

URL: <https://stvp.stanford.edu/clips/funding-emerging-tech-with-strategic-investors>

Maureen Fan, co-founder and CEO at Baobab Studios, shares how she leveraged her network to secure funding. Contrary to traditional business school advice, she chose to partner with strategic investors instead of financial institutions. She explains how these investors are the best fit for emerging technology plays, like her virtual reality animation company. Often, they can share data and technology and, importantly, they're invested in the growth of the new technology ecosystem. She also advises that confidence is key when pitching to investors. When seeking funding, she recommends thinking about your specific market and being prepared to ditch tradition.



Transcript

- So, then I went about getting investors and this all happened as well in a month.. I had unrealistic expectations.. I thought I would get funding in two weeks.. It took me four weeks to get funding, which is really good, but I thought I was a massive failure after three weeks.. Oh no, and I was under the covers crying, like oh no, I'm never gonna get money for this company.. But, what was interesting is it was again through my network, that I got all this investment.. The first one who lent me my Series A, \$6 million, was Gavin Teo.. I knew him, because he was a PM at Zynga.. And while no one believed in VR at the time especially not content, he told his bosses, "Hey, it doesn't matter if you believe in what Maureen is doing, she's crazy, cause I know she was at Zynga and she'll find a way to make money, so just give her money.. So, it was really helpful that I worked at Zynga with Gavin..

And then through, the Taiwanese network, so Steve Chang was a founder of Tiburon, who makes all of the exports, in Madden Franchise, EA bought them, he introduced me to Phil Chen, who is the Chief Content Officer of HTC and the person who created the HTC Vive.. He introduced me to him, because Phil Chen wanted to figure out how to bridge more Taiwanese, Silicon Valley connections.. We spoke and then he liked what I was doing, introduced me to the CEO of HTC and she immediately said, "I want to give you money." So, that was through that Taiwanese connection.. Samsung was just at a dinner.. I met Ajay Singh, who is the best VC ever and you should all go seek funding from him.. I sat next to him at a dinner he just really impressed me and he's like all right give you money.. And then, I know it's making it sound really easy, it's really awful.. Fundraising was the worst experience of my life, other than you know, getting broken up with.. But, it was still, you know, a difficult experience, but with the right connections and perseverance, you can do it too.. And then, Phil Chen eventually went to Horizon's Venture, who is the biggest fund in China along with Alibaba and Tencent and so, he introduced me to the head of the fund there as well..

And then Mark Pinkus was my old boss.. I was like Mark, "You owe me, Farmville, give me money." and so, he also introduced me to Peter Thiel, and through other connections to Youku.. And for entertainment we have Comcast Ventures.. Like I said, 20th Century Fox, Chernin, Peter Chernin Advancit is run by Shari Redstone, the chairwoman, vice-chairwoman of Paramount Viacom.. And Evolution Media Capital, which is CAA & TPG.. So, and SMG is the biggest media conglomerate in all of China.. because, you know China's where all entertainment's going, so you want to make sure to have access to that market.. One thing you'll find interesting here, is they teach you in business school not to go for strategics.. You should go for financial institutions.. I found that strategics have been incredibly helpful to me, because I knew that VR was gonna take forever..

All these people going to pitch VC's are like it's here, VR is here.. I did the opposite thing.. I said VR is not here.. VR's gonna take forever and because of that I need an investor who's gonna stay with me for the long term.. Are you the one? 'Cause you should be honored that I'm even talking to you.. And you should be honored to give me money.. That's the attitude by the way, you have to take, when you're seeking funding.. But, the strategics are helpful, because they were investing in VR themselves, so, they cared about VR.. They needed to succeed, so they need my content, so they can ride out the waves.. The bumpy, the hype cycle, you know the Gartner Hype Cycle Trough of Disillusionment, all that wave..

And so, they've provided a lot of help and they know where things are going, 'cause they have all the data.. Right for their headsets, they give me all that information.. They tell me what their strategy is.. They give me free technology, all that, so, it's

been actually quite helpful for me to have strategics investors...