

Jeff Stewart of GPO Fund

Speaker1: [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin and the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, many other investors for early stage and growth companies. I hope you enjoy this episode. Interested in learning more about investing in startups, launching a new startup need to raise funding to start funding espresso as a daily podcast and a short, concise format delivered to your inbox every day Monday through Friday, the time it takes to drink an espresso and to learn about startup funding, to subscribe to a dog and put your email into the Pop-Up Box. Hello, this is Hall Martin with Investor Connect here with Jeff Stewart, founder and managing director of Fund. The Global Public Offering Fund is a growth equity fund, investing and founder led pre-IPO technology companies that can benefit from access to global capital markets. Jeff, thank you for joining us again.

Speaker2: [00:01:01] Thank you. My pleasure.

Speaker1: [00:01:02] Can you give us a short update about yourself and what have you been doing since our last interview?

Speaker2: [00:01:07] Yeah, we've been focused on growing our fund and backing ambitious founders who want to accelerate their international growth and accelerate their path to the global capital markets.

Speaker1: [00:01:21] And so let's talk about your investing experience. So what company do you regret not investing in?

Speaker2: [00:01:27] Well, lots, but I think a couple of stand out, most recently current we were we launched our fund twenty eighteen and had no known team over at current for a long time, really impressed with their technology. And we were just too, too early in our fund structuring to be able to back that. But I think you're going to see great things out of them. And Andreessen Horowitz has been very supportive lately. And I think I think you'll see them continue to grow.

Speaker1: [00:02:00] And why didn't you invest them at the time?

Speaker2: [00:02:03] At the time, we were early in starting our fund and we had limited, limited bandwidth and limited financial resources. And that was that was one that got away. I think another way away was Coinbase. Matya left the team there very early on, really, just as they were starting out and the super impressed, they would go on to do great things. And I think I think at that stage, the bulk of although we now invest at the growth stage, sort of one hundred million dollar valuations and up the bulk of the investments I've made over time where we're at the angel stage and you just see these founders and get their their passion and their understanding of the underlying technology. And you just know they're going to do great things. I had that feeling with Tableau and that feeling with the team at Twilio, and I just regret not moving fast enough on those when you see those rare founders that are going to go on to do great things.

Speaker1: [00:03:07] Understood. And so what are you passionate about now and why?

Speaker2: [00:03:12] Well, having started companies in the fintech space, we're very interested in financial services. I think there's a lot of innovation that's still still going to happen there. And clearly a lot of room for improvement if we get we as as entrepreneurs got involved in a very early on. And I think, again, we're just scratching the surface of what's possible, particularly the developments in deep learning over the last couple of years that have just enormous potential. So we're looking at that. We tend to like things that are very data intensive, really large data sets that creates barriers, that creates network effects. We like that. And lately we've been spending a lot more time in sort of the direct consumer space e-commerce. I think you're going to see some some hundred year brands being built over the next three or four years. Pretty exciting stuff, right?

Speaker1: [00:04:10] And are you avoiding any particular sectors and if so, why?

Speaker2: [00:04:15] Well, we're we're very focused on business that we think can grow globally. So we we're big believers that most of the people in the world don't live in the US and that most of the global economy is not in the US. So we think that if you're going to build a truly big, important global company, you need to be thinking about international early. And health care is an area that that we have in because of the the US regulation, because of the way the US

markets are so different than a lot of the world. And because it touches areas of science where we're we're less comfortable. We've stayed clear of health care, but that's certainly one insurance. On the other hand, if we look at it as fintech, that that's area we have looked into. But the health care we've stayed away from.

Speaker1: [00:05:11] Understood. So let's talk about your experience with startups out there. Always love to hear the great and the not so great. So what was your say, your worst experience with the startup without mentioning names? Of course.

Speaker2: [00:05:23] Well, I know I think I think it's one of the ones we started ourselves. You know, not all startups were meant to be. And I remember there's no there's no playbook here. You really need to to experiment and try things. And sometimes you start out and you realize it's a bad idea. And back in the early 2000s, I had this idea of using satellite data and processing that data in a way that would be valuable to institutional investors, particularly hedge funds, and launched a company called Seed from Above, spent four or five months, one hundred hour work weeks of my life really digging into that and getting to know the underlying technology and the players. And I remember the day I was on the phone with a scientist who was at a download station up in Alaska, and he's explaining me the process of how he's used to dealing with governments. But how you would work with my company as a startup and realized this was too early and we were at least a decade too early. And, you know, it's frustrating to essentially waste four or five months of my life on a on a business that ended up not moving forward. But I guess the good thing that came out of it was we invested in twenty nineteen. We invested in a company called Spierer Global, Incredible founder. And what he's done is he's launched microsatellites. So he's got a fleet of microsatellites in those satellites monitor the Earth. And he's he's selling that data back down to industry and doing all sorts of analytics. And he's going to build a data business with billions of dollars. So I guess it was a complete waste, but it certainly was frustrating at the time to see all that effort to essentially be a waste.

Speaker1: [00:07:13] Right, and then on the other side of that coin, what was your best experience from the start?

Speaker2: [00:07:18] Well, I think I think that what I find most rewarding is when you mentor someone, when you change their life by having them be involved in your startup, and then you

see them go on to start their own company to buy a house with exercising options that you gave them and seeing them hiring other people. It's that that's sort of next that follow on that happens after your startup is really exciting. And you know that you've you've had a positive impact on someone, someone who had high potential coming into your business. And it probably would have succeeded with or without you. But, you know, you definitely have an influence on the success of the company. They started.

Speaker1: [00:08:02] Cool. And so what are the challenges you see your companies facing today? Is it regulatory? Is it technical? Is a market? Where do you see or struggling the most?

Speaker2: [00:08:13] Maybe this is, you know, ask a plumber and he'll tell you it's plumbing. But but for me, you know, we're very focused on companies being able to move move into the public market sooner. So it used to be when I when I first got into venture capital, as my services would say, ABC is great, but these rounds are four dead. You'd go public effortlessly round and you had great companies that would go public at two hundred, three hundred million dollar valuations. And there are hundreds of them go public every year in the US. And then there was a big structural change in the US capital market and we think that was to the detriment of entrepreneurship. So suspects have been an attempt to solve that problem and have done a good job at solving a piece of the problem, which is the headache and complexity and distraction associated with listing in the US. We've we have an enormous amount of potential. We have an alternate path that we've spent a lot of time studying and building a playbook which is listing abroad. That turns out about 10 percent of all IPOs and cross-border. That turns out that the international capital markets are very receptive to companies sort of that that sub two billion dollar think think four hundred to one point four billion dollar valuations that they can't get enough of high growth, high potential technology companies. So we think that it's important for companies to get the credibility of moving into the public market, getting the ability, most importantly, ability to attract talent to the higher profile, the ability to do pocket acquisitions and super flexible capital structure. So I think that the challenge we think the most about is how do you get companies into the public market sooner and so that they are direct by that flexibility and higher profile.

Speaker1: [00:10:17] Right where you see a lot of sectors and applications out there, you have to pick one or two that you think are really good immediate opportunities to go after. Would you put at the top of the list?

Speaker2: [00:10:27] Like I said, I think we're just scratching the surface and artificial intelligence has broad applicability. I think that businesses that can efficiently take advantage of a global footprint are going to do well, cost of talent in other parts of the world, that the access to expertise, different cost structures for accessing customers allows you to innovate and experiment. So I think I think any business that is poised to benefit from having a global footprint is interesting to us.

Speaker1: [00:11:01] Well, that's great when the last few minutes that we have here, what else should we cover that we haven't?

Speaker2: [00:11:06] Well, I think one thing that's pretty interesting is the pace of company formation. I think I remember when I started my company, there were a lot of mention I was on. I had spent time in Silicon Valley and I was in New York. There weren't a lot of mentors. There wasn't a lot of support. And you were looking at kind of as an oddball and someone starting companies today. There's there's a lot of there's a lot of incubators. There's a lot of prior founders who are who are investing and mentoring. There's a lot of content and information out there. And I think the support infrastructure, combined with a desire to to start companies, is drawing more entrepreneurs into it. And I'm very excited about that. And I would just repeat the advice I got very early on, which was a neighbor of mine that was not there. And I said, what advice do you have for me? I'm going to start a business? He said, Jeff, you know, the only thing I regret is I didn't do it sooner. So I you know, I think I'm very excited about more people trying on the Entrepreneurship Center.

Speaker1: [00:12:19] So we think driving the current wave of startup innovation is it it's over and we have a new set of care about is that people ready for a new thing. I don't want to go back to my old job. I want a new job, so I'll do a startup. But what do you think is driving it now?

Speaker2: [00:12:35] Well, I think it's a social connection through the Internet. I mean, you know, when it's a lonely job starting a company and when you're when you don't know many

entrepreneurs or the entrepreneurs, you know, are sort of running family businesses, it's hard to get the courage to start a business. I think that the Internet has exposed more people to more entrepreneurs and say, hey, wait a minute, maybe this isn't such a crazy idea. There are there are lots of case studies of successful entrepreneurs. And also, quite frankly, I think you meet you meet more entrepreneurs. You say, wait a minute. Yeah, I got that guy made a two hundred million dollar business. He's a goofball. If he can do it, I can do it. So I think it's not just reading about the Andrew Carnegie is the world. I think you also have to interact with people who who are making mistakes and who you know, who aren't doing things right all the time. And you know that that, I think, has given more people the courage to to start a business.

Speaker1: [00:13:42] Well, great. I appreciate you sharing that with us today. How best for listeners to get back in touch with you?

Speaker2: [00:13:48] Well, I would say, you know, we're we're recruiting. You know, we're looking for our junior analyst interns, you know, people who are excited about entrepreneurship and are excited about venture capital, particularly growth stage, venture capital. So I would say, you know, our website is is a good place to learn about us fund dotcom. But my LinkedIn profile is is the best way if you're if you're looking for employment or an internship because we are growing.

Speaker1: [00:14:20] Right. Well, I'll put that in the show notes and keep that in mind when I talk to new people in the field. And appreciate your joining us today and hope to have you back for a follow up soon.

Speaker2: [00:14:29] Great. Thanks a lot. Appreciate it. And love the show about.

Speaker1: [00:14:37] Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect. Doug Altı Martin is the director of Investor Connect, which is a 5.1 C3 nonprofit dedicated to the education of investors for early stage funding, all opinions expressed by Hall and podcast guests or solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.

