

# **Entrepreneurship 101**

**Haseeb Qureshi (that's me)**

# I'm Haseeb. I'm a crypto VC.

I used to be a professional poker player,  
a software engineer (Airbnb, earn.com),  
a startup founder, and have been investing  
in crypto for over 5 years.



>|< DRAGONFLY

We're going to talk a lot about startups.

But what makes a startup different  
from a regular company?

**Startups are special.**

They have magic powers. 

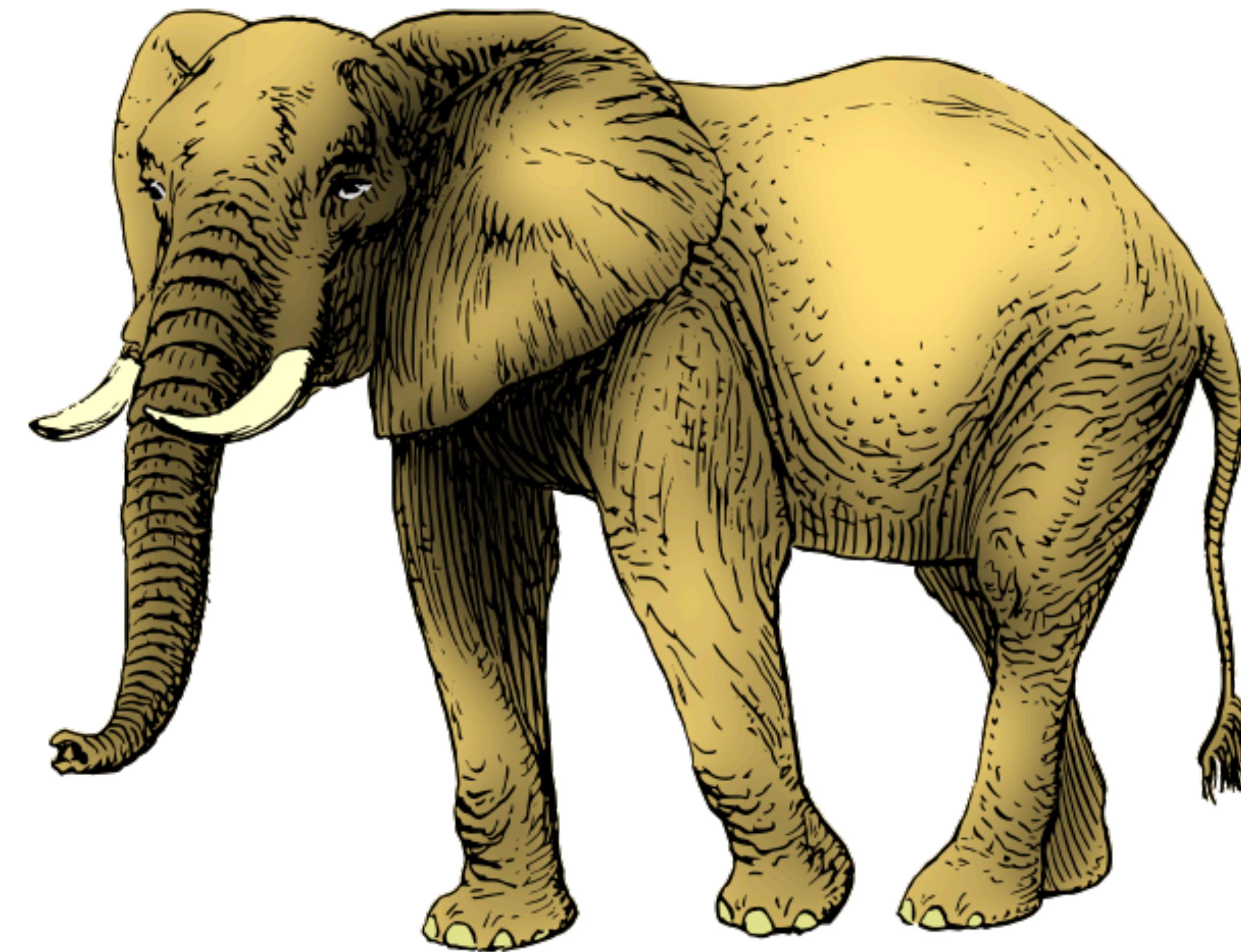
# This is because they are:

- Small
- Nimble
- Unconstrained
- Courageous
- Most of all, innovative

Startups can do amazing things.

But they are also fragile.

# Big company



# In a big company...

# In a startup...

|   |                                     |
|---|-------------------------------------|
| Responsibility is diffuse               | Everyone feels responsible          |
| You must defend your cash cows          | You must put everything on the line |
| Incremental improvements                | Innovate or die                     |
| The best companies are the best managed | Minimal management necessary        |
| Default alive                           | Default dead                        |



Like all organisms, big  
companies decay over time.

Startups eventually replace them.

# And yet, startups are **stressful**, **unforgiving**, and extremely **risky**.

| <b>Funding Sequence</b> | <b>Failure to Raise the Following Round</b> | <b>Failure to Exit</b> |
|-------------------------|---|------------------------|
| Seed (to Series A)      | 79.4%                                       | 97.0%                  |
| Series A (to Series B)  | 50.0%                                       | 88.7%                  |
| Series B (to Series C)  | 55.8%                                       | 84.1%                  |
| Series C (to Series D)  | 62.1%                                       | 80.7%                  |
| Series D (to Series E)  | 66.4%                                       | 78.1%                  |
| Series E (to Series F)  | 69.2%                                       | 74.3%                  |
| Series F (to Series G)  | 75.0%                                       | 74.5%                  |
| Series G (to Series H)  | 82.6%                                       | 72.4%                  |
| <b>Overall Average</b>  | <b>67.6%</b>                                | <b>81.2%</b>           |

Most startups fail.

Most people should not start startups.

If you start a startup, you will probably fail. And you almost certainly will not become rich.



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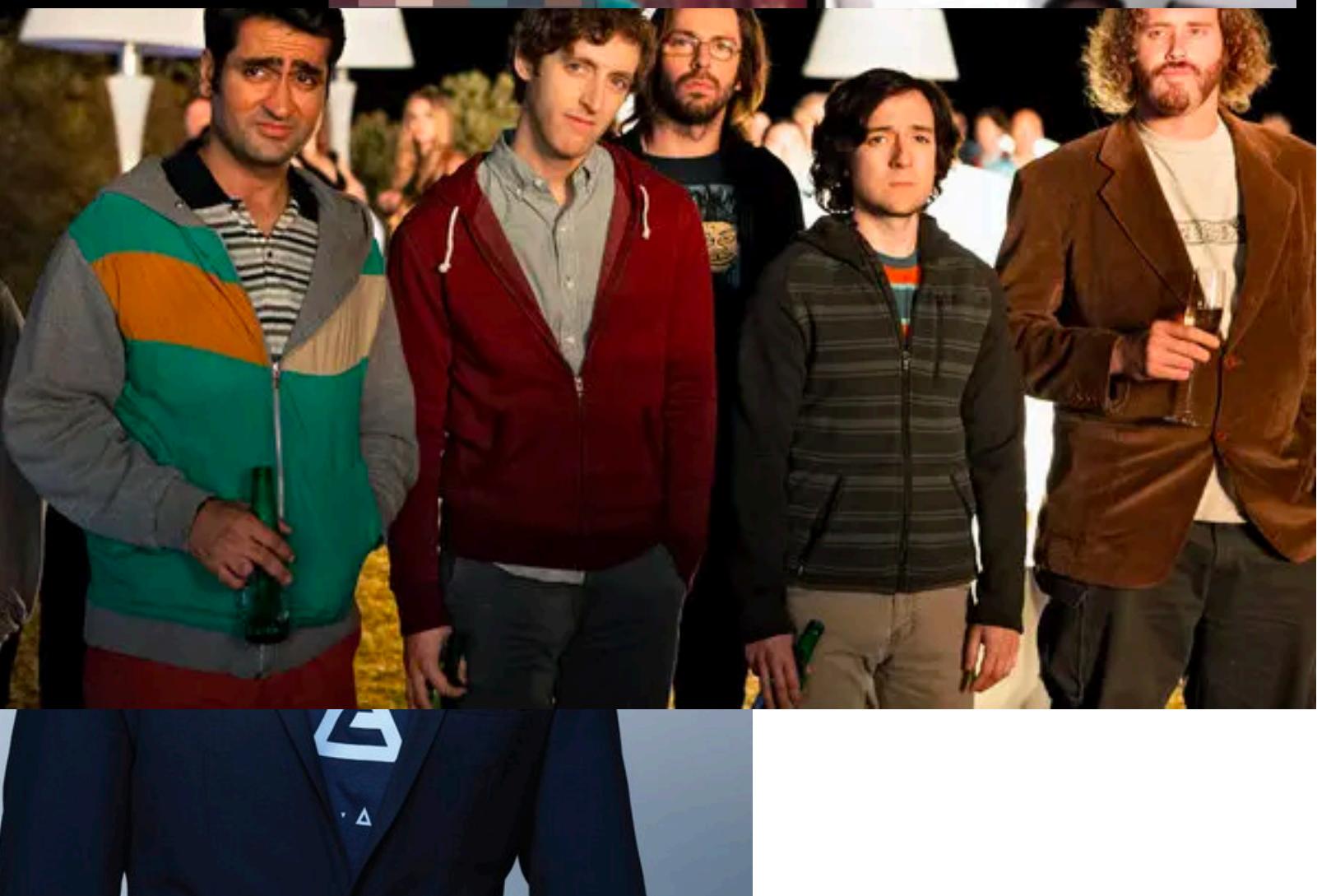
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# Learn how to launch a successful startup in high school

[leangap.org](http://leangap.org)

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Startups won't make you cool.

They won't make you rich.

They'll challenge you, stress you out, and take away years of your life.

I hope I've scared you.



You should be scared of starting  
a startup.

There is only one good reason  
to start a startup:

because you want to **solve a big**  
**problem with your life**, and you're  
willing to sacrifice time and energy for  
a chance at it.

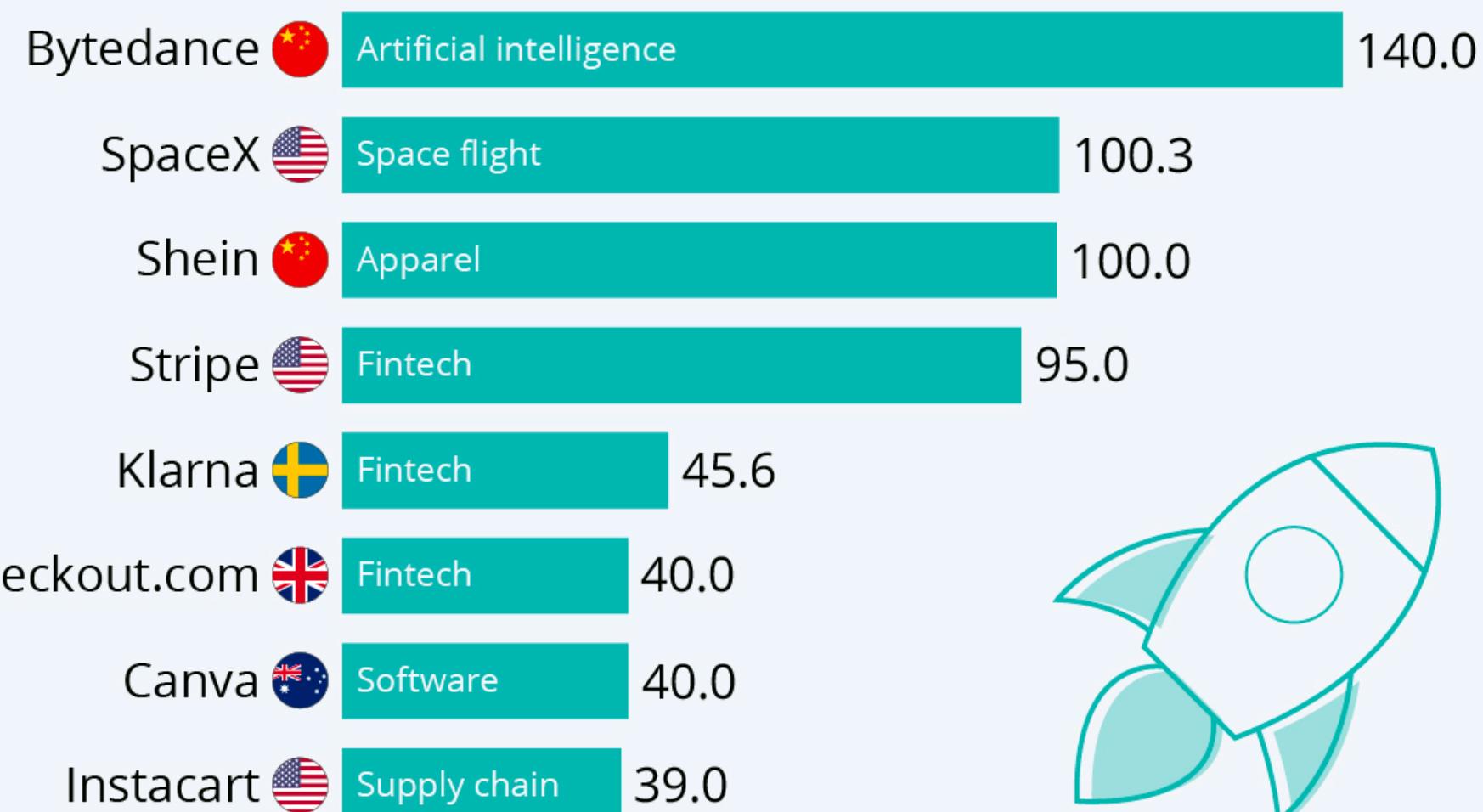
That's OK if you're not ready to  
start a startup yet.

This course will still be useful.

# But why are startups so valuable?

## The Highest-Valued Startups in the World

Biggest startup companies worldwide by valuation  
(in billion U.S. dollars)



As of April 2022

Currently private, up-and-coming companies (including whisper valuations)

Source: CB Insights



# Not all innovation comes from startups. But a lot of it does.



DoubleClick  
by Google

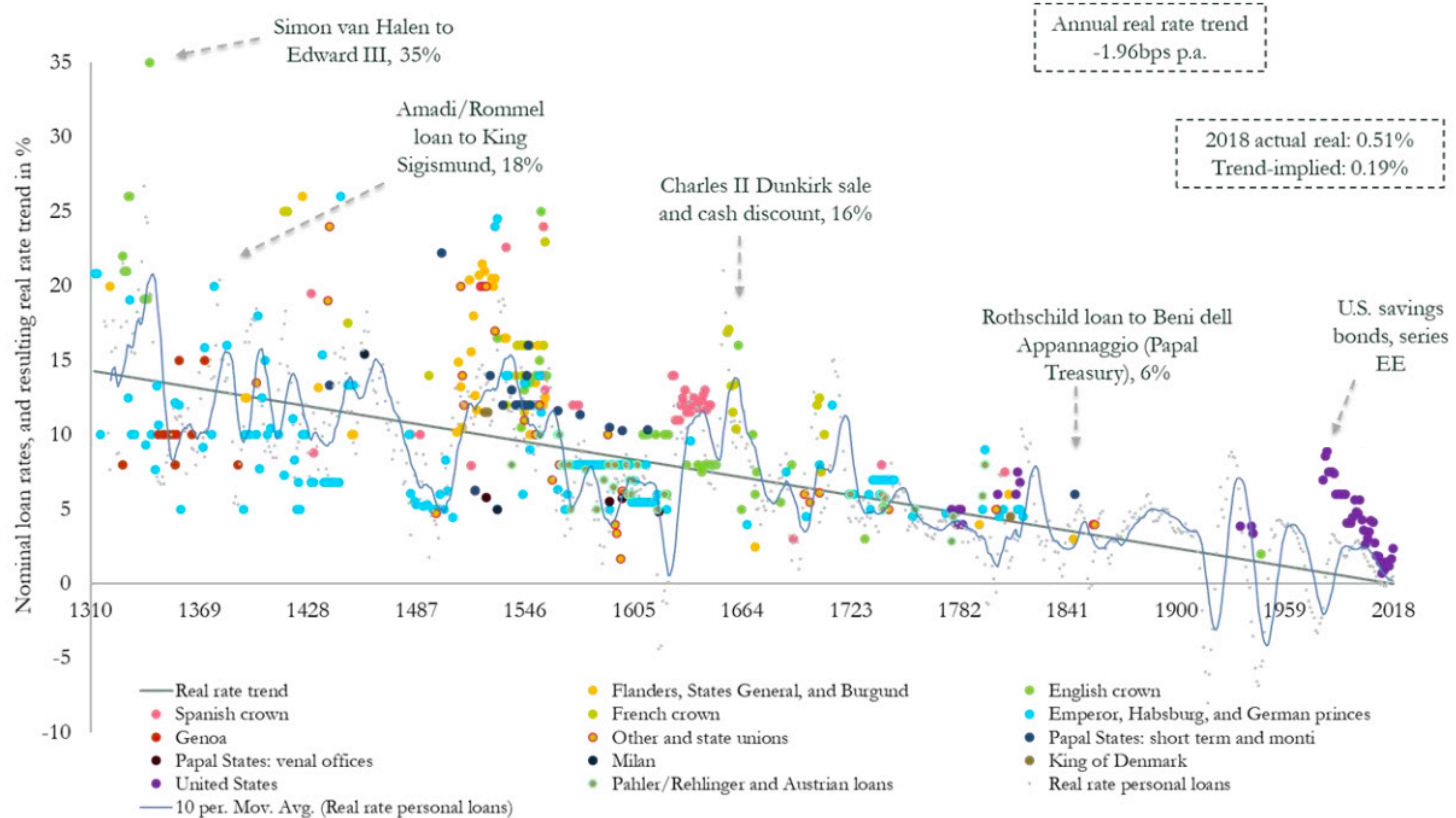


**BIG PICTURE**

Most economic growth comes from  
innovation.

In a world of declining growth + interest rates,  
innovation is extremely valuable.

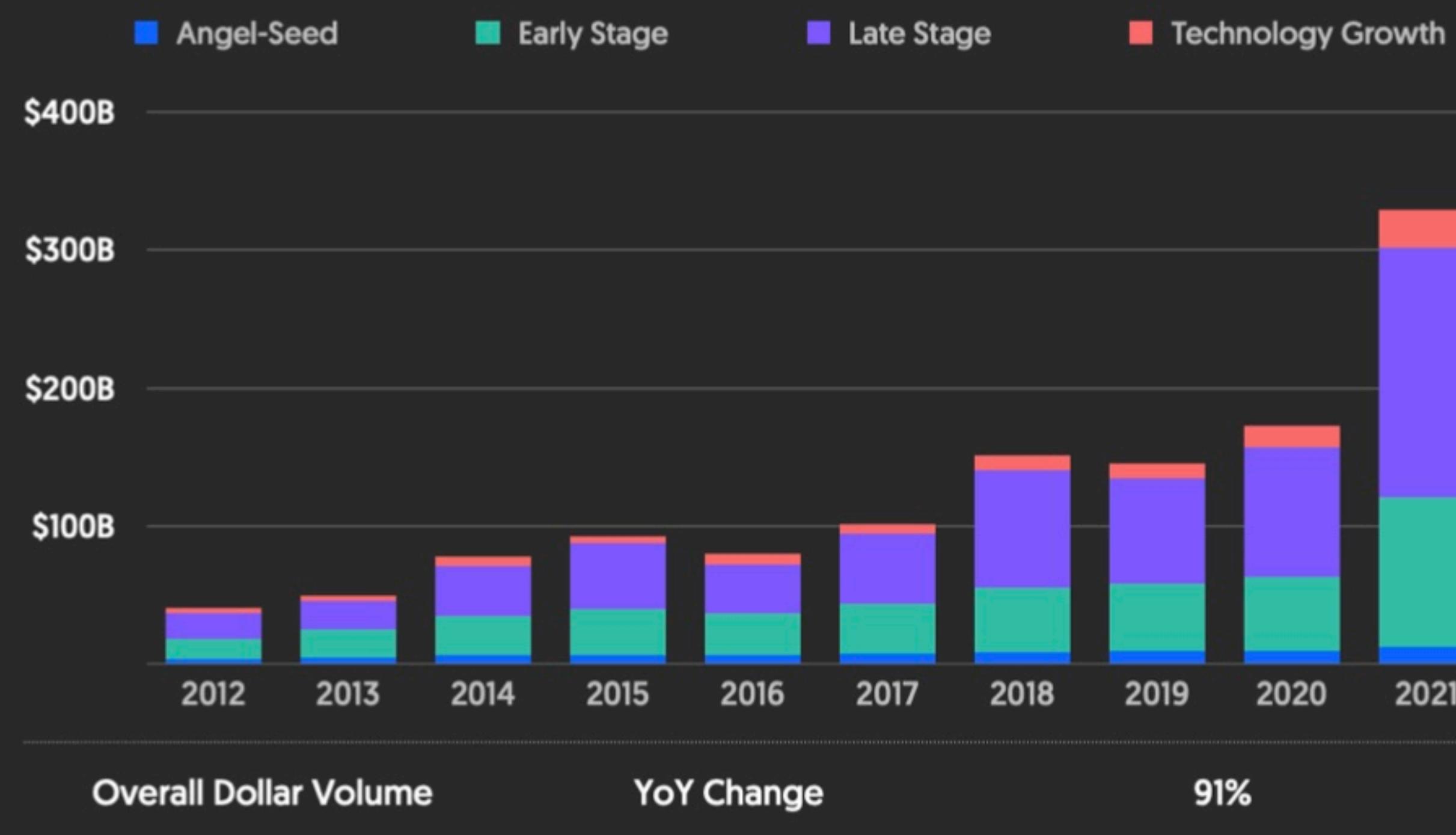




Most of that innovation comes from  
startups. From people like you.

# There is a lot of money chasing startups.

## North American Venture Dollar Volume 2012 To 2021



## Global Average And Median, Seed To Series B, Through H1 2021

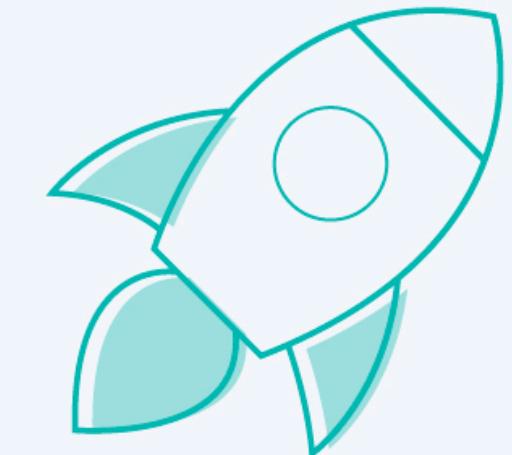
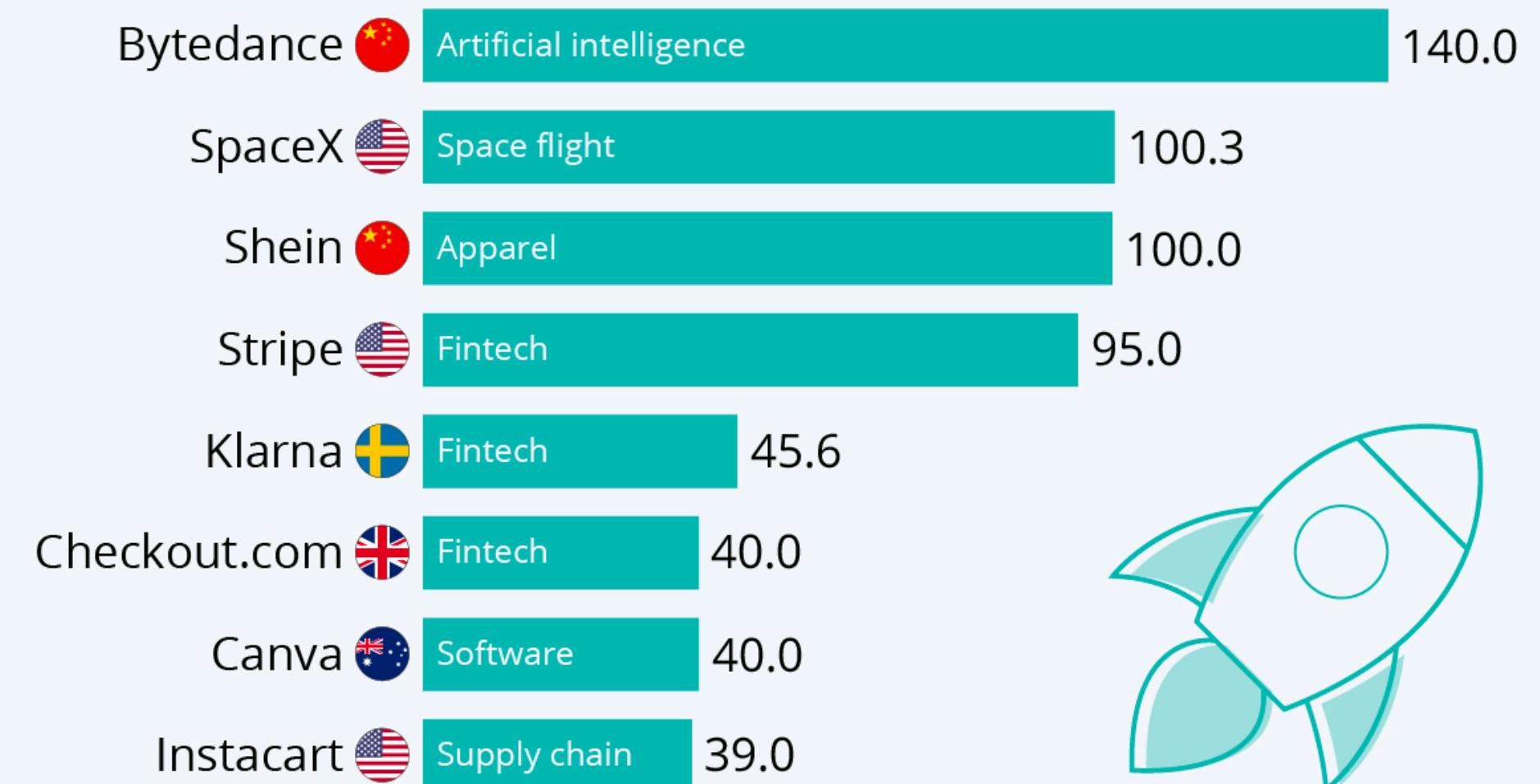
Excludes fundings above \$50 million at seed, \$100 million at Series A and \$200 million at Series B



That's why, if  
you're successful,  
the rewards can  
be immense.

## The Highest-Valued Startups in the World

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Source: CB Insights



*(But, of course, you probably  
won't be successful.)*

*(That's okay.)*

OK, this concludes the pep talk.

Let's dive into the  of it.

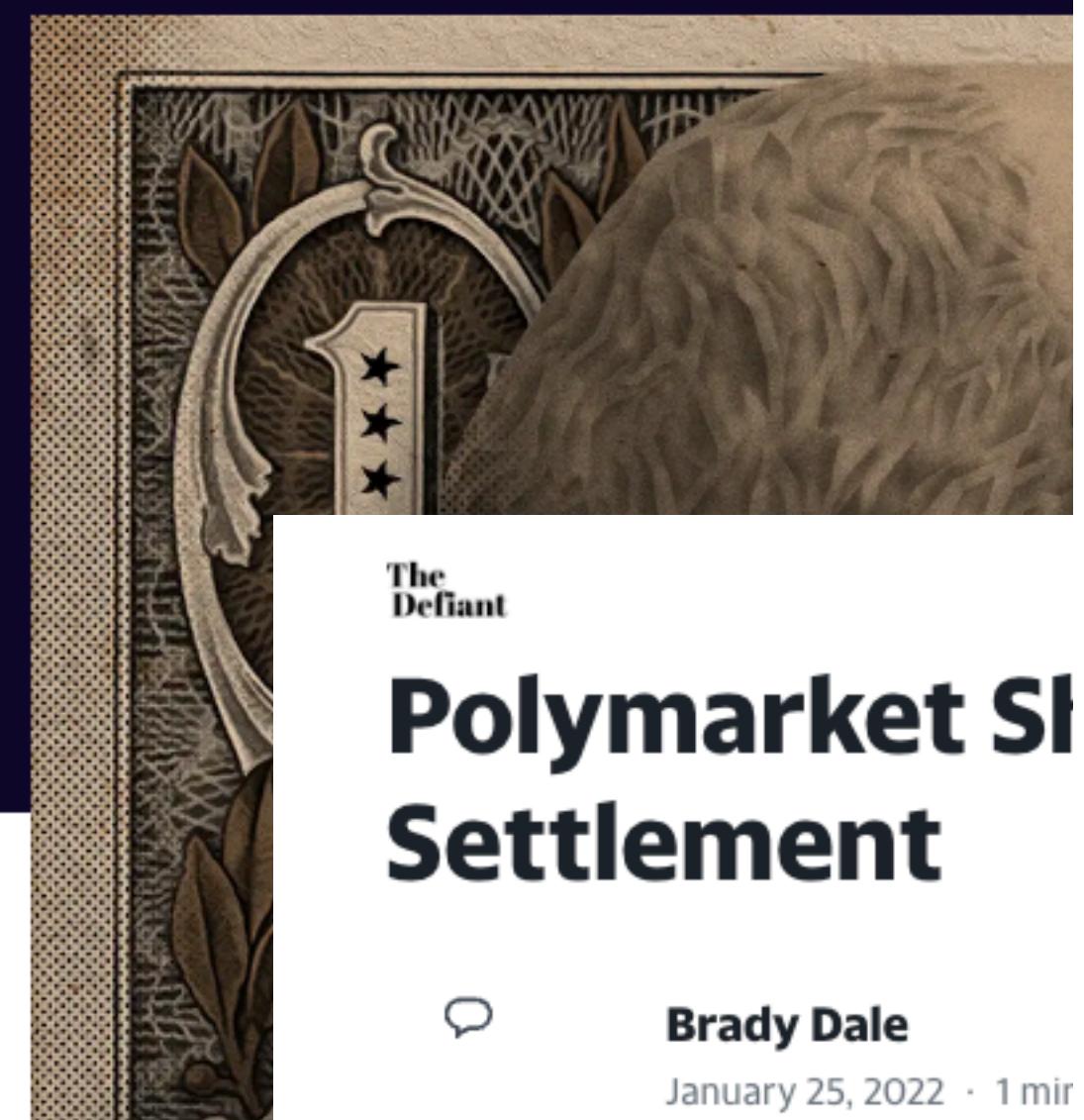
# How are crypto startups different from normal startups?

*(Side note: I'm gonna call it crypto, not web3.)*

# Crypto startups are subversive.

## SEC Orders Crypto Startup To Register ICO Tokens or Face \$31M Fine

SEC regulators found crypto startup Bloom p qualifying them as securities



## Polymarket Sues Settlement



Brady Dale

January 25, 2022 · 1 min



Polymarket has shu everywhere else.



That's the company's solution following its recent settlement with the Commodity

## Crypto is fully banned in China and 8 other countries

BY MARCO QUIROZ-GUTIERREZ

January 4, 2022 at 1:11 PM PST



NFT scams, toxic 'mines' and lost life . the cryptocurrency dream is ast with EOS

1 million for

l revolution. Instead, crypto has astrous gift to con artists

## kes the climate crisis

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### Most Popular

#### FINANCE

Map: How fast sellers are slashing home prices in

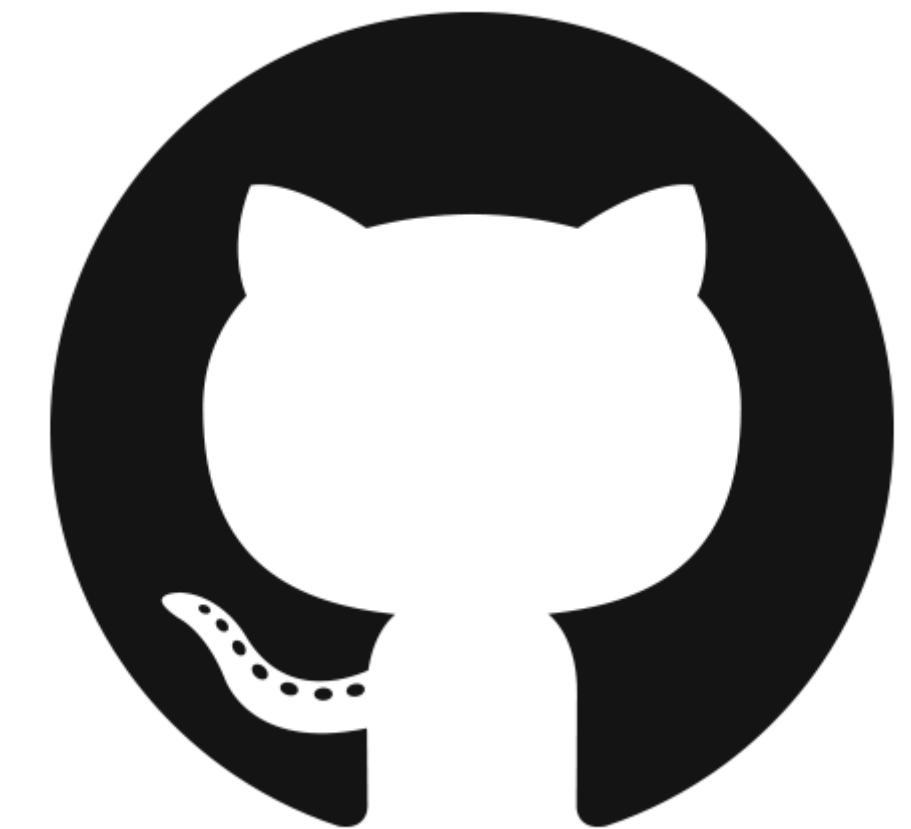
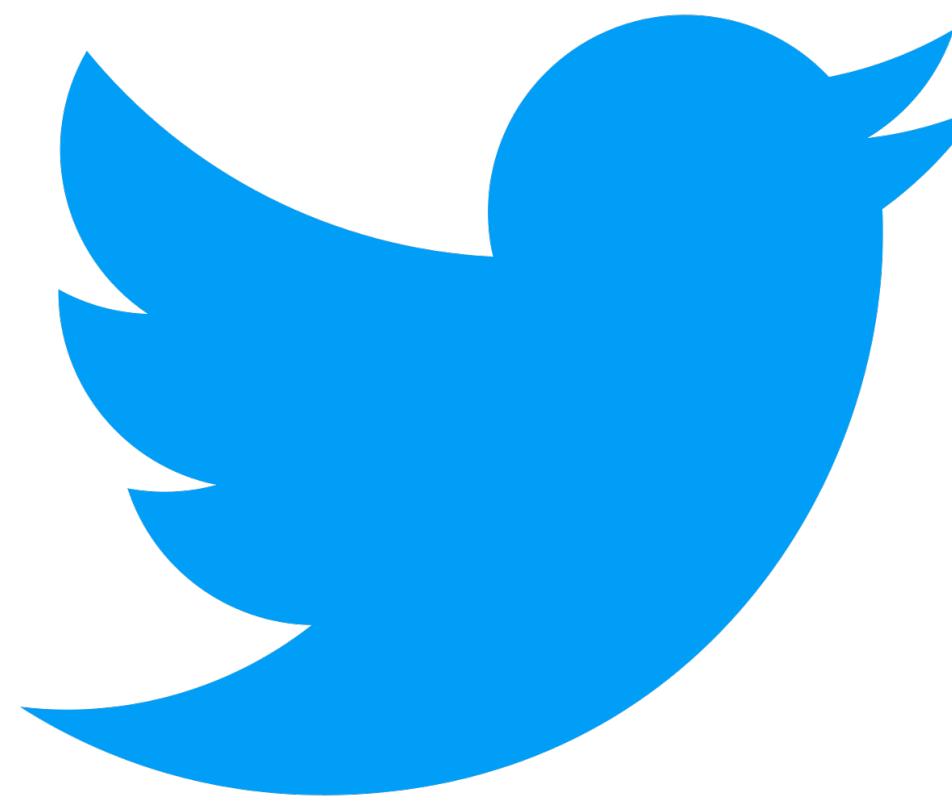


# Crypto is extremely volatile.



This makes it harder to tell what's  
real product-market fit.

Most startups are **open-source** and very public.



**Community is everything.**

(This has a lot of implications on strategy, which we'll talk about later.)

# The 5 (big) steps to build a startup

1. Learn the culture, products, and history of the sector.
2. Find great cofounders.
3. Come up with a great idea.
4. Validate that your idea is great.
5. Raise money for it.

# Step 1: Learn!

# Do you know enough to start a startup?

- Immerse yourself in the culture, the products, the history
- Join another web3 startup — this is the best education you can get
- Read voraciously, go to meetups and hackathons, play around with the tech
- If you aren't technical, get technical (at least a little!)

# Step 2: Assemble a Team

# The best teams are comprised of friends

- The #1 cause of company failures is **cofounder breakups**
- **You don't have to jump directly into starting a company!**
- You can start with a small project, or some consulting
- Generally you want to pick cofounders who you trust with your life, are competent and resourceful, and who complement you
- Solo founder?
- Who's the CEO?

*(Also, equity splits are a tricky thing.)*

Step 3: Come up with a great idea

Step 4: Validate that it's actually great

(We'll talk a lot about this part.)

# Step 5: Raise \$\$\$!

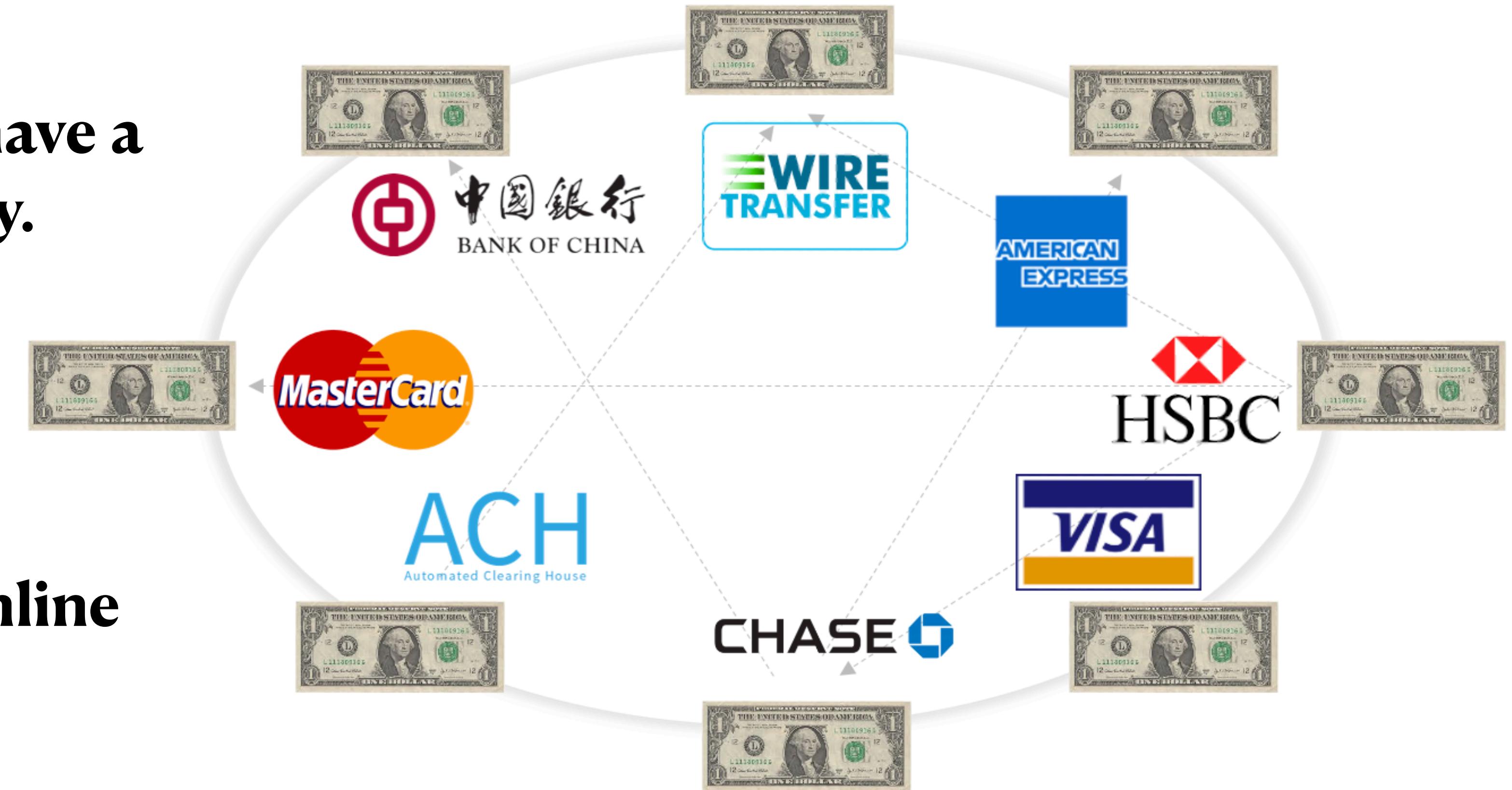


(We'll also cover this later.)

# A Brief History of Crypto

**Until 2009, the Internet didn't have a purely digital form of money.**

**The only way to send money online was to use offline systems.**



# Bitcoin: A Peer-to-Peer Electronic Cash System

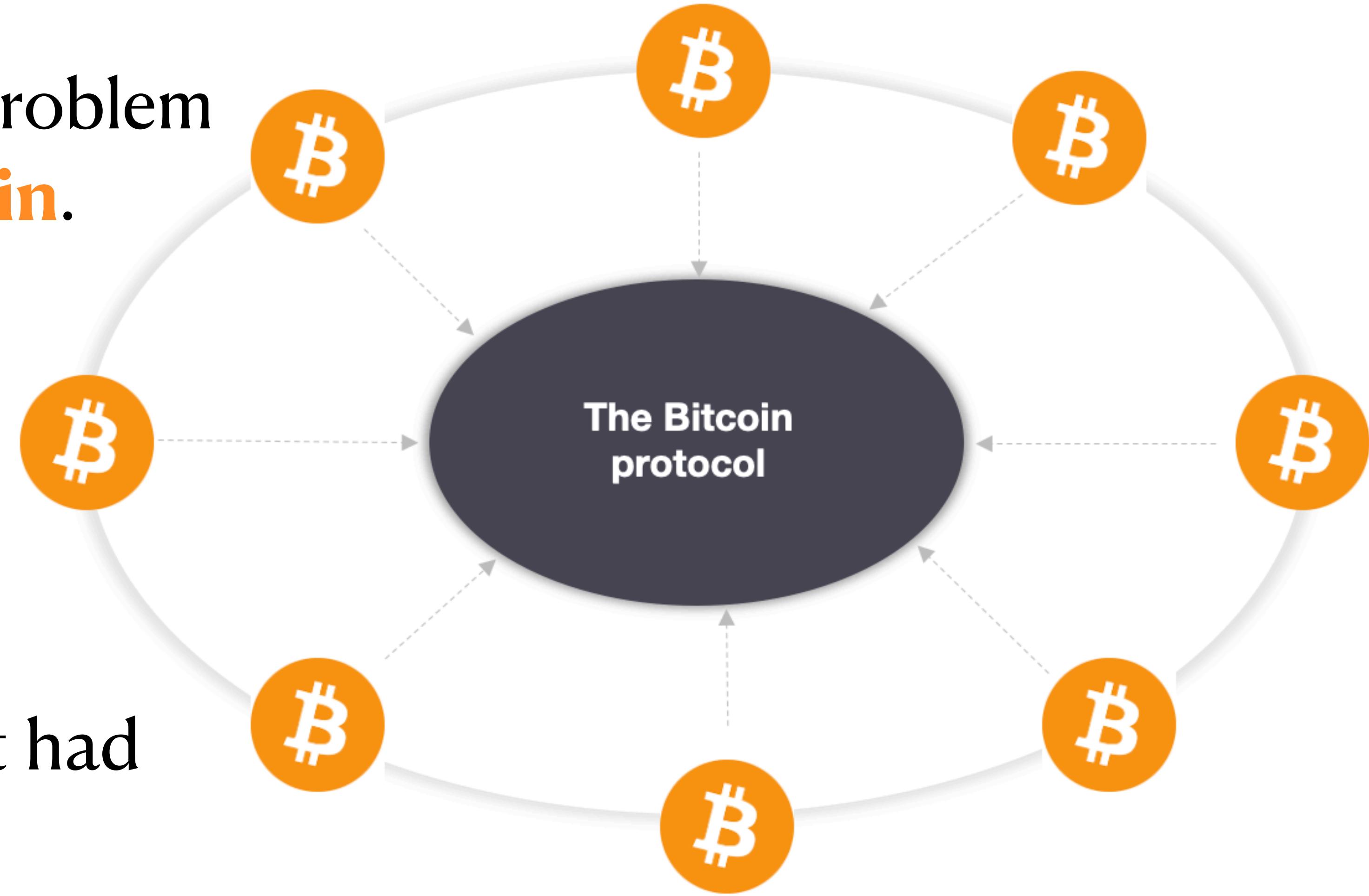
Satoshi Nakamoto  
satoshin@gmx.com  
[www.bitcoin.org](http://www.bitcoin.org)

**Abstract.** A purely peer-to-peer version of electronic cash would allow online payments to be sent directly from one party to another without going through a financial institution. Digital signatures provide part of the solution, but the main

The Big Breakthrough  
The network timestamps transactions by hashing them into an ongoing chain of hash-based proof-of-work, forming a record that cannot be changed without redoing the proof-of-work. The longest chain not only serves as proof of the sequence of events witnessed, but proof that it came from the largest pool of CPU power. As long as a majority of CPU power is controlled by nodes that are not cooperating to attack the network, they'll generate the longest chain and outpace attackers. The network itself requires minimal structure. Messages are broadcast on a best effort basis, and nodes can leave and rejoin the network at will, accepting the longest proof-of-work chain as proof of what happened while they were gone.

Satoshi Nakamoto solved this problem with the invention of **Bitcoin**.

For the first time, the Internet had **its own form of money**.



# Once you make money digital...



## What else can you do?



What if contracts were digital?

What if property could be governed by code?

Ethereum opens to the  
door to **smart contracts**.



VS





You can think of Ethereum  
as a “computer in the sky.”

(h/t Tim Roughgarden)

```
1 // SPDX-License-Identifier: GPL-3.0
2 pragma solidity ^0.8.4;
3 contract SimpleAuction {
4     // Parameters of the auction. Times are either
5     // absolute unix timestamps (seconds since 1970-01-01)
6     // or time periods in seconds.
7     address payable public beneficiary;
8     uint public auctionEndTime;
9
10    // Current state of the auction.
11    address public highestBidder;
12    uint public highestBid;
13
14    // Allowed withdrawals of previous bids
15    mapping(address => uint) pendingReturns;
16
17    // Set to true at the end, disallows any change.
18    // By default initialized to `false`.
19    bool ended;
20
21    // Events that will be emitted on changes.
22    event HighestBidIncreased(address bidder, uint amount);
23    event AuctionEnded(address winner, uint amount);
24
25    // Errors that describe failures.
26
27    // The triple-slash comments are so-called natspec
28    // comments. They will be shown when the user
29    // is asked to confirm a transaction or
30    // when an error is displayed.
31
32    /// The auction has already ended.
33    error AuctionAlreadyEnded();
34    /// There is already a higher or equal bid.
35    error BidNotHighEnough(uint highestBid);
36    /// The auction has not ended yet.
37    error AuctionNotYetEnded();
38    /// The function auctionEnd has already been called.
39    error AuctionEndAlreadyCalled();
```

# Software can encode almost anything:

NFTs

Tweets

Loans

In-game items

Like many technologies before it,  
smart contracts enable  
**permissionless innovation.**



OK! That was a lot. 

Questions?