

From: Neil Callahan (Rosemont Seneca)
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Sent: Monday, March 10, 2014 at 05:31:36 PM CET
To: "William Lee" <will@rstp.com>
Cc: "John DeLoche" <john@rstp.com>, "Devon Archer"
<darcher@rosemontseneca.com>, "Rob Walker"
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Bcc:
Reply-To: ncallahan@rosemontseneca.com
Priority: Low
Subject: RE: Govtech Fund

Rob – did Captricity reach an agreement with CGA?

Neil Callahan
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From: William Lee [mailto:will@rstp.com]
Sent: Monday, March 10, 2014 11:54 AM
To: Neil Callahan
Cc: John DeLoche; Devon Archer; Rob Walker
Subject: Re: Govtech Fund

Interesting, it lists our friend, Captricity. Founders Fund invested in their Seed round. Also, Govtech lists Tim O'Reilly as its investment advisor. Tim is one of the new

investors in the series seed round for Metabiota. Small world.
-Will

On Mar 10, 2014, at 8:43 AM, Neil Callahan (Rosemont Seneca) <ncallahan@rosemontseneca.com> wrote:

GovTech Fund presentation.

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From: Per von Zelowitz [<mailto:per@marmaadvisors.com>]
Sent: Monday, March 10, 2014 11:35 AM
To: ncallahan
Subject: Re: Govtech Fund

And attached is a brief deck.

On Mon, Mar 10, 2014 at 9:59 AM, Per von Zelowitz <per@marmaadvisors.com> wrote:
Neil -

A good friend, [Alex Duff](#), is raising money for this fund. They have a worthwhile angle, some early traction and I thought you may be interested. Not sure if RS is making any LP commitments. Alex will be in NY over the next couple of weeks. Please let me know if an intro is useful.

Per

Govtech Fund is the first-ever venture fund focused on investing in startups that are transforming the trillion dollar global government software & IT market. The opportunity is due to a confluence of three large trends: budget constraints, sales cycle compression (largely due to software development costs dropping

significantly, enabling pricing below procurement thresholds) and civil servant demographic/ cultural shift (1/3 of all civil servants retiring in the next 10 years and the “new face” of CTO/ CIO is a 30-40 year old with an iPad in hand).

In addition to Ron Bouganim, an accomplished entrepreneur and investor, the team also includes Tim O’Reilly – who is on the Fund’s Investment Committee and is actively involved.

Some recent developments since they started fundraising 9 months ago:

- * \$17M+ has been committed against a \$25M target.
- * **Steve Case** has signed on as the anchor LP, subscribing to 20% of the Fund.
- * **Jeff Bezos** invested \$2M.
- * Called \$1M of capital from already committed LPs to make two "Pre-Fund" investments: **SmartProcure** and **MindMixer**. Both startups are growing 10-30% per month, having sold their platforms into hundreds of government agencies in the past 18 months and are on track to book multiple millions in revenue this year (more detail below).
- * First close mid-Nov was \$7M
- * Final closing Q2/14

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1. SmartProcure

SmartProcure is a competitive intelligence database. Target market is the 20 Million vendors that sell trillions of dollars of items (eg. chairs, pencils, printers, etc) to the US Government (Federal, State, City) every year. The competitive intelligence data in the SmartProcure database (eg. product price points, discounts, volumes, etc) comes from detailed purchase orders that SmartProcure obtains from government agencies, for free - via open data laws.

- * 800+ customers signed in first 10 months including Home Depot, Citrix, Iron Mountain, Juniper Networks
- * Revenue bookings growing 10-30% per month; have grown 10x since we invested
- * \$1.5M+ in first year (2013) total bookings
- * price point is still at introductory level (\$1,000/year), so lots of upside price elasticity...for example: in September signed their first multi-year deal - a

\$600K+ total contract value with a single customer

- * Adding 2-3 new salespeople a month to keep up with demand.
- * 2,500 government agencies in 9 states have supplied 65M+ purchase orders (eg. these is how SmartProcure populates their purchase order dbase) and growing...agencies get free access to the database which in turn helps them save tens of millions of dollars. Zero-friction supply of purchase orders for SmartProcure.
- * New York City just moved its entire purchase order database to SmartProcure.
- * On track to raise next round in Q2/14

2. MindMixer

MindMixer is an online forum product that enables "idea co-authoring" in secure public forums. Target markets include government agencies (government->citizen), schools (parents->teachers), corporates (employer->employee).

- * 600+ cities signed in 18 months
- * \$2M in 2013 GAAP revenue, \$3.5M in 2014 new bookings
- * Received an acquisition 90 days after the Fund invested at 2x the Fund's cost basis (company turned it down). Rather, acquirer has just invested \$12M at 35% step-up to the Fund's investment; acquirer also received \$5M/5% warrant (at a \$100M valuation) as part of this investment (sign of confidence)

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<Govtech Fund Deck.pdf>