



THAT'S THE GOAL OF HAWAII'S MILLENNIAL ENTREPRENEURS:

To build a startup community that nurtures collaboration and innovation, helps Hawaii and truly changes the world. Something that can truly be called Startup Paradise.

By LiAnne Yu / Photography by David Croxford

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eif Tauati got the idea for his startup after visiting Hawaii Volcanoes National Park for the first time since the second grade.

"I remember walking through the lava tube and hearing about how ancient Hawaiians stored poi and water there. But, when I returned recently, nobody was sharing those stories anymore. In Hawaiian, we call it *wahi pana* – the stories and culture of a place. When you understand these, you develop a stronger connection to that place."

His startup, Lilikoi, seeks to enable curated content, such as stories, photos and reviews, to be pushed to people's phones once they enter a specific location. Technology, he believes, can help preserve *wahi pana*.



Opposite page: Shanah Trevenna and George Yarbrough are, respectively, president and community coordinator/director of operations for ProtoHub Honolulu, a startup accelerator for social entrepreneurs.

Tauati, 24, is one of a growing number of young entrepreneurs who have embraced a startup lifestyle in Hawaii that combines technology, innovation and collaboration instead of taking jobs in tourism, banking, law, healthcare or other traditional, safe professions. "Our parents, the baby Boomers, aspired to go to their jobs and then come home," says Melissa Kim, general manager at the co-working space BoxJelly. "Our generation is looking for purpose, we don't need to separate work from life. We want to focus on our passions 24/7. That's why we're attracted to startups."

Hawaii has never lacked a small business spirit, but what makes the current startup movement different is its focus on technological innovation and high-growth strategies. There is also broad support today from the state and county governments, from educators and accelerators, and from established businesses for Hawaii's startup community. "We want to set the foundation that will make Hawaii attractive for entrepreneurial development, research commercialization and investment," says Karl Fooks, president of the Hawaii Strategic Development Corp., a state agency that encourages innovation and economic diversity. The marketing theme for this entrepreneurial vision is "Startup Paradise" and on the HSDC website, the Startup Paradise promotional video touts the state's natural beauty, cultural diversity and aloha spirit as an ideal incubators of innovation.

Those top-down efforts to brand the state as Startup Paradise are great promotions, but what do Hawaii's entrepreneurial Millennials think about the startup scene? What makes them optimistic and what frustrates them?

- WE'RE SEEING THE DOTS START TO CONNECT ACROSS THE ECOSYSTEM.

Jessica Ching wanted more from an entrepreneurs club than just socializing, but she says that's all she found when she first got to UH-Manoa. So the economics major and another student, Kurt Cullen, started their own club. Today, the Hawaii Student Entrepreneurs club includes over 70 members representing 23 student-run businesses.

"The best time to start a business is when you're in college. You're not married, you don't have kids, and you don't have a mortgage. You can dedicate yourself fully to it," Ching says.

Over the last few years, UH students have found increasing support for their entrepreneurial aspirations. The Pacific Asian Center for Entrepreneurship, part of the Shidler College of Business, offers a variety of programs, access to professionals in residence, microloans and more. At the PACE-sponsored Breakthrough Innovation Challenge on Nov. 20, startup teams of students and faculty had three minutes to present their ideas before being grilled by a panel of seasoned judges on their projects' viability — everything from a T-shirt that monitors vital signs to shoes that charge batteries through walking.

Jacob Isaac-Lowry credits UH resources for getting his startup, Flywire, off the ground. He is participating in a four-month accelerator program, XLR8UH, open to students, alumni and faculty, with the mission of commercializing UH intellectual property. His product, a small HD video camera that provides line of sight recording, can be used by journalists, doctors, educators and others who want to understand how autistic individuals see the world.

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— Darius "Bubs" Monsef, founder of the nonprofit Nalukai

"We started the XLR8UH program in September, learned how to pitch. And we've gotten about \$700,000 in funding so far," Isaac-Lowry says.

UH is not the only center of startup energy. Blue Startups, a venture accelerator in downtown Honolulu founded by Henk Rogers, is a growing nexus of entrepreneurial activity. Kai Kau is part of the current cohort of 10 companies receiving seed money, mentorship, access to business expertise, product reviews, pitch development and introductions to investors. He has been building websites since he was 12, is self-taught and has never been to college. "I did it to buy toys and candy," he admits.

His startup, VRchive, is creating an archive of immersive photographs — the kind in which you are completely surrounded by the image while using a Oculus Rift headset or other technologies, what's sometimes called a 360-by-180-degree view. "You can capture life as it is and view it in virtual reality. It's like teleporting," Kau says.

Startups help create and nurture other startups, and the burgeoning developers' community serves as a support network for its members and a catalyst for emerging startup ideas. Among those in the center of innovation are Sudokrew, a company that helps other startups build their ideas, Hi Capacity, a makerspace, and Devleague, a bootcamp that teaches

the fundamentals of coding. These nodes in the ecosystem are supported by the High Technology Development Corp., a state agency that provides startups with access to services, strategic partnerships, networking events and business mentoring, plus offers incubation space at the Manoa Innovation Center.

The Neighbor Islands have smaller startup scenes, but are developing their own ecosystems of resources. On Maui, Mbloom supports startups with various services, including connections to investors. Its founder, Arben Kryeziu, helped bring Startup Weekend and other innovation events to the Valley Isle. In Hilo, Tony Marzi runs Hawaii Tech Works, a co-working space that hosts regular tech talks and has become a critical resource for individuals who have limited access to reliable broadband. Also on Hawaii Island is Darius "Bubs" Monsef, who is reinvesting back in his home community after a successful startup career in Portland and San Francisco. His vision for his nonprofit Nalukai is to give more children, regardless of their economic backgrounds, a chance to learn programming. "Success for me would be to inspire more kids to want to stay inside and build something, even if it's something crappy. At least they'll have the experience of making something tangible," Monsef says.

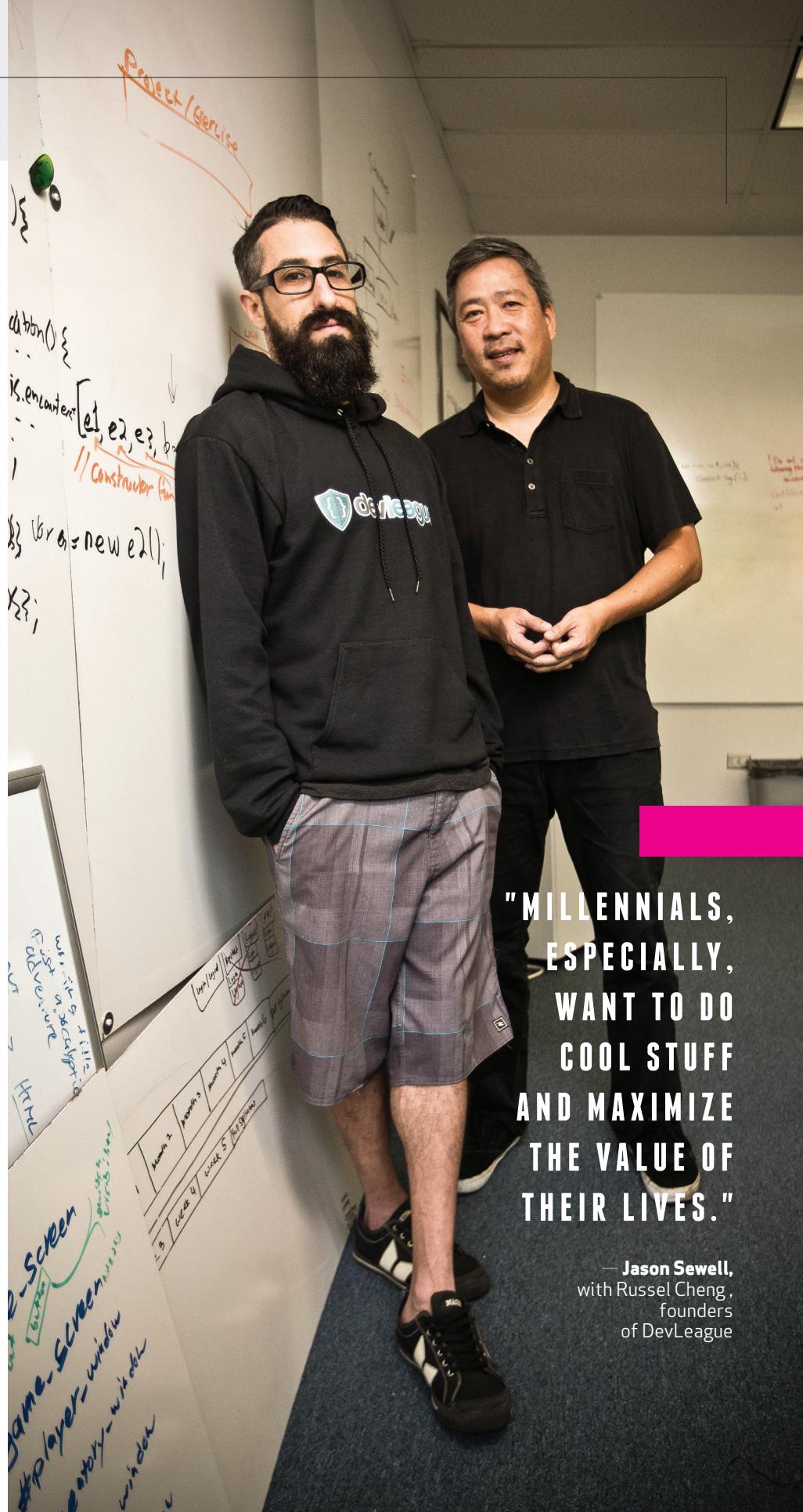
- OUR STARTUP FOUNDATION, HOWEVER, NEEDS MORE SUPPORT.

When I asked Tauati, the CEO of Lilikoi, what inspired him to start his own company, he didn't talk about money or fame. He talked about magic. "The first day I ever wrote Hello World, the first program you write in class, it was magic. What's exciting to me is working with people who have an idea about how to change the world and then can go and build something that makes people say, 'Wow, that's the future.' Having my own company is just a vehicle for that."

One problem is the dearth of experienced programmers in Hawaii that can create such magic. Enter Russell Cheng and Jason Sewell, who founded Devleague in late 2013. The 12-week boot camp trains students in full-stack JavaScript, making them ready for entry-level developer positions. Working their own networks of local companies, Cheng and Sewell say, they have placed 100 percent of their graduates.

"Academic computer science programs are still preparing people for legacy businesses — banks and hotels — that have older systems. But from a developer's point of view, that's not what we want to work on, that's not fun. Millennials, especially, want to do cool stuff and maximize the value of their lives. That's the web and that's mobile and the cloud — those are the things people want to work on," says Sewell.

Cheng and Sewell are looking even beyond the Millennials and placing their bets on Generation Z. Their next endeavor is a curriculum for K-12. "In terms of the startup scene, no one currently in it are the ones who are going to be part of its maturity. It's the young people, Generation Z, who are going to hit the home runs. We want to lay the foundation for that now," says Cheng.



"MILLENNIALS, ESPECIALLY, WANT TO DO COOL STUFF AND MAXIMIZE THE VALUE OF THEIR LIVES."

— Jason Sewell,
with Russel Cheng,
founders
of DevLeague

- WE DON'T JUST WANT TO BE STARTUPS IN HAWAII. WE WANT TO BE STARTUPS SOLVING HAWAII'S PROBLEMS.

Kyle Aquino wants to make driving a little less stressful for Honolulu's commuters, who often sit in traffic and worry about getting to appointments on time. The 28-year-old executive MBA student at UH is creating an online marketplace, called *Stallshare*, to connect drivers to parking-space owners. Even if traffic is bad, people can rest assured they have a parking spot waiting for them.

While there are numerous startups that have no specific connection to Hawaii other than being located here, many Millennial entrepreneurs, like Aquino, are focusing their businesses on issues important to Hawaii. "What gives entrepreneurs a differentiating advantage in Hawaii? Start from a strength rather than a weakness – alternative energy, marine science, sustainability, tourism – find a good reason to start here," says Susan Yamada, executive director at PACE.

Several companies incubated at Blue Startups have followed this strategy of solving the world's problems by first focusing on Hawaii: For instance, Flowater aims to reduce the excessive use of plastic water bottles by providing water-bottle refill stations and Volta provides charging stations for electric vehicles, which encourages people to switch from gas-powered cars to electric-powered ones. Supporting the rich ecosystem of sustainability endeavors is the Energy Excelerator, which helps clean-energy startups.

Spencer Toyama, co-founder of Sudokrew, believes that Startup Paradise is about more than having an office near the beach. "What attracts entrepreneurs to Hawaii? Sure, we've got the whole paradise and surfing thing going. But the real draw for ambitious entrepreneurs is that we've got some interesting problems to solve and, because of

our geographical isolation, we are forced to be ahead of everyone else in thinking these things through. Energy drying up, environmental pollution, overpopulation, transportation issues – there is no better place to be than Hawaii to work on these problems."

- WE VALUE MASHUPS.

Rechung Fujihira is a key player in Hawaii's startup universe because of his talent for connecting people. He is the co-founder of BoxJelly, Hawaii's first co-working space, and has played roles with Startup Weekend Honolulu and Blue Startups. "The beautiful thing when it comes to coworking is the sum of the parts. We are creating something way bigger than we would as individuals," he says. "And that's not something you get in a box. We call it accelerated serendipity."

Co-working spaces offer the opportunity for "accelerated serendipity" and build communities, while providing a practical solution for startups or individuals who can't afford their own office space. Fujihira is passionate about creating spaces where entrepreneurs can mash up their ideas about fashion, technology and art.

Accelerated serendipity is easy to spot at another coworking space, ProtoHub Honolulu. On a wall are photos of every member, along with a description of what they are working on and feel passionate about. In addition to the profiles of people you would expect to be running startups, such as a mobile app designer and a game developer, there is also a chef, an improvisational performer, a color designer, a food sovereignty activist and many others who cut across traditional expectations.

"Our goal is to cross-pollinate companies," says Shanah Trevenna, one of ProtoHub's founders. "Maybe somebody has a cleaning company, and they sit next to someone here who creates green products. Then a new idea comes out of it. There's a huge inclusiveness in our model, and a strong business case to be made for

this kind of entrepreneurship."

- WE'RE NOT SILICON VALLEY, AND THAT'S OK WITH US.

Like other young couples, Carey and Brandon Bennett were low on cash yet determined to eat well. They sought out happy hour deals around Honolulu, but were frustrated that there was no centralized way to find where and when. So, as with so many startup-origin stories, they created their own solution, bootstrapping their idea for a mobile app by learning how to code from YouTube and working out of their bedroom. They entered the Blue Startups accelerator program, met Alan Solidum, who brought deep technical expertise to the team and, today, Happy Hour Pal has over 250 thousand users while covering Hawaii, Portland, San Diego, and East Hampton.

While Happy Hour Pal has the potential to go global, the team wants to stay rooted in Hawaii. Solidum articulates what many other young entrepreneurs say when I ask why they stay in Hawaii instead of going to more obvious startup markets, such as the Bay Area. "I surf and spend a lot of time by the ocean. Being in this setting helps with creativity. It's a smaller community so we all work together. We're all trying to see this industry grow. You can be a big fish in a small pond here. In San Francisco, if you throw a stick, you'll hit ten startups before it lands. I like the fact that you can know everyone here and, when you make a business decision, you are really accountable to the community."

Daniel Nash and Sean Hookano-Briel also appreciate Hawaii's unique startup culture. In fact, they never thought of themselves as "startup guys" – they were just two teachers who wanted to solve some challenges they faced in the classroom and share their methods with other educators.



Spencer Toyama, founder of Sudokrew, says that because of Hawaii's "geographical isolation, we are forced to be ahead of everyone else in thinking these things through."

- IS HAWAII REALLY A STARTUP PARADISE? YES, BUT WE'VE GOT A LOT OF WORK TO DO.

Rechung Fujihira's sentiments reflect much of what I heard from Hawaii's young entrepreneurs.

"Startup Paradise is real for me. I work hard, but I'm able to go out, go to the beach. We're never going to be a Silicon Valley nor should we really need to be. We just don't have the same mix of ingredients, and our culture is very different as well. But there's something to be said about living a balanced lifestyle and I think that's what we try to attain here in Hawaii. So, in that sense, Startup Paradise is very real. Having said that, there are huge gaps in the ecosystem that need to be addressed."

Many cite infrastructural concerns, such as Internet

bandwidth limitations, and the cost of doing business. Others cite the persistent expectation that, if you are going to "get serious," you need to go to the mainland. Still others point to the brain drain and the urgent need to attract more world-class talent.

"What we do need are one to two exits of very successful companies that get acquired for a lot of money or hit an IPO," says Cheng, co-founder of Devleague. "When that happens, it will wake up the downtown community and wake up the folks on the mainland to what we have here. To make that happen requires a huge effort from all of us, especially at the grassroots level."

Bryan Butteling, lead organizer for Startup Weekend in Honolulu, believes the biggest challenge for his fellow Millennials is not coming up with great startup ideas. There are plenty of those to go around. Rather, it is follow-through. "Over the last year so many people have gotten turned on to entrepreneurship through Startup Weekend. But, after the last couple of events, nothing concrete has happened afterwards. I tell people now: The biggest success from Startup Weekend is not what happens from Friday to Sunday. It's the amount of effort people put into their startups on Monday. It's what happens next that matters most."

Tauati, the CEO of Lilikoi, is struggling with what happens next. On the day I visit him, he has just fired a developer and is behind on a deadline for his beta version. When I ask what his biggest challenge is, it's clear that while he has incredible vision, the daily pragmatics of running a business have caught up to him. Like others in the startup scene, he is looking for investors who believe in his idea. "We're in this limbo, which is like a canyon – this infinite distance between where I am and where I want to be. And that distance is our first round of venture funding." ■