



Kyiv  
International  
Economic  
Forum

Presentation materials by Andrew Romans,  
General Partner of Rubicon Venture Capital

5-6 OCTOBER 2017. KYIV. UKRAINE. CEC PARKOVY  
Ukraine and The World in The New Economic Reality





**RUBICON**  
VENTURE CAPITAL

**Masters of Corporate VC**  
**Kiev, Ukraine**  
**October 6, 2017**

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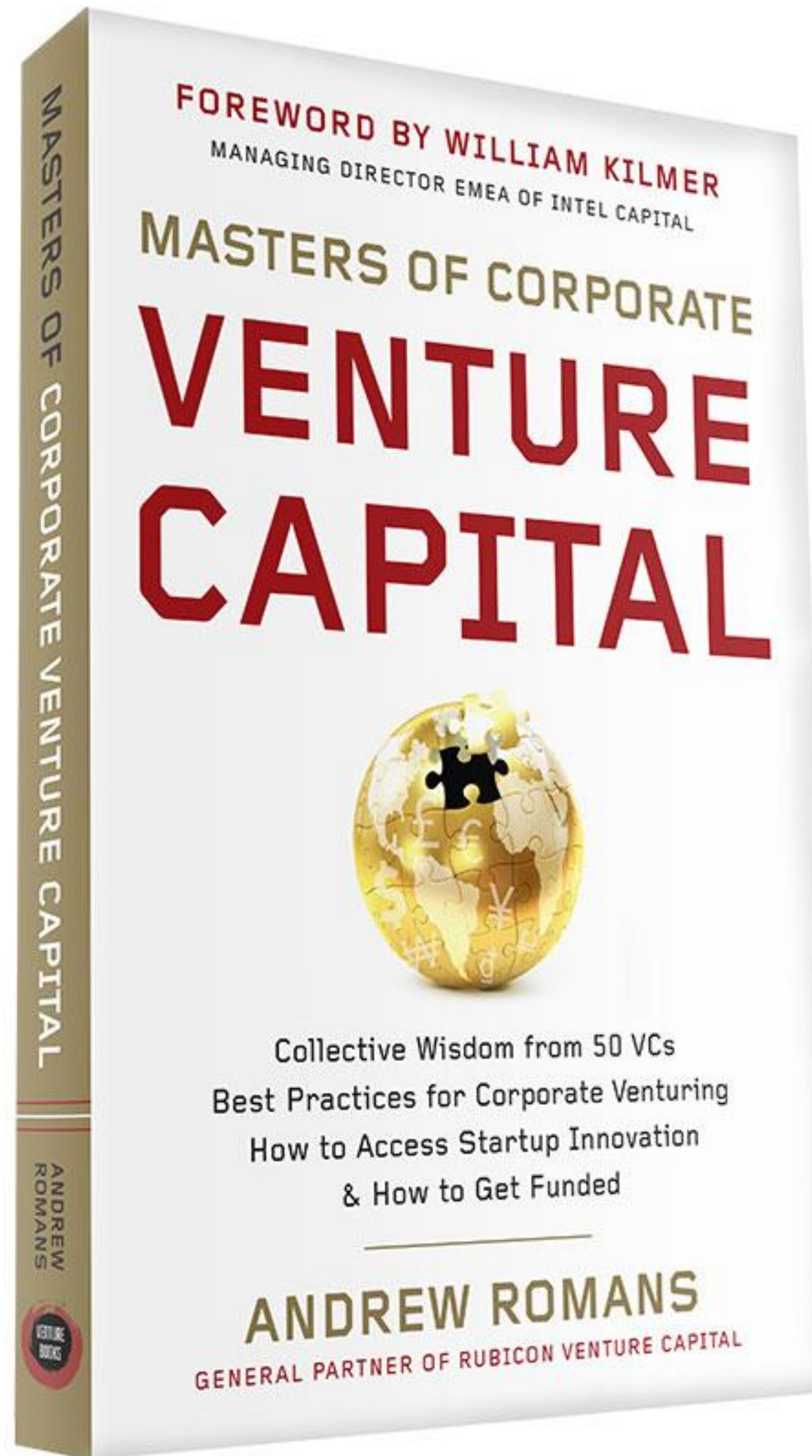
# MY BACKGROUND

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- **VC & angel:** Cofounder of **Rubicon Venture Capital & Georgetown Angels**, General Partner of **The Founders Club** (VC-equity exchange fund & broker of secondaries with 42 VCs on the advisory board – US, Europe & Israel)
- **Entrepreneur:** President of **The Global TeleExchange (The GTX)**, a \$50m venture-backed telecom VoIP venture. **Motive** (NASDAQ IPO), **Sentito Networks** (M&A Verso)
- **VC banker:** Founder & Managing Partner **Georgetown Venture Partners (GVP)**, venture capital & M&A corporate finance boutique in London
- **International:** Born in Japan. Lived 15 years outside of USA. Professional network in Europe, China, Japan, SEA, Brazil, Israel, Mid-East. Fluent in English, German & French, conversant in Czech & Slovak
- **I can read:** BA University of Vermont, Duke University, FU Berlin, MBA in Finance from Georgetown University on scholarship

# NEW BOOK ON CORPORATE VENTURE CAPITAL - CVC - August 2016

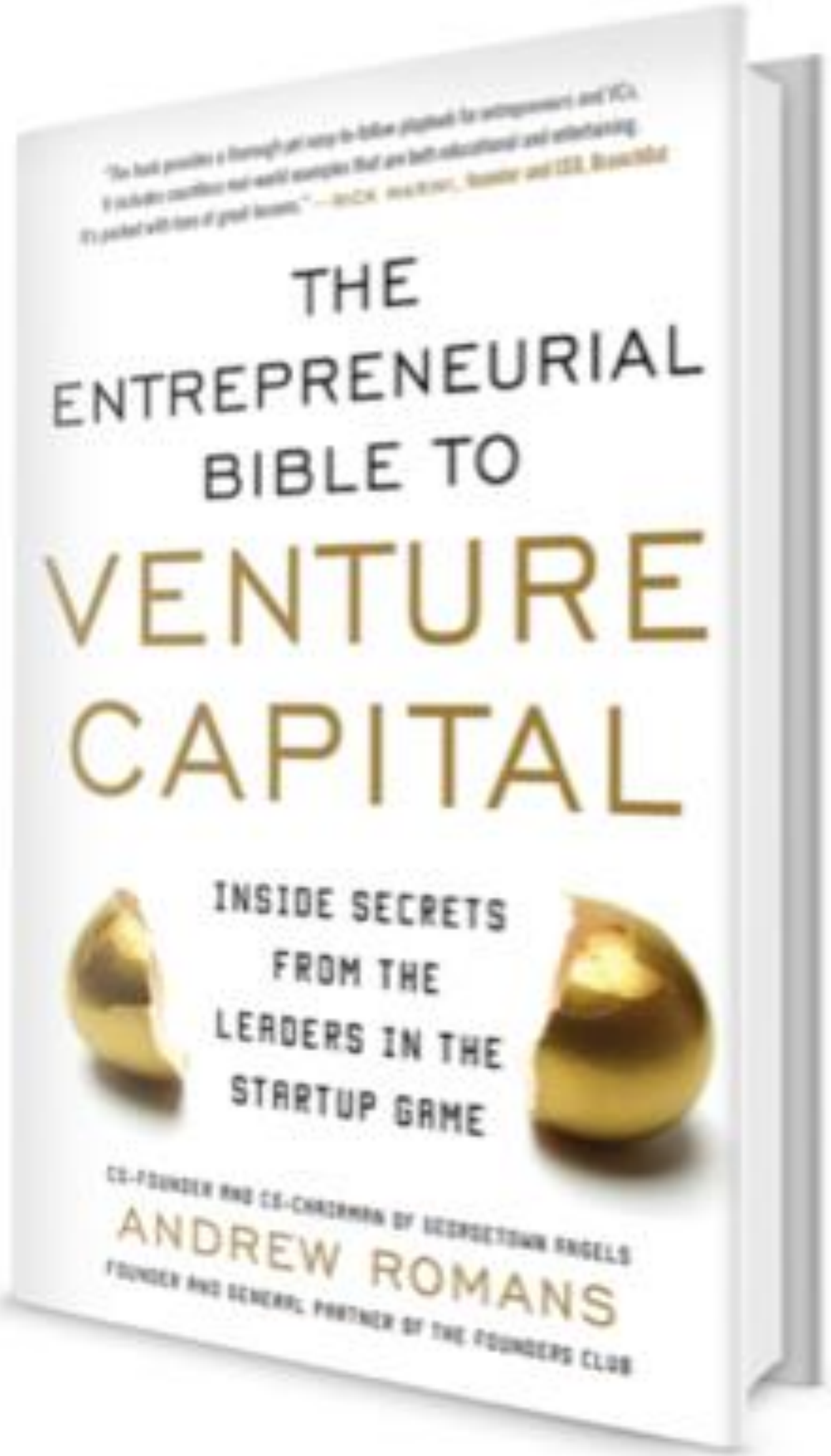
- **100+** interviews with CVCs, **CVC seminars** 4 continents, I personally **raised \$28m** for my startup from **Lucent** & advised many startups on CVC funding
- **Japanese** translation by Development Bank of Japan, WM Partners & Mori Hamada & Matsumoto, published by Diamond Publishing



- **Chinese** Translation by VCs in China, published by China Renmin University Press Co., Ltd.
- **Russian** Translation by Moscow VC, sponsored by Russian gov't fund, published by Alpina Publishing
- Seeking Portuguese, Spanish & Arabic



# AUTHOR OF LEADING BOOK ON VENTURE CAPITAL





# BOOK #3 - I'M WORKING ON IT!

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MASTERS OF RAISING  
ANGEL & VC FUNDING

ANDREW ROMANS

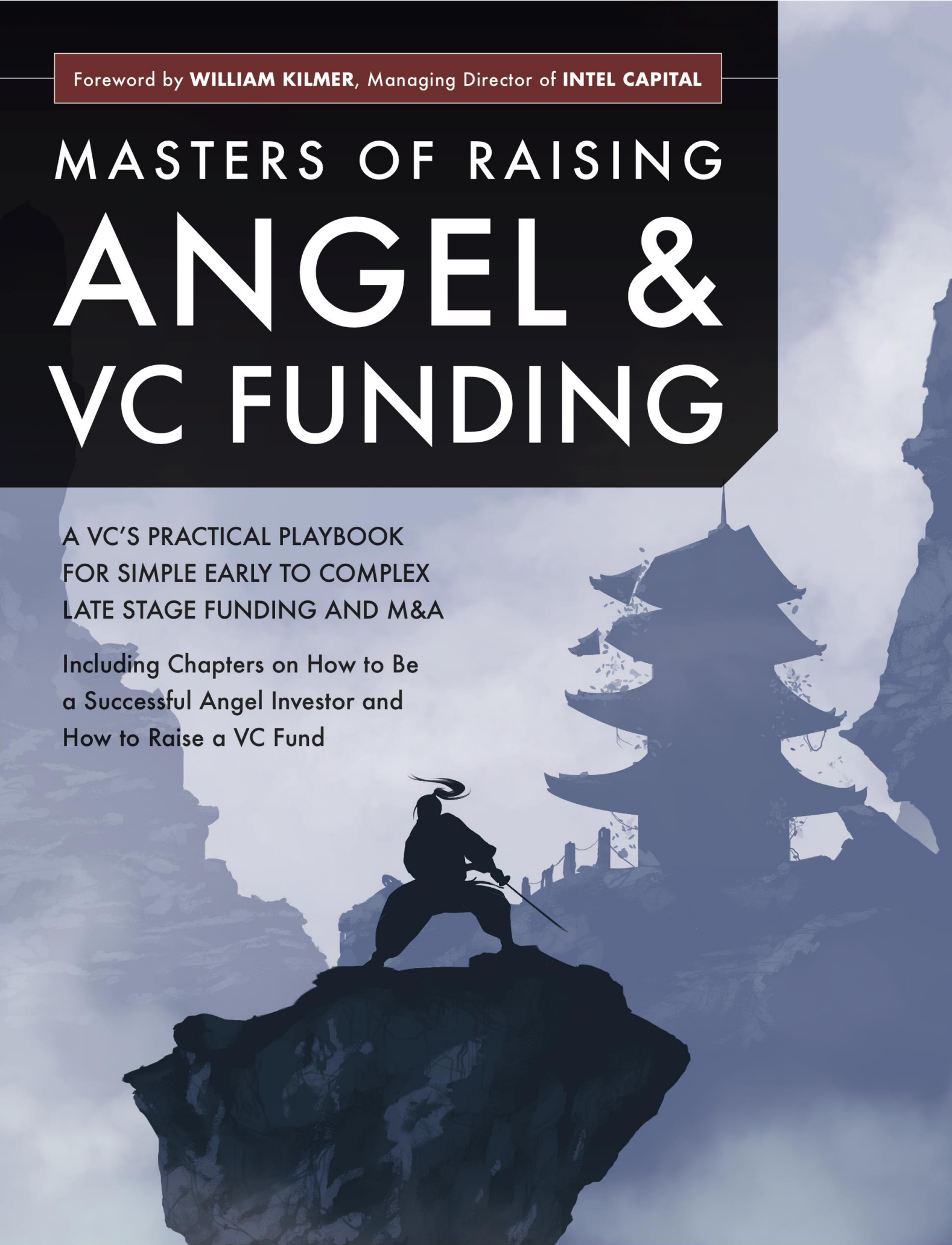


Foreword by **WILLIAM KILMER**, Managing Director of **INTEL CAPITAL**

## MASTERS OF RAISING ANGEL & VC FUNDING

A VC'S PRACTICAL PLAYBOOK  
FOR SIMPLE EARLY TO COMPLEX  
LATE STAGE FUNDING AND M&A

Including Chapters on How to Be  
a Successful Angel Investor and  
How to Raise a VC Fund



**ANDREW ROMANS**  
GENERAL PARTNER OF RUBICON VENTURE CAPITAL



# THE BIG PICTURE > WIN-WIN-WIN

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- Big win for **corporates** – too dangerous for a large corporate not to enter CVC
  - Software will eat the world and will spare no industry high tech or low tech
- Big win for **startups**
  - Partner with corporate as **pilot, then customer, then reference**
  - Partner to **sell products & services via sales force of corporate**
  - **Grow internationally** with corporates' global or regional footprint
  - Generate **M&A** interest to sell startup to corporate
- Big win for **VCs** & financially motivated **LP investors** to make huge financial returns





# WHY SHOULD YOU HAVE A CORPORATE VENTURE CAPITAL (CVC) PROGRAM?

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- Access external startup innovation and bring it inside
- Understand the watershed shift of Artificial Intelligence and Machine Learning
- Drive M&A with a pipeline of investment opportunities
- Diversify products & services
- Grow top line revs, lower expenses, increase bottom line profit
- Avoid being disrupted. Software will eat the world – play defense!
- Identify partnerships with startups
- License technology
- Focus on long-term product and service innovation. Use CVC to combat the short-term quarterly results mindset that plagues publicly traded companies



# WHY CVC? – FOCUS ON HR

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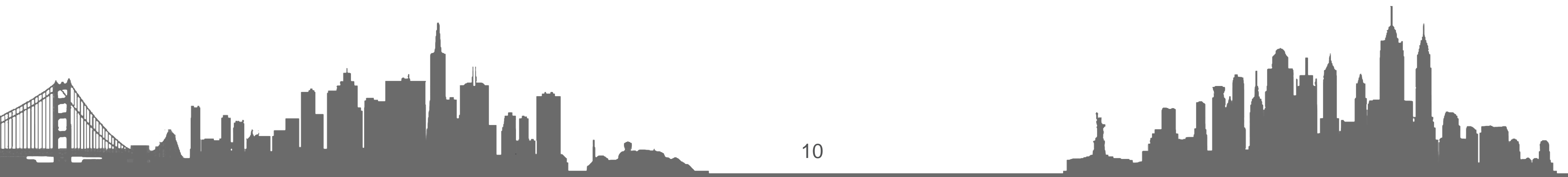
- Bring the entrepreneurial culture and dynamic energy from the startup and venture world back into the corporate culture
- Tell your HR department who to hire
- Access human capital. Best people work at startups not large corporations
- Increase the quality of life for the corporate's employees
- Lower attrition rates and the cost of hiring and training new replacements
- Create a PR image for the public, demonstrating that the corporate is innovative and hip to work for, buy from or do business with
- Increase the corporate's competitiveness
- This is political. How to transform your country's economy from low cost labor arbitrage opportunity to high tech Apple Computer – Goldman Sachs economy with one CVC at a time



# WHY CVC? – FOCUS ON INTERNATIONAL & DEFENSE

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- Use CVC as a method of establishing offices and operations in different countries and tech corridors, driving globalization of the corporate as an organization
- Use cash from revenues in foreign currencies to invest in those countries, capitalize on local tax schemes; or negotiate new favorable tax deals with local governments.  
Improve your PR image in those countries
- Access innovation from key tech corridors like Silicon Valley, Israel, New York, London, China, India, Indonesia, Malaysia, Singapore and beyond
- Play defense. Make “hedge” investment opportunities into technologies and businesses that threaten the corporate’s core or peripheral businesses. Taxi industry from Uber, Blockbuster from Netflix, Yahoo! from Google and Facebook

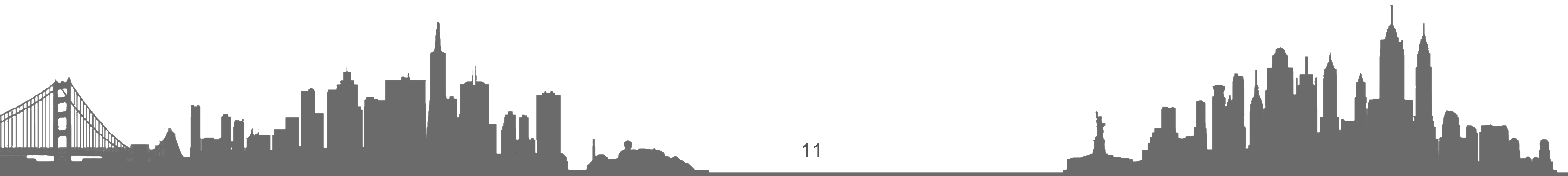




# WHY CVC? – ANY SINGLE REASON JUSTIFIES ZERO COST PROGRAM

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- Fit into a “build, partner, buy” strategy
- Outsource part of your R&D program, breaking free of its limitations. It’s hard to think outside of the box when you are in a cubicle
- Develop ecosystems around products or platforms operated by the corporate, e.g., Salesforce.com investing in startups that use Force.com, Apple app & FB Fund
- Exploit domain expertise to make smart investments, e.g., Yahoo! investing in Alibaba and Yahoo! Japan
- Make a financial return for the sake of making a financial return
- CVC done right can financially outperform most financial VCs
- Zero cost R&D program that actually makes money!

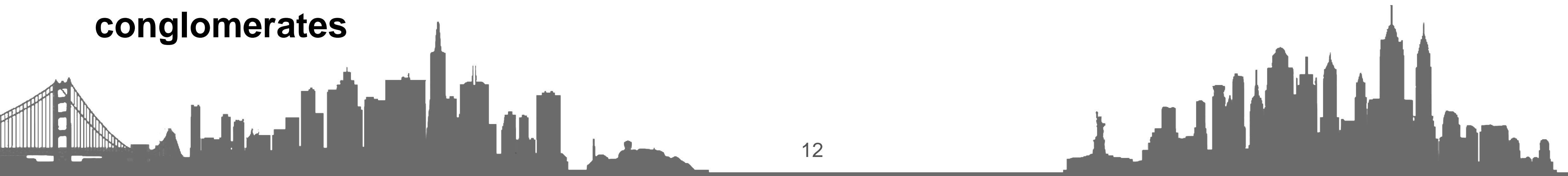




# WHY THE UKRAINIAN GOVERNMENT SHOULD CARE?

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- Your existing businesses will die if they don't change
- Entire economies must transform from low cost labor arbitrage to advanced technology / innovation driven economies
- Startups and VCs are the answer but we need many more elements of the ecosystem
- **The answer is to jumpstart with CVC and connect to the largest ecosystems of Silicon Valley, New York, London, etc.**
- Government policy should drive your largest corporations to invest in CVC to bring far away tech into your largest companies and your startups into the big ecosystems to become world dominating companies of tomorrow as well as solve your unique problems
- **It's about both your unborn startups and your existing big corporates and conglomerates**

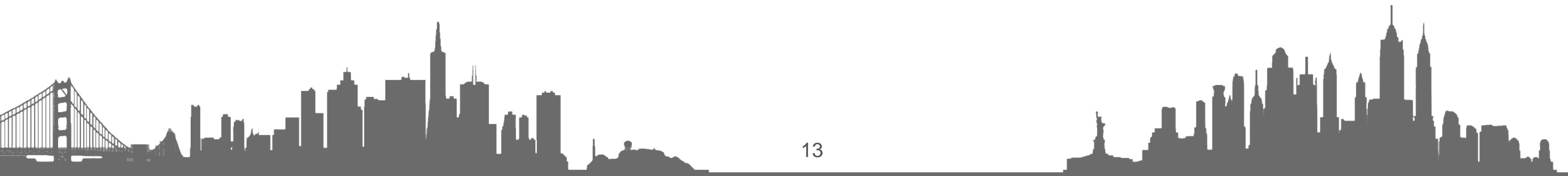




# HOW TO DO IT RIGHT

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- 1) Use CVC as a weapon to diversify your economy
- 2) The CVC must be a separate legal entity – off balance sheet
- 2) Make a long term commitment
- 3) Staff the team 50% internal and 50% connected networked VCs
- 4) Invest in other VCs first and then cherry pick for direct investments second
- 5) Compensate the team so they don't quit and **BE PROFITABLE!**
- 6) Invest with portfolio construction
- 7) Set the investment committee free to move fast
- 8) Expand / unshackle your mind for topics and geographies to invest in





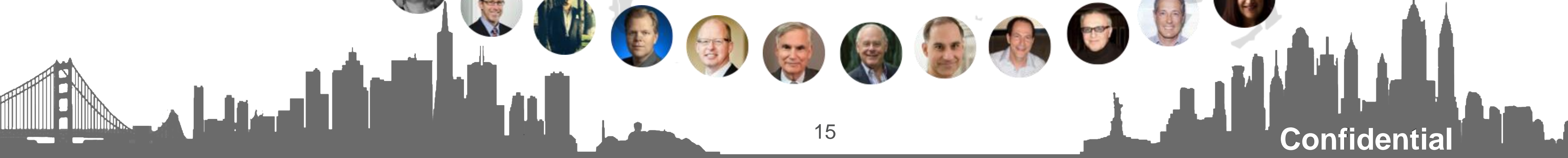
A photograph of the Golden Gate Bridge in San Francisco at dusk. The bridge is illuminated with warm orange lights, and its reflection is visible in the water in the foreground. The sky is a deep blue, and the surrounding hills are dark. A semi-transparent blue circle is overlaid in the center of the image, containing the text 'RUBICON VENTURE CAPITAL' in white, sans-serif font.

RUBICON  
VENTURE CAPITAL



# RUBICON'S LP NETWORK – ANGELS, CORPORATES & FAMILIES

We leverage our network to source deals and help our portfolio companies expand into new markets in the US and across the globe

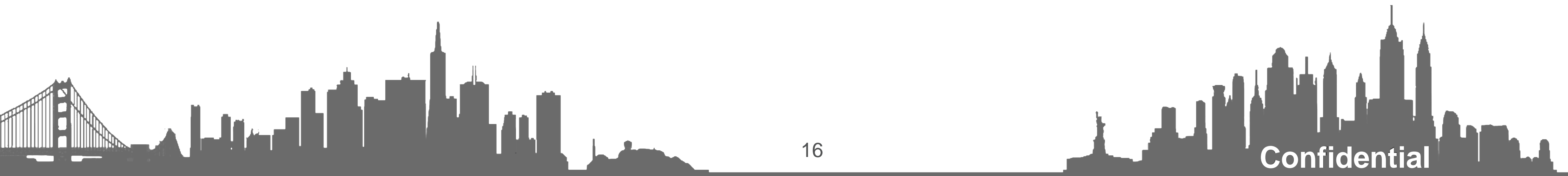




# MULTI-CVC, FAMILY OFFICE & ANGEL NETWORK

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- Rubicon pioneered a new way of sharing information from startups with its corporate, family office and angel investors – information sharing is the key to success!
- Real-time sharing of deals via co-investment platform. It is confidential when one of our corporates invests into our startups
- Allowing corporates, family offices and angels to co-invest with our fund increases incentives & alignment to help the startup succeed
- Enhanced reporting and total transparency

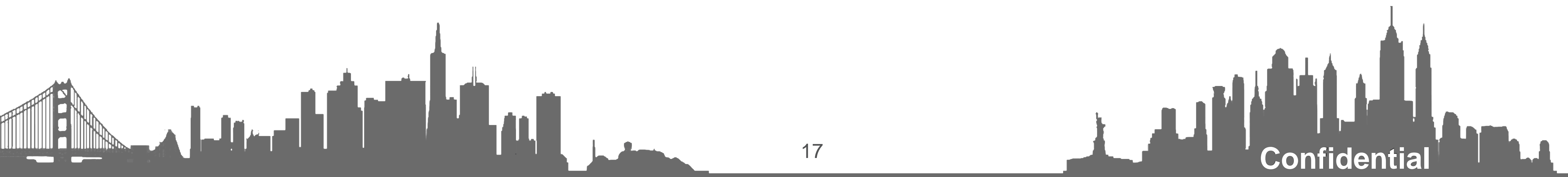




# MULTI-CVC, FAMILY OFFICE & ANGEL NETWORK

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- Win-win-win
- ✓ Corporates access the very best startup innovation & deal flow
- ✓ Startups partner with large global companies for sales distribution, large customers & ultimately acquisition without downside of CVC
- ✓ Financial LPs benefit from rapid sales growth, valuation growth and startups becoming global players





# RUBICON'S SIDECAR INVESTMENT MODEL

When Rubicon invests from our fund we also create a Special Purpose Vehicle (SPV) that we call a Sidecar, through which our LPs may allocate additional capital to the company on a deal-by-deal basis.

## BENEFITS FOR FOUNDERS

**Additional capital** from individuals who believe in the company & its mission

**Guidance** from industry leading Limited Partners

Informed & Engaged Investors all LPs are updated via regular memos and conference calls and are more likely to get involved with portfolio companies

## BENEFITS FOR LPS

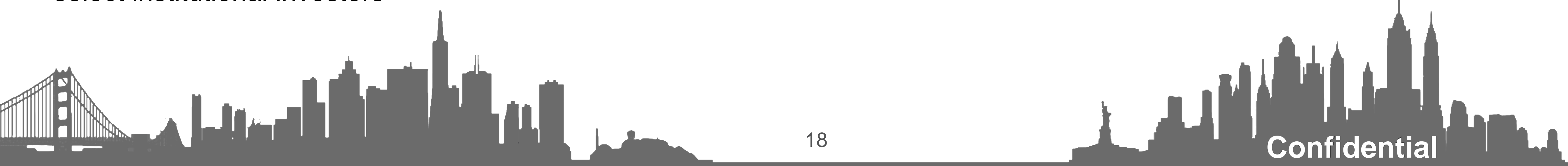
**A hands on experience** LPs are encouraged (but not required) to work with Rubicon portfolio companies when they can add value

More control over investment allocations and risk profile

Direct access to later stage opportunities typically only available to select institutional investors

## ONE-TIME FEES & CARRY

	INVESTMENT AMOUNT		
	<\$50K	\$50K - \$500K	>\$500K
MGMT FEE	5%	3%	1.5%
CARRY	20% AFTER LPS MADE WHOLE		





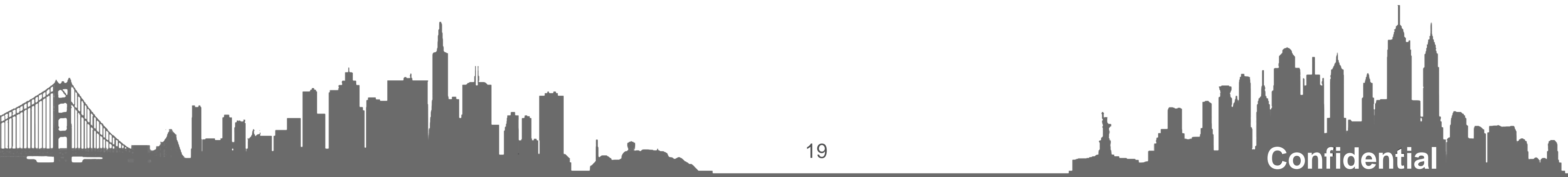
# CO-INVESTORS

Rubicon has co-invested with



Plus individual investors

Eric Schmidt, Peter Thiel, Joe Lonsdale, Mark Pincus, The Rockefeller Family, Danny Meyer, Mark Cuban, Ashton Kutcher, The Zuckerberg Family, Semil Shah, David Tisch, Dustin Moskovitz, Jason Calacanis, Gary Vaynerchuk, Sam Altman





# FUND I'S TOP TIER TRACK RECORD

Achieving top level results

**21 Active  
Co's  
(1 exit)**

Portfolio co's to date  
(25 total expected in Fund I)  
Sectors: Mobile, IoT, FinTech,  
Hospitality Tech, MarTech,  
Enterprise SaaS, Big Data, etc.

**42%**

(Lifetime Fund I Unrealized IRR)  
(5.71% Realized IRR)

56% IRR  
(2014 cohort)\*

25% IRR

**3.7x**

Avg. markup of 2014  
investments

205% cash-on-cash return  
with zero realized losses in  
Fund I since inception\*

**100%**

of Fund I's 2014  
cohort have raised  
up-round capital from  
institutional investors

66% of 2015 Cohort have

\* IRR is unrealized and measured by company valuations as defined by each company's most recent round of funding

IRR as of 8/1/2017.



A photograph of a suspension bridge at sunset. The sun is low on the horizon, casting a warm, golden glow across the scene. The bridge's steel cables and wooden deck are visible, with shadows cast across the planks. In the background, a city skyline is silhouetted against the bright sky. A large, semi-transparent white circle is centered over the image, containing the text "andrew@rubicon.vc" in a bold, black, sans-serif font.

**andrew@rubicon.vc**