



Podcast Episode #23 – Developing consumer products with an all-in-one manufacturer in China that is just different, with Jacob Rothman of Platform88, China

RAW TRANSCRIPT OF INTERVIEW

Balint: I'm very glad to talk to Jacob Rothman, if I pronounce it the European way, of Platform88 from China. My first guest from China but not a Chinese guest, not of Chinese origin. Welcome, Jacob, to the podcast.

Jacob: Thank you very much. It's great to be here. I really appreciate your podcast and I'm glad you're doing it. Thank you.

Balint: Yeah, you're a regular listener of my podcast, as I understood it, as we discussed it, and I like to share a little bit of background story, just a tiny story, that I see the stats of my podcast and after some published episodes when I started out, I started to see downloads also from China. It was great to see that, those numbers, I was wondering who can be those persons. Of course, it's even greater now to talk to you so that it's a more interactive, not just one way, that you're listening to the podcast.

Jacob: Well, I'm Chinese via California but I have been here for 15 years. But I think what's interesting is that there is a very dynamic entrepreneurial startup community within China. This is a different China than most people give it credit for and there are really exciting young startups all across China, Shenzhen-based, Shanghai-based, Beijing-based, that are changing what the world is doing and how we are thinking. And you definitely probably have a very active listener base here in China.

Balint: This is why I'm so excited to talk to you that there are changes taking place in China in terms of manufacturing, retail but also entrepreneurship, as we will discuss it during this podcast. And also, I'm excited also because I looked at your website when we got connected on LinkedIn and I saw the things you're doing, you're offering, the impact you have, the companies you work with. And I thought I saw it quite impressive.

Jacob: Oh, thank you.

Balint: You're also in China and this is where the world's manufacturing base is, the supply chain, so it's incredibly relevant to talk to you now on this podcast to hear



what's going on in China and how you see it as based in China, the whole hardware trend.

Jacob: We're definitely undergoing a really different time in China. You have a generation, the younger people in the office... When I first got here, I used to be the youngest person in any business situation, and today actually it's my birthday, I'm 44, and my office is surrounded by people in their 20s, and these people think, look and act differently than any of the people that were here when I first started. Education has improved, the economy has improved and the spirit and entrepreneurial possibilities within China have expanded vastly. And that's exciting. That's one of the reasons we created Platform88.

Balint: Before we go on, happy birthday.

Jacob: Thank you very much.

Balint: It's a really, really special birthday edition.

Jacob: Yeah. Thank you for helping me celebrate it here.

Balint: Before we discuss more your current initiative Platform88, I think it'd be interesting to discuss the timeline how your journey, how you got to this point, because then we can discuss the changes that have been taking place in China. So what was your journey until Platform88? How did you get to China and what opportunities did you see there at that time?

Jacob: Well, I got to China on an airplane. But I had a very irregular path to getting here. My training in the United States, I studied Religious Studies at Bolton College in Maine. And when I graduated, I felt pretty sure that I was going to be a rabbi. But my family had a factory in California and my father thought it would be a good idea that I try that out.

So I came to China originally to set up a trading company, to help the factory in California and the business that we had in California, execute their orders and product development. And I don't know how much time we have but a trading company is a company that really acts as a buying office, a development arm. And when I first got here, you needed these companies to interact with China. They were mostly Hong Kong and Taiwanese-based. Chinese factories weren't very innovative at the time. They were very difficult to work with. And so, you needed these intermediaries that could communicate better and kind of hold the hand between usually people in the West and people in mainland China. And that's how I started. And that iterated or my path changed to becoming a factory and then my factory to the current thing that I'm working on right now which is Platform88. And all those three stages I think in a macro sense mirror very large changes within manufacturing, retail and e-commerce.



Balint: As we say it, or as Darwin said it, it's not the strongest who survive but it's the fittest or the ones who can adapt to the change. So you also now alluded to it. You started out with trading and then you pivoted after some time to working more in manufacturing, in factories and not just working with the factories. So, what kinds of changes were taking place that led you to this?

Jacob: Well, I think the biggest driver is what was happening in mostly North American retail and then probably also mirrored in European and other parts of the United States, which is when I first started in every sector of retail you had four or five different, at least four or five, maybe a dozen in some cases, very viable retail outlets. So if you take general merchandise like Walmart, you had Walmart, Caldor, Hills, Ames and Target of course in the United States, and many more that I'm not mentioning. Today you have two, Walmart and Target essentially. In the DIY section of the market you had Dover's Emporium and Handy Andy, Eagles and Lowe's and Depot, and many, many, many more in the DIY, Hechinger, Home Quarters, and now there are really two, there's Lowe's, Home Depot and maybe Menards, and that mirrored around the world. But I'm speaking specifically from my experience.

So you had this compression of the number of places that you could sell goods to in the market. What that did was that put pressure on trading companies on terms of pricing and a lot of them just went away, and it created an opportunity for factories to get more confident, to get more creative and more competitive. So you had this really second stage since I've been here in China of factories getting themselves together and doing the job of the trading companies.

So that was really a big part of it. And the third stage, which we can talk about any time, is e-commerce as well which has changed again. So it's been exciting to be here for sure.

Balint: Yeah, huge changes. You own now three factories, right? So you have a high number of employees and capacity for manufacturing. Can you tell us more about it, what these factories do?

Jacob: Sure. So what happened was when I was at a trading company in Shanghai, from there I decided to merge with one of my largest suppliers and I became a factory. That factory does grilling products and kitchen products for some fairly large names in the industry – Oxo, Stelton, Rubbermaid, Webber, these types of very large international brands. From there we merged with another factory that did timers, thermometers and scales, and so together those two factories have about 500 workers.

And then when we started Platform88, my partner in doing that owned his own factory that does containers and water bottles and similar items for, again, very large



brand names like Hydro Flask and Klean Kanteen, and Swell, and so combined we actually have three factories and a total of thousand workers.

Balint: Wow. Pretty impressive. This, I would say, leads us to the topic that Platform88, so what kind of services do you offer with, as we mentioned it, the three factories you have through these three factories you have?

Jacob: Sure. Well, when we first started the concept we were really open to doing all sorts of products. We wanted to create really a network of factories around China. And I started the idea of Platform88 with a co-founder, Jason Wong, who used to be the managing director of Razor Scooters. And when we first started we wanted to put together lots of different factories. Jason had a really successful Indiegogo launch last year for an item called Omnicharge. So he spun out and is now doing that on his own, it was a three million dollar Indiegogo campaign.

And so, when Jason left we decided to just become really what we were from the beginning, what I have been for 15 years, which is really focused on traditional consumer products, so the things that the factories make - water bottles, and containers, and scales, and small electronic items. If you look at Indiegogo and Kickstarter, there's probably 10-15 percent that are Silicon Valley type next generation, VR, really exciting technology and then there's a really big market of people who are just making interesting creative consumer products, and that's what we focus on. There are a lot of accelerators and hardware folks both in China and around the world that focus on next generation technology. We want to be one-step ahead with cool, creative items and interesting co-founders in the verticals that we already have.

Balint: How do you differentiate yourself from other factories? Because I saw it on your website and I liked it very much, one of the key differentiators is the transparency that you offer to how you work. Can you tell us more about this key factor, but also about other differentiators, maybe even differentiating it from differentiating yourself from the accelerator that you mentioned, because they offer also services regarding development, customer development as well but also product development?

Jacob: Sure. I would say the big difference that I've been trying to do, and this is both as a factory and as a business owner here in China, is I've been trying to work with the cultural differences that sometimes exist between Chinese factories, Asian factories and the West. I want to make our system as transparent as possible. I want to offer whatever resources that we have. We have been here for 15 years so we know most of the distributors, online sites, retailers around the world, and when somebody comes and works with us, I really want to be able to open up those resources and offer them to them, to startups come work with us. We're not an accelerator because is an accelerator really doesn't have manufacturing capability, they



will recommend you to it. So we're really a factory that's trying to take all the resources that we have and give it to a startup so that they can be as successful as possible.

Balint: That's nice, concise. I also noticed it by visiting your website that it looks very Westerner. So you definitely... I see this, the sign of it that you're trying to bridge this gap between the two cultures. So I like it very much.

Jacob: Thank you. I think one of the things it does is the personality that we're trying to get through. I put as many pictures of our people and staff. I'm actually one of the only westerners, I think Micah Dortch is on there but I'm one of the only westerners on the team page other than Micah, and we're actually 99.9 % Chinese. But what I'm trying to do is have you feel like you've already visited us by going to our Instagram or Facebook page, or our website. And I want you to see the person who might be working on your project what they did. Did they have a birthday party? Was it fun? This is something that Chinese factories have really never done. And I'm trying to do so that people are not as scared as of China before they come.

I mean let's face it, we all know some of the stereotypes: you're going to go to China, they're going to copy your idea, you're going to lose money or get cheated in some way, and my journey here is really trying to turn that on its head and say, "You know, that's not the case. Chinese people and factories are, sure there's some bad ones, but they're really no different from us in other parts of the world." And you're going to have a good time if you come to Platform88, you're going to know the people that you work with and when you're in the United States, or in Europe, or in other parts of the world, you're going to go to our Instagram or Facebook page and you're going to see them, they're not going to disappear into this cloud of China, you're going to continue your relationship with them even though you're outside of China. And that's the important thing for me and I don't think very many Chinese factories do that.

Balint: What you'd recommend to startups that when they should get in contact with you? At what stage of development should they be?

Jacob: Well, here's the problem within the... Because when we say startups a lot of them are Indiegogo or Kickstarter funded and launched. And I would say that way too many of those guys are not contacting someone like us before the campaign. They really should go through some sort of bootcamp for a month or two months and say, "Is my idea feasible? Is it cost effective? Do I know everything that I need to know before putting my heart and soul into a Kickstarter campaign and a tremendous amount of time and money?"

I wish they would reach out before that and say, "Can this be done? Or could it be done better? Or what resources do I have to really go farther than I could have be-



fore?" And unfortunately they don't it. So I guess the biggest advice is contact us before the campaign. That's the first one.

And then, the second one is we kind of like people that have... We can take an idea from a napkin sketch all the way through. But we kind of like people to be 50-60-70% of the way through. It just helps and it's easier to help get that final 30% to get it over the line so they can have successful projects.

Balint: What I see is that it's difficult to design a product, even coming to a prototype, may be coming to, like validating the technology, so having a duct tape prototype is feasible. But once you get over that point, I think the earlier you get into contact with a factory or with people who really know what factories can manufacture, the better it is because Design for Manufacturing it's a huge issue and really for hardware you can minimize so many problems if you do it early, involving manufacturing. So do you see especially some certain point of product development where you should start looking into working with you guys?

Jacob: Yeah, as early as possible. And there's also supply chain issues involved. A lot of people, and I want to say part of it is my position - I'm sitting here in China, but if you're working in Silicon Valley or other places where you can hack together a prototype, it's so much easier, and comfortable, and great to be sitting with people who speak your language and you can have a printing machine, you can printout a part and play with it. But to be honest, eventually if you're going to scale, you're going to get to China.

So, there are supply chain issues here, parts that are more frequently in stock here versus parts that are in the United States. There are things that we know here as manufacturers that maybe we don't know abroad and really starting to ask those questions and figure out the answers to the supply chain issues like technology issues and manufacturing techniques as early as possible, it is better. There's a lot of money wasted when you're doing it outside of China. And the earlier you can come here I think is the best advice.

Balint: Yeah. Maybe another way to ask this is that I've seen some of the companies that you worked with startups, like STOJO, which has this collapsible cup. I think they had a Kickstarter campaign on that. I find it very interesting and it solves a problem that when you go having a coffee, you want to buy a coffee, you don't want to have the disposable cups because actually it's not recyclable because of the plastic component they have inside. And what for example, working with STOJO, what were the steps that you followed for working with them, with STOJO? So, starting from applying until basically launching their product?



Jacob: It's funny because I just talked to Jurrien this morning before I got to the office on my way to work who is one of the co-founders of STOJO. And I think if I remember back when I first started with them they had been working with some teams in the United States that weren't... I think they were design and development companies, and I don't want to misquote their situation but my recollection was that they were not working with a factory factory. And so, STOJO's product is right within one of our verticals. And when they came to us some of the things that were hard for somebody not in our industry were easy for us to solve. How the lid connected to the collar or the base of the item, leaking issues, raw material issues. There was a number of things that you're just not going to know if you're not in an industry and so I guess the lesson of that is work with somebody who's in your vertical. It's sounds like such a no brainer sort of thing that you're supposed to do. But I would say many, many people don't do it. If you're going to make a tire, go to a tire factory. If you're going to make a cup, go to a cup factory.

Balint: It's interesting for me to see from the marketing point of view that you position yourself very much in, let's say, a niche. Hardware is of course a big topic but you're really looking at consumer products and you say that you're not looking at like absolutely the newest technological marvels but something that can be produced because you are a factory.

Jacob: Yeah. I mean it's a funny thing. To me, the projects that the industry, the VCs, the startups don't think are sexy I love and it's great that we all share a difference of opinions. Something that you think is beautiful, someone else doesn't. But for me, I'm coming from 15 or more years of industries of consumer products that people use every day and that's not going to be the hottest earphone on the planet or the VR machine that cooks your breakfast, or whatever they're doing.

I'm very much passionate about the things that we use every day. And that makes us a bit unique because there's not a lot of hardware accelerators or companies that focus on cups.

Balint: And it does solve a big problem. So maybe it's technologically not something completely new but what they solve is a major issue. So the impact they have is big.

Jacob: Yeah, absolutely. STOJO is a perfect example of that. Every time I buy a coffee at Coaster or Starbucks or any of the ones around I'm left with this - to me this beautiful thing is a paper cup and it was beautifully made, I love the Starbucks cup and the lid. And when I'm done with my latte, frappuccino or whatever, I throw it away and that's a waste.

And the funny thing is, going back to China and the attitude here, we actually help people market their products within China. And we sold last year about 120- or



150000 STOJO cups domestically to Chinese consumers who had the exact same feeling that our Western brothers and sisters feel about throwing away the Starbucks cups. They love the idea of a cup that you don't have to waste.

Balint: I think it's a kind of example that you feel good, of course, when you can help the environment, that's why also people buy a Tesla. It's not only that they want to look like an innovator but they also want to do something, they're going to give back something good. If you have the choice choosing between two options, then you go for the healthier one, for the environment.

Jacob: Well, that's the exciting thing. This is why we're doing Platform88. So if we go back to what we're talking about stores, the number of stores, the number of retail outlets that are closing, that means that on retail shelves there is not a wide variety of interesting products. The buyers at Walmart or Target they're limited to what they can buy because they have shelf space. It's hard for them to take risks. They don't want to maybe put a STOJO in or a similar product into one of their stores because they don't know if it's going to sell well. So up comes Amazon, up comes Indiegogo and Kickstarter that is providing funding. Then you have Facebook and you have Instagram for the marketing. And what that's created is a really exciting creative industry now that has niche products in every category. And that's what we're doing. Jurrien and STOJO, man that's a great product. And, obviously, it had consumer appeal in China and around the world.

We're working on another project called Handground that helps you select the coffee grind that you want. In every type of product that we're looking for it fits a certain characteristic is it may not work in mainstream retail because millennials want products that do exactly what they want them to do and they can't get it at retail. So to me I know coffee grinders and silicon cups may not be sexy to Silicon Valley but I love them all day long. It's exciting.

Balint: What other market trends do you see, especially in China? I mean, you mentioned it that millennials dare, they also want kind of customized products and probably fast starting from when they want it, and what other developments do you see on the market, which would allow new entrepreneurs to thrive on?

Jacob: I would say, just not to repeat myself but what we talked about before, millennials, younger people, younger than me, I'm now an old man, but they want products that fit their specific needs whether it's pet products that do something specific for a type of pet, or it's coffee products, there's a great coffee product and company in Canada that we talk to that is making something called Cuvee which sifts out coffee grains so that the coarse grains and the finer grains get separated. And when you brew a cup of coffee in that way smoother, better than most cup of coffees you've ever had.



So consumers, younger consumers are tired of walking into retail stores and getting bland boring product. They want exactly what they want to get because they're being hit on Instagram and other social media outlets with information that that stuff is available. They want it. So I would say every category that you have of consumer products has some interesting, creative, exciting, younger usually, person who's developing something to fit that niche. And even in China. I'm sitting here drinking a custom brewed exotic coffee that I bought outside of our office and they didn't have that when I first got here 10-15 years ago. Chinese people drink coffee. I thought they drink tea. No, no, they drink coffee. And there's a lot of them here. So, a lot of changes.

Balint: The another thing that I see which is a problematic topic, can be a problematic topic, and I think you also allude to it on your website is the cash flow issue, especially for hardware companies. So the time between shipping the product until the payment by a retailer. So you have to pay, first, the factory and then there's the time until payment by a retailer and this is a time when you can have cash flow issues. For Apple, it can be even up to half a year. How do you want to attack this problem? Do you see there a chance?

Jacob: Yeah, we take it on a case by case basis but usually the more we get to know people, the more flexible we are with payment terms and there are lots of ways to help. So we develop a few different methods of doing that. We're also approved by most retailers around the world. So whether it's Target or Walmart, or Metro stores in Germany, whether it's Apple or Starbucks, our factories have gone through social auditing for all those places. So there's lots of ways to do it. If orders come through us, we can fund the entire order. As we get to know startups and teams for longer and longer periods of time, we can be more flexible with payment terms. But there's lots of ways of looking at it. So it's really a partnership.

Balint: Yeah. Jacob, I would suggest now that we move on to the last round of questions. We can discuss this topic for a long time but there are so many things to discuss. I think it was great to get to this overview about what you're doing. I think we've already learned a lot.

Jacob: Thank you.

Balint: As I said, four questions will come and it would be great to get a relatively short answer to these. Please.

Jacob: Okay. I'll try.

Balint: The first one. If you could go back in time to the time when you were younger in your 20s, what would you tell yourself?



Jacob: I was kind of a hard ass in my 20s. I thought that working with China meant to be tougher, stronger, meaner, and really as I've aged I've mellowed a lot and I view it more as a partnership, and being nice and working collaboratively is really the best thing.

Balint: Yeah, this is anyway in line with the trend that we see in the world that emotional intelligence is highly valued, connecting with people. This is the basis for building up trust, communication and trust are the basis for business, basically.

Jacob. Yeah, yeah, makes sense.

Balint: And the second, what book had the biggest impact on your career?

Jacob: I know I should say something like *The Purple Cow* or *Zero to One*, or something like that. But I have to be honest, Simon Winchester put out a book a few years ago called *The Man Who Loved China* and it was about a Cambridge professor who went and documented all of the incredible technology that was created here in China.

And there's a tendency to look at China and say, "Well, they just copy things." But if you look at the breadth of Chinese history and realize how much entrepreneurial spirit is here, how many inventions China's put out in the world, you start to see things from a longer view. And to me that was an influential book. We're in, at least we are here in China, in a society of entrepreneurship, of creativity and so much of the press that gets put out there is about copying and really negative stuff, and frankly, it's not the case. It's an exciting place to be in terms of product development.

Balint: This is why it's not a miracle, let's say, or not something completely surprising that there is this change that you mentioned at the beginning of the podcast that you see this tectonic shift during the many years that you've spent there that factories are becoming more creative, more inventive and also the society is transforming. So there is a grounded roots for that.

Jacob: It's really in their blood. They've gotten a bad rap in the last say 10 years as they've gotten the economy together and their infrastructure together. But really it's in their blood. This is an incredibly exciting entrepreneurial and creative place to be, and too often we discount that in the West.

Balint: The third question. I'm amazed by habits that they can have a good effect on one's life, they can create a structure. Do you have some work related habits especially?

Jacob: Yeah, I get up very early. I'm up by 5:00. I'm in the office by 6:00. And one of the first things I do is post something on our social media. I do that because it helps me... I really only post three or four things about life in China because I want people



to understand that life here is not all that different from the countries they are coming from. I post customers and people that we work with because I want to connect with them, even through the social media, and products. So I do that and it helps me get kind of focused in my day about what we are doing and what our goals are, and what we're trying to accomplish throughout the week.

Balint: I'm also one of the people looking at the Instagram account photos. Nice quality. Good job.

Jacob: Thank you. Thank you. Thank you.

Balint: The last point. In your work if you had to pick some cultural differences as you mentioned at the beginning of the interview that you're trying to anyway bridge the gap between the Asian cultures and the Western world, so what kind of cultural differences do you see or have you encountered, and that you could resolve or something that is memorable?

Jacob: I would say the biggest one is encourage your Chinese partners and coworkers to speak openly. So much of the time here, Chinese people want to please. And that leads to problems. So, "When can the orders ship?" - "We're going to do our best!" But actually drilling down, they might not ship when you wanted them to ship or, "Can this be accomplished?" - "We're going to try our best." So breaking that down a little bit and saying, "Look, you know, I understand it might not be the outcome I want but just tell me the whole story." It's not an attempt to deceive, I've found, it's an attempt to please. And too many times the talks between east and west, there's an immediate response to say, "Well, you're not telling me the whole story, you're hiding something. You're being deceptive." But it's actually a really sincere desire to achieve the outcome that the other side wants and understanding a little bit more will just make your life easier when you're working here.

Balint: This is also what one of my guests kind of mentioned, Joe Justice, who is an expert of scrum for hardware that you have to talk to the people and really encourage them to speak up, to tell their opinion. Otherwise, they just want to please you.

Jacob: Yes, yes. And I mean, that can be good and that can be bad. And it's really best just to get people to sort of elicit the most complete response that they can.

Balint: Yeah. So Jacob, I think we should wrap up.

Jacob: Sure.

Balint: Yeah. So I had a really good time. I'm very glad to be able to talk to you, again, considering that you're from China or you're based in China, and there are exciting developments there for hardware. So thanks very much for the availability and



just one more one more last question. What would be your availability for contacting people, your contact opportunities?

Jacob: We work 24 hours a day here. People are welcome to contact me. The website is www.platform88.com. Our Instagram is Platform88_Shanghai. And if somebody wants to email me personally, it's my first name jacob.rothman@platform88.net not .com.

Balint: Excellent. Thanks so much again.

Jacob: Hey, thanks for your contributions to what we're all doing. It's really appreciated.

Balint: Thank you. Thank you. Thanks for listening.