Online Fundraising and Syndicates
## Recent Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raised online</td>
<td>$205M</td>
</tr>
<tr>
<td>In last 2 years</td>
<td></td>
</tr>
<tr>
<td>Online Fundraises</td>
<td>393</td>
</tr>
<tr>
<td>In last 12 months (11/1/2014 - 10/31/2015)</td>
<td></td>
</tr>
<tr>
<td>Online Fundraisereses to Date</td>
<td>Over 700</td>
</tr>
<tr>
<td>Investors</td>
<td>4,400</td>
</tr>
</tbody>
</table>
1. Most online deals have a limited number of investors.
Online Fundraising ≠ Crowdfunding
2. Almost all deals are private

- Invite-Only (506b, limited distribution): 37%
- Broad Private (506b): 60%
- Public (506c): 3%
...even more so recently (Last 6 months only)

- Invite-Only (506b, limited distribution): 46%
- Broad Private (506b): 52%
- Public (506c): 2%
3. Activity is moving quickly to online deals led by a credible investor (Syndicates)
Syndicates
Why this works: Syndicates

Syndicates are pop-up, online, venture funds

<table>
<thead>
<tr>
<th>LPs invest one deal at a time</th>
<th>Online closing and tracking</th>
<th>Deals by experienced angels &amp; VCs</th>
<th>Leads earn carry—no mgmt fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPs can opt out of any deal</td>
<td>Designed for scale: 165 syndicates</td>
<td>Often founders, close to startup community</td>
<td>LPs are individuals or institutions</td>
</tr>
</tbody>
</table>
How syndicates work

Elad Gil

BACKED BY
38 investors
$150k

PATIENTS KNOW BEST

$175k allocation
$25k Elad
$150k syndicate

15% carry to Elad
5% carry to AngelList

No management fees
Elad Gil

38 investors

SYNDICATE

$150K

AngelList

Advisors

SEC-Registered
Exempt Reporting Advisor

PATIENTS KNOW BEST

$25K

AL-Patients-Know-Best, LLC

$158K

Actual Expenses

Blue Sky, LLC Formation Costs, Banking, Tax & Accounting for Syndicate Lifetime

$8K
## Key Elements of Syndicates

<table>
<thead>
<tr>
<th>Skin in the game (lead averages 16% of investment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insiders vetting deal &amp; terms</td>
</tr>
<tr>
<td>Ongoing deal monitoring and decisions by lead</td>
</tr>
<tr>
<td>Pro-ratas</td>
</tr>
<tr>
<td>Online/automated accreditation checking, closing, funding</td>
</tr>
<tr>
<td>Smaller investments allow more diversified portfolios</td>
</tr>
</tbody>
</table>

*Ready for Institutional Capital?*
Syndicate Issues

1. Need clarity from SEC that VCs (ERAs) can invest in SPVs that share an advisor

2. Syndicates aren’t allowed under the current crowdfunding regulations (no SPVs, no carry). Allowing them to work under both accredited online investing and unaccredited crowdfunding would help both.
Thank you
Backup Slides
165 active syndicates

Elad Gil
INVESTOR
Airbnb, Square, Pinterest
FOUNDER
Color Genomics, Mixer Labs
TEAM
Former VP Twitter, Google

Foundry Group
INVESTOR
Zynga, Harmonix, ReturnPath, Admeld, Sendgrid
SYNDICATE
FG Angels

Dave Morin
INVESTOR
Nest, Dropbox, Slack
FOUNDER
Path
TEAM
Facebook Platform & Connect
165 active syndicates

Paige Craig
INVESTOR
Lyft, Twitter, Postmates
FOUNDING PARTNER
Arena Ventures
TEAM
US Marine Corps

Scott & Cyan Banister
INVESTOR
Uber, Zappos, Thumbtack
FOUNDER
Ironport, Topsy
BOARD MEMBER
Paypal, Postmates

Tom Fallows
INVESTOR
Wanelo, SpoonRocket
FOUNDER
Mercantila, Google Express
TEAM
Head of Uber Global Expansion
4,400 syndicate investors—many founders

Joshua Schachter  
Founder of del.icio.us

Steve Case  
Co-founder of AOL

Othman Laraki  
Co-founder of Mixer Labs

Stephan Paternot  
Co-founder of theglobe.com

Jared Kopf  
Founder of AdRoll

Ben Davenport  
Co-founder of Beluga
Over 700 startups funded

- **shyp**
  - Raised Online: $748K
  - Syndicated By: Tim Ferriss

- **sprig**
  - Raised Online: $150K

- **LUXE**
  - Raised Online: $500K
  - Syndicated By: Rick Marini
Over 700 startups funded

RAISED ONLINE
$779K
SYNDICATED BY
Naval Ravikant

RAISED ONLINE
$163K
SYNDICATED BY
distil networks

RAISED ONLINE
$615K
SYNDICATED BY
zymergen

Jenny Rooke
Follow-on rounds from top VCs

- **spire**
  - Raised Online: $141K
  - Follow-Ons: $65M
  - Including: Bessemer

- **shyp**
  - Raised Online: $748K
  - Follow-Ons: $60M
  - Including: Kleiner Perkins

- **sprig**
  - Raised Online: $150K
  - Follow-Ons: $57M
  - Including: Accel Partners
Follow-on rounds from top VCs

**distil networks**
- Raised online: $163K
- Follow-ons: $31M
- Including Bessemer

**TRADESY**
- Raised online: $225K
- Follow-ons: $30M
- Including Kleiner Perkins

**LUXE**
- Raised online: $500K
- Follow-ons: $20M
- Including Redpoint
“Venture” for small deals

Sumon Sadhu
@sharpshoot · Feb 2015

I credit @AngelList for giving me the platform from being an angel to a fund overnight that has brand and reputation. Firms are noticing.
@tferriss' syndicate is a built-in network of advocates, acting like a megaphone on our behalf.
Investor benefits

Can you love a company? @AngelList just let me make a pro-rata investment in a deal in the same 45 seconds as initial. Seriously awesome!