

WHARTON

MAGAZINE

40 UNDER 40

**Meet some of the
School's bright
young stars**

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Small Dorm Rooms, **Big Startup Funds**

Since the launch of the Dorm Room Fund in 2012, the student-run venture capital experiment has proved its point: Entrepreneurs can remain in college and create successful startups.

BY JOSHUA BROCKMAN | ILLUSTRATIONS BY J.D. KING

A startup recipe: Take about a dozen Penn undergraduate and graduate students. Put them on a student-run investment team focused on finding campus startups. Add capital. Stir in a generous scoop of mentoring. Shake vigorously. Repeat with students from other colleges and universities in New York City, the San Francisco Bay Area and Boston. What have you got? The Dorm Room Fund (DRF).

Veteran tech investor and entrepreneur **Josh Kopelman W93** created this recipe for peer-to-peer funding of student entrepreneurship when he launched the Dorm Room Fund in 2012 in Philadelphia. The fund operates under the auspices of First Round Capital, the venture capital firm Kopelman founded a decade ago. The goal is to keep students focused on two prizes—earning their diplomas and launching their companies.

Reflecting on his experience as an undergraduate entrepreneur, Kopelman wrote in the First Round blog post announcing DRF that he learned firsthand how “college campuses are wonderful ecosystems for creating disruptive ideas.” Inspired by investments First Round made in portfolio companies, he set out to explore “how a new venture fund could bridge the disconnect between dorm room ideas and the capital to bring them to life.”

The founding principles of the DRF include having students run the fund from campus, encouraging investments in companies that have the potential to influence the very markets that students have expertise in and financing student entrepreneurs based on their early-stage needs.

There’s a long list of legendary entrepreneurs—including Steve Jobs, Mark Zuckerberg, Bill Gates and Michael Dell—who dropped out of college to focus on building their companies. But it’s also possible for students to pursue their entrepreneurial dreams while in school.

“This is what First Round hopes to provide with the Dorm Room Fund—a chance for talented student founders to get their ideas from dorm room to market,” says CeCe Cheng, First

Round’s DRF director. “Along the way, we hope to partner with these exceptional students and work with them throughout their career.”

Kopelman has said that he chose Philadelphia as the DRF’s first city because of his commitment to “creating a stronger and more vibrant Philadelphia startup community.”

Cheng adds that the city was also fertile ground because First Round wanted to “test the peer-to-peer investing model in a community with a history of student entrepreneurship, where we felt confident we could identify students who could be successful in an investing role.”

The decision paid off: To date, 14 Penn student companies have received DRF investments of up to \$20,000 each in convertible notes. This represents nearly a quarter of the 61 investments the fund has made so far in the four cities where it’s active.

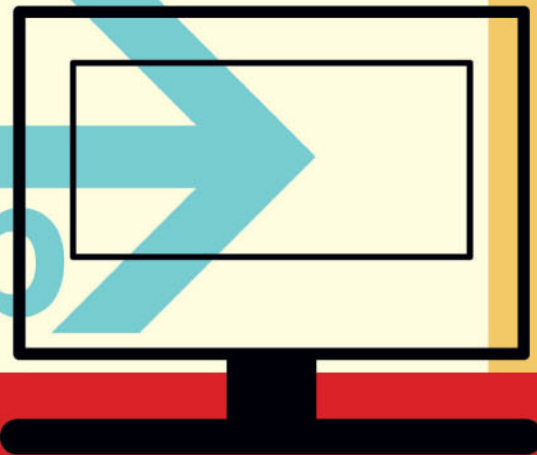
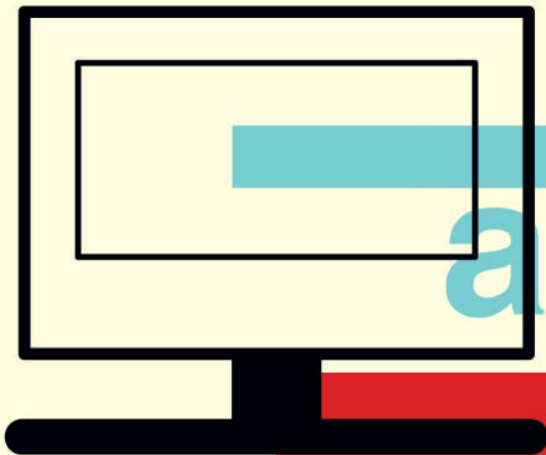
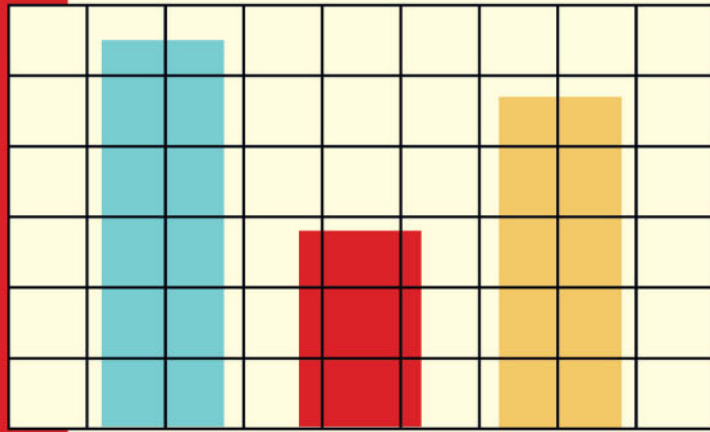
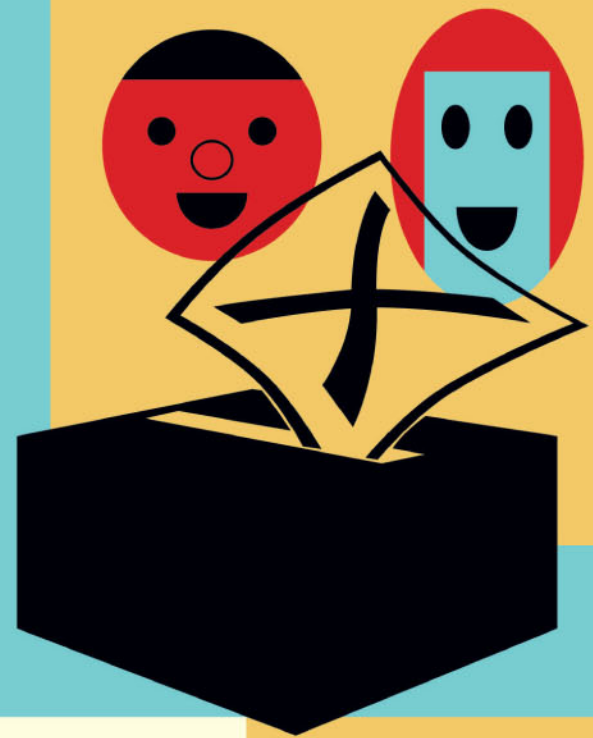
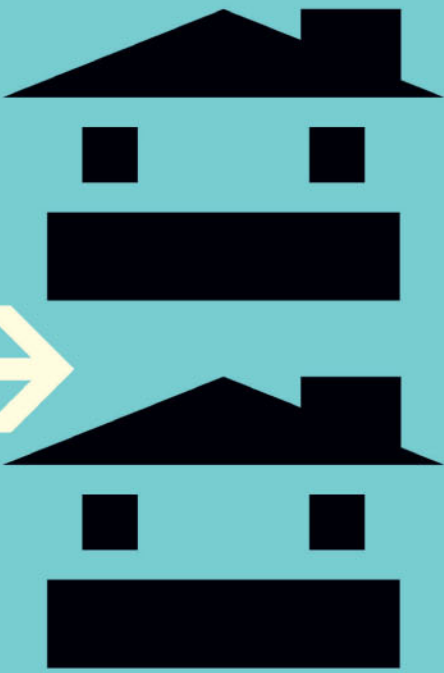
With an overall fund size of \$2 million (approximately \$500,000 per city), the lion’s share—nearly 42 percent—has been awarded to e-commerce and consumer-focused online startups, followed by enterprise (23 percent), medical technology (14 percent), educational technology (9 percent), hardware (7 percent) and financial technology (5 percent) ventures.

To the Tune of Multiple Millions

Firefly was the first company in the DRF portfolio. Co-founders **Dan Shipper C14**, **Justin Meltzer W12** and **Patrick Leahy W13** created a co-browsing technology that allows a remote viewer to connect to a presenter’s browser window and to collaborate

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app



in real time without having to download anything first. The solution only shares the presenter's webpage—not the desktop—and works across platforms.

Within two months of Shipper's graduation this past summer, Firefly, which already had revenue in the mid-six figures, was sold to Pegasystems for multiple millions, according to the Dorm Room Fund. Today, Shipper and Meltzer—who first met at a technology meetup at a coffee shop on campus—continue to lead the team, developing the technology as principals of collaboration initiatives.

"Being a student entrepreneur is often very lonely. The conventional wisdom is that if you're serious about your company, you have to drop out of school to pursue it," Shipper says.

"DRF were the first people we encountered that believed—like we do—that building and running a company is possible to do from school."

Initially, Firefly's plan was to find paying customers and build a revenue stream before raising any money. But the DRF investment—the only venture capital Firefly accepted—helped the team experiment with marketing initiatives, including sponsoring conferences. Press coverage followed, along with opportunities to secure more customers.

Shipper says one of the memorable perks was also having access to shared office space that was "closer to my house than any of my classes, which provided an inspiring environment for us to work and created a community of other student entrepreneurs with whom we could share stories and advice."

It didn't hurt that their desks were inside First Round Capital's office, giving the young company access to all kinds of mentorship opportunities, including Kopelman's time. Shipper says Kopelman provided invaluable assistance with negotiations during the acquisition process, helping the Firefly founders avoid rookie mistakes and opening their eyes to "new avenues in the deal."

Knocking on DRF's Door

The nearly dozen members of the Philadelphia investment board are plugged into the campus technology community and scout for opportunities. The formal application process for startups begins online. At each weekly meeting, the board typically hears up to three pitches from prospective companies.

When **Jasmine Kriston** came to Penn, one of her goals was to play a role in making Philadelphia more "tech-centric," says

the Wharton senior. Growing up in the Bay Area in the shadow of Silicon Valley, Kriston followed her passion for technology and science by spending summers at Sally Ride Science Camps, building robots and learning about marine biology.

To land a coveted spot on the DRF team, Kriston approached some professors from the Engineering Entrepreneurship Program for some insight about how to make her application stand out. Then, with just 24 hours before the application deadline, she set out to make an animated video about her candidacy. After a coffee-fueled night, she completed the task. Her presentation to Kopelman and other First Round Capital partners paid off—she was selected as a founding member. She recalls the experience as "the most valuable all-nighter I've pulled to date." And she earned the moniker "video girl."

Kriston has since devoted herself to the DRF cause and spends upward of 25 hours a week on fund activities, including helping to secure business development relationships for portfolio companies. Ultimately, she worked her way up to DRF Philadelphia managing partner.

"It's been the greatest learning experience of my college career," she says. "I've learned about investing, tech, myself, managing a team and building something from the ground up. And the only reason why that has been possible is because of what Josh said. *He* made it clear that we were to own the Dorm Room Fund, that it was our project."

Among her most valuable takeaways are learning the value of transparency for success as a leader and investor and maintaining a sense of humility.

"Investing, in general, is a humbling business," she says. "You can be so sure of something and end up being wrong."

Early Admission

Dana Rosenberg was also an early enthusiast. She joined the Dorm Room Fund investment team the summer before her first day of MBA classes in 2013.

Prior to Wharton, Rosenberg was based in the Bay Area handling business development for digital health startups and organizing events for the next generation of female technology leaders.

Her goals for her MBA experience include staying involved with founder communities in California and on campus, as well as gaining hands-on experience in the venture capital arena.

"The Dorm Room Fund, relative to other venture capital groups on campus, provides the most analogous experience to real-world seed investing," says the current second-year MBA student, who has also served as DRF managing partner.

The team, Rosenberg explains, functions like a professional venture firm in that it's financed by a limited partnership, manages an operating budget, identifies attractive deals on campuses and uses a formal partnership voting process to make investment decisions.

Rosenberg has no problem rattling off a list of investor skills

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that she’s developed, including assessing growth opportunities or potential risks for startups, utilizing pattern recognition to screen investment opportunities and sharing opinions on the quality of an investment, to name a few.

But what’s it like to make investment decisions that could make or break another student’s company? Exciting.

“What I love most about the Dorm Room Fund is that we are backing founders at a point when their companies would not be as appealing to traditional venture firms—either because they are still too early in their lifecycle or because the attention of the founders is split between school and their startup,” she says.

Don’t Forget to Ask Your RA

Most early-stage entrepreneurs supported by the Dorm Room Fund, including Prayas Analytics’ founders **Pranshu Maheshwari** and **Yash Kothari**, say it’s a perpetual balancing act between homework and a never-ending business to-do list.

Prayas repurposes surveillance video footage at the point-of-sale to provide retailers with operational insights about the customer experience, including time spent in line, customer abandon rates and staff engagement.

The company name combines the first three letters of the co-founders’ names; it also means “endeavor” in Hindi. Wharton senior Kothari says Prayas has been using the fund’s investment to hire an intern, to support the founders during the summer months and to fund pilots with clients.

“Perhaps more important than the actual funding has been the post-investment support from the Dorm Room Fund,” he says. “For example, in a relationship-driven industry such as retail, we are always looking for warm introductions.”

Of course, it wouldn’t be an authentic dorm room ecosystem without “RAs” in the mix. So advisers from a host of companies—such as RJMetrics and Curalate—serve as mentors. Kothari says strategic advice from the pool of RAs has been extremely valuable.

From Ear Infection to Fast Decision

The Wharton Wharthogs rugby team may have brought **Scott Ames** and **Grant Mitchell M14 WG14** together. But the concept for their business, Curbside Care, wasn’t born out of the dislocated shoulder that second-year MBA student Ames sustained during a match, but from a more frustrating medical incident—hours spent waiting at an urgent care center for the treatment of his girlfriend’s ear infection. (Mitchell, who has a background in medicine and health care entrepreneurship, did not treat Ames—or his girlfriend—for either injury.)

“Curbside Care is the ‘Uber’ for health care,” Ames says, likening it to the popular car-sharing service whereby people use

an app to summon a car in lieu of hailing a taxi. Curbside Care provides on-demand house calls for people who need care at home, in a hotel or an office.

“The technology platform bridges a market of fragmented supply and untapped demand by connecting off-shift M.D.s and N.P.s to patient users in real time,” Ames explains.

He marvels at the speed with which the DRF came to an investment decision.

“Once we decided to formally pitch the full DRF investment committee, it was only a matter of hours before we had a decision, which surely beats the more typical, drawn-out process [of traditional venture capital firms],” he says.

The capital infusion has focused the duo’s efforts on execution—accelerating the pace of bringing the service to market—instead of fundraising. Ames says another upside to staying in school while fast-tracking the business has been the opportunity to use Curbside Care as a case study in a number of entrepreneurial courses at Wharton. What’s more, the company is part of Wharton’s Venture Initiation Program, which gives them access to additional business, legal and investor advice.

The Next Chapter

The first round of the Dorm Room Fund will close at the end of 2015, having supported an initial cohort of Penn startups, the likes of Firefly, Prayas and Curbside Care, as well as fashion firm Dagne Dover (co-founded by **Melissa Shin Mash WG12**); Glass-U (founded by junior **Daniel Fine**); webpage design tool Pagevamp (co-founded by **Vincent Sanchez-Gomez C13**, **Fred Wang W13** and **Atulya Pandey C13**); mobile content tool WhamX (founded by **Apurva Shah C14**); and human capital service SkillBridge (co-founded by **Brett Lewis** and **Raj Jeyakumar**, both **WG13**).

There’s welcome news for the next group of campus entrepreneurs in Philadelphia. Another DRF fund will follow in 2016, according to First Round’s Cheng.

“In many ways, we also like to view the student founders we work with as peers,” Rosenberg says. “With or without an investment from the Dorm Room Fund, we want to provide as much advice, support and guidance as we can to help them get off the ground. We hope that by doing so, we can disrupt some of the traditional power dynamics between investor and founder, and further our mission of inspiring and supporting more careers in the startup industry.” ■

—Joshua Brockman is a multimedia journalist whose stories on business, technology and the arts have been published by NPR, The New York Times, and Smithsonian.