

IP Mobility - Gaston Eguren of Proeza Ventures

[00:05:03] **Hall Martin:** Well, hello, this is Investor Perspectives, I'm the host of Investor Connect, Hall T. Martin, where we connect startups and investors for funding. Today, we have joining us Gaston Eguren, investment analyst at Proeza Ventures. Gaston, thank you for joining us.

[00:05:15] **Gaston Eguren:** Thank you for having me on. Pleasure to be here.

[00:05:17] **Hall Martin:** Great. So tell us more about your work and what you do.

[00:05:20] **Gaston Eguren:** Yeah, so I work at Proeza Ventures. We're the largest mobility focused VC fund based out of LATAM. So I'm part of the investment team here, and our mission at Proeza Ventures is to discover and invest in visionary founders, building early stage startups that are transforming the way we think about mobility, and with whom we can partner long term to make a more sustainable world.

[00:05:44] **Hall Martin:** Great. Let's talk about the growth in the mobility segment. What do you see going on there?

[00:05:50] **Gaston Eguren:** Well, it's been a crazy couple of years for the mobility segment. I mean, I think it's important to start by saying that mobility has significantly outperformed top performing industries and capital markets. In the first quarter of 2021, it raised \$23 billion of VC money, went to mobility tech related companies. It's been a historical level, historically, yeah. And there's been 107 exits last year and 22 public via specs. So it's been a crazy year, yeah.

[00:06:21] **Hall Martin:** That's great. And so, what do you see is the primary trend in the segment so far?

[00:06:27] **Gaston Eguren:** Yeah, I think this question is very interesting. I'd like to take a step back before going into it. Us at Proeza Ventures, when we established our investment thesis, it was established around three key pillars, that are defined as mega trends for mobility, which are changing mobility, evolving consumer behavior, and environmental awareness. So in the first pillar, we see changing mobility, the rapid pace of innovation is leading to new technologies, so around autonomy, electrification of vehicles, and AI. Also we see that we're just scratching the new surface in new modes of transportation, so a ride sharing, micro mobility, car subscription, now these markets are positioned to experience tremendous growth once economies reopen. And lastly, under this pillar, we see our new business models emerging, so these tech advancements and trends are opening up abundant new opportunities. We now see collaboration across specialized providers and OEMs who once were vehicle manufacturers, and are in our mobility providers. And we see new markets and customers that bring new

opportunities, so then, when we jump to the second pillar of our investment thesis, which is evolving consumer behavior, we see three mega trends. The first is urbanization. So for the first time in history, I mean, more people live in cities than outside them. And this leads to many problems besides just traffic. So now we see transportation within urban city centers needs to transfer, they need to become more efficient and more sustainable. And then, another mega trend we see is ecommerce, so online shopping has never been easier, and consumers are now demanding same day or next day delivery. So logistic networks and supply chains are adopting to this, and becoming more flexible, digitized, and autonomous. And the last mega trend we see in this second pillar is the trend to give up ownership and switch to usership. So private car ownership is going down, usership of shared scooters, bicycles, cars, and etc. And our third pillar is increased environmental awareness, so the concern about climate change has never been stronger, and that displaces the automotive industry, front and center of the issue. So we've seen the rise of alternative fuel cells, so electric vehicles, battery tech is improving, and regulations are pushing for the adoption of EVs.

[00:08:46] **Hall Martin:** That's great. And so, what makes for a successful company in the mobility segment, what do you look for?

[00:08:52] **Gaston Eguen:** This is a very tough question. But I think the first thing and most important is, for a successful company, is a strong team with credibility and expertise in their domain. Also, the strong capacity of the founding team to recruit the best talent they can. And lastly, is the team passion and motivation to chase a common goal. Then I think the second aspect, I would say, would be the total addressable market. So the total size of the market, the initial target market, and this critical path forward for the company, the competitive and regulatory dynamics, and if the company can create a dominant position within the market. Then I'd say another aspect that will make a company successful is their technology. If they're solving a big and clear pain point for the customers, if they have a coherent and viable business plan, and if they take is disrupting and provides a differentiated solution. And lastly, I'd just say, strong trends, yeah.

[00:09:52] **Hall Martin:** Great. And so, what is your participation in the mobility segment so far?

[00:09:57] **Gaston Eguen:** Yeah, so Proeza Ventures has been around for almost two years now. We're backed by the Proeza Group which is a global manufacturer that produces chassis and structural components for pickup trucks, SUVs, heavy trucks and buses, and they have a presence in over 11 countries. So this has allowed us to develop unique capabilities and understanding on tech roadmap and trajectories. Us, particularly in Proeza Ventures, we have invested in 11 companies, and yeah, we're still actively looking to invest more.

[00:10:29] **Hall Martin:** Great. And so, what exactly do you look to invest here as far as what's your criteria for it?

[00:10:35] **Gaston Eguren:** Yeah, so we usually use the 60s framework. So we look at the team, the team has a vision, passion and the skills necessary to scale the companies. We look at the market, as I said, with large, growing, accessible and strategic. Then we look at their tech and business model, if it's disruptive. Then [inaudible] if they have customer technical market or product validation. We look at the trend, so why now. And in macro shifts that supports the thesis. And lastly, the terms of the round and of the company, and if it fits with our investment thesis.

[00:11:07] **Hall Martin:** That sounds great. So what else should we know about this segment?

[00:11:12] **Gaston Eguren:** I think this year we made a deep level analysis within the fund to see what specific segments of mobility we'd like to target. And there's great opportunities around, so we are looking at supply chain management, car subscription, micro mobility hardware, and we've seen DMS which is driver monitoring system, and in-cabin monitoring system on the rise. So yeah, there's a lot of opportunities going around.

[00:11:40] **Hall Martin:** Great. And so, what changes do you expect to see in, say, the coming 12 months in this space?

[00:11:46] **Gaston Eguren:** Yeah, this is, I mean, we can talk for hours about this, but yeah, I think cities are going to reevaluate their urban space. So repurposing streets, curbside, they're going to reduce speed limits, and even sometimes prohibit access to cars to city centers. We'll see EV adoption continue to increase, especially as battery costs reach that cost parity to internal combustion vehicles. And we think electric fleets will be taking the mainstage in 2021. Also, we're going to see the rise of autonomous commercial vehicles and new delivery tech as an emerging staple for the transport of goods. We're going to see AI digital solutions around people management and energy management. We think also in medium densely populated cities, mobility as a service will become an extension of public transport. So we'll see the rise of the first, B to G to C business model. Also, we're going to see AI, improved voice assistance for cars and other vehicles to make interactions more natural and conversational, the high degree of urbanization, and the subscription economy to continue to push the decrease in private car usership, as I said, ownership, I'm sorry. Shared mobility is going to continue to rise. Online commerce as well as remote work is here to stay. It's going to disrupt commuting and practices and reshape curb space. I think the last thing I'm going to say is sustainability will continue to be top of mind for everyone, so consumers and regulators will keep pushing this, and yeah, help the pandemic reshape, post the mobility shape, post pandemic, yeah.

[00:13:28] **Hall Martin:** Great. Well, in the last few minutes that we have here, what else should we cover that we haven't?

[00:13:33] **Gaston Eguren:** I'm not sure I can give a quick intro on where Proeza Ventures invested, if that helps anyone else.

[00:13:41] **Hall Martin:** Sure.

[00:13:42] **Gaston Eguren:** Yeah, okay. So us, at Proeza Ventures, we targeted five sub-verticals within mobility. We think that the most opportunities are _____. We started looking at industrial technologies, so any technology that makes manufacturing more flexible, modular or digitized. We look at industry 4.0 AGVs, and other _____. The second vertical we looked at are smart components, that make vehicles more autonomous, electric or connected. We also look at smart city infrastructure and other tech. Our third vertical are new vehicles, where we see companies making from scooters to Class 8 trucks. Our fourth vertical is mobility as a service, so micro mobility, car sharing, ride hailing, subscription services. And our last vertical is digital data services, and here we see services around mobility that are being digitized. So we see companies focused on logistics, supply chain, telematics and others.

[00:14:40] **Hall Martin:** That's great. Well, how best for listeners to get back in touch with you?

[00:14:45] **Gaston Eguren:** Excuse me?

[00:14:46] **Hall Martin:** How best for listeners to get back in touch with you?

[00:14:48] **Gaston Eguren:** They can go to the proezaventures.com website and contact us through that.

[00:14:53] **Hall Martin:** Great. We'll include those in the show notes. I want to thank you for joining today and hope to have you back for a follow-up soon.

[00:14:58] **Gaston Eguren:** Great, thank you, Hall. It's been a pleasure.