

# Notation Capital



## Notation Capital - Mission

BE THE FIRST PARTNER TO HIGHLY  
TECHNICAL FOUNDERS CAPABLE OF  
BUILDING AND SCALING CAPITAL  
EFFICIENT INTERNET COMPANIES IN NYC.

## WHO WE ARE

Alex Lines - Hacker - betaworks, bitly, chartbeat

Nick Chirls - Investor / Product - betaworks, HFC

We are technologists first. We have been building and investing in the NYC startup community for the past decade.

86 East 7th Street

## THESIS Pt. 1 - Capital Efficiency

Scaling computing infrastructure continues to get dramatically more capital efficient.

“On relatively little capital, Instagram got to 100m users. Then, Whatsapp got to 500m. Eventually, a solo entrepreneur will get to 1B users.”

- Chris Dixon

“15 years ago you’d have 100 people, \$10m raised and 1m users. Yo has 1 man, 1m users and \$1m raised. This is only going one way.”

- Benedict Evans



# THESIS Pt. 1 - Operational Efficiency

Operational efficiency is also a force multiplier.

Recent advances have radically increased how much infrastructure a single engineer can manage.

Platform as a service, configuration management, automation, and fault-tolerant distributed architectures give engineers the leverage to single-handedly orchestrate huge infrastructures.

# THESIS Pt. 1 - Operational Efficiency

The ratio of users:engineers is a strong indication of a company's operational efficiency and potential return on invested capital.

YouTube - 1M:1 (at acquisition, 2006)

Facebook - 1.2M:1 (c. 2013)

Instagram - 12.5M:1 (at acquisition)

Whatsapp - 14M:1 (at acquisition)



## THESIS Pt. 2 - Talent Turnover

7+ years into the current cycle, the first wave of hugely valuable NYC (and SV) companies have been built.

NYC has had category creating wins (Kickstarter, Etsy, Tumblr, MakerBot, BuzzFeed) with well over \$15B+ in value created this cycle so far.



## THESIS Pt. 2 - Talent Turnover

As these companies have grown up, NYC has built a deep network of technical talent. This is evidence of NYC's maturing ecosystem.

We're seeing talented technical people leave the first wave of successful companies to join or start new startups. We believe these people will build the next wave of hugely successful companies.



## THESIS Pt. 2 - Talent Turnover

How do we know this is happening now?

We're systematically mapping out the "talent graph" using publicly available data sources and human intelligence and we're beginning to mine signals to predict key movements in the network.

We expect to find ways to productize, and likely open source these findings.

## THESIS Pt. 2 - Talent Turnover

How do we know this is happening now?

We also know this because these are our people. These are the hackers and designers we've worked with and built products with for years.

Although this network of NYC talent is beginning to mature, there is still a significant opportunity to fill the space as the core of this ecosystem.

## THESIS Pt. 3 - VCs Have Leveled Up

As this first wave of startups have grown up, the best VC firms are moving higher up the stack: USV, Thrive Capital, First Round Capital, Lerer Ventures.

There are very few top-tier investors left in NYC focused on true angel / pre-seed: High Line Venture Partners, Brooklyn Bridge Ventures, Box Group...

A background image showing a person's hands pouring coffee from a silver kettle into a red cup. The scene is set on a light-colored wooden table with other coffee-related items like a black cup and a glass carafe visible. The text is overlaid on this image.

## THESIS Pt. 4 - A New Firm

There is a meaningful opportunity for a small, NYC-focused pre-seed fund that can help the next wave of technical founders with small amounts of early capital and guidance getting to market.

Given our experience investing in, building, and scaling products, we believe no one is better positioned to execute this strategy.

# FUND STRUCTURE

\$6M Pre-Seed Fund

10 Pre-Seed investments / year (\$150k each)

\$1M Cap on total costs (mgmt, operating, legal, etc)

20% Carry





## STRATEGY Pt. 1 - Pre-Seed

“Pre-Seed” means investing first money into highly technical teams pre-product or early prototype.

We invest \$100k-\$200k (which may represent the entire pre-seed round) and work closely with these teams with the expectation of getting a product into market and raising institutional seed capital if/when necessary.

## STRATEGY Pt. 2 - Space to Build

Our office in Brooklyn will be a space for founders to build, where we can work closely together during their earliest days.

The space is an important part of building strong community and network over time, even beyond the founders we invest in.

# SOME FIRMS WE'VE INVESTED WITH

Our relationships and history with seed stage investors represent important capital access for our founders.

BETAWORKS

LERER VENTURES

SV ANGEL

THRIVE CAPITAL

USV

HIGH LINE VENTURE PARTNERS

INDEX VENTURES

RRE VENTURES

FUEL CAPITAL

FOUNDER COLLECTIVE

FIRST ROUND CAPITAL

SPARK CAPITAL

BLOOMBERG BETA

RED SWAN VENTURES

FLYBRIDGE CAPITAL PARTNERS

CAA

BOX GROUP

BROOKLYN BRIDGE VENTURES

COLLABORATIVE FUND

RED SEA VENTURES

NEXT VIEW VENTURES

VAYNER RSE

HYDRAZINE CAPITAL

WHITE STAR CAPITAL

QUOTIDIAN VENTURES

MESA+

LAUNCH CAPITAL



# SOME PREVIOUS INVESTMENTS

BETAWORKS - Sweat

CHARTBEAT - Sweat

ELECTRIC OBJECTS - Investment + Advisory

HYPERPUBLIC (ACQUIRED GROUPON) - Advisory

ESTIMOTE - Investment + Syndicate

NAMO MEDIA (ACQUIRED BY TWITTER) - Investment

CHAIN - Investment

URX - Investment

MEMOIR - Investment + Syndicate

SOCRATIC - Investment

NILAS - Investment

FRONTBACK - Investment

GRAND ST (ACQUIRED BY ETSY) - Investment

LAYERVAULT - Investment

SEEME - Investment

WAYFINDER - Investment

MAKR - Investment

# REFERENCES

Shana Fisher - Founder, High Line Venture Partners / Partner, Andreessen Horowitz

Andy Weissman - Partner, Union Square Ventures

Naval Ravikant - Founder, AngelList

Chris Paik - Partner, Thrive Capital

Tony Haile - CEO, Chartbeat

David Brinker - Head of Corp. Dev, News Corp

Terrence Rohan - Head of Seed Investments, Index Ventures

John Borthwick - Founder / CEO, betaworks

Geraldine Laybourne - Founder, Nickelodeon

Chris Howard - Partner / Founder - Fuel Capital

Jake Levine - CEO, Electric Objects

Amanda Peyton - CEO, Grand St

Gabor Cselle - CEO, Namu Media

Kevin Carter - Partner, SV Angel

Steve Cheney - Co-Founder / SVP, Estimote