

My ride down memory lane investing in Uber



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My path to investing in Uber was atypical, shaped by personal life experiences. On a trip to Uganda with Invisible Children in 2010 I witnessed a young boy lift a digital camera to his ear thinking it was a cellphone and I thought — if this child sees a digital camera as an iPhone, the whole world is changing. Merging various capabilities into one single device, the iPhone was changing the world.

This experience shifted my focus to mobile investments because I understood the smartphone would enable seamless transaction abilities that would create billions of dollars of new capabilities and billions of dollars in value for companies that would revolutionize industries.

When I joined Menlo Ventures in June of 2011, I drew a diagram of the companies, that I felt, would disrupt major industries. These companies were listed based on many factors, one of which being what I call the love principal — meaning that the more I love the company, the product, the idea, the more likely it is that I will see that company as a viable investment.

In my first six months at Menlo I went to work on these deals closing Warby Parker, Tumblr, Machine Zone and Uber within 90 days of each other.

I recognized early that Uber was special — I knew it was going to transform the transportation industry by bringing together excess capacity and the on-demand economy. I was relentless in trying to contact Travis Kalanick — so relentless that Travis said he felt like he had no choice but to meet with me as I had reached out to many of his close contacts. In August of 2011 Matt Cohler informed me Uber was preparing for a Series B fundraise. The next day I was the first one in Travis' office lobbying for Menlo to lead the round.

My initial attempt was unsuccessful — Travis called me a few weeks after our first meeting and informed me he was going with another firm. Although disappointed, as an entrepreneur I understood he had to do what was best for the company. I kept the line of communication open making it clear he had a fierce advocate and a back-up plan in place if the deal fell through.

I received a phone call in Algeria a couple weeks later where I was giving the keynote speech at President Obama's Entrepreneurship Summit. On the other end of the phone was Travis asking if my offer was still on the table. I took the next plane to Dublin, Ireland to meet with him — my motto is to *always* get on the plane.

Here, Travis explained to me his vision for replacing car ownership, I sensed my competitors had not realized the true potential Uber had to disrupt an industry so ingrained in cities across the world. They were using the wrong multiples and overlooking how large the total adjustable market could be. I offered a valuation of \$290 million, put together a term sheet, and the fundraise began. So thankful to have had the backup and support of the entire Menlo team.

We closed the round at \$20 million and secured an additional \$6.5 million six months later. I broke from the traditional investor model with Uber applying many uncommon strategies. I brought in power brokers as investors such as Jeff Bezos, Eric Schmidt, Jay-Z, Ed Norton and his wife, Shauna Robertson, Olivia Munn, and Sophia Bush. We leveraged their influence to bring credibility and recognition to a company that largely depended on user downloads to be successful.

Shortly after the Series B I joined Uber's board. At this time, Uber was in four cities with seven thousand cars in San Francisco and two thousand cars in other cities throughout the United States and was generating about \$9 million in gross revenue and \$1.8 million in net revenue.

I enjoyed helping on several of the key launches in new cities like Los Angeles, Paris, London and more and utilizing influencers to bring visibility and name recognition to the company. A key model was getting Edward Norton to be Rider 1 (Travis' parents were Rider Zero) and taking a surfboard on an Uber Black SUV to the beach.

Within 6 months Uber reached \$100 million in gross revenue. By 2013 that would increase to more than \$500 million. Uber is now grossing approximately \$50 billion in revenue.

When I left Menlo Ventures in 2013, I stayed on as a strategic advisor to Uber and became a direct investor and strategic advisor to Uber.

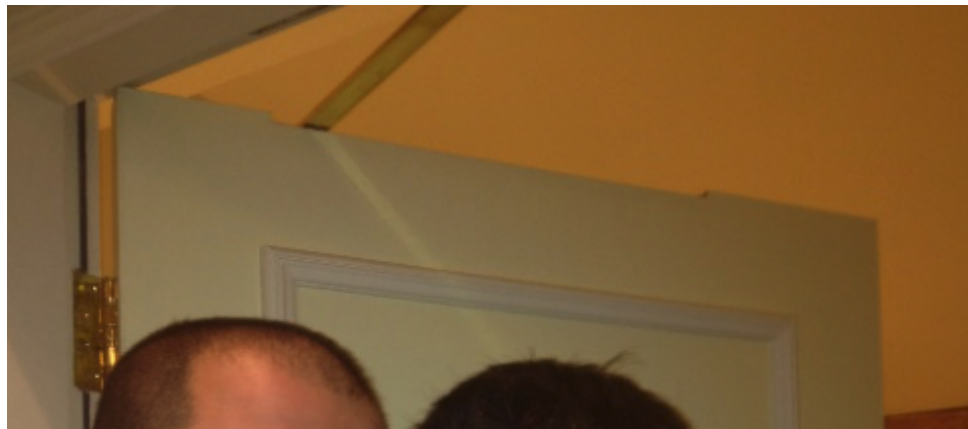
After co-founding Sherpa Capital we invested hundreds of millions into Uber's subsequent rounds. Now that that prediction has come true, I believe the growth is far from over and I see the company's value potentially doubling within the next 5 years.

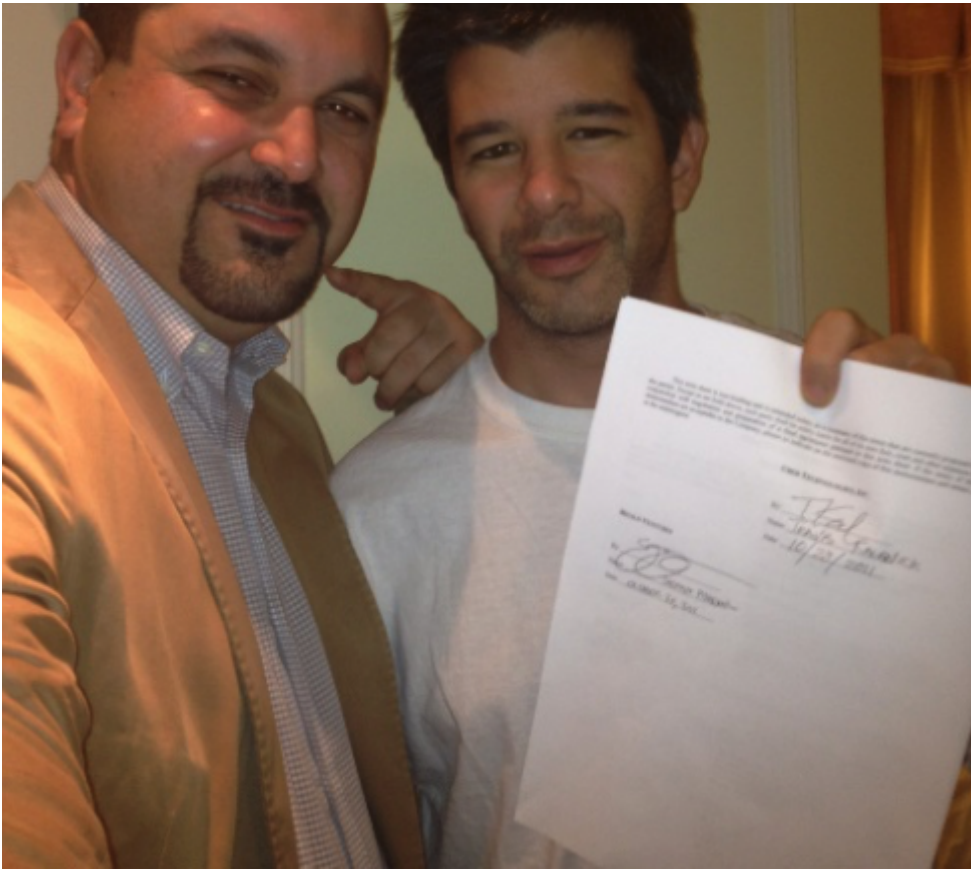
Since its launch, Uber has undergone tremendous diversification expanding itself as a platform to include Uber Eats, Uber Military and Uber Freight among others.

As Uber prepares to go public this week, one of the most highly anticipated IPOs in history, I can't help but feel a sense of pride as I reflect on my professional journey with the company. I'm sure I am not alone in, on a personal level, still remembering the exact moment I learned about the on-demand, smartphone-powered, world-changing startup that is Uber.

In a blog post I wrote 7 years ago, right after the Series B investment, I wrote: "How many chances do we get to help build a global brand that brings delight, happiness and magic to people's lives around the world? This investment is a rare opportunity to help build a global brand that will soon be as ubiquitous as FedEx in the major cities of the world."

Now that that prediction has come true, I believe the growth is far from over and I see the company's value doubling within the next 5 years.





Uber Investment

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