

INNOVATION



Pumping extra value into education

rience will appear in the classrooms of more than 1,000 tutor centers on the Chinese mainland in September this year, following its partnership with Beijing publisher Foreign Language Teaching and Research Press.

These lessons are currently designed for the Cambridge English Curriculum, and what excites Chiu most is the potential to apply this model to Mandarin learning in overseas markets.

Founded in 2000, Cherrypicks was acquired by NetDragon — a Chinese mainland mobile game and app developer listed in Hong Kong — for \$30 million in 2014. It gave Cherrypicks easier access to the mainland market, especially in the e-learning and gaming sectors, says Chiu.

Banking on AR's potential, NetDragon and Cherrypicks made a \$6-million acquisition of Cherrypicks Alpha, a local startup that focuses on AR, VR and location sensing system, hoping to enhance their e-commerce and e-learning business with these technologies.

The current overwhelming hype of Pokemon Go — a location-based AR smartphone game that swept the internet all of a sudden in July — gives the world a glimpse of how augmented reality can be an engaging and powerful tool.

Since its launch last Thursday, the game has already attracted over 7.5 million downloads in the US, and is about to surpass Twitter in terms of active daily users on Android devices even though it's only available in the US, Australia and New Zealand.

In terms of finance, the game has added \$9 billion for Nintendo — the Japanese video game company that owns part of the

San Francisco-based developer of Pokemon Go — in just a few days.

Cherrypicks is no stranger to the mechanics behind the sensational game at all. Half a decade ago, it created a similar local hit dubbed iButterfly. Instead of catching Pokemon, iButterfly is an AR-infused smartphone app that allows users to capture virtual butterflies in exchange for coupons.

iButterfly was integrated into around 200 marketing campaigns for more than 100 brands in and beyond Hong Kong, according to Cherrypicks, and has become an award-winning mobile solution for brands and marketing.

It wasn't the company's first attempt in the AR and VR field.

In 2010, Cherrypicks made a similar location-based AR app for the cognac brand Hennessy of LVMH, which the company claimed to be the first of its kind in the world.

Yet, the idea did not become a hit since the market was not ready for such a concept, Chiu recalls.

As a reward for Cherrypicks' keen and consistent interest in the AR and VR development, substantial progress has taken place in the AR and VR ecosystem in the past year, laying a solid foundation for Cherrypicks' AR and VR solutions.

Most of the world's tech giants, including Facebook,

Google, Apple, Amazon and Alibaba, have been moving into or stepping up with their investment in VR and AR.

Alibaba, for instance, led a funding round of close to \$800 million in Florida-based AR and VR startup Magic Leap at a \$4.5-billion valuation this February.

Meanwhile, Microsoft continues to ship the development kits of its AR headset HoloLens, while Facebook recently announced its own AR glass concept on top of its VR subsidiary Oculus Rift.

"The VR and AR technology today, both in hardware and software, has reached the point

where it can offer a completely smooth user experience. I'm positive about a breakthrough in VR and AR development in the next few years," Chiu says.

The inflection point for VR and AR technology could come as early as 2018 with a potential installment base of hundreds of millions of units, but could take until 2025 to truly cannibalize mobile devices at a more substantial scale, according to a new market report by US industry analysis firm Digi-Capital released on Monday.

Goldman Sachs Research predicted earlier this year that the VR and AR market will exceed \$80 billion by 2025.

VR and AR technology has the potential to transform the way every industry works, both from a consumer and an enterprise perspective, says Heather Bellini, an analyst at Goldman Sachs Research.

It echoes with Chiu's anticipation of the future of "VR/AR plus" which, he believes, will transform the traditional industries with added value and new user experience, as an analogy to the concept of "internet plus".

"In the next few years, we're expecting diverse VR and AR applications across a wide range of industries, such as retail, education, medical, real estate, tourism and more," Chiu says. "VR and AR will be part of our daily lives."

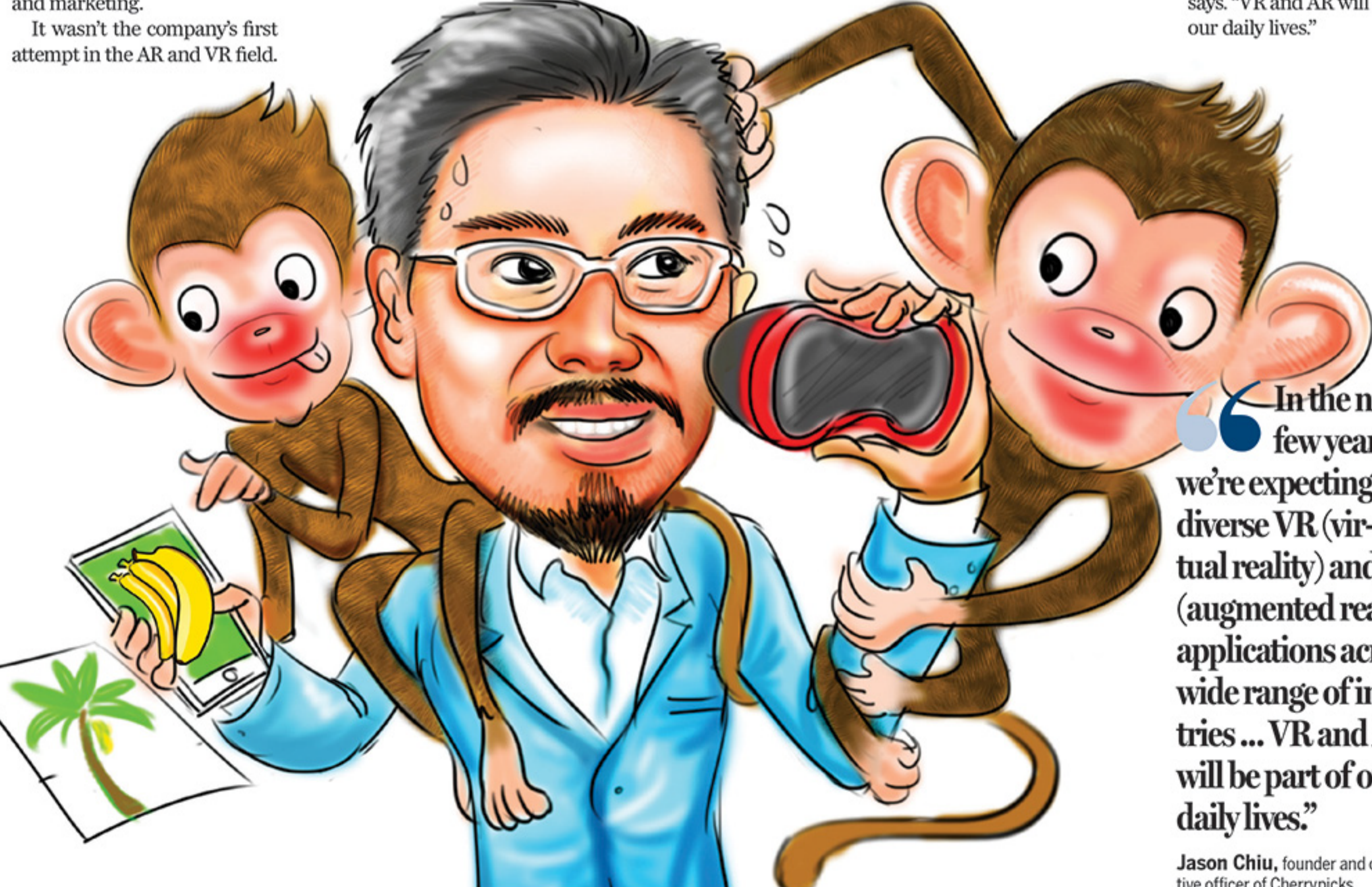
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Imagine you're a kid reading a textbook while the tiny prints come to life, explaining them with sound and visual effects. Obscure texts finally make sense.

Cherrypicks — a Hong Kong mobile solutions company — wants to make such a scene happen in all classrooms using augmented and virtual reality technology.

English Galaxy — Cherrypicks' e-learning education platform — recently launched its augmented reality (AR) and virtual reality (VR) lessons that work in conjunction with a tablet and a smartphone through a headset.

According to Jason Chiu, founder and chief executive officer of Cherrypicks, English Galaxy's AR/VR learning expe-



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