

## Institutional Venture Partners' Jules Maltz on investing in the tech space

By Sarah Vizard



Jules Maltz joined Institutional Venture Partners (IVP) in August 2008 and, following his involvement in investments in LivingSocial, Twitter and Ngmoco, found himself promoted to general partner in May 2011. He has since led rounds in Buddy Media, Dropbox and WhaleShark

Media. Here, he talks about the art of venture investing and some of the trends to look out for.

### What sectors is IVP investing in?

We look for sectors where disruption is occurring and a new startup is taking a lead. There are three areas we are focused on. One is mobile. We're seeing a wave of mobile services, companies that are reaching 10m or 100m users in a matter of months, and it's something we've never seen before on the internet. Two: we're focused on disruption in the cloud. And that means many different things, but primarily it's a new way for software companies providing either infrastructure or applications. The final area is the next-generation internet. I don't like to call that web 2.0, but it's a company that incorporates social features. Not a social network, but companies like LivingSocial, Pinterest, One King's Lane, where social is built into how they build their products.

### What key factors do you look for when investing?

We fundamentally believe in backing the best entrepreneurs. When we find a great team, and if that team is tackling a very big idea, we get very excited. As a late-stage investor, we look for companies that are growing revenue by more than 50% - often more than 100% - and are really going through a transformative phase in their development.

### What are your best investments?

When I was a VP I worked with one of our partners, Todd Chaffee, on an investment in Twitter. We invested in that company when it was 22 people and the business was growing more than 40% month over month. We thought Twitter is fundamentally changing how people consume and disperse their information around the world. There was a company, with a small San Francisco office, disrupting the whole globe with this product. And the growth and leadership and vision

of the management team got us incredibly excited to make an investment.

### How is Twitter progressing?

We're thrilled, couldn't be happier. They've made tremendous progress on monetisation. At the time they were less than 10m monthly users. They've grown that more than 10-fold, probably 20-fold, and the fact that they're now reaching so many people around the globe with their product is a really exciting thing. That's a testament to the team and the presentation around using the product, to make it easier to use and more understandable. Everybody thought Twitter was the place that you say what you had for dinner, or tell people some mundane fact about your life. But people are realising, this is where information is distributed first around the world. Whether it's the wedding of a famous celebrity or it's a natural disaster, Twitter knows about it before anyone else.

### Are there any companies you wish you'd invested in?

Always! What's really exciting to me is what I call consumerisation of IT - the stuff you can sell into the enterprise with no software, no sales people, just by building great products that are easy to use, easy to understand and often free for users, initially. We were very fortunate to invest in Dropbox recently, but there're two companies that also have that model which we didn't invest in. One of those is a company called SurveyMonkey and also there's an Australian company called Atlassian. Both those companies have built significant businesses and scaled without any sales people. And that's a fundamentally disruptive model, and something we're looking to make more investments in.

### What have you learned about investing?

Move quickly! The best companies have lots of options and, with all the easily available information in the world today, there's not a lot of companies that investors don't know about. A great company that's truly a market leader will often have five or 10 investors already calling them on a weekly or monthly basis. It's important that you build your relationship with management, that you help them out, even years before you make your investment. You almost have to act like an investor before you've even committed to investing in the company, and really be a partner to those entrepreneurs. And if they decide to raise money, it's important that you move incredibly quickly.