

Publication: Vulcan Post Online

Date: 27 August 2020

Headline: This S'porean Stepped Up A Gear To Grow Carro Into SEA's Largest Car Marketplace In 5 Years

This S'porean Stepped Up A Gear To Grow Carro Into SEA's Largest Car Marketplace In 5 Years



Aaron Tan, Carro co-founder and CEO, was studying in the United States when he witnessed how car buying could be transparent and easy without the middlemen.

Understanding the history of a car in the US was easy. There was Carfax that supplies a vehicle's history report, "which is almost like the birth certificate of the vehicle," said Aaron.

"The haggling was efficient as there is a blue book that tells you exactly how much your car is worth with just a few clicks," he added.

When he came back home, it was clear to him that there is a lack of the same transparency in Southeast Asia (SEA).

He set out to establish SEA's largest automotive marketplace, Carro, and revolutionised how cars are bought and sold in the region.

Made His First "Bucket Of Gold" In His Teens

Aaron is no stranger to the startup scene prior to Carro.

A programmer by training and a venture capitalist by profession, Aaron founded his first startup at the age of 13, and has already sold two companies before turning 21.

He made his first 'bucket of gold' when he was in his teens. He started building websites professionally at age 13 and when the dotcom boom came in the late 1990s, there were a lot of people looking into websites.

He made his first tens of thousands of dollars easily. One could charge at least S\$5,000 for a single page, and this is only for a day's work.

Publication: Vulcan Post Online

Date: 27 August 2020

Headline: This S'porean Stepped Up A Gear To Grow Carro Into SEA's Largest Car Marketplace In 5 Years



He also represented Singapore in international programming competitions and was awarded IT Youth of the Year in 2005.

The Ngee Ann Polytechnic graduate went on to study at Singapore Management University's School of Information Systems where he was awarded a Summa Cum Laude.

He subsequently accepted a scholarship from the Infocomm Development Authority of Singapore (IMDA) to study Computer Science from 2008 to 2010 at Carnegie Mellon University, where he graduated with a master's degree.

It was at the university's fast-track programme where he met his Carro co-founders, Aditya Lesmana and Kelvin Chng.

Publication: Vulcan Post Online

Date: 27 August 2020

Headline: This S'porean Stepped Up A Gear To Grow Carro Into SEA's Largest Car Marketplace In 5 Years



Prior to Carro, Aaron spent close to five years with SEA's leading venture fund, Singtel Innov8 Ventures. While at Innov8, Aaron oversaw the fund's investments in SEA.

Aaron also contributed to the start of Block71, Singapore's largest startup ecosystem. He subsequently relocated to the US and started operations of Block71 in San Francisco before returning to Singapore in 2015.

In that same year, he launched Carro with Aditya and Kelvin, assuming the role as the CEO.

The Only Tech-Driven Car Marketplace In SEA

In Southeast Asia, the typical customer journey has not really changed over the years, shared Aaron.

It consists of "Discover, followed by Financing, Purchase, Insurance, After Sales and Sell".

We are the only tech-marketplace in SEA that truly plays end-to-end, every single step of the way — with technology as much as practically possible. — Aaron Tan, co-founder and CEO of Carro

They write their own modules for customer relationship, inventory and dealer management systems internally to better serve customers.

"Our recommendation engines, pricing engines as well as credit and underwriting systems use obfuscated proprietary historical bid information as well as public information to come up with relevant matches or more accurate pricing for the consumers," said Aaron.

Publication: Vulcan Post Online

Date: 27 August 2020

Headline: This S'porean Stepped Up A Gear To Grow Carro Into SEA's Largest Car Marketplace In 5 Years



Carro subsequently expanded to Thailand and Indonesia in 2017.

“It made sense for us to expand to these two markets first as my co-founders were from there. We knew the markets very well and, by far, they are the two largest car markets in SEA,” he added.

They recorded 100 percent growth in both markets through e-commerce channels in 2018.

Their month-on-month growth doubled in 2019 in terms of gross merchandise value, and they recorded more than 5,000 vehicles being traded on the platform in both countries.

They also onboarded tens of thousands of dealers onto their wholesale network.

Singapore's First Car Subscription Service

In Singapore, cost and maintenance are the two major hurdles of car ownership.

Buying a car is a major decision for many, and they noticed that people were increasingly reluctant to commit due to high maintenance costs and depreciating value.

An average person takes around six years to pay off their car loan, and two-thirds of these people trade in their cars before they have paid off their debts and get a new car, which incurs additional debt.— Aaron Tan, co-founder and CEO of Carro

At the same time, they noticed that the subscription model — adopted by streaming services such as Netflix and Spotify — was becoming more popular among customers.

This promoted them to do the same and “introduce Netflix for cars,” said Aaron.

In 2019, Carro launched the first car subscription in Singapore.

Publication: Vulcan Post Online

Date: 27 August 2020

Headline: This S'porean Stepped Up A Gear To Grow Carro Into SEA's Largest Car Marketplace In 5 Years

“We wanted to create a one-stop solution that would simplify car ownership and handle all the nitty-gritty details with one affordable, flat monthly fee,” said Aaron.

Customers can choose cars that suit their lifestyle and needs under three subscription plans — Daily, Roomy and Fancy.

Other costs such as road tax, warranty, 24-hour assistance, maintenance and more are included in the monthly fee.

“Our subscription rates match traditional car rental rates, but we offer much more flexibility,” he added.

Customers can pause their subscriptions, swap cars for different occasions, and choose the length of their subscription, at the same time taking away the pressure of having to resell the car later down the road.



They also introduced usage-based insurance which charges you based on the distance driven instead of a flat premium, which allows customers to save up to S\$800 per year.

In March this year, they also partnered with NTUC Income to introduce Singapore's first pay-as-you-drive usage-based car insurance.

“This model helps our car subscription users enjoy savings, convenience and hassle-free experience as they pay insurance only based on how much they drive the car: the less they drive; the less they pay,” explained Aaron.

Their aim is to offer a full-stack, innovative, and technology-driven service for all aspects of car ownership.

Publication: Vulcan Post Online

Date: 27 August 2020

Headline: This S'porean Stepped Up A Gear To Grow Carro Into SEA's Largest Car Marketplace In 5 Years

SEA's First Contactless Car Purchasing Service

A couple of days before the circuit breaker measures were implemented in April, Carro saw an increased demand in buying cars through a surge in the number sales inquiries.

People were concerned about their safety on public transport.

However, traditional car-buying processes such as in-person meetings and test drives could not take place during the pandemic.

Despite the elevated interest, people were not confident enough to buy, as they were lacking the information and assurance that they would normally receive from an in-person evaluation.

Carro transformed the traditional walk-in sales process into one that is fully digital. Customers can test-drive and buy a car without meeting a salesperson, thereby protecting their health and safety.

They choose their vehicle on the website and enter their details, then Carro will set up a viewing or test drive session for them.



Once that is confirmed, they will receive a unique pin code which they can use to retrieve the car keys at the appointed location.

No salesperson will be there on-site, but the agent will be on standby to provide support through a video call if necessary.

All their cars undergo a 150-point inspection process and a thorough refurbishment before being handed over to their new owners.

Buyers are also provided with a full inspection report to assure them of the vehicle's quality.

Publication: Vulcan Post Online

Date: 27 August 2020

Headline: This S'porean Stepped Up A Gear To Grow Carro Into SEA's Largest Car Marketplace In 5 Years

“We strive to be flexible and we want customers to trust the quality of our product, so we also provide a three-day test drive policy. If they decide the car is not for them, they can return it, no questions asked,” said Aaron.

Additionally, they provide a 30-day wear-and-tear guarantee to ensure a peace of mind.

“We applied the same concept with the launch of our Automall in Indonesia, where we also observed an increase in demand for used cars.

Carro recorded over US\$100 million (S\$136 million) worth of transactions in 2016, with figures doubling to over US\$250 million in 2017 and again doubling to US\$500 million in 2018.

In 2019, they transacted a total of S\$1 billion in car value in SEA, cementing their spot as the largest automotive marketplace in the region.

Almost S\$120 Million Raised

They started with an S\$1 million seed round, from angel investors in 2015.

In 2016, they raised US\$5.3 million in a Series A funding round to expand their services into more Southeast Asian markets.

The round was led by Venturra Capital from Indonesia with participation from Singtel Innov8, Golden Gate Ventures, Alpha JWC Ventures, Skystar Capital and GMO Venture Partners.

Shortly after, they raised another US\$12 million in 2017.



In a Series B funding round in 2018, a further US\$60 million was raised, co-led by SoftBank Ventures Korea, Insignia Ventures and B Capital Group.

Publication: Vulcan Post Online

Date: 27 August 2020

Headline: This S'porean Stepped Up A Gear To Grow Carro Into SEA's Largest Car Marketplace In 5 Years

IDG Ventures India founder Manik Arora and existing backers such as Venturra Capital, Singtel Innov8, Golden Gate Ventures and Alpha JWC Ventures also participated.

The round was extended and closed in 2019 after they raised another US\$30 million due to strong investor interest.

Their latest funding was raised in August this year for an unknown amount, bringing the total funding raised to over US\$120 million.

Facing Backlash From Dealers In Early Days

Startups are disruptors by nature, but Aaron said that they had perhaps embraced the 'disruptor' part too enthusiastically in their early days.

"Positioning ourselves as an 'anti-dealer' brand raised a lot of backlash from dealers and they tried hard to obstruct our growth," he said.

They realised that it would be more beneficial for them to work with, instead of against them. They started building relationships with them, as well as creating products and services for their needs.

This change in strategy opened up new markets and audiences for them as we discovered that this was an under-served niche — corporates and dealerships had a harder time selling used cars than regular consumers.

"We created the marketplace that brought all these sellers together and connected them to customers," affirmed Aaron.

Setting Ambitions High

Carro's first acquisition is of Jualo.com, an Indonesian consumer-to-consumer marketplace in 2019.

Jualo is one of Indonesia's fastest-growing marketplaces and the platform attracts over four million users per month and facilitated transactions worth over US\$1 billion in 2018.

It helps sellers trade new and used goods in over 300 categories including cars, motorcycles, property, fashion and electronics.

Carro wants to grow its business with a strong focus on the automotive sector.

In that same year, they also invested US\$30 million into myTukar, a car bidding platform based in Malaysia. "We are the single largest shareholder in this company," said Aaron.

Through them, they plan to collaborate with thousands of dealers across Malaysia to grow the used car market, which has been under the radar in the country and is ripe with potential.

"Our goal is to triple the dealers' existing transaction volume to over US\$500 million in the next few years," said Aaron.

Besides that, Carro is also eyeing a digital banking licence in Singapore as it seeks to expand into financing for small and medium enterprises (SMEs).

It currently offers loans and insurance services to car dealers and buyers through its wholly-owned subsidiary Genie Financial Services.

Publication: Vulcan Post Online

Date: 27 August 2020

Headline: This S'porean Stepped Up A Gear To Grow Carro Into SEA's Largest Car Marketplace In 5 Years

Genie claims to have underwritten loans worth over S\$200 million and facilitated more than 20,000 transactions in its two years of operations.

Driving For Digital Push

There seems to be less demand for in-person viewings and price haggling among the younger generation, which is why the new digital retail experience is gaining steam, said Aaron.

He foresees that we will soon see fewer large-scale showrooms due to costs and reduced footfall.

Instead, smaller, nimbler dealers which focus on social media marketing and going direct to consumers will emerge.

“These all point towards dealers adopting more technology and placing less emphasis on a physical office, some of which we are already beginning to see in China,” he shared.

That is why they are aiming to expand further in the region and establish a foothold in newer markets like Vietnam, the Philippines, Taiwan and Cambodia, which “they can see benefiting from the digitisation of the used car sectors”.

They are also looking to grow in the countries they are already in. For example, in Indonesia, they are looking to launch 10 more mega Automalls by 2022.

They have been the first mover in the region on tech and data analytics, inventory and end-to-end, full-stack service for all aspects of car ownership, they have been

“Still, we cannot rest on our laurels,” said Aaron.