Venture Capital Seminar  
Spring 2016 
B8752-001 
Mon 9:00am to 12:15pm 
Room: WJW 416

This course will provide a practical approach to the fundamentals of venture capital investing and the venture capital industry. The course has been designed to offer students exposure to the day-to-day activities of the venture capital business – including strategies for managing investments, investment portfolios, venture capital firms, and an early career in venture capital. Specific topics include investment selection, due diligence, valuation, negotiation, portfolio company management, exits, limited partners, and firm management. Students will develop a perspective and a framework for understanding the practical aspects of the business as well as the current state of the venture capital industry.

Instructors:  
Stuart J. Ellman  
Co-Founder, Managing Partner  
RRE Ventures  
sje@rre.com

Will Porteous  
General Partner and COO  
RRE Ventures  
will@rre.com

Format: A series of case discussions, lectures, group exercises, and guest speakers designed to give students broad exposure to the venture capital industry.

Material: Selected cases and original course materials are included in a course reader. These materials will be supplemented by pre-class polls, handouts and additional cases during the semester.

Requirements: Regular attendance, thorough preparation, and active participation. Grading will be based on:

- Participation (50%)
- Final paper (50%)
- Participation based on regular attendance, completion of pre-class polls on CANVAS, and constructive contributions to class discussion.

The paper is an opportunity for students to perform an industry or investment opportunity analysis, much like an Associate in a venture capital firm would perform. Papers should clearly identify an opportunity to create or build a new company and then consider the attractiveness of the industry with attention to existing and potential competition (both public and private), supply and demand drivers, and investment criteria discussed in the course. Papers are limited to 5 pages, excluding citations. Typical topics will be discussed at the first class session on February 1, 2016.

Paper topic proposals should be emailed to the TA, Jake Bullock (jeb2228@columbia.edu) by Monday, February 22, 2016 for approval. Final papers are due at the start of the final class session on April 25, 2016 both by hard copy as well as via email to Jake.
Course Schedule

February 1, 2016
Session 1A: Investment Selection
Lecture: Discussion on Venture Capital and open Q&A

Session 1B: Course Introduction
Lecture: Course Introduction and “Planning a career in venture capital”
Please note: The Valuation Problem Set for Session 2A takes a considerable amount of time. Students are advised to start as early as possible.

February 8, 2016
Session 2A: Valuation
Reading: The Basic Venture Capital Formula (HBSP 9-804-042; Rev. May 13, 2009)
Problem Set: Valuation Problem Set (HBSP 9-9396-090; Rev. May 10, 1995), Questions 1-4

Session 2B: Term Sheets
Case: Hans Trepreneur and TenX, LLC
Speaker: Steve Baglio, Partner, Gunderson Dettmer
Please note: Confidential material for the roles of Maxwell and Cantor to be used in the MuMate Exercise will be distributed at the end of this session.

February 15, 2016 – Presidents Day, no class meeting
Session 3A and 3B: Use this time to prepare for next week’s negotiation
Case: MuMate (HBSP 9-813-085; Rev. January 18, 2013)
Reading: Venture Capital Negotiations: VC versus Entrepreneur (HBSP 9-800-170; Rev. March 2, 2000)

February 22, 2016
Session 4A and 4B: Negotiation
Case: MuMate (HBSP 9-813-085; Rev. January 18, 2013)
Reading: Venture Capital Negotiations: VC versus Entrepreneur (HBSP 9-800-170; Rev. March 2, 2000)
Please note: Project topic proposals due by email for approval today.

February 29, 2016
Session 5A: Company Formation
Case: Intuitive Surgical (HBSP 9-202-094; Rev. March 21, 2002)

Sessions 5B: Company Formation
Case: Iora Health (HBSP 9-814-030; Rev. February 11, 2014)
Speaker: Alexander Packard, COO, Iora Health
March 4, 2016 - Friday
Session 6A: Recapitalizations and Restarts
Case: Framework Technologies Corp. (HBSP 9-801-227; Rev. October 19, 2000)

Session 6B: Recapitalizations and Restarts
Speaker: Matt Tucker, COO, OLO

March 7, 2016 – Study Day, no class

March 14, 2016 – Spring Break, no class

March 21, 2016
Session 7A: Corporate Venture Capital
Case: Microsoft’s IP Venture (HBSP 9-810-096; June 15, 2010)
Reading: Making sense of Corporate Venture Capital (HBR Reprint R0203G; March 1, 2002)
Speaker: Mike Katz, Ali Baba Ventures

Session 7B:
Discussion: “The Entrepreneur’s Bill of Rights”
Case: TBD

March 28, 2016
Session 8A and 8B: Current Trends in Venture Capital

April 4, 2016
Session 9A: Firm Strategy
Lecture: The Power Law and Getting to 3X
Reading: Zero To One (Peter Thiel: Crown Business 2014), Particularly Chapters 6 and 7.

Session 9B: Firm Strategy
Case: Andreessen Horowitz (HBSP 9-814-060; January 30, 2014)

April 11, 2016
Session 10A: Firm Strategy in an International Context
Speaker: Talbot Simonds, Tondern Capital

Session 10B:
Discussion: “Let's get coffee” How to network effectively and plan your post MBA career
April 18, 2016
Session 11A: Expanding Investment Opportunities
Case: Seed Investing at RRE Ventures (Distributed in class on April 13, 2015)

Session 11B: Limited Partners
Case: Pawson Foundation (HBSP 9-806-042; Rev. May 16, 2008)

April 25, 2016
Session 12A: Ethics
Case: Adnet (A) (HBSP 9-902-024; Rev. August 19, 2004)
Reading: Ethics in Venture Capital (HBSP 9-902-028; Rev. July 31, 2001)

Session 12B: Course Summary
Lecture: Course Summary & Student Presentations of Final Papers

Please note: Final Papers are due today.
Stuart J. Ellman

Since founding RRE Ventures with his close friend Jim Robinson IV in 1994, Stuart has been personally responsible for investing in over 40 technology companies at all stages of growth and across all sectors. He currently serves as a director of Bark & Co., Clearpath, Floored, Jibo, One Drop, and Payfone. Over the past 21 years, RRE has raised seven funds with over $1.5 billion under management and has invested in over 250 companies.

Prior to founding RRE, Stuart began his career at McKinsey and Company in Australia. He later worked at Dillon, Read & Co. as a Financial Analyst and at Morgan Stanley as an Associate. He also co-founded and served as Vice President of Advisory Capital Partners.

Since 2002, Stuart has taught a popular Venture Capital Seminar to MBA candidates at Columbia Business School. He is a member of the investment board of Columbia’s Tamer Fund for Social Ventures and serves as Chairman of the US Board for The Aurora Project. He is also a member of the New York City Investment Fund’s Innovation Council, the VC Advisory Group of the New York City Economic Development Corporation, the Economic Club of New York, and the NYC 2020 CEO Roundtable. Stuart also serves on the President’s Council for Wesleyan University and on the Board of The Browning School.

In addition to his professional work, Stuart Ellman is Chairman of the Board of 92Y where he served as President from 2012 to 2015. During his tenure, Stuart was instrumental in launching a number of philanthropic and entrepreneurial initiatives including #GivingTuesday, a global day of giving; 7 Days of Genius, a multi-platform, multi-venue festival of ideas; 92Y’s first MOOC, “How to Change the World,” offered in partnership with Wesleyan University; 92YOnDemand, a new content website with more than 103,000 followers; and an expanded partnership with NYCEDC to host the NYC Venture Fellows program, in which Stuart serves as a mentor to promising young entrepreneurs.

Stuart holds an MBA with Distinction from Harvard University and a BA in Economics from Wesleyan University where he was a Gilbert Clee Scholar and a Horace White Fellow. He lives in Manhattan with his wife Susan, two kids, and one spoiled black cat.

Will Porteous

Will Porteous is a General Partner with RRE Ventures and he also serves as the firm’s Chief Operating Office. Will primarily invests in media and hardware companies. He is currently a Director of BuzzFeed, Paperless Post, Spaceflight, and Spire. He is a former Director of Whiptail Technologies (acquired by CSCO), Frictionless Commerce (acquired by SAP), Skyhook Wireless (acquired by Liberty Media), Tacit Network (acquired by PKTR), and Xobni (acquired by Yahoo!). Will is also an Adjunct Associate Professor at Columbia Business School and the Chairman of the Dockery Farms Foundation, which he founded.

Before entering the venture capital industry, Will held senior management positions with SupplyWorks and NetMarket, the e-commerce pioneer now owned by Cendant Corp. Will holds an MBA from Harvard University, an MSC from the London School of Economics, and a BA with Honors from Stanford University, where he served as Captain of the Varsity Crew.