

# The OGCP Monthly

Old Greenwich Capital Partners

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## Collision: The House Committee Hearing on GameStop

Everyone has heard of GameStop, the stock market frenzy related to it and the events of January 28<sup>th</sup>. This one event has gained significant traction in the news for numerous reasons. To investigate the occurrence and its cause, the House Committee on Financial Services had a hearing on February 18<sup>th</sup> with the presence of Robinhood CEO, Val Tenev; Citadel CEO, Kenneth Griffin; Melvin Capital CEO, Gabriel Plotkin; and GameStop retail investor, Keith Gill. Joining them was Jennifer Schulp, a financial markets expert.

However, in this hearing, many representatives seemed to be focused on obtaining admissions and simple answers to a complex system. Rep. Brad Sherman ended his allotted time by stating to Kenneth Griffin that if was going to filibuster, he should run for the senate. In contrast, Rep. Bill Huizenga provided Mr. Griffin the opportunity to complete his answer and obtain insight into the process. Given the changes in the industry, we must understand the practices and the impacts they have on markets.



Studies show more people are taking part in the markets and there is an increased desire for financial literacy among the everyday citizen. Regardless on one's opinions on democratization of finance, everyone can agree Robinhood made this possible by being the innovator in the industry. During the hearing, many representatives were seen questioning Robinhood's business practices that allow for commission-free trading and trying to identify it as the cause of the incidents that occurred, while supporting the idea of commission-free trades. Questions were posed regarding Robinhood's raising of additional funds, within 48 hours, in an effort to show the company was undercapitalized for its operations. A majority of the questions were directed to Mr. Tenev. A case can be made to support those who say that Robinhood was trying to be portrayed as a villain in the entire event.

There was a focus on the matter that caused Robinhood to suspend the purchase of many stocks, the DTCC collateral requirements and the T+2 settlement system. Market expert Jennifer Schulp even answers that those capital requirements are an important contributing factor to the event. Mr. Tenev stated the technological advancement possessed can allow for same-day settlement while Mr. Griffin advocated for T+1 settlement. Both solutions help reduce the cause leading to Robinhood's decision to suspend purchases.

Overall, this hearing can only be considered the start. Lawmakers have a long way to go before enacting new legislation. Understanding the system, the advantages/disadvantages of each category of players, and various factors now present is a must. Investigations have been started into the investing frenzy and many developments will occur before an end is visible to institutional, accredited and retail investors.

Hearings are meant to understand causation of events and potential actions to be taken by regulators.

## Sector: EdTech

### Coursera: Contributing to the Growth of EdTech

The idea of EdTech has been around for a long time, with legacy incumbents such as Chegg and K12, being founded as early as 2000, the industry has changed in the past decade. Today, companies like Coursera, Udemy, Udacity and edX are considered household names for those in their teens to young professionals.

Within the past year, EdTech has significantly grown, with many developments being made across the education industry as a whole. Universities have moved to an online platform thus proving that effective education can be delivered online. Many students have developed their skills, and maintained their financial wellbeing as a result of the scheduling freedom they have gained. Due to this transition, companies like Coursera have been fortunate enough to grow. As of December 2020, Coursera offers 48



certificates, and 26 degrees along with the tens of thousands of courses from numerous institutions around the world. Coursera, amidst the pandemic raised \$130.00 Million, securing a post-money valuation of \$2.57 Billion. During the same time, the company took an initiative to provide students with complete access to courses, with certificates, for free. This initiative helps with their mission to assist professionals develop a well-balanced multidisciplinary skillset, a key factor for employers hiring in the future. To stick with this mission, Coursera has recently partnered with Howard University to increase its diversity catalog, as well as launched an

'Activism in Sports' class taught by 5-time NBA All-Star Chris Webber. Coursera is one of the many players utilizing technology to change the educational landscape.

**OGCP Comment:** Many have noticed that knowledge and skills have been passed down through generations. Abilities and technology have shown significantly development, competition has increased and employers ask for more skills. We see Coursera as a company that will help provide the much-needed change in the education industry, hence a name we have been bullish on for a long time.

## Sector: FinTech

### Public.com: Trading Platform, Social Network, or Both?

Public.com may not be well known as its competitors like Robinhood and Webull, but nonetheless, the company has played a part in the democratization of finance. Public.com's platform is both a trading platform and social network. It allows members to invest commission-free while providing the ability to interact in a community with other members. The platform is designed to appeal to the next-generation of investors, the young generation focused on achieving financial independence while remaining socially connected through an online presence.

The company is well backed by major VC firms and many well-known angel investors such as former England cricketer Michael Vaughan, Skateboard legend Tony Hawk and American footballer J.J. Watt. Public.com is also backed by known Youtubers Phillip DeFranco and Casey Neistat.

Amid the growth of retail investing experienced in the past year, Public.com has significantly grown its userbase as well as valuation. The company completed its Series D funding round on February 17th, 2021. In the past 4 years, Public.com has raised \$311.00 million, of which \$220.00 million were raised in the

most recent round. The company has officially gained unicorn status, having a valuation of \$1.2 billion.

With the recent GameStop frenzy experienced, much concern has been posed about the payment for order flow practice used by competitors such as Robinhood. Given the concern of this practice, on February 1<sup>st</sup> Public.com through twitter announced it would stop participating in this practice. This is a part of their effort to better align incentives with that of the platform's members.

**OGCP Comment:** Public.com is an interesting platform in both social media and fintech. We have seen tremendous success in both sectors and are intrigued about the factors for success that a combination of both can achieve.



Sector: Electric Vehicles

## Envisioning the Future of Vehicles: Tarform

Electric Vehicles is an interesting sector, one that has been gaining significant popularity within the past decade. Much of the early on intrigue in this sector can be attributed to Tesla, and it can be said that early investors of Tesla were more than happy with their investment in the disruptive company. However, the space has come a long way since the early days of Tesla, and many developments are being made not just in car EVs but across the spectrum for methods of transportation.

While EVs have been a concept and a long time, with many major automotive companies trying to engage the market numerous times in the past, their recent popularity is different. In the past, EVs possessed a unique factor that resulted in people wanting to buy the vehicles. However, there were downsides to owning an EV, major concern being the range on a full charge. However, technological developments have come a long way since then, bringing EVs back to a mainstream vehicle option. These technological developments have also brought the costs of EVs lower, allowing them to compete with non-EV automotive options while providing a great experience. Furthermore, Millennials and Gen Z are leading the change to sustainability, a majority willing to pay more for sustainable products.

Within the rise in popularity of the space, there arrives a brand-new e-mobility company, Tarform. With an aim to change the future, Tarform is a startup within the EV space. While many new companies are focusing on manufacturing cars or developing technological advancements in the sector, Tarform aims to start by providing a quality experience for motorcycle riders.

Tarform was founded in 2016 by serial entrepreneur Taras Kravtchouk. The company was founded with a mission to create a whole new generation of vehicles powered by clean technology and with respect to nature. Tarform's vision is to be the leading e-mobility company for urban, adventurous, conscious generations who value art, technology and sustainability in every vehicle they experience. Through its mission and vision, Tarform aims to create an ecosystem for electric vehicles that has never been seen before.

“At Tarform (Swedish for ‘Taking Shape’), we believe that sustainability and beauty are inevitable, but that revolutions in manufacturing and technology have created a new era of infinite possibilities. As yet untapped...” – Taras Kravtchouk, Founder and CEO of Tarform.

**OGCP Comment:** We were introduced to Tarform in Q4 2020 and since then have been extremely excited about the potential of this company.

Through developing a relationship with the company, we were able to see their mission and understand their mission. More importantly, we got a firsthand experience of the hard work and passion each member of the team has to provide their customers not just with a quality product but a quality experience as well.

We have seen the growth in the EV space first hand and know there is still a long way to go. Across the globe, non-car EVs are being designed and poised to takeover the existing motorcycles and scooters. However, the options for motorcycles are fairly limited North America and Europe.

As a startup, Tarform has proved it knows how to run efficient operations, stay lean, innovate and market. All very important characteristics for a successful business and factors that can set them apart from competitors.

An investment opportunity in Tarform has been presented, in which we are happy to have gained access for our investors and strategic partners.



# Focus List

CaaStle		
Description	Latest Funding	Our Reasoning
A subscription rental platform allowing retailers to offer Clothing as a Service (CaaS) to their consumers. The platform utilizes technology to offer reverse logistics and managed services to help retailers attract new customers to a relationship-based model CaaStle ensures the consumers are able to obtain the best value from their wardrobe while increasing loyalty to retailers through continuous engagement, enabling brands to achieve greater return on inventory as well as increase revenue and profits.	<b>Late-Stage VC</b> Date: May 09, 2018 Funds Raised: \$60.00M Total Raised: \$70.50M	Retailers have been significantly disadvantaged for quite some time now. Especially with the rise of many services that aid in building a wardrobe. Yet, these services are also lacking in some manner when it comes to consumers, affordability and accessibility. CaaStle aims to remove this concern providing retailers the ability to utilizing a model that was found in a niche part of fashion and making it available to the masses. By doing so, CaaStle gives the consumers the ability to explore their fashion choices and gain access to new and/or premium outfits without financial hardships. CaaStle provides retailers with better ROE on their inventory while having a simplified process.

Coursera		
Description	Latest Funding	Our Reasoning
An online education and learning platform designed to offer courses to empower learners around the world. The platform offers online courses and programs in a variety of areas like business, computer science, data science, languages, etc., in order to help learners achieve their educational, career and personal enrichment goals.	<b>Late-Stage VC – Series F Round</b> Date: July 17, 2020 Funds Raised: \$130.00M Total Raised: \$463.27M Pre-Money Valuation: \$2.44B Post-Money Valuation: \$2.57B	For quite some time, open courses have become popular amongst those looking to increase their knowledge base without the high cost of traditional courses. With the recent change in teaching, more and more institutions are altering their courses to an online-friendly format. This will increase the offerings, and with less overhead, will be cheaper to students. This new approach to learning is just at the start and will continue to grow.

Discord		
Description	Latest Funding	Our Reasoning
Discord is an instant messaging and digital distribution platform that offers VoIP and texting services among friends and gaming communities. The platform offers secure voice/text chat which works on both phones and desktops. This allows gamers to chat while playing without affecting game performance.	<b>Late-Stage VC – Series H Round</b> Date: December 17, 2020 Funds Raised: \$100.05M Total Raised: \$593.93M Pre-Money Valuation: \$6.90B Post-Money Valuation: \$7.00B	Discord is extremely popular in the gamer's community. Given the recent shift and increase in gamers caused by the pandemic, Discord has increased users significantly. Furthermore, there is strong revenue growth for the past 5 years. With the mix of a slack like interface with VOIP, Discord has the opportunity to expand in various different demographics and is poised to grow.

Epic Games		
Description	Latest Funding	Our Reasoning
A video game and software developer whose platform is designed for gamers and game developers. The company provides game developers the ability to build high-fidelity, interactive experiences for PC, console, mobile and virtual reality devices.	<b>Late-Stage VC</b> Date: June 16, 2020 Funds Raised: \$1.78B Total Raised: \$3.36B Pre-Money Valuation: \$15.52B Post-Money Valuation: \$17.30B	In the last few years, Epic Games has been gaining significant popularity, since the release of Fortnite in July 2017. Since then, Epic Games has only further developed their platform, development engines, games store and customer base. While video games were always popular, they have gained significant importance in the last year due to the lifestyle changes experienced. Much of the changes experienced will continue to stay and Epic Games is perfectly positioned to grow as a result.

Ginkgo Bioworks		
Description	Latest Funding	Our Reasoning
A cell programming platform intended to make biology easier to engineer. Offers probiotic bacteria to protect the body from dangerous infections, generating a library of molecules to scale the process of organism engineering using software and hardware automation.	<b>Late-Stage VC – Series E Round</b> Date: May 15, 2020 Funds Raised: \$70.00M Total Raised: \$797.45M Pre-Money Valuation: \$4.79B Post-Money Valuation: \$4.86B	Ginkgo Bioworks is focused on the cutting-edge technology that can improve not only the understanding of biology but how humans can be protected from various infections. The team at Ginkgo Bioworks know how to use their diverse backgrounds to their advantage. They have well established relationships that are well suited to help further their mission.

# Focus List

Kraken		
Description	Latest Funding	Our Reasoning
An online cryptocurrency exchange platform that offers a blockchain-based financial infrastructure that reduces system costs and shortens the payment processing times. Thus, allowing individuals and financial institutions to process large volumes of data in short times.	<u>Late-Stage VC</u> Date: May 13, 2020 Funds Raised: \$13.99M Total Raised: \$19.18M	Kraken is one of the leaders in the blockchain and digital assets space, being at the forefront of the blockchain revolution since 2011. It has a significant userbase that encompasses individuals and institutions. The company provides real-time data to Bloomberg as well as providing some of the best service in the business. With many competitors having entered the space, Kraken has always maintained its position as one of the market leaders.

Plaid		
Description	Latest Funding	Our Reasoning
A platform designed to assist in connecting popular fintech applications with traditional bank accounts. The company utilizes its private access to the database of thousands of financial institutions, authenticating and verifying account information in real-time. This enables consumers and businesses to interact with their bank accounts and conduct their finances in a way they see fit, utilizing financial technology applications.	<u>Late-Stage VC – Series C Round</u> Date: December 03, 2018 Funds Raised: \$250.00M Total Raised: \$309.30M Pre-Money Valuation: \$2.40B Post-Money Valuation: \$2.65B	Plaid provides the solution many fintech startups require to provide users with the best experience, verification and integration of user's account information. The growth in online shopping and online banking, as well as tracking expenses and investing, requires the integration of Plaid's platform. Within the past year, Plaid's importance has grown significantly. Given their coverage is North America, UK, and some parts of Europe, there exists significant growth potential.

SpaceX		
Description	Latest Funding	Our Reasoning
SpaceX is a manufacturer of aerospace and space transport systems. Founded in 2002, SpaceX was created to revolutionize access to space and enable a multi-planetary society. Their purpose is to reduce space transportation costs and enable the colonization of Mars. SpaceX actively controls the design, manufacturing and launch of their spacecrafts.	<u>Late-Stage VC – Series N Round</u> Date: February 16, 2021 Funds Raised: \$850.00M Total Raised: \$6.37B Pre-Money Valuation: \$73.15B Post-Money Valuation: \$74.00B	SpaceX is an innovative, growing and revenue generating, disruptive company in space technology space. The company operates in a fairly small space with very few competitor and high barriers to entry. SpaceX has various aspects to its business, just starting the beta test for their Starlink internet service, and is poised to further grow. Under the leadership of Elon Musk, SpaceX will be a great investment for investors, just like PayPal and Tesla.

Tarform		
Description	Latest Funding	Our Reasoning
Tarform is an e-mobility start-up based in Brooklyn, NY with a mission to revolutionize the EV space. After its inception in 2017, Tarform has designed, tested and launched a commercially viable, market leading premium EV motorcycle. Tarform has created a new breed of zero-emission, premium electric motorcycles using sustainable materials and smart connectivity for increased rider safety.	Tarform is currently interested in raising funds.	Tarform is on the forefront of making non-car EVs mainstream, starting with their motorcycles, and with a future for more. Tarform has potential due to their unique design, focus on quality materials and targeting a non-traditional motorcycle riding market. These fit a market their competitors have yet to capture.

**Disclaimer:** This Focus List is a proprietary list of the top-9 private companies for which OGCP is currently interested in completing a transaction. This is list based off of the various opportunities and demand OGCP has seen in the private markets, as well as companies OGCP feels are a good investment. Companies on this list are included at the discretion of the author and are subject to change. There is no assurance that any company on the Focus List will be a profitable investment for investors. The Focus List is for informative purposes only and should not be considered as investment advice.

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