













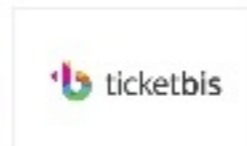










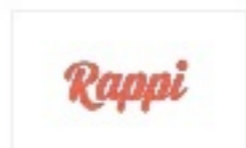

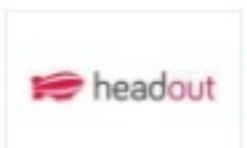







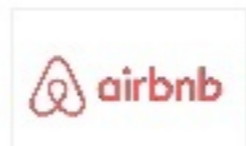

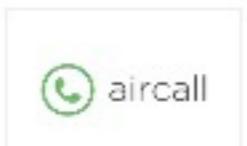


































FJ LABS

MARKETPLACES: THE PARTY IS NOT OVER

JUNE 2019

PRIOR INVESTMENTS

Fabrice Grinda

- Forbes #1 Ranked Angel Investor

FOUNDER



Zingy Aucland

LANGUAGES



BACKGROUND



PRINCETON
UNIVERSITY

McKinsey & Company

Jose Marin

FOUNDER



IG Expansion

LANGUAGES



BACKGROUND

STANFORD
BUSINESS

1970-1985
1986-1996

BCG

The Boston Consulting Group

VENTURE CAPITAL

- Pre-seed / Seed / Series A focus
- Average investment size \$400K
- Global strategy: Active in U.S., Europe, LatAm, India
- 80+ investments per year
- 65% new investments + 35% follow-ons
- Do not lead rounds or join boards
- Co-invest with larger funds we know and trust

COMPANY BUILDING

- Build 1-2 businesses from scratch per year
- Invest \$2.5M to \$5M per company
- Executive chairman role
- Hands-on role in product, marketing, hiring, strategy & fundraising
- Expertise in scaling using TV advertising (FJ has bought over \$1B of TV ads)
- US focus but have built companies in Europe + Brazil



Is the **team** compelling?

- Storytelling skills
- Grit and tenacity
- Demonstrated passion
- Metrics driven and analytical



Is the **business** attractive?

- Attractive unit economics (actual or theoretical)
- \$1 b+ potential enterprise value
- Low disintermediation risk
- Market leader potential
- Scalable and capital efficient
- Growing market



Are the **deal terms** reasonable?

- Attractive price relative to team, traction, and market opportunity



Does it meet **our thesis**?

- Verticalization of horizontals
- Transition to supply pick marketplace
- B2B marketplaces

REALIZED RETURNS

OF INVESTMENTS

158

AVG. INVESTMENT

\$234K

AVG. HOLDING PERIOD

3.1 Y

IRR

68.2%

INVESTED

\$37.9M

MOIC

5.1X

CARRYING VALUE

\$193.2M

UNREALIZED RETURNS

OF INVESTMENTS

376

AVG. INVESTMENT

\$456K

AVG. HOLDING PERIOD

2.6 Y

IRR

25.5%

INVESTED

\$173.0M

MOIC

1.8X

CARRYING VALUE

\$309.2M

We follow and invest
in the evolution of
marketplace models

VERTICALIZATION OF THE HORIZONTALS CONTINUES



Created by: David Haber. SupplyDemandIQ.com

ebay → Reverb

You Tube → twitch

Thumbtack → BLOCK

Rev → robin™

UBER
EATS

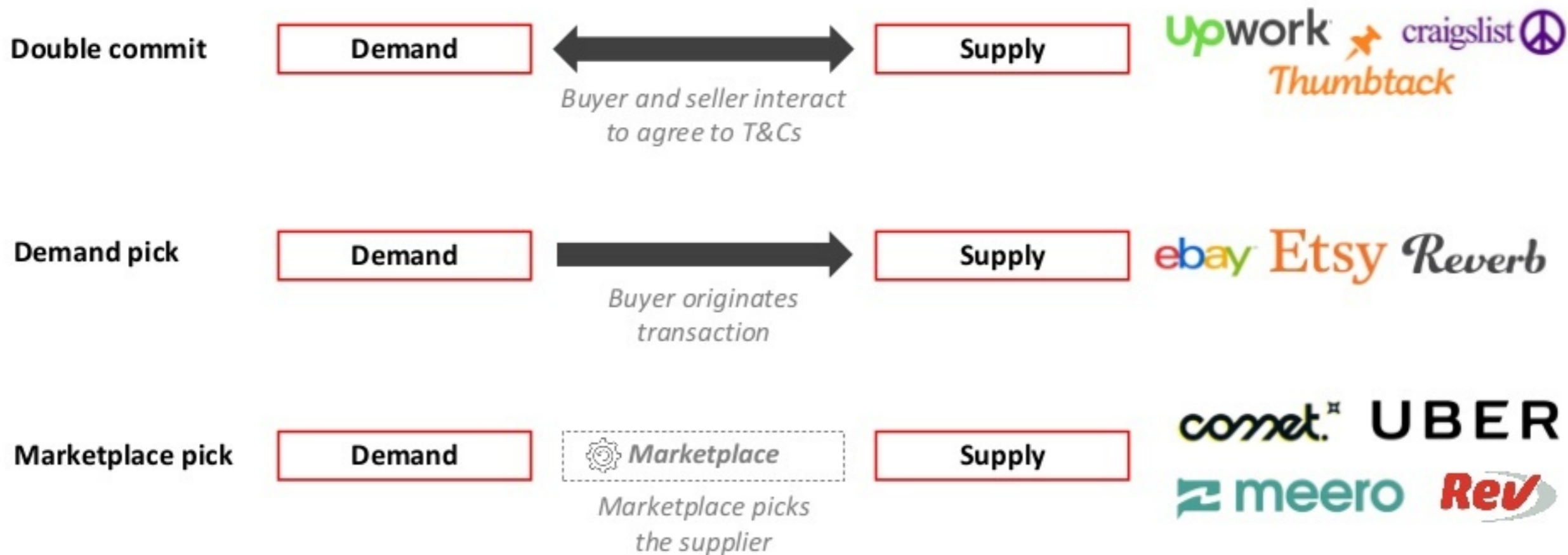
→ SLICE

upwork™ → comet.✧

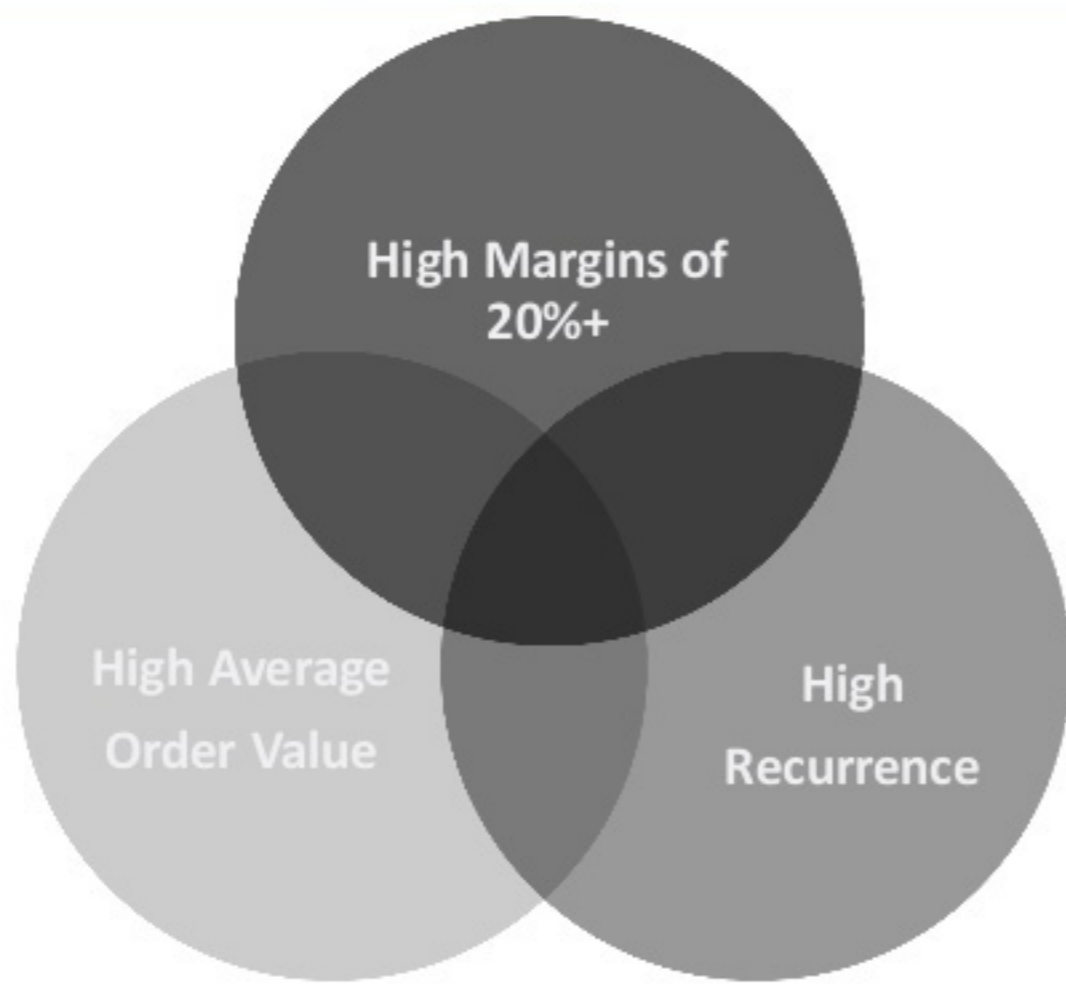
airbnb → LUXURY
RETREATS

FUNDBOX → PRODUCEPAY

EVOLVING FROM DOUBLE COMMIT TO MARKETPLACE PICK



B2B Marketplaces have attractive characteristics that makes them more resilient



Examples

FLEXPORT


procsea
ONLINE FISH MARKET

 **RIGUP**

 **knowde**

 **Medinas**

Ag

A top-down, dimly lit photograph of a person's hands using a smartphone on a desk. The phone screen displays a list of items. A pen and a pair of glasses are also visible on the desk surface.

Food Models

FOOD IS UNDERGOING MASSIVE SHIFT TO OFF PREMISE CONSUMPTION

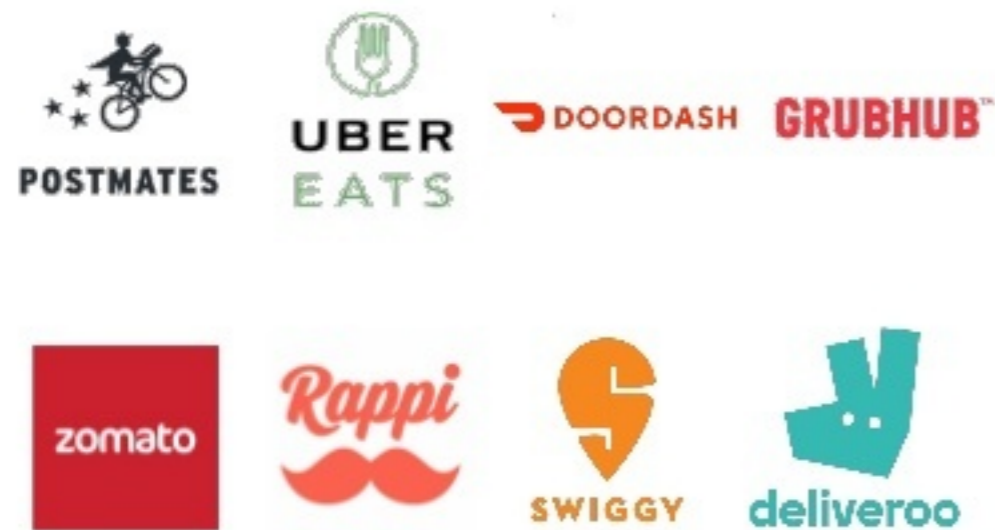
On Premise Revenues
(grocery shopping & dine-in)



Off Premise Revenues
(pick-up & delivery)



Horizontals benefit from the growing demand



Verticalization happens around discovery, trust, convenience and price



**On-premise experience first
- physical storefront -**



- ✗ High upfront costs
- ✗ Not flexible to changes:
one kitchen, one brand, one menu
- ✗ In-house customer comes first



This Model works as long as food is still hyper-local and physical space is needed

**Off-premise experience first
- digital storefront -**



- ✓ Low upfront costs
- ✓ Flexible to changes:
multiple brands from single kitchen
- ✓ Out-of-house customer comes first



This Model works when cultural habit shifts to mobile-first world (like China)
Digital presence is needed

Dark Kitchens

- Smart industrial kitchens rented out to restaurants
- High-flexibility and easy expansion for current brands
- Merit based: Low-cost barrier to entry for new brands
- Players provide shared space, infrastructure, and SaaS



Virtual Restaurants


- Brands renting dark kitchens or using existing underutilized restaurant space
- Players in the space usually take charge in providing the brand, raw-materials, customer acquisition, and delivery support



Autonomous Restaurants Fleet

- Cooking-on-the-go renovated and sold with healthy margins
- Players in the space provide well-equipped vehicle with a cooking space, and often an app



A top-down view of a person's hands interacting with a smartphone on a desk. The desk is cluttered with a pen, a pair of glasses, and a notebook. The scene is dimly lit, with a dark overlay. The text 'Real Estate Models' is centered in a bright orange color.

Real Estate Models

Opendoor



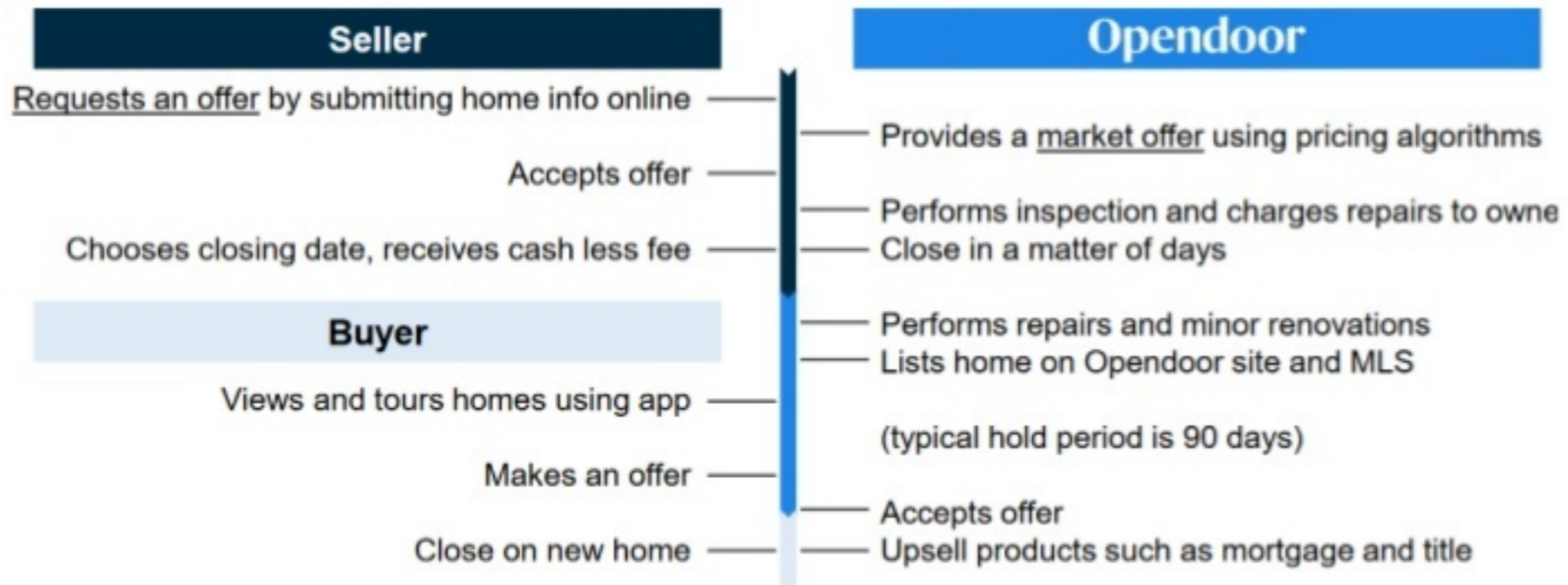
COMPASS



SONDER

ziroom自如

The iBuyer model requires getting involved in every step of the transaction



Every market

- Mortgage market for buyers
- Debt capital market to fund homes up to ideally 90%+
- Culture of home ownership

Efficient markets

- High broker fees
- High % of transactions going through brokers
- High complexity transaction
- Long time to close transaction (90+ days)



Inefficient markets

- Availability of low priced assets that can be renovated and sold with healthy margin



A top-down view of a person's hands using a smartphone on a desk. The desk is cluttered with a pen, a pair of glasses, and a notebook. The text 'Car Models' is overlaid in orange on the smartphone screen.

Car Models



Auto1 model has proven successful in Europe



Frontier Car Group is bringing the Auto1 model to emerging markets



FRONTIER CAR GROUP



Initial target markets

Information sources and use

- Price differential across regions
- Potential for pricing models built on proprietary data set

Incumbents


- Absence of wholesale marketplaces
- Low penetration of largest incumbents

Financing

- Social acceptance of credit
- Credit scoring system
- Access to credit

Macro factors

- Market size
- High and/or increasing car ownership

A top-down view of a person's hands using a smartphone on a desk. The desk is cluttered with a pen, a pair of glasses, and a notebook. The scene is dimly lit, with a dark overlay. The text 'Job Marketplace Models' is centered in a bright orange color.

Job Marketplace Models

Full Time Jobs



Ⓟ craigslist

Blue collar



HIRED



White collar

Staffing / Gigs



Vertical Marketplace Pick



Regulatory

- Employer responsibility for insurance/pension/sick leave/...
- Ease of hiring/firing employees

Macro factors

- Industries which require rapid hiring/firing of large amounts of people (e.g. ride sharing or oil & gas for staffing)
- Job churn in the market
- Unemployment rates

A top-down view of a person's hands interacting with a smartphone on a desk. The phone screen displays a list of items. A pen and a pair of glasses are also visible on the desk. The scene is dimly lit, with a dark overlay.

Home Services Models

Horizontals still dominate the bulk of home services models

Thumbtack

Horizontal services marketplace

 **HomeAdvisor**

New verticalized and transactional competitors

Setter

*Managed marketplace
for home maintenance
and repairs*

 **RENOVISO**

*Managed marketplace
for home renovations*



TOOLBX

*B2B marketplace for
construction materials*

RESQ 

*Managed marketplace for
restaurant renovations*

A top-down view of a person's hands using a smartphone on a desk. The desk is cluttered with a pen, a pair of glasses, and a notebook. The text 'Lending Models' is overlaid in the center in a red font.

Lending Models

The first wave of fintech challengers brought significant disruption to the market ...



... followed by a second wave of startups that address specific client needs



Better returns for online shopping



Pay-as-you-go smart-phone purchasing



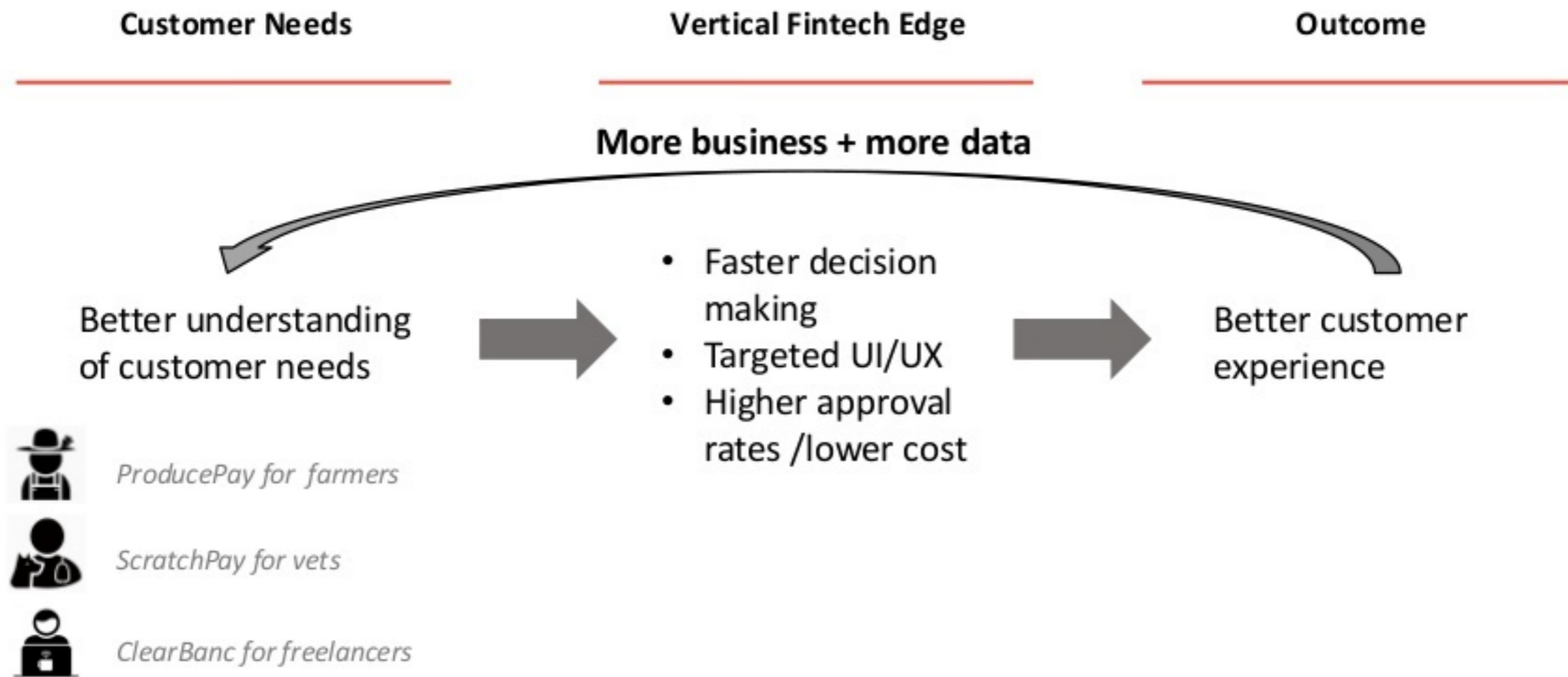
Lending for produce farmers



POS financing for veterinary clinics



Banking for self-employed freelancers



AMAZING THINGS LIE AHEAD!



Thank you!



Thank you.

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