

Entrepreneurship 101

Haseeb Qureshi (that's me)

I'm Haseeb. I'm a crypto VC.

I used to be a professional poker player,
a software engineer (Airbnb, earn.com),
a startup founder, and have been investing
in crypto for over 5 years.



>|< DRAGONFLY

We're going to talk a lot about startups.

But what makes a startup different
from a regular company?

Startups are **special**.

They have magic powers. ✨

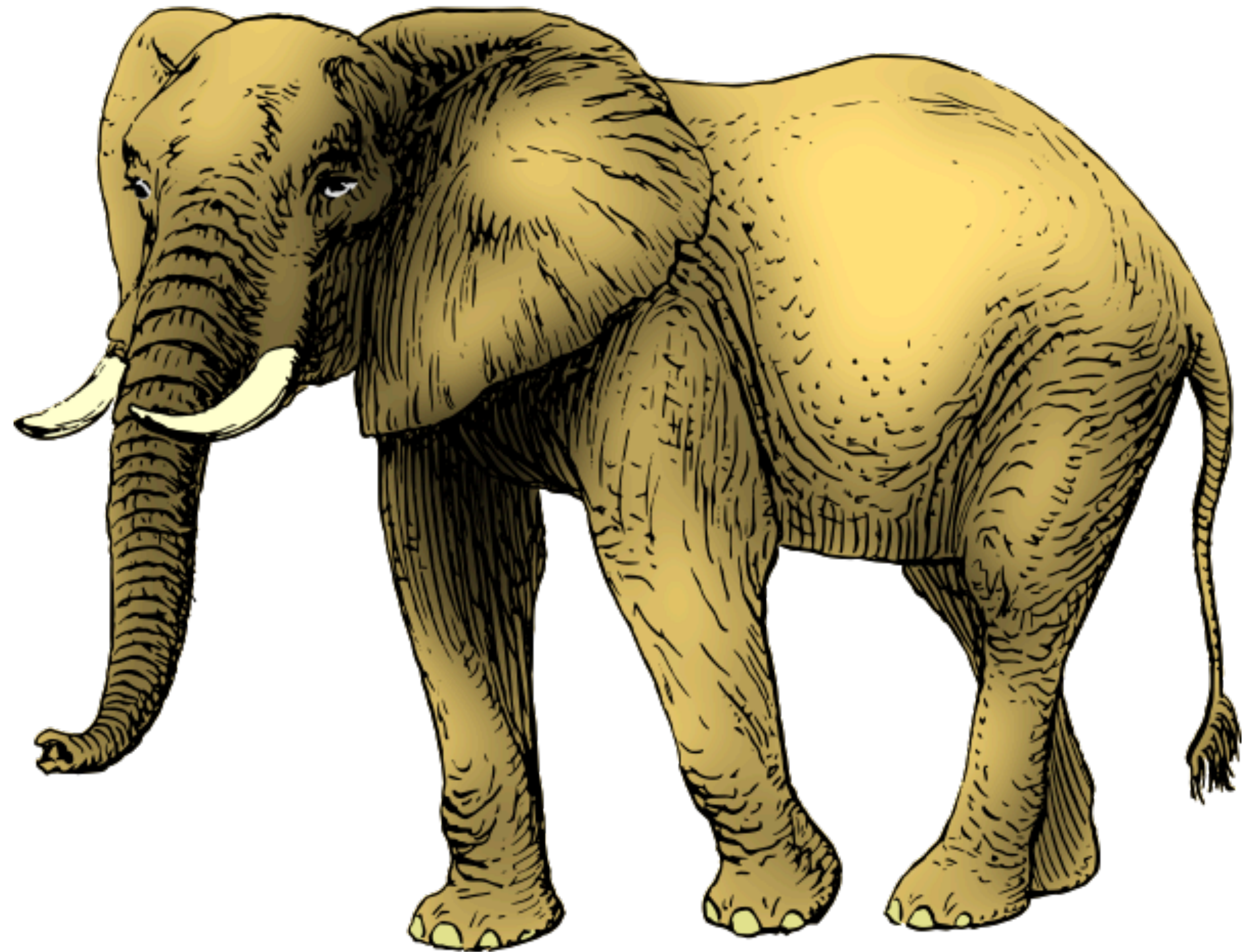
This is because they are:

- Small
- Nimble
- Unconstrained
- Courageous
- Most of all, innovative

Startups can do amazing things.

But they are also fragile.

Big company



Startup



In a big company...

In a startup...

Responsibility is diffuse	Everyone feels responsible
You must defend your cash cows	You must put everything on the line
Incremental improvements	Innovate or die
The best companies are the best managed	Minimal management necessary
Default alive	Default dead



Like all organisms, big
companies decay over time.

Startups eventually replace them.

And yet, startups are **stressful**,
unforgiving, and extremely **risky**.

Funding Sequence	Failure to Raise the Following Round	Failure to Exit
Seed (to Series A)	79.4%	97.0%
Series A (to Series B)	50.0%	88.7%
Series B (to Series C)	55.8%	84.1%
Series C (to Series D)	62.1%	80.7%
Series D (to Series E)	66.4%	78.1%
Series E (to Series F)	69.2%	74.3%
Series F (to Series G)	75.0%	74.5%
Series G (to Series H)	82.6%	72.4%
Overall Average	67.6%	81.2%

Most startups fail.

Most people should not start
startups.

**If you start a startup, you will
probably fail. And you almost
certainly will not become rich.**

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STARTUP SCHOOL
BREAKFAST, RESOURCES & NETWORKING

PRESENTATION:
"What Do (or Don't)
Investors Want to Hear?"

SPEAKER: **MATT WILLARD**
Co-Founder, The Funding Farm & Assistant Professor
Business Administration, Augustana University

THURS, OCT 24
7:45AM-9AM

ZEAL Center for Entrepreneurship
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ING GLOBAL
OR



Startups won't make you cool.

They won't make you rich.

They'll challenge you, stress you out, and take away years of your life.

I hope I've scared you. 🦴

You should be scared of starting
a startup.

There is only one good reason
to start a startup:

because you want to **solve a big
problem with your life**, and you're
willing to **sacrifice time and energy** for
a chance at it.

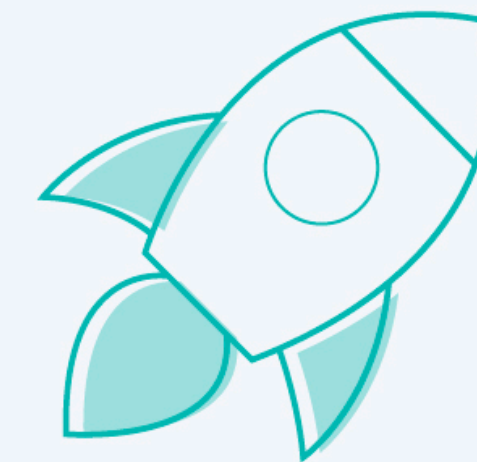
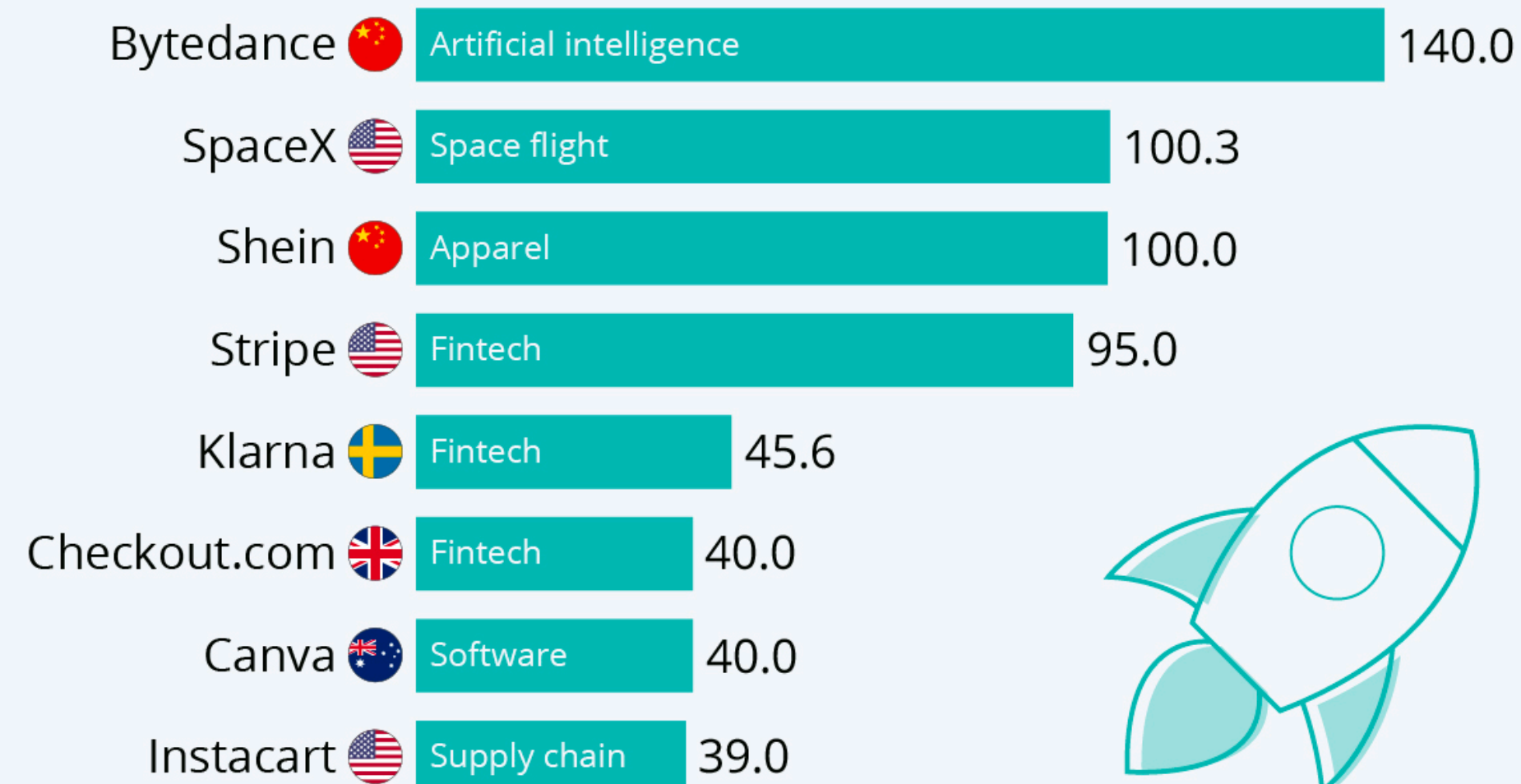
That's OK if you're not ready to
start a startup yet.

This course will still be useful.

But why are startups so valuable?

The Highest-Valued Startups in the World

Biggest startup companies worldwide by valuation
(in billion U.S. dollars)



As of April 2022

Currently private, up-and-coming companies (including whisper valuations)

Source: CB Insights



Not all innovation comes from startups. But a lot of it does.



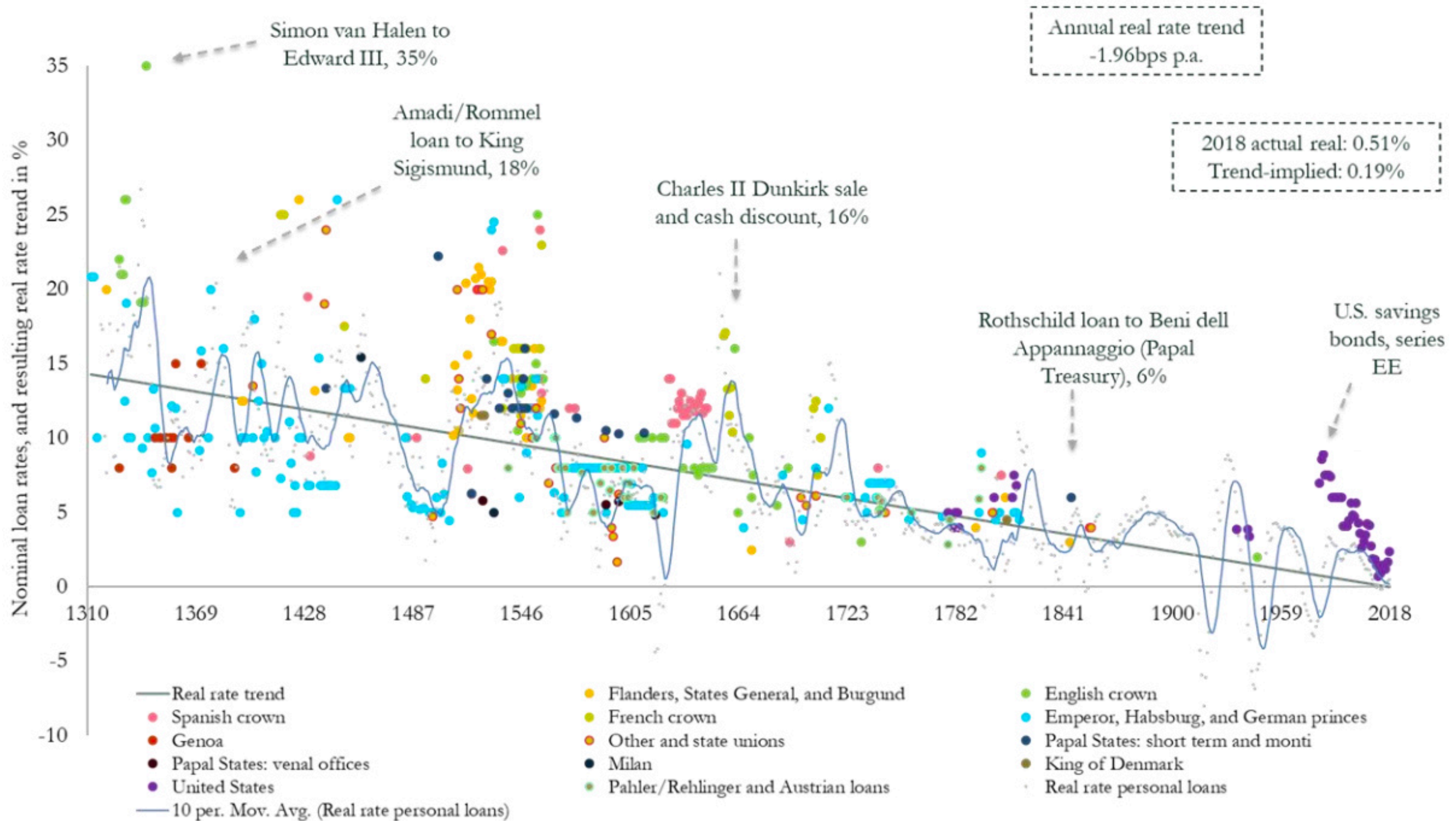
DoubleClick
by Google



BIG PICTURE

Most economic growth comes from  **innovation.**

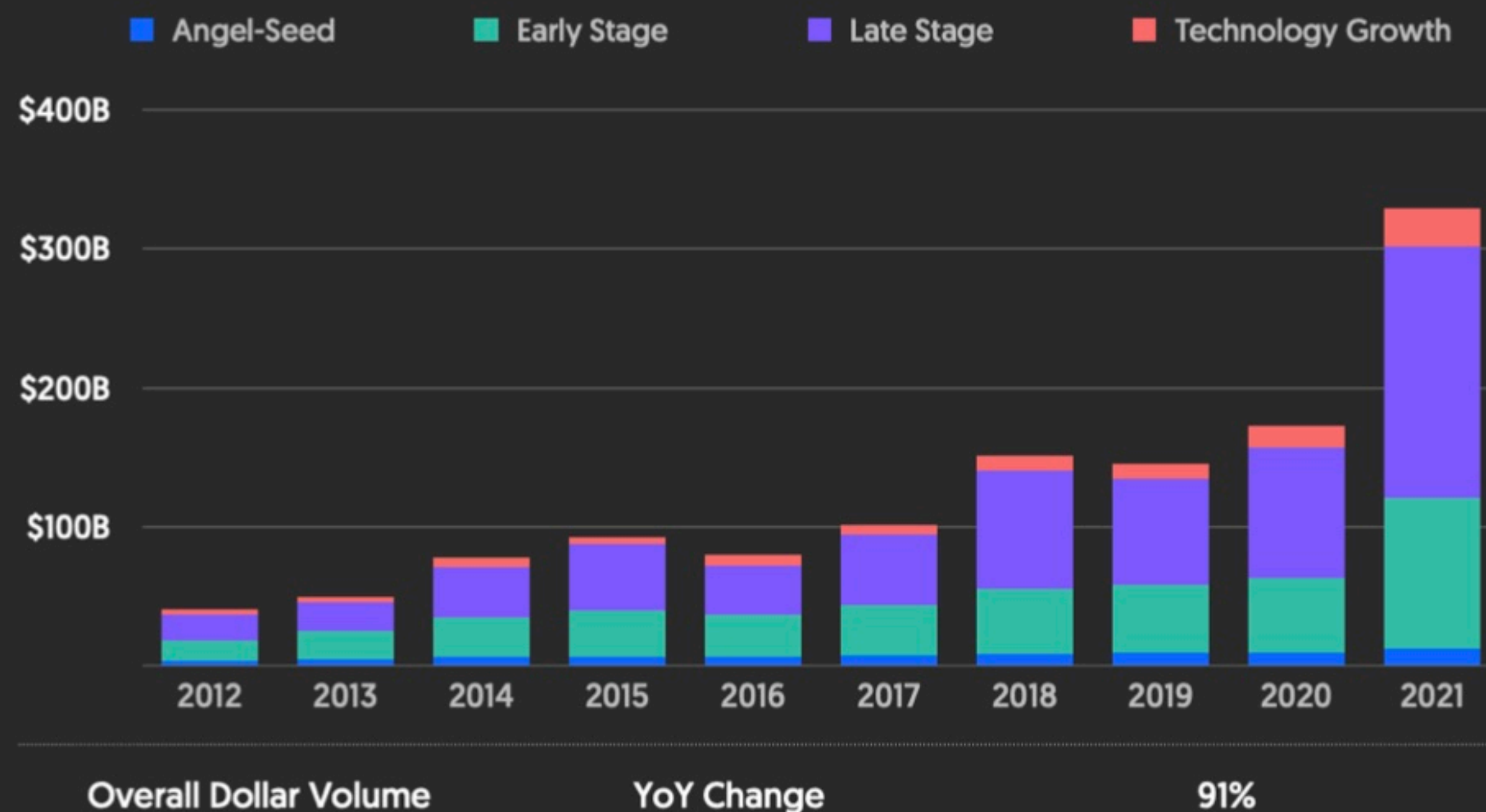
In a world of declining growth + interest rates,
innovation is extremely valuable.



Most of that innovation comes from
startups. **From people like you.**

There is a lot of money chasing startups.

North American Venture Dollar Volume 2012 To 2021



crunchbase news

Global Average And Median, Seed To Series B, Through H1 2021

Excludes fundings above \$50 million at seed, \$100 million at Series A and \$200 million at Series B

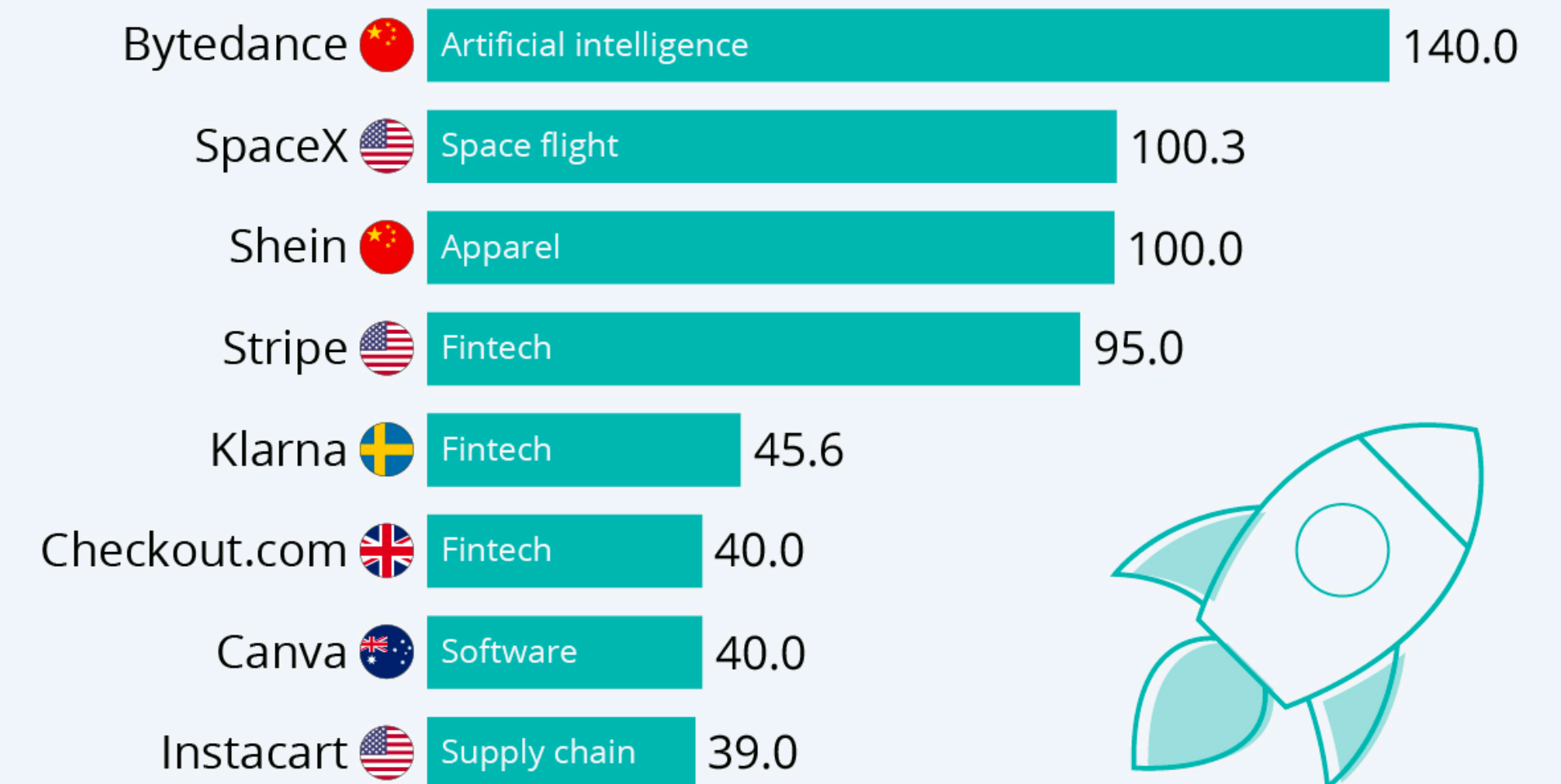


crunchbase news

That's why, if
you're successful,
the rewards can
be immense.

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statista

*(But, of course, you probably
won't be successful.)*

(That's okay.)

OK, this concludes the pep talk.

Let's dive into the  of it.

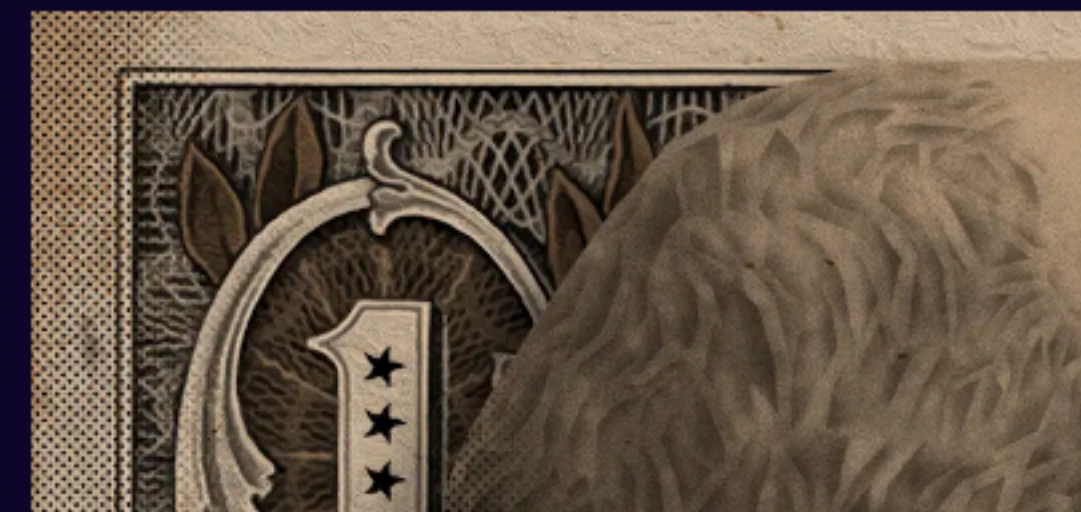
How are crypto startups different from normal startups?

(Side note: I'm gonna call it crypto, not web3.)

Crypto startups are ~~subversive~~.

SEC Orders Crypto Startup To Register ICO Tokens or Face \$31M Fine

SEC regulators found crypto startup Bloom p
qualifying them as securities



The
Defiant

Polymarket SI Settlement



Brady Dale

January 25, 2022 · 1 mir



Polymarket has shu
everywhere else.

That's the company's solution following [its recent settlement](#) with the Commodity

Crypto is fully banned in China and 8 other countries

BY MARCO QUIROZ-GUTIERREZ

January 4, 2022 at 1:11 PM PST



NFT scams, toxic 'mines' and lost life
the cryptocurrency dream is

ast
with EOS

million for

l revolution. Instead, crypto has
astrous gift to con artists

kes the climate crisis

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Map: How fast
sellers are
slashing home
prices in

Most Popular

1

Biden responds to
heckler at ...

2

Former GOP rep: Trump
gave Democrats ...

3

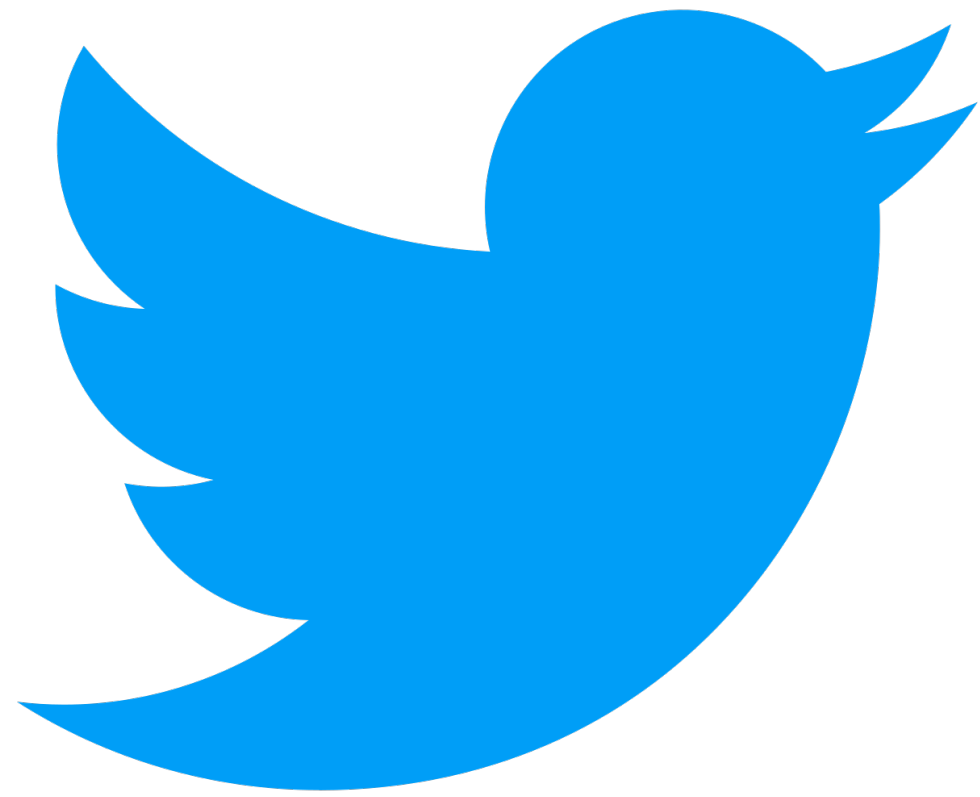
Zelensky: Ukrainian
nuclear power

Crypto is extremely volatile.



This makes it harder to tell what's
real **product-market fit.**

Most startups are **open-source** and very public.



Community is everything.

(This has a lot of implications on strategy, which we'll talk about later.)

The 5 (big) steps to build a startup

1. Learn the culture, products, and history of the sector.
2. Find great cofounders.
3. Come up with a great idea.
4. Validate that your idea is great.
5. Raise money for it.

Step 1: Learn!

Do you know enough to start a startup?

- Immerse yourself in the culture, the products, the history
- Join another web3 startup — this is the best education you can get
- Read voraciously, go to meetups and hackathons, play around with the tech
- If you aren't technical, get technical (at least a little!)

Step 2: Assemble a Team

The best teams are comprised of friends

- The #1 cause of company failures is **cofounder breakups**
- **You don't have to jump directly into starting a company!**
- You can start with a small project, or some consulting
- Generally you want to pick cofounders who you trust with your life, are competent and resourceful, and who complement you
- Solo founder?
- Who's the CEO?

(Also, equity splits are a tricky thing.)

Step 3: Come up with a great idea

Step 4: Validate that it's actually great

(We'll talk a lot about this part.)

Step 5: Raise \$\$\$!

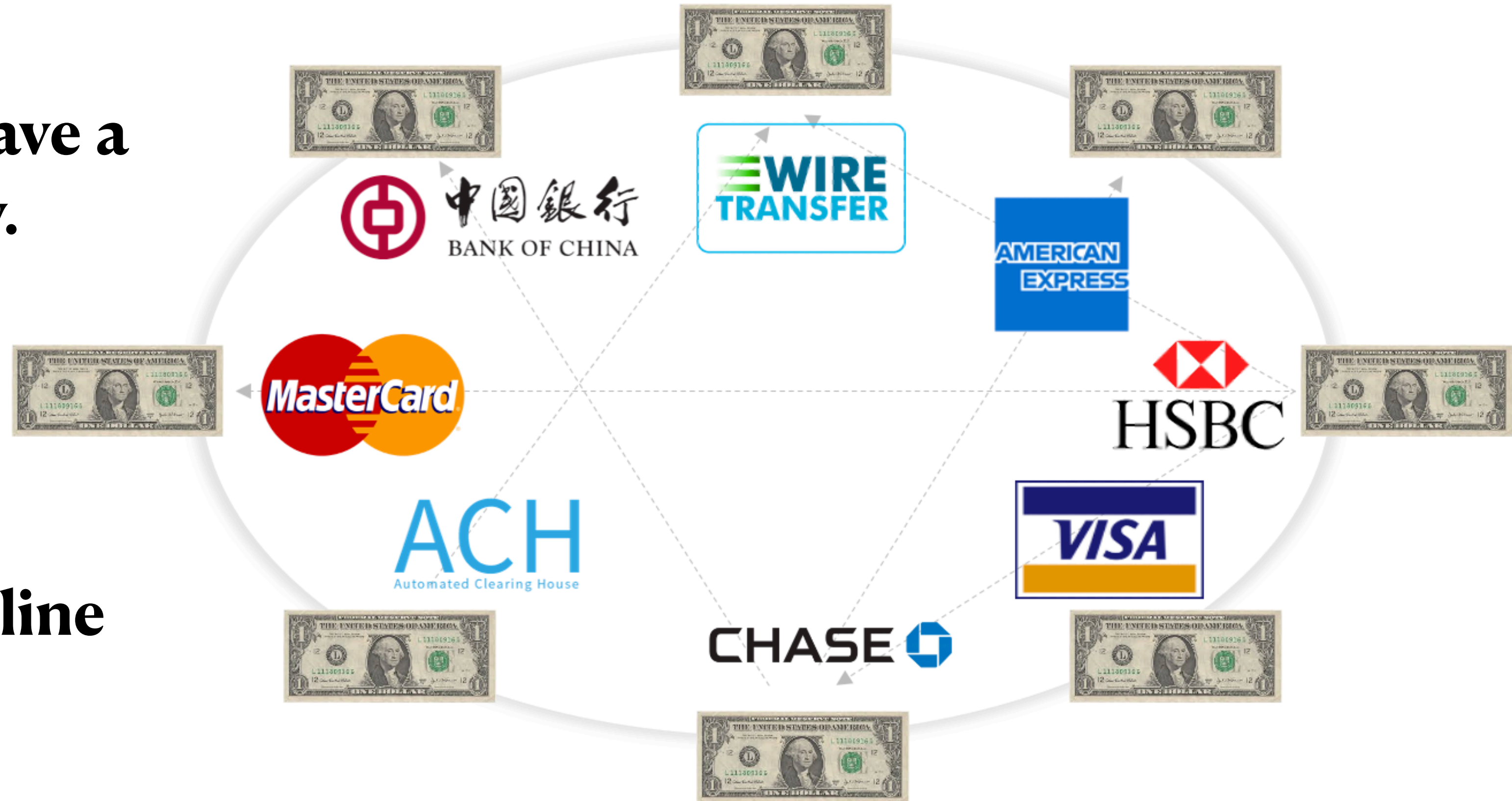


(We'll also cover this later.)

A Brief History of Crypto

Until 2009, the Internet didn't have a purely digital form of money.

The only way to send money online was to use offline systems.

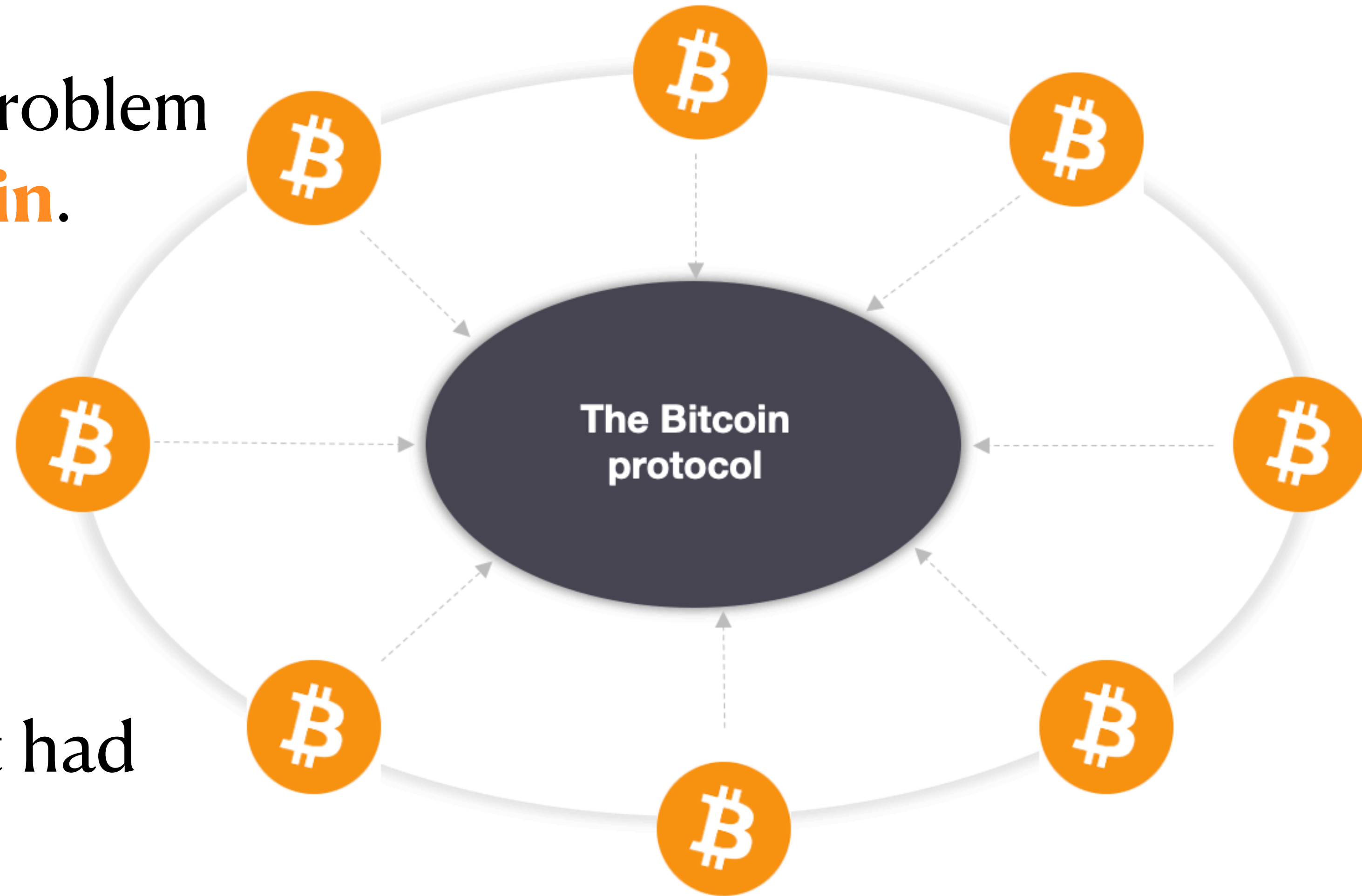


Bitcoin: A Peer-to-Peer Electronic Cash System

Satoshi Nakamoto
satoshin@gmx.com
www.bitcoin.org

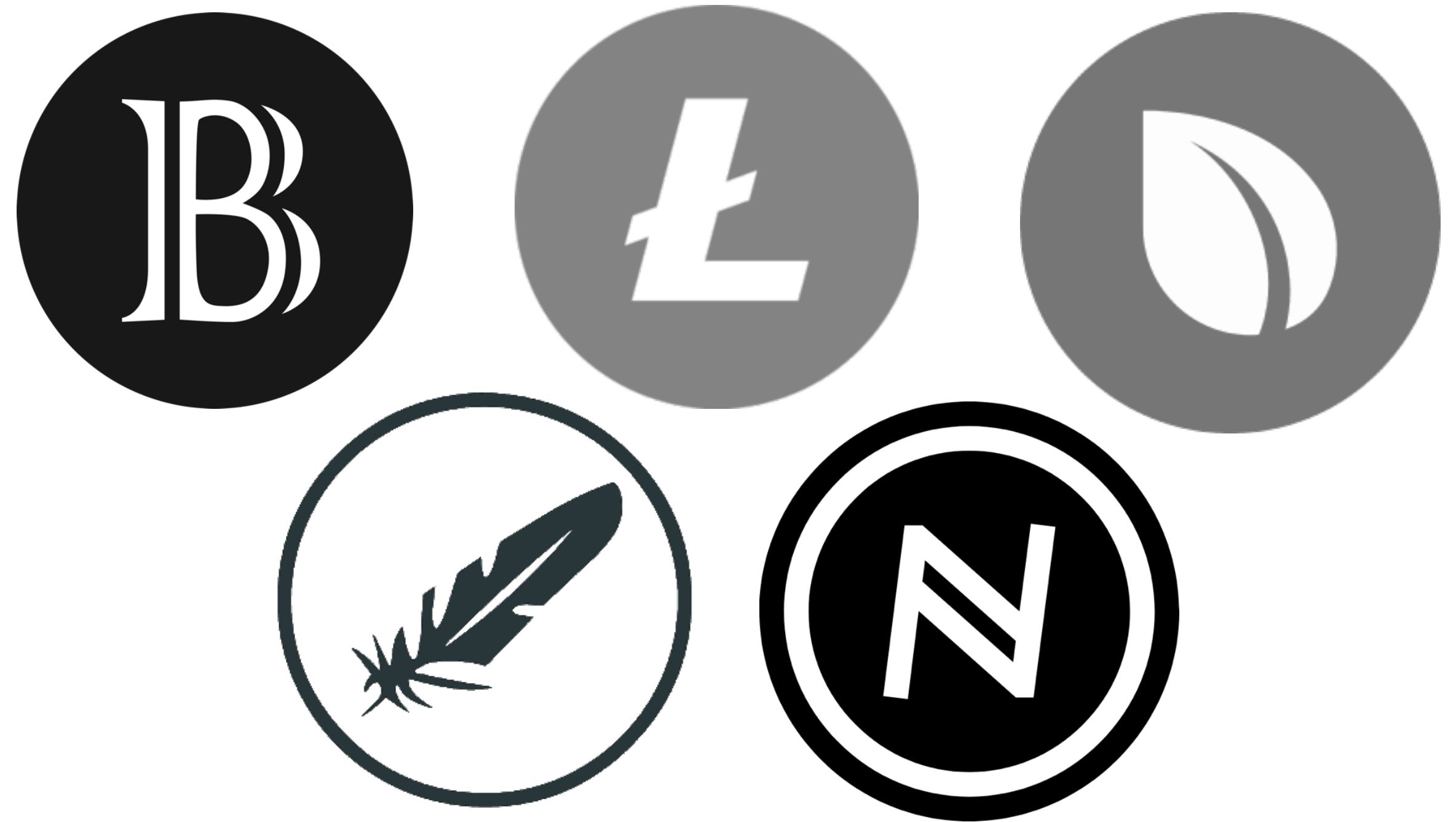
Abstract. A purely peer-to-peer version of electronic cash would allow online payments to be sent directly from one party to another without going through a financial institution. Digital signatures provide part of the solution, but the main
The Big Breakthrough
We propose a solution to the double-spending problem using a peer-to-peer network. The network timestamps transactions by hashing them into an ongoing chain of hash-based proof-of-work, forming a record that cannot be changed without redoing the proof-of-work. The longest chain not only serves as proof of the sequence of events witnessed, but proof that it came from the largest pool of CPU power. As long as a majority of CPU power is controlled by nodes that are not cooperating to attack the network, they'll generate the longest chain and outpace attackers. The network itself requires minimal structure. Messages are broadcast on a best effort basis, and nodes can leave and rejoin the network at will, accepting the longest proof-of-work chain as proof of what happened while they were gone.

Satoshi Nakamoto solved this problem
with the invention of **Bitcoin**.



For the first time, the Internet had
its own form of money.

Once you make money digital...



What else can you do?



What if **contracts** were digital?

What if **property** could be governed by **code**?

Ethereum opens to the
door to **smart contracts**.



VS





You can think of Ethereum
as a “computer in the sky.”

(h/t Tim Roughgarden)


```

1 // SPDX-License-Identifier: GPL-3.0
2 pragma solidity ^0.8.4;
3 contract SimpleAuction {
4     // Parameters of the auction. Times are either
5     // absolute unix timestamps (seconds since 1970-01-01)
6     // or time periods in seconds.
7     address payable public beneficiary;
8     uint public auctionEndTime;
9
10    // Current state of the auction.
11    address public highestBidder;
12    uint public highestBid;
13
14    // Allowed withdrawals of previous bids
15    mapping(address => uint) pendingReturns;
16
17    // Set to true at the end, disallows any change.
18    // By default initialized to `false`.
19    bool ended;
20
21    // Events that will be emitted on changes.
22    event HighestBidIncreased(address bidder, uint amount);
23    event AuctionEnded(address winner, uint amount);
24
25    // Errors that describe failures.
26
27    // The triple-slash comments are so-called natspec
28    // comments. They will be shown when the user
29    // is asked to confirm a transaction or
30    // when an error is displayed.
31
32    /// The auction has already ended.
33    error AuctionAlreadyEnded();
34    /// There is already a higher or equal bid.
35    error BidNotHighEnough(uint highestBid);
36    /// The auction has not ended yet.
37    error AuctionNotYetEnded();
38    /// The function auctionEnd has already been called.
39    error AuctionEndAlreadyCalled();

```

Software can encode almost anything:

NFTs

Tweets

Loans

In-game items

Like many technologies before it,
smart contracts enable
permissionless innovation.



OK! That was a lot. 👍

Questions?