

ALTA VENTURES MEXICO
IGNITING INNOVATION



Overview

Q2 2012

Alta Ventures Mexico – Overview



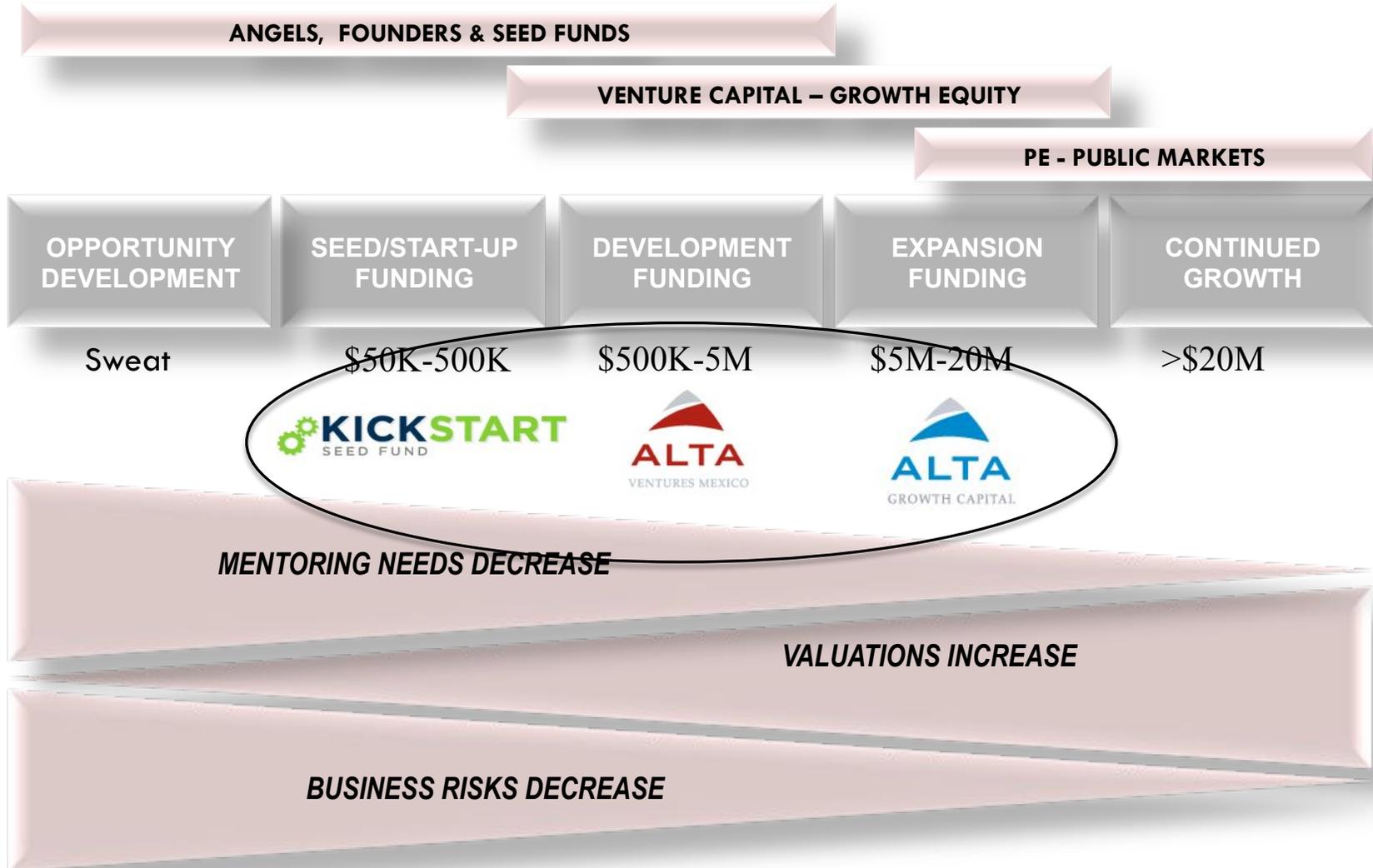
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Fund	Alta Ventures Mexico Fund I L.P.
Capital	\$70 Million Dollar Fund
Performance	First year Performance 62.5% Net IRR as of Dec. 31 st 2011
Deal Profile:	\$1-3MM entry point, up to \$7MM over life of deal (\$250-500k seed deals) 20+ deals, Board Seat on venture deals
Strategy	Mexico Focused Mixed Stage — Seed, Venture and Growth
Sector Focus	Education, Security, IT, Non-Banking Finance, Healthcare, Consumer and Clean Tech
Team	Investment team located in Monterrey and Mexico City, Mexico; US Based Back Office
LP Base	Alta's investor base is composed of more than 20 of Mexico's leading family offices as well as prestigious institutional investors including IFC, Mexican Fund of Funds, and MIF (Inter American Development Bank)

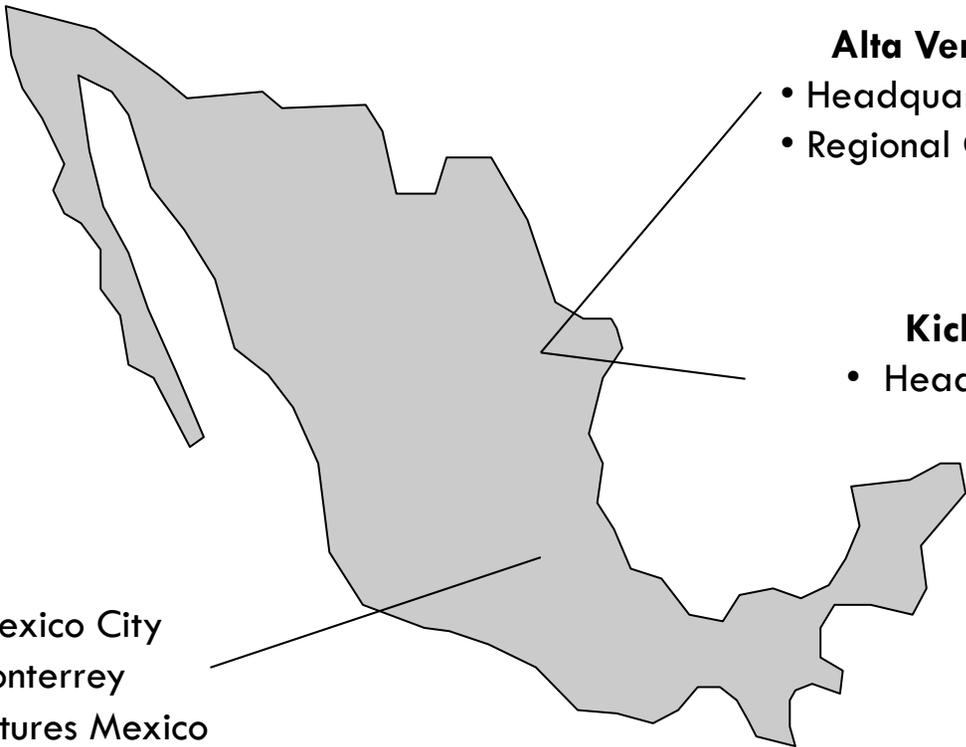
Funding Continuum – Filling the gap in MX



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Alta's Target Investment Region: Mexico Offices in Mexico City and Monterrey



Alta Ventures Mexico Fund I

- Headquartered in Monterrey
- Regional Office Mexico City

Kickstart Seed Program

- Headquartered in Monterrey



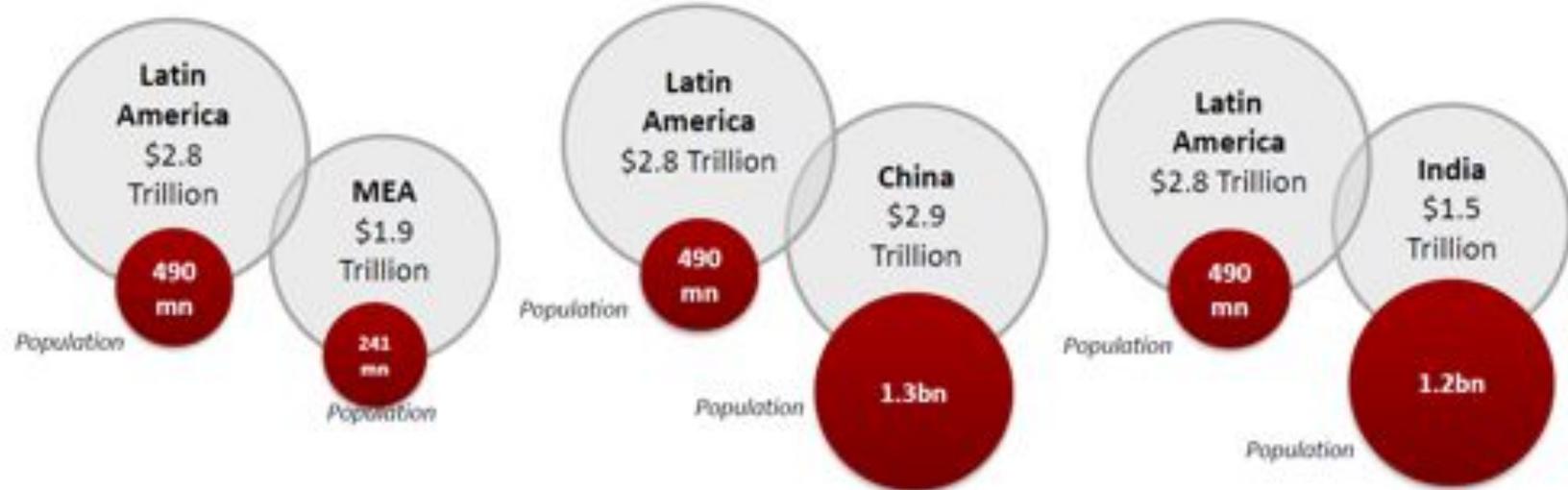
Alta Growth Capital

- Headquartered in Mexico City
- Regional Office in Monterrey
- Support for Alta Ventures Mexico

Latin American Consumer

CONSUMER

Personal Disposable Income 2010



Disposable Income Per Capita (US\$)			
Latin America	MEA	China	India
\$5,714	\$7,884	\$2,231	\$1,250

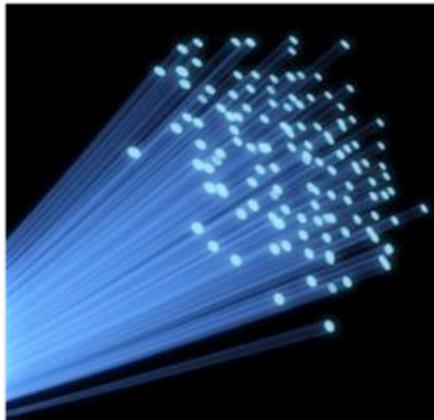
Disposable Income: The amount of money that households have available for spending and saving after income taxes have been accounted for

Source: Frontier Strategy Group, 2010 figures

Alta Ventures Focus Areas

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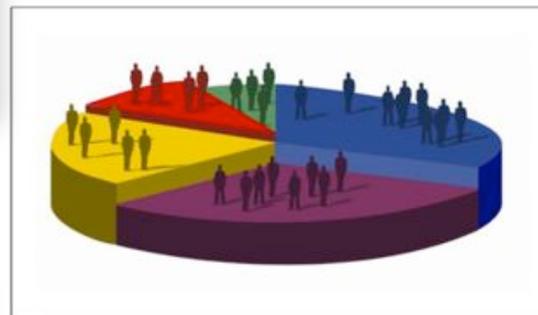
Technology



Clean/Energy



Rising generation



Security



Gray Hair



What do we look for in an investment?



1. **Management**

- ▣ Looking for a great partner.

2. **Market**

- ▣ Size, growth, environment, market pain

3. **Technology (Product)**

- ▣ Breakthrough Innovation (Have they nailed it?)

4. **Deal Structure**

5. **Momentum**

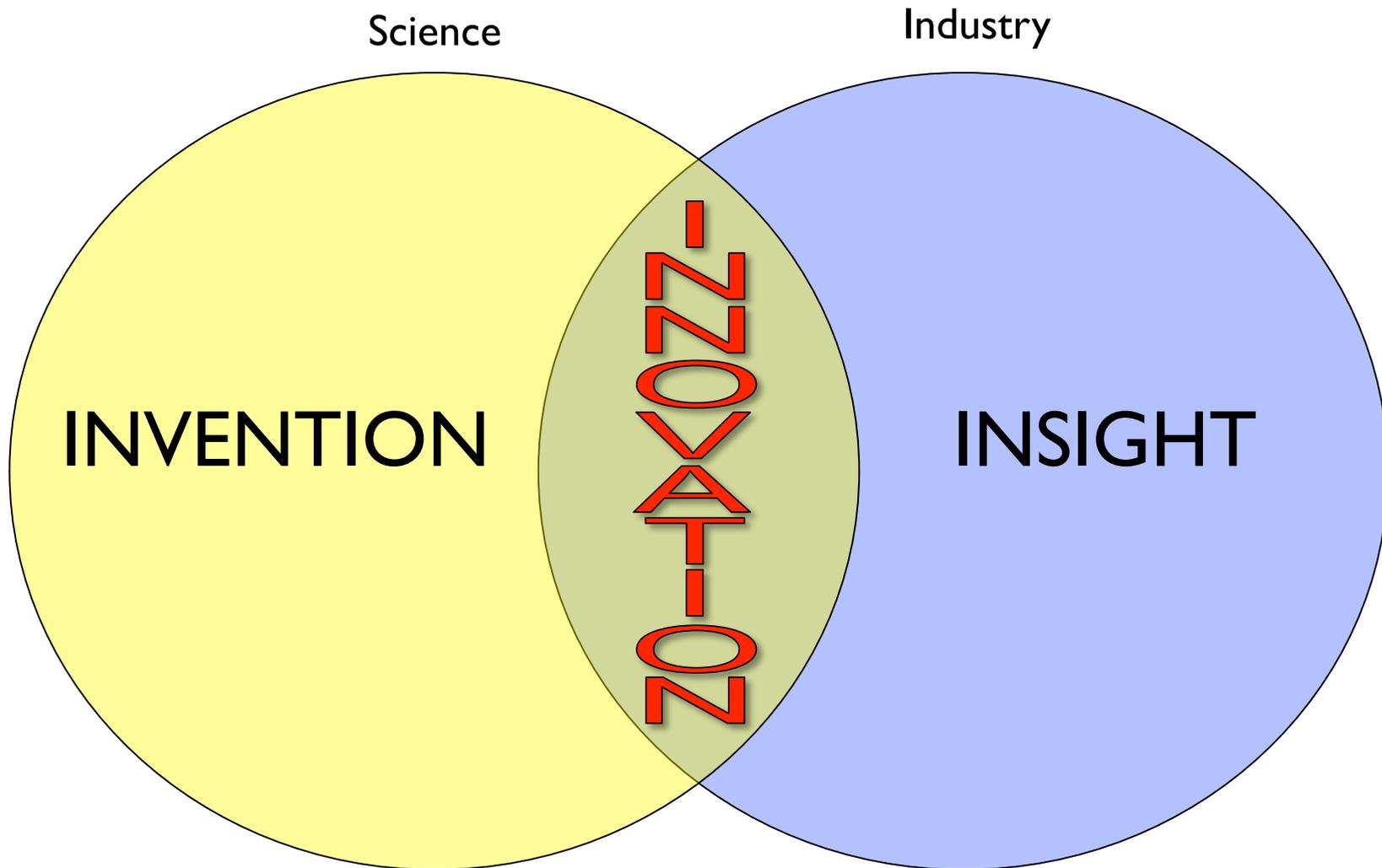
The IP Problem – Most IP wasted

8

- \$195 billion of annual research in Top 150 US universities
- 180,000 new patents annually
- 70% of patents go unlicensed
- Trillions of value just sitting on the shelves
- Technology Push is inefficient



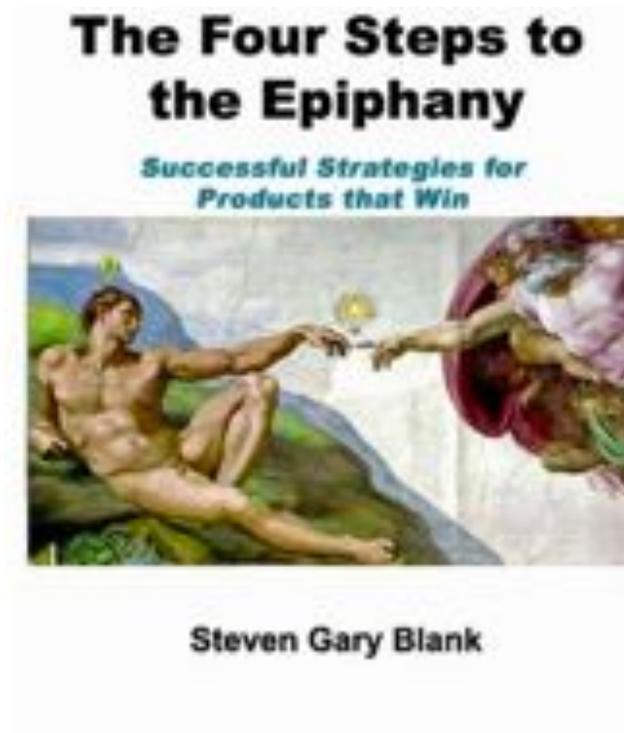
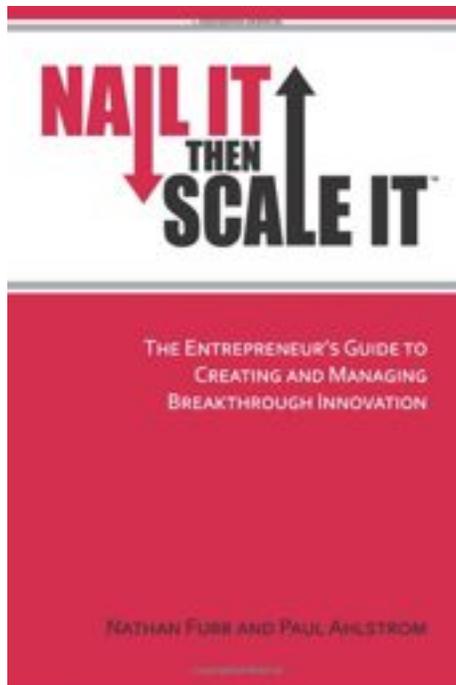
Increase Successful Innovation by bringing together market Insight and Invention



Nail It Then Scale It

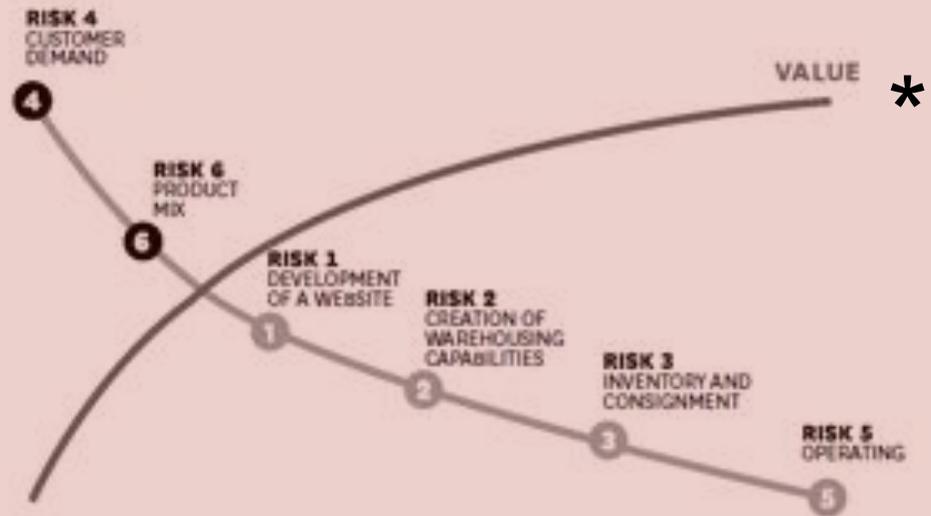


Process driven innovation is changing the startup Landscape.



Entrepreneurs are mis-prioritizing their activities

Entrepreneurs are doing good things, but not doing them in the right order. More than 80% of the time entrepreneurs are ignoring customer demand the right product mix until after they have started to scale their business.



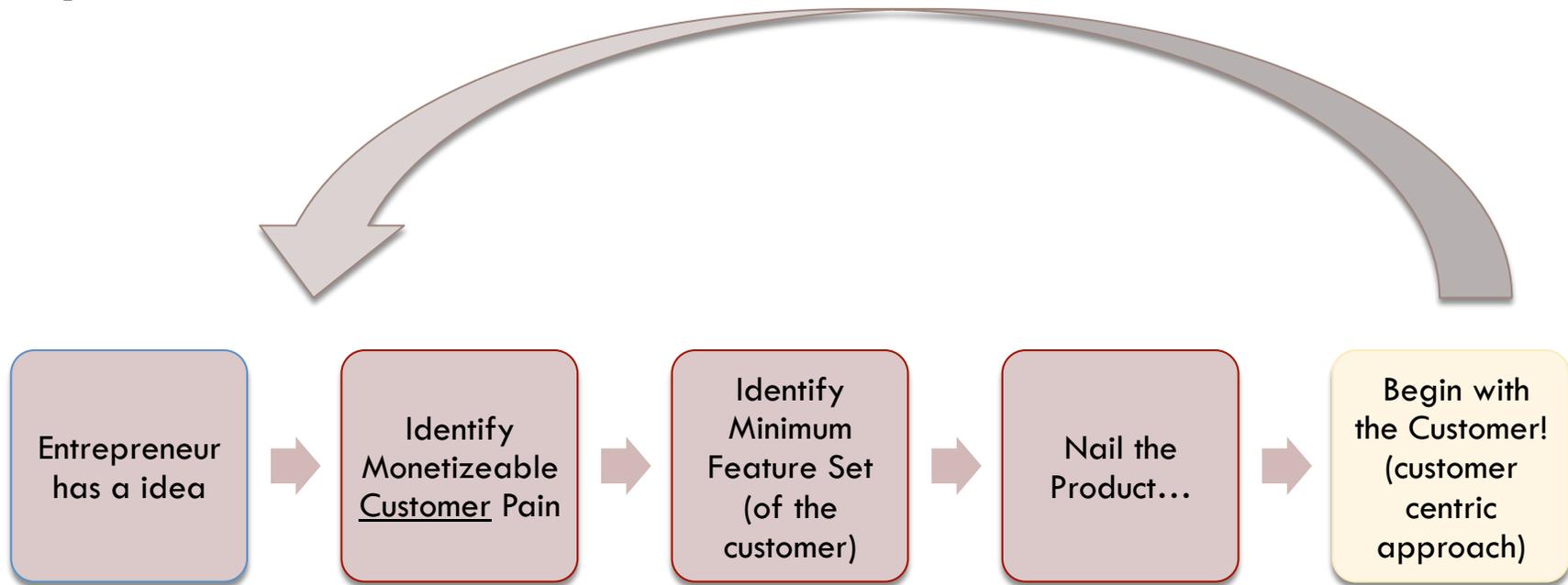
* Harvard Business Review: Beating the Odds When you Launch a New Venture by Clark G. Gilbert and Matthew J. Eyring

Q: How to Fix a Broken Model?

A: Put the customer up front in the



process



Deliver breakthrough customer centric innovation.

Pain Pays: Monetizeable Pain

“Any big problem is a big opportunity... No one will pay you to solve a non-problem.”

– Vinod Khosla (Kleiner Perkins)

Shark Bite



VS.

Mosquito Bite



Why Start With Pain?

- As a startup you have...
 - ▣ No reputation
 - ▣ No brand
 - ▣ No track record
 - ▣ No money
 - ▣

- Building your business on a monetizable pain will ***exponentially*** increase your odds of success



The Entrepreneur's & Customer's Role



- **Entrepreneurs innovate**
- **Customers validate**

Recent Investments



Rhomobile (Sold to Motorola July 2011)

Smartphone apps made easy



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Deal Highlights

- **Deal Source:** U.S. GP Network
- **Investment Thesis:** This mobile app development platform could become the preferred solution for enterprises to create and manage their apps in the red-hot mobile app market. Developer partnerships in Mexico are standardizing on Rho to expand mobile app development for Latin America.
- **Strategic Fit**
 - **Region:** Global
 - **Deal Terms:** \$1.5 MM
 - **Stage:** Venture
 - **Sector:** Mobile device apps
- **Highlights**
 - Developers can write code once in HTML/Ruby and have it translated into native code for every major smartphone and tablet OS
 - Fastest and cheapest data sync in the world
 - Web 2.0 Launch Pad winner, Fukuoka Ruby Award, Interop Best Startup 2009
 - Mobile app market is expected to grow at 60% for next 4 years
 - Enterprise mobile app market to be \$15Bn in 2015

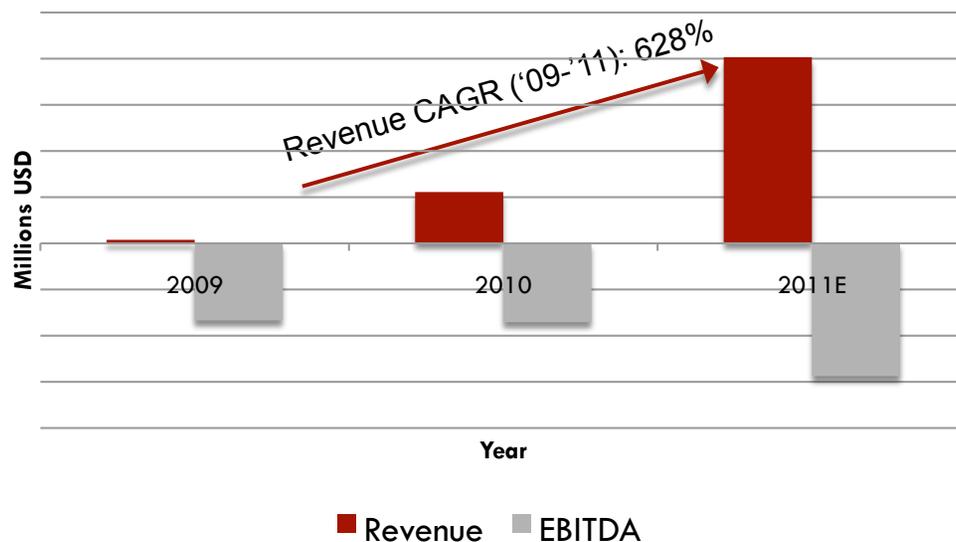


Rhomobile (Sold to Motorola July 2011)

Smartphone apps made easy



Rhomobile's Historical Performance



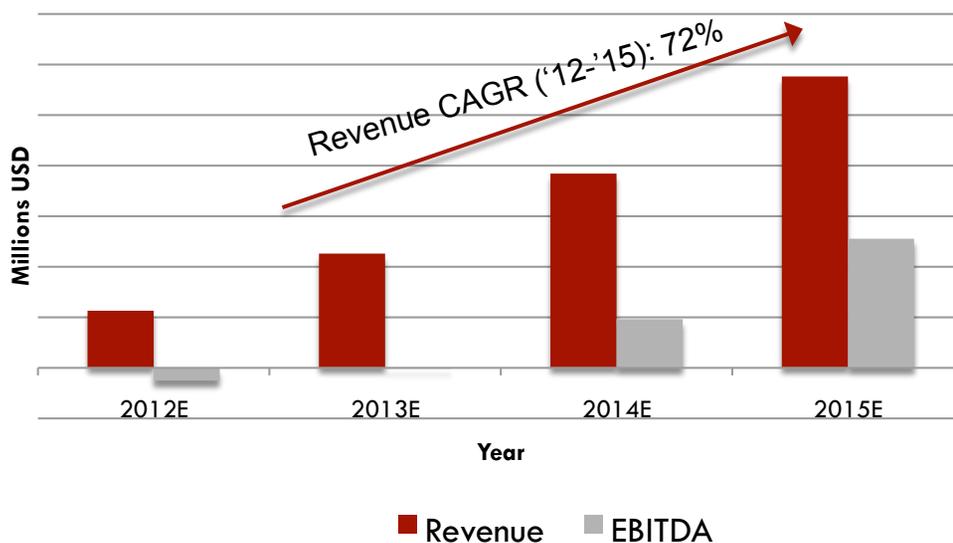
Segment:	Mobile
Strategy:	Venture
AVM Commitment:	Up to US \$3 million
AVM Investment:	US\$1.5 million
Investment date:	March 2011
Investment Exit:	July 2011
Exit IRR	1,900%
Exit type:	Sold to Motorola Solutions

Rhomobile (Sold to Motorola July 2011)

Smartphone apps made easy



Rhomobile Projected Revenues



Realized Fund Return: 3x
Realized IRR: +1900%
Multiple on Revenue: +30x

- Rhomobile is a mobile infrastructure company that provides a development framework that allows you to write a mobile app once and deploy it on all devices
- At the end of July 2011, Rhomobile sold to Motorola.
- While Rhomobile is based in the heart of Silicon Valley, the CEO made the E|100 in Monterrey and Alta was assisting Rhomobile in their entrance to Latin America.

MFM (Closed '11)

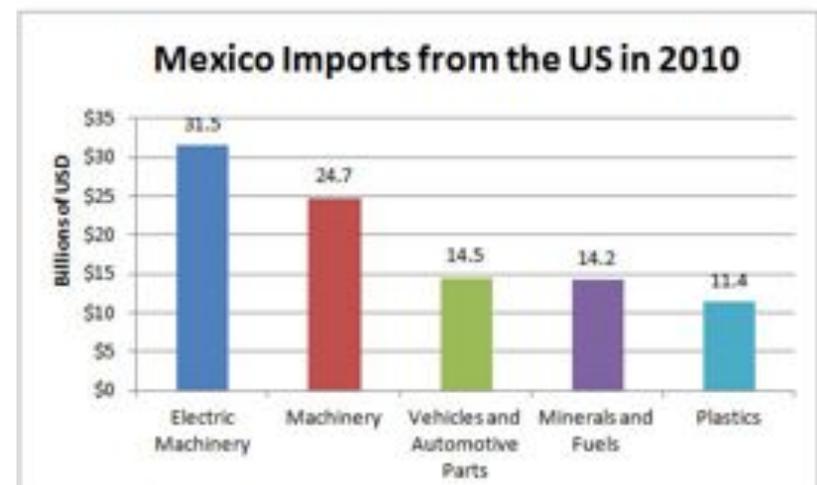
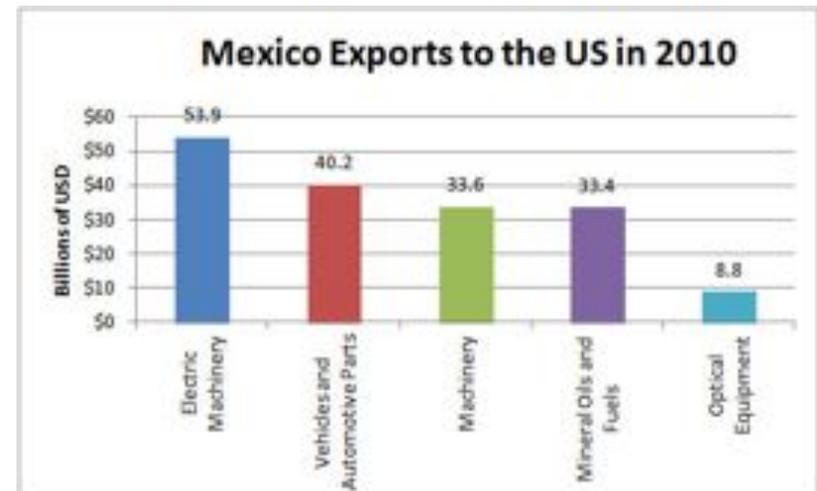
Short-term foreign exchange loans without interest rate



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Deal Highlights

- **Deal Source:** MX GP Network
- **Investment Thesis:** Small and medium sized import/export businesses in Mexico have very limited financing options and the approval process is slow, bureaucratic and inflexible. MFM has pioneered an innovative financing alternative that has generated strong early traction and is poised to dominate a growing finance segment in Mexico.
- **Strategic Fit**
 - **Region:** Mexico)
 - **Stage:** Seed
 - **Sector:** Financial
- **Highlights**
 - Company achieved profitability 8 months after inception.
 - CEO with more than 15 years of expertise in the industry.

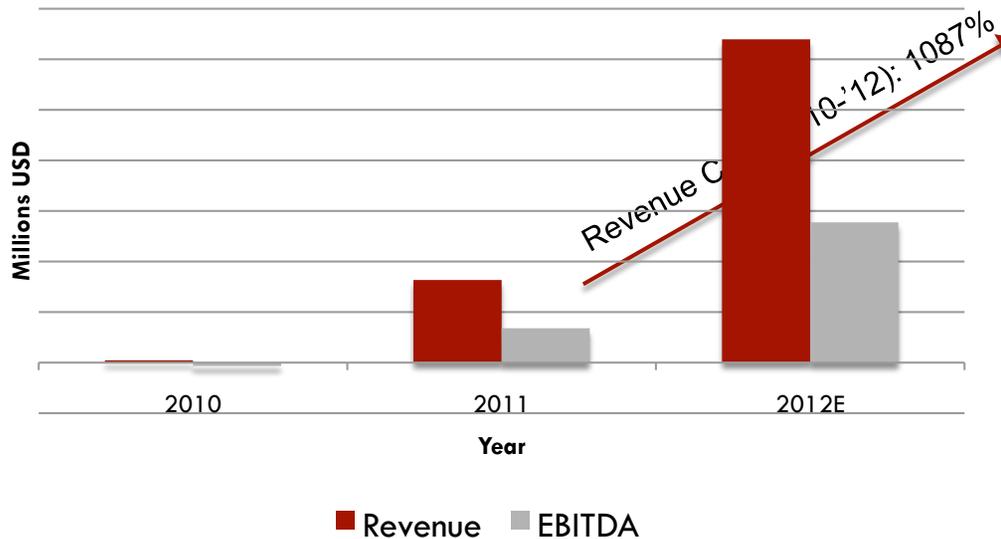


MFM (Closed '11)

Short-term foreign exchange loans without interest rate



MFM's Historical Performance



EBITDA CAGR ('12-'16): 55%

Expected Multiple: 14.8x

Expected IRR: 108%

- Operated only November and December in 2010
- Profitable before the first year of operations
- EBITDA Increase '11 to '12: 291%

Segment:	Financial
Strategy:	Venture
Investment date:	December 2011
Exit type:	Strategic M&A, IPO

* Does not take into account the converting debt, given that round price is not defined yet

Diverza (Closed '11)



Driving transparency while revolutionizing Mexico's tax collection system

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Deal Highlights

- **Deal Source:** E|100
- **Investment Thesis:** A SaaS platform to service clients of any size, Diverza is positioned as a market leader in electronic invoicing in Mexico. Current climate represents a land-grab to become the trusted provider of SaaS solutions to millions of companies.
- **Strategic Fit**
 - **Region:** Mexico
 - **Stage:** Venture
 - **Sector:** IT, SaaS
- **Highlights**
 - Transactional business model with more than 180K transactions per day (on avg.)
 - New companies registered in SAT will have to adopt the new system.
 - By 2013, Mexican companies will have electronic invoicing requirements, representing a demand for billions of invoices and associated services.

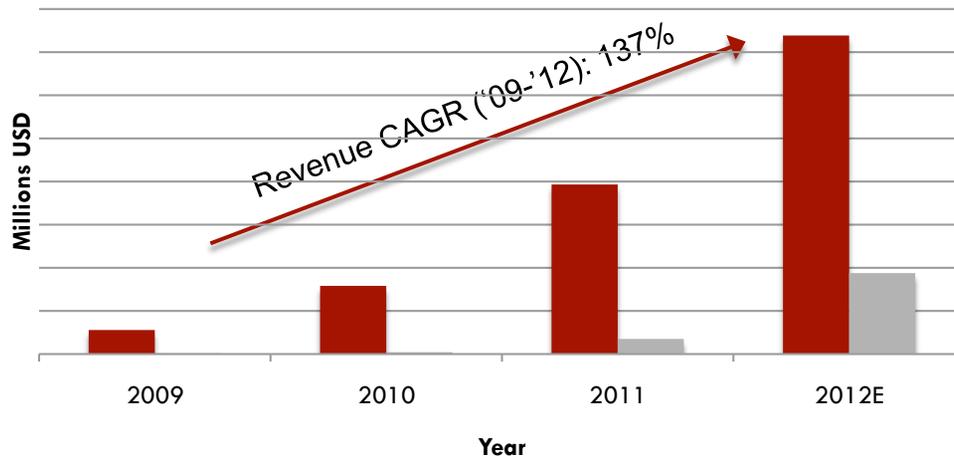


Diverza (Closed '11)



Driving transparency while revolutionizing Mexico's tax collection system

Diverza's Historical Performance



EBITDA CAGR ('09-'12): 363%

'11-'12 YoY growth = 88%

Expected Return: 10.1x

Expected IRR: 77%



Segment:	IT
Strategy:	Venture
Investment date:	September 2011
Exit type:	Strategic M&A

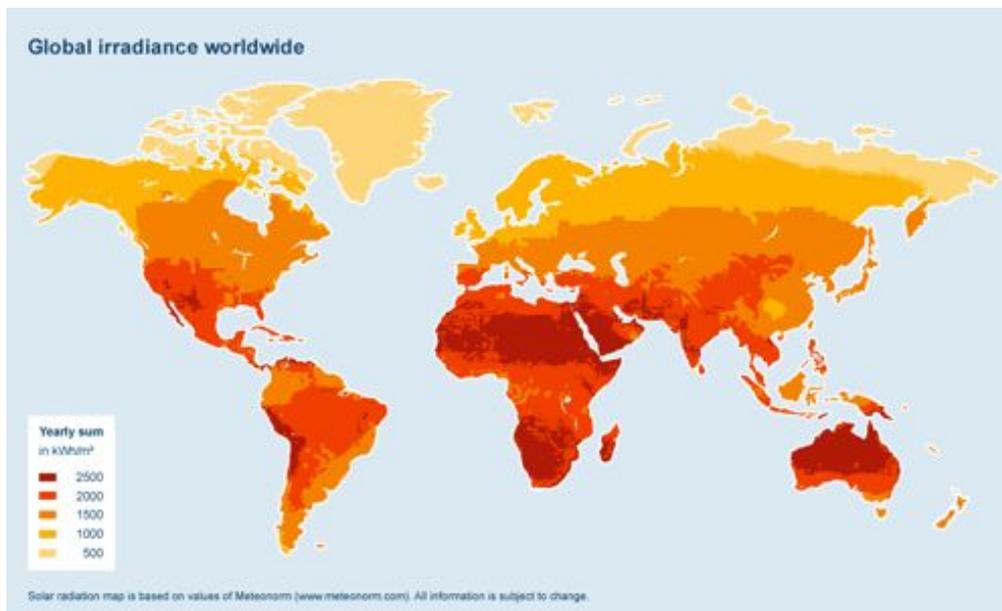
Fricaeco (Closed '11)

Hot Water for the masses. Benefits of solar energy in MX



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Segment:	Clean Tech
Strategy:	Venture
Investment date:	May 2011



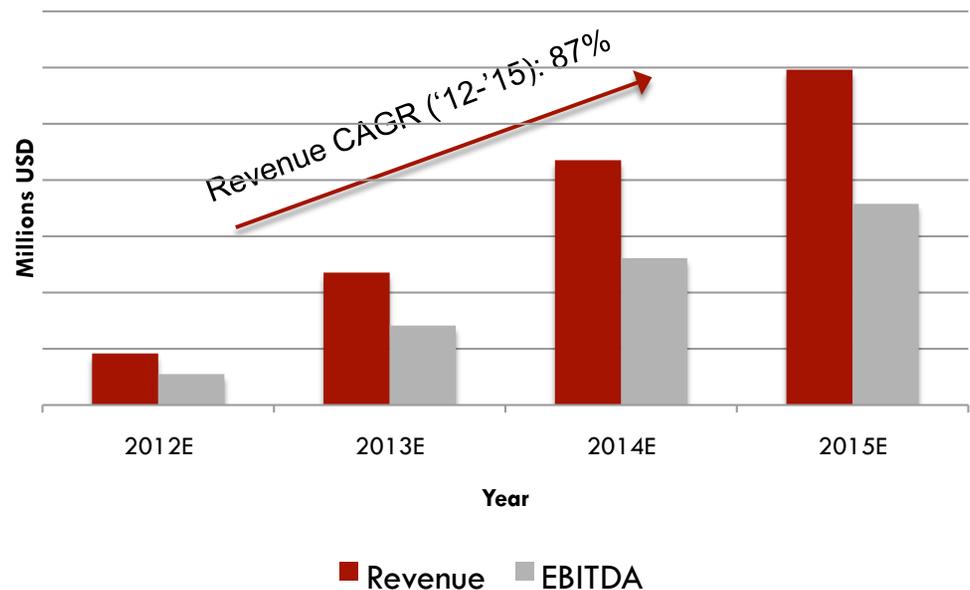
Fricaeco (Closed '11)

Hot Water for the masses. Benefits of solar energy in MX



- Fricaeco develops patent protected technology to make renewable energy available to mass markets.
- Mexico's high solar radiation is the perfect springboard to launch the product and take it to other similar markets.
- Using strategic alliances with providers, manufacturers, distributors, Fricaeco license the technology and continues the development of other lines of product.

Fricaeco's Projected Performance



Expected Return: 8.8X

Expected IRR: 91%

Juxta Labs (Closed '11)

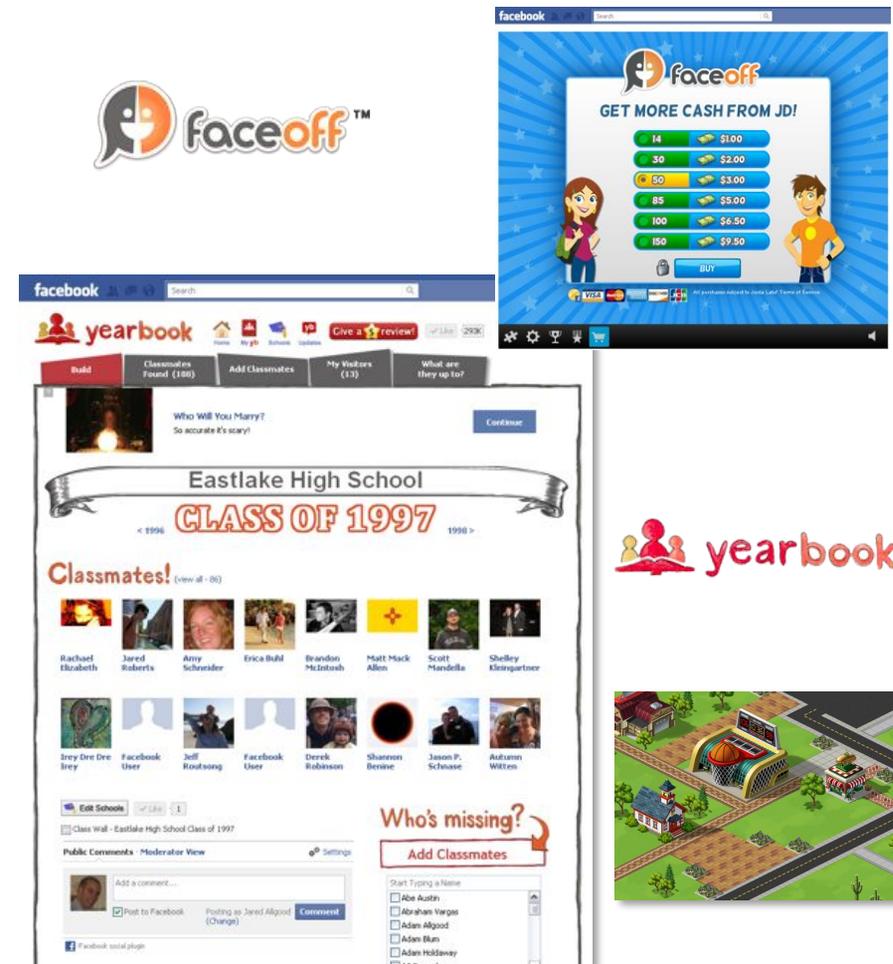
Cutting edge intensely social apps



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Deal Highlights

- **Deal Source:** U.S. GP Network
- **Investment Thesis:** uniquely positioned to seize the opportunity with its current strategy and an existing user base of more than 30 Million. By leveraging the feedback and “viral launch pad” of this existing installed base, the Company will release three innovative social games with this financing. If the company is successful creating significant traction around one of these new games, it will be an attractive acquisition target.
- **Strategic Fit**
 - **Region:** Global
 - **Stage:** Seed
 - **Sector:** Social Gaming
- **Highlights**
 - Yearbook installed user base +30 MM
 - First company ever to receive fb Fund grant
 - Creates meaningful emotional and social interactions
 - Over 50% Facebook logins are to play games.
 - Facebook has +800 MM users.

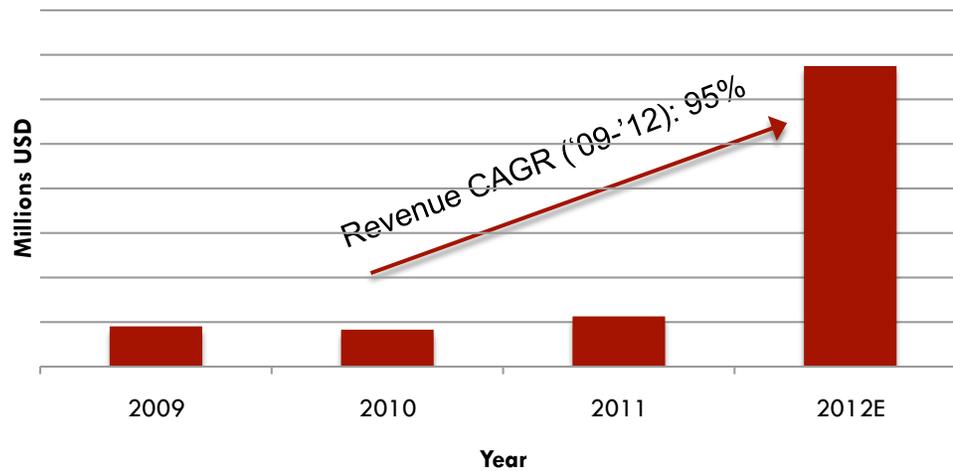


Juxta Labs (Closed '11)

Cutting edge intensely social apps



Juxta Labs' Historical Performance



■ Revenue



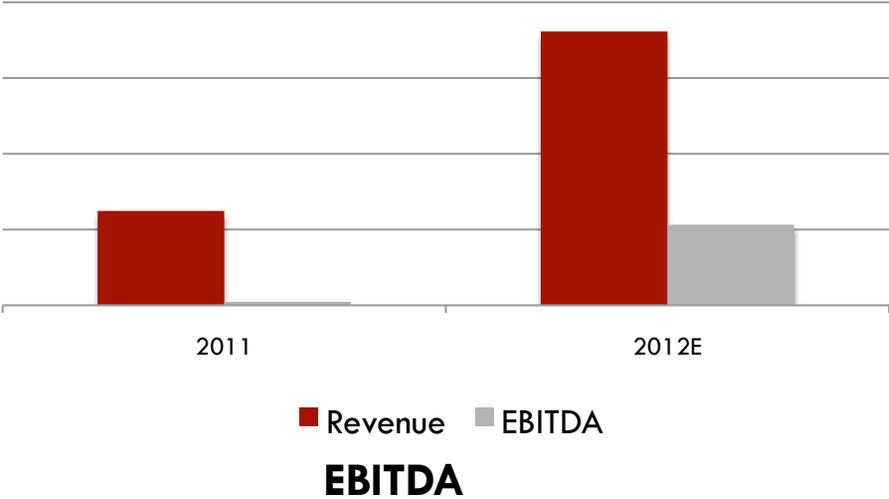
Segment:	Social Gaming
Strategy:	Venture
Investment date:	November 2011

Expected Return: 19.7x

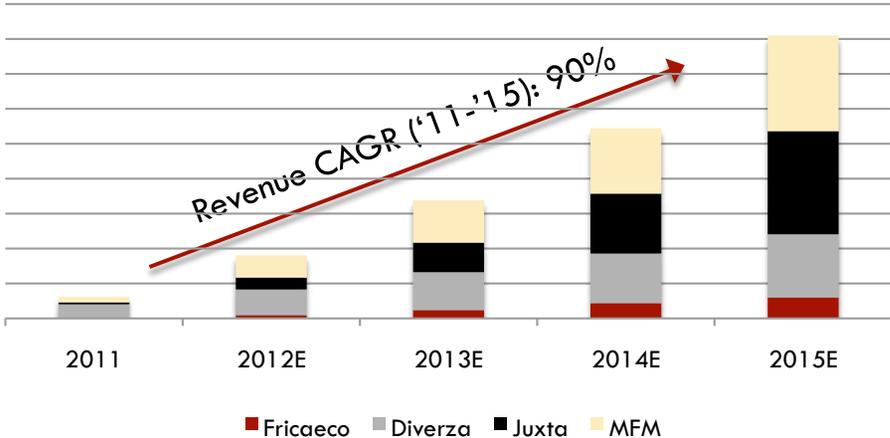
Alta Ventures Mexico Fund I



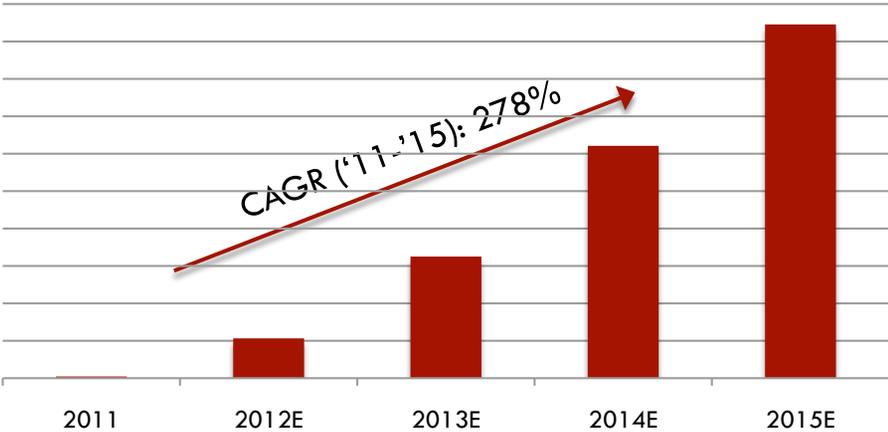
Portfolio 2011 vs 2012



Portfolio Projected Performance



EBITDA



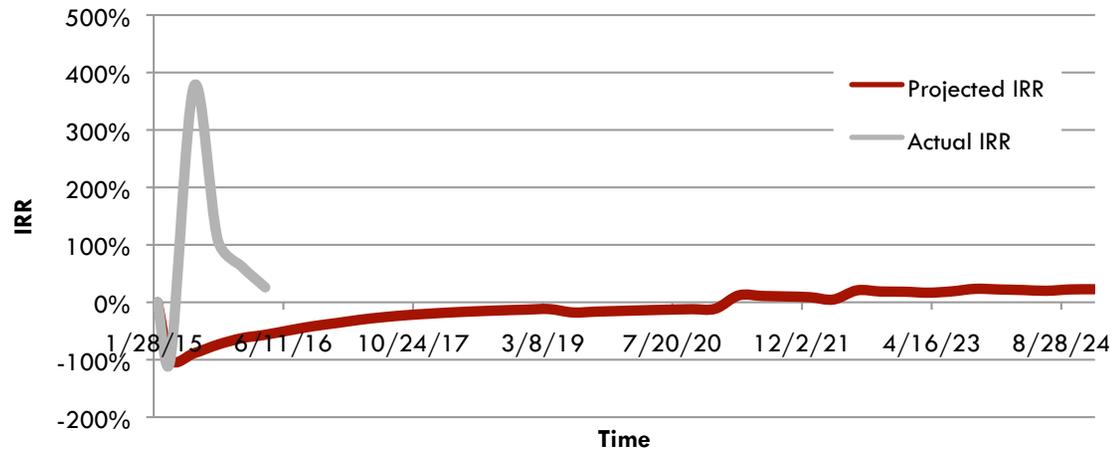
Revenues growth ('11-'12): 2.9x
 EBITDA growth ('11-'12): 23x

Venture Portfolio co. Excludes seed and exited

Financial Model



AVM Fund I Projected vs Actual Performance



SUMMARY OUTPUTS				
	Pessimistic	Expected	Optimistic	Actual
Net IRR*	19.9%	29.2%	38.1%	62.5% **

* Net IRR for LPs
 ** Up to December 31, 2011

Appendix



Alta Investment Model



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Collaborative & Transparent Investment Committee

Guidance CrowdSourced Deals

Mentoring

Innovative Practices

NISI Process

Funding

Governance

Background Checks

Deal Structuring

Due Diligence



Alta Ventures Mexico Deal Flow Systems

Deal Sourcing while Increasing Innovation Capacity
& Entrepreneur Activity



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Trusted informal networks drive positive outcomes



1. iTUESDAY www.ituesday.mx



2. E|100 www.mvcc.mx/e100



3. 2010 MVCC – Monterrey Venture Capital Conference www.mvcc.mx



4. Endeavour and Enlace Mentor Networks www.enlacee.org
www.endeavor.org.mx



5. MX Kickstart Seed Program

6. NISI - MX Tech Univ (240 Universities, 350k engineering students)



7. Redspan (CONACYT, IMPI and Universities) www.redspan.net



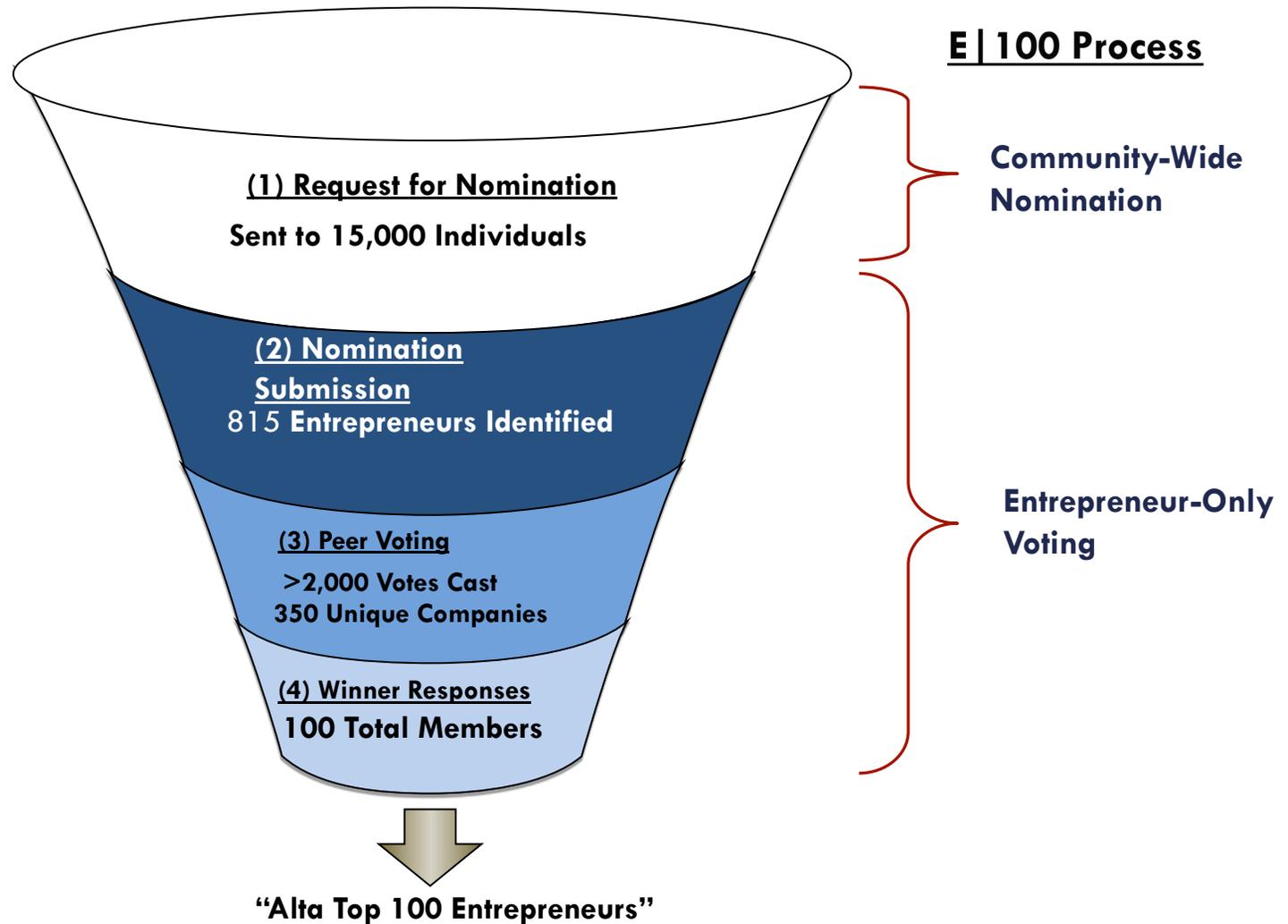
8. Mexican Family Offices & Strategic Partnerships

9. Business plan competitions: Clean Tech Challenge, ITESM...



10. Strategic Corporate Partnerships: Spin-Ins/Spin-Outs

E | 100 Deal Flow Process



E|100 – Successful Launch May 20, 2010!



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April 20th, 2010
Quinta Real Hotel

Deal Flow Systems



Transparent Systems and Processes that Drive Positive Outcomes

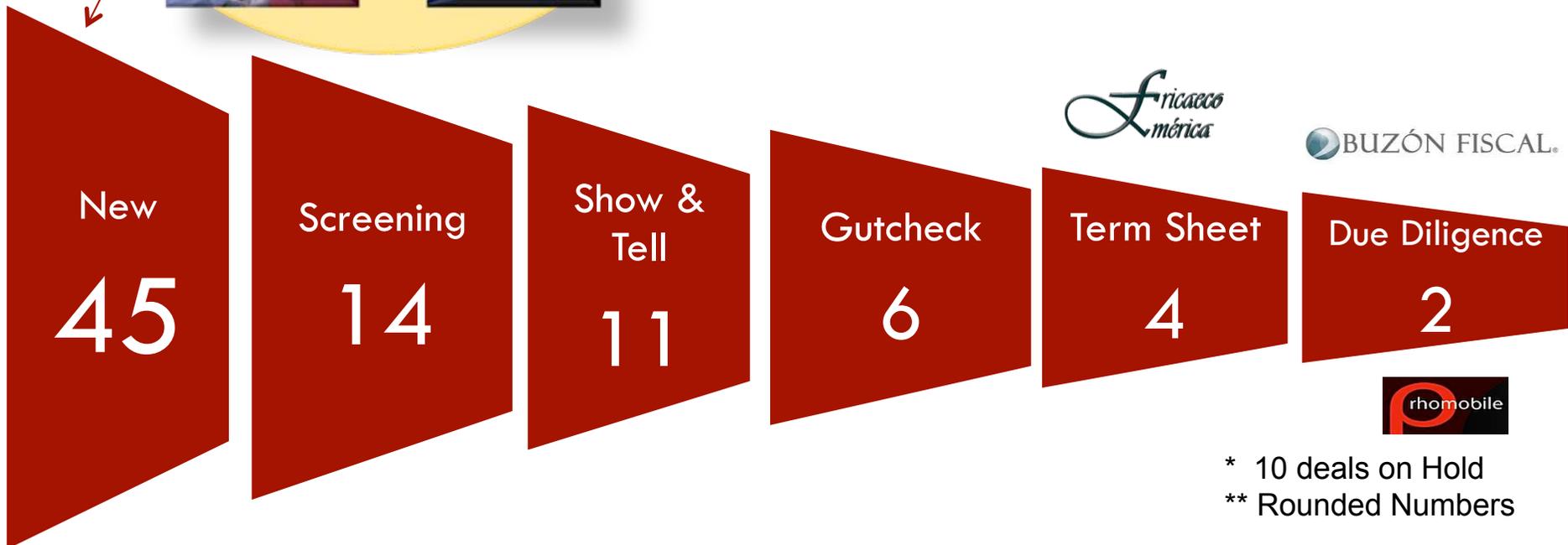


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**

Gust.com
100+ Applications Qtr



* 10 deals on Hold
** Rounded Numbers

Alta Ventures Mexico Investment Team



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Paul Ahlstrom, Partner

- Co-Founder vSpring Capital, Alta Growth Capital and Kickstart Seed Fund
- Business Dev. Director Lexis-Nexis, Reed Elsevier, Folio Corporation
- Founder/CEO of Knowlix sold to Peregrine Systems (now HP NYSE: HPQ)
- Other Exits include: MyFamily.com sold for \$400 million to a private equity firm, GlobalSimwww.globalsim.com sold to Kongsberg Maritime (KOG - Oslo Stock Exchg), Senforce sold to Novell (NASDAQ: NOVL) and Altiris IPO (NASDAQ: ATRS) then sold to Symantec for \$880 million (NASDAQ: SYMC) Rhomobile sold to Motorola
- Advisory boards: Univ of Utah Tech Commercialization, Motorola VRB
- BA, Brigham Young University



Rogelio de los Santos Calderon, Partner

- Founder and CEO of Xtreme Cinemas, sold to Cinepolis
- Co-founder and CEO of Generacion Empresarial Mexicana
- Babson College Global Advisory Board member
- Monterrey Tec (ITESM) Board member
- Enlace E+E and Endeavor Mexico Board member
- MBL, DUXX Graduate School of Business Leadership
- BS, Instituto Tecnologico y de Estudios Superiores de Monterrey
- Directorships: Energryn, Diverza, MFM, Juxta Labs



The Alta Group

Current:

Alta Growth Capital I	\$75M
Alta Growth Capital II	\$150M*
Alta Ventures Mexico	\$70M*
AUM Total Current	\$295M

Previous Experience

Kickstart Seed Fund I	\$10M
vSpring Capital Funds I, II, III	\$405M
South America Private	
Equity Growth Fund	\$180M
Baring Mexico Private	\$60M
AIG Capital Partners GEM Fund	\$945M
AIG-GE Capital LA Infrast. Fund	\$748M



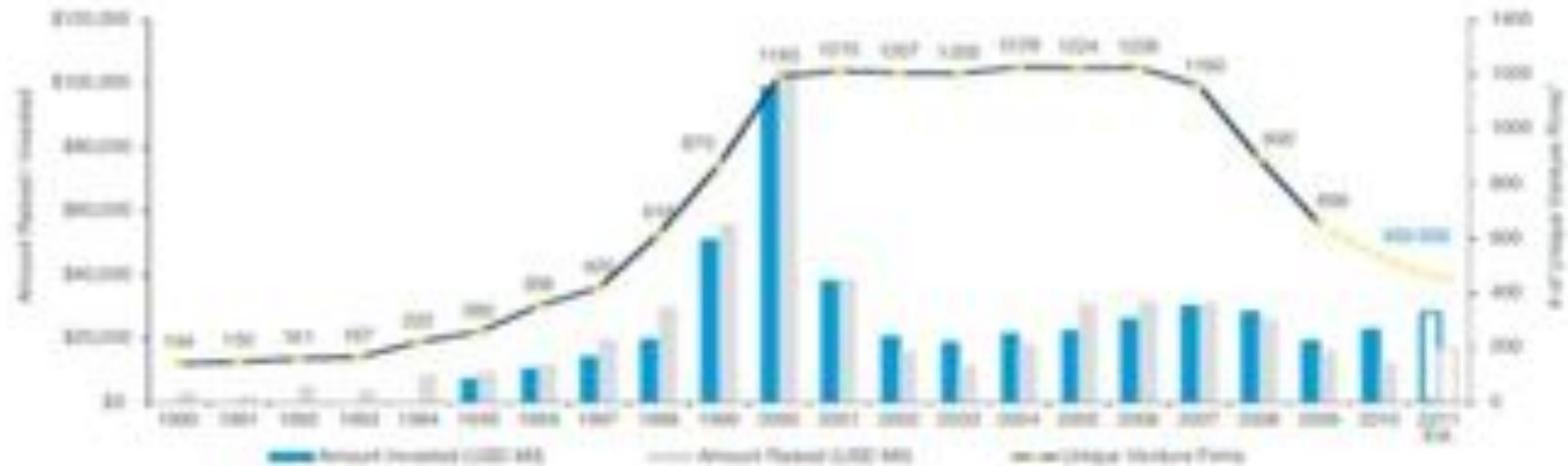
* Target Close June 2012

Alta Group Team



Investment Team	Experience	Work Experience Includes	Education
 <p>Paul Ahlstrom Alta Ventures & Alta Growth Managing Director President Alta Group Americas</p>	<p>22 years Joined 2006</p>	<ul style="list-style-type: none"> Investment Committee Member Co-founder, Alta Growth Capital Co-founder, Managing Director, Alta Ventures Mexico 	<ul style="list-style-type: none"> B.A. Communications, Brigham Young University
 <p>Rogelio de los Santos Alta Ventures Managing Director</p>	<p>18 years Joined 2008</p>	<ul style="list-style-type: none"> Co-founder, Alta Group Co-founder, Alta Ventures Mexico CEO Extreme Cinemas Serial Entrepreneur 	<ul style="list-style-type: none"> MBL, DUXX Graduate School of Business Leadership BS, Instituto Tecnológico y de Estudios Superiores de Monterrey
 <p>Erik Carlberg Alta Growth Capital Managing Director</p>	<p>32 years Joined 2006</p>	<ul style="list-style-type: none"> Investment Committee Member Co-founder, Alta Growth Capital Baring Latin America Partner Banco Mexicano, Bank of Montreal 	<ul style="list-style-type: none"> M.B.A., B.A. University of Western Ontario IEP International Institute for Management Development (IMD)
 <p>Rafael Payro Alta Growth Capital Managing Director</p>	<p>25 years Joined 2006</p>	<ul style="list-style-type: none"> Investment Committee Member Co-founder, Alta Growth Capital Baring Latin American Partners AIG Capital Partners, Santander Investments 	<ul style="list-style-type: none"> M.B.A., Georgetown University B.S. Chemical Engineering, Universidad La Salle
 <p>Scott McDonough Alta Growth Capital Managing Director</p>	<p>15 years Joined 2006</p>	<ul style="list-style-type: none"> Investment Committee Member Co-founder, Alta Growth Capital Principal, vSpring LoveSac, Fenwick & West 	<ul style="list-style-type: none"> J.D., Georgetown University Law Center B.S., Political Science, B.A., Spanish, University of Utah
 <p>Joel Dehlin Alta Group Americas Director</p>	<p>22 years Joined 2009</p>	<ul style="list-style-type: none"> U.S. General Partner, Alta Ventures Mexico CIO, Church of Jesus Christ of Latter-day Saints Brosterco, LOXpress, Microsoft 	<ul style="list-style-type: none"> B.S. Accountancy Brigham Young University
 <p>Rob McMillen Alta Group Americas Partner</p>	<p>8 years Joined 2007</p>	<ul style="list-style-type: none"> Investment Committee Member VP Sales Rhomobile Associate, vSpring 	<ul style="list-style-type: none"> J.D./M.B.A. Brigham Young University B.A. Liberal Arts & Sciences Utah State University
 <p>Spencer Patterson Entrepreneur in Residence</p>	<p>7 years Joined 2012</p>	<ul style="list-style-type: none"> Serial Entrepreneur Healthcare IT Consultant 	<ul style="list-style-type: none"> M.A. Organizational Communication, Idaho State University Ph.D. Candidate - Health Communication, Ohio University

Venture Industry Disruption



* VC firms that have at least one round of financing in the year
 Source: Data from VentureSource and ICB Analytics. "Amount Raised" data available prior to 2005.
 Note: 2010 and 2011 data for # of unique firms and amount raised are projections based on ICB Capital analysis.

NISI Fundamentals

1. Get into the Field
2. Change or Fail Fast
3. Brutal Intellectual Honesty
4. Keep it Simple
5. Start Small



Everyone Wants to Be Silicon Valley



Tech Com 1.0: Silicon Valley



Everyone Wants to be Silicon Valley



Silicon Alley – New York, England

Silicon Sloboda - Moscow

Silicon Gulf – Davao Philippines

Silicon Slopes, Utah

Silicon Oasis- Dubai

Silicon Wadi – Israel

Silicon Beach – Australia, Brighton England

Silicon Glen – Scotland

Silicon Forrest – Portland Oregon

Silicon Prairie – Illinois, Dallas

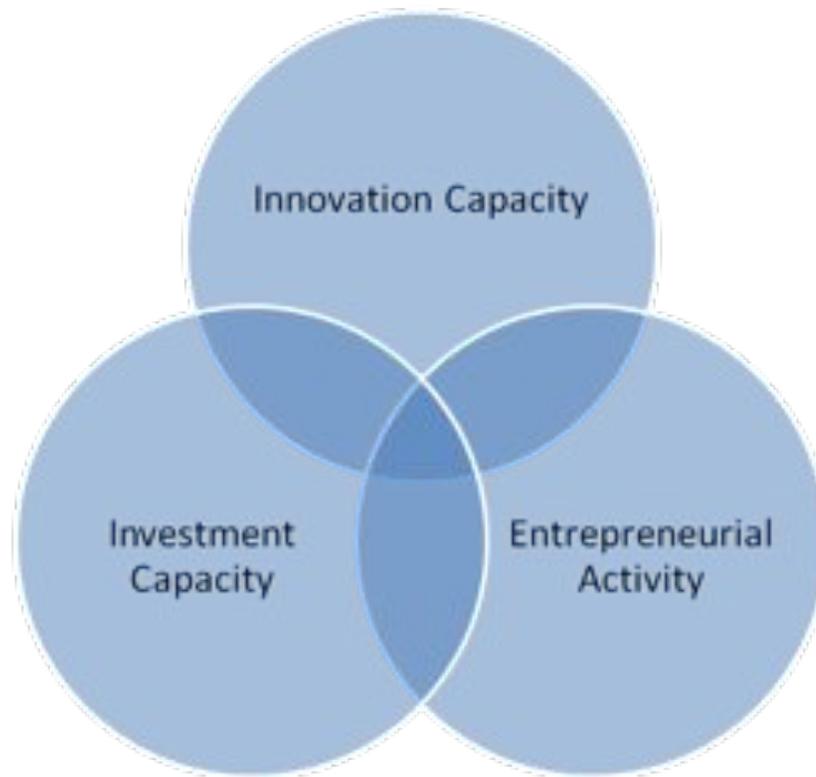
Silicon Sandbar – Cape Cod

Silicon etc....

Is Silicon Valley's Success Repeatable?

Key Drivers of Silicon Valley

Critical Mass of Innovation, Entrepreneurs and Investment



Entrepreneurial Ecosystem Development

