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What's Happening in the World of Valuations?

By: Ronak Parikh

When it comes to markets, a lot has happened in the past year. In public markets, there has been a tremendous recovery and growth from the contraction in March 2020. Crypto markets have grown significantly within the year, with many coins reaching all-time-highs. However, the most unique experience has been in private markets. To say the entire situation has been confusing is an understatement.

Within the past year, a significant amount of money has been poured into new funds, however not many first-time GPs were allocated capital. In fact, it has become harder for investors to take a chance on first-time GPs due to concerns regarding volatility and unpredictability in the markets.

Furthermore, there became a SPAC boom that also further contributed to a reduced number of opportunities for private market investors. It would come as no surprise that in 2020, the number of deals done were significantly less than the prior year.

Concurrently, while all of this was happening in the world of investments, the global economy was under duress like never before. Businesses were forced to shut down,

and people around the world became unemployed. In efforts, the significant stimulus was provided by governments, becoming the start of what may be another problem, high inflation. The latest US Consumer Price Index report shows inflation rose to 4.2% instead of the expected 3.6%. Both numbers being historically high and cementing the fear in people.

During Covid-19, the US money supply has grown almost 30%. As these funds flow into investments, valuations are propped up significantly. Leading to what we see today in the public, private and crypto markets.

Companies like Paxos, Clubhouse, and Lyra Health have raised funds in a matter of months at significantly higher valuations. It seems investors are price takers at this moment in time and if you want to own stock, you must be willing to pay the higher price. If not, someone else will do so. However, as investors, we must ask if these high valuations are just due to the sudden excess cash supply or is there truly a fundamental basis for investing. This unprecedented time and the measures taken may have investors feeling in a winning position, but they must be wary of the unknown long-term effects this will have on their wealth.



Note: Click the recommended article to read.

The Emergence of a New Asset Class: Sports Funds

By: Ronak Parikh



Sports, this one word encompasses an entire world within itself. When people think of sports, they think of the various games, the players, strategies, and possibly even engaging in the activity with friends. However, all of these prove one thing. Whether you like a different team or a different sport, they still connect people all around the world. For any game, if there is one thing that connects the athletes and the average people, it is their love for the game.

The realization of sports being an entire world of its own leads to the unique question of ownership. For many wealthy families, owning a sports team is a matter of pride, whether their ownership be a controlling stake or not. However, we see that this privilege is only obtained by a select few. Why is it that such an opportunity has been restricted for so long?

It is great to see a change in this restriction. Now, funds are being granted permission to own a minority stake in sports teams. For the first time in the history of sports, it is now possible for investors to gain exposure into what was previously a restricted opportunity.

Started by Major League Baseball back in October 2020, funds are now allowed to hold stakes in multiple teams. Major League Soccer has recently stated it is planning on allowing PE firm investments in teams. However, firms are also looking within Europe for opportunities to invest in sports teams, with many arising opportunities.

Just like any new invention, the emergence of such an asset class poses the question of viability. How is this asset class a good investment for investors?

Investing in sports teams can be considered just like investing in any business. What makes them ideal is their following. Most people have their favorite teams, and their love for their team always remains. Much of this love for a team passes through generations. Watching their favorite teams brings memories of their childhood, when they would watch a game with their parents. This is the reason sports teams have an excellent position when it comes to brand loyalty.

Furthermore, many opportunities arising within the sports industry that would

provide opportunities for sports teams to gain additional revenue. Much of sports betting and its legality are currently in question. However, this may be a possible source of revenue for sports teams in the upcoming future. Regardless, estimates show that sports rights are expected to almost double their 2019 levels by 2024. This shows a growing space, which should be ideal for investments.

An important factor to consider is the impact of Covid-19 to the sports industry. The restriction kept in place for safety have impacted the sports business significantly. An opportunity has arisen by lower valuations, which benefit investors greatly.

Imagining a world without sports may not be possible for most, and for the few who can, it would be very grim. Now, investors can take exposure to sports teams, and they should seriously consider this asset class.

OGCP Comment: We think the idea of this asset class is unique and truly see a value to having it in the portfolio of investors.

Toast: Managing Restaurants has Never Been Easier

By: Sergio Santisteban

Let us picture a scenario, you are a restaurant manager. It is 1 pm and you open your establishment. Many people come inside, they are greeted at the door by your great staff and are assigned tables. They order their meal, eat, pay and leave. At the same time, many customers are ordering online for delivery. Furthermore, another horde of customers are ordering takeout concurrently. It feels as it sounds, overwhelming. Well, luckily there is a solution for you. Toast is a cloud-based restaurant software company that provides restaurant management, from back and front office solutions to even marketing. This is why Toast is now being used in thousands of restaurants across the U.S.A.

Toast was founded in 2011 and two years later they launched their Toast Point of Sale, which is their main selling product. They have combined hardware and software into terminals that provide the managers with everything they need to improve the way they run their restaurants. Thanks to this technology solution, customers can order and pay from their tables without the need for them to wait for a waiter. All while you focus on customer

satisfaction and serving more tables. Aside from Point of Sale, Toast offers other products and services that focus more on the back office of the restaurant, such as inventory and menu management or even delivery assistance. Customers can order food from home, while the order is sent directly to the kitchen and delivered by a network of local drivers, in a completely no-contact experience.

Now, we understand that the pandemic caused the restaurant industry to take a hit, and many of Toast's customers had to shut their door. So, as Toast offers as part of their services, delivery and takeout assistance, they deployed and launched a free trial of these services to existing and new customers. This was a great way to show new restaurants what Toast has to offer, while optimizing their reach, making it a successful marketing campaign. Their wide variety of products and services that helps every aspect that a restaurant may need, is Toast's greatest competitive advantage.

Toast is a well backed company, with notable investors such as Google Ventures, Tiger Global Management,

American Express Ventures, G Squared and T. Rowe Price. Regarding their rounds of funding, in April 2019, they raised \$250 million, securing a post-money valuation of \$2.7b. In their latest round in February 2020, they managed to raise \$400 million, attaining a post-money valuation of \$4.9b. They almost doubled their valuation in a year, and it is because of their rapid growth and capabilities to thrive in this industry with their unique solutions. Toast allows restaurants to focus on what they do best, to give you the best experience from the moment you walk in.

OGCP comment: Times are changing, and what completes a perfect experience in a restaurant, is not just the food, it is the staff attention, the inclusion of technology to make things smoother and current, and the feeling that you are going to have a great time. Toast goes above and beyond to help restaurants achieve this and we believe they are revolutionizing the market and will continue growing as restaurant managers understand what truly matters.



Building on a Legacy and Changing the World: Boom Supersonic

By: Ronak Parikh & Sergio Santisteban

Imagine hearing the idea of being able to travel from New York to London in just 3.5 hours instead of 6.5 hours. You would think that it's crazy and impossible. The idea of a supersonic jet may even come to mind. Yet almost half a century ago, there were those who dared to make this a reality. Concorde was a turbojet-powered supersonic airliner that operated from 1976 to 2003. An idea that was far ahead of its time and limited by the technology of its day, Concorde could not survive. Even in its wake, Concorde showed the world that even the most audacious dreams can be a reality if supported by science and technology, and left a legacy behind for the next generation of aviation dreamers.

To pick up where Concorde left off, the next generation of dreamers are here. Founded in 2014, Boom Supersonic is a U.S. based company that is developing a modern commercial supersonic plane, Overture. Their mission is to make the world more accessible by using technology to go above the speed of sound.

Blake Scholl, Boom Supersonic's CEO, mentions that their long-term goal is to take you anywhere in the world in four hours for \$100. To make this mission come true, they are first developing a demonstrator, called XB-1, which will test every key aspect for their main project, Overture. XB-1 is being built just to de-risk Overture and prove that the idea and their technology works. They are planning to have the first flight test later this year. On the other hand, Overture will begin the construction process next year. Their current timeline to have passengers flying supersonic is in 2029.

A common concern with going supersonic is the consumption of fuel. One of Concorde's major problems was



the use of afterburners to go supersonic. As expected, this meant those flights had a significant carbon footprint. However, Boom Supersonic is working towards removing the use of afterburners to break the sound barrier. As the company is committed to making their planes 100% carbon neutral, running on sustainable aviation fuels, repurposed materials and environmental certificates. The removal of afterburners will ensure that the Overture aircrafts do not result in increasing the carbon footprint. Boom Supersonic aims to be even more eco-friendly than existing commercial airliners.

The use of afterburners not only has an impact on carbon footprint, but also noise pollution. This was a fairly common complaint regarding the Concorde. With Boom Supersonic's efforts to remove afterburners in the Overture, it will remove the significant noise pollution concern, allowing people to feel at peace.

Obviously, as in any ambitious project, having the best minds taking part is necessary for success and Boom Supersonic has done just that. They have established strategic partnerships with industry leaders, just like building an All-Stars Team. One of their strategic partners is Flight Research Inc, the industry leader in flight testing. Another is Tencate Advanced Composites, which supplies materials made to resist heat, the same supplier for the SpaceX Falcon. They are also working with Rolls-Royce to collaborate on engine development.

With this great plan in mind and a great team and experienced partners, Boom has already made pre-orders from big companies, such as Virgin Group, Japan Airlines, among other big players. So far, they have a total value of \$6 Billion in pre-orders for the Overture aircraft.

Having passed Y Combinator and being funded by firms such as Kima Ventures and American Express Ventures, along with angel investors such as Reid Hoffman and Sam Altman, Boom Supersonic has attained a \$1.2 Billion valuation as of April 2021. So far, the company has raised a total of \$254.62 million to establish their vision. Boom Supersonic's last round was on April 15th, 2021, in which they raised \$45 million at a share price of \$52.74.

Boom Supersonic is a company that is daring to change the status quo of an industry which has remained the same for decades. They seem to be determined to succeed and make shorter cheaper flights a reality for all. All that can be said is that when the time comes, be ready to meet more people and live life to the fullest like never before.

OGCP Comment: When we see what Boom Supersonic is trying to achieve, and their grand vision, it shows how much aviation has not changed in the past few decades. This is an interesting company and it seems to have a promising future if today's technology and development support the vision.

Focus List

Chime		
Description	Latest Funding	Our Reasoning
A banking services mobile platform. The company sets aside a pre-determined amount of money in saving after a transaction. The company earns revenue through fees paid by the merchant, enabling the users to avoid fees and save money.	<u>Late-Stage VC – Series F Round</u> Date: October 15, 2020 Funds Raised: \$533.83M Total Raised: \$1.54B Pre-Money Valuation: \$14.02B Post-Money Valuation: \$14.55B	Chime is rapidly growing in the field of fintech, with a disruptive mindset for how people are accustomed to banking. With the mass adoption of fintech and the movement towards no/minimal banking fees, Chime has tremendous opportunity to introduce new banking products. All of this is done with the utmost security for users, placing Chime in the right place for maximum growth.

DiDi Chuxing		
Description	Latest Funding	Our Reasoning
DiDi Chuxing is a mobile ride-hailing platform designed to match customers with local drivers in China. Enables users to request rides through their smartphone, offering vehicles, taxis, chauffeur services, minibus and ride-sharing.	<u>Late-Stage VC</u> Date: May 29, 2020 Funds Raised: \$500.00M Total Raised: \$23.44B	DiDi Chuxing is a growing company that focuses on mobility services, from transportation to car insurance. Uber has made a significant amount around the world but failed to operate in China, whereas DiDi holds significant market share in the largest populated country in the world. DiDi has also gained an international footprint and has operations in various countries. It is a company that will take the mobility services to the next level both by expanding operations and product offerings.

Discord		
Description	Latest Funding	Our Reasoning
Discord is an instant messaging and digital distribution platform that offers VoIP and texting services among friends and gaming communities. The platform offers secure voice/text chat which works on both phones and desktops. This allows gamers to chat while playing without affecting game performance.	<u>Late-Stage VC – Series H Round</u> Date: December 17, 2020 Funds Raised: \$100.05M Total Raised: \$593.93M Pre-Money Valuation: \$6.90B Post-Money Valuation: \$7.00B	Discord is extremely popular in gaming community. Given the recent shift and increase in gamers caused by the pandemic, Discord has increased users significantly. Furthermore, there is strong revenue growth for the past 5 years. With the mix of slack like interface with VOIP, Discord has the opportunity to expand in various different demographics and is poised to grow.

Epic Games		
Description	Latest Funding	Our Reasoning
A video game and software developer whose platform is designed for gamers and game developers. The company provides game developers the ability to build high-fidelity, interactive experiences for PC, console, mobile and virtual reality devices.	<u>Late-Stage VC</u> Date: April 13, 2021 Funds Raised: \$1.00B Total Raised: \$4.36B Pre-Money Valuation: \$27.70B Post-Money Valuation: \$28.70B	In the last few years, Epic Games has been gaining significant popularity, since the release of Fortnite in July 2017. Since then, Epic Games has only further developed their platform, development engines, games store and customer base. While video games were always popular, they have gained significant importance in the last year due to the lifestyle changes experienced. Much of the changes experienced will continue to stay and Epic Games is perfectly positioned to grow as a result.

SpaceX		
Description	Latest Funding	Our Reasoning
SpaceX is a manufacturer of aerospace and space transport systems. Founded in 2002, SpaceX was created to revolutionize access to space and enable a multi-planetary society. Their purpose is to reduce space transportation costs and enable the colonization of Mars. SpaceX actively controls the design, manufacturing and launch of their spacecrafts.	<u>Late-Stage VC – Series N Round</u> Date: February 16, 2021 Funds Raised: \$850.00M Total Raised: \$6.37B Pre-Money Valuation: \$73.15B Post-Money Valuation: \$74.00B	SpaceX is an innovative, growing and revenue generating, disruptive company focusing on space technology. The company operates in a fairly small space with very few competitors and high barriers to entry. SpaceX has various aspects to its business, just starting the beta test for their Starlink internet service, and is poised to further grow. Under the leadership of Elon Musk, SpaceX will be a great investment for investors, just like PayPal and Tesla.

Focus List

Stripe		
Description	Latest Funding	Our Reasoning
An online payment processing platform designed to integrate electronic payments and enable secure transactions for online businesses. Enables clients to accept payments from anyone in a secure manner by using application program interfaces (APIs), streamlines coding focused on fraud prevention and helps manage business operations.	<u>Late-Stage VC – Series H Round</u> Date: March 14, 2021 Funds Raised: \$850.00M Total Raised: \$1.89B Pre-Money Valuation: \$35.15B Post-Money Valuation: \$36.00B	Stripe is an innovative, growing and revenue generating company in the fintech space. The company is one of the leading players in offering payment solutions, supporting a significant number of daily transactions. With the growth of the company, global coverage and a shift to tremendous shift to online purchases over the past year, Stripe has immense potential.

ThoughtSpot		
Description	Latest Funding	Our Reasoning
Developer of an enterprise analytics platform designed to analyze complex, large-scale enterprise data utilizing an automatic rational search engine. The platform connects with any on-premise, cloud, big data or desktop data source, thus deploying faster than legacy technologies designed for the same purpose. This enables businesses to access terabytes of data, centralizing data and infrastructure management in seconds with a single click.	<u>Late-Stage VC</u> Date: March 9, 2021 Funds Raised: \$20.00M Total Raised: \$577.45M	ThoughtSpot is a unique company the focuses on changing how people interact with data. The applications for such a product are significant given the use of data analytics has increased in every field. What makes ThoughtSpot different is their representation of data in a simple to understand by average people format. Furthermore, the 2021 Gartner Report on Analytics Platforms lists ThoughtSpot as the 2 nd most visionary company, just behind Microsoft. There is significant opportunity for ThoughtSpot to grow as it takes on incumbent leaders, such as Microsoft and Tableau, to become integrated in every professional setting.

Toast		
Description	Latest Funding	Our Reasoning
A business management platform designed to simplify and streamline restaurant operations. The cloud-based platform offers a point-of-sale (POS) system, online ordering and delivery management, quick menu modifications, real-time enterprise reporting, report and analytics as well as a kitchen display system. As a whole, the platform enables restaurants to enhance their customer experience, retain employees' happiness and increase revenue, ensuring a growing business.	<u>Late-Stage VC - Series F Round</u> Date: February 12, 2020 Funds Raised: \$400.00M Total Raised: \$897.25M Pre-Money Valuation: \$4.50B Post-Money Valuation: \$4.90B	Toast had gained tremendous traction in the past year. The utility of their products has been proven amidst the shift from dine-in to takeout and delivery. As the economy reopens, so will restaurants, which will be flooded by customers looking for an amazing experience. This creates an opportunity for Toast to increase their customer-base and continue to capture more market share.

Disclaimer: This Focus List is a proprietary list of the top-8 private companies for which OGCP is currently interested in completing a transaction. This is list based off of the various opportunities and demand OGCP has seen in the private markets, as well as companies OGCP feels are a good investment. Companies on this list are included at the discretion of the author and are subject to change. There is no assurance that any company on the Focus List will be a profitable investment for investors. The Focus List is for informative purposes only and should not be considered as investment advice.

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