

UPDOWN

**The Leading Social Platform
for Virtual Investing**

IEEE Meeting



UPDOWN

- Social platform for virtual investing
- Invest \$1,000,000 in the stock market with zero risk
- Learn
- Compete
- Collaborate
- Revenue model: advertising and community hedge fund

Progress



- Launched in 09/2007
- Raised \$2.2M
- > 70,000 members
- 400,000 virtual trades per month
- Goal: Become profitable next year



- Should you go alone or with co-founders?
- How many co-founders make sense?
- How do you get your co-founders committed?
- How much equity do you give away?
- Founder vesting?

UpDown team

2 co-founders

All founders invested in the company, took significant salary cut, and had friends and family invest

Equity split based on time commitment and salary

Vesting: 1.5 years

Learning: It was a great decision to get co-founders involved. Next time, I would vest founder shares for 4 years.



- Angel or VC funding
- From whom?
- When?
- How much?
- Valuation?

UpDown funding

1 single angel investor
experienced in internet
start-ups and hedge funds

1st round pre-prototype

6 months funding cycle at
growing valuations

Convertible note, valuation
based on achievement
business goals

Learning: If I could only skip the first round...



- Talent or experience?
- Can you afford top talent?
- Where to find top talent?

UpDown employees

Focus on talent rather than experience

We often have more interns than full-time employees

Most salaries take significant salary cut in exchange for high equity stake

We found most of our people through personal networks and Craigslist

People, people, people – get the best you can!