From: Vincenzo Iozzo <██████████████████>
To: jeevacation@gmail.com
Subject: Fwd: Intro to Andrew McAfee
Date: Thu, 29 Nov 2018 13:42:36 +0000

Some of the open questions I've been thinking about on the fund

Sent from my Iphone

Begin forwarded message:

From: Andrew McAfee <██████████████████>
Date: November 29, 2018 at 08:33:36 EST
To: Vincenzo Iozzo <██████████████>, esimmons2 <██████████████>
Subject: Re: Intro to Andrew McAfee

Vincenzo, these are great questions. It might be best for us to start talking about them over the phone. Esther, could you please find a time for me and Vincenzo to speak?

Looking forward to it...

APM

On Wed, Nov 28, 2018 at 9:16 AM Vincenzo Iozzo <██████████████> wrote:
> Thank you Joi!
>
> Hi Andrew,
>
> Thank you for taking the time - I read some of your research on digital transformation in the enterprise context and found it hugely helpful.
>
> Quick background on myself: I currently run part of engineering at Crowdstrike, I joined after they bought my mobile security company in 2017. I'm a scout/co-investor for VillageGlobal (Reid is a LP) and affiliated with the Media Lab.
>
> The idea I'm working on is to create a PE fund focused on buying companies and turning them from tech laggards to tech leaders.
> The hypothesis is that this is doable, that it requires past experience in the tech sector and that doing it will improve the financial performance of the company enough to provide good returns (if coupled with proper financial analysis and engineering).
>
> On the back of the above, I have 4 questions that I was hoping you could help me with given your expertise:
>
> 1) Do you think the above is feasible? if not, why is that the case? If yes, do you know any body that does it already?
>
> 2) Assuming the answer to the previous question is positive, what are the characteristics of a model target company? What I came up with so far is:

- Low tech penetration industry, steady growth
- high NPS, good brand
- recurring revenue, low churn, low customer concentration, high gross margins
- $5-100m cap
- Value Oriented: buy at lower multiples than industry average

3) What are the major risks in the strategy?
I'm primarily aware of the following but I'm concerned I might be missing something:

  - Implementation time. Find tech solutions/processes that have measurable short term (< 18mo) impact.

  - Culture and Talent. Both in the sense of hiring new staff but also in the sense of changing whatever engineering/IT culture the company already has.

  - Sector focus. While the thesis should be applicable to most sectors I fear that not focusing on 1 or 2 verticals could hurt the fund in the short term due to the need to rump up sector-specific knowledge

4) If I were to do this on a specific sector, which one do you think would be the best one to start from?

Sorry for the long email and thank you for your help!
Vincenzo

Sent from my Iphone

On Nov 27, 2018, at 22:01, Andrew McAfee <█████████████████> wrote:

Hi Vincenzo,

Any friend of Joi's and Reid's is certainly a friend of mine. Please let me know how I can be helpful...

APm

On Sun, Nov 25, 2018 at 10:23 AM Joichi Ito <██████████████> wrote:
Hi Andrew,

Hope you're doing well.

Please meet Vincenzo who is a good friend and also a friend of Reid's.

- Joi

> On Nov 25, 2018, at 10:17, Vincenzo Iozzo <███████████████> wrote:
>
> Joi,
>
> Can you please intro me to Andrew McAfee? I believe I met him once at your place a couple of years ago but haven't really been in touch since.
>
> I'm doing research for my next project and my hypothesis currently is that strategic tech investments can materially improve the top and bottom lines of companies in markets with low average tech penetration.
>

> On the back of this hypothesis, I am exploring raising a private equity fund that acquires tech laggards and turns those companies into tech-leaders.
>
> Andrew has done quite a bit of research on the topic (http://ide.mit.edu/sites/default/files/publications/TheDigitalAdvantage.pdf, https://hbr.org/2008/07/investing-in-the-it-that-makes-a-competitive-difference) and I wanted to pick his brains on the feasibility of the above.
>
> Thank you,
> Vincenzo

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