

Confessions of an Accidental Angel

FABRICE GRINDA

fabrice@fjllabs.com

www.fabricegrinda.com

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FABRICE GRINDA

- ✓ Entrepreneur with \$300M+ in exits
- ✓ Founder OLX, Zingy, Aucland
- ✓ Investor in 250+ startups
- ✓ Blog: www.fabricegrinda.com

JOSE MARIN

- ✓ Entrepreneur with \$200M+ in exits
- ✓ Founder IG Expansion, DeRemate
- ✓ Investor in 250+ startups

SPEAKS



McKinsey & Company

SPEAKS



BCG
THE BOSTON CONSULTING GROUP



55x MOIC - Realized Gain
Seed Round 2006
Acq. by Yahoo 2014 for \$640M



40x MOIC – Unrealized Gain
Seed Round 2010
Last round \$700M post-money



10x MOIC – Realized Gain
Secondary Round 2011
IPO NYSE 2015



39x MOIC – Partial Exit
Seed Round 2010
Last round 3.3B post-money



13x MOIC - Realized Gain
Seed Round 2013
Acq. by MSFT for \$100M



39x MOIC – Unrealized Gain
Series A Round 2011
Last round \$1.3B post-money



31x MOIC* – Partial Exit
Seed Round 2010
Last round \$150M



11x MOIC – Realized Gain
Seed Round 2011
Acq. By Ebay for \$185M in 2016



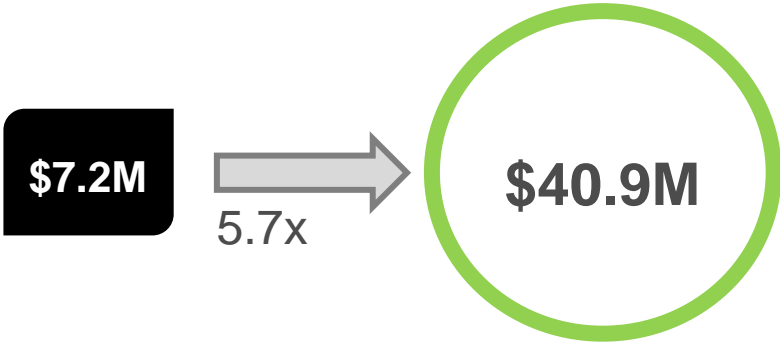
16x MOIC - Realized Gain
Seed Round 2011
IPO Frankfurt 2015



22x MOIC – Partial Exit
Seed Round 2014
Last round \$150M post-money

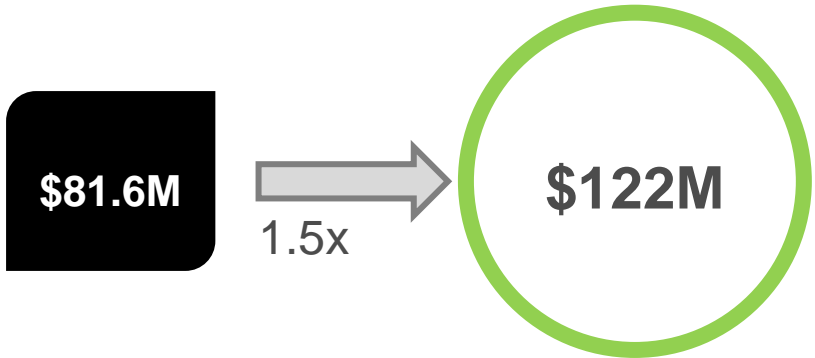
REALIZED GAINS

- ✓ # of Companies: 68
- ✓ Average Investment: \$105K
- ✓ Average Holding Position: 3.15Y
- ✓ IRR 72%



UNREALIZED GAINS

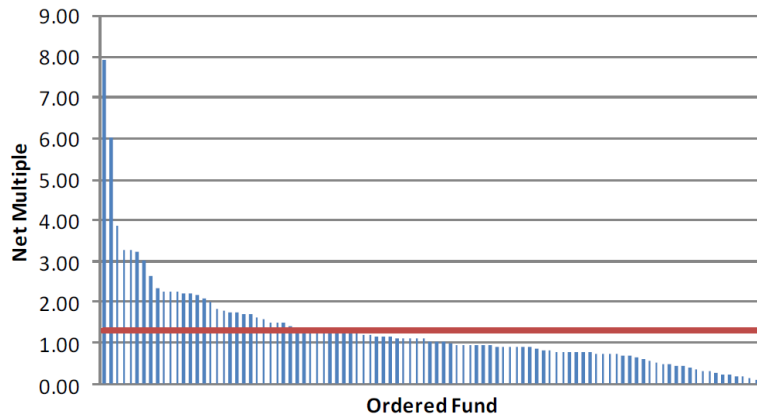
- ✓ # of Companies: 215
- ✓ Average Investment: \$380K
- ✓ Average Holding Position: <2Y



Note: Numbers are rounded up to the nearest tenth

Kauffman Foundation

VC portfolio analysis of ninety-nine
VC funds, 1989 – 2011



A 2012 study by Kauffman Foundation¹ showed only 6 in 99 LP funds made 3.0x or more returns on invested capital and the average is 1.2x with an average holding period of 7 years

FJ LABS

5.7x
Realized
Gains

Average holding duration: 3.15 years

FJ Labs is in the top 1% highest performing fund

¹ "We have met the enemy... and he is us", Kauffman Foundation, May 2012

FJ LABS | Company Building Track Record



252x

Partial Exit
Seed Round 2013
Last round \$520M post-money



35x

Realized Gain
Seed Round 2006
Acquired by Naspers 2013



52x

Unrealized Gain
Series Seed 2011
Fair market valuation \$240M



31x

Realized Gain
Seed Round 2010
Last round \$150M



19x

Unrealized Gain
Series Seed 2014
Acq. by Wallapop in 2015;
Wallapop's last round \$350M



5x

Unrealized Gain
Series Seed 2014
Last round \$25M post-money

COMPANY BUILDING

\$1.5B+ RAISED, \$5B+ IN VALUE CREATED AND 4,000+ JOBS



LOFTY

ADORE ME

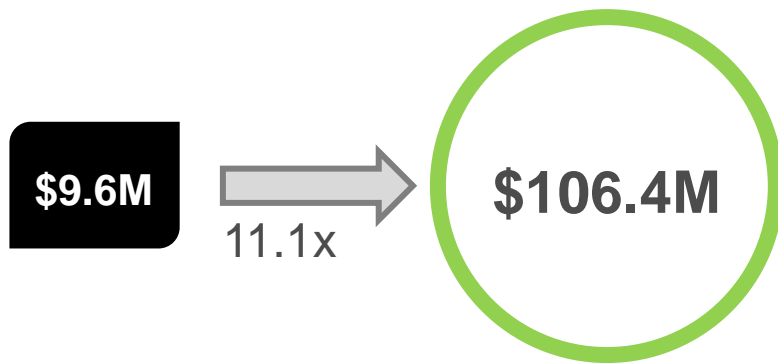
RB
REBAGG



...?

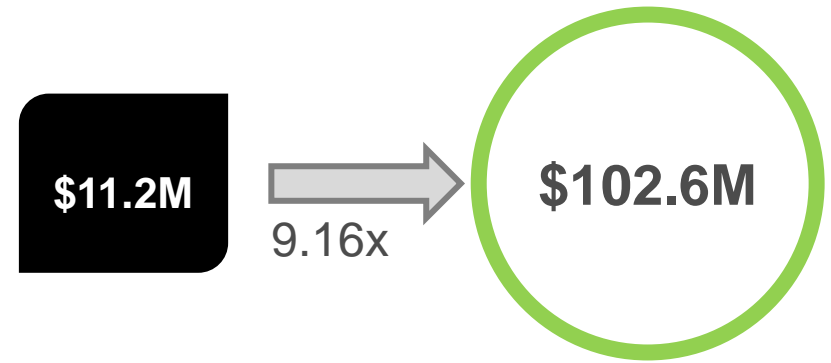
REALIZED GAINS

- ✓ # of Companies: 13
- ✓ Average Investment: \$738K
- ✓ Average Holding Position: 2.5Y
- ✓ IRR 145%



UNREALIZED GAINS

- ✓ # of Companies: 9
- ✓ Average Investment: \$1.24M
- ✓ Average Holding Position: 3Y



I´VE MADE ALL THE MISTAKES IMAGINABLE...



MARKETPLACE FOCUS

- 120+ marketplace investments in 20+ countries
- VCs and entrepreneurs know us as marketplace experts
- We get invited to deals because of our marketplace expertise, both operating and investing
- Even though we focus on marketplaces, we invest opportunistically in other models

DON'T LEAD ROUNDS

- We invest small amounts relative to the size of the round
- We don't join boards
- We decide quickly
- Because of our check size, we don't compete with VCs. They share deal flow openly and invite us to co-invest alongside them

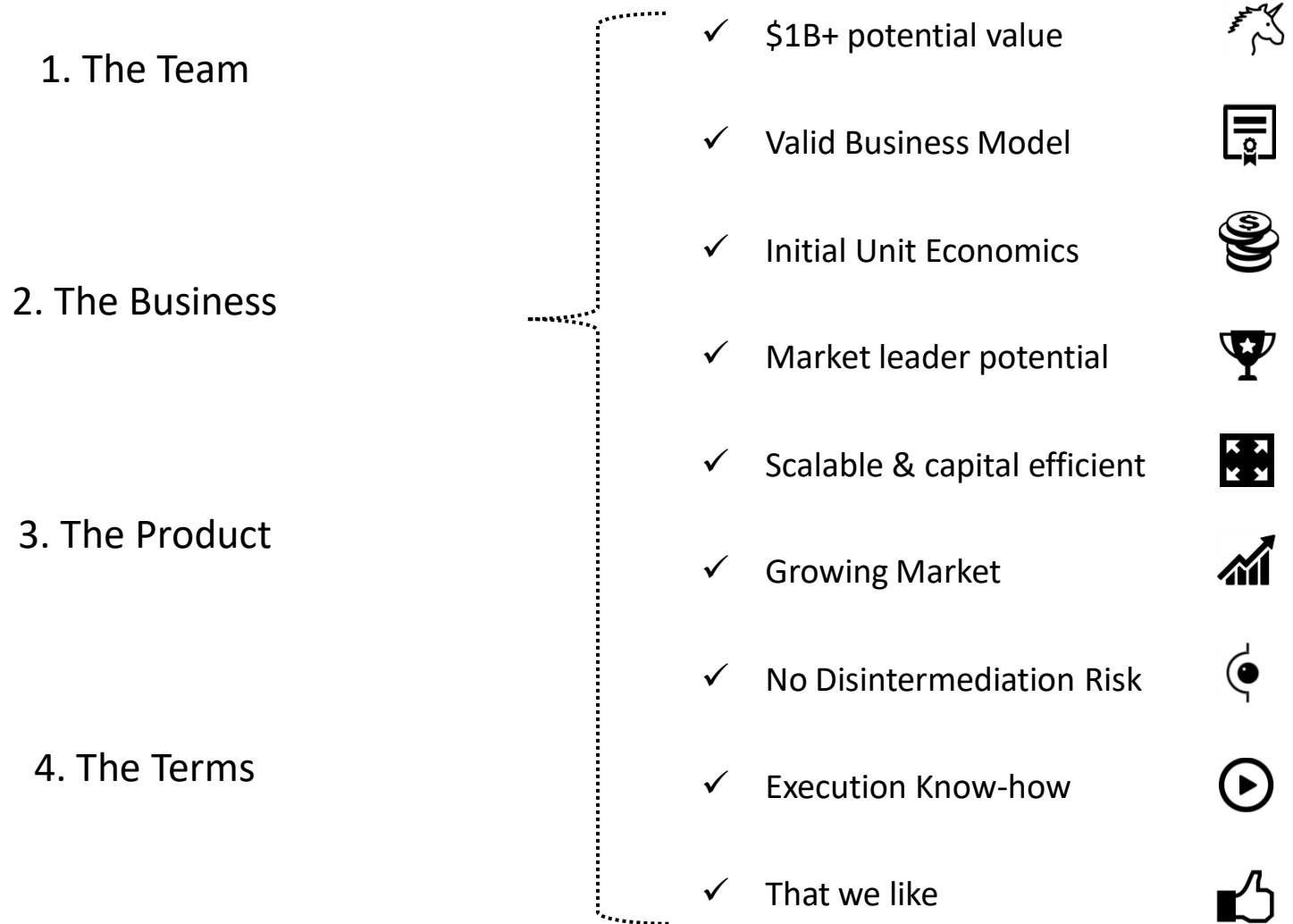
STAGE AGNOSTIC

- We invest from pre-seed to Pre-IPO
- 70% of our deals are seed stage, 15% are venture rounds and 15% are late stage rounds
- 34% of capital goes into seed, 16% into venture and 50% into late stage

GLOBAL

- We mostly invest in the US because of its mature ecosystem, higher multiple on successful exits and greater deal flow
- We also invest in large markets outside of the US where we typically don't take idea risk
- We invest in smaller markets if the companies have global ambitions
- Top tier VCs also invite us to deals because of our international expertise





APPRENTICE PROGRAM

- We hire 2-4 MBA summer interns who then work with us part-time during their second year
- They become co-founders of the companies we build
- We launch companies with people we know and trust

FUNDING

- We invest up to \$2.5-\$5M per company
- Founders can focus on the business during the first 18 months without needing to fundraise
- Investment terms are agreed before launch
- Entrepreneurs have option to raise from other investors
- Top tier funds are eager to invest in companies we build

FOCUS

- We build 1-2 companies per year
- We become operationally involved in each company. We help with product, hiring, strategy, and marketing
- We focus on a small number of companies in order to make sure they succeed

IDEATION

- We have a systematic process for screening opportunities
- We rapidly test the company's unit economics and value proposition before committing to building the idea
- We do not copy ideas we see on the investing side and will reject intros if we think we might be conflicted
- We sometimes partner with portfolio companies to launch their equivalent in other markets. For instance, our company Instacarro partnered with Russian-based Carprice to launch in Brazil

PRE

IDEATION

- FJ Labs and apprentices brainstorm ideas
- Build MVPs to test theoretical unit economics

D1

CREATION

- Company is incorporated. 60% for Founding Team & 40% for FJ Labs LLC
- FJ Labs LLC invests first \$250k. Side fund is allowed to invest 5% at same terms as FJ Labs LLC

D90

BUILD

- The company hires its first employees and builds the product
- FJ Labs LLC invests another \$500k in the company

D210

UNIT ECONOMICS

- Start testing unit economics and product market fit
- FJ Labs LLC invests another \$500k in the company

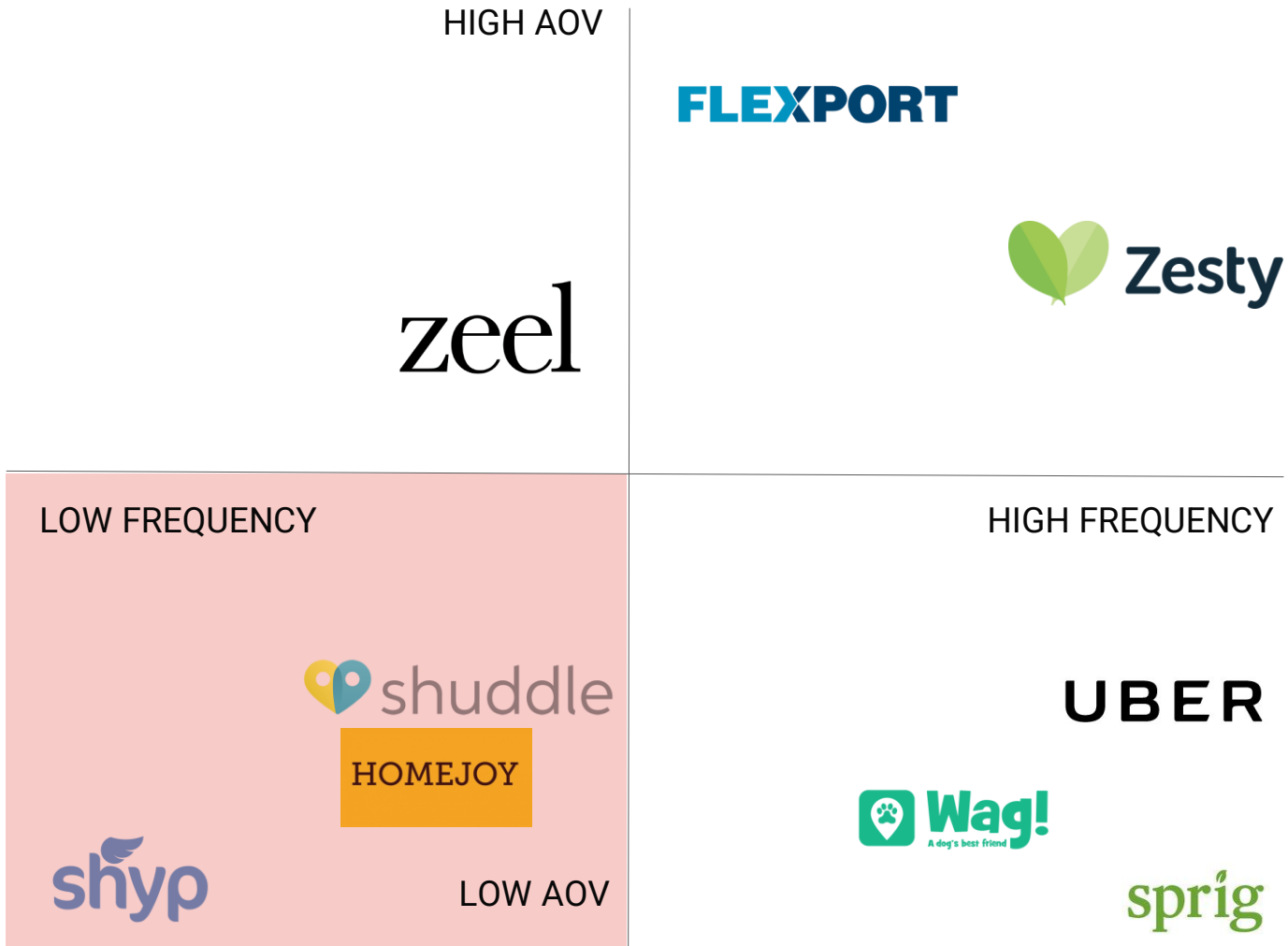
D360

GROW

- The side fund can invest \$2M at \$8M pre

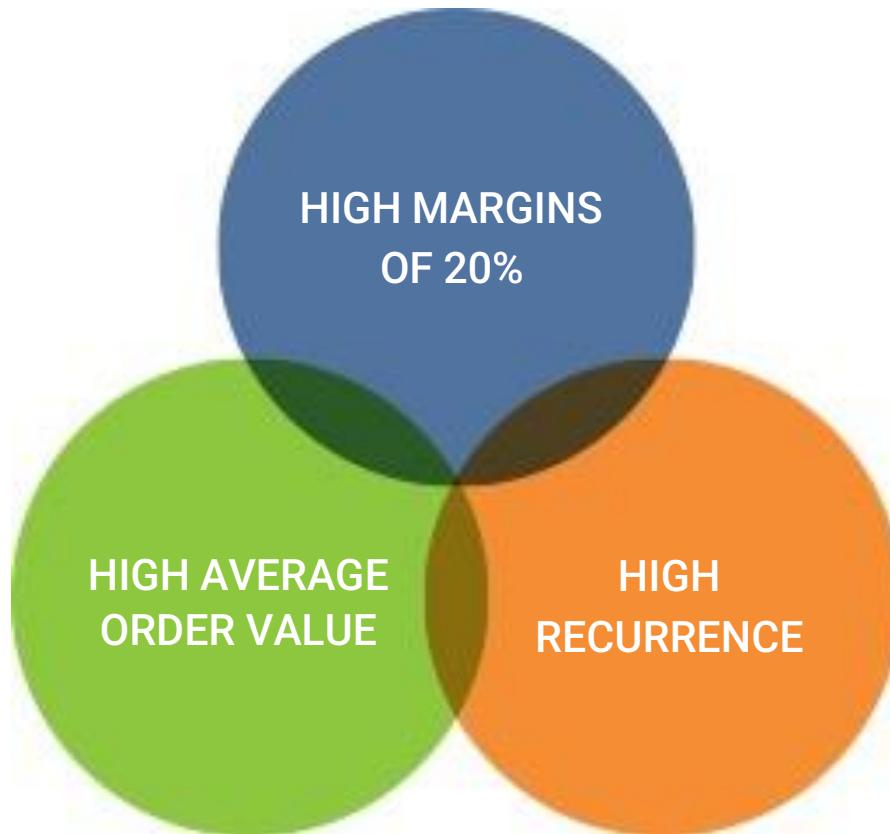
Marketplace Trends

UBER FOR X



B2B MARKETPLACES: THE HOLY GRAIL

B2B MARKETPLACES HAVE ATTRACTIVE CHARACTERISTICS THAT MAKE THEM MORE RESILIENT



EXAMPLES:



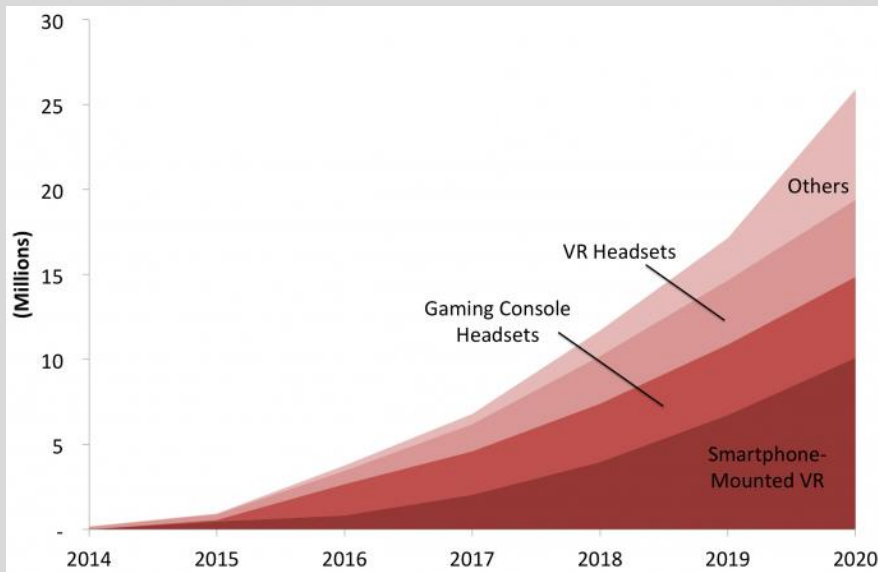
GrubMarket



Musings on the Future of Tech

VIRTUAL REALITY IS STILL IMMATURE

GLOBAL VR HEADSET SHIPMENTS (BY CATEGORY)*



Oculus Rift (\$599)
Platform: high-end PCs
Owner: Facebook



Gear VR (\$99)
Platform: Samsung phones
Owner: Samsung



HTC Vive (\$799)
Platform: high-end PCs
Owner: HTC/Steam



Playstation VR (\$349)
Platform: Playstation 4
Owner: Sony

AI IS ADVANCING BY LEAPS AND BOUNDS

DEEP BLUE BEATS GARRY KASPAROV
IN CHESS | 1997



DEEP MIND BEATS LEE SEDOL
IN GO | 2016



HOW AI WILL AFFECT MARKETPLACES

INTERNAL PROCESSES WILL BE AUTOMATED

- AI streamlines customer support via automated responses
- Initial steps of sales are automated
- Image recognition technology helps to tag and moderate online platforms

The logo for DigitalGenius, featuring the text "DigitalGenius" in white on a blue rectangular background.The logo for agentbot, featuring the text "agentbot" in red and black lowercase letters with a red speech bubble icon.

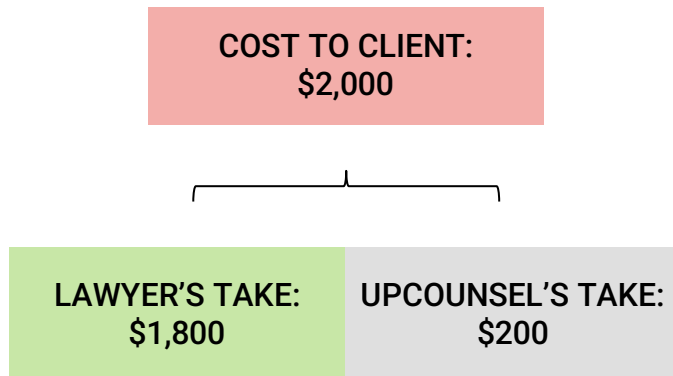
AI WILL ASSIST HUMANS IN UNDERLYING SERVICE PROVIDED

- AI integrated in the workflows of professionals will decrease the amount of work needed from humans
- The increased productivity decreases the cost of the service, which eventually benefits both supply/demand side and the unit economics for the business. (see example on next slide)

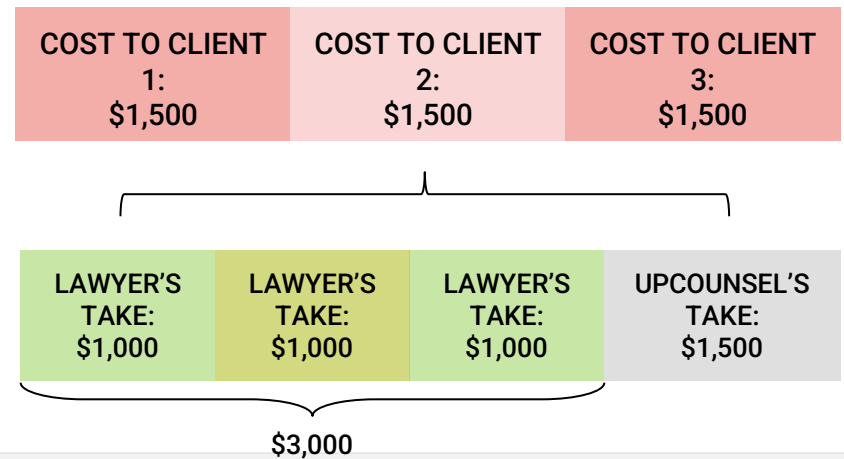
The logo for AVA, featuring the text "AVA" in white on a blue background with a globe-like pattern.The logo for X, featuring a blue "X" inside a blue square with a white border and a blue dot at the bottom right.The logo for clara, featuring a stylized "c" icon above the text "clara" in lowercase.

HOW AI CAN CREATE A WIN/WIN/WIN SITUATION IN A SERVICE MARKETPLACE

10 HOUR WORKDAY FOR THE UPCOUNSEL LAWYER WITHOUT AI

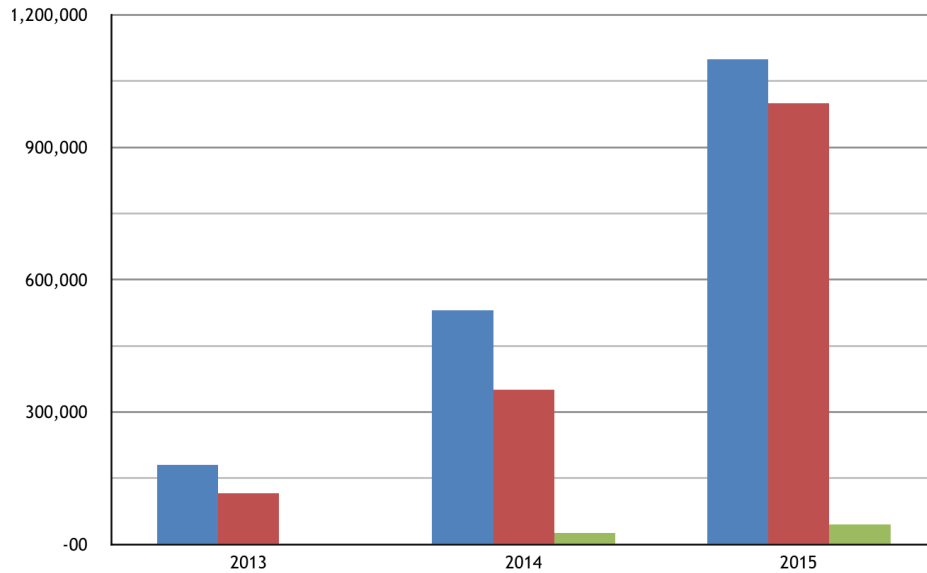


10 HOUR WORKDAY FOR THE UPCOUNSEL LAWYER SUPPORTED BY AI



AERIAL DRONE SALES ARE STILL SMALL, BUT SHOW EXPLOSIVE GROWTH

2013-2015 AERIAL DRONE SALES BY PARROT, DJI AND 3D ROBOTICS*



■ Parrot
■ DJI
■ 3D Robotics



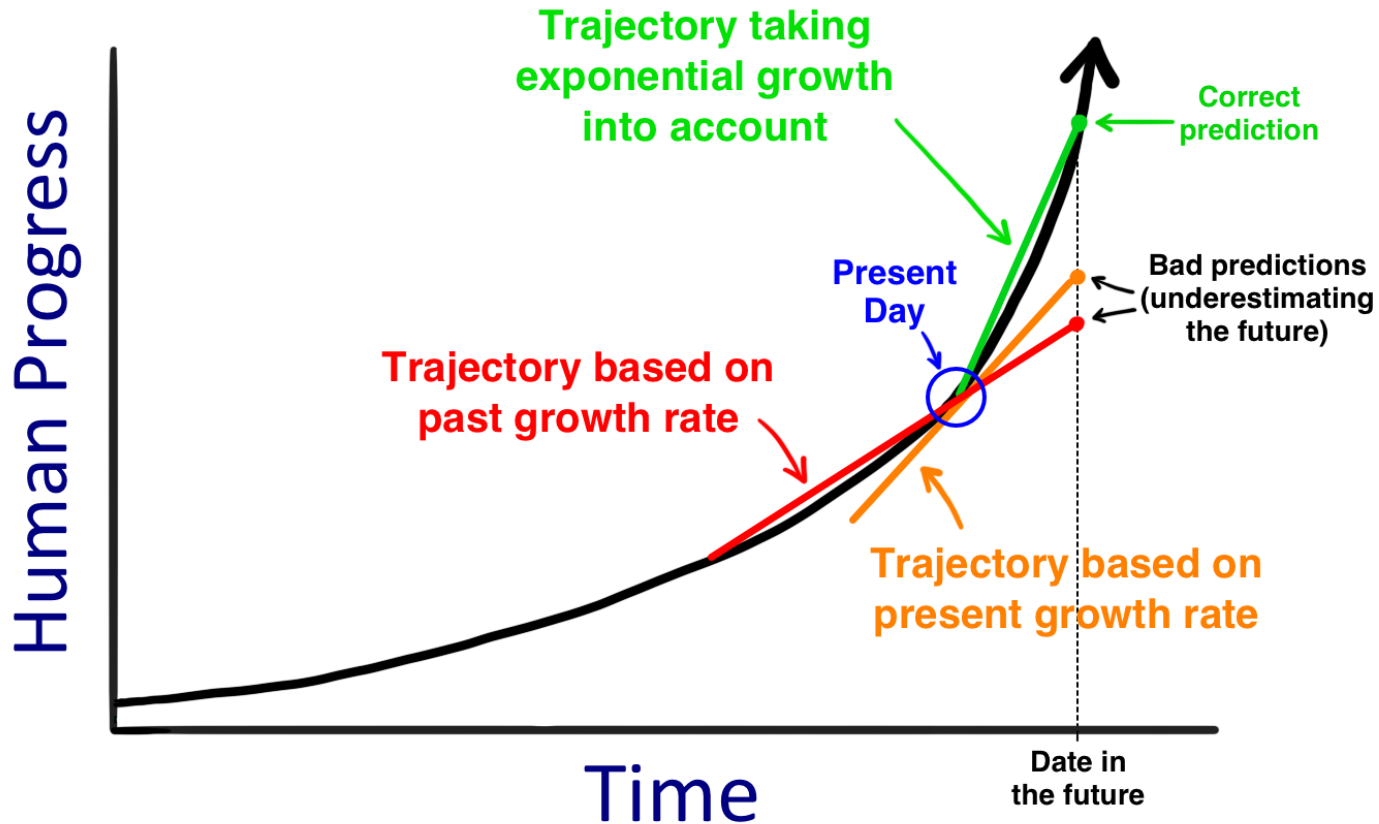
DRONE BASE



SkySafe



MOST AUTO OEMs THINK IT WILL TAKE 10+ YEARS BEFORE AUTONOMOUS VEHICLES ARE ADOPTED AT SCALE



waitbutwhy.com

SELF-DRIVING CARS WILL RESHAPE TRANSPORTATION AS WE KNOW IT

AV'S WILL DECREASE THE NUMBER OF TRAFFIC ACCIDENTS BY 90%



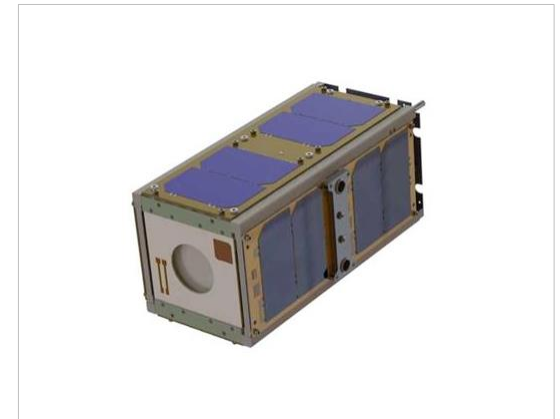
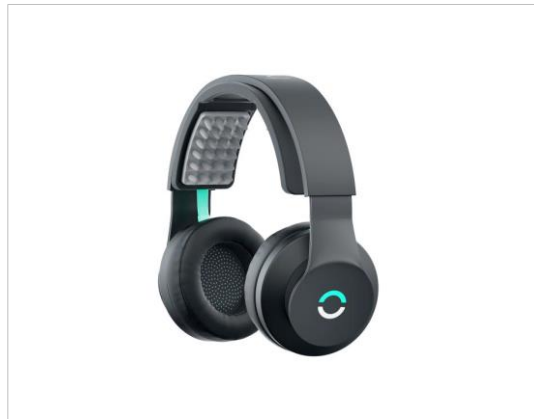
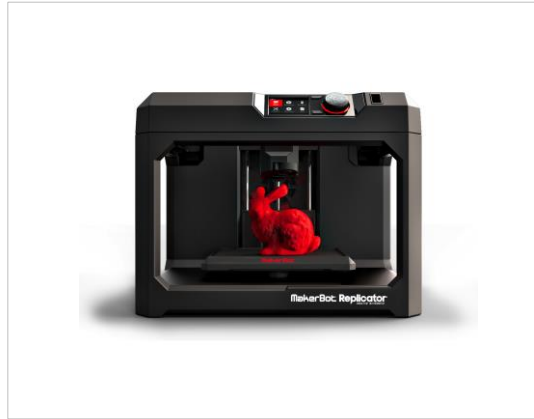
PRODUCTIVITY GAINS ARE ESTIMATED TO BE \$5.3 T WORLDWIDE



2nd ORDER EFFECTS ON URBAN DELIVERY AND LOGISTICS WILL BE HUGE



WE ARE STILL AT THE VERY BEGINNING OF THE TECHNOLOGY REVOLUTION...



AMAZING TIMES LIE AHEAD!





FABRICE GRINDA
CO-FOUNDER

FJ LABS

THANK YOU!
Questions?

fabrice@fjlabs.com
www.fabricegrinda.com
@fabricegrinda
