



FAIRGREEN CAPITAL PARTNERS

MARKET INSIGHTS

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"FIGHTING ON ARRIVAL, FIGHTING FOR SURVIVAL"

Happy 2020 to all. A year of the reckoning some say, a year of the renaissance others proclaim. And everything else in between. Sure, isn't it all in one's perspective. Well, yes and no. But I'll come back to this conundrum later in this piece. Or not!

This month's title is borrowed from a famous Bob Marley song and is the stance (and DNA) that all start-ups need to have, right at this moment; in November's paper, I go into the specific reasons for this (so please read, if curious).

"Is It meant to be this hard?" – "Yes"; "Will it get harder?" – "Yes"; "What should I do?" – "Work smart.":

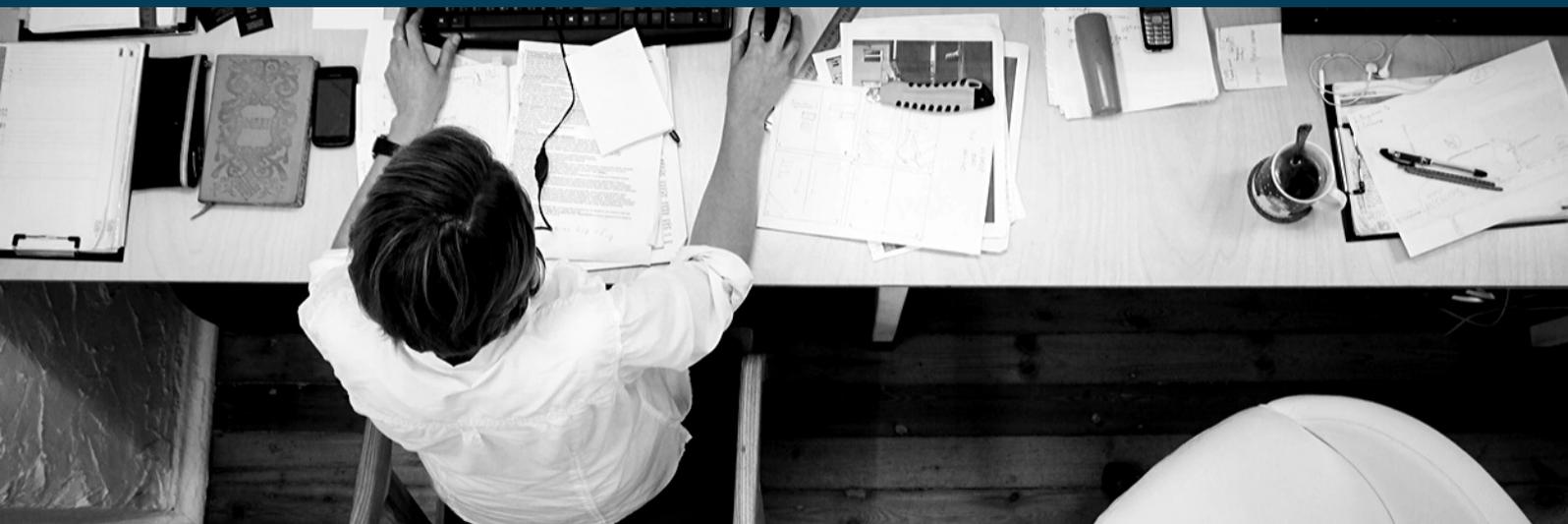
*"How do I do that?" –
"Constantly learn from your
mistakes and just be better
than you were yesterday."*

GUSTO TO THE "OUTSIDE WORLD"

From the fortunate position I'm in, I get to meet a lot of start-up founders and entrepreneurs.

What is interesting is the disposition they may need to have when they meet me or anyone else in a similar role, and the disposition or actuality they need to have with themselves. Another conundrum I hear some say! But not.





It is vital to sell your idea, current momentum and future vision with enthusiasm, confidence and gusto to the “outside world”.

But also, it is of critical importance to be realistic with yourself and confidants, as one of the things that successful founders exhibit is the need to improve where needed, pivot when necessary and address their blind spots. To address one’s blind spots, you first need to be aware of them.

EMOTIONAL JOURNEY

In the beginning, most people will receive a lot more no’s than yes’s. You’ve been told and warned against this, heck you might have even though you are prepared for this. But take a minute and truly observe how it affects you when it happens.

For example, there’s a significant difference between a 2-month old co-founder who’s looking to raise capital and a 1-year old co-founder looking to raise capital. Their disposition, mood, energy and body language are remarkably different.

Bear in mind, every pitch you do is a success if you learn just only one thing from every no you receive. But, you must reflect and learn.

Having the attitude “they don’t get me” may not bring you to your holy grail. So, make them get you. Now you might be asking how? Improve your story, get feedback, and learn not to let rejection weight you down. Leave a bit of the ego behind and listen!

FAIRGREEN CAPITAL PARTNERS START-UP RATINGS

As I said earlier, my team and I are in a very fortunate position to get to meet a lot of start-ups and entrepreneurs. This puts us in a position where we can be selective and choose the start-ups that we want to work with.

Now you might be wondering how does FairGreen Capital Partners rate start-ups?

Here, broadly speaking, is our methodology:

1. Would I use this product/service/solution if I was within their sample universe of customers?
2. Can the team execute this idea?
 - a. Do they have an ability to acquire customers/disrupt the current incumbents?
 - b. Do they have the grit/hustle to get it done (whatever it may be)?
 - c. Are they resourceful enough?
3. Are the founders aware of their current blind spots. and can they address them?



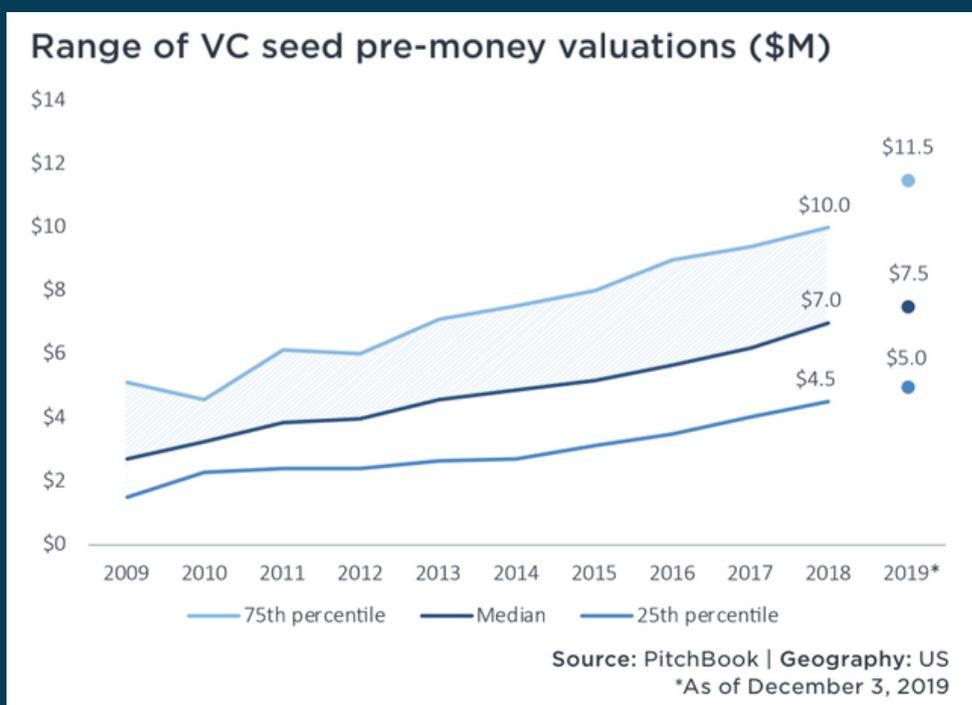
EARLY STAGE INVESTMENT START-UP TRENDS

To quote a well-known investor, Ray Dalio; “Truth-or, more precisely, an accurate understanding of reality-is the essential foundation for any good outcome.”

This equates when said simply to knowing the knowns and unknowing the unknowns, that you and your company face.

We see from the graph below that the median seed pre-money valuation has increased year over year since the start of this current equity market bull (March 2009). So, this is good news for start-ups.

In addition, the median company age of seed/angel companies is 3 years; up noticeably from 1.9 years in 2014. Even though today, there are more start-ups than in previous generations, it is later in their journey when they go to raise, and at each round, they command increased valuations.





ROME WASN'T BUILT IN A DAY, BUT DID FALL IN A DAY

If you are a start-up, and you need capital (which, by in large, is the vast majority of start-ups), the market has never been more receptive.

Although this will not be necessarily evident to you on your individual fundraising journey/challenge, you need to fight for your arrival and fight for your survival in both the fundraising stages and as a business.

The capital is there, you just need to make sure you are telling your story in the best way, to the right people (it's always easier to push a wheelbarrow downhill than uphill), and fight for every small win you can get in the pursuit of your vision.

Remember, Rome wasn't built in a day, but did fall in a day. Keep fighting!

THANK YOU

Thank you for your time reading this month's market insight and as always, welcome your feedback. FairGreen Capital Partners invest and work with a select few start-ups, so we do encourage you to contact us to begin a dialogue.

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