

Even the Best Founders Get Rejected

Airbnb



Jeremy Levine met Brian Chesky in January 2010, the first \$100K revenue month. Brian's \$40M valuation ask was "crazy," but Jeremy was impressed and made a plan to reconnect in May. Unbeknownst to Jeremy, \$100K in January became 200 in February and 300 in March. In April, Airbnb raised money at 1.5X the "crazy" price. In December 2020, Airbnb went public at a \$47 billion valuation.

Apple



Bessemer had the opportunity to invest in pre-IPO secondary stock in Apple at a \$60M valuation. Neill Brownstein called it "outrageously expensive."

Atlassian



Byron Deeter flew straight to Atlassian in 2006 when he caught wind of a developer tool from Australia (of all places!). Notes from the meeting included “totally self-financed, started with a credit card” and “great business, but Scott & Mike don’t ever want to be a public company.” Years and countless meetings later, the first opportunity to invest emerged in 2010, but the \$400m company valuation was thought to be a tad “rich.” In 2015, Atlassian became the largest tech IPO in Australian history, and the shares we passed on are worth more than a billion dollars today.

Coinbase



On a late summer evening in 2012, the email came in to Ethan Kurzweil’s inbox with the subject line: “Demo day, follow up, Coinbase.” After the standard pleasantries, the sender, Coinbase founder and CEO Brian Armstrong quickly got to the point: “What questions can I answer for you in the next two weeks that would cause you to invest in Coinbase?” The round on offer was \$500k on a standard SAFE at a \$10M cap for

something almost no one had ever heard of! Ethan's pithy response would go on to earn Brian and Coinbase a spot in the Anti-Portfolio for life: "There's really no questions you could answer that would cause me to invest!" Almost nine years later, Coinbase would go public in a direct listing valuing the leading crypto exchange at \$85.8 billion – or just a mere 8,580x the price Brian had eagerly offered up!

Ebay



"Stamps? Coins? Comic books? You've GOT to be kidding," thought David Cowan. "No-brainer pass."

Facebook



Jeremy Levine spent a weekend at a corporate retreat in the summer of 2004 dodging persistent Harvard undergrad Eduardo Saverin's rabid pitch. Finally, cornered in a lunch line, Jeremy delivered some sage advice, "Kid, haven't you heard of Friendster? Move on. It's over!"

FedEx



Incredibly, Bessemer passed on Federal Express seven times.

Google



David Cowan's college friend rented her garage to Sergey and Larry for their first year. In 1999 and 2000 she tried to introduce Cowan to "these two really smart Stanford students writing a search engine." Students? A new search engine? In the most important moment ever for Bessemer's anti-portfolio, Cowan asked her, "How can I get out of this house without going anywhere near your garage?"

Intel



Pete Bancroft never quite settled on terms with Bob Noyce, who instead took venture financing from a guy named Arthur Rock.

Intuit



Along with every venture capitalist on Sand Hill Road, Neill Brownstein turned down Intuit founder Scott Cook. Scott managed to scrape together only \$225K from friends, including HBS classmate and Sierra Ventures founder Peter Wendell, who personally invested \$25K to get Scott off his back.

Kayak



After extensive diligence, Jeremy Levine identified a fatal business model flaw: airlines wouldn't pay high fees for

placement on the platform. Fortunately for Kayak, hotels did. As did Priceline when it acquired the company for \$1.8 billion.

Okta



In 2009, Salesforce alum Freddy Kerrest and his co-founder Todd McKinnon grabbed lunch with Byron Deeter to tell him about a company they just founded, SaaSure.com. While Byron believed in their product vision, it was still the early days of SaaS and turning web apps into an intelligent and integrated Cloud Area Network seemed far too complex. Today, Okta is a leader in cloud access management with a market cap over \$14 billion.

PayPal



David Cowan passed on the Series A round. Rookie team, regulatory nightmare, and, 4 years later, a \$1.5 billion acquisition by eBay.

Snapchat



In 2011 Jeremy Levine arrived at LAX three hours late, thanks to flight delays, with enough time for only one of the two meetings on his calendar. He literally tossed a quarter and phoned Evan Spiegel with his regrets. SNAP was the largest IPO in 2017.

Tesla



In 2006 Byron Deeter met the team and test-drove a roadster. He put a deposit on the car, but passed on the negative margin company telling his partners, "It's a win-win. I get a great car and some other VC pays for it!" The company passed \$30B in market cap in 2014. Byron paid full price for his Model X.

Zoom



After trying several next-gen video conferencing products, it was clear to Alex Ferrara that Zoom was a winner. Most importantly, he was impressed by its engineer-turned-founder, Eric Yuan. But video conferencing was crowded with entrenched incumbents and multiple startups in the market, so Alex passed on Zoom's series B in 2014. Better late than never, we invested in Zoom's IPO at a \$9 billion valuation.

Credit: Bessemer Venture Partners