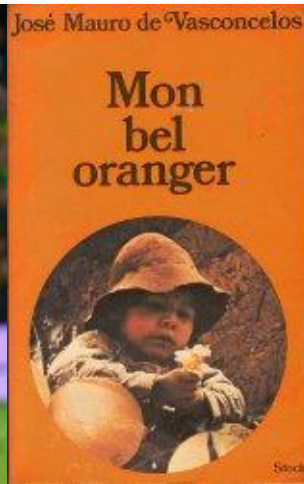
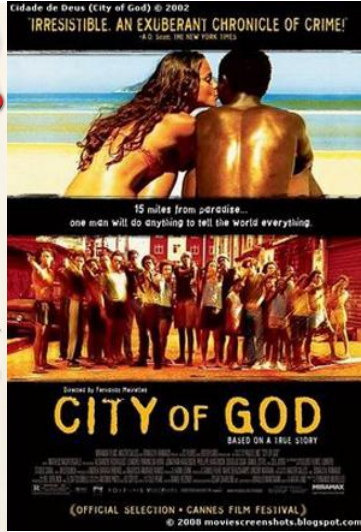


# The Trials and Tribulations of Angel Investing in Brazil, Russia and around the World!



# This is what people think of when they think of Brazil...



...but this is also Brazil



# Brazil at a Glance

## A huge geography:

- 5th in the world in terms of total area
- 2.5X the size of India
- Similar size to China & USA

## A relevant population: 196 million

## A growing economy:

- 2.3 Trillion USD at PPP
- The 8th largest world economy (PPP) according to the IMF
- 7.5% GDP real growth rate in 2010

## An already large and booming Internet economy:

- 70 million Internet users
- 23 million Internet shoppers with an average order of \$250
- \$10 billion in ecommerce sales in 2010, 40% growth year over year



# This is what people think of when then think of Russia...



...but this is also Russia



# Russia at a Glance

## A huge geography

- 1st in the world in terms of total area
- Almost 2X the size of USA

## A relevant population: 141M

## An important economy:

- 2.4 Trillion USD at PPP
- The 6th largest world economy (PPP) according to IMF

## An already large and booming Internet economy:

- 60M users online per month, the largest Internet population in Europe
- 13M people using ecommerce in Russia monthly or 24% of internet users.
- The ecommerce market in Russia in 2011 is expected to reach \$10 billion USD, 26% growth since last year.



# Globalization is more fragile and less entrenched than you think!

- Only 2% of students are at universities outside of their home countries.
- Only 3% of people live outside their country of birth.
- Only 7% of rice is traded across borders.
- Only 7% of directors at S&P 500 companies are foreigners.
- A few years ago less than 1% of all American companies had any foreign operations.
- Exports only represent 20% of global GDP.
- Air travel is restricted by bilateral treaties and ocean shipping is dominated by cartels.
- Foreign direct investment (FDI) accounts for only 9% of all fixed investment.
- Less than 20% of venture capital is deployed outside a fund's home country.
- Only 20% of shares traded on stock markets are owned by foreign companies.
- Less than 20% of Internet traffic crosses national borders

I made all the mistakes so you would not have to!



# The more the merrier!

*Hopefully informed “spray and pray” :)*

- **1999-2001:** 7 investments
- **2005:** 2 very large investments
- **2006:** 4 large investments
- **2007:** 1 large investment
- **2008:** 7 investments
- **2009:** 9 investments
- **2010:** 22 investments and 4 follow-on investments
- **2011:** 35 investments and 11 follow-on investments so far with 3 new investments in the process of closing



## TOTAL: **90** Investments!

(excluding the companies I started and ran: Aucland, Zingy and OLX)

## Jose Marin

- Cofounder IG Expansion, holding company specialized in bringing Proven business model to emerging markets.
- Founder of Serendipity Investments (portfolio of 60 Internet companies)
- Cofounder Deremate.com
- Boston Consulting Group
- Stanford Business School



**We only look at consumer facing businesses in certain geographies in line with our expertise**

**We only look at consumer facing businesses we feel capable of evaluating**

- Marketplaces
- User Generated Content
- Ecommerce
- Travel

**We'll invest in new innovative projects in the US (e.g.; Getaround & Guestmob)**

**We invest in proven models in Brazil, Russia, Germany and to a lesser extent Turkey, China, the UK and the rest of the world**




## Traditional Angel Investing (up to 30 investments per year)

- We're small investors in projects where the funding is lead by others.
- Mostly passive.

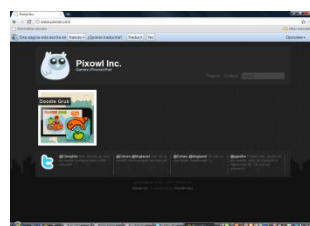
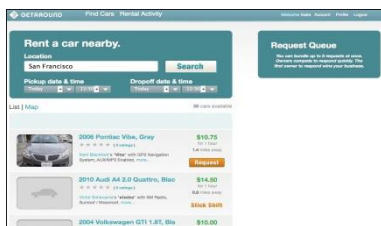
## Advise and Accompany Projects (Up to 4 projects per year)

- Full screening of the project; raise funds from our angel network (200 first tier angels).
- Monthly follow-up calls and 3 yearly meetings in person.
- Actively involved during the first 18-24 months.

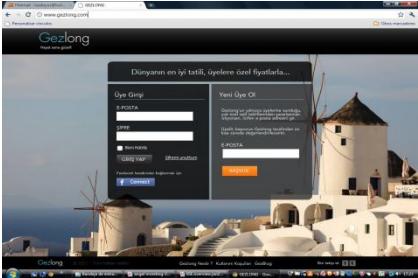
## Initiate New Projects (1 project per year):

- In Partnership with  IG EXPANSION (Jose Marin and Carlos Martin).
- We identify the models, bring amazing cofounders with 20-30% of equity and invest the first \$2-3 million.
- 2010:  Expedia for Latin America
- 2011:  Shoedazzle for Brazil

# Traditional Angel Investing



# Advisory Projects



# We decide in 1 hour based on 4 criteria

- 1. Like the team**
- 2. Like the pitch: it meets our “9 business selection criteria”**
- 3. Like the product**
- 4. Like the deal terms**



## 9 business selection criteria

1. At least a \$1 billion in potential revenues
2. A valid business model understood from the get go
3. Does not require more than \$2 million in seed or \$15 million in first round VC money
4. A business where you have a real shot at being one of the top players – at least in the region you are targeting
5. A scalable idea
6. A business with little or no risk of disintermediation and/or margin compression by suppliers and/or customers
7. A business that is in a rapidly growing market
8. An idea that I know how to execute on or can learn how to execute on
9. An idea that I like and want to do!

**For more details visit: [www.fabricegrinda.com/?p=5](http://www.fabricegrinda.com/?p=5)**

- Quality of time spent helping entrepreneurs matters more than quantity of time
- Stick to your investment principles
- Diversity is good
- It pays to be lucky
- Exits can take a long time
- **Most exits are below \$30 million!**



**90** Investments: \$11 million invested

**17** exits (excluding Aucland, Zingy and OLX):

- 6 losses
- 11 successful exits including 1 IPO and several exits with 10x+ returns and 1 exit with 30x return in 6 months!
- \$9 million recouped

**73** active participations



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