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Wong Kim Hoh Meets •

Tan Lip-Bu, who grew up in Singapore, on how he became one of the world's most successful venture capitalists | A20



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'Think big, take small steps and keep your eyes open for opportunities'

Venture capitalist Tan Lip-Bu, whose list of triumphs includes Chinese shopping platform Meituan and semiconductor giant SMIC, says the secret to his success is 'humility'.



Mr Tan Lip-Bu is chairman of venture capital firm Walden International, an investment firm that has managed over US\$5 billion (S\$6.8 billion) in committed capital in the last 30 years. He is also famous for turning around US technology and computational software company Cadence Design Systems. ST PHOTO: BRIAN TEO



Wong Kim Hoh

Features Editor

Venture capitalist Tan Lip-Bu is grateful that his late mother gave him the space to do what he liked when he was growing up.

Unlike his four older siblings, he was not forced to take piano and violin lessons.

"Maybe she was already tired when it came to my turn, but she was very strict with my siblings, all of whom became accomplished musicians. I dropped out after a year to catch spiders and play basketball," the now 64-year-old recalls with a chuckle.

Instead of scales and sonatas, he channelled his energy into an unusual hobby: fighting fish.

Mr Tan, who was born in the Malaysian town of Muar, had 150 of the brilliantly coloured fish, each named, housed in its own bottle and meticulously ranked according to its fighting prowess.

He extended that same scientific dedication to his collection of 75 spiders, which he lovingly fed with mosquitoes.

What might have seemed like quirky childhood hobbies turned out to be surprisingly formative. Those early years taught him the importance of discipline, organisation, and an eye for detail – qualities that would later become the cornerstone of his remarkable career.

"That's how I learnt to multitask and remember the names of people and companies."

Mr Tan would go on to earn a physics degree from Nanyang University (NU), a master's in nuclear engineering from the Massachusetts Institute of Technology (MIT) and an MBA from the University of San Francisco (USF).

Today, he is a towering figure in the world of venture capital (VC) and technology. Forbes magazine named the corporate leader – now an American citizen living in San Francisco – the pioneer of Asian VC in 2001.

Besides being the founder and chairman of Walden International – an investment firm that has managed over US\$5 billion (S\$6.8 billion) in committed capital in the last 30 years – Mr Tan is also famous for turning around US technology and computational software company Cadence Design Systems.

When he took over as chief executive in January 2009, the company's revenue was about US\$850 million. When he stepped down as CEO to become executive chairman in December 2021, its stock price had gone up by nearly 5,000 per cent and

revenue had grown to US\$3 billion.

"One of the best pieces of advice I've had was from a professor at MIT. He told me: 'Keep your eyes open and always take calculated risks.' That's what I have been doing," says Mr Tan, who was in town recently to gift \$3 million to Nanyang Technological University to support its first artificial intelligence (AI) professorship.

Walden also teamed up with the university to launch the Nanyang Frontier Fund, Singapore's first VC fund dedicated to a university. With an initial target of \$50 million, the fund aims to support deep-tech spin-offs from NTU.

Mr Tan's early life was shaped by his parents' careers and a nomadic childhood spent in Johor, Kuala Lumpur and Singapore.

His father was the chief editor of Malaysian Chinese-language daily Nanyang Siang Pau and his mother was a teacher who later ran the women's hostel in NU.

Athletic and intellectually precocious, the avid basketball player skipped a couple of years in secondary school and graduated from NU in 1978 when he was just 19.

He left for the US on a scholarship to study nuclear engineering at MIT, but almost did not survive the first semester because he could not understand his professor.

"I was sitting in the library one day trying to derive equations when the professor saw me and said: 'You don't have to derive equations, you just need to apply them.'"

His time at MIT was a mix of hurdles and hard-won victories. One of his professors made no secret of his dislike for Chinese students, but Mr Tan's persistence and intellect eventually turned things around.

Not only did he thrive academically, but he also displayed an early flair for business by securing funding for research projects.

Then, in 1979, the infamous nuclear accident at Three Mile Island in the US state of Pennsylvania, in which a cooling malfunction caused part of the core to melt in one of the reactors, shook the industry and disrupted his plans for the future.

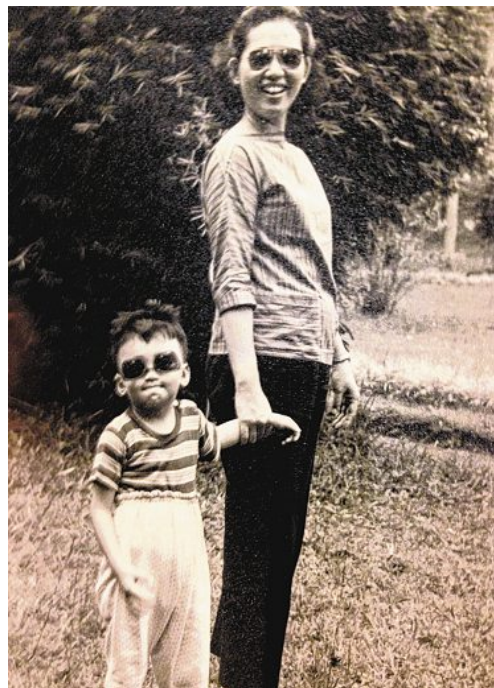
One fateful day, while Mr Tan was enjoying the air-conditioning in MIT's placement office, the director struck up a conversation with him.

"When he found out I was studying nuclear engineering, he said, 'There's no future in this – you should get out,'" he recalls.

Taking the advice to heart, he made a bold decision. Despite having a full scholarship for a PhD, he left MIT after earning his master's degree in 1981 and joined EDS Nuclear, an engineering and consulting company.

Not long into his tenure, the company faced a crisis. A major client challenged EDS over a piping analysis problem, prompting the company president to call a meeting, looking for a volunteer to confirm the analysis.

Mr Tan, then the youngest employee, raised his hand, much to the chagrin of his supervisor.



The venture capitalist in his early days with his mother. "My mother always said: 'When you make money, give 10 per cent back,'" he shares. PHOTO: COURTESY OF TAN LIP-BU



Mr Tan at the launch of the Nanyang Frontier Fund, Singapore's first venture capital fund dedicated to a university, with (from left) Nanyang Technological University president Ho Teck Hua, research scientist Pan Zhengxiang and Professor Miao Chunyan. With an initial target of \$50 million, the fund aims to support deep-tech spin-offs from the university. PHOTO: NTU

"I told him I was very good at mathematics and statistics and could calculate a standard deviation to prove our design was correct," he says.

He did just that, impressing his boss, who soon had him rotating through departments before placing him in the president's office to oversee projects.

A couple of years later, opportunity came knocking again. Four senior colleagues planning to launch a new venture, Echo Energy, approached him to lead a division.

They handed him three computer books and tasked him with developing cutting-edge software for the nuclear industry. The result was a ground-breaking tool focused on water hammer effects in nuclear reactors during earthquakes – software still used in the industry today.

Being the youngest on the team had its quirks too.

"The partners decided I should be the chief financial officer (CFO) by default," he says with a laugh. "I asked them: 'What does a CFO do?' They said: 'Balance the books,'" he says, adding that they sent him to get his MBA part-time at USF to help him along.

By then, he had met former banker Ysa Loo, who was to become his wife.

"I asked her at least 10 times before she agreed to marry me," says Mr Tan. The couple, who recently celebrated their 43rd wedding anniversary, have two sons aged 32 and 35, and three grandchildren aged between one and five.

His entrepreneurial journey began with a chance meeting at USF. During a talk by an investment banker, Mr Tan's barrage of questions caught the speaker's attention, who then invited him out for lunch. That lunch invitation turned into a part-time advisory role on technical projects, laying the groundwork for his next big steps.

After a brief stint at boutique investment firm Chappell & Co, he decided it was time to forge his own path.

In 1987, he founded Walden International, raising US\$3.3 million from family and friends. The company's name was inspired by American essayist Henry David Thoreau's book Walden, which expounds, among other things, the principles of self-reliance and contrarian thinking.

Early backers included heavyweights like Mr Philip Yeo, former chairman of the Economic Development Board, and Ms Ho Ching, former CEO of Temasek.

One of Walden's most memorable investments was in Creative Technology, which manufactures products for personal computers and digital entertainment devices. Mr Tan vividly recalls when Creative's late founder Sim Wong Hoo approached him to join the board.

"I told him: 'If I'm joining the board, I have to invest,'" he recalls.

The two could not agree on a valuation, so Mr Tan said: "You accept my valuation, but if you are so bullish about the next two or three years, and you hit your numbers, I will go with your valuation."

Mr Sim delivered, and while he got the better deal, it worked out for Mr Tan too – his returns were 50 times his investment.

"Sim became a very good friend of mine. His was the first Singapore company to go public in the US, and I had to help him talk to Goldman Sachs. I even took him shopping at Fifth Avenue because he wore white socks with his dress shoes, which did not match at all," he recalls with a grin.

Over the years, Mr Tan has racked up an impressive list of successes, from the Chinese shopping platform Meituan to semiconductor giant SMIC (Semiconductor Manufacturing International Corporation).

"You've got to think big, take small steps and keep your eyes open for opportunities."

He smiles when asked how he spots a winning investment.

"I look for passion, integrity, honesty and relevant experience," he says. "I work really hard, spend time understanding companies, and do my own research. Of course, you'll still make mistakes. Sometimes people present well but don't deliver – they lie... Some even keep different books."

His knack for identifying promising technologies and guiding start-ups to success cemented his reputation as a Silicon Valley heavyweight. But his defining challenge came in 2009 when he took the reins at Cadence Design Systems, a company teetering on the edge of bankruptcy.

"I almost resigned multiple times in the first few months," he admits. "I couldn't sleep at night because the jobs of 7,000 people were on my shoulders."

Instead of giving up, he doubled down, focusing on four core principles: acting with integrity, delivering the best products, delighting customers, and fostering a one-team culture.

His determination turned Cadence around, transforming it into a powerhouse now valued at US\$80 billion.

The turnaround also earned him the prestigious Dr Morris Chang Exemplary Leadership Award from the Global Semiconductor Alliance in 2016. Named after the founder of Taiwan Semiconductor Manufacturing Company, the award recognises individuals for visionary leadership and

MEMORABLE ALLIANCE

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MR TAN LIP-BU, referring to the late Sim Wong Hoo, founder of Creative Technology, who approached him to join the company's board. He says one of Walden International's most memorable investments was in the technology firm.

exceptional contributions to the semiconductor industry.

Other accolades he has received include the Semiconductor Industry Association's Robert N. Noyce Award in 2022 for his outstanding contributions to the industry, and a Lifetime of Innovation Award in 2023 from the Interuniversity Microelectronics Centre, an international research and development organisation.

The secret to his success, he says, is "humility".

"Success is about building trusted relations and focusing on the process, not just the results," adds the venture capitalist, who sits on several boards including those of global energy management specialist Schneider Electric and information technology giant Hewlett-Packard.

Mr Tan's current focus is on generative AI, a field he believes is poised to transform education and revolutionise industries from healthcare to customer engagement. In just the last 18 months, he has backed 18 AI start-ups.

"Generative AI is touching every part of our lives – it's bigger than the internet," he says.

While Mr Tan is a tech visionary, his commitment to giving back runs just as deep.

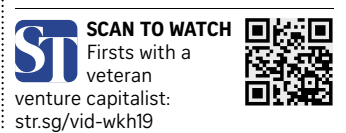
"My mother always said: 'When you make money, give 10 per cent back,'" he shares.

Together with his wife, he has established a foundation that supports education, research and homelessness initiatives. He is also a strong advocate for mental health, inspired by his late sister's battle with depression.

His vision is clear – he wants to leave a legacy not just of financial success but of meaningful contributions to society.

"Singapore has been good to me. Before I die, I want to do something great for this country."

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Firsts with a veteran venture capitalist: str.sg/vid-wkh19