including this year. ☐ Returnee

ALL VALUES IN $ MILLIONS

JYP ENTERTAINMENT

Easing Covid-19 restrictions helped to boost the South Korean entertainment company's sales from concerts and offline events. As a result, sales increased 34% and net profit more than doubled in 2021. The company's main artists include K-pop boy band 2PM and girl group Twice.

SAPPE

Thai beverages company Sappe grew its sales by 12% last year to $108 million as its export markets recovered from the pandemic. Sappe exports to 98 countries worldwide. The company also began to explore hemp and cannabis products to expand its portfolio.

GETTY IMAGES (2)

COMPANY	INDUSTRY	COUNTRY/ TERRITORY	SALES	NET INCOME	MARKET VALUE
PharmaResearch	Pharmaceuticals	South Korea	135	41	628
Piesat Information Technology	Software & services	China	227	31	1931
Pioneer Motor [2]	Electronics	Thailand	31	3	62
Prakash Pipes	Construction materials	India	83	6	54
Prince Pipes & Fittings	Construction materials	India	357	33	874
Pro Medicus [3]	Healthcare	Australia	51	23	3117
Prodia Widyahusada [2]	Healthcare	Indonesia	186	43	406
PSP Projects	Construction	India	235	22	245
PWR Holdings	Automotive	Australia	59	13	520
Qingdao Haier Biomedical	Medical equipment	China	327	131	3589
Ramelius Resources [2]	Mining	Australia	473	95	763
Renata [3]	Pharmaceuticals	Bangladesh	354	60	1544
Rupa & Co	Textile	India	198	26	386
Sandfire Resources	Mining	Australia	573	128	1723
Sappe	Food	Thailand	108	13	302
Sea Sonic Electronics [2]	Electronic components	Taiwan	180	27	157
Seoho Electric	Manufacturing	South Korea	65	15	80
SeouLin Bioscience	Medical equipment	South Korea	70	14	100
Seraku	Software & services	Japan	142	12	121
SG Micro [2]	Semiconductors	China	345	108	10111
Shahjibazar Power	Industrial services	Bangladesh	108	13	149
Shanghai Fullhan Microelectronics	Electronic components	China	265	56	2199
Sido Muncul [3]	Traditional medicine	Indonesia	281	88	2039
SJ Group	Textile	South Korea	131	20	203
Skellerup Holdings	Manufacturing	New Zealand	194	28	671
Smaregi	Software & services	Japan	31	6	134
Sonix Technology [2]	Semiconductors	Taiwan	210	52	438
Square Pharmaceuticals [3]	Pharmaceuticals	Bangladesh	580	188	2085
STIC Investments	Financial services	South Korea	273	51	295
Strike Co. [3]	Consulting	Japan	78	21	542
Supalai	Real estate	Thailand	911	221	1266
Suparma	Paper & packaging	Indonesia	195	21	141
SurplusGlobal	Semiconductors	South Korea	180	24	136
Suzhou TA&A Ultra Clean Technology	Healthcare equipment	China	524	141	6152

[x] Number of consecutive years on the list, including this year. ☐ Returnee

ALL VALUES IN $ MILLIONS

SIDO MUNCUL

Last year, the Indonesia-based herbal medicines and supplements manufacturer saw sales rise 21% to $281 million. The company said a trend toward health and wellness during the pandemic helped push demand for its food and beverage products.

THE HOUR GLASS

Sales at the Singapore-based luxury watch retailer increased nearly 40% last year, and net profit surged 86%, as the pandemic's homebound shoppers looked for ways to spend their cash. The Hour Glass, which sells brands such as Rolex, Patek Philippe and Audemars Piguet, has 50 boutiques across Asia-Pacific.

GETTY IMAGES (2)

COMPANY	INDUSTRY	COUNTRY/ TERRITORY	SALES	NET INCOME	MARKET VALUE
Symtek Automation Asia	Industrial services	Taiwan	176	23	252
Systems Ltd. [3]	Software & services	Pakistan	94	27	444
Tacheng Real Estate	Real estate	Taiwan	73	15	88
TaiDoc Technology [2]	Medical equipment	Taiwan	232	71	687
Tashin Holdings	Manufacturing	Malaysia	94	15	43
Tes	Semiconductors	South Korea	328	65	390
Thaitheparos [2]	Food	Thailand	97	19	302
The Hour Glass	Trading	Singapore	766	115	1230
Thunder Software Technology [2]	Software & services	China	638	100	7632
Town Ray Holdings	Consumer durables	Hong Kong	98	14	87
Transcom [3]	Semiconductors	Taiwan	33	9	321
Tri Chemical Laboratories [2]	Chemicals	Japan	105	37	651
TSE	Semiconductors	South Korea	269	39	751
UG Healthcare [2]	Healthcare	Malaysia	251	88	102
UltraChip	Electronic components	Taiwan	96	24	440
UMS Holdings	Semiconductors	Singapore	202	40	575
Union Semiconductor Equipment	Semiconductors	South Korea	259	33	240
Up Young Cornerstone	Consumer durables	Taiwan	70	10	138
Vinati Organics	Chemicals	India	217	47	2716
Vita Life Sciences [2]	Pharmaceuticals	Australia	43	6	76
ViTrox [2]	Technology hardware & equipment	Malaysia	164	41	1677
Wanguo International Mining Group	Mining	China	312	30	205
Wantedly [2]	Software & services	Japan	33	2	138
Wei Chih Steel Industrial	Manufacturing	Taiwan	486	60	364
Welbe [3]	Healthcare	Japan	88	16	174
WICE Logistics	Transportation	Thailand	239	17	304
WISE iTech [2]	Software & services	South Korea	30	4	65
Worldex Industry & Trading [2]	Semiconductors	South Korea	166	29	310
Wuhan DR Laser Technology	Electronics	China	194	59	3994
Wuhan Easy Diagnosis Biomedicine [2]	Medical equipment	China	437	219	1568
Yankey Engineering	Industrial services	Taiwan	382	34	416
Zhejiang Dingli Machinery	Construction	China	764	137	3635
Zhejiang Weiming Environment Protection [2]	Waste management	China	644	238	5359
ZillTek Technology [3]	Electronic components	Taiwan	98	22	564

[x] Number of consecutive years on the list, including this year. ☐ Returnee

ALL VALUES IN $ MILLIONS

DATA AS OF JULY 11, 2022
SOURCES: FACTSET, FORBES ASIA

METHODOLOGY
This list is meant to identify companies with long-term sustainable performance across a variety of metrics. From a universe of 20,000 publicly traded companies in the Asia-Pacific region with annual sales above $10 million and below $1 billion, these 200 companies were selected. The companies on this list, which is unranked, were selected based on a composite score that incorporated their overall track record in measures such as debt, sales and earnings-per-share growth over both the most recent fiscal one- and three-year periods, and the strongest one- and five-year average returns on equity. Aside from quantitative criteria, qualitative screens were used as well, such as excluding companies with serious governance issues, questionable accounting, environmental concerns, management issues or legal troubles. State-controlled and subsidiaries of larger companies were also excluded. The criteria also ensured a geographic diversity of companies from across the region. The list uses full-year annual results, based on the latest publicly available figures as of July 11, 2022.

By William Baldwin

Photograph by Tim Tadder for Forbes

Risky Business

Need insurance against financial chaos? Fund vendors DAVID BERNS and PAUL KIM sell it, offering investors unconventional payouts from stocks and bonds.

Simplify CIO David Berns and CEO Paul Kim in Los Angeles. Their nominal headquarters in Manhattan is microscopic. Most of this pandemic-born company's talent connects virtually.

S

Spring 2020. Paul Kim, a middle-aged father of three, with a house in the suburbs and a dependable job at a Midwestern insurance company, does something a little crazy. He quits the job in order to start his own company.

"It's one thing to jump in the early part of a bull market," he recollects, now on safer ground. "But people were freaking out. The market was tanking. It looked like a depression and a medical emergency."

In fact, the timing was not entirely crazy. Kim's enterprise, Simplify Asset Management, markets exchange-traded funds that protect portfolios from disasters like stock market crashes and interest rate spikes. The best time to sell such things is when the world is falling apart. As the pandemic unfolded, Kim persuaded himself that either he was going to start a company then or he was never going to do so and would go to his grave with regrets.

In the year it took him to wade through the paperwork of investment-company creation, the market recovered. If halcyon days had returned for good, the new venture would have been doomed. But happy times for the bulls did not last. For Kim, providence arrived this year in the form of a simultaneous retreat in both stock and bond prices.

That dual collapse delivered quite a shock to retirement savers who had been led to believe that bonds would balance out the hazards of stocks. They were desperate for a different kind of risk reduction. This is what Simplify sells.

One of Kim's funds, the Simplify Interest Rate Hedge ETF, makes money when bonds sink. It's up 50% this year. Another of his funds, which owns stocks along with partial insurance against bear markets, is down this year only half as much as the stock market. Simplify has hauled in $1.4 billion to its lineup of 21 funds, each offering an atypical pattern of risks and rewards, in stocks, bonds, commodities and cryptocurrency.

Kim's cofounder and junior shareholder in this fling is David Berns, trained as a physicist. Like Kim, Berns is an escapee from the insurance industry. But they have had rather different career paths. Kim, 45, has the predictable Ivy League undergrad (Dartmouth) and Wharton M.B.A. degrees you'd expect for a product manager at Pimco and then Principal Financial Group. Berns, 43, is the son of two New York City police officers and says he would have joined the force if not for his mother insisting on typing out for him an application to one college, Tufts.

Berns got a degree from Tufts and then, in 2008, a Ph.D. in physics from MIT. His dissertation was about using superconducting circuits to make the quantum equivalent of a transistor. Classmates took jobs researching quantum computers, devices that might someday conquer mathematical tasks beyond the reach of ordinary machines. Berns veered off into theories of portfolio construction.

Physics, money—are there connections? There are. The diffusion of heat over time, for example, parallels the diffusion of stock prices. Putting his research into practical terms, Berns explains that it's all about risk and how people perceive it.

Kim and Berns were taking a risk when they started a firm without an angel backing them. Maybe Kim was trying to prove something. He came to the U.S. at age 4. His parents, now retired, started out with a fruit stand in Queens, New York, and eventually built a wholesaling business. If they could succeed as entrepreneurs, surely he could. He says of his work launching ETFs at Pimco: "Once you've built a $20 billion platform, what do you have? You don't own it. It's just a job."

The duo raised enough equity from family and friends to get the business off the ground. At the half-billion-dollar mark in assets they had enough credibility to land outside money. A billionaire Kim doesn't identify stepped up with $10 million for a 25% stake.

The rate hedge fund, which has $296 million, consists in large part of bets against Treasury bonds. It owns out-of-the-money put options that hit pay dirt if, six years from now, 20-year

Treasurys are yielding a percentage point more than they are currently.

Rates don't have to move past the strike point of those options for the options to become more valuable. When interest rates rise, as they have this year, long-shot puts have a much better chance of paying off, and rise in price.

Simplify offers no illusion that its rate hedge fund is, by itself, a way to make money. It's more like fire insurance. Own some of it alongside a more conventional fixed-income asset, like a portfolio of long-maturity municipal bonds, and holding onto that asset through bull and bear markets becomes more tolerable.

A different sort of strategy is built into Simplify Hedged Equity ETF. This one has the put-option antidotes to bear markets already added to the S&P 500 portfolio they're designed to protect. The combination is intended to compete with that old standby of pension investing, the 60/40 blend of stocks and bonds. So far this year, with the S&P down 16% and the overall bond market down 10%, Simplify's offering is looking good. Hedged Equity is down 8%; the Vanguard Balanced Index Fund is down 15%.

Investors have a warped notion of risk, Berns says, and wind up with portfolios they can't stick with during severe market moves. Their advisors don't always prepare them. Indeed, he adds, "people on Wall Street work hard to hide the risk of their products."

PHYSICS, MONEY—ARE THERE CONNECTIONS? THERE ARE. THE DIFFUSION OF HEAT OVER TIME, FOR EXAMPLE, PARALLELS THE DIFFUSION OF STOCK PRICES.

One culprit in this process is the nearly universal habit of measuring risk by a single number, the variance in the month-to-month moves in an asset's price. Variance adds up the squares of the distances stock prices move from their starting point. Berns cares about the cubes. Arcane? Not at all. Look only at variance, and you're going to love a strategy that combines a lot of small gains with the occasional big loss.

That's what you get, for example, in a junk bond fund or a fund that enhances its monthly income by writing call options. Stuff like this sells because it deludes investors into thinking they can enjoy low risk and enhanced income at the same time.

The calculation with the cubes, which statisticians call "skewness," puts a red flag on such strategies. It favors the mirror image of return patterns: many small sacrifices in return for an occasional big payoff. A positive skew is what you get in the $449 million Simplify U.S. Equity Plus Downside Convexity ETF, which owns puts that don't do much in a mere correction, of the sort stocks have had this year, but would kick into high gear in a crash. That pattern is right for certain investors, the ones who can handle a 20% decline but not a 50% decline.

Says Berns: "We sculpt return distributions. Options are the scalpel."

Simplify's ETFs cost more than plain old index funds but a lot less than private hedge funds offering customized return distributions. The rate hedge ETF has a fee of 0.5% a year; the hedged equity fund, 0.53%; the downside convexity fund, 0.28%.

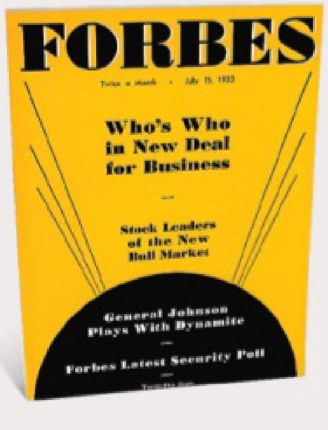
"The ETF is a better mousetrap [than a hedge fund]," Kim says. "It's cheaper. It's more transparent. It's more tax-efficient."

Kim's 23-employee firm is not yet in the black, but he expects that it soon will be. "ETFs are like a movie studio," he says. "You're looking for a blockbuster to fund the business." He won't admit to praying for a catastrophic bear market in stocks or bonds, one much worse than what we've had, but such an event would probably deliver that blockbuster.

The Vault

BOTTOM DOLLARS

Even the Great Depression was a boom time—for the few positioned to profit off market misery. Take Floyd B. Odlum, the "quiet, spectacled, sandy-haired financial genius" who sat out the 1929 bull run, predicting a crash, then amassed $100 million ($2.3 billion in today's dollars) scooping up distressed investments for pennies on the dollar after Black Tuesday.



If you had wanted to run $1,500 up to $10,000 during the past four years, you would have had to do just about what Odlum did. Only he started with $15,000,000 and now controls $100,000,000! He believes in spreading risk by diversification; his portfolio includes banks; utilities; chain stores; farm machinery, petroleum, biscuit, shoe and automobile companies. "But," he says, "in times like these you've got to do something else than just sit on a portfolio." When investment trust shares were kicking around the Street at as low as 50 per cent of their actual value, it was not difficult for a skillful negotiator like Odlum to buy control quietly.

—Forbes, July 15, 1933

Leaping Ahead

Xendit COO **TESSA WIJAYA** makes a successful pivot in Indonesia from investment banking to electronic payments.

BY **ARDIAN WIBISONO**

Photographs by **Putu Sayoga** for Forbes Asia

Forbes Asia POWER BUSINESS WOMEN

When Tessa Wijaya decided to make a job switch in 2016 from investment banking to an Indonesian electronic payments startup, it wasn't because the money was better, as she took an 80% pay cut. The native of a small town in West Java says she was okay with the much-reduced salary. "I thought I needed to learn about a new business," she said. "I took a leap."

It was a highly successful leap for Wijaya and Xendit, the expanding payments gateway for which she became a cofounder and chief operating officer. On top of being a driving force for the company's growth, the 40-year-old Wijaya is also a passionate advocate for more women in tech; she initiated Xendit's Women in Tech Indonesia program, where entrepreneurs and tech professionals share experiences in workshops and digital forums.

Unlisted Xendit doesn't disclose its profits, but it has clearly gained the confidence of many venture capital firms. In September 2021, Xendit became a unicorn after it raised $150 million in series C funding, bumping up its valuation to $1 billion. Eight months later, it bagged another $300 million in a series D round led by Coatue and Insight Partners. The latest funding raised the total amount to $538 million—the largest in the payment gateway industry by a company based in Southeast Asia.

Xendit helps businesses get what's due to them from payment channels such as credit cards, online wallets, QR codes and other tools for electronic purchases. Xendit's website says that in fewer than five minutes, it can set up an account for a business to start receiving digital payments. In Indonesia, the company competes with Doku and Goto's Midtrans.

From fewer than 10 employees at the start, the company now has more than 900. Xendit, which initially focused on Indonesia, has expanded to the Philippines and is eyeing other parts of Southeast Asia. Unlike some tech firms that are paring numbers amid rough market times, Xendit says it isn't cutting staff.

"Southeast Asia is an exciting place to be now."

Xendit was started by Moses Lo while he was doing an M.B.A. at the University of California-Berkeley. The original dream of Lo, an Australian citizen and member of the Forbes 30 Under 30 Asia Class of 2016, was for it to become Southeast Asia's version of digital payment app Venmo. Lo, whose mother is Indonesian and father Malaysian, pivoted to Indonesia—which was starting to have a vibrant startup scene—and to running a payment gateway.

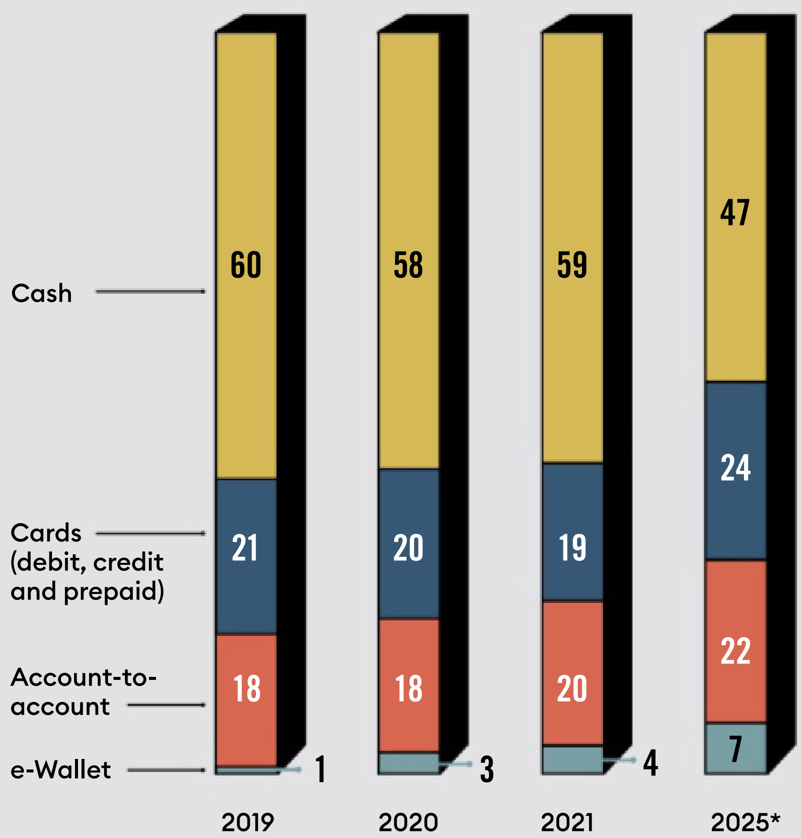
Lo knew startups but not much about Indonesia. Just as he was setting up his business there, a mutual friend introduced him to Wijaya, who was interested in fintech as a business possibility. After getting one degree at Syracuse University and a second at the University of Sydney, she had worked for six years at investment firms including Mizuho Asia Partners and Principia Management Group, founded by former Indonesia trade minister Thomas Lembong.

They met at a Starbucks in Jakarta and clicked. A week after their coffee, Wijaya agreed to come on board. "Tessa was invaluable from the very begin-

CASHING OUT

Cash is still king for completing transactions in Southeast Asia, but more are turning to digital payments.

SHARE OF GROSS TRANSACTION VALUE, IN PERCENTAGE



Source: Google, Temasek and Bain & Company


15.5.15
15.12.15

“I thought I needed to learn a new business. I took a leap.”

ning,” Lo says in an emailed message. “She deeply understood the local ecosystem, was passionate about solving problems in Southeast Asia, and was eager to amplify world-class technology and talent in the region.”

For Wijaya, switching to a startup was an adjustment. Xendit’s office then was a small house with a room rented to another startup to cut costs, she recalls. “I know that it’s not easy to build a business in Indonesia. But I saw Lo and the team were very committed. They even moved in and slept at the office.”

The timing was right. Besides her experience with financial models and presentations, Wijaya helped Xendit broaden its partnerships with her network. Along the way, she took on more operational and finance-related responsibilities. In 2018, Lo promoted Wijaya as the company’s COO.

Digital payments have increased sharply in Southeast Asia, thanks in large part to Covid-19, but so far cash is still king, according to the e-Conomy SEA 2021 report by Google, Temasek and Bain & Company. However, it may have difficulty keeping hold of the throne. The report forecast that cash transactions will lose dominance, going down to 47% of gross transaction value share in the region in 2025 from 60% in 2019—opening the door wider for payment gateway companies like Xendit.

Reet Chaudhuri, a partner at McKinsey who focuses on the payment space in Asia-Pacific, says online spending in the region will continue to grow even if there’s an economic recession. However, he notes competition is already tight and the margin in the industry is thin for core products. Thus, some players are moving to value-added products. Payment gateway companies have “now realized that they’re sitting on a wealth of data because they know which merchant is getting paid, how much and by whom,” Chaudhuri says.

Xendit has adapted to the changing environment. Travel tech companies like Traveloka of Indonesia, which used to be Xendit’s largest revenue contributor, were severely hit by the pandemic. Xendit sought other types of clients such as e-commerce and small and medium-sized enterprises (SMEs) that saw going digital as a way to survive. Wijaya says thousands of small businesses have applied for Xendit’s services over the past two years.

She also says that developing more products for SMEs is one of three fundraising objectives besides adding more value-added products and bringing all products to the regional market. Since last year, the company began offering working capital loans for SMEs. In April, Xendit bought minority shares in Bank Sahabat Sampoerna, an SME-focused lender whose main owners are Indonesian billionaires Putera Sampoerna and Djoko Susanto. With the lender, Xendit hopes to develop banking-as-a-service in the country, where nonbanks like e-commerce and marketplace companies offer banking services such as saving accounts and debit cards by connecting with a digital bank.

With more mobile connections than people in Indonesia, but with 66% of the population unbanked, Wijaya sees a huge opportunity. Banking as a service “is the next big thing,” she says, adding that Xendit is seeing whether it’s possible and how it might be able to work with banks.

As for regional expansion, Xendit entered the Philippines in December 2020 and eight months later invested in local payment gateway company Dragonpay, which had built a strong relationship with local clients over a decade. Xendit is targeting to expand into Malaysia, Singapore and Vietnam in the next two years.

“Southeast Asia is an exciting place to be now,” Wijaya says. She notes the Indonesian and Philippine markets are not the same “and it’s actually a mistake for a lot of global entrants to see the region as the same,” adding that Southeast Asia countries have different cultures, pain points and phases of technology adoption. “So if we haven’t found a strong local team to develop the products in a localized manner, I don’t think we will go in. For example, it took us a year in the Philippines to find Yang Yang Zhang [Xendit’s managing director for the country]. If not for him, we may not be this successful,” she says.

Wijaya’s efforts to get more women into tech careers can be seen at Xendit. About 40% of Xendit’s staff in Indonesia are women, and Wijaya initiated policies to keep women staying for managerial positions, such as having return-to-work plans for new mothers as well as flexible and remote working options. Personally, Wijaya has been an angel investor in several startups. “It’s not about the money because I invest a very small amount, but it’s the advice and experience I can share to enable them to grow,” she says. F

ON A ROLL

BY **JONATHAN BURGOS**

Philippine real estate billionaire **MANUEL VILLAR** quickly moved on after losing the 2010 presidential election, and now is No. 2 on the list, at $7.8 billion.

COURTESY OF VISTA LAND AND LIFESCAPES, INC.

Twelve years ago, businessman and senator Manuel Villar was crushed in his bid to get elected as president, winning only 15% of the votes. But that loss didn't slow him down. He threw himself back into work, scaling up his main business of real estate development. By 2018, share-price gains for his listed companies let him achieve the status of No. 2 on the list, a spot he still holds with a fortune of $7.8 billion.

He was able to achieve that position even as one of the biggest deals of his career—the listing of his first real estate trust in June on the Philippine exchange—delivered an underwhelming performance. The VistaREIT, which held 36 billion pesos ($639 million) of shopping malls and office towers from his flagship Vista Land & Lifescapes, was meant to raise 9.15 billion pesos but Villar got barely half that, raising 4.8 billion pesos in the offering.

Worsening market conditions meant the IPO price was slashed 30% and the number of shares was cut by 25%. Trading began on June 15—the same day the U.S. Federal Reserve hiked U.S. interest rates 75 basis points—which added to headwinds of rising global inflation and geopolitical uncertainties caused by the war in Ukraine. VistaREIT shares ended the day at their 1.75 peso listing price and since then shares have been flat.

Villar shrugs off the IPO's downsizing and has no regrets about going ahead when the environment was so unfavorable. "It's hard to predict when market sentiment will turn," the chairman of Vista Land says. He's focusing on what he can do in the future with his new vehicle, noting "Now we have a listed REIT [into which] we can inject more assets."

Property has long been the business pillar for Villar, who has six listed companies including two in retailing, and it has been pivotal to growing his wealth. (His total was $6.6 billion in 2019.) The biggest lift has come from memorial park and housing developer Golden MV Holdings (formerly Golden Bria Holdings), whose share price has increased more than 60 times since its 2016 market debut.

The 72-year-old aims to keep expanding. In the near future, he plans to add a casino, a TV network, a theme park and a toll road to his sprawling real estate and retail empire that includes food chain Chicken Deli and Coffee Project. "I'll die with my boots on," Villar says. He's sitting at a downtown Manila outlet of Coffee Project, a posh cafe chain he started eight years ago to compete with global giant Starbucks. He hopes to list Coffee Project by next year—to help fund a 65% increase of its branches to 200—among other IPOs, including for a power plant on Siquijor Island that's owned by a private holding company of his.

Valenza *(below)* is a 22ha masterplanned community built by Vista Land in Santa Rosa, Laguna, south of Manila.

COURTESY OF VISTA LAND AND LIFESCAPES, INC.

The tycoon has simple roots. His father was a government employee and his mother a fishmonger. As a child, Villar lived in a rented apartment less than 4km from Manila's infamous Smokey Mountain garbage dump. Growing up in an overcrowded area and helping his mother sell fish at a public market "made me a tougher person," he says. "When I was young, I was extremely shy. I had to overcome that to succeed. That taught me how to survive."

He attended the University of the Philippines, the top state institution whose spacious green campus he describes as "like a dream, paradise," and earned his bachelor's degree and masters in business administration. Villar joined a big accounting firm, but didn't stay as he wanted to be an entrepreneur.

His first endeavor, a seafood delivery service, was derailed after a Makati restaurant he supplied stiffed him, he says, but Villar worked out a discount meal-ticket plan for patrons that eventually let him recoup his losses. He then worked on a World Bank unit set up to back small businesses, which he quit and in 1975 took from it a 10,000 peso loan—today worth about 350,000 pesos—to start a new venture. He bought two refurbished trucks and delivered sand and gravel to housing developers. From customers, he learned the ropes of the real estate business, and entered it in 1977, focusing on low-cost homes. To date, his companies have built more than 500,000 homes.

Persuaded by his father-in-law, a congressman, Villar entered politics and was elected to the House of Representatives in 1992. He eventually became House speaker and then president of the Senate, the first Filipino to hold both posts.

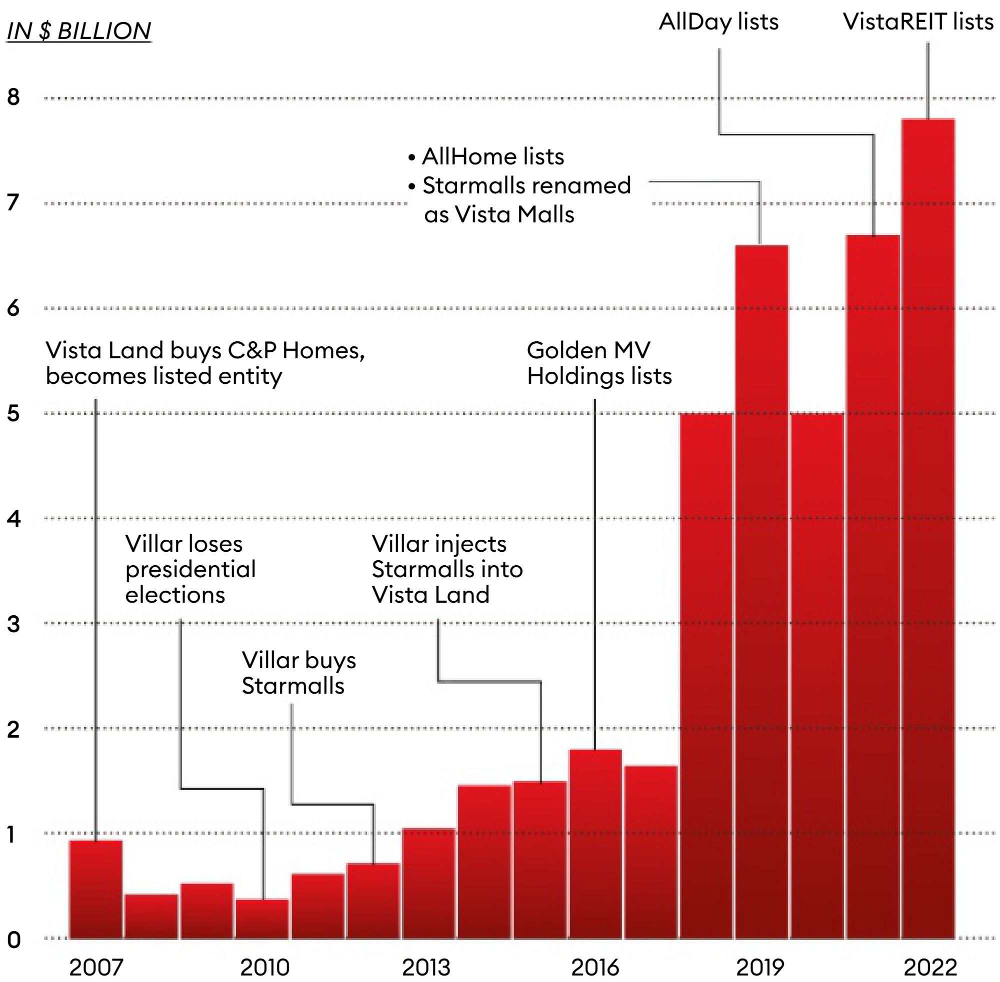
Property wasn't a straight-line success for Villar. His business was nearly wiped out in the Asian financial crisis as his C&P Homes, his only listed business unit at the time, in 1999 defaulted on 16 billion pesos of loans from foreign and domestic creditors taken for expansion. Following a restructuring that took nearly a decade to complete, C&P Homes gave up some properties to repay creditors. They included Bank of Philippine Islands, whose sister company Ayala Land ended up owning and developing a chunk of Villar's huge tracts of land in Cavite province, south of Manila. C&P Homes was acquired by Vista Land in 2007, following asset injections from Villar.

After getting out of politics following the 2010 presidential defeat, Villar focused on expanding Vista Land beyond residential projects. He engineered the backdoor listing of Starmalls, a chain of indebted shopping malls acquired from his in-laws in 2012 and then injected the assets into Vista Land three years later and renamed it Vista Malls. It now has 31 shopping malls, 69 commercial centers and seven office properties with a combined gross floor area of 1.6 million square meters, providing the group rental income, which increased 30% to 2.6 billion in the first quarter from a year ago after climbing 29% to 9.3 billion pesos in 2021. At the same time, Villar started building his retail and restaurant businesses—including home-improvements retailer AllHome, grocery chain AllDay and Coffee Project—that have become anchor tenants of the group's malls.

In the short-term, the outlook for Philippine property isn't strong. Kum Soek Ching, Singapore-based head of Southeast Asia research at Credit Suisse Private Banking, says the environment is challenging, as "higher interest rates

Personal Business Boom

SINCE RETIRING FROM POLITICS AFTER LOSING THE 2010 PRESIDENTIAL ELECTIONS, VILLAR HAS GROWN HIS WEALTH OVER 20-FOLD.



Source: Forbes, Philippine Stock Exchange and a weak peso will further weigh on an already over-supplied residential market.” But the industry is hoping that pent-up demand, primarily from overseas Filipinos, will continue to fuel growth, notes Miguel Sevidal, an analyst at Maybank Philippines.

Villar’s REIT allows the company to raise capital and reduce its reliance on borrowings at a time interest rates are rising, says Brian Edang, chief financial officer of Vista Land. The developer injected 10 shopping malls and two office towers with a total gross floor area of 256,404 square meters into VistaREIT, equivalent to 16% of Vista Land’s total investment properties. "VistaREIT looks okay. It's reasonably priced. [Villar] can put in a lot more properties into it and boost the yield,” says Joey Roxas, president of Philippine brokerage Eagle Equities.

Now, in what appears his most challenging project, Villar is aiming to create a big media company. He started with Advanced Media Broadcasting System (AMBS), which in January secured the broadcast frequencies previously assigned to tycoon Oscar Lopez’s ABS-CBN. But it won’t be as easy for AMBS to carve its niche to compete with existing giants in the industry, says Luz Rimban, executive director at the Asian Center for Journalism at Ateneo de Manila and a former broadcast journalist. “Advertisers tend to be very sticky with the dominant networks,” adds Rimban. “It will be difficult to replicate ABS-CBN and GMA 7 given their audience share and viewership.”

ABS-CBN lost its franchise two years ago after the Philippine Congress rejected its application for a 25-year extension. Earlier, then-President Rodrigo Duterte, an ally of Villar, vowed to force it off the air for failing to broadcast one of his ads during the 2016 presidential campaign. Despite pivoting to digital channels—airing many of its shows through streaming platforms such as Amazon, Netflix and Viu plus a content syndication deal with tycoon Manuel Pangilinan’s free-to-air network Channel 5 and cable TV network Cignal—ABS-CBN remains in the red, posting a net loss of 5.6 billion pesos in 2021.

Villar's grocery chain All Day Supermarket debuted on the Philippine bourse last year.

COURTESY OF VISTA LAND AND LIFESCAPES, INC.

“I’LL DIE WITH MY BOOTS ON.”

The circumstances surrounding how AMBS ended up with the broadcast frequencies previously assigned to ABS-CBN show how politicized the industry is, Rimban says. Asked whether his foray into the media industry was motivated by retaliation against ABS-CBN—one of his staunchest media critics during the 2010 presidential campaign—Villar says: “I’m in AMBS for business, not for anything else. Revenge—I learned in politics—will get you nowhere.”

Overall, the Philippine media industry is booming despite the pandemic-induced economic slowdown and increasing competition from social media. Advertising revenue climbed an average of 9% annually in the past two years to reach a record high of $3.9 billion in 2021, according to Statista, which expects the industry’s sales to increase to $4.3 billion this year and $5.2 billion by 2025. “The opportunities in the media industry are very exciting,” Villar says, adding that he sees many synergies between AMBS and his other businesses. “I believe in the power of communication. That is the future.”

AMBS—which aims to start broadcasting this year initially in the Metro Manila area—has recruited celebrity host Willie Revillame, whose game show Wowowin could help the media company win prime-time audiences. While AMBS plans to import popular TV shows from China and Korea to carve its own niche in the media industry, Villar says his long-term goal is to create a Philippine version of Walt Disney Co.

FAMILY AFFAIR

Politics in the Philippines is very often a family affair, as the world saw clearly with the May election of Ferdinand "Bongbong" Marcos Jr. as president and the daughter of then-president Rodrigo Duterte as vice president. The family of billionaire businessman Manuel Villar, which supported Marcos Jr. and Sara Duterte, has also been a player in Philippine politics.

Villar led both houses of the Philippine Congress before running unsuccessfully for president in 2010. Now, he says, "I no longer have political ambitions. I just want to enjoy my morning coffee."

But his family remains entrenched in politics. Villar's wife Cynthia has been a senator since 2013. Their son Mark was just elected to the Senate, while daughter Camille is now a congresswoman for the family's home district of Las Pinas, winning the seat that her grandfather, both parents and her brother Mark had held. The only member of the family with no involvement in electoral politics is the firstborn, Manuel Paolo Villar. He is the president and CEO of listed Vista Land & Lifescapes, and he also runs privately held Prime Asset Ventures, which has interests in water utilities, broadband internet and renewable energy.

During a Senate inquiry before the 2010 presidential campaign, critics accused then-Senate President Villar of using connections to benefit his businesses by pushing for a road project that linked Las Pinas to the Bonifacio Global City financial hub on the edge of the Makati business district. Villar dismissed the allegations, saying the government would have implemented the project to ease the gridlock in Metro Manila's congested streets even if he didn't propose it.

In Villar's view, the C5 road controversy was not the main reason he lost the 2010 election to Benigno Aquino III, who died in 2021. "What really affected my candidacy was the death of [his opponent's mother and former president] Corazon Aquino, who was featured by [TV channel] ABS-CBN as a saint," Villar says. "I was running against the son of a saint."

Despite being among the country's richest, Villar asserts he could have been wealthier if he never entered politics. "I wasted a lot of time in politics, though I also accomplished a lot."

By taking a page from Disney and combining his real estate expertise with media, Villar wants to focus AMBS on leisure and entertainment such as theme parks. He's already developing his first amusement park on an 80ha site in the southern Metro Manila municipalities of Las Pinas and Paranaque near the country's main international airport. The theme park will be part of a mixed-use property that will also have a casino resort, a shopping mall and a hotel when completed in a few years. No details are available on financing the project, for which Villar is looking for partners. "Partnerships are inevitable to grow big," he says. "We are willing to partner with anybody provided it makes sense."

IN THE NEAR FUTURE, HE PLANS TO ADD A CASINO, A TV NETWORK, A THEME PARK AND A TOLL ROAD TO HIS SPRAWLING REAL ESTATE AND RETAIL EMPIRE.

Despite these new projects, Villar says real estate will remain his core business. After turning Vista Land into the country's biggest developer of landed-house developments, Villar is shifting the group's focus on building upscale homes and residential towers, which accounted for less than 20% of its total residential sales of 17.4 billion pesos in 2021. Vista Land aims to develop 62 townships—comprising high-rise residential condominiums, office towers and commercial properties—across the Philippines on about 1,500ha of prime land in its existing masterplanned communities. The company has an additional 3,000ha of undeveloped properties across the archipelago.

Vista Land aims to transform these properties into middle class and upscale residential enclaves now that real estate prices in the country have gone up, Villar says. Prime property values in Metro Manila's key business districts, which tripled to over 250,000 pesos per square meter in 2021 from about 80,000 pesos two decades earlier, are likely to continue appreciating as the government builds roads and other infrastructure facilities, property consultant Colliers said in a May note. "Villar has been in the real estate business for so long," says Luis Limlingan, managing director of Makati-based brokerage Regina Capital Development. "I'd like to think that he's got the right strategy."

COURTESY OF VISTA LAND AND LIFESCAPES, INC.

As Vista Land pivots into these high-end residential projects, Villar expects the company's sales to remain subdued. After peaking in 2019 at 42.9 billion pesos, Vista Land's total revenue dropped about 30% over the past two years to 29.6 billion in 2021. While it will take time before the numbers return to pre-pandemic levels, some analysts are already seeing green shoots of recovery, with residential reservation sales climbing 5% to 16.8 billion pesos in the first quarter after rising 9% to 58.6 billion pesos in 2021.

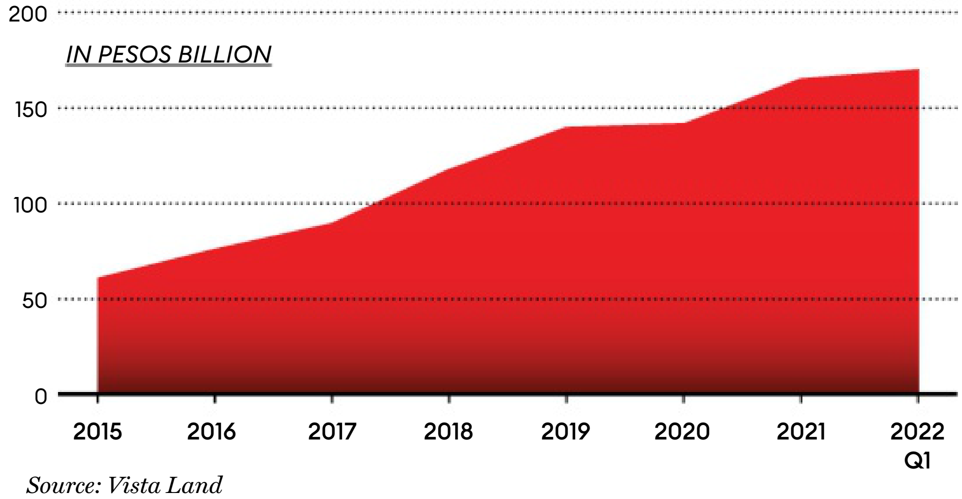
Villar laments that Vista Land shares are, in his view, undervalued. The stock trades at about 0.22 times book value, compared with other mid-tier developers such as billionaire Andrew Tan's Megaworld, which is 0.37 times, and tycoon Lance Gokongwei's Robinsons Land, with a multiple of 0.68 times, as of mid-July.

In a bid to increase the value of Vista Land's properties, Villar is also venturing into the toll road business, with the 3.9-billion-peso acquisition of Ayala Corp.'s stake in the Muntinlupa Cavite Expressway, which he aims to connect to tycoon Manuel Pangilinan's Cavite Laguna Expressway to improve access to his properties in Cavite province, south of Manila. Vista Land has developed several residential communities in Cavite, a beneficiary of the many infrastructure projects Villar advocated when he was a senator.

Vista Land recently started marketing its most luxurious development, Lausanne at Crosswinds, a collection of villas in Tagaytay, 70km south of Manila.

Leverage

Since acquiring Starmalls in 2015 and subsequently aggressively expanding its shopping mall footprint across the country, Vista Land's debt has more than doubled.



Source: Vista Land

Vista Land recently began marketing its most luxurious development yet, Lausanne at Crosswinds (*pictured below*).

While clearly signaling that he has no intention to retire, setting a goal of doubling the number of homes built by his companies to one million in his lifetime, Villar believes his children are capable of taking his business empire further. "All my children—Paolo, Mark, and Camille—possess the values, skills, and more importantly, the temperament of good leaders to take over our company," he says. "They have, at one point, assumed leadership roles in the company, and, in their respective fields. So I am very confident they can easily fill that role."

Delivering Wealth Solutions Amid a Volatile Landscape

HSBC Global Private Banking is leveraging its global network and expertise to connect its Philippines clients to a world of opportunity and support them in navigating the challenges ahead.

With the outlook for the global economy uncertain due to the Russia-Ukraine war, supply disruptions and rising inflation, high net worth individuals in Asia and the rest of the world are bracing themselves for a sustained period of heightened market volatility. Against this backdrop, HSBC Global Private Banking aims to help its clients manage these risks by leveraging their international connectivity and comprehensive capabilities to pursue investment opportunities and diversification.

"With the ongoing uncertainty, whether it's the inflation threat, more aggressive Fed rate hikes, or the Russia-Ukraine war, global diversification and risk management become extremely important for our investors. HSBC Global Private Banking aims to help our clients diversify their portfolios across assets and geographies in the most optimal way possible," says Abhishek Mehrotra, Managing Director and Senior Desk Head, Philippines and Japan at HSBC Global Private Banking.

This strategy of diversification sits well with high net worth and ultra-high net worth clients in the Philippines, who have traditionally been firm believers in such an approach, not just when it comes to investing, but in their personal and professional lives.

"Clients in the Philippines tend to have footprints in multiple locations to capture the strengths that each place has to offer. And this is where HSBC's international connectivity and universal bank model can benefit them, as we are comprehensively covering both the East and the West," says Siew Meng Tan, Regional Head of HSBC Global Private Banking, Asia Pacific.

"We are present in the key financial centers globally, in Hong Kong, Singapore, London, Switzerland and the US, enabling us to support our clients as they expand their businesses, and as their families look towards living in different parts of the world. Many successful Filipinos send their children overseas for education, or to invest in real estate abroad, and the US is one of their favorite markets," she adds. "We have a dedicated Asia coverage team based in the US, which is comprised of relationship managers, investment counsellors, credit advisors and wealth planners with extensive experience relevant to clients from the US-Philippines corridor, and who have great interest in international mortgages and geographical diversification."

Meeting Changing and More Sophisticated Wealth Needs

The needs of Asian ultra-high net worth families are likely to evolve over time, with much of the wealth accumulated by entrepreneurs who built, and continue to run, successful businesses.

"We have supported many of these entrepreneurial families through the years, developing an intimate understanding of their needs across businesses, private wealth, and even generations. This is especially true in the Philippines, where HSBC first established an office in 1875 offering financial services to communities of exporters and merchants," explains Mehrotra.

Today, HSBC Global Private Banking

clients in the Philippines can tap on the full capabilities of the entire group—from personal transaction banking services to commercial banking services—to meet their ever-changing needs at every stage of the clients' wealth journey. In particular, there is a growing demand for solutions that can help ultra-high net worth families manage a seamless transfer of wealth to the next generation.

"Wealth preservation is a key priority for our Philippines clients, and HSBC has been very instrumental in inter-generational wealth transfer for ultra-high net worth families in the country. HSBC Trustee, which has been around for over 75 years in Asia, is very well versed with managing family dynamics, and well placed to support our clients in succession planning and transferring wealth to the next generation," says Mehrotra. "We can help our clients find solutions to a broad range of wealth planning needs including family governance and family business succession and working with next generations. Philippines clients have a strong sense of community and believe in giving back to the society in various ways. We can help secure a wider legacy and make a positive change regardless of where our clients are on their philanthropic journey."

Siew Meng Tan, Regional Head of HSBC Global Private Banking, Asia Pacific

Abhishek Mehrotra, Managing Director and Senior Desk Head, Philippines and Japan, HSBC Global Private Banking

Engaging through Digital

As private banking clients become more comfortable utilizing technology for their wealth needs, HSBC is engaging them through multiple digital channels. These include mobile apps that enable remote transactions, or through secured communication platforms via WhatsApp and WeChat.

Reflecting the bank's commitment to digitalization, HSBC Global Private Banking is investing more than US$100 million in Asia over a two-year period to build and innovate its core banking and digital platforms.

"This investment is very timely, and we accelerated it over the last 12 to 18 months as engaging with our clients through digital channels became critical due to Covid-19 lockdowns in countries such as the Philippines," says Tan.

"When we launched our chat applications on secure platforms such as WhatsApp and WeChat, one of the first clients to adopt this solution was a key Philippines client," she recalls.

Investing in the Future

As the next generation of Philippines clients come to the fore, there has been an increasing adoption of investment trends related to the New Economy, ESG (Environmental, Social and Governance), and alternative investments.

In the area of sustainability, HSBC is keeping pace with its clients by committing to provide between US$750 billion and US$1 trillion of sustainable financing and investments over the next 10 years to support the net zero transition.

In recent years, there has also been growing interest in private assets and alternative investments, as high net worth investors in the Philippines seek to reduce volatility and improve yields in their portfolios. With its global expertise in alternatives, HSBC is well-positioned to serve investors in this emerging space. In 2021, trade publication *Asian Private Banker* named HSBC Global Private Banking as the "Best Private Bank for Alternative Advisory" for the third consecutive year.

HSBC's success is also being recognized in other aspects of the private banking world. Among the seven awards HSBC Global Private Banking received from *Asian Private Banker* last year were the "Best Private Bank for Wealth Planning Services" and blue-ribbon "Best Private Bank in Asia Pacific"; accolades that reflect the progress it has made in delivering industry-leading client offerings and services.

These awards reflect HSBC Global Private Banking's ongoing mission to support its high net worth and ultra-high net worth clients in the Philippines and the rest of Asia as they seek to navigate a highly volatile landscape, while looking to capture opportunities that may emerge.

"The challenges we are witnessing come with their fair share of opportunities, and many of our Philippines clients are actively looking towards HSBC to help them navigate through these times and tap those opportunities," says Mehrotra.

HSBC
Global Private Banking

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Back to the Future

Combined wealth contracted amid the country's recovery from pandemic headwinds.

BY **JANE HO**

The Philippines' economy grew 8.3% in the first quarter of 2022, as domestic demand started recovering from pandemic headwinds. Newly elected president Ferdinand "Bongbong" Marcos Jr., son of the former dictator, who was ousted in 1986, pledged to keep up the growth momentum. Nonetheless the pressures of inflation, rising commodity and energy prices as well as reduced exports to China dragged the benchmark stock index down 6% from 11 months ago when fortunes were last measured. The peso also plunged 12% over the same period. As a result, the combined wealth of the country's 50 richest dropped to $72 billion from $79 billion last year.


Teresita Sy-Coson

More than two-thirds of the listees saw their wealth shrink. The **Sy siblings,** heirs to the group built by the late Henry Sy Sr., retained the top spot but their net worth fell by $4 billion to $12.6 billion, which was the biggest drop in dollar terms. Shares in the family's flagship, SM Investments, slipped 19% from last year as investors turned skittish.

Overcoming the odds, property billionaire **Manuel Villar** listed his VistaREIT in June and is this year's biggest dollar gainer. Villar, who's revving up the development of high-rise condos, townships and a casino, added $1.1 billion and retained the No. 2 spot with a fortune of $7.8 billion. Ports tycoon **Enrique Razon Jr.** remained at No. 3 though his net worth was down slightly to $5.6 billion. Razon is doubling down on casinos and renewable energy with plans to build the world's largest solar farm in the archipelago for $3 billion.

Another notable drop in wealth was that of husband and wife **Dennis Anthony and Maria Grace Uy**, cofounders of Converge ICT Solutions. Their wealth decreased by just over $1 billion to $1.75 billion as shares in the broadband services provider slid after the company announced in May that Warburg Pincus was selling a chunk of its holding.

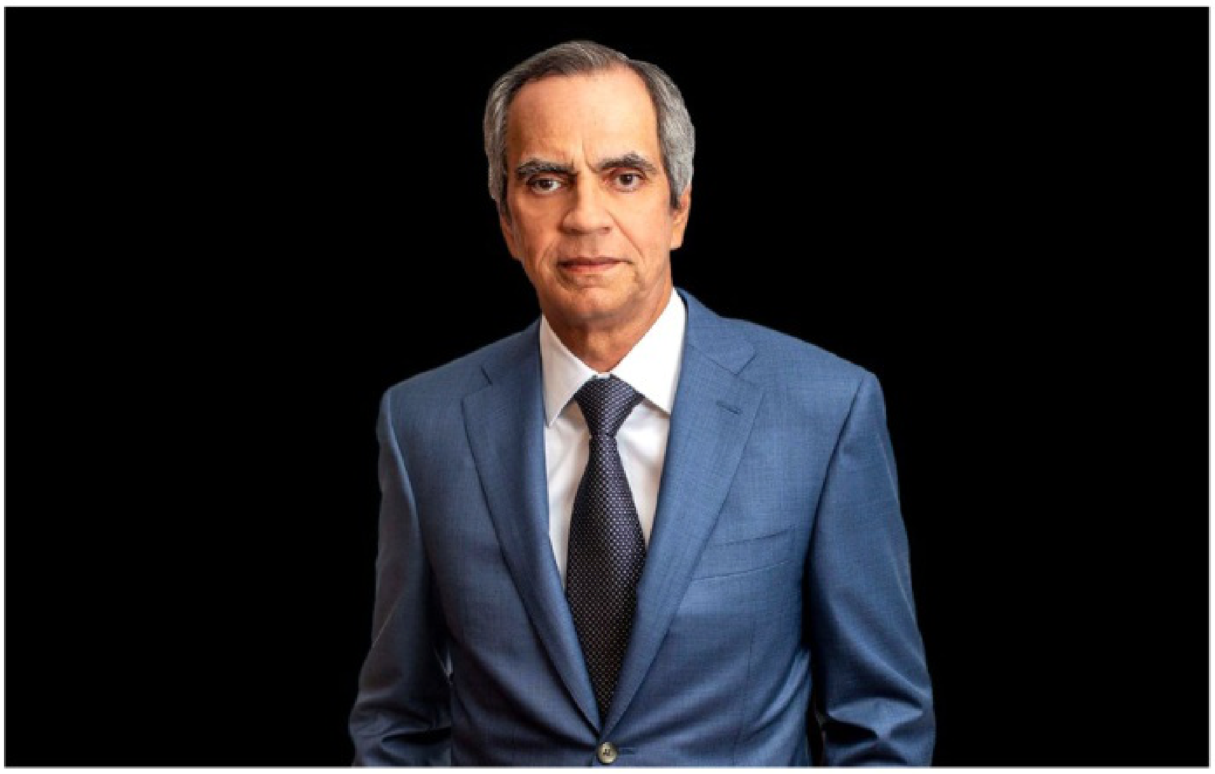
Among the two returnees this year is the **Aboitiz family,** appearing at No. 5 with a collective fortune of $2.9 billion, which includes holdings of the broader family. Shares in their flagship Aboitiz Equity Ventures got a boost from its power interests amid rising energy prices. Record first-quarter earnings of $200 million at engineering conglomerate DMCI Holdings, lifted the fortune of **Isidro Consunji and siblings** by 47% to $2.65 billion. They notched up the biggest percentage rise this year and moved up seven spots to No. 6.

Two new entrants replace their late family members: The **Po family**, who inherited the food empire of Ricardo Po Sr. after his death last October, is at No. 16 with $1.2 billion. **Sylvia C. Wenceslao** took over as chairman of real estate developer D.M. Wenceslao & Associates, following her husband Delfin J. Wenceslao Jr.'s death last September. The cutoff for the list was $185 million, down from $200 million in 2021.

Reporting by Jonathan Burgos, Gloria Haraito, Anuradha Raghunathan, Anis Shakirah Mohd Muslimin and Yue Wang.

METHODOLOGY: The list was compiled using shareholding and financial information obtained from the families and individuals, stock exchanges, analysts and other sources. Unlike our billionaire rankings, this list includes family fortunes, including those shared among extended families. Net worths are based on stock prices and exchange rates as of the close of markets on July 22, 2022. Private companies were valued based on similar companies that are publicly traded. The list can also include foreign citizens with business, residential or other ties to the country, or citizens who don't reside in the country but have significant business or other ties to the country. The editors reserve the right to amend any information or remove any listees in light of new information.

COURTESY OF SM INVESTMENTS



COURTESY OF ICTSI

Big Bets

ENRIQUE RAZON JR.

Ports billionaire Enrique Razon Jr. saw his net worth fall 3% to $5.6 billion on a weaker peso, despite the strong performance of his International Container Terminal Services Inc. (ICTSI). Its shares climbed as global trade recovered to pre-pandemic levels last year to hit a record $28.5 trillion, according to the UN's trade body. He remains No. 3 on the Philippines' 50 Richest list.

ICTSI's net profit jumped 50% in the first half to $294.5 million, after quadrupling to an all-time high of $428.6 million in 2021, thanks to volume growth and higher shipping rates. The company is boosting cargo handling capacity at its terminals around the world, including a 15-billion-peso ($268 million) upgrade at its flagship port in Manila to handle mega ships that carry up to 18,000 twenty-foot equivalent units of containers. Last month, it bought a majority stake in a multipurpose Indonesian port terminal in Lamongan Regency, about 790km east of Jakarta, for $46.5 million, extending its global footprint in Southeast Asia's largest economy.

Bloomberry Resorts—operator of the Solaire casino resort in Manila—returned to the black in the first quarter following two years of losses induced by Covid-19 lockdowns, as Razon continued with plans to expand his gaming empire. The company is building a second casino resort in Quezon City that's scheduled to open next year, and in May, paid 7.6 billion pesos for a 2.8-million-square-meter waterfront property in Cavite, south of the Philippine capital, for an integrated casino resort. That same month, Bloomberry agreed to buy a stake in Philippine tycoon Dennis Uy's casino projects at Cebu island and the former Clark Air Base north of Manila.

Through his privately held Prime Infrastructure Capital, Razon is also stepping up investments in renewable energy, including the world's biggest solar farm that's estimated to cost about $3 billion to develop. To fund his green energy projects, Razon plans to list Prime Infra on the Philippine Stock Exchange this October, which is expected to raise as much as 28.2 billion pesos. —*Jonathan Burgos*

PHILIPPINES' 50 RICHEST

1. SY SIBLINGS
$12.6 BILLION ▼
SM INVESTMENTS

2. MANUEL VILLAR
$7.8 BILLION ▲
GOLDEN MV HOLDINGS
AGE: 72

3. ENRIQUE RAZON JR.
$5.6 BILLION ▼
INTERNATIONAL CONTAINER TERMINAL SERVICES
AGE: 62

4. LANCE GOKONGWEI & SIBLINGS
$3.1 BILLION ▼
JG SUMMIT HOLDINGS
AGE: 55

5. ABOITIZ FAMILY
$2.9 BILLION (returnee)
ABOITIZ EQUITY VENTURES

6. ISIDRO CONSUNJI & SIBLINGS
$2.65 BILLION ▲
DMCI HOLDINGS
AGE: 72

7. TONY TAN CAKTIONG
$2.6 BILLION ▼
JOLLIBEE FOODS
AGE: 69

CHANGE IN WEALTH KEY:
▲ UP ▼ DOWN ◀▶ UNCHANGED
★ NEW TO THE LIST RETURNEE

PHILIPPINES' 50 RICHEST

8. JAIME ZOBEL DE AYALA
$2.55 BILLION ▼
AYALA CORP.
AGE: 88

9. RAMON ANG
$2.45 BILLION ▲
SAN MIGUEL
AGE: 68

10. ANDREW TAN
$2.4 BILLION ▼
ALLIANCE GLOBAL GROUP
AGE: 70

11. LUCIO TAN
$2 BILLION ▲
LT GROUP
AGE: 88

12. TY SIBLINGS
$1.9 BILLION ▼
GT CAPITAL HOLDINGS

13. DENNIS ANTHONY & MARIA GRACE UY
$1.75 BILLION ▼
CONVERGE ICT SOLUTIONS
AGES: 56, 54

14. LUCIO & SUSAN CO
$1.7 BILLION ▼
PUREGOLD PRICE CLUB
AGES: 67, 64

CHANGE IN WEALTH KEY:
▲ UP ▼ DOWN ◀▶ UNCHANGED
★ NEW TO THE LIST ↩ RETURNEE

Erramon Aboitiz

CARLO GABUCO/BLOOMBERG

Power Pivot

ABOITIZ FAMILY

The Aboitiz family returns to the list this year with a combined fortune of $2.9 billion. Shares of their flagship Aboitiz Equity Ventures (AEV) climbed in the past 12 months despite a 12% decline in first-half net profit to 11.8 billion pesos ($209 million) from a year earlier, as the century-old group accelerated its push to become a "techglomerate."

While power still accounts for over half its income, AEV plans to further diversify its businesses that span infrastructure, banking, property, food and AI. This year, AEV will more than double its total capital expenditure to 69 billion pesos, channeling the bulk of its investments away from power.

Infrastructure arm Aboitiz InfraCapital will take the biggest chunk of the budget (just over 40%). Listed subsidiary UnionBank of the Philippines is also targeted for a capital infusion, mostly to strengthen its digital platform, the company says. In December, UnionBank announced it would acquire the consumer business of Citigroup in the Philippines for 55 billion pesos, which sent its shares soaring (the stock is up 35% in the past year). It raised 40 billion pesos in May through a stock rights offering to partly fund the acquisition. AEV also wants to capitalize on surging demand in the property market, directing 2 billion pesos to real estate arm AboitizLand, which saw its highest-ever sales in 2021.

AEV's parent, privately held Aboitiz & Co., was founded by the late patriarch Paulino Aboitiz in the late 1800s as a hemp-trading business. Five generations have transformed AEV into one of the Philippines' largest conglomerates, and current family heads include Enrique as chairman, Mikel as vice chairman, and Erramon and Sabin as directors. —*Gloria Haraito*

NOEL CELIS/AFP/GETTY IMAGES

Clear Skies

LUCIO TAN

Billionaire Lucio Tan is back in the driver's seat. His wealth jumped to $2 billion since we last measured fortunes as global travel revved up, bolstering the recovery of his airline firm PAL Holdings.

Accelerating passenger and cargo sales tripled PAL's first-half revenue to 58.1 billion pesos ($1.1 billion) from a year ago, with a net profit of 4.2 billion pesos. The owner of the flag carrier Philippines Airlines returned to the black in 2021, largely fueled by pandemic demand for its cargo services to deliver essential goods. It's now beefing up the business, which includes the launch of a new cargo website and app.

PAL emerged from bankruptcy proceedings in January, four months after filing for Chapter 11 in New York. During the restructuring, it returned planes, canceled unprofitable routes, slashed debt by $2 billion and increased capital. Tan, chairman and CEO, himself infused $505 million in a debt-to-equity swap deal. "We look forward to a comeback year for Philippine Airlines and for our country," said Tan during the company's 81st anniversary celebrations in March. Global air traffic and capacity are projected to reach about three-quarters of pre-pandemic levels this year, according to the International Air Transport Association.

Earlier this year, Tan appointed son-in-law Stanley Ng, a former PAL pilot, as president and chief operating officer. Separately, he named grandson Lucio Tan III (a director on PAL's board) as vice chairman at his LT Group. The listed company, which has interests in banking, tobacco and property, posted 91.2 billion pesos in sales last year. —*Anuradha Raghunathan*

PHILIPPINES' 50 RICHEST

15. HARTONO KWEEFANUS
$1.5 BILLION ▼
MONDE NISSIN
AGE: 72

16. PO FAMILY
$1.2 BILLION ★
CENTURY PACIFIC FOOD

17. WILLIAM BELO
$1.15 BILLION ▼
WILCON DEPOT
AGE: 77

18. VIVIAN QUE AZCONA & SIBLINGS
$1.1 BILLION ▼
MERCURY DRUG
AGE: 66

19. MERCEDES GOTIANUN
$1.09 BILLION ▼
FILINVEST DEVELOPMENT
AGE: 94

20. BETTY ANG
$1.05 BILLION ▼
MONDE NISSIN
AGE: 67

21. SOLEDAD OPPEN-COJUANGCO
$985 MILLION ▼
SAN MIGUEL
AGE: 84

PHILIPPINES' 50 RICHEST

22. INIGO ZOBEL
$930 MILLION ▼
AYALA CORP.
AGE: 65

23. ROBERTO ONGPIN
$830 MILLION ▼
ALPHALAND
AGE: 85

24. DENNIS UY
$810 MILLION ▲
UDENNA GROUP
AGE: 48

25. CAMPOS SIBLINGS
$780 MILLION ▲
UNILAB

26. DEAN LAO
$710 MILLION ▼
D&L INDUSTRIES
AGE: 84

27. HENRY SOESANTO
$625 MILLION ▼
MONDE NISSIN
AGE: 70

28. LUIS YU JR.
$545 MILLION ▲
8990 HOLDINGS
AGE: 66

CHANGE IN WEALTH KEY:
▲ UP ▼ DOWN ◀▶ UNCHANGED
★ NEW TO THE LIST ⮌ RETURNEE

Wealth Creation

Macro Climate

The Philippines' economy is expected to shrug off the impact of rate hikes and rising commodity prices to recover to pre-pandemic levels this year. GDP is forecast to hit 7%—thanks to returning tourists and a rise in household spending—before inflationary headwinds slow growth to 6.3% in 2023 and 6.4% in 2024.

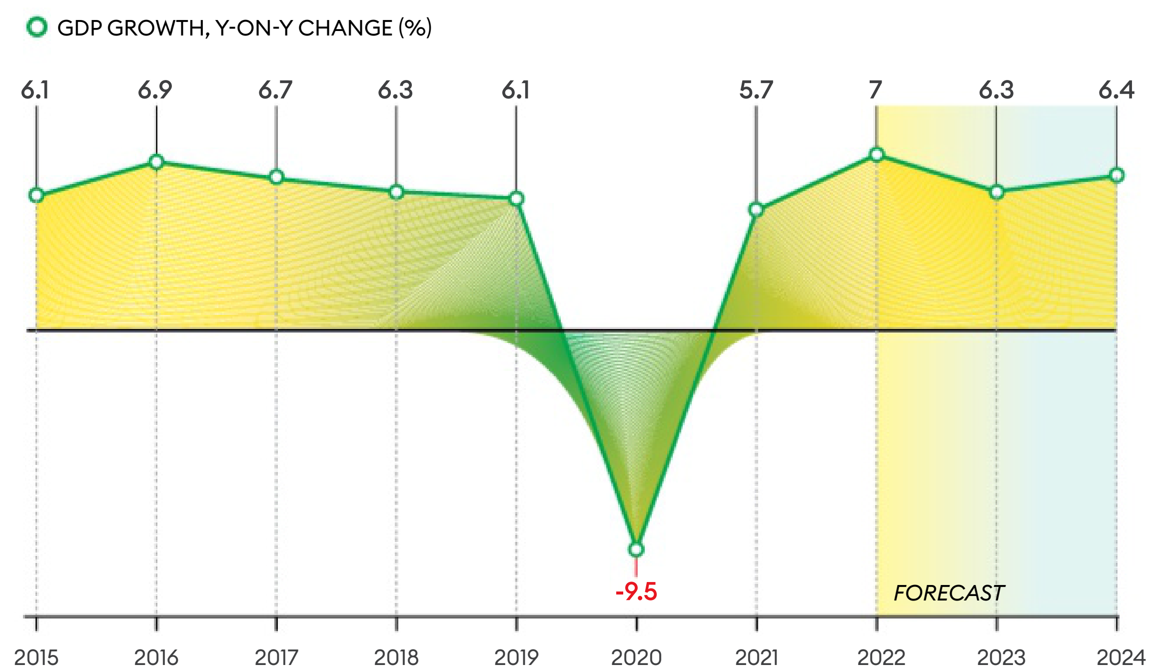
Even with the budget deficit running over 8% of GDP (the highest in Southeast Asia), the new administration of Ferdinand "Bongbong" Marcos Jr. is eyeing an expansionary fiscal policy as it tackles unemployment and poverty. Finance secretary Benjamin Diokno assured markets in May that the country's debt-to-GDP ratio is not a cause for concern as the government looks to consolidate fiscal resources. Meanwhile, with a wider current account deficit forecast in 2022, on top of higher global interest rates, the peso is set to weaken further against the U.S. dollar.

According to Milken Institute's Global Opportunity Index 2022, the Philippines ranked 83rd out of 126 countries, ahead of only Cambodia and Laos in the region. Improving foreign policy while continuing legislative and fiscal reforms, anti-corruption measures and ESG standards would help attract more investment, Rizal Commercial Banking's chief economist Michael Ricafort said in February.

Many economists expect the Philippines' ease of doing business ranking to rise this year with recent initiatives to develop special economic zones and cut red tape, as Marcos focuses on a policy agenda to improve the country's infrastructure and food production. There's also the Philippines' potential participation in the Regional Comprehensive Economic Partnership, a free trade agreement among Asia-Pacific nations—although the pivot to China under former president Rodrigo Duterte has yet to show returns. —*Rainer Michael Preiss*

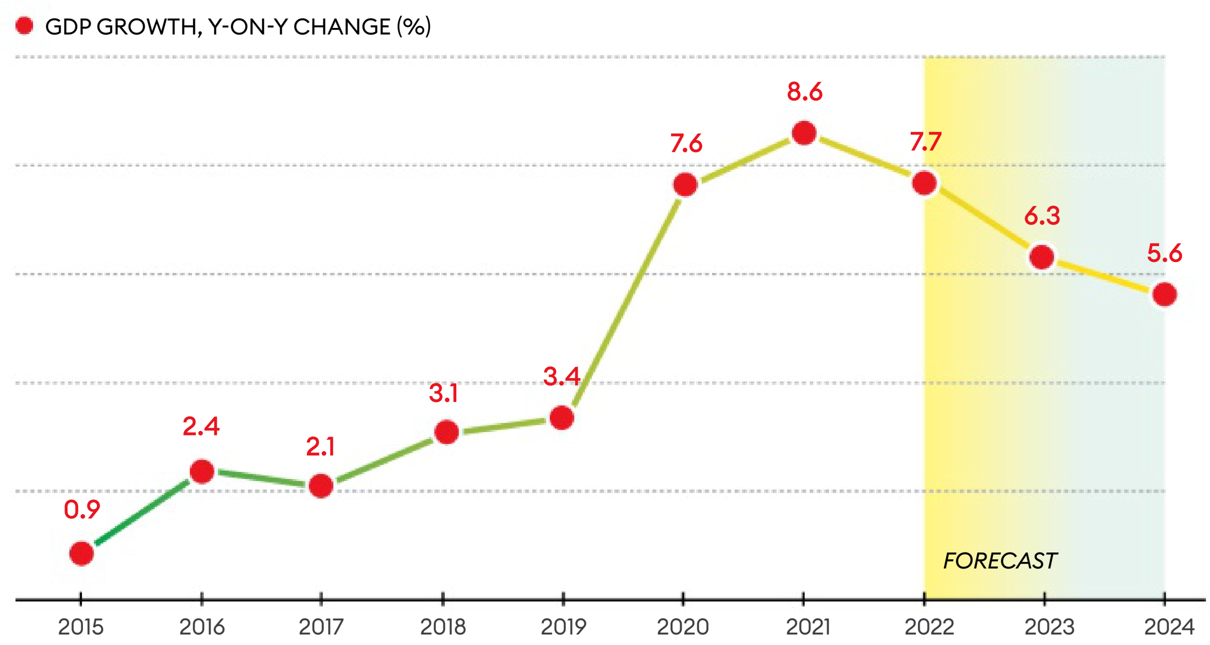
Running Hot

The economy is expected to recover to pre-pandemic levels this year, with GDP hitting 7%.



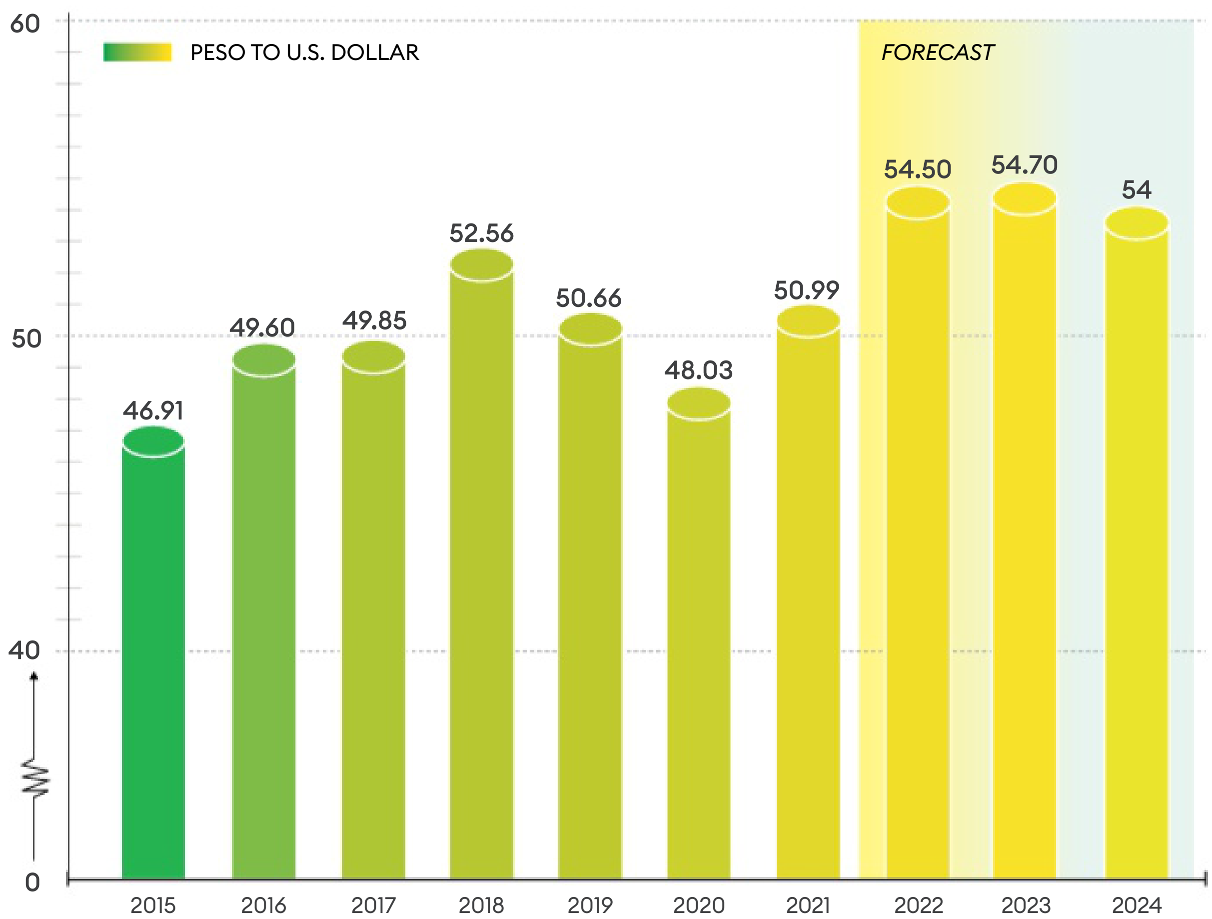
High Tide

The country's budget deficit widened in 2021 to over 8% of GDP.



Face Value

A weaker Philippine peso against the greenback is likely over the next few years.



All sources: Bloomberg

29. JACINTO NG
$490 MILLION ▼
ASIA UNITED BANK
AGE: 80

30. EUSEBIO TANCO
$450 MILLION
STI EDUCATION SYSTEMS HOLDINGS
AGE: 72

31. YAP FAMILY
$440 MILLION ▼
MANILA BULLETIN PUBLISHING

32. MANUEL ZAMORA JR.
$430 MILLION ▼
NICKEL ASIA
AGE: 83

33. ROBERT COYIUTO JR.
$420 MILLION ▼
PRUDENTIAL GUARANTEE & ASSURANCE
AGE: 69

34. MENARDO JIMENEZ
$380 MILLION ▼
GMA NETWORK
AGE: 89

35. MARIANO TAN JR.
$375 MILLION ◄►
UNILAB
AGE: 60

36. GILBERTO DUAVIT JR.
$360 MILLION ▼
GMA NETWORK
AGE: 58

37. FELIPE GOZON
$355 MILLION ▼
GMA NETWORK
AGE: 82

38. CARLOS CHAN
$350 MILLION ▲
OISHI
AGE: 81

39. SYLVIA C. WENCESLAO
$340 MILLION ★
D.M. WENCESLAO & ASSOCIATES
AGE: 77

40. EDGAR SIA II
$330 MILLION ▼
DOUBLEDRAGON CORPORATION
AGE: 45

41. KENG SUNG & PETER MAR
$310 MILLION ▼
MONDE NISSIN

42. ALFREDO YAO
$280 MILLION ▲
MACAY HOLDINGS
AGE: 78

43. JOSE ANTONIO
$270 MILLION ▲
CENTURY PROPERTIES GROUP
AGE: 75

CHANGE IN WEALTH KEY:
▲ UP ▼ DOWN ◄► UNCHANGED
★ NEW TO THE LIST RETURNEE

Room to Grow

LUIS YU JR. AND MARIANO MARTINEZ JR.

Low-cost housing magnates Luis Yu Jr. *(pictured left)* and Mariano Martinez Jr. saw their wealth climb as shares of their mass housing company 8990 Holdings rose by over a third in the past year. Surging demand for affordable homes across the island nation elevated Yu, chairman emeritus, to No. 28 on the list with a net worth of $545 million, while Martinez, chairman, jumped to No. 44 with a net worth of $250 million.

The Cebu City company delivered over 11,500 houses in 2021, leading to a 43% uptick in sales from a year earlier and its highest-ever net profit of 7.2 billion pesos ($127.7 million). The sales streak continued in the first half of this year, with net profit rising 5.5% to 3.6 billion pesos. 8990 primarily targets customers from lower income groups, offering in-house financing to homebuyers with a steady income, with a minimum down payment—as little as 2%—required. In a note to shareholders, 8990 CEO Anthony Sotto said the company had "defied all the odds," despite the pandemic and a typhoon that hit one of its main housing markets.

Over the next eight years, 8990 expects potential sales to balloon to 164 billion pesos, buttressed by a 729ha land bank that includes undeveloped sites with permits. According to the Philippines' Subdivision and Housing Development Association, nearly 5 million houses are needed by 2030 to meet the demand for low-cost housing.

The name 8990 is partly inspired by the once-popular Nokia 8890 phone. Yu and Martinez, who worked together on mass housing projects over two decades ago, launched the company as an IT and telecoms services provider in 2005. It shed that business in 2012 to create the current holding company, which is solely focused on property development. —*A.R.*

Dust Up

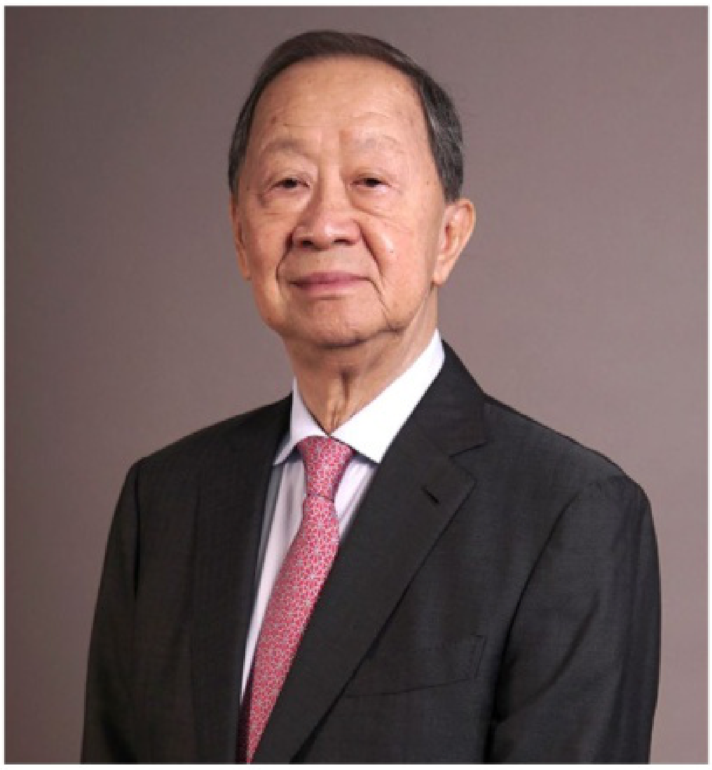
MANUEL ZAMORA JR. AND PHILIP ANG

Higher ore prices and a global nickel shortage weren't enough to burnish the fortunes of metal tycoons Manuel Zamora Jr. and Philip Ang, who derive their wealth from stakes in the Philippines' largest nickel producer Nickel Asia. After rising over 50% earlier this year on strong earnings, shares gave back the gains as higher inflation and global interest rates hikes hit Philippine stocks. Zamora—who founded Nickel Asia—fell one spot on the list to No. 32 with a net worth of $430 million. Ang moved down the list four spots to No. 49 with a $190 million fortune.

The surging price of nickel—a key component in stainless steel and electric vehicle batteries—drove up Nickel Asia's net profit by 41% to 3.8 billion pesos ($67 million) in the first six months from a year earlier on a 7% jump in revenue to 11.8 billion pesos. Another bright spot: Global consumption is expected to continue to rise over the next five years, according to data platform Knoema.

The company, meanwhile, is expanding its solar business through subsidiary Emerging Power as part of a pivot toward renewables. It expects to increase capacity of its Subic Bay Freeport Zone project to 100 megawatts this year, and sealed a deal with Britain's Shell Group to develop 1 gigawatt of renewable energy projects in the Philippines by 2028.

The moves represent "a new vision for our future," said Nickel Asia president and CEO Martin Zamora in March. His father, Manuel, previously chairman emeritus, was appointed a board advisor last year. Ang, who stepped down as Nickel Asia's vice chairman in June, is also a board advisor. —*Anis Shakirah Mohd Muslimin*



From top: Manuel Zamora Jr. and Philip Ang

NICKEL ASIA

44. MARIANO MARTINEZ JR.

$250 MILLION ▲
8990 HOLDINGS
AGE: 67

45. OSCAR LOPEZ

$245 MILLION ▼
ABS-CBN CORP.
AGE: 92

46. TOMAS ALCANTARA

$240 MILLION ▼
ALSONS CONSOLIDATED RESOURCES
AGE: 76

47. WILFRED STEVEN UYTENGSU JR.

$230 MILLION ▼
ALASKA MILK
AGE: 60

48. FREDERICK DY

$220 MILLION ▼
SECURITY BANK
AGE: 67

49. PHILIP ANG

$190 MILLION ▼
NICKEL ASIA
AGE: 80

50. BENEDICTO & TERESITA YUJUICO

$185 MILLION ▼
DDMP REIT

FOR MORE INFO, GO TO FORBES.COM/PHILIPPINES

JOHN KEATLEY

Gift Givers

In an extensive interview, BILL GATES reveals how he and his ex-wife Melinda came together for a blockbuster $20 billion donation that will boost their foundation's annual spending by 50% to $9 billion a year.

BY RANDALL LANE

THE COVID-19 PANDEMIC, ACCORDING TO BILL GATES, REMAINS "WORSE THAN PEOPLE REALIZE."

Ditto the Ukraine War, not to mention the economic downturn and "the political context where the willingness to think globally and do complex things, at least, feels like it's at a pretty low period." Gates says all of this a day before he's set to announce, in juxtaposition, one of the most significant donations in the history of philanthropy—$20 billion, which he's transferring this month to the eponymous foundation he co-runs, for now, with his ex-wife, Melinda French Gates.

That donation brings the Gateses' lifetime irrevocable giving to $55 billion, now making them the biggest philanthropists of all time. They move ahead of friend Warren Buffett, who has given away $48 billion, most of it to the Gates Foundation.

The real-world impact of this gift is huge: It means the Gates Foundation, the world's largest, will now jack up its spending by 50%, to $9 billion a year by 2026; that's more than the aid spending of all but five or so countries, per Gates' math. "This is going to supercharge or accelerate, charge, turbocharge basically all the work that we do," says the Microsoft cofounder, during an exclusive interview yesterday.

There's significance here beyond another $3 billion each year going toward gender equity, disease eradication and infant mortality, among other causes expressly pursued by the Gates Foundation. It's an eleven-digit statement about the need for the very rich to deploy their philanthropy more aggressively, rather than let it pile up so that generations of administrators can dribble it out for centuries under their name. "It's as though they're trying to maximize how long their foundation can exist," says Gates, "as opposed to, are there some high-impact things they can do now?"

The spending surge reinforces the "give while you live" principle, epitomized by Chuck Feeney, the 91-year-old Duty Free founder who in the course of giving away more than $8 billion took himself off The Forbes 400 list to something close to broke. Rather than wait for his death, Gates now says he fully intends to give his way off the Forbes billionaires list while he's still alive. (Thanks to this most recent gift, he drops one spot to number five in the world, with a net worth of some $102 billion sitting outside the foundation.) "I'll get myself out of the highly visible part of the list with just, say, two more gifts of this magnitude. I would get myself off the top part of the list," says Gates. "Getting all the way off the list, that's going to take me a while, but my direction of travel is clear."

This $20 billion transfer also might be the most telling snapshot of the current situation between Gates and his ex-wife. The stakes are far beyond, say, the split between Jeff Bezos and MacKenzie Scott—a clean financial break that has unleashed Scott to become arguably the most

While Melinda French Gates is still co-chair of the Gates Foundation, she is increasingly spending time on Pivotal Ventures, the company she founded in 2015 to accelerate social progress in the U.S.

MICHEL EULER/AP

MARKETPLACE ASIA

Covid-19 shutdown continues to disrupt manufacturing and cargo shipment, putting a strain on the global supply chains. Asian-American consumers living in the United States found it hard to get hold of some comfort food items even before the pandemic.

On this episode of *MarketPlace Asia*, **Kristie Lu Stout** discusses with venture capital experts why investors in Silicon Valley are exploring the next unicorn in South East Asia during a turbulent financial year.

Kristie Lu Stout – CNN Anchor and Correspondent

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influential philanthropist of this decade. Because the Gateses comanage the world's largest foundation, a driving force behind the Global Fund, Gavi, the Vaccine Alliance, and the pursuit to end polio, malaria and other diseases, the state of their disunion is a matter of international importance, especially since the couple sits in the middle of a two-year window to decide their collaborative future. If either declines to continue the status quo, Bill Gates will then fund her separate philanthropic activities.

According to Bill Gates, though, so far, so good. "I think all the evidence I see says that we'll be able to run the foundation together forever." He says he first consulted with her and with foundation CEO Mark Suzman about the $20 billion transfer three months ago, eventually bringing in Buffett and the foundation board. The economic tremors over that period did nothing to dissuade him of this course, in part with encouragement from Melinda French Gates.

"The good news is that even during the tough times of divorce, which are fortunately now more than a year behind us, we were able to work constructively at the foundation. It's always surprised me how much Melinda and I agree on foundation stuff. And we have a few things where she knows better than I, and we just support each other."

"She gets to speak for herself, but everything I see says that, 'Hey, we're the great partnership running the foundation, we've always been.'" Gates cited a recent trip that his ex-wife took to Africa. "So she went to Rwanda where the Commonwealth heads of state got together. She went to Senegal and she was writing back every day. *I saw this, I think about that.*"

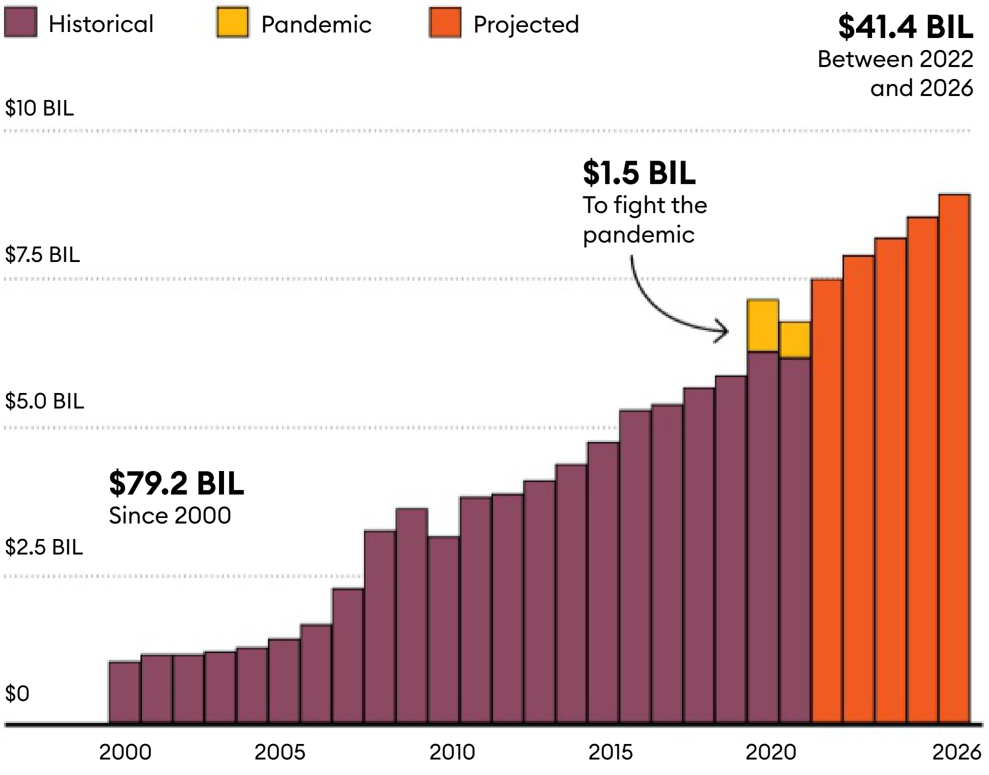
So, given all this, and the abundance of problems to solve, why should the Gates Foundation even stop at $9 billion a year? Gates acknowledges that $10 billion offered a round number, but he'll instead wait until 2026, when he'll have visibility how the foundation has handled the spending ramp-up. "I'm not setting the $9 billion as a ceiling. I'll know a lot more about the assets and how they're performing between now and then."

Gates also has Warren Buffett, who has instructed that the money he gives to the foundation—he's given or earmarked $56 billion so far—gets fully deployed within ten years of his passing. ("'Let the rich people of the future tackle the problems of the future,' Buffett has told me on numerous occasions.") It's a torrent of philanthropic spending that lurks over the foundation, an altruistic challenge that the insiders planning it reportedly have dubbed "Project Lincoln."

> "THE GOOD NEWS IS THAT EVEN DURING THE TOUGH TIMES OF DIVORCE, WE WERE ABLE TO WORK CONSTRUCTIVELY AT THE FOUNDATION. IT'S ALWAYS SURPRISED ME HOW MUCH MELINDA AND I AGREE ON FOUNDATION STUFF."

REAL-WORLD IMPACT

THE GATESES' LATEST $20 BILLION GIFT MAKES THEM THE BIGGEST PHILANTHROPISTS OF ALL TIME.



Source: Bill & Melinda Gates Foundation

Warren Buffett has given away nearly $49 billion, of which $35.7 billion has gone to the Gates Foundation.

TIMOTHY ARCHIBALD FOR FORBES

One twist: A recent *Wall Street Journal* report that suggests that Buffett may direct a final tranche that could eventually be tens of billions toward the Susan Thompson Buffett Foundation, founded by his late wife, with a big focus on abortion rights. Gates, who says that "I never want to behave in a way that I take Warren's generosity for granted," believes his foundation will still get the bulk of that money. "I have no reason to think that will change. I know I sent him this announcement a few days ago, and he's super enthused about it."

Regardless, Buffett has had an impact. "I'm so influenced by Warren that I can hardly claim an original thought in some just means of understanding investment or general approach to philanthropy." While Gates won't commit to shuttering his foundation with the same time urgency that Buffett's money will be deployed, he says that he could see a quarter-century wind down, to give time and projection for the longest-term projects.

The biggest clouds, Gates explains, are the poisonous politics both abroad, in democracy-threatened places like Lebanon and Sri Lanka, and domestic. For the latter, he cited a lunch he recently had with Bill and Hillary Clinton and one of his children, who asked: How did Arkansas go from being a blue state to a red state?

"And they were brilliant on explaining what happened, but then, when we said, 'Okay, and how do they go back to being a blue state?' They were, like, 'I'm glad somebody young is here who may have the patience or the new way in looking at U.S. politics.'"

Otherwise, across this interview and his Gates Notes blog release this morning, Gates tries to project positivity at a time when the world is craving it. He's especially bullish about individualized digital breakthroughs in education, a stubborn area for the foundation over the years. "I'm more hopeful about that than ever. We really are, with some of these new math courses, really starting to see the impact we can have there." Ditto in toilets, digital financial inclusion and other areas. "There's lots of things I'm optimistic about," says Gates. Fair enough. We're about to see if an accelerated spend can significantly move the needle.

CELEBRATING THE 25TH ANNIVERSARY OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION

As Hong Kong celebrates 25 years of accomplishments since the establishment of the Hong Kong Special Administrative Region in 1997, it now looks forward to welcoming people from around the world to join with it in working towards a prosperous future.

Fast Facts

- Land mass: about 1,113 sq km
- Population: 7.4 million (2021)
- GDP: US$369,138 million (2021)
- Ranked No.3 in Global Financial Centres Index
  (published by Z/Yen Partners and China Development Institute in March 2022)
- World's busiest air cargo hub in 2021
  (Airports Council International: Air Cargo Traffic)

This year marks the 25th anniversary of the establishment of the Hong Kong Special Administrative Region (HKSAR) of the People's Republic of China. Our anniversary theme "A New Era – Stability • Prosperity • Opportunity" echoes the spirit of Hong Kong's achievements over the past quarter of a century and looks forward to the bright prospects ahead.

Since the establishment of the HKSAR in 1997, both the Chinese Central Government and HKSAR Government have remained true to the original aspiration for our city under the principle of "One Country, Two Systems". As such, Hong Kong enjoys the dual advantages of closer integration with the Mainland while maintaining its global outlook and capitalist way of life.

This has enabled Hong Kong to cement its position as an international financial center and a conduit for flows of capital, investment and trade between China and the rest of the world. With abundant business opportunities and a fascinating cultural blend of East and West, the city is home to a multicultural community.

Turning Challenges into Opportunities

The past 25 years have not been all plain sailing. Hong Kong has faced various challenges, including the Asian financial crisis (1997), global financial crisis (2008) and the SARS outbreak (2003), but has always turned crises into opportunities and emerged stronger. The past three years have been particularly tough–our society and economy were shaken by social unrest in 2019. Our economy has also been severely affected by the Covid-19 pandemic, which spared no one.

As our economy gradually recovers from the impact of the pandemic, and with stability restored, Hong Kong is looking ahead to a bright new era. It is the only city in the world that offers a secure and dynamic environment for business, an exciting, cosmopolitan lifestyle and direct access to the Mainland market.

Back on Track under "One Country, Two Systems"

Stability has always been the keystone for Hong Kong's development as a safe, secure and resilient place. Implementation of the Hong Kong National Security Law (NSL) in 2020 and improvements to our electoral system in 2021 provide the necessary legal framework and mechanisms for the HKSAR to safeguard national security, enhance governance and continue to thrive under "One Country, Two Systems".

The Basic Law of Hong Kong and the Constitution of the People's Republic of China form the constitutional basis of the HKSAR. The NSL stipulates that rights and freedoms shall be respected and protected as have been enjoyed by citizens under the Basic Law, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights.

A New Era of Opportunities

As China embarks on a fresh phase of development, Hong Kong is entering a new era of opportunities with better integration into national development. The National 14th Five-Year Plan (the Plan) and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) will herald huge opportunities for Hong Kong people and businesses.

Hong Kong will make full use of its unique characteristics to enhance our city's competitive edges and embark upon a new and exciting chapter of the "Hong Kong Story".

The Plan establishes a clear positioning and direction for Hong Kong's economic development and supports Hong Kong in developing eight international centers in the areas of finance, transportation, trade, legal and dispute resolution services, aviation, innovation & technology (I&T), intellectual property trading as well as serving as an East-meets-West centre for international cultural exchange.

Guangdong-Hong Kong-Macao Greater Bay Area

- 11 cities: Hong Kong and Macao plus 9 cities in Guangdong Province
- Total area: 56,000 sq km
- Total population: Over 86 million
- GDP: about US$1.96 trillion in 2021

Gateway to the Greater Bay Area

As one of the most open and economically vibrant regions in China, the GBA offers many opportunities and has huge growth potential in various areas including I&T, advanced manufacturing, high-end services, trade and transport.

Being the most open and internationally-connected city in the GBA, Hong Kong will make full use of its advantages to become a world-class destination for people to live, work, invest, network and enjoy a high quality of life.

Three-Runway System at Hong Kong International Airport.

An Alluring Lifestyle

More than a stylish city, Hong Kong represents a lifestyle that's immersed in cultural heritage, inspired by modernity and energized by an awesome natural environment.

In this city of contrasts, you will find big global brands and quaint corner shops, international fine dining and tasty local Cantonese cuisine as well as world-class exhibitions, entertainment and sports. Hong Kong's sporting talent burst onto the international scene at the Tokyo Summer Olympics, where the Hong Kong, China Delegation collected a total of six medals, the best ever performance at an Olympics by Hong Kong athletes.

Just beyond the city limits and with easy access by public transport, a green oasis awaits locals and visitors alike, enticing hikers and water sports enthusiasts.

About 40% of Hong Kong's land mass is designated as country parks and special areas, where people love to go hiking and camping all year round. A number of Marine Parks help to protect and conserve rich local marine resources.

Hong Kong is also known for hosting major arts, cultural and sports events, such as Art Basel Hong Kong, Art Central, Hong Kong International Film Festival, French May Arts Festival and Hong Kong Sevens (rugby).

The magnificent Hong Kong Palace Museum, featuring precious artefacts from Beijing's Palace Museum, and M+, Asia's first global museum of contemporary visual culture, are the latest grand additions to the West Kowloon Cultural District, which is the emerging centerpiece of the city's arts and cultural development.

Promenades are unfolding in stages on each side of iconic Victoria Harbour, providing people with new and convenient locations to relax while taking in the splendid views of the city from sunrise to sunset.

A friendly cosmopolitan city, Hong Kong offers endless opportunities for people from around the globe to work, invest, study and enjoy a high quality of life. Our door is open to professionals, academics and entrepreneurs.

As we celebrate the 25th anniversary of the HKSAR, we welcome people from around the world to join us in working towards a bright and prosperous future.

Newly-opened Hong Kong Palace Museum.

Landing founder Bill Smith in front of the 1912 bank vault that serves as a boardroom in his company's headquarters.

THE LIST

SWEET HOMES, ALABAMA

After selling Shipt, his same-day delivery service, to Target for $550 million, **BILL SMITH** launched his third consecutive big act from his native Birmingham. **LANDING,** his three-year-old furnished-apartment business, hit $83 million in sales in 2021 and expects $200 million this year by catering to the work-from-anywhere generation.

BY **AMY FELDMAN**
PHOTOGRAPH BY **JAMEL TOPPIN** FOR FORBES

BILL SMITH

STEERS HIS MIDNIGHT SILVER TESLA X THROUGH THE STREETS OF DOWNTOWN BIRMINGHAM, ALABAMA, AND PULLS INTO A LOW-RISE APARTMENT COMPLEX.

"This used to be a brothel 100 years ago," he says with a smile.

Today, it's a modern, renovated building, one of dozens in this old industrial city where his company, Landing, rents fully furnished flexible-lease apartments. A thin man with intense blue eyes, Smith, 36, steps into a sunny one-bedroom with a railroad layout. It goes for $1,800 a month, a 20% premium to what it would rent for empty. It's decorated with innocuous furniture, inoffensive linens, even taupe dishware, all designed and manufactured by his team. "Someone wants to move into an apartment in five days, we have to be able to acquire it and make it beautiful in a short period of time," he says, "It looks really simple on the outside, but it's very complex."

As the way Americans live and work has changed, Landing offers its members (who pay $199 a year) fast access to move-in-ready apartments with the flexibility to rent for as little as one month. Cheaper than a hotel or a corporate apartment and more predictable than an Airbnb, Landing markets itself to Millennials with the flexibility to work remotely, as well as to others (traveling nurses, empty nesters, those new to a city) who don't want the hassle of figuring out housing and buying furniture for a temporary stay.

The bulk of Landing's $200 million revenue (2022, projected) comes from its markup, typically 30% to 40% over what it pays to lease apartments from owners of multifamily buildings, including mega-landlords American Landmark and Northwood Ravin. It operates in 81 markets across the U.S., but its biggest are fast-growing Sun Belt cities like Las Vegas, Phoenix, Austin, Atlanta, Nashville and Tampa.

Smith sold his previous company, online grocery delivery service Shipt, to Target for $550 million in 2018. He sees a much bigger opportunity with Landing: According to his aggressive estimates, perhaps 10% of the 40 million Americans who live in apartments could choose furnished, flexible-stay homes within a decade.

"Covid pulled forward a change in living that I thought would take five years," he says. "We think we'll be doing $1 billion in revenue by 2025 . . . and we'll still be just scratching the surface of the opportunity."

Landing has raised $237 million in VC funding, including $75 million (previously undisclosed) at a recent valuation of $475 million. Not bad for a company whose revenue hit $83 million in 2021, up sixfold from a year earlier—but not as much as he hoped, especially given his track record and revenue growth. "If it was December, we'd already be in the billion-dollar club," he notes, adding that raising money in this market has "not been fun." One silver lining to remaining a non-unicorn: Landing still qualifies for a spot on this year's Forbes Next Billion-Dollar Startups list as one of 25 venture-backed companies we think are most likely to reach a $1 billion valuation.

As WeWork's rise and fall showed, there's both huge potential in new models of real estate—and enormous risk. Smith is working to manage the risk and operational complexity with data, and lots of it. Which cities have both demand and potential profitability? How can he cut installation costs? Adjust pricing and marketing for seasonality? "This needs to be tech-driven and not people-driven," says Smith, who relies on his firm's data and its proprietary algorithm. "I truly believe this is the only way this model will work."

"Bill Smith is very unassuming, very different from your Adam Neumanns and your Travis Kalanicks."

Smith, who owns roughly one-third of Landing and is worth more than $400 million including cash from Shipt, is up for the challenge. "I get bored really easily," he says. "I'm attracted to solving these complicated problems."

Smith grew up in Birmingham, the son of a Cellular One agent and a medical transcriptionist. He recalls asking for a briefcase for his fifth birthday and later lugging his desktop computer to his dad's home for weekends after his parents divorced.

He wasn't much interested in school ("I hated it, I really did") and dropped out when he was 16. He'd been selling Nextel phones after school, bringing in $5,000 or more a month, a tidy sum for a teenager in Alabama. In 2009, he founded Insight Card Services, offering reloadable prepaid Visa cards. Five years later, at 28, he sold that business to bank-holding company Green Dot for tens of millions.

A high school dropout, Smith is worth more than $400 million from his startups Shipt and Landing.

As a young millionaire, he started snapping up local real estate. He showed up at an auction to buy 33 condos (since sold), then decided on the spot to bid for seven floors in a prewar former bank headquarters known as the John Hand Building. His winning bid: $510,000. "I'm like, 'Oh my gosh, what did I just win?'" he says. "The luck was that I started Shipt and was able to fill it up." (It's now Landing's headquarters.)

In 2014, Smith launched Shipt to offer same-day delivery to customers who ordered groceries online, investing $3 million of his own money. By 2016, Shipt was available in 25 cities across eight states—challenging Amazon and Instacart, especially in smaller markets. With an ownership stake of roughly 50% at the time of the $550 million sale to Target, he was now seriously rich. "It didn't feel like a huge life change, even though from the outside it would appear that way," he says. "I live in the same house and go to the same places and do the same things I did before."

Smith keeps a list of 30-some ideas for businesses in his phone, and after he left Target (as part of the deal, he worked for the retailer for a year and a half) he started thinking about which one to tackle next. Venture capitalists were eager to finance whatever he selected. "If he told me he was doing moon exploration, I probably would have given him money," says Greycroft's Ian Sigalow, who led Shipt's first outside funding round at a pre-money valuation of $45 million and subsequently invested in Landing.

His first try, called Homesie, targeted homeowners who needed repairs, letting them text for help. "It was a total flop," he says. "We tested it for a few weeks, and literally no one signed up." Smith shuttered it almost immediately and moved on, transforming the website's operations and concept into Landing. "Consumer companies are either a rocket ship or they're not, and if it's not a rocket ship I don't want to waste any time on it."

The basic idea for Landing had been in his phone for years. During his brief stint as landlord of those 33 condos, he had seen how often medical residents at the University of Alabama at Birmingham would take apartments they needed for just a year. And his own experience moving temporarily to San Francisco, one of America's toughest housing markets, in 2016 while building Shipt, rankled. "I was on Craigslist trying to find a place that was going to work for my family, and it was just a huge headache," he recalls.

As people gained more flexibility on where to live, he wanted to make it easier for them to pick up and move to furnished, flexible-lease apartments that didn't cost corporate rates. As with Shipt, Smith put up some initial cash, ultimately investing $15 million.

Landing's launch was tough. Smith was personally juggling the demands of a startup with those of his youngest child (he has three), who was born with special needs in June 2019 and required multiple surgeries. Then, in March 2020, the pandemic emerged, offices shut and Landing's fate hung in the balance.

All this has helped keep him humble. "Bill Smith is very unassuming. He's very different from your Adam Neumanns and your Travises," says Landing CFO Casey Woo, referring to WeWork's founder (and Woo's former boss) and Uber's mercurial founder, Travis Kalanick. "You generally get the ego or you get less killer instinct."

While Landing's potential is enormous, it faces plenty of competition—from venture-backed startups in the flexible, furnished rental space, like New York City–based Blueground and San Francisco's Zeus Living, to hotels that have moved further into extended-stay options. Even Airbnb is pushing long-term stays for remote workers, with durations of 28 days or more its fastest-growing category in 2021.

Running a business like this is also capital intensive. In addition to the equity raised, Landing has secured $230 million in debt, of which it has drawn down $80 million, to help pay for everything from leases and technology to furniture and shipping. To maximize profitability, it uses its algorithm to help fill apartments, constantly gauging demand, scouting locations and setting prices in real time. Right now it says it has 7,000 apartments rented, with occupancy rates hovering around 90%, but admits profitability is still a few years away.

Rather than sign leases with landlords upfront, risking vacancies if no one rents, Landing relies on software to list apartments first (it has 20,000 in its database), then signs leases and furnishes them within a few days once a renter is in place. Having learned from WeWork's troubles with long-term leases, Landing inks one-year leases with property owners, allowing it to quickly reset prices or exit properties that no longer make sense. "What's made Landing so successful is that we operate on demand," says Marcus Higgins, the company's chief operating officer, who previously worked for SoftBank-backed Oyo Hotels. "This is a giant Rubik's Cube, and as soon as you get a couple of things right, you have to turn it and do it again."

That's particularly challenging given the itinerant nature of its clientele. Kendyl Cochran, a 25-year-old business development director at Gartner, spent most of the past year living in Landing apartments with her boyfriend and dog after learning about the company on TikTok. "We wanted to do 12 cities in 12 months," she says. After an initial Airbnb stay, they hopscotched among Landing apartments in Atlanta, Baltimore, Austin, Dallas, Denver, Tucson and Salt Lake City, typically spending $2,200 to $2,400 a month on rent. It was great for them, but each time they moved out, Landing had to find tenants to move in for the remainder of the lease.

As for the apartments' cookie-cutter design, that's one key to keeping costs down. The firm manufactures its furniture at factories in Vietnam, where costs are lower. It then ships them back to a 280,000-square-foot warehouse in Moody, Alabama. It also has smaller warehouses in Las Vegas, Austin and Phoenix.

Controlling design meant flexibility when ocean freight costs skyrocketed: Landing's kitchen chairs are now stackable, allowing it to jam more of them into a shipping container. A new line of furniture in the works includes coffee tables and side tables that will be assembled in Alabama rather than shipped that way, to save on freight. By using its own trucks and drivers and standardizing everything, Landing has shaved installation costs by more than 50% since launch, according to CFO Woo.

The big question, of course, is how many people will want to live month to month in temporary housing, and whether the mobility of the pandemic for white-collar workers will not only continue but remain popular enough to make the financials work. "The world of work right now [is in] a massive period of experimentation," says Steve Cadigan, a future-of-work consultant and author of *Workquake*, who was LinkedIn's first chief HR officer. "The digital nomad has a shelf life until you want to settle down and have kids. The older we get, the more we like continuity."

Smith, of course, is much more bullish, figuring that the housing market is so big that capturing even his own small sliver will be a huge home run. "Not everyone is going to live like this, and not even the majority will," he says, "but millions of Americans are going to live flexibly." F

NEXT BILLION-DOLLAR STARTUPS 2022

For the eighth year in a row, *Forbes* teamed up with TrueBridge Capital to search for America's 25 venture-backed startups most likely to become unicorns. Our track record has been stellar: Of the 175 companies to make this list over the years, 116 have become unicorns; another 22 were acquired, and nine went public before hitting the mark. Just five imploded or shut down. This year is likely the most challenging yet, with markets down, tech investors skittish and some would-be list members getting cut due to significant layoffs. These 25 companies, in alphabetical order, represent the ones we think have the best chance of becoming future stars.

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Edited by Amy Feldman. Reporters: Nina Bambysheva, Igor Bosilkovski, Elisabeth Brier, Kenrick Cai and Will Yakowicz

0X LABS

FOUNDERS: **Amir Bandeali (co-CEO), Will Warren (co-CEO)**

EQUITY RAISED: **$85 million**

ESTIMATED 2021 REVENUE: **$5 million**

LEAD INVESTORS: **Greylock Partners, Pantera Capital**

This San Francisco–based firm enables developers and businesses to create new markets for their crypto tokens on major blockchains and helps traders optimize costs via its search engine, Matcha. In April, 0x partnered with Coinbase, the U.S.'s largest cryptocurrency exchange, to power Coinbase's new marketplace for NFTs.

ATOB

FOUNDERS: **Harshita Arora, Tushar Misra, Vignan Velivela (CEO)**

EQUITY RAISED: **$100 million**

ESTIMATED 2021 REVENUE: **$2 million**

LEAD INVESTORS: **Bloomberg Beta, Elad Gil, General Catalyst**

Three years ago, Velivela, 32, who had previously worked as a robotics engineer at self-driving car company Cruise, teamed with Misra (ex-Uber) and Arora (who had developed a cryptocurrency price-tracking app) to launch AtoB, an Uber for buses. After Covid-19 hit, they pivoted to setting up a Stripe or Square for truck drivers. The dashboard they built tracks fuel prices and expenses, connecting it all with fleet-tracking software that makes everything more efficient and less costly—and helps prevent fraud.

ASTERA LABS

FOUNDERS: **Sanjay Gajendra, Jitendra Mohan (CEO), Casey Morrison**

EQUITY RAISED: **$85 million**

ESTIMATED 2021 REVENUE: **$35 million**

LEAD INVESTORS: **Avigdor Willenz Group, Fidelity, Sutter Hill**

The cofounders met at Texas Instruments, where they came up with the idea for a new chip business to help clear bottlenecks throughout data centers. In 2017 they quit their jobs to start the Santa Clara, California, com

CloudTrucks CEO Tobenna Arodiogbu

pany, which designs its chips in the cloud. The firm's revenue is expected to reach $100 million this year.

ATMOSPHERE

FOUNDERS: **Michael Grisko, John Resig, Leo Resig (CEO)**

EQUITY RAISED: **$140 million**

ESTIMATED 2021 REVENUE: **$25 million**

LEAD INVESTORS: **S3 Ventures, SageView Capital, Valor Equity Partners**

Nearly four-year-old Atmosphere offers what CEO Leo Resig, 42, describes as "audio-optional" videos from YouTube, Snapchat, TikTok and other sources for bars, beauty salons, doctors' offices and other businesses. Free for such facilities, the service is supported by ad revenue from clients such as Jack Daniel's, DraftKings, government agencies and state lotteries. The Austin, Texas–based outfit now streams in more than 30,000 venues, capturing some 35 million unique visitors a month.

BOULEVARD

FOUNDERS: **Matt Danna (CEO), Sean Stavropoulos**

EQUITY RAISED: **$130 million**

ESTIMATED 2021 REVENUE: **$16 million**

LEAD INVESTORS: **Bonfire Ventures, Index Ventures, Point72, Toba Capital**

After waiting too long to get a haircut and forgetting to call until late at night, Stavropoulos wondered why getting an appointment for a trim wasn't as easy as ordering a pizza. Soon he and Danna were going door-to-door interviewing salon owners in Santa Monica, California. They quit their jobs at social content firm Fullscreen and started Boulevard in 2016 as a booking platform. Today, the Los Angeles–based company, which operates in all 50 states, assists more than 2,000 hair salons, spas and nail salons, and generates most of its revenue from handling payments. Its biggest customer is a high-end department store chain.

CELONA

FOUNDERS: **Vinay Anneboina, Ravi Mulam, Rajeev Shah (CEO), Mehmet Yavuz**

EQUITY RAISED: **$100 million**

ESTIMATED 2021 REVENUE: **$3 million**

LEAD INVESTORS: **DigitalBridge Group, Lightspeed Venture Partners, Norwest Venture Partners, NTT Venture Capital, Qualcomm Ventures**

Celona provides technology that helps companies deploy, operate and integrate 5G cellular technology with their existing IT infrastructure. "We are on a journey of making cellular as accessible to enter-

JAMEL TOPPIN FOR FORBES

prises as WiFi has been over the last 15 to 20 years," says CEO Shah, 44. The Cupertino, California–based company, which counts Verizon and Google as clients, expects revenue to triple this year.

CLOUDTRUCKS

FOUNDERS: **Tobenna Arodiogbu (CEO), George Ezenna, Jin Shieh**
EQUITY RAISED: **$142 million**
ESTIMATED 2021 REVENUE: **$4 million**
LEAD INVESTORS: **Caffeinated Capital, Craft Ventures, Tiger Global**

Nigerian immigrant Arodiogbu, 31, cofounded CloudTrucks after selling self-driving car startup Scotty Labs to DoorDash in 2019. While other startups focus on digital freight, CloudTrucks, based in San Francisco, helps truckers, especially small owner-operators, manage operations. For instance, it offers insurance at a lower cost than a one- or two-man trucking operation could otherwise get. "We don't just help them on transactions," Arodiogbu says. "We help them generate more revenue, improve cash flow, lower costs and meet compliance, which is more challenging these days." With 3.4 million truck drivers in the U.S., Arodiogbu, who had been a product manager at HR firm Zenefits before it crashed in 2015 and at tech-enabled real estate firm Opendoor in 2016, has bigger plans, including such tools as a no-fee credit card for truck drivers. "We have invested a lot in the software and data science to help them," he says.

COWBELL CYBER

FOUNDERS: **Trent Cooksley, Rajeev Gupta, Jack Kudale (CEO), Prab Reddy**
EQUITY RAISED: **$123 million**
ESTIMATED 2021 REVENUE: **$20 million**
LEAD INVESTORS: **Anthemis Group, Brewer Lane Ventures, Manchester Story Group**

CEO Jack Kudale, who was formerly the chief operations officer of a cloud-security company, spent 100 days at a startup accelerator in Des Moines, Iowa, working on the launch of his own cyber insurance shop. Founded in January 2019, Cowbell, located in Pleasanton, California, uses AI to identify risks and has signed on more than 18,000 small and midsize businesses as policy holders.

Instawork CEO Sumir Meghani

ROBERT GALLAGHER FOR FORBES

[redacted]

Insurify CEO
Snejina Zacharia

DOMINO DATA LAB

FOUNDERS: **Nick Elprin (CEO), Chris Yang, Matthew Granade**

EQUITY RAISED: **$228 million**

ESTIMATED 2021 REVENUE: **$50 million**

LEAD INVESTORS: **Coatue, Great Hill Partners, Highland Capital Partners, Sequoia Capital, Zetta Venture Partners**

Elprin, 38, started Domino Data Lab with two colleagues from billionaire Ray Dalio's Bridgewater Associates. Having worked with the world's largest enterprises at the hedge fund, the trio built Domino with the same customers in mind. Bayer and Lockheed Martin, for instance, have hundreds of data scientists who use Domino to accelerate research and speed deployment of AI models. The venture arm of cloud giant Snowflake recently invested in the nine-year-old startup.

EQUITYBEE

FOUNDERS: **Oren Barzilai (CEO), Oded Golan, Mody Radashkovich**

EQUITY RAISED: **$87 million**

ESTIMATED 2021 REVENUE: **$5 million**

LEAD INVESTOR: **Group 11**

Israeli immigrant Barzilai, 38, launched two companies in his 20s. Like many founders, he offered his employees equity as part of their compensation but noticed few actually exercised their options. For his third act, Barzilai started EquityBee in 2018 to help employees understand their options and cash out by connecting them with accredited investors. So far it has helped thousands of employees at more than 100 startups.

FIRSTBASE

FOUNDERS: **Trey Bastian, Chris Herd (CEO)**

EQUITY RAISED: **$65 million**

ESTIMATED 2021 REVENUE: **$5 million**

LEAD INVESTORS: **Alpaca VC, Andreessen Horowitz, Kleiner Perkins**

Herd, 32, tried to build a fintech company in his native Scotland but couldn't get top staffers to relocate. In 2019 he shifted gears, launching FirstBase to streamline equipment management for remote workers. The firm now serves more than 100 clients, which pay an average of $12 a month per employee for its software.

FOUNTAIN

FOUNDERS: **Jeremy Cai, Keith Ryu, Sean Behr (CEO)**

EQUITY RAISED: **$225 million**

ESTIMATED 2021 REVENUE: **$40 million**

LEAD INVESTORS: **B Capital, DCM Ventures, Origin Ventures, SoftBank, Uncork Capital**

Fountain helps businesses including Deliveroo, Stitch Fix and Sweetgreen find hourly workers. To do so, the San Francisco–based company relies on robotic process automation. It nudges applicants with texts that start with the basics ("Are you over 18?") to find people who match the job and keep them engaged, then offers those candidates on-the-spot interviews.

INSTAWORK

FOUNDERS: **Sumir Meghani (CEO), Saureen Shah**

EQUITY RAISED: **$100 million**

ESTIMATED 2021 REVENUE: **$100 million**

LEAD INVESTORS: **Benchmark, Craft Ventures, Spark Capital**

More than 70 million people work hourly jobs as dishwashers, cooks, forklift operators and the like. Meghani, 41, who previously managed a sales team of 150 at Groupon, founded Instawork, located in San Francisco, in 2015 to match these workers (it has 2 million in its system) with open positions using its own algorithm. Job applicants get access for free, while customers (including the stadiums of the New York Yankees and Mets) pay various percentages depending on the job type. "I spend a lot of time thinking about what a LinkedIn for hourly workers would look like," Meghani says. He had earlier tried to start a company that made educational games, but the seed of the idea for Instawork came while talking to the owner of an Italian restaurant in San Francisco's North Beach neighborhood about how hard it was to hire dishwashers. Instawork paid its placed workers an average hourly rate of $19.68 in June; they can opt to receive the money on a debit card almost immediately after clocking out of a shift. Even if the economy should fall into recession, Meghani figures Instawork will continue to do well matching part-timers with companies that might no longer want permanent employees.

INSURIFY

FOUNDERS: **Giorgos Zacharia, Snejina Zacharia (CEO), Tod Kiryazov**

EQUITY RAISED: **$128 million**

ESTIMATED 2021 REVENUE: **$40 million**

LEAD INVESTORS: **MassMutual Ventures, Motive Insurtech, Nationwide Ventures, Rationalwave, Viola FinTech**

In 2012, Snejina Zacharia, then an MBA

INSURIFY

[redacted]

student at MIT, had a car accident that caused her insurance premiums to spike. She searched online for more than three hours and called agents and carriers directly. After filling out the same forms multiple times, she learned she could lower her premiums only by tripling her deductible. “Insurance shopping is complicated, it’s fragmented, people don’t have an easy way to search all carriers in one place,” says Zacharia, 45, a native of Bulgaria who came to the U.S. in 2003. So she started Insurify to enable users to search, compare, buy and manage their car, home and life insurance policies all in one place. She cofounded the company with her husband, Giorgos Zacharia, 48, a native of Cyprus who is now president of travel firm Kayak, and Kiryazov, 37, former director of digital strategy at Northeastern University. Today, the Cambridge, Massachusetts, firm has 160 employees, nearly one-third split between Pakistan and her hometown of Sofia. Zacharia says success hasn’t come easy: “It’s much harder when you’re a foreigner, and double harder when you’re a female founder.”

KIN INSURANCE

FOUNDERS: **Sean Harper (CEO), Lucas Ward**

EQUITY RAISED: **$227 million**

ESTIMATED 2021 REVENUE: **$30 million**

LEAD INVESTORS: **500 Startups, August Capital, Commerce Ventures, Flourish, Hudson Structured Capital, Senator Investment Group, QED Investors**

Kin Insurance uses machine learning to offer better, cheaper home insurance. It runs aerial photographs through an image-processing algorithm and analyzes databases like the multiple listing service to come up with an accurate determination of the state of the house to be insured. Traditional insurance companies “price too high for homes that are less risky and price too low for homes that are more risky,” says CEO Harper, 42.

LANDING

FOUNDER: **Bill Smith (CEO)**

EQUITY RAISED: **$237 million**

ESTIMATED 2021 REVENUE: **$83 million**

LEAD INVESTORS: **Delta-v Capital, Foundry Group, Greycroft**

Smith, 36, sold his membership-based online grocery service Shipt to Target for $550 million in 2018. Now he’s back with Landing, another member network—this one for furnished apartments with flexible leases. *(See story, page 62.)*

LEAFLINK

FOUNDERS: **Zach Silverman, Ryan Smith (CEO)**

EQUITY RAISED: **$131 million**

ESTIMATED 2021 REVENUE: **$28 million**

LEAD INVESTORS: **Founders Fund, L2, Lerer Hippeau, Nosara Capital, Thrive**

In 2016, Smith, 31, and Silverman, 38, realized they could transform the burgeoning wholesale legal cannabis market with software. Until then, the industry had largely relied on an old-school daisy chain of phone calls, meetups and bags of cash. Today, New York City–based LeafLink’s wholesale marketplace helps 8,300 retail outlets across 30 states buy cannabis products online from 3,400 brands.

LINKSQUARES

FOUNDERS: **Chris Combs, Vishal Sunak (CEO)**

EQUITY RAISED: **$162 million**

ESTIMATED 2021 REVENUE: **$11 million**

LEAD INVESTORS: **G Squared, Hyperplane, Jump Capital, Sorenson Capital**

Sunak, 38, and Combs, 39, founded LinkSquares in 2015 to offer AI-driven software to help businesses manage contracts. Sunak, an engineer by trade, spent a year and a half building the software before signing on his first customer. It’s now used by more than 600 companies including Fitbit, Wayfair and TGI Fridays.

MODERN ANIMAL

FOUNDERS: **David Bowman, Steven Eidelman (CEO), Ben Jacobs**

EQUITY RAISED: **$150 million**

ESTIMATED 2021 REVENUE: **$5 million**

LEAD INVESTORS: **Founders Fund, True Ventures**

Former Bain consultant Eidelman, 37, set up this members-only veterinary service in 2019; it has four locations in Los Angeles, seven more in L.A. and San Francisco on the way and a mobile app through which users can set up in-person appointments or get 24/7 virtual care. It has 20,000 members and a waitlist of thousands more.

NOVO

FOUNDERS: **Tyler McIntyre, Michael Rangel (CEO)**

EQUITY RAISED: **$136 million**

ESTIMATED 2021 REVENUE: **$8 million**

LEAD INVESTORS: **Crosslink Capital, Stripes, Valar Ventures**

This Miami-based fintech focuses exclusively on small businesses, offering them easy, affordable banking that includes no monthly fees or minimum balances, refunds on all ATM fees, mobile apps and exclusive perks. Not a bank itself, it partners with Middlesex Federal Savings. Rangel, 35, founded Novo in 2016. It has signed up more than 100,000 customers since.

(From left) R-Zero founders Eli Harris, Ben Boyer and Grant Morgan

OCROLUS

FOUNDERS: **Peter Bobley, Sam Bobley (CEO), John Guerci, Victoria Meakin**

EQUITY RAISED: **$127 million**

ESTIMATED 2021 REVENUE: **$27 million**

LEAD INVESTORS: **Bullpen Capital, Fin Capital, Laconia, Oak HC/FT**

Ocrolus uses automation to analyze financial documents. It can classify them, capture key data, detect fraud and examine

ETHAN PINES FOR FORBES

[redacted]

cash flows. On top of that, the eight-year-old New York City company has more than 700 staffers who verify the data. PayPal, SoFi and Plaid are among its customers.

PETAL

FOUNDERS: **Jack Arenas, David Ehrich, Andrew Endicott, Jason Gross (CEO), Berk Ustun**

EQUITY RAISED: **$240 million**

ESTIMATED 2021 REVENUE: **$26 million**

LEAD INVESTORS: **Brooklyn Bridge Ventures, Tarsadia Investments, Valar Ventures**

Using machine learning to analyze bank transactions, Petal offers credit cards to people who might previously have been disqualified. It has two no-annual-fee cards—one for those with fair or poor credit, one for those with thin or no credit—that reward on-time payments with cash back starting at 1%. Since its 2017 launch, the company, headquartered in New York City, has issued more than 270,000 cards. It won't disclose default rates.

R-ZERO

FOUNDERS: **Ben Boyer, Eli Harris, Grant Morgan (CEO)**

EQUITY RAISED: **$170 million**

ESTIMATED 2021 REVENUE: **$13 million**

LEAD INVESTORS: **CDPQ, DBL Partners, World Innovation Lab**

The trio founded R-Zero in April 2020 in an effort to use ultraviolet-based disinfection to slow the spread of Covid-19. Helped by chief scientist Richard Wade, who had worked in the areas of air pollution and public health since 1975, R-Zero developed affordable UV-based hardware that disinfects, software and sensors that gauge certain risks to air quality and a dashboard to provide analytics. Its low price, in turn, enabled it to sell to schools, restaurants, hotels and corporations. Today, the company, located in Salt Lake City, hopes to use its technology to change how people think about indoor air quality long after the pandemic has receded from view. "I think we can come out of Covid and build a safer, healthier new normal," says Morgan, 33, who was previously vice president of engineering at startup iCracked and worked on stent development at Abbott. R-Zero's revenue is on track to triple this year.

SECUREFRAME

FOUNDERS: **Shrav Mehta (CEO), Natasja Nielsen**

EQUITY RAISED: **$78 million**

ESTIMATED 2021 REVENUE: **$6 million**

LEAD INVESTORS: **Accomplice Ventures, Base10 Partners, Gradient Ventures, Kleiner Perkins**

CEO Shrav Mehta, who developed more than 15 apps as a teen, cofounded Secureframe in January 2020 at age 23 after facing delays when trying to pass complex security reviews and certifications for his previous employer. "I thought maybe we can automate this in a couple different ways," he says. Today the San Francisco–based company provides security and compliance automation services that integrate with a company's human resources, IT systems and cloud services.

SETTLE

FOUNDER: **Aleksander Koenig (CEO)**

EQUITY RAISED: **$82 million**

ESTIMATED 2021 REVENUE: **$14 million**

LEAD INVESTORS: **Founders Fund, Kleiner Perkins, Ribbit Capital, SciFi Ventures**

Settle, headquartered in San Francisco, is a cash flow management firm that mostly helps small e-commerce brands that sell cookware, furniture and a host of other items. Its big differentiator, Koenig says, is that it has its own working capital, so customers can choose to pay for items such as inventory and marketing with their own money or with Settle's, then pay Settle back once they generate order revenue. Koenig, 36, a Polish immigrant and Johns Hopkins grad, worked as head of credit for fintech Affirm until 2019.

By Kenrick Cai

Photograph by **Jamel Toppin** for Forbes

Cloud Pipe Dream

Let others worry about what it all means. FIVETRAN is proving there's a fortune to be made just by piping data from place to place.

On a brilliant summer day in August 2021, George Fraser was trying to relax at his family's lakeside cabin deep in the woods of Wisconsin. Instead, the CEO and cofounder of Fivetran was worrying about his job and the company he had spent nine long years building with his childhood friend Taylor Brown, whose family also summered in the same patch of northern pines.

The two had a great idea: Help companies gather data from all sorts of disparate sources—Twitter mentions, credit card transactions—then charge them to funnel it to a big-data analytics firm like Snowflake or Databricks, which could, ideally, tell them what it all meant. Fraser and Brown had gone through Y Combinator together. They had raised about $160 million. They had spent countless hours sweating the technical details. But they still didn't have a product designed for large companies.

"For years it was always the big problem we needed to solve," Fraser says. "We were looking at a multiyear journey."

One of Fivetran's board members was Bob Muglia, who had been CEO of Snowflake. Muglia knew a thing or two about the stakes. He recalls that "Steve Ballmer beat the crap out of me" after he lost enterprise customers to Oracle while a president at Microsoft. (In 2011, Satya Nadella, Microsoft's current CEO, replaced Muglia.) He spent five years building Snowflake but was shown the door just a year and a half before the company had one of the largest IPOs in Silicon Valley history. Now he was warning Fraser that time was running out. "I just railed on them," Muglia says. "I said, 'Damn, there's no product here.' "

Seated behind a desk that had belonged to his great-grandfather, who had been president of Chicago Title and Trust starting in the 1930s, Fraser stumbled upon a decidedly old-school solution to his problems. He would buy his way to viability. HVR, a competitor located in San Francisco, just across the bay from Fivetran's Oakland headquarters, had been beating them to enterprise deals. He'd heard through the tech grapevine that it was available to buy for $700 million—but only if he could line up a bid before the end of the week.

The deal would get them enterprise revenue and a product they could then work to perfect. The problem was that Fivetran, valued not much higher at $1.2 billion, did not have the cash. But Fraser did have a lot of fans in Silicon Valley—and a huge reserve of brute force persistence.

"Most folks, after several years in the wrong direction, will completely shut down the company and go elsewhere," says Y Combinator president Geoff Ralston, who endearingly counts Fivetran as one of the ultimate "cockroaches" out of more than 3,800 startups that have gone through Y Combinator. "What was different about these guys is they never believed they were at a dead end."

Fraser dialed up five blue-chip tech investment firms, including San Francisco–based Iconiq Capital and New York's D1 Capital Partners, on a Saturday and told them he needed $565 million to bankroll the deal. Within 72 hours, all agreed to wire the money. "It was a bit of a rabbit out of a hat," Fraser says. "The business leapt forward by a couple of years."

The transaction upped Fivetran's value to $5.6 billion, but HVR's roughly $30 million of revenue from large companies with big tech budgets was the real prize, giving Fivetran more solid footing than many of its peers. Many of these companies, including direct competitor Airbyte (valued last year at $1.5 billion despite earning less than $1 million in revenue), say they are now considering ways to conserve cash. "We don't have that problem because our multiple is not that crazy and revenue has grown so much," Fraser says.

Fivetran cofounders George Fraser (*left*) and Taylor Brown's families have been friends for four generations. "My great-grandparents gave his grandparents for their wedding this frog doorstop," Brown says. "It's a weird gift, but we now have it as our [company] mascot."

The company, which lands in 27th place on this year's Cloud 100 ranking, forecasts $189 million in revenue this fiscal year (ends January), more than double last year's figure. It now counts JetBlue, Forever 21 and chicken chain Nando's among its customers. Forbes estimates the two cofounders each own a tenth of the company, putting their net worth at about $500 million apiece (we apply a 10% discount for private companies). Martin Casado, a partner at VC firm Andreessen Horowitz, which was a lead investor on Fivetran's last three funding rounds, touts its market lead in data pipelines as "unassailable."

The top selling point? Ease of use. "It's the most brain-dead simple thing on the planet to set up," Muglia says. But that simplicity belies a great deal of complexity behind the scenes. Originally the product funneled data once a day, at midnight. Fraser made a daily ritual of staying up and monitoring the pipes. If anything broke—and early on, "things were breaking left and right"—he would spend the next few hours fixing it like a plumber. "It's very rare that you have someone as smart as George working on a problem as mundane as this," says Casado, the investor. (Among his other accomplishments, Fraser has a Ph.D. in neurobiology from the University of Pittsburgh.)

While Fivetran's war chest—it still has about $200 million in cash on hand—may seem large enough for it to survive a venture capital winter, Fraser says he plans to raise another funding round within the next two years regardless of market conditions; after that, he plans to take Fivetran public. Failure is not an option—partly because of the small-town pressures of their tiny Wisconsin cabin community.

"You hear about what everyone is up to, and there's a whole rumor mill," Fraser says. "The unexpected consequence of starting this company was that all these people knew about it. Now we really have to make this work, or we'll never live it down." F

THE CLOUD 100

Turbulent public markets mean the same three companies from last year stay put at the top of the Cloud 100, our definitive annual ranking of the best and brightest private companies in the cloud. The 11 businesses from the 2021 list that opted to go public all trade far below their IPO price. Another 13 of that class fell out of the ranks altogether. Elsewhere in the top 10, Miro moves up 32 slots to No. 4, while 21 newcomers break into the top 100 overall. This year's list includes eight female CEOs, inching up from six a year ago. The top 50 are below. For the full list, methodology, company profiles and more, see **FORBES.COM/CLOUD100.**

• • •

Edited by Alex Konrad. Reporters: Kenrick Cai, Michaella Huck, David Jeans, Arianna Johnson, Rashi Shrivastava

1. Stripe
CEO: **PATRICK COLLISON**
VALUATION: **$95 BILLION**
ECONOMIC INFRASTRUCTURE

2. Databricks
CEO: **ALI GHODSI**
VALUATION: **$38 BILLION**
DATA AND AI PLATFORM

3. Canva
CEO: **MELANIE PERKINS**
VALUATION: **$40 BILLION**
VISUAL COMMUNICATION PLATFORM

4. Miro *(SEE RIGHT)*

5. Figma
CEO: **DYLAN FIELD**
VALUATION: **$10 BILLION**
COLLABORATIVE DESIGN PLATFORM

6. Airtable
CEO: **HOWIE LIU**
VALUATION: **$11.7 BILLION**
APP BUILDING PLATFORM

7. ServiceTitan
CEO: **ARA MAHDESSIAN**
VALUATION: **$9.5 BILLION**
CONTRACTOR SOFTWARE

8. TalkDesk
CEO: **TIAGO PAIVA**
VALUATION: **$3 BILLION**
CONTACT CENTER SOFTWARE

9. Plaid
CEO: **ZACH PERRET**
VALUATION: **$13.4 BILLION**
FINANCIAL DATA CONNECTIVITY

10. Attentive
CEO: **BRIAN LONG**
VALUATION: **$7 BILLION****
SMS MARKETING

11. Celonis
CEOs: **ALEX RINKE, BASTIAN NOMINACHER**
VALUATION: **$11 BILLION**
PROCESS AUTOMATION

12. Grammarly
CEO: **BRAD HOOVER***
VALUATION: **$13 BILLION**
COMMUNICATION ASSISTANCE

13. Zapier
CEO: **WADE FOSTER**
VALUATION: **$5 BILLION**
AUTOMATION PLATFORM

14. Gong
CEO: **AMIT BENDOV**
VALUATION: **$7.25 BILLION**
REVENUE INTELLIGENCE

15. Checkout.com
CEO: **GUILLAUME POUSAZ**
VALUATION: **$40 BILLION**
PAYMENTS PLATFORM

16. Checkr
CEO: **DANIEL YANISSE**
VALUATION: **$5 BILLION**
BACKGROUND CHECKS

17. Gusto
CEO: **JOSH REEVES**
VALUATION: **$9.5 BILLION**
PAYROLL, BENEFITS AND HR

18. Klaviyo
CEO: **ANDREW BIALECKI**
VALUATION: **$9.5 BILLION**
EMAIL AND SMS MARKETING

19. Carta
CEO: **HENRY WARD**
VALUATION: **$7.4 BILLION**
EQUITY MANAGEMENT

20. Snyk
CEO: **PETER McKAY***
VALUATION: **$8.6 BILLION**
DEVELOPER SECURITY

KEY: UP DOWN UNCHANGED NEW RETURNEE

**CEO is not a cofounder*
***PitchBook estimate*

NEW AND NOTABLES

Miro • RANK: 4
CEO: **ANDREY KHUSID**
VALUATION: **$17.5 BILLION**
DIGITAL COLLABORATION

Miro has come a long way from its roots in Perm, Russia, where CEO Khusid's father once ran a small printing company and where, frustrated by the challenge of showing work to clients far from the office, he cofounded the digital whiteboard software business in 2011. In January, Miro raised $400 million at a $17.5 billion valuation; now headquartered in San Francisco and Amsterdam, it's the big mover on this year's Cloud 100 list, vaulting 32 spots to No. 4 thanks to 39 million users and clients such as Dell, KPMG and Under Armour. But when Russia invaded Ukraine in February, its origin became a liability. Miro's leaders huddled for 48 hours, then announced the shutdown of their Russian office and ceased sales in the country. "When you have to make very difficult decisions in a very short period of time, nobody has a playbook for that," says head of operations Grisha Pavlotsky *(above)*.

Calendly • RANK: 21
CEO: **TOPE AWOTONA**
VALUATION: **$3 BILLION**
AUTOMATED SCHEDULING PLATFORM

Frustrated by the number of emails it took to set up a meeting, Awotona created calendar app Calendly, which enables users to send links to a site with their calendar availability to schedule a meeting. The Atlanta-based company has both free and paid versions, and its 10 million users include eBay, Lyft and L'Oréal. Revenue hit $100 million last year. One fan: VC Marc Andreessen, who joked on Twitter this year that anyone who ignored his Calendly links for meeting requests "would be permabanned from raising capital in Silicon Valley."

Algolia • RANK: 39
CEO: **BERNADETTE NIXON***
VALUATION: **$2.25 BILLION**
SEARCH API PLATFORM

Founded in 2012 by two Frenchmen, Julien Lemoine and Nicolas Dessaigne, Algolia found a niche offering enterprise search and discovery to businesses including Medium and Slack. It debuted on the Cloud 100 in 2018 but dropped off a year later. Dessaigne soon began looking for his own replacement. In came Bernadette Nixon, former CEO of Alfresco, in May 2020. The move has paid off: Algolia now powers 30 billion search requests a week across 12,000 customers, all while launching its second-ever product, a recommendations engine, in May 2021 and reaching a $2.25 billion valuation that July. Today, Algolia is "more than just a search bar," Nixon says. "It's inspiring people by predicting what they're looking for."

AWOTONA: JAMEL TOPPIN FOR FORBES

21. Calendly
(SEE LEFT PAGE)

22. Scale AI
CEO: **ALEXANDR WANG**
VALUATION: **$7.3 BILLION**
AI INFRASTRUCTURE

23. Notion
CEO: **IVAN ZHAO**
VALUATION: **$10 BILLION**
WORK COLLABORATION

24. OneTrust
CEO: **KABIR BARDAY**
VALUATION: **$5.3 BILLION**
COMPLIANCE SOFTWARE

25. Tanium
CEO: **ORION HINDAWI**
VALUATION: **$9 BILLION**
SECURE ENDPOINT MANAGEMENT

26. DataRobot
CEO: **DAN WRIGHT***
VALUATION: **$6.3 BILLION**
AUGMENTED INTELLIGENCE

27. Fivetran
CEO: **GEORGE FRASER**
VALUATION: **$5.6 BILLION**
AUTOMATED DATA INTEGRATION

28. Postman
CEO: **ABHINAV ASTHANA**
VALUATION: **$5.6 BILLION**
API PLATFORM

29. Collibra
CEO: **FELIX VAN DE MAELE**
VALUATION: **$5.25 BILLION**
DATA INTELLIGENCE

30. Netskope
CEO: **SANJAY BERI**
VALUATION: **$7.5 BILLION**
NETWORK SECURITY

31. Rubrik
CEO: **BIPUL SINHA**
VALUATION: **$3.3 BILLION**
DATA SECURITY

32. Guild
CEO: **RACHEL CARLSON**
VALUATION: **$4.4 BILLION**
EDUCATION PLATFORM

33. Cohesity
CEO: **MOHIT ARON**
VALUATION: **$3.7 BILLION**
DATA MANAGEMENT

34. LaunchDarkly
CEO: **EDITH HARBAUGH**
VALUATION: **$3 BILLION**
SOFTWARE FEATURE TOOLS

35. Intercom
CEO: **KAREN PEACOCK***
VALUATION: **$1.275 BILLION**
CUSTOMER COMMUNICATIONS

36. Benchling
CEO: **SAJI WICKRAMASEKARA**
VALUATION: **$6.1 BILLION**
BIOTECH R&D CLOUD

37. Grafana Labs
CEO: **RAJ DUTT**
VALUATION: **$3 BILLION**
DATA ANALYTICS AND MONITORING

38. Contentful
CEO: **STEVE SLOAN***
VALUATION: **$3 BILLION**
DIGITAL CONTENT PLATFORM

39. Algolia (SEE LEFT PAGE)

40. Outreach
CEO: **MANNY MEDINA**
VALUATION: **$4.4 BILLION**
SALES INTELLIGENCE

41. Forter
CEO: **MICHAEL REITBLAT**
VALUATION: **$3 BILLION**
E-COMMERCE OPTIMIZATION

42. Podium
CEO: **ERIC REA**
VALUATION: **$3 BILLION**
COMMUNICATIONS AND PAYMENTS

43. Automation Anywhere
CEO: **MIHIR SHUKLA**
VALUATION: **$6.8 BILLION**
ROBOTIC PROCESS AUTOMATION

44. OutSystems
CEO: **PAULO ROSADO**
VALUATION: **$9.5 BILLION**
APP DEVELOPMENT

45. Cockroach Labs
CEO: **SPENCER KIMBALL**
VALUATION: **$5 BILLION**
SQL DATABASE

46. Automattic
CEO: **MATT MULLENWEG**
VALUATION: **$7.5 BILLION**
PUBLISHING AND E-COMMERCE

47. Workato
CEO: **VIJAY TELLA**
VALUATION: **$5.7 BILLION**
ENTERPRISE AUTOMATION

48. Cloudinary
CEO: **ITAI LAHAN**
VALUATION: **$2 BILLION**
MEDIA EXPERIENCE MANAGEMENT

49. Razorpay (SEE RIGHT)

50. Webflow (SEE RIGHT)

KEY: UP DOWN UNCHANGED NEW RETURNEE

*CEO is not a cofounder

Razorpay • RANK: 49
CEO: **HARSHIL MATHUR**
VALUATION: **$7.5 BILLION**
FINANCIAL SOLUTIONS SOFTWARE

Mathur left his job as a field engineer at Schlumberger in Mumbai in 2014 and set out to improve online payments in India from his base in Bengaluru. In 2021 his fintech, Razorpay, processed some $60 billion in transactions for 8 million businesses including Facebook, the Indian video streaming firm Disney+ Hotstar and eatery Pizza Hut. Late last year, the company launched a feature called Magic Checkout to process payments even more quickly.

Webflow • RANK: 50
CEO: **VLAD MAGDALIN**
VALUATION: **$4 BILLION**
VISUAL SOFTWARE DEVELOPMENT

Cofounder and CEO Magdalin aims to "empower people to build code-level things on the web without having to learn how to code." For now, that means their own websites. Customers include Spanish-language broadcaster Univision and accounting giant PWC. Magdalin, a religious refugee from Russia who came to the United States as a child, gets investors like VC powerhouse Accel to sign a "social contract" saying they value the company's mission and employees over revenue.

Personio • RANK: 69
CEO: **HANNO RENNER**
VALUATION: **$8.5 BILLION**
HR SOFTWARE

The German newcomer, which provides an all-in-one human-resources software bundle to small and medium-sized European companies, raised $200 million in June to help prepare for rocky markets. "We had the feeling that now was a good time, with everything going on, to prop up our balance sheet," CEO Renner, who once worked as a skipper on yachts, said in June. He cofounded Personio with three university friends in 2015. It now has 6,000 customers.

Front • RANK: 100
CEO: **MATHILDE COLLIN**
VALUATION: **$1.7 BILLION**
CUSTOMER COMMUNICATIONS

"Maybe because I'm French, and I'm more skeptical than the average person, but I prefer underselling and overdelivering," says cofounder and CEO Collin, who sat out megawatt funding rounds to focus on quieter growth instead. But with 2,500 new customers onboard since 2020, she relented enough to take on $65 million in June, which finally made Front a unicorn. Her company's software tools help businesses including Airbnb and Shopify communicate and track correspondence with their customers.

MATHUR: GAYATRI GANJU FOR FORBES ASIA

Tolerance

"Unlimited tolerance must lead to the disappearance of tolerance."
—Karl Popper

"We see the world not as it is, but as we are."
—Anaïs Nin

"In order to practice tolerance on behalf of the pursuit of truth, you first have to value and believe in not merely the pursuit of truth but Truth itself."
—Willmoore Kendall

"The mark of a moderate man is freedom from his own ideas."
—Lao Tzu

"Resolve to be tender with the young, compassionate with the aged, sympathetic with the striving and tolerant of the weak and the wrong. Sometime in life you will have been all of these."
—George Washington Carver

"Difference is an accident of birth and should therefore never be the source of hatred or conflict."
—John Hume

"In the practice of tolerance, one's enemy is the best teacher."
—Dalai Lama XIV

"Think for yourself, and let others enjoy the privilege of doing so too."
—Voltaire

"Tolerance of intolerance is cowardice."
—Ayaan Hirsi Ali

"The test of courage comes when we are in the minority. The test of tolerance comes when we are in the majority."
—Ralph W. Sockman

Beverage Refresh

May/June, 2019

Back in 2019, Petch Osathanugrah graced the cover for a story about his plans to reshape his family's 131-year-old Osotspa energy drink company. He wanted to change it from one that was only big in its home market in Thailand to a true multinational. **"This is my vision to go from one of the oldest companies in Thailand and transform it into one of the most modern,"** he said at the time. After taking the reins of Osotspa in 2015, Petch undertook a sweeping reorganization of the company, including reducing product lines and head count, and an IPO in October 2018 to fund a major international expansion, among other projects. Unfortunately, the Covid-19 pandemic hit just months later, forcing Petch to switch focus from growth to sustaining the business. And the track record to date has been so far so good. Revenues and profits have remained steady for the past three years, as has the stock price for last two years. The company also made some headway in growth, such as opening a plant in Myanmar to serve that market and expanding its operations in Vietnam. And the Osathanugrah family's net worth has risen from \$1.9 billion in 2019 to \$2.7 billion today. With the transition to a post-Covid world, Osotspa's prospects for the future are looking brighter.

SOURCES: THE "OPEN SOCIETY" AND ITS FALLACIES, BY WILLMOORE KENDALL; THE TREATISE ON TOLERANCE, BY VOLTAIRE; THE TAO TE CHING, BY LAO TZU; THE OPEN SOCIETY AND ITS ENEMIES, BY KARL POPPER; LIVING PEACE, BY ALARIC HUTCHINSON; LIBERALISM: THE CLASSICAL TRADITION, BY LUDWIG VON MISES; LONG WALK TO FREEDOM, BY NELSON MANDELA; JANE EYRE, BY CHARLOTTE BRONTË.

"It is the mark of an educated mind to be able to entertain a thought without accepting it."
—Aristotle

"More dangerous than bayonets and cannon are the weapons of the mind."
—Ludwig von Mises

"People must learn to hate, and if they can learn to hate, they can be taught to love—for love comes more naturally to the human heart than its opposite."
—Nelson Mandela

"Prejudices, it is well known, are most difficult to eradicate from the heart whose soil has never been loosened or fertilized by education. They grow there, firm as weeds among stones."
—Charlotte Brontë

"Respect everyone who crosses your path, even if you feel they don't deserve it."
—Alaric Hutchinson

"Finally, all of you, be like-minded, be sympathetic, love one another, be compassionate and humble." **—1 Peter 3:8**

FINAL THOUGHT

"Let us reconcile ourselves to compromises not wholly ideal from our viewpoint."

—B.C. Forbes

"BEAUTY LIES IN THE DETAILS OF
THE GRANDEST STRUCTURES,
AND THE FINEST."

ORA ÏTO,
CREATOR OF SHAPES, WEARS THE
VACHERON CONSTANTIN TRADITIONNELLE.

VACHERON CONSTANTIN
GENÈVE

ONE OF
NOT MANY.