



MONAMI 2011  
AVEIRO - PORTUGAL

# THE RANDOM WALK DOWN VENTURE CAPITAL LAND

By a Serial Entrepreneur

Dr Luis Miguel Campos  
CEO - PDM&FC

# Personal Experience

Three (failed) attempts at getting Venture Capital Funding separated by two decades.

1990: Online Broker

2000: EnterTheMatrix

2010: MPay

# Exhibit 1: Online Broker

What if investors could use the internet to access the stock market to trade stocks in real-time with a click of the mouse?

- What went wrong?
  - Timming
  - Location
  - Credibility
  - Technical Know-how
  - Prior Experience

# Exhibit 1: Online Broker

But was it such a bad idea?

Of course not !

- E\*Trade was founded in 1991
- Today virtually ALL private trades are done using an online broker

## Exhibit 2: EnterTheMatrix

What if mobile phone users were connected to the internet at all times, and wanted to share information with others?

- Virtual PostIt
- Virtual SMS
- Find-A-Friend
- ....

- What went wrong?
  - Timming
  - ~~☒ Location~~
  - Credibility
  - ~~☒ Technical Know-how~~
  - Prior Experience

## Exhibit 2: EnterTheMatrix

But was it such a bad idea?  
Of course not !

- Social Networks are the “hot” stuff ...

Ten years later !

## Exhibit 3: MPay

What if everyone used their mobile phone to pay for all products and services?

And to Withdraw money?

And to Transfer money?

And to get real-time Discounts?

- What went wrong?
  - ☒ ~~Timing~~
  - ☒ ~~Location~~
  - ☒ ~~Credibility~~
  - ☒ ~~Technical Know-how~~
  - ☒ ~~Prior Experience~~
  - So ????

## Exhibit 3: MPay

But was it such a bad idea?

Of course not !

- Google
- PayPal
- FourSquare
- Mobile Operators (Isis)
- Credit Card companies
- Banks
- ....

Where is Microsoft???



# Money Transfers

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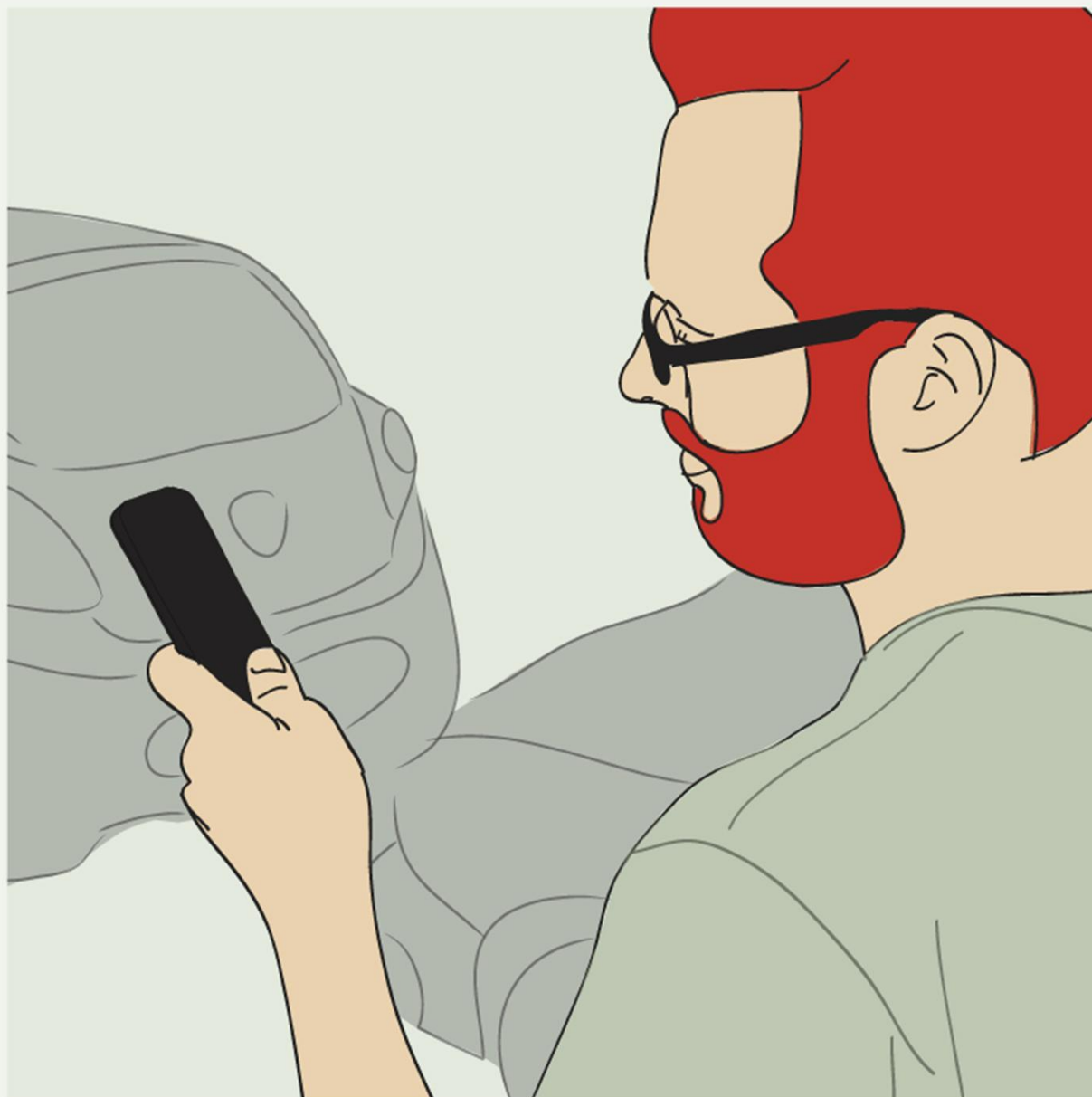
transfer money between  
MPay accounts with  
your mobile phone.

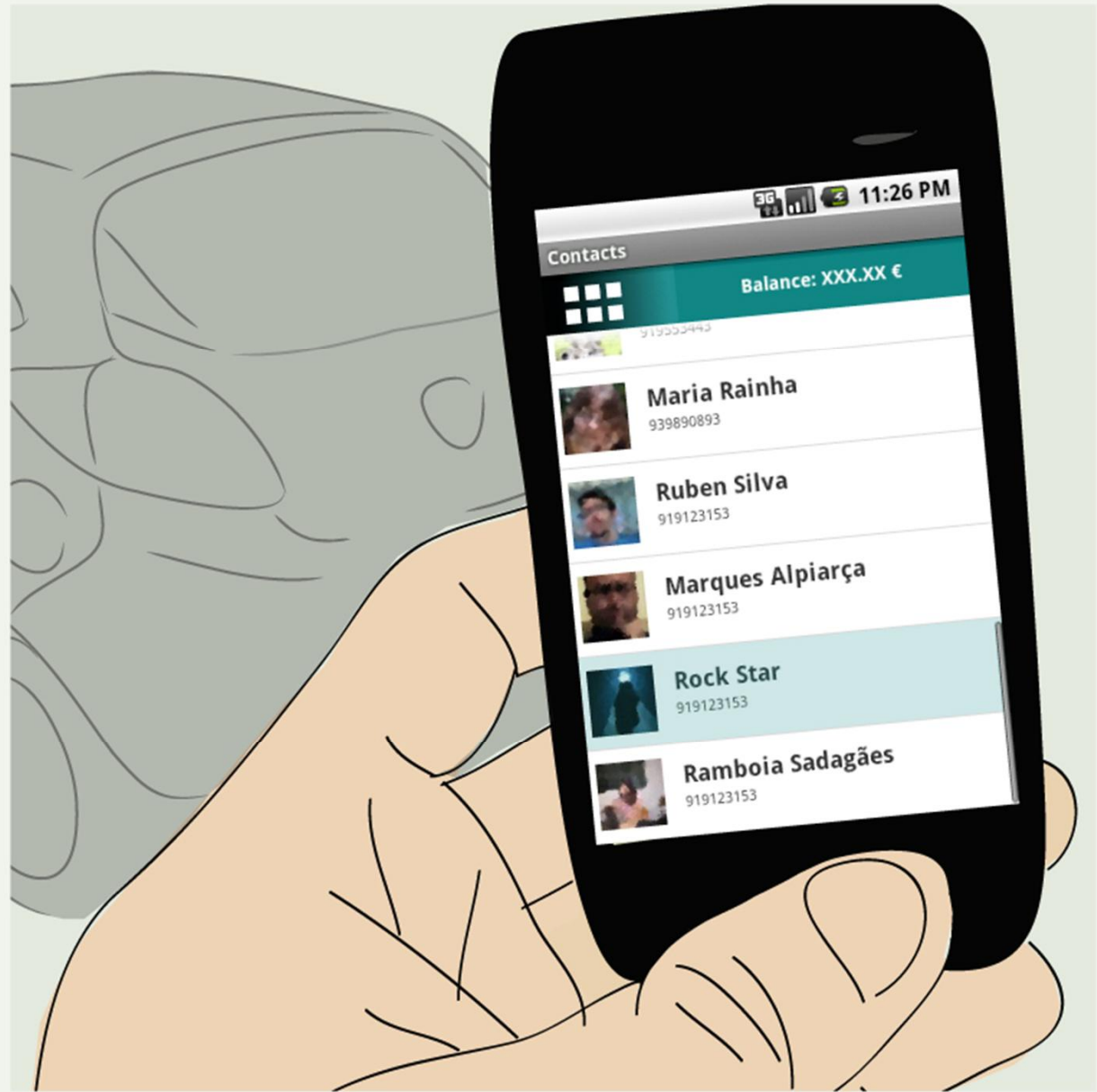
**MPay**



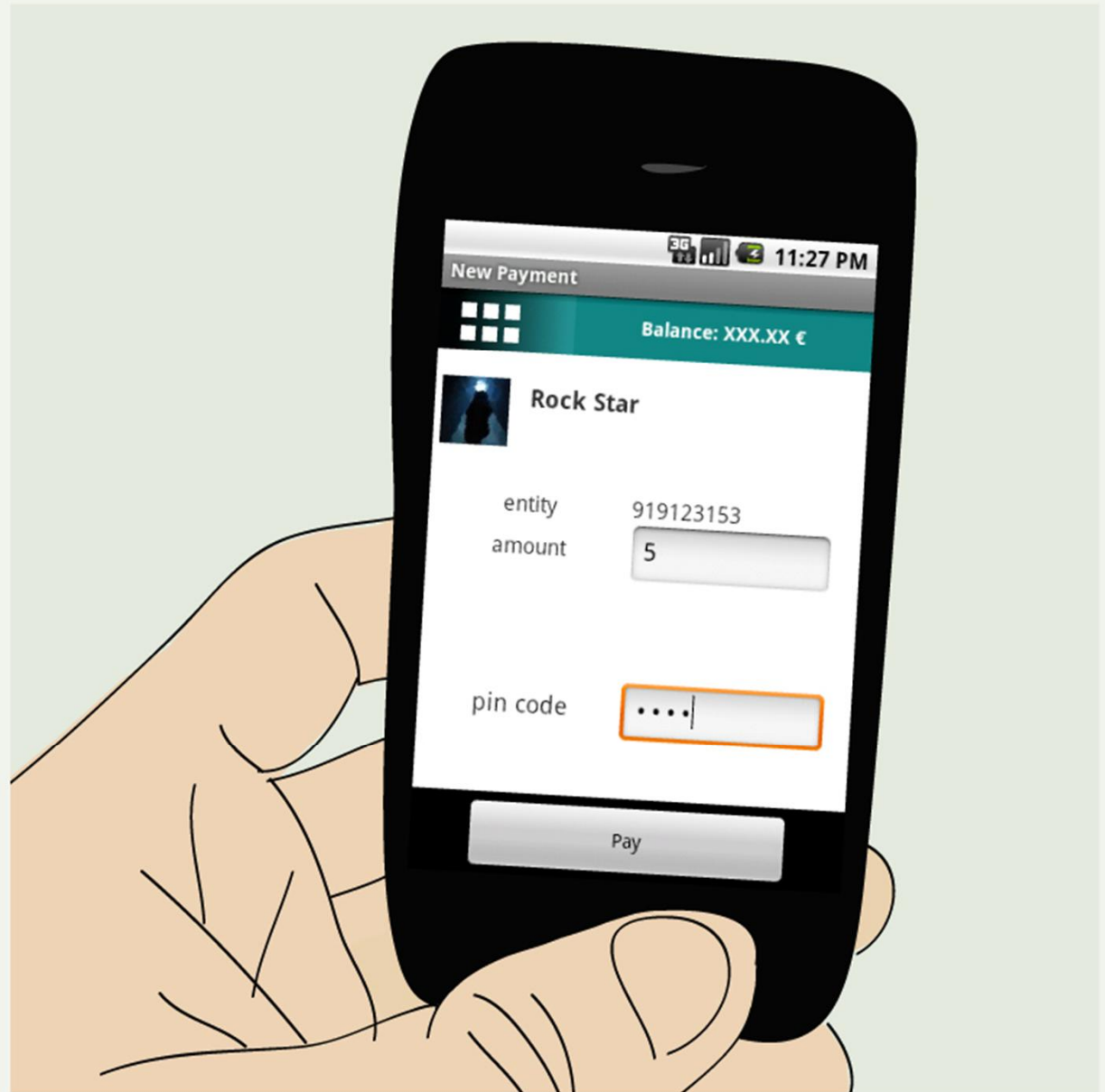
Mary ran out  
of money, and  
asks his dad  
through SMS..

He decides to do  
a money transfer  
with the MPay  
service.





.. selects his daughter's number on his phone.



.. chooses an amount,  
inserts the pin  
code, ..

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.. confirms the  
operation.

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and almost  
instantly receive  
the transfer  
confirmation

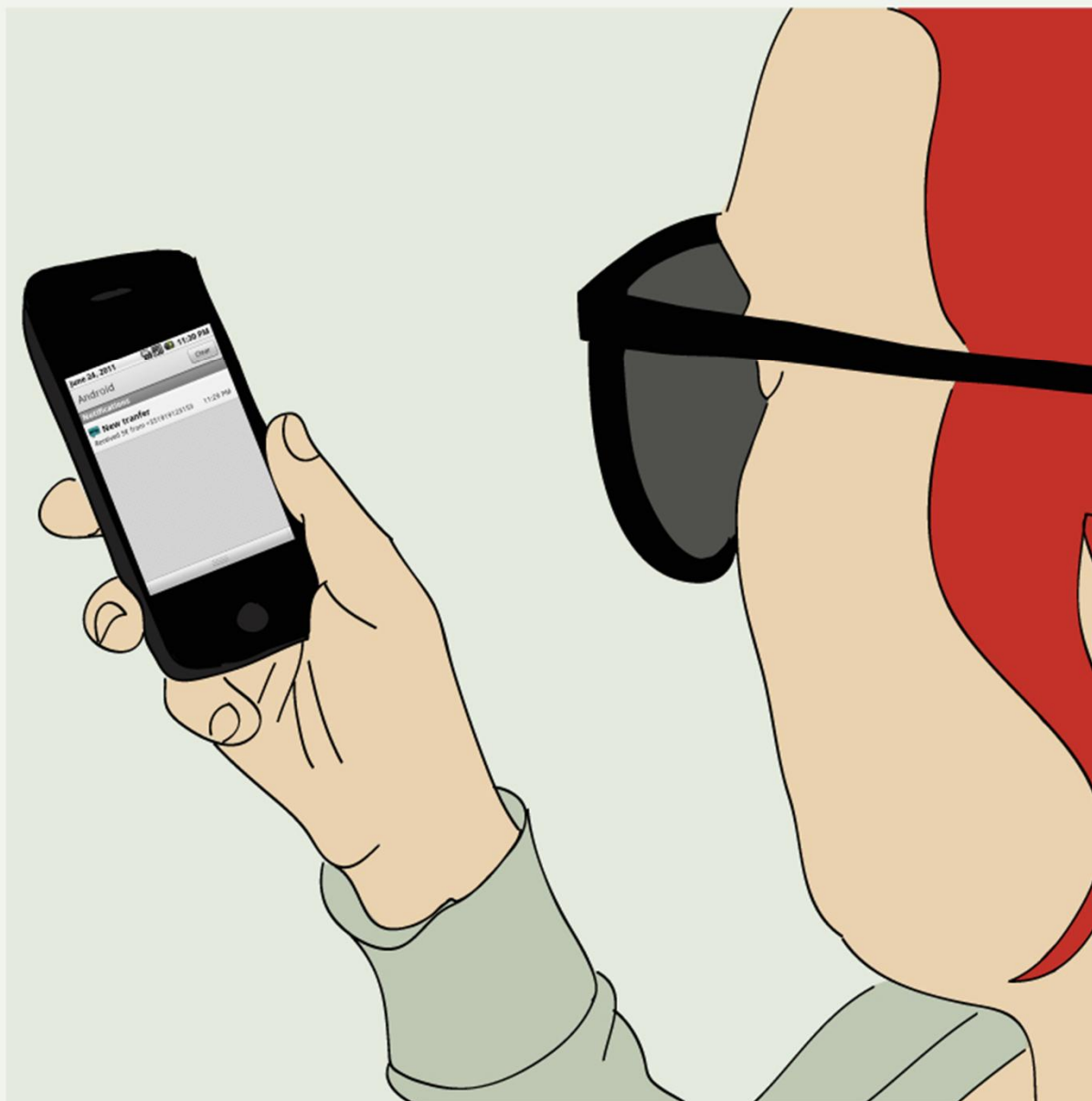
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Mary receives the  
money with a MPay  
notification..  
aren't parents  
great?!

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## Money Transfers

transfer money between MPay accounts with your mobile phone.

MPay



Mary ran out of money, and asks his dad through SMS...



He decides to do a money transfer with the MPay service.



... selects his daughter's number on his phone.



... chooses an amount, inserts the pin code.



... confirms the operation.



and almost instantly receive the transfer confirmation



Mary receives the money with a MPay notification... aren't parents great?!

# Mobile Payments for the 21st Century

MPay



## The Sad Truth is ...

"It's who you know, not what you know that matters the most in Business"

# || The EcoSystem 101

- Bank Loan
  - Business Angels
  - Venture Capital
  - Private Equity
- Seed Capital
  - StartUp
  - Early Stage
  - Expansion

# Some Data Venture Capital in USA - #deals/amounted invested

Quarter	1995		1996		1997		1998		1999		2000	
	# of Deals	Amount Invested	# of Deals	Amount Invested	# of Deals	Amount Invested	# of Deals	Amount Invested	# of Deals	Amount Invested	# of Deals	Amount Invested
1	506	1.595.191.800	587	2.207.773.200	777	2.924.098.700	868	3.849.577.900	935	5.907.295.500	2.173	27.205.240.400
2	463	2.449.862.400	673	2.969.556.200	780	3.526.772.500	917	5.344.829.300	1.328	10.048.437.400	2.135	26.261.379.600
3	434	1.540.899.800	603	2.389.487.200	759	3.613.811.400	927	4.843.015.400	1.445	13.005.191.600	1.952	25.232.773.100
4	484	1.727.448.700	772	3.011.735.300	913	4.134.458.500	1.013	5.698.998.100	1.884	22.397.225.000	1.778	20.505.190.800
Grand Total	1.887	7.313.402.700	2.635	10.578.551.900	3.229	14.199.141.100	3.725	19.736.420.700	5.592	51.358.149.500	8.038	99.204.583.900

# Some Data Venture Capital in USA - #deals/amounted invested

Quarter	2001		2002		2003		2004		2005		2006	
	# of Deals	Amount Invested	# of Deals	Amount Invested	# of Deals	Amount Invested	# of Deals	Amount Invested	# of Deals	Amount Invested	# of Deals	Amount Invested
	1	1.317	12.328.445.800	858	6.469.351.800	719	4.129.321.800	726	5.179.790.700	747	5.044.992.300	889
2	1.241	10.556.057.300	873	5.842.475.400	749	4.744.020.600	867	6.032.628.500	846	6.140.660.200	989	7.076.057.000
3	1.022	7.607.355.100	707	4.300.499.800	731	4.622.775.900	706	4.812.395.200	802	5.786.374.100	932	6.675.849.600
4	1.002	7.559.372.300	741	4.276.786.700	798	5.387.348.500	858	5.792.437.600	840	5.724.851.800	981	6.216.883.500
<b>Grand Total</b>	<b>4.582</b>	<b>38.051.230.500</b>	<b>3.179</b>	<b>20.889.113.700</b>	<b>2.997</b>	<b>18.883.466.800</b>	<b>3.157</b>	<b>21.817.252.000</b>	<b>3.235</b>	<b>22.696.878.400</b>	<b>3.791</b>	<b>26.268.713.300</b>

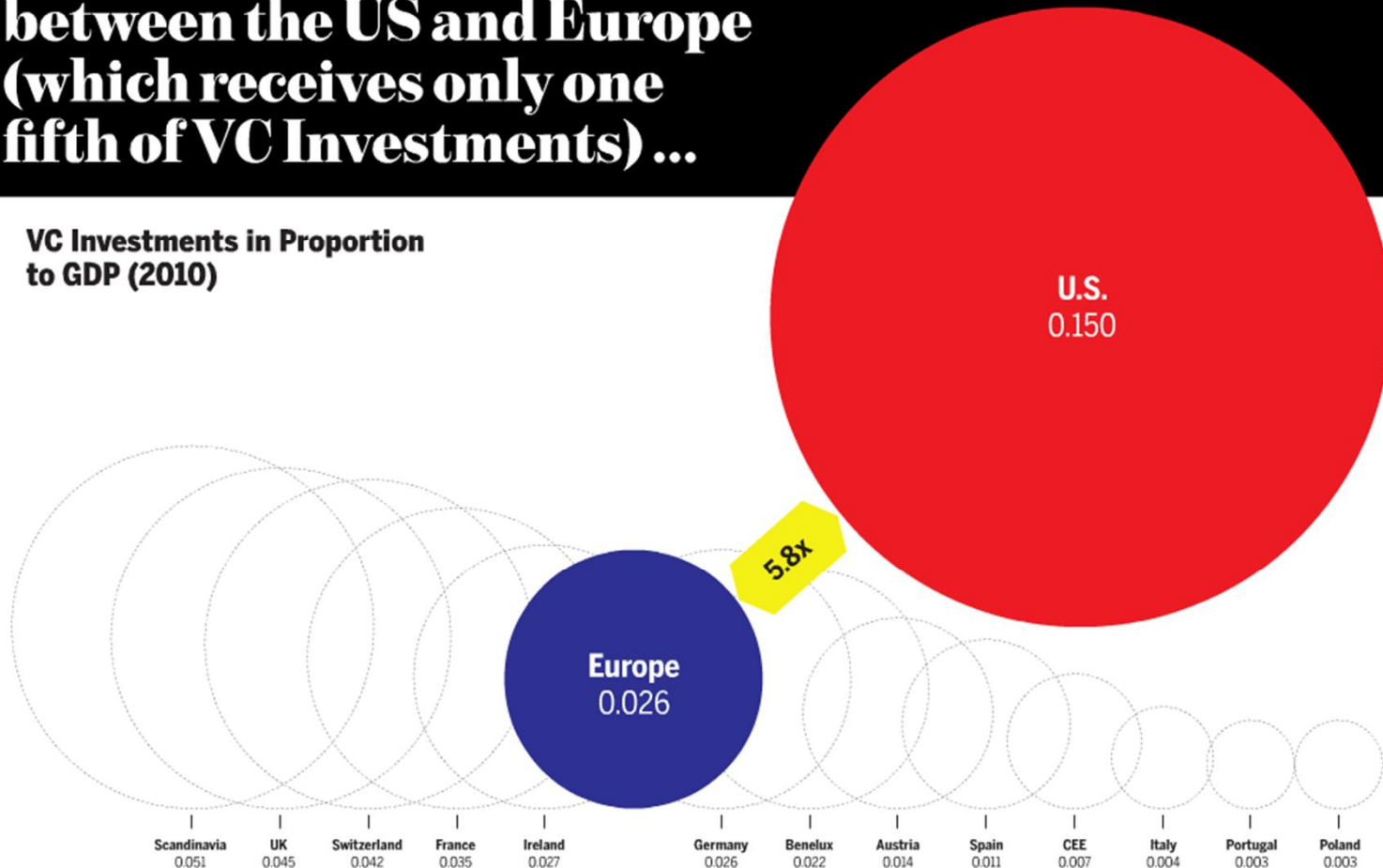
# Some Data Venture Capital in USA - #deals/amounted invested

Quarter	2007		2008		2009		2010		2011	
	# of Deals	Amount Invested	# of Deals	Amount Invested	# of Deals	Amount Invested	# of Deals	Amount Invested	# of Deals	Amount Invested
	1	884	7.178.908.100	1.042	7.908.899.900	664	3.621.370.900	786	5.180.829.000	814
2	1.081	7.342.338.300	1.084	7.638.236.400	738	4.667.534.500	998	7.161.128.800	966	7.516.102.400
3	1.031	7.878.923.400	1.027	7.253.236.000	733	5.313.257.500	840	5.278.684.400		
4	1.095	7.972.348.200	932	5.915.648.300	912	5.876.698.800	836	5.642.161.000		
Grand Total	4.091	30.372.518.000	4.085	28.716.020.600	3.047	19.478.861.700	3.460	23.262.803.200	1.780	13.848.119.800

# In the meantime in Europe...

**The dramatic capital supply imbalance between the US and Europe (which receives only one fifth of VC Investments) ...**

VC Investments in Proportion to GDP (2010)





## In the meantime in Europe...

966 deals worth \$7.5 billion were closed in the second quarter in the US, an increase of 19 per cent in both dollar value and in the number of deals over the first quarter of 2011

European venture-backed companies raised €2.2 billion in 447 deals in the first half of 2011, down 28 per cent in deal activity from a year earlier






## In the meantime in Europe...

The UK remained the favorite destination for venture capital investment in Europe, taking 35 per cent of overall investment in the first six months of 2011. UK-based companies raised €766 million through 119 deals, a 4 per cent decline in capital invested and down 29 per cent in terms of deal flow, compared with the same period last year



## In the meantime in Europe...

France came in at second, but it also saw a decline in investment and activity in the first half of this year. Investment declined 18 per cent to €315 million and deal flow fell 16 per cent to 114 deals.



Germany came in fourth by investment but third by number of deals, despite recording a decline in investment. German companies raised €240 million through 54 deals, down 27 per cent in investment value and down 41 per cent in deal flow over the same period last year



## In the meantime in Europe...

Not all news are bad news...

In the past two years Europe has seen \$15bn in venture capital liquidity – half the figure for the US over that period, but based on only one fifth of the funding



Europe is producing higher exit multiples than the US, due to an over proportional share of successful exits in Europe.



## In the meantime in Europe...

A lack of supply for the huge demand that exists for VC funding, couple with a small but strong set of VC firms operating in Europe, has led to a 'Buyer's market', with low entry valuations and much greater capital efficiency than the US



Only the 'cream of the crop' are invested in

# In the meantime in Europe...

## Its not quite all about Skype...

\$1B+		> 10X				5 - 10X		

...and many more



# Is there a better way to fund and get funded?

What if we could create a perfect market for Entrepreneurs and Investors simultaneously ?

Money would flow to the best IDEAS (regardless of origin or “personal connections”)

Investors would rely more on actual expectations rather than “pie-in-the-sky” projections



# ||| The Great Equalizer

Create a Virtual World, where every citizen is given exactly the same amount of virtual money (call it: “A Very Serious Gaming Platform”)

Every citizen can invest in ideas that are submitted to a Virtual Market

Ideas that are virtually funded increase in value



# ||| The Great Equalizer

Investors can choose from all ideas submitted and invest (in the real world) into those that look more promising

Ideas that are successful in the real world must pay part of their profits to investors in the virtual world

Utopian? Not at all ! Portugal Telecom already does something similar !!!