



Podcast Episode #40 – Beer as you don't know it - a startup bringing you the freshest craft beer possible, with Jong-Wook Shin of HOPII, USA

RAW TRANSCRIPT OF INTERVIEW

Balint: We have a really special topic on the podcast now - beer at its best, so to say, because the product that you want to bring out in the end, the actual product is going to be beer. So I'm very happy that Jong from HOPII is joining the show. Thanks very much for accepting the invitation.

Jong: Thank you so much for inviting me. I am very happy to be on the show.

Balint: We met at IFA, Berlin, in September at the HAX's stand, you were there with Alan Clayton and it caught my eyes your product that how beautiful it is and we had a chat. I really enjoyed the discussion with you, that's why I wanted to follow up with you. So, a little bit about HAX. I think many listeners know it but this is basically the biggest accelerator, hardware accelerator in the world and you were standing there because you were representing them or you were like one of the use cases or one of the examples for their portfolio companies, right?

Jong: Yes.

Balint: So unfortunately, at this event I didn't get a taste of the actual product but as I mentioned I really like the industrial design and your story and I love the idea, the uniqueness and how you position yourself, even from the marketing point of view and also the business model is pretty attractive. That's why you have, I guess partially, why you have so much attention from the media. So I can't wait to share this story with the listeners.

Jong: Thank you very much.

Balint: Before we go into details, I'd say it would be great if you could tell us the story of how you found the problem and how you defined it, defining it well, because a well-defined problem is half a solution. So it's quite important to define the problem well.

Jong: Absolutely, and thank you so much. First of all, I am a very avid craft beer lover. I love to drink great craft beers. I used to live in California and used to love all the great California craft beers that were available in California. Then in 2015 I went to



Korea and tried to drink some great craft beers over there. Unfortunately, the craft beer scene wasn't as strong as how California was. So I searched to see if I can find some great California beers in Korea. But it was not possible to find them. There were some bottle versions of the beers available but they just didn't taste the same.

So I started going to breweries in Korea to see if I can get some better tasting and fresher craft beers. And one day I went to a brewery and I ordered a beer, this is supposed to be one of the best breweries in Korea. I ordered a beer, I drank it and it was horrible, extremely horrible. It's like I literally yield out, "Oh my god, this is horrible! How can they serve this beer?"

Balint: Crazy, absolutely crazy.

Jong: Yeah, that was crazy. That was crazy but it just came out of my mouth without me even thinking about it. It was that horrible.

Balint: The best beer turning into the worst experience.

Jong: Exactly. So the brewmaster heard this and he said, "You, come over here." So he took me to the back door where they were all making the beers and he poured a couple glass of beer right from the tank, the brite tank and said, "Try this." So I drank it. And when I drank that, that was an amazing tasting beer. I was like, "Wow! This is the best tasting beer I've ever had. What is it?" And he said, "That's exactly the same beer that you had outside except this one is fresh, we brewed it today."

So that's when we realized two things. Number one, freshness in beer makes a huge difference and the taste difference is so significant that freshness we said was critical in tasting beer. Unfortunately, what we also found is that only people who are able to drink these freshest beers right out of the tank are the brewers.

So we said, "Why? Why can't people like me, the craft beer lovers, have these great tasting freshest beers right out of the tank and enjoy them whenever we can?" So that's how the HOPii was born.

Balint: And you jumped on this topic right away. All right. So you with no waiting think you were like, "This is for you, cut out for you."

Jong: Yes.

Balint: Because you said that you're an avid craft beer drinker. You used to drink high quality beer, craft beer in the U.S. and you're like, "It cannot be that only brewers can have access to such a high quality craft beer," right?

Jong: Exactly. Exactly. And as craft beer lovers have the right to be able to drink these freshest beers, you have to create HOPii.



Balint: All right. Before going deeper into this topic, I would love to explore more this topic because this is an important topic, especially for guys but also for ladies of course, because many of us love a beer not only wine and especially craft beer. I also love it. And before going into these topics, you explained it to me that even before starting the company you were close to innovation. And can you tell us more whole your steps before starting the company let to this? Because I think it's important to understand your journey. It's always inspiring to me to see how someone develops skills and how someone finds the motivation in the end to start his own company.

Jong: Sure. So before I started HOPii I had another company that I was working on back in 2011 related to mobile virtualization on mobile devices. And then afterwards I tried to start another company before joining a big conglomerate company in Korea as a vice president of innovations. And during my career I've took on a lot of roles that are related to innovations. I was at Motorola working on some innovations portfolio. I was at Sony, we worked on some very innovative devices such as Xperia Play, which is a PlayStation phone.

So innovation has been in my interests throughout my career. I've been always thinking about how to change people's problems and how to sort of make a dent in the universe as Steve Jobs has said. Interest has been always there. And then when we found this problem we had to jump on it because it not only came from like for example a business perspective but it really came from our passion. This was a problem that we wanted to solve for ourselves and we wanted to....We felt that if we had the same problem, then so did the other people in the world they have the exactly same problem. So we had to solve this problem for people like us.

And innovation what we believe is really driven by passion. You cannot do this for business, you cannot do this for money. And unless you really want to solve the problem for yourself and for other people who are very much like you and you are willing to give up everything to make this happen, this is how we are experiencing that, this is how we make innovation happen.

Balint: One of my previous guests, the CEO of TrackR - Christian Smith, he said also something similar that for them it was passion and also another level of experiencing passion which was obsession that allowed them to have these breakthroughs because you need to find ways to overcome the challenges and the down moments especially when everything seems to be breaking down because a startup's life is like a rollercoaster ride.

Jong: Absolutely.

Balint: So that's important. And now when talking about your previous experiences you briefly mentioned that you worked for Sony. I find it interesting, fascinating be-



cause and you brought up this example - the Sony PlayStation, knowing something about your business model already beforehand I can't help noticing some connection here. Because PlayStation and buying games involves buying consumables so the actual games at the fraction of the price of the hardware itself. So I would say this connects with your business model, your current business model. So can you describe the current business model and how you came to that? If there's even this connection with Sony. How you got influenced?

Jong: Absolutely. In fact, I've been a very hardcore gamer my life as well as I've been involved in the mobile industry for all my life as well actually, I've been developing cellphones. And both of them have a very big commonality and that is exactly what you mentioned the business model. It's more about the content, it's more about the platform. So if you look at a video game, people can buy a device but no matter how great the device is, if the content is not there, that device is not really useful.

And we've learned a lot from how video gaming market has done their job in business modeling. And also cellphones as well. One of the biggest reasons why Android and Apple were able to explode is the content. So we've been thinking that, we've been trying to focus a lot on the content and how we enable this content to be available for people all over the world. And that's why when we created HOPii we said we will develop the device and that will be focused on bringing the best content to our users around the world and the device is able to make the best tasting beers.

And utilizing this we will be working with many different breweries to bring their beers on board and have a business model that benefits a lot to these breweries who are currently unable to serve anywhere outside of their local town, most of them anyway. And all of a sudden enable them to reach the craft beer drinkers, craft beer lovers to the world, via a platform called HOPii.

And if you compare this against the cellphone world, before Apple created the App store, the developers were not able to distribute their applications that they developed or the users could not find these applications that they wanted to increase their use cases. After Apple created the App store, they finally got connected and the platform exploded like crazily and the experiences have been great and they were able to change the world in terms of how people use cell phones today. We're trying to do the exactly same for the craft beer.

So HOPii is a platform that connects the craft beer brewers of the world who want to be able to distribute their beers outside to other people outside of their local town. And the craft beer lovers want to be able to drink from the craft breweries who are maybe really far away from home and they won't be able to drink these beers unless they travel over there. And there are 5562 breweries as of June of 2017 and craft



beer lovers want to be able to experience many types of beers that are available in the world without being able to travel.

So that's how we formulated the business model for HOPii. Again, it's going to be very centered around the great tasting beer. That's our first priority to make that happen and the product is going to be an enabler to enable that experience. And by the way, we will also be having a lot of great amazing tasting beers that are created by us as well. We have an amazing brew master who has over 40 different types of beers available and every single one tastes good.

Balint: What does it mean a brewmaster? Because I know in coffee making you have the baristas, made popular by Starbucks. But what about a brewmaster?

Jong: Ok. A brew master is somebody who makes beer but brew master is the person who is in charge of the brewery, I'd say from a technical perspective if you may will, making a beer and he's in charge of making the beer.

Balint: But your device allows people to brew at home, right?

Jong: Yes.

Balint: And the brew master, where does he come into play?

Jong: Sure, absolutely. So how we work, how HOPii works is that we try to make it as easy as possible and as authentic as possible for people to enjoy the greatest tasting beer. So what HOPii does is HOPii takes the authentic ingredients that are made by the breweries themselves and the ingredients contain something called wort, which is a beer juice or grain juice and then yeast, dry hops and flavors and anything else that they want to put in. And then you put this into HOPii and users all they have to do is put them in and press start and HOPii will brew the beer for you automatically as defined by the recipes by the breweries and then this will yield the best tasting beer.

Where brew master comes into play is the creation of this wort. So wort is the basis ingredient that sort of defines the beer and it's the basis, base juice I would say that you use to create the beer that you want. For example, it's very similar to how the apple cider is made. You take an apple juice and then you ferment it and use yeast and you get apple cider. Brew master is the one who's creating the apple juice for the beer.

Balint: All right. Wort, like W-O-R-T.

Jong: Yes.

Balint: Yeah. And the other word that I want it to spell is your product so H-O-P-I-I.



Jong: Yes.

Balint: Great. Yeah, it's amazing. And what kind of technological innovations did you come up with? Because you've patented it or you have pending patents for a number of technical solutions. Can you elaborate on those a bit?

Jong: Absolutely. So it consists of experiences and the process of how you make the beer. So from an experience perspective enabling a one-touch solution. There were patents that were submitted for those. First of all, the device may look small but small devices are much more difficult to make and HOPii has a lot of different technologies that went into to make this experience happen. So from an experience perspective one-touch brewing. Also, I know everybody hates cleaning, HOPii enables one-touch cleaning as well. So you put in some water and put in a little bit of cleaning solution and you press start and device will clean for you automatically.

There are patents went into that as well. Nanotechnologies went into that. And from a brewing perspective also one of the biggest problems that brewers have is that the biggest enemies of beer, which are oxygen, heat and light, they constantly go into beers. And on of the reasons why if you drink bottle beer and compare this against the beer from a pub and you compare the beer from the pub against the beer from the actual brite tank that brewers only get to drink, it tastes completely different. And there's several reasons why, one of them is of course duration. How long does it take from brewing to drinking, or how many days have elapsed? That makes the big difference. It contributes to freshness. And also during this time, has the beer been exposed to oxygen, light and heat?

And if you look at bottle beers for example, it takes a long time to distribute, that along the way it gets exposed to oxygen, heat and light and they really decreased the taste of the beer. How HOPii does this is that it's a completely closed system. There is no way for oxygen, heat and light to come in and it is able to preserve the beer for a long time and is able to make the beer to its perfection. And one of the biggest contributors to this is a completely closed system.

Also, HOPii controls the fermentation to its perfection. Are you looking at temperature pressure and specific gravity, which is the level of sugar? And we're monitoring this very closely. HOPii is able to monitor this as frequently as you want which is something that you won't be able to do during home brewing, for example, because it's quite a lot of work to do the measurement. So HOPii is able to measure this and then change the environment really quickly as they need it from the brewer's recipes instruction perspective.

So they were many technologies that went into this. HOPii utilizes various sensors as well as smart algorithms to brew its beer to perfection. Technologies went into here



to make that happen as well. Also, there is a brand new dry hopping mechanism that is built into HOPii. So when people are dry hopping in home brewing for example you put the hops into the beer and you extract the flavor and aroma from the dry hops and then you wait until this to go down and you take them out afterwards and this takes a long time.

While HOPii is utilizing a brand new mechanism to enable this so that the system is, first of all, always closed. When home brewing you have to open and you have to put in the dry hops and it gives the opportunity for oxygen to enter, light to enter and things. In HOPii our mechanism does not allow any of them to be introduced. So it's still a completely closed system while dry hopping is happening. And also because of the way that we do dry hopping. We don't have to wait until the dry hops drop to the bottom, which takes several days to do and get them out so that we can have a clear beer.

So our dry hopping mechanism solves a lot of problems. At the same time, it extracts the aroma and the flavor of the dry hops into the beer very, very well. So that the resulting beer tastes extremely fresh, extremely flavorful, with a full aroma. Many other technologies went into here as well. I think that's those are some of the ones.

Balint: If we could summarize it maybe in two sentences, then I would say it's precision brewing that you do.

Jong: Precision brewing in a closed environment. Yes.

Balint: In a closed environment. Yeah. I ask this question from my interviewees because I think it's great to learn from such things. What mistakes did you make during the development and coming up with the idea and coming to this stage?

Jong: Oh my God, where do I start? Lots of mistakes were made. So in startup environment, which is... One of the biggest differences from big corporate is that you have to move quickly and because you're running out of money and you have a finite amount of time, etc. And in order to make this happen we've been utilizing the Lean startup modeling where we made mistakes all over the place. So even our device for example, we made a device and we found out that with the prototype we found that the idea of the device was wrong.

So from a hardware perspective for example many mistakes were made and there were some fundamental mistakes that we made as well, including methodologies of how we brew the beer to how we dry hop the beer and to yield the best tasting beer. And we had to go through test and fix them and many of the cases we had to redesign a lot of things coming from this.



So for example the dry hopping mechanism that we have today was a completely different mechanism when we first started and this came from a lot of mistakes that we made. Other mistakes include how we deliver works to working with partners and we had to go through many different partners to get to where we are today. So it was a lot of mistakes that were made but also great thing is it was these mistakes that got us to where we are today. So without these mistakes we wouldn't have been where we are today. I did quite a lot of sleepless nights though.

Balint: And a lot of caffeine.

Jong: A lot of coffee.

Balint: And some beer at the end of the day. Yeah, I can't wait to actually have my own beer because we're recording this interview in the evening. And now after talking so much about beer and all the ingredients I think I have to solve this issue for me that I'm a little bit thirsty.

Jong: We should get you some HOPii beer. I think yesterday and I had three glasses in a row because it tastes so good.

Balint: Yeah, I can imagine that. I have a good imagination so I can vividly imagine that taste.

So project management, I think it's an important topic to keep track of the progress and to be able to come out with the product in time also because you're on Kickstarter right now and you want to be able to deliver on time to the customers. Do you have some tips and sort of tools for project management?

Jong: Oh, sure. So from a tip perspective, I mean in startup environment things move very quickly, things will change very quickly as well. So what we found at least from our experience is that you cannot manage the project as how you do in a big corporation. You have to manage very differently to fit how you're running your startup company and it's completely different. It's much quicker. You have to be much more agile and you have to be extremely nimble.

So when you are first coming up with project plan for example, because we had a lot of experience in the big corporation background, we tried to utilize initially some of the techniques that we learn from there. And we found that many of them were not applicable. So this is actually one of the big mistakes we made. Learn how to do project management for startups, not ones from the big corporations that you're used to. And there are many tools out there to manage project management for you.

So we've been using Asana but we're also told that Trello works really well and because manual tools that we have, some of the tools that you really need to keep track



of what you're doing. But at least from our experience because you need to move really quickly, sometimes you don't have the time to keep track of these to a nimble level or you don't have the time to input the information that you can put in. And sometimes due to this reason learning a new tool can be a burden over a benefit.

So what you have to do is to figure out what is best for you. If you're used to something and this is not something that's for more big corporations but more for like nimble operations like start up, then use what you're comfortable with, what you are used to rather than trying to find out a new tool and invest in it and that's going to take up a lot more time than what's going to benefit you.

Balint: Yes. I got it because for example I bought now an iPad Pro and I was thinking long about buying a Surface Pro from Microsoft because I just don't agree with a couple of things that is happening with Apple. All in all, of course I love it but just there are some issues that I don't like so much because I have to carry so many devices basically. But it would take a long time to learn again Microsoft how everything works there in that ecosystem and that's time, and that's what startups and people who want to move quickly that we don't have.

Jong: Right. That's detrimental.

Balint: Yeah. So we came now to the section of the interview when I would ask four questions and it'd be great to get relatively short answers. It's called the ultrafast round of questions. Ready?

Jong: Oh sounds fun. Absolutely.

Balint: The first question, if you could go back in time to the time when you were in your 20s, what notes would you give yourself?

Jong: Oh my... I saw *Back to the Future* so I don't know, lottery number? I'm just kidding. I guess from my early days to where I am today the biggest lesson that I've learned was people and how to work with people, and that's the note that I would give my youth version of me if I were able to.

Balint: Yeah, it's like they say there's no B2B, B2C there's just H2H, human to human, so human interaction is very important.

Jong: Life is not about money, it's not about things that you buy. It's about people. And if you're able to work with people of any kind, then no matter what you do, you'll be successful. So that would be the note that I would give to myself.

Balint: My second question. If you had to name a book, which one had the biggest impact on your entrepreneurial career?



Jong: It goes back to people. I've been a huge fan of Dale Carnegie. And I've been a follower of his theories. There's a book by Dale Carnegie called *How to Make Friends*. I'm sorry, I forgot the exact title.

Balint: It's *How to Make Friends and Influence People*.

Jong: That's it, thank you. *How to Make Friends and Influence People*. That was one of the biggest influencing books that I've read. And the other one, just I've been a huge fan of Steve Jobs. Steve Jobs book also had a big influence on me also.

Balint: Yeah. I read, well both books in the sense that Dale Carnegie was also one of the first books that I read on soft skills. And of course, Steve Jobs the biography, it is really amazing.

Jong: Completely agree.

Balint: Yeah. So, the third question. I'm amazed by habits and the influence it can have on us, on our life. Do you have some routines, work routines typically?

Jong: So my routine is in that when you are taking care of stuff I always try to prioritize things. And when I prioritize, I prioritize other people over what I have to do because the things that I have to do I can always do whenever I need, but for things that I have to do for other people they're waiting for me and this can potentially delay things as well. So prioritization is very important and when I prioritize, prioritizing other people over myself has been my routine and that's been helping me a lot.

Balint: Interesting insight I have to say because you keep the person so much in mind but it makes sense because waiting time is from a process point of view it's a lost time, it's a waste.

Jong: Absolutely. Also, from a relationship perspective as well. If you're able to build a great relationship with the person, things just go much more smooth.

Balint: True. Just like they say in sales, "Ideally, you should answer an e-mail within like 24 hours."

Jong: Absolutely. Absolutely.

Balint: Well, in business as well in general.

Jong: Yes, in business as well personal life, I agree.

Balint: The fourth question. In your work regarding critical cultural differences because you work cross border, you refer to Korea but also you're in the U.S. Which cultural differences were somehow surprising to you, critical that were maybe challenges and you could overcome those?



Jong: To start, the cultural differences were much bigger than I thought. Because these people have been living in a completely different environment with completely different people. And because of that how people were thinking, people from other countries were thinking were completely different than mine. So in order to overcome this it was actually what I just said earlier thinking about the other person first.

So if you put yourself on the other person's shoe, at least I was able to understand a lot of what they were thinking because if you try to understand how they grew up and who they were interacting with during their life and things like that. And especially if you go over to the country and see some of these, you'll be able to understand the person better. And by being able to understand the person better, you can see how they are thinking and if you understand this, then you're able to interact with them better because you understand them and everything becomes much more smooth.

So in summary there are, there were and there are a lot of cultural differences people from countries that we're working with but most important thing is to be able to understand the other person. Adapt yourself to the person rather than expecting the other person to adapt to me. That will never happen.

Balint: To have some empathy towards people, putting yourself in other people's shoes and accepting the way they are instead of changing them so that they conform more to you, to what your expectations.

Jong: Absolutely. They will never change for me. You have to change for them.

Balint: So I love this interview. Thanks very much, Jong. I think I learned a lot and also hopefully the listeners could also follow your story, your inspiring story that you had a number of tries for startups and you also worked for big companies and how you learnt along the way and how you came to this very special, very interesting idea, which is a huge market, craft beer market is exploding. I can also see it here in Zurich. So I wish you a lot of success and I can't wait to try your beer.

Jong: Thank you so much. I really appreciate it. And if it's OK for me to just have one last word. And you may want to edit this if you can but I just want to tell them that we're on Kickstarter.

Balint: Oh yeah. That would be great to highlight that.

Jong: Thank you. So HOPii is currently on Kickstarter. If you go into Kickstarter and search for HOPii or going to <http://bestbeer.us>, this will link directly to our Kickstarter page. We've had some great successes where we broke over five times our goal in our first hour since launch. And this is all thanks to all our craft beer lovers who are supporting us and winning for us.



And we would really appreciate your continued support. If you can visit our page and help us to bring HOPii to life, we would really appreciate it. And we want to do this for all the craft beer lovers out there. Thank you very much.

Balint: And there is one last question, which is how can the listeners reach you - by email or small media?

Jong: Oh, absolutely. So the best way to reach me is by sending me an email founder@hopii.beer, H-O-P-I-I-B-E-E-R. Please, contact me any time you have any questions or comments.

Balint: Excellent. Thank you. I'll put it in the show notes, so great, thank you.

Jong: I really appreciate. This was a lot of fun.

Balint: For me too, for me too.

Jong: Thank you, I really appreciate this.

Balint: Thanks very much for listening.