



El Dorado Emprendimiento



ROB MCMILLEN, Managing Director, Kickstart Peru
CEO, Alta – El Dorado Emprendimiento

August 2014

Freestyle Wrestling



Coyte Cooper...



- Preparation is key...
- Develop a special move

Private Investment Funds

Where is Venture in the family of Alternative assets?

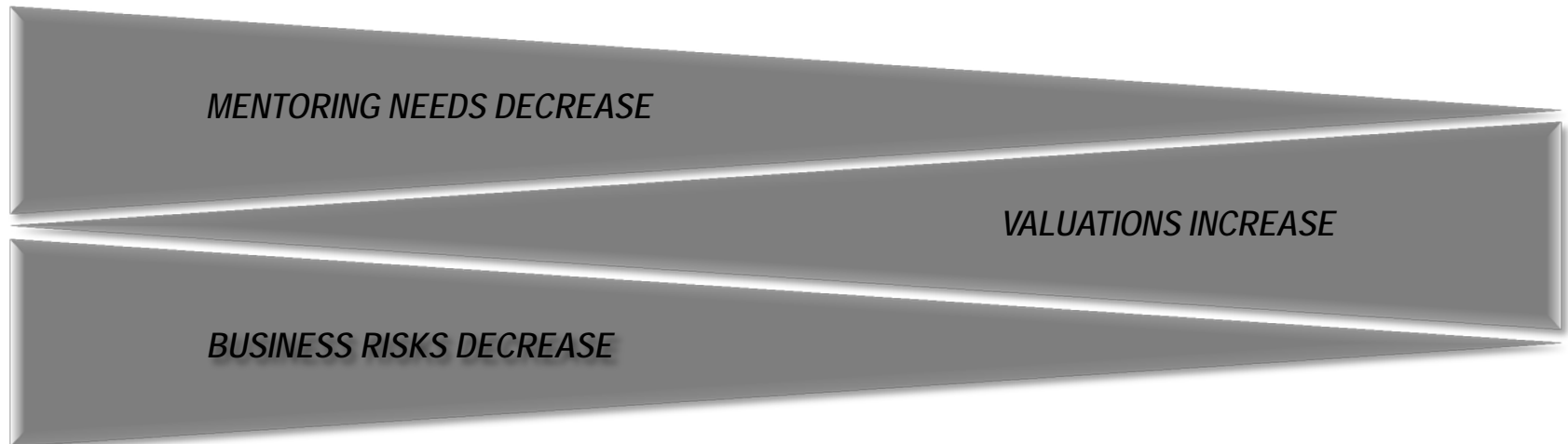
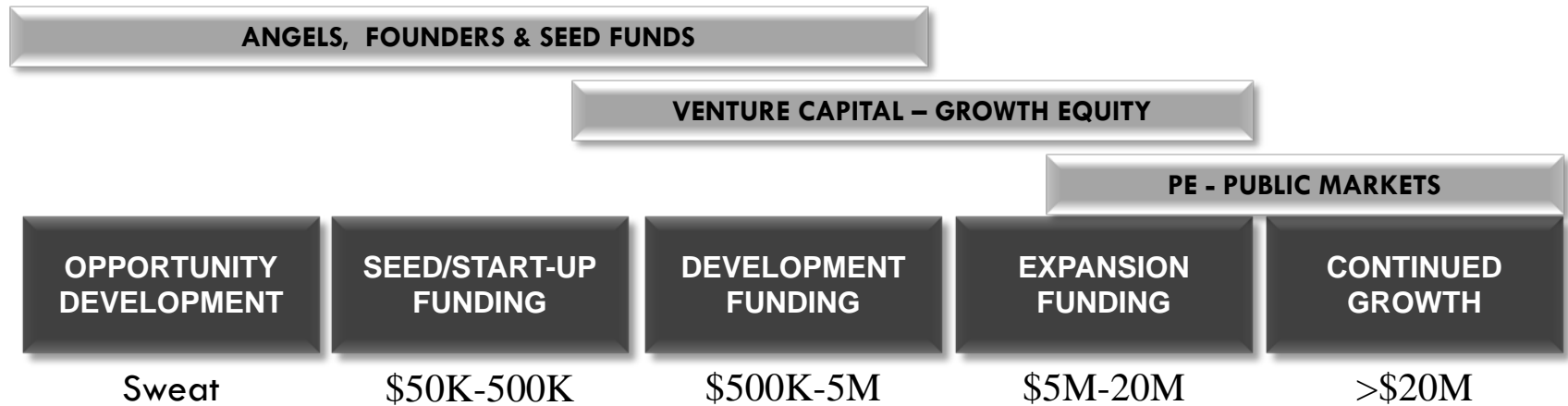
Asset Class	Target IRR
Infrastructure	10-20%
Hedge Funds	15-25%
Real Estate	12-20%
Private Equity Buyout	15-25%
Venture Capital	25-35%
Seed Capital	40%+

Equity Investment Funding Continuum

From seed to venture to growth to priv. equity



7



How does the VC Model Work?

8

From a 20 company portfolio VC fund:

- 10 companies are shut down – 0x return
- 6 companies are acquired and return sufficient to recover capital – 1x return
- 3 companies generate 1.5X to 5X returns
- 1 company generates >10X returns

Sublimite de los AFPs by Alternative Asset



9

Asset Class	Sublimite de los AFPs
Hedge Funds	Fondo Typo 2: 4% Fondo Typo 3: 6%
Real Estate	Fondo Typo 2: 6% Fondo Typo 3: 8%
Private Equity Buyout	Fondo Typo 2: 12% Fondo Typo 3: 15%
Venture Capital	Fondo Typo 2: 6% Fondo Typo 3: 8%

Why should Peru have a Venture Capital Industry?








All Job Growth in the US Last 30 Years Came from Small & Medium Companies

Ewing Marion
KAUFFMAN
Foundation

Newsroom | Grants | Careers | Stay Conn

Entrepreneurship | Innovation | Education | Research &

[Home](#) > [Entrepreneurship](#)

 Tweet 511  Email 190  ShareThis 1815  Share 106  Like 416

Job Growth in U.S. Driven Entirely by Startups, According to Kauffman Foundation Study

Contact:

Rossana Weitekamp, 516-792-1462, rossana@weitekamp.com
Barbara Pruitt, 816-932-1288, bpruitt@kauffman.org, Kauffman Foundation

New firms add an average of 3 million jobs in their first year, while older companies lose 1 million jobs annually

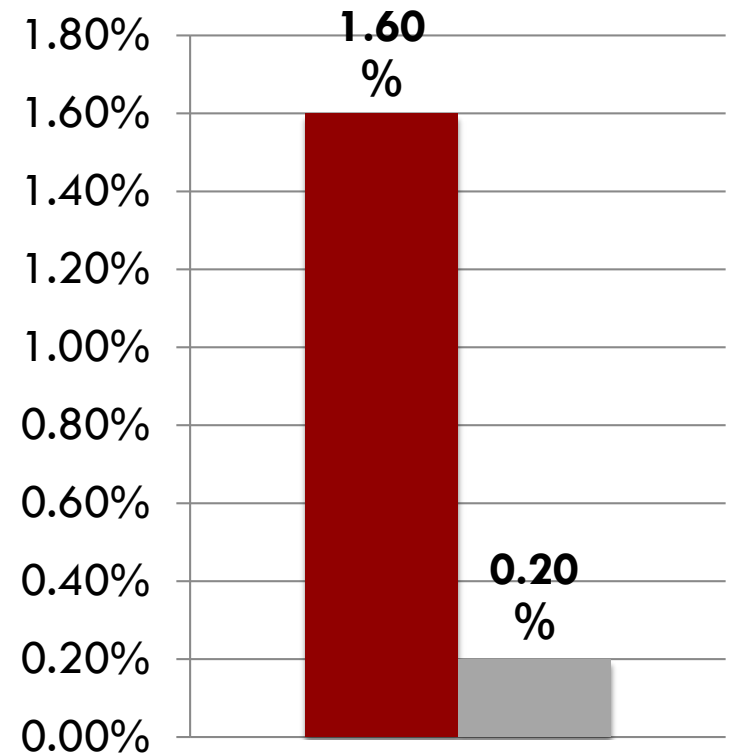
(KANSAS CITY, Mo.), July 7, 2010 – When it comes to U.S. job growth, startup companies aren't everything. They're the only thing. It's well understood that existing companies of all sizes constantly create – and destroy – jobs. Conventional wisdom, then, might suppose that annual net job gain is positive at these companies. A study released today by the Ewing Marion Kauffman Foundation, however, shows that this rarely is the case. In fact, net job growth occurs in the U.S. economy only through startup firms.

The new study, *The Importance of Startups in Job Creation and Job Destruction*, bases its findings on

Impact: VC-Backed Job Creation

Sector	Jobs	%
Software	817,166	80.99%
Telecom	736,961	74.08%
Semiconductors	309,437	73.85%
Networking and Equipment	392,505	58.75%
Electronics and Instrumentation	271,224	51.35%

Job Growth '06 - '08

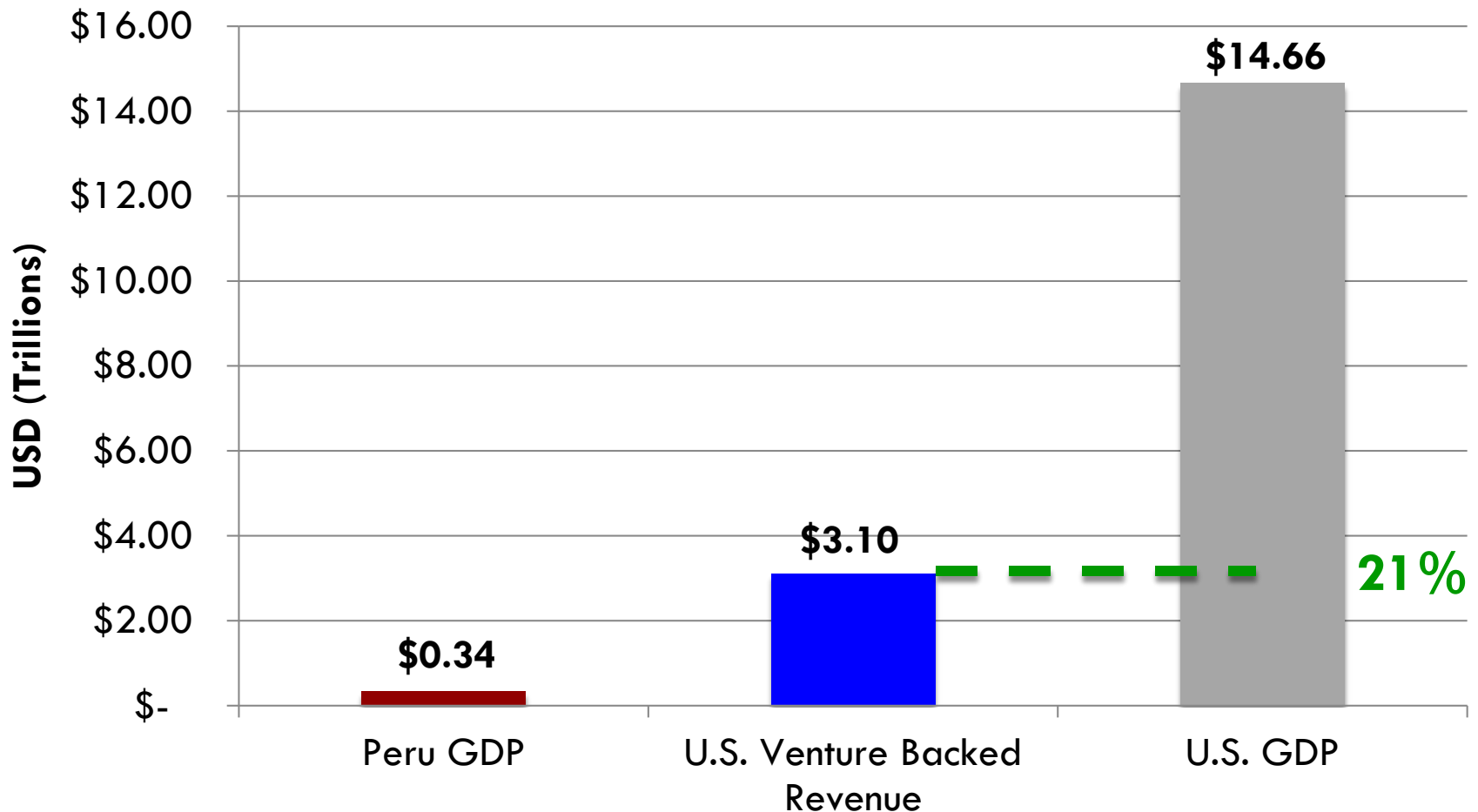


■ VC-Backed
■ Total Private Sector

• 11% of all private sector jobs

Impact of Venture Capital: U.S. VC in 2010

Economic Comparison and VC Impact (2010)



□ Industries Created with VC

- Information Technology
- Biotechnology
- Medical Devices
- Network Security
- Online Retailing

□ Newest Creations

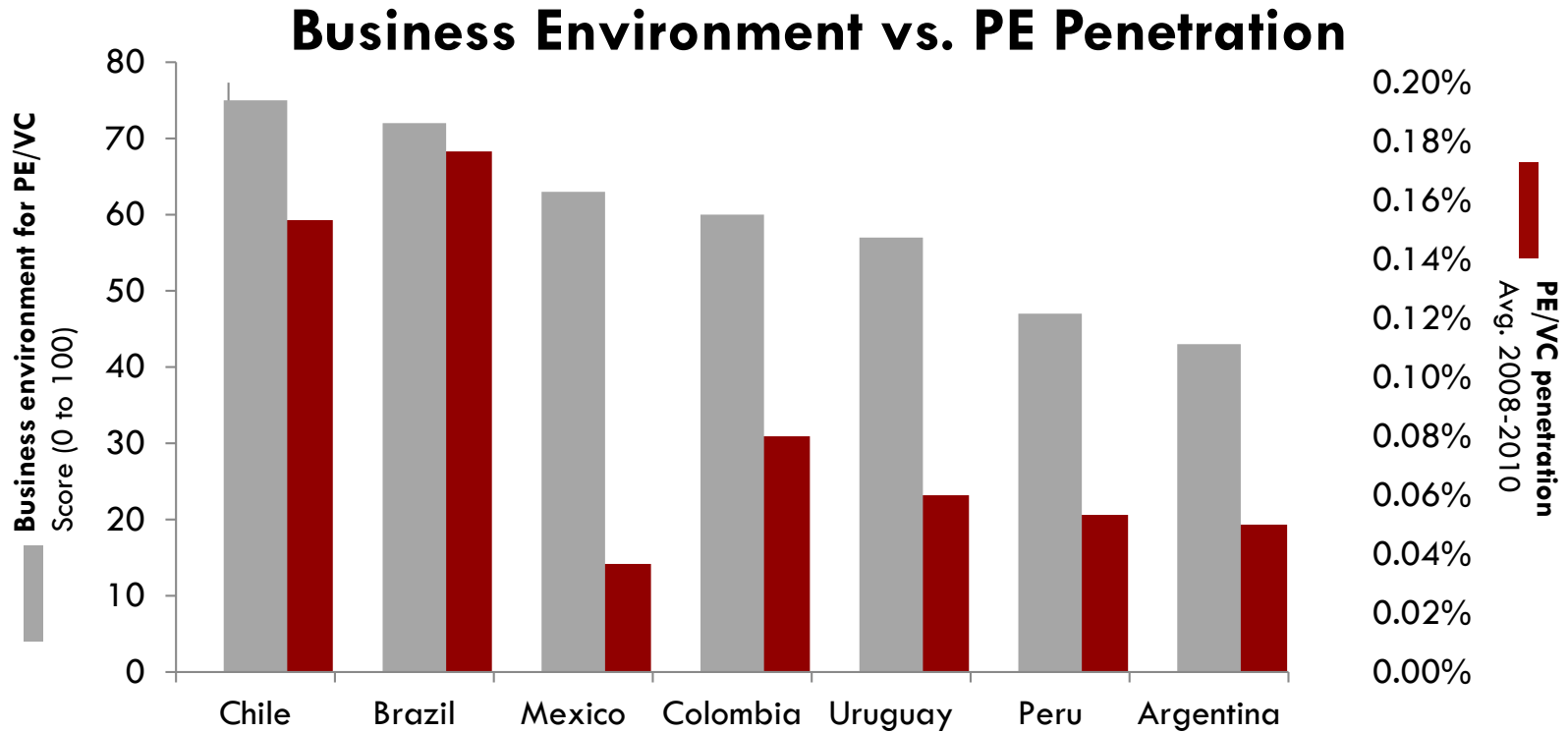
- Social Media
- Clean Technology



PE/VC Attractiveness vs Capital Environment

Peru is very underpenetrated despite its overall good business environment to conduct PE and VC

15



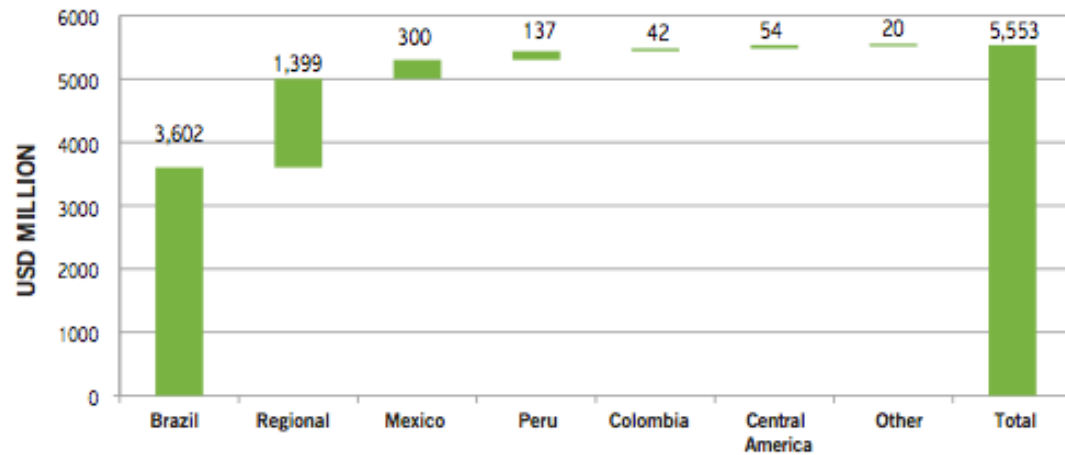
Peru Has Limited Exposure to PE and Zero Exposure to Venture Capital

Brazil 25X more capital than Peru

Fundraising by Country/Region

Country/Region	2012	
	Funds Raised	% of regional total
Regional	\$1,399	25.2%
Brazil	\$3,602	64.9%
Mexico	\$300	5.4%
Peru	\$137	2.5%
Colombia	\$42	0.8%
Chile	-	0.0%
Central America	\$54	1.0%
Other	\$20	0.4%
Total	\$5,553	100%

Geographic Focus* of Funds Raised



* The geographic focus was estimated based on fund manager's responses to the survey on how they plan to allocate the funds they raised. It is not based on where the fund manager's headquarters are located.

FUNDRAISING CONCENTRATION

	% 2012	% 2011
Top 5 firms	52%	71%
Top 10 firms	71%	89%
Top 15 firms	81%	95%

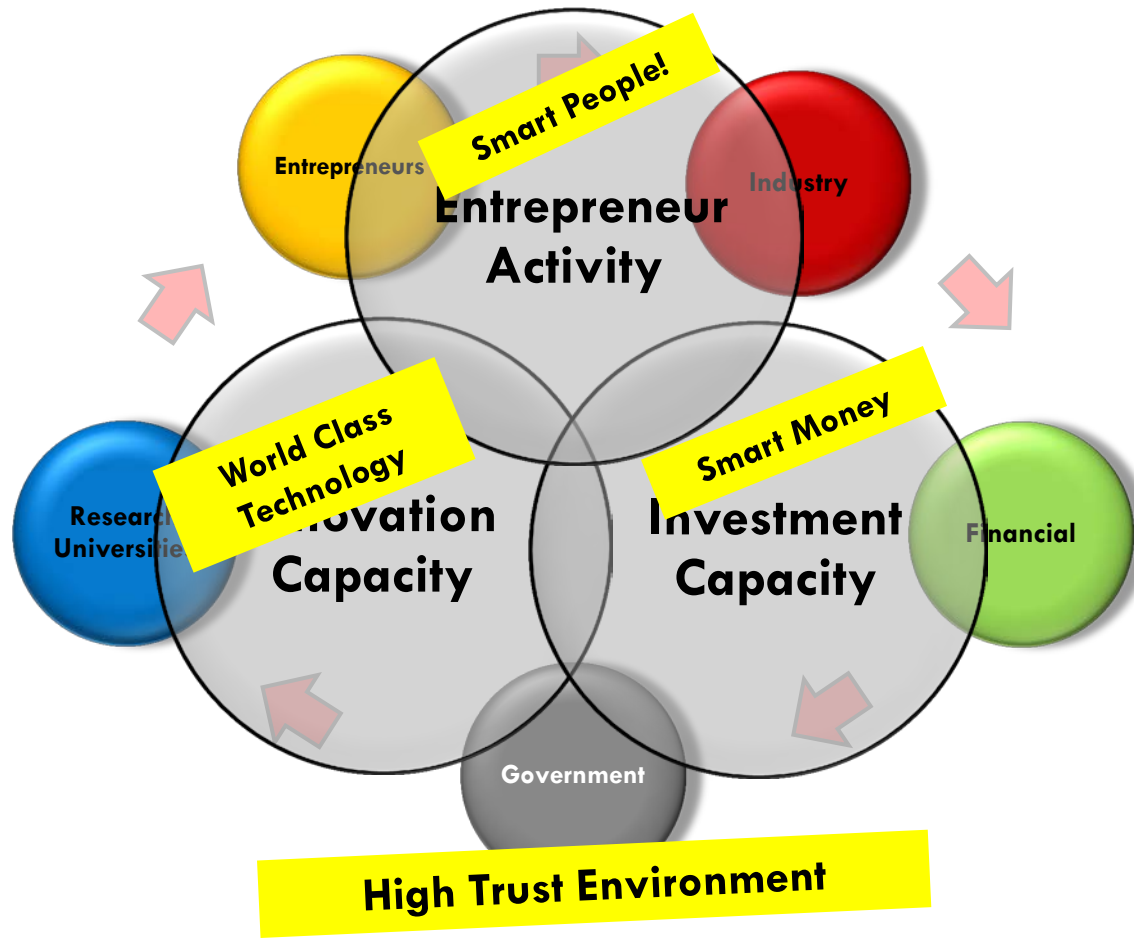
What makes Silicon Valley work?

- 1. Critical Mass of Entrepreneur Activity, Innovation Capacity, and Investment Capacity tied together w/**
- 2. Trusted Informal Networks in an**
- 3. Entrepreneur Friendly Regulatory Environment**

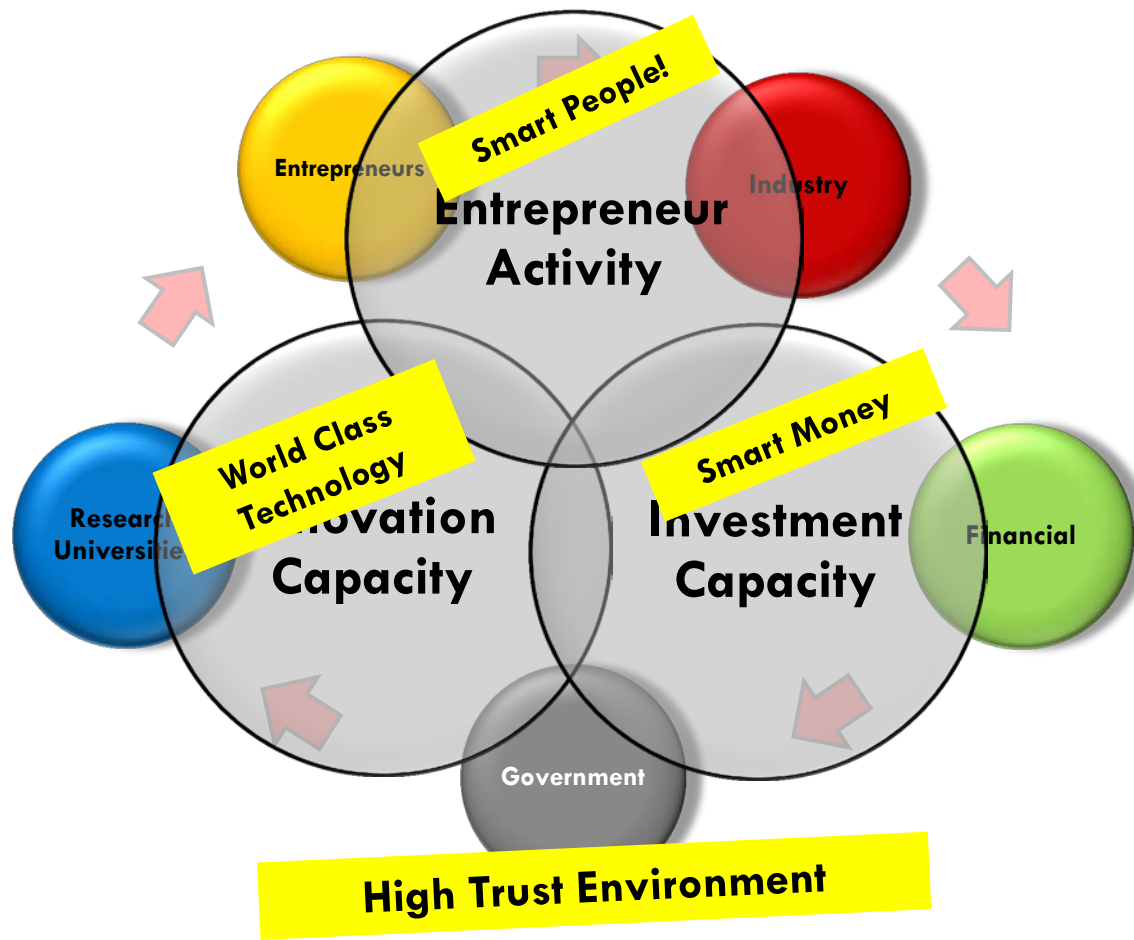
- Innovation Capacity.** Significant Intellectual Capital (Stanford, Xerox PARC, IBM Research Labs)
- Entrepreneur Activity.** Critical Mass (Significant Entrepreneurial Activity & High-Trust Culture, Deep Bench Strength, Social Dynamics: OK to Fail, OK to be Rich)
- Investment Capacity.** A Robust Full Funding Continuum
- Trusted informal Networks** (Trusted Service Providers, Shared Community Vision, Predictable & Supportive Government)

It takes a community effort to build a successful entrepreneurial ecosystem

Venture Capital is a catalyst for growth if other key factors are present:
Supportive Government Environment, Innovation, Entrepreneur Culture



Lesson 1 Preparation: We Have to Get to Work Catalyzing the Ecosystem



Increasing Entrepreneur Activity- E100



- Crowdsourcing
- Top Entrepreneur Identification
- This formal network greatly increases strength of informal networks



Increasing Entrepreneur Activity- Business Model Competition



Increasing Innovation Capacity – Mentor Networks



endeavor



ENLACE+E
Empresarios Emprendedores de Alto Valor

- Launch of native Peruvian mentor network
- Entrepreneurship guidance
- Business development
- Potential exit channels

Increasing Innovation Capacity – MeetUp Groups



- Informal network driver
- Casual monthly meetings
- Inventors cross pollinating with entrepreneurs
- Leveraging global best practices
- Entrepreneur education and catalyst

Kickstart Peru: Discovery Seed Fund



24

Fund	Kickstart Peru
Target Capital	\$500K to \$3M
Deal Profile	Discovery Seed stage, looking for young hungry teams with globally impacting ideas
Terms	20% carried interest, 2% management fee
Strategy	early stage ideas, solving global issues with high potential for early exit
Sector Focus	life sciences, IT, software, internet, education, food science, security and clean technology
Team	Experienced Venture Executives
Fund Goal	Catalyze 1000 teams and invest in 100, up to 3 deals per month

Increasing Investing Capacity- Peru Venture Capital Conference



- ❑ Global thought leaders + local investors, entrepreneurs, members of government, university officials, services providers and other key stakeholders
- ❑ Ecosystem education
- ❑ Community getting and acceleration



Peru Entrepreneur Ecosystem Development Project

Entrepreneur activity

1. E|100 Lima
2. E|100 Arequipa
3. Business Model Competitions at six universities



1. Start-up Core – Entrepreneur education



2. Mentor Networks



Peru Entrepreneur Ecosystem Development Project

Innovation capacity

1. Meetups Lima
2. Meetups Arequipa



Investment capacity

1. PVCC— Peru Venture Capital Conference
2. Kickstart Peru



Lesson 2 Develop a special move: What will be Peru's Jiu Jitsu move?



Silicon Valley

Peru

Bitcoin Valley or Drone Valley?

Imagine a Bitcoin Valley, for instance, where some country fully legalizes cryptocurrencies for all financial functions. Or a Drone Valley, where a particular region removes all legal barriers to flying unmanned aerial vehicles locally. A Driverless Car Valley in a city that allows experimentation with different autonomous car designs, redesigned roadways and safety laws. A Stem Cell Valley. And so on.



-Marc Andreessen

Together we can do this!

