

FUNDRAISING

The Version One Anti-Portfolio – the opportunities we missed...



BORIS
DECEMBER 3RD, 2019

Bessemer started the idea of the “anti-portfolio” – the companies that you passed on, but ended up doing very, very well.

After Honey was acquired by PayPal for \$4B a few weeks ago, we thought it was a good time to share the Version One anti-portfolio:

Honey

We had a chance to invest in a \$500K round at a \$12M valuation in 2015. We loved the founders, but didn't have much conviction around the scalability of a browser plug-in and the fact that this was a bridge round. And yeah, \$12M felt kind of high :-). Outcome: Just sold to PayPal for \$4B (PayPal's largest acquisition to date).

Hootsuite

We met Ryan Holmes in 2009 as he was just about to spin Hootsuite out of Invoke Media, a development agency. We thought the market was very noisy and had seen many spin-outs fail (the transition from service to product company is not always easy). Ryan and his co-founders proved us wrong big time and built one of the largest social media management companies.

Shopify

We had the chance to invest in the Series B of Shopify in 2011. This was not our early-stage sweet spot and the \$100M valuation felt rich. Eight years and \$49.9B later, Tobi and Harley built Shopify into the defining e-commerce platform and one of the biggest SaaS success stories ever.

Instacart

We talked to Instacart's founder Apoorva Mehta after the company went through YC in 2012. Anyone who has ever spent time with Apoorva knows how smart he is, but we were too focused on how operationally tough it would be to build up such a shopping delivery network. Today, Instacart is the 6th most valuable company out of YC.

Carta (prev. eShares)

We were introduced to Henry Ward from eShares through our friend Manu Kumar from K9 Ventures in 2013. We loved the product, but weren't convinced it would get much distribution quickly. We were also worried about how much people would pay for it (if at all). Carta went on to become the standard for cap table management and is a unicorn many times over.

Casper

Philip Krim reached out cold in 2013. We were excited about the depth of his expertise in the mattress space and how he was thinking about turning the space upside down with a direct-to-consumer approach. Unfortunately, at the time we had a few DTC / vertically integrated commerce companies in our portfolio that didn't do super-well, so we decided that we didn't want to add another investment. Bad mistake...Casper is now the clear market leader in this industry and valued at over \$1B.

Sonder (prev. Flatbook)

We met Sonder's founder Francis Davidson many times between 2014 and 2016. And, we passed on the opportunity to invest every single time as we were too hung up on their dependency on AirBnB for distribution. This past summer, Sonder raised \$225 million at a valuation north of \$1B.

We are sure we have since passed on many start-ups that we will have to add to our anti-portfolio over the next few years. Early-stage investing is not easy and we make a wrong decision every day! But, this list should be a confidence booster to every entrepreneur that gets a no from an investor. Early-stage investors are more wrong than right. A "pass" means absolutely nothing about the future success of your company!

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Lewis Gersh · 21 days ago

Great job amigo. I used to call mine the un-portfolio, would continue evangelizing and helping the ones I really liked. I had 4 CEOs passed on that invested in my fund, and another four invested in PebblePost. It's all about relationships over time, the entrepreneur is the greatest renewable asset in this game, from both sides of the table as you know well. Cheers.

2 ^ | v • Reply • Share ›



Boris Wertz → Lewis Gersh • 21 days ago

Good examples...

^ | v • Reply • Share ›



kaka_ruto • 21 days ago

I think I love you guys

2 ^ | v • Reply • Share ›



Boris Wertz → kaka_ruto • 21 days ago

ha, ha, thank you :-)

1 ^ | v • Reply • Share ›



Jeff Clavier • 19 days ago

My advice: only call a failure to invest on a company post exit. You don't know what may happen to Carta, Instacart, Hootsuite, Casper or Sonder in the crazy market we are in. Raising money is only half of the battle.

So yes, ouch on Shopify and Honey ;-).

1 ^ | v • Reply • Share ›



Boris Wertz → Jeff Clavier • 19 days ago

Good point - only \$54b to cry about then :-)

^ | v • Reply • Share ›



Yanay Prop • 21 days ago

Great post Boris! really interesting and thanks for sharing.

1 ^ | v • Reply • Share ›



Boris Wertz → Yanay Prop • 21 days ago



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koolhead17 • 21 days ago

How did you manage to keep this information?

Kudos for publishing this. :)

1 ^ | v • Reply • Share ›



Boris Wertz → koolhead17 • 21 days ago

You never forget about your misses :-)

^ | v • Reply • Share ›



koolhead17 → Boris Wertz • 20 days ago

true that. :)

^ | v • Reply • Share ›

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