



VALAR

VENTURES

Fall 2015 Update

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The past two quarters have seen a lot of activity at Valar. Although still early days, Fund 2's existing portfolio companies are tracking nicely. Number26 has reached nearly 50,000 users since launching in February and transaction activity is scaling disproportionately faster. EyeEm has increased sales of its images through its marketplace partner, Getty Images, 5x since we made our investment earlier this year. They have now also launched their own marketplace in six countries, including the United States. Granify has more than doubled its team and multiplied its committed pipeline by 9x in the past two quarters. We've also made two new major investments this quarter, including the Fund's largest investment to date - a \$12 million Series B investment in Montreal-based Breather - and the Fund's smallest major investment so far - a \$2 million Series Seed investment in New York-based Trading Ticket. We are excited about the prospects for both of these companies and teams, and believe they are strong additions to the Fund, including in terms of stage and sector. Details on each investment and related press articles are attached.

With the closing of these new investments, roughly \$40 million of Fund 2 has now been invested, which is broadly in line with our expectation of investing around \$50 million per year in new investments. As Fund 2 is now over 70% called and reserved for follow-on investments, we are in the process of raising Fund 3, with a first closing expected prior to the end of this year and a first capital call after the New Year (i.e., a 2016 vintage fund). Fund 3 will have a target of \$200 million in capital commitments, with a \$250 million hard cap. Fund 3 will optimally be as large as Funds 1 and 2 combined, which, among other things, should allow for the right amount of portfolio diversification for our core strategy of leading Series A and Series B financing rounds (i.e., 12-14 major investments in the Fund with initial check sizes generally within

the \$5 million-\$10 million range). We expect that our existing investors in Fund 2 will participate substantially in Fund 3 and we are looking forward to adding a select number of new investors with whom we have been building relationships over the past two years.

Fund 1 Highlights

Inception:	October 2010
Total Invested:	\$93.6M
Total Gross & Net Values:	\$287.7M / \$239.3M
Total Gross & Net Multiples:	3.1x / 2.6x
Gross & Net IRRs:	65.2% / 53.0%
% of Fund Invested/Reserved:	100%

Fund 2 Highlights

Inception:	January 2015
Total Capital Commitments:	\$102M
Total Invested:	\$38.7M
Current Investment Value:	\$39.4M
Gross & Net Multiples:	1.0x / 1.0x
% of Fund Invested/Reserved:	71%

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In terms of team activity, the past few months have been busy with trips to Canada, Utah and many parts of Europe. As a result of our active travel schedule, we've been able to build on our existing relationships with many of the top early-stage investors in our usual markets of London and Berlin, while also adding new relationships in places like Amsterdam, Prague, Vienna and Montreal. Our positioning and growing track record as a Series A / Series B investor with deep US and Silicon Valley connections is compelling to local firms and we continue to see high quality dealflow as a result. In particular, we believe that the startup ecosystems in our primary markets continue to mature at a rapid pace. One recent indicator of this is the increasing amount of seed stage and early Series A capital available across Europe. We have noted several new funds being formed recently (e.g., Mosaic, Blue Yard) and existing firms closing on larger funds (e.g., Earlybird, Lakestar). We believe this is both evidence of the validity of our core thesis and deepens the opportunity set by increasing the breadth and depth of the early-stage funding necessary to consistently produce the multi-billion dollar businesses required to generate outsized returns in each vintage year.

Finally, in hiring news, in June we added a second associate to our investment team, John Tenet, who joined us from Allen & Company, where he spent three years in that firm's Capital Markets and Investment Management Divisions. Together with Mike Bosserman (hired in January), John is focused on sourcing and evaluating investment opportunities and helping our existing portfolio companies. John has had an immediate impact, bringing in some interesting

investment opportunities, including one that is now in an advanced stage of due diligence. We expect that one area of increasing focus for both John and Mike will be in New York City, where our proximity should give us an advantage over Silicon Valley-based firms and our global network differentiates us from other New York-based firms. Going forward, we expect our funds may include a meaningful amount of New York-based investments, providing a degree of scalability to our investment team without sacrificing the core advantages of remaining lean.

As always, we are deeply grateful for the confidence you've placed in us. We look forward to connecting in person with many of you this Fall.

This document is confidential, trade secret, and not for further circulation. This document is informational and is not an offer or solicitation to buy, sell or hold any securities. As used herein, "Fund 1" refers to all funds and investment vehicles managed by Valar Ventures Management LLC prior to the formation of Valar Global Fund 2, on an aggregate basis. Figures presented for Fund 1 are unaudited estimates in USD as of 6/30/2015. Net figures were calculated by reducing gross profits by a flat 25% for hypothetical management fees, expenses, and carry. Figures presented for Fund 2 are unaudited estimates in USD as of 9/10/2015, in order to include investments made following the end of the prior quarter.

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New Investments



Headquarters:	Montreal
Security Held:	Series B-2 Preferred Shares
Investment Date:	9/10/2015
Round Size:	\$ 18,900,000
Pre-Money Valuation:	\$ 80,000,000
Fund II Investment:	\$ 12,000,000

Figures as of 9/10/2015.

Company Description

Breather operates a marketplace for branded, high-design, private office spaces (referred to as "Breathers") that fill a need for a short term, quiet place to work, meet or relax.

Valar Investment Thesis

Until now, the need for a place to work on the go has been filled by a mix of coffee shops, parks, airport lounges, bars, church basements and similar shared spaces. Through Breather's mobile app and website, users can book, on an hourly basis, beautiful, private spaces that are equipped with fast Wi-Fi and air conditioning. As work culture undergoes a dramatic shift from traditionally large employers with rigid office hours to sole proprietorships and more flexible working arrangements, the Breather marketplace fills a growing need for a consistent, trusted brand in on-demand work space. A confluence of factors make the company's offering possible: smart phone ubiquity, decentralized workforces, internet-enabled locks, and increased familiarity and appetite among consumers for on-demand services.

Financing History

Breather raised a \$1.8M Seed round in July 2013, led by Real Ventures. In July 2014, the company raised a \$6M Series A, led by RRE Ventures, with participation from SOS Ventures and Real Ventures. Breather also raised a supplementary \$1M convertible note from Slow Ventures shortly thereafter.

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TRADEIT

Headquarters:	New York
Security Held:	Series Seed Preferred Shares
Investment Date:	7/10/2015
Round Size:	\$ 4,000,000
Pre-Money Valuation:	\$ 12,000,000
Fund II Investment:	\$ 2,000,000

Figures as of 9/10/2015.

Company Description

Trading Ticket (dba Tradelt) facilitates quick and secure online stock trading through any website or app.

Valar Investment Thesis

Despite the fact that many online brokerages were built as a disruptive force to main street banks, the speed with which technology has improved has already started to put them in the rear window in terms of innovation – particularly with respect to the migration to mobile. In addition, some large banks with significant brokerage operations still have not migrated online, even though their target customer base requires online trading ability. Trading Ticket and its API solve these pain points by offering a simple user interface that can plug into any website or content, allowing users to buy or sell securities through their preferred broker and connecting major brokerage services with the places and times their customers often make financial decisions – while reading financial content or viewing their portfolio online and within mobile applications.

Financing History

Prior to leading Trading Ticket's Series Seed Preferred financing round, Valar participated in Trading Ticket's \$1M pre-seed round in April 2015.



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Breather Raises \$20M From Peter Thiel's Valar Ventures To Expand Its On-Demand Private Room Business

Posted 1 hour ago by [Drew Olanoff \(@drew\)](#)

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Breather, the on-demand private room service has raised \$20M led by Peter Thiel's Valar Ventures. The series B brings Breather's full raise to \$27M. This round also had participation from Real Ventures, RRE Ventures, Slow Ventures and SOS Ventures. Valar will join the board.

The Breather rooms were set up as "secret places" within cities like New York that allow you to get work done, have meetings or whatever you'd rather not do at a Starbucks. The best usecase is when you're traveling, because sometimes you just need to sit down with some WiFi at a place that's not a coffee shop or a hotel. Its app lets you find a room, pay and unlock the door.

I chatted with Breather's co-founder and CEO [Julien Smith](#) about how far the business has come and what's on deck next for the company that got through the initial giggles about what would be going on its rooms. The immediate plan, Smith says is: "New cities, marketing, growing existing cities. We really believe there can be a unit like this in every commercial building in America. Completely serious."

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Peter Thiel

BIO

Peter Thiel is a technology entrepreneur and investor. He first gained attention for innovations in banking and startup finance. Today he is known as the mentor of the PayPal mafia of entrepreneurs, as well as for his warnings of a coming technology deficit with severe economic consequences. He works to accelerate innovation to prevent such a crisis by identifying and funding promising technology ...

[Full profile for Peter Thiel](#)

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Right now the average Breather is booked for 2+ hours, but can go from 30 minutes to an entire day. Smith also says "thousands" of bookings roll in weekly.

TC: how has the business changed since you started it?

JS: Wow, so much. I had a lot of ideas about what the company would be before we began, but they were basically just guesses. We just had a thesis that private space would be useful to people (if it were affordable and nice) and we didn't think with too much intent about what the audience would be.



The service basically took off immediately after we launched, so we clarified who we are speaking to really quickly. We know the audience better, we know how to talk about the product, we know what kind of spaces people want and for what reason, we know how the operations work, etc. etc. We started with a huge emptiness in terms of our understanding and just an optimistic idea. lucky for us, we turned out to be pretty right.

TC: Are there any surprise uses of breathers that you're a fan of?

JS: Multiple people have proposed in breathers - that was a huge surprise. People use them for meetups all the time, and although that's pretty commonplace, we were surprised to see it. Women use it to breast-feed, which makes sense, and there are church groups as well. Music videos and documentaries for Netflix have been shot in them. famous actors have used them to rehearse for big movies. Press previews and little fashion shows. All kinds of things. People even use them for training sessions for new employees.

TC: If someone else were to try to get into the space, what difficulty would they have?

JS: The network effects in this business are very, very strong, perhaps even stronger than Uber, because location, quality, and trust are so important to us getting a booking. A car can move, but rooms don't, so the same way you always go to the closest, most convenient coffee shop, and won't go if it's too far away, we have to be very, VERY close to the user for the service to be effective for them.



A room of your own

Find beautiful, private spaces that can be reserved for any length of time - a short 30 minute recharge or an entire day of productivity. It's up to you.



Wherever you are

The only thing you'll need to access Breather is your smartphone. Just reserve a space and unlock the door with a unique PIN code when you arrive.



Whenever you need it

Our spaces are available whenever you need them, so you can focus on what matters - working with colleagues or relaxing after a long day.

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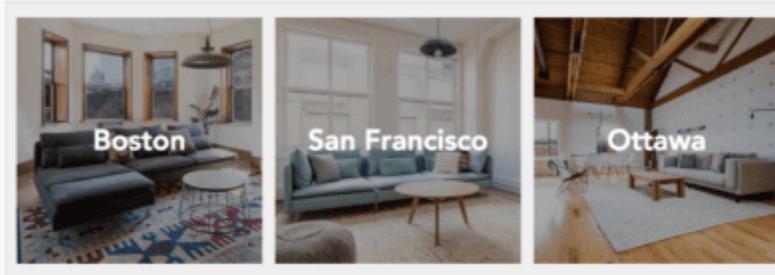


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TC: Are there changes coming to Breathers based on feedback you've gotten? More snacks? TVs? etc

JS: Yeah, for example I was strongly against technology inside breather locations for a super long time. I barely even wanted WiFi in the spaces at all. But now it became clear that traditional things like whiteboards, flatscreen TVs, and other business type amenities are pretty helpful. There's a line we won't cross – you won't see any fax machines in breather locations anytime soon for example – but we really started to accommodate the user on things like this even though we started with a pretty strong stance against it.

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Every city in America? Sounds like a grand plan. Right now, Breather is available in New York, Boston, San Francisco, Montreal and Ottawa.

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Trading Ticket Gets \$4M From Thiel's Valar Ventures, Citi, Launches Instant Trading Tool Trade It

Posted Sep 8, 2015 by [Ingrid Lunden](#) (@ingridlunden)

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Finance technology has been one of the more lucrative areas in the world of disruptive startups, with companies picking up **billions of dollars** in private investment; and, by Goldman Sachs' estimates, on track to grab **\$4.7 trillion of revenues** away from established financial players. Now, make way for one more new entrant hoping to make its mark in fintech.

Trading Ticket, a startup based out of New York, wants to develop a suite of products that will help consumers become more active, and proactive, investors. It has closed a \$4 million seed round as it gears up to officially launch its first product, a mobile-friendly securities trading tool called **Trade It**.

While Trade It is just getting off the ground, the funding in Trading Ticket is notable in that it is coming from two key names in the fintech world: **Valar Ventures**, the investment fund started by PayPal co-founder and top VC Peter Thiel; and **Citi Ventures**, the investment arm of the Citi banking group. (Prior to this, the company had raised an **undisclosed amount** in angel funding from Newfund, and was largely bootstrapped it tells me.)

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Trading Ticket

OVERVIEW

Trading Ticket, a startup based out of New York, wants to develop a suite of products that will help consumers become more active, and proactive, investors. Tradelt is a patent pending technology that is in alpha on a publicly listed publishing platform. Tradelt allows users to quickly and easily place orders with their existing online brokerage accounts from any website or mobile device. Developed ...

LOCATION

New York, New York

CATEGORIES

Software, Finance, Internet

FOUNDERS

Serge Kreiker, Nathan Richardson, Gaspard de Dreuzy

WEBSITE

<https://www.trade.it/>

[Full profile for Trading Ticket](#)

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Trading Ticket's three co-founders have equally notable backgrounds. CEO Nathan Richardson has led a number of finance and content businesses, including [WayWire](#), [Yahoo Finance](#), [AOL](#) and [others](#). Serge Kreiker is formerly of Bloomberg, and Gaspard de Dreuzy is a co-founder and CEO of doctor house call app [Pager](#). The latter two are also co-founders of [Kapitall](#).

Trading Ticket has wide ambitions. The idea is to develop a series of mobile and desktop products covering all manner of financial transactions: apps to help people open accounts; access credit; place orders for shares and communicate with each other and their financial service providers.

Trade It, the first product, will focus on the third of these areas. It's an API-based service that lets people place orders for trades instantly and securely directly on third-party sites, apps or Twitter.

It works by linking up mentions of a company name, ticker symbol or shortened URL with order tickets that connect with a users' brokerage accounts, letting them place orders on the fly. It also will mark the first time that an [ETF](#) (exchange trading fund, or a marketable security that tracks an index, a bond, a commodity or a basket of assets) can be traded directly without the need to go through a registered investment adviser.

Trade It will make money in three ways, Richardson says: by way of transaction revenue and taking a fee per order; marketing sponsorships (essentially ad units that will run in the trading order ticket); and technology licensing fees.

Early partners for Trade It will include financial mobile apps [Stock Tracker](#), [Stocks Live](#), [Rubicolin](#), and [Invstr](#); and it's also working with [Benzinga](#), [MarketWatch](#), [The Motley Fool](#), [VETR](#) and [ARK Invest](#) for ETFs. Richardson says that the partnerships for the service will all be launching October 1. While the tech works both on desktop and mobile, to date, early usage of the service has seen some 80% of all orders placed via mobile devices.

Like e-commerce APIs that let you buy items directly from places where you are talking or reading about them online, the idea here is to bring the process of trading directly to the places where you are already going to read and act on business news. In a way, given Richardson's background across both finance and content, it's not really a surprise to see him working on a product that brings the two together.

"Trade It solves the three most difficult problems in mobile trading," said Richardson in a statement. "Speed to trade for users, order volume for brokers, and a direct monetization opportunity for publishers who don't want the conflict of becoming a broker-dealer."

While there have been a lot of new services launched that take advantage of online and mobile innovations to cut down the time for certain financial services — online banking possibly being one of the most widely used — services focused on consumers and how they trade has seen relatively little development.

"Trading Ticket is the first financial technology company to integrate mobile trading seamlessly into online publishing platforms," said Ramneek Gupta, Managing Director and Co-Head of investing at Citi Ventures, in a statement. "We're excited to add them to our

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portfolio of investments that enable banking to come to the customer, empowering them to act anytime and anywhere."

(More specifically, Richardson tells us that after a user registers with the service, Trade It does not hold credentials for desktop use. "We hold user name based on publisher preference," he notes. To make the trade on desktop, users need to enter a password, the amount of the order and then confirm to place the order. On mobile, he notes that some apps will let users store their broker credentials on iOS using TouchID, but users will still need to enter the order, number of shares and confirm with TouchID.)

As part of the investment round, Andrew McCormack of Valar and DLJdirect founding CEO Blake Darcy are joining Trading Ticket's board, with Gupta coming on as a board observer.

"Trading Ticket's technology position, seasoned leadership team, and strong reception with both established and new financial services players is impressive," said Valar's Andrew McCormack in a statement. "We believe the global opportunity for integrated, mobile trading is very promising and Trade It is well positioned to capitalize on its most valuable areas."

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