PHUNWARE

Entrepreneurship Basics
& Lessons Learned

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My Background

Co-Founder, President & CEO, Vovida Networks

- Acquired by Cisco Systems *(2000)*

Board Member & Investor, vCIS

- Acquired by Internet Security Systems *(2002)* and then again by IBM *(2006)*

Co-Founder, Board Member & Investor, Telverse Communications

- Acquired by Level 3 Communications *(2003)*

Founder & President, Ecewa Capital Group

- Angel investments including Vonage *(NYSE: VG)*, Bazaarvoice *(NASDAQ: BV)*, RingCentral, Infacare, Edgewater Networks *(Advisor)*, Windspring *(Board Member)*, Nexercys and others
- Co-Owner of Curo Capital and Fund Manager for both the Curo Capital Appreciation Fund *(public market focus)* and the Trymetris Capital Fund *(private market focus)*

Education

- MBA - UC Berkeley
- MSIE - Georgia Institute of Technology
- BSIE - University of Miami (FL)

Other Experience

- Hewlett-Packard *(1991)*
- United States Army *(1996)*
- Nortel *(1998)*
- Married 17 years with 4 kids *(3 girls ages 14, 12 and 10 and 1 son age 7)*

About Phunware

Phunware is the pioneer of **Multiscreen as a Service (MaaS)** – the only fully integrated services platform that enables brands to engage, manage and monetize their anytime anywhere users.

- **1 Trillion+** Transactions per Year
- **200 Billion+** Advertising Transactions per Year
- **Hundreds of Millions** of Videos Served
- **Tens of Millions** of Application Downloads
- **Hundreds** of Branded Applications Launched
- **#1** Globally in Multiple Categories
- **150+** Employees

FOUNDED
February 2009

STRUCTURE
Delaware "C" Corporation

HEADQUARTERS
Austin, TX

OFFICES
Newport Beach, CA
San Diego, CA
Rockville, MD
New York, NY

LEGAL
Wilson, Sonsini, Goodrich & Rosati
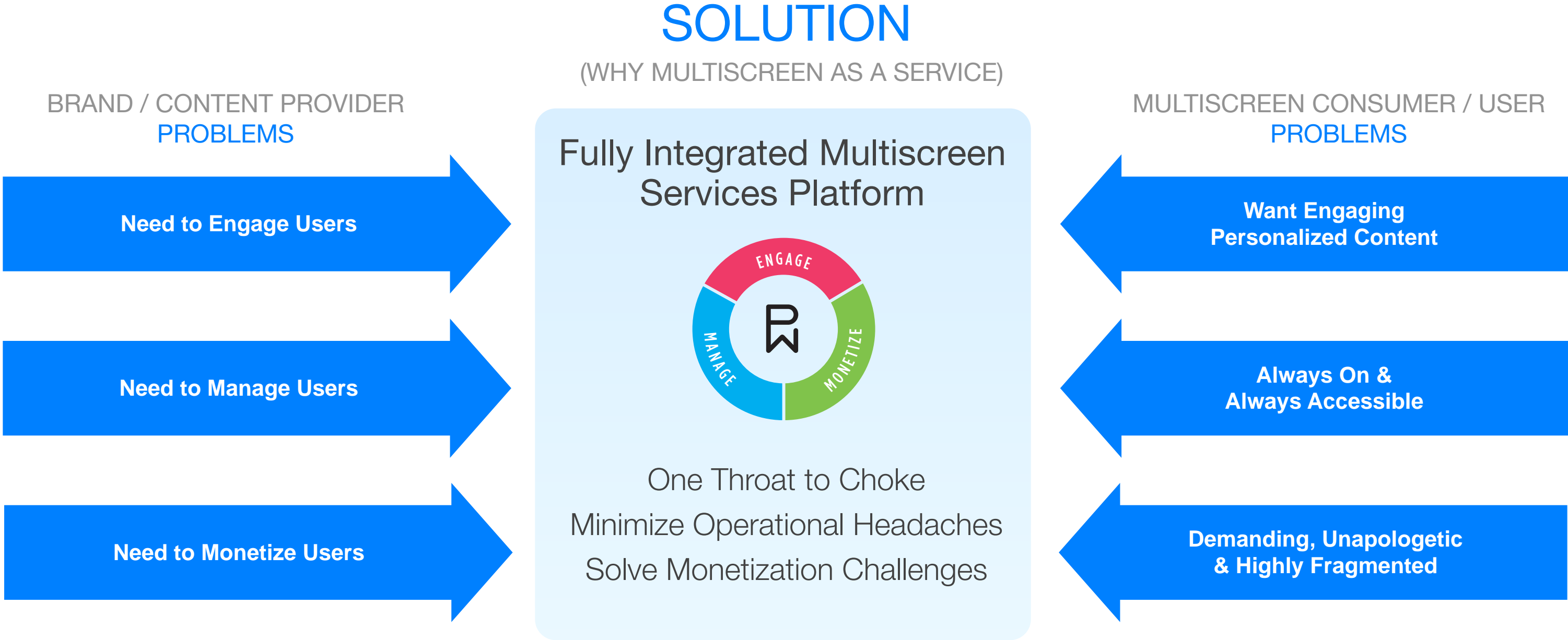Palo Alto, CA

AUDIT
Ernst & Young
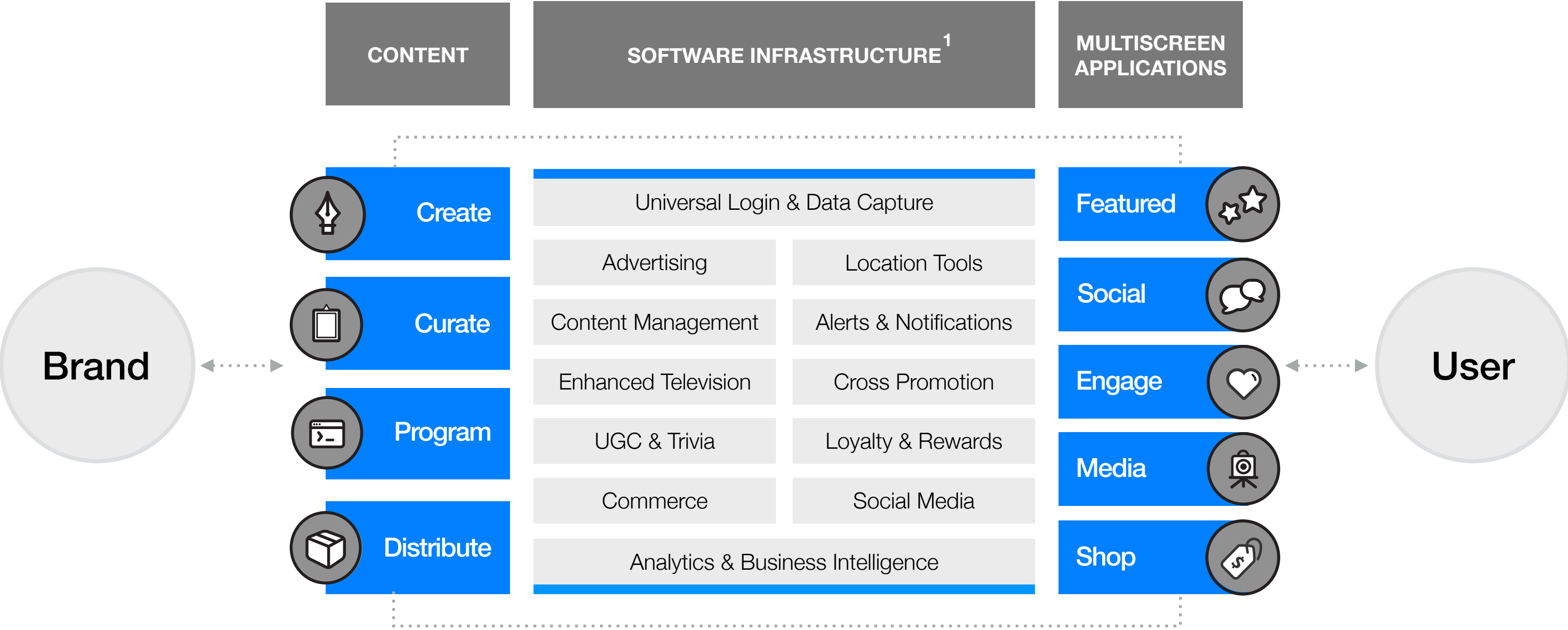
CORPORATE VIDEO
phunware.com/company

LIFE AT PHUNWARE VIDEO
phunware.com/careers/

Value Proposition

SOLUTION

(WHY MULTISCREEN AS A SERVICE)

BRAND / CONTENT PROVIDER
PROBLEMS

MULTISCREEN CONSUMER / USER
PROBLEMS

Need to Engage Users

Need to Manage Users

Need to Monetize Users

Fully Integrated Multiscreen Services Platform

ENGAGE

MANAGE

MONETIZE

One Throat to Choke

Minimize Operational Headaches

Solve Monetization Challenges

Want Engaging Personalized Content

Always On & Always Accessible

Demanding, Unapologetic & Highly Fragmented

Multiscreen as a Service Overview

CONTENT	SOFTWARE INFRASTRUCTURE[1]		MULTISCREEN APPLICATIONS
Create	Universal Login & Data Capture		Featured
Curate	Advertising	Location Tools	Social
	Content Management	Alerts & Notifications	Engage
Program	Enhanced Television	Cross Promotion	
	UGC & Trivia	Loyalty & Rewards	Media
	Commerce	Social Media	
Distribute	Analytics & Business Intelligence		Shop

Brand ⟷ **User**

[1] **More than 1 trillion events and transactions annually**

Go To Market Strategy

CONSUMERS		INTERNET
PARTNERS	↔	EXTRANET
EMPLOYEES		INTRANET

ENGAGE · **MONETIZE** · **MANAGE**

SDKs		DEVELOPERS
APIs	↔	ENTERPRISES
INTERFACES		ORGANIZATIONS

- Public & Enterprise App Store Deployments
- Use Case & Feature Set Requirements Gathering
- Infrastructure Showcase at Production Scale

$ $ $ $

Create MaaS Infrastructure
Revenue on Multi-Year Agreements

- Cloud Based Toll Booth
- Solutions for Operational & Monetization Headaches
- Industrial Grade Scalability for Third Parties

Customer Traction

MaaS is vertical agnostic and highly scalable, serving more than 1,500 customers and 30,000 publishers.
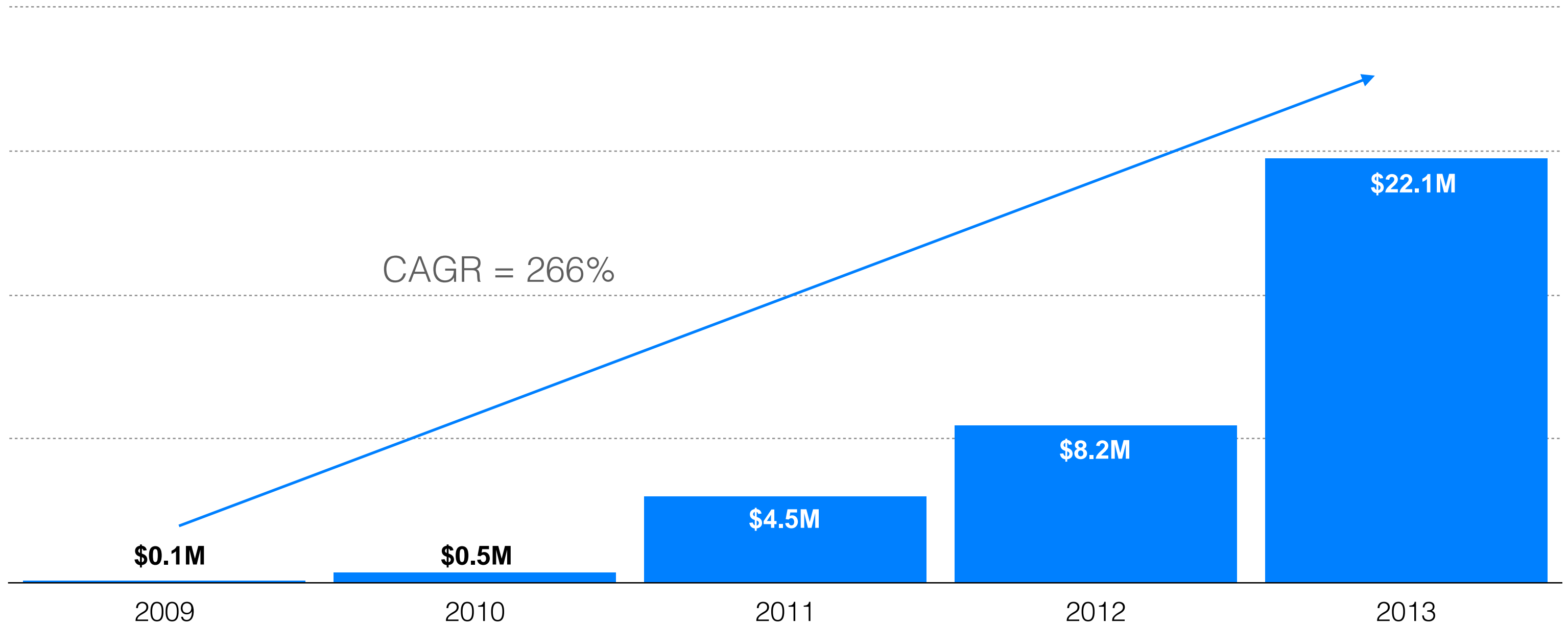
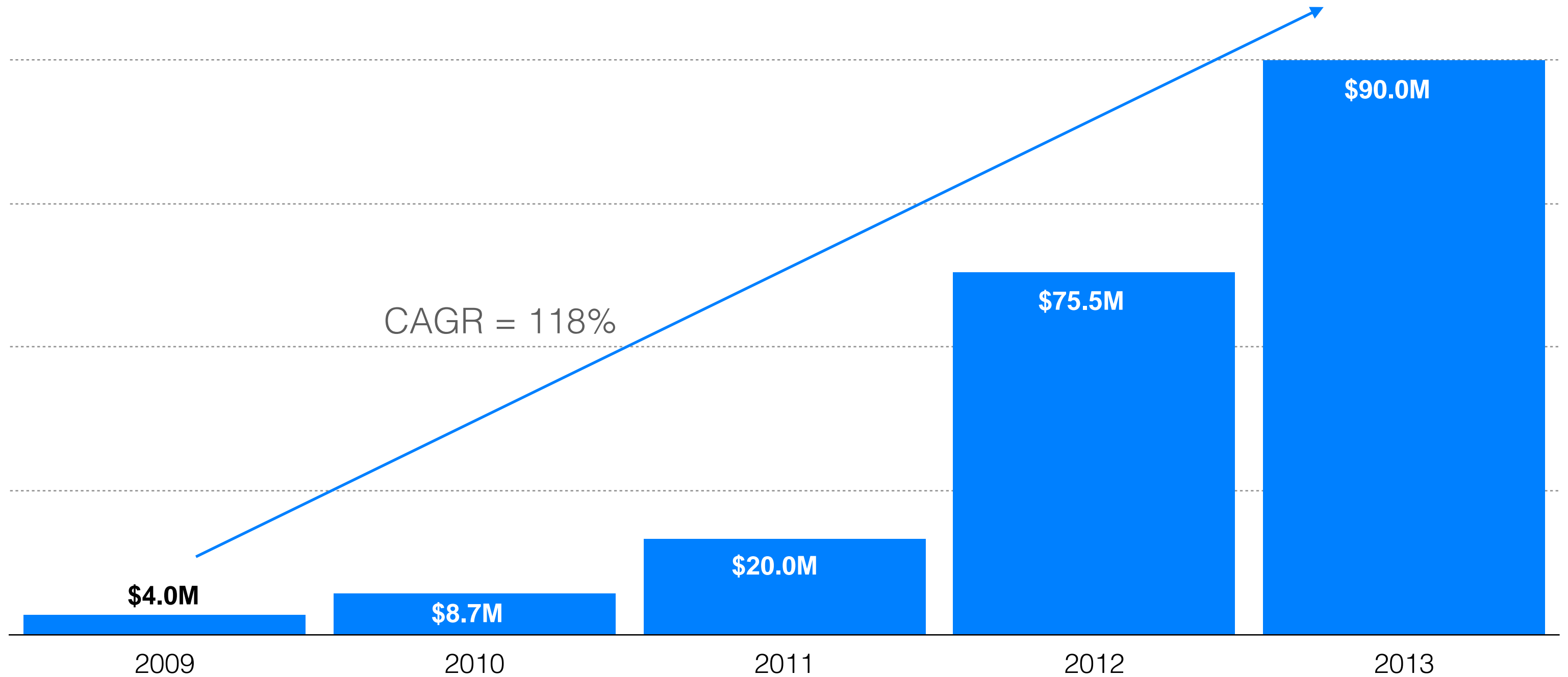# Business Model Composition

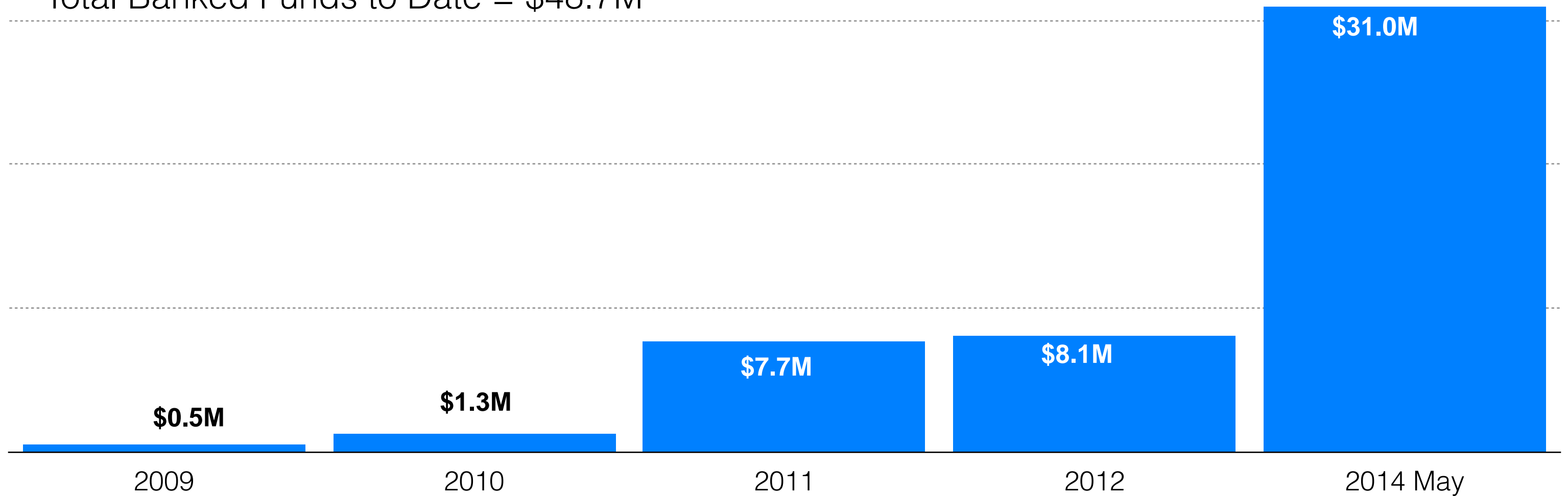## 2009 - 2015 GAAP Revenue

SOFTWARE INFRASTRUCTURE REVENUE

MaaS Subscriptions
MaaS Transactions
MaaS Right to Use Fees

SERVICES REVENUE

Application Development
Support & Maintenance Subscriptions

2009	2010	2011	2012	2013	2014	2015
$0.1M	$0.5M	$4.5M	$8.2M	$22.1M	$50.4M	$103.5M
5%	26%	36%	40%	74%	80%	84%

● Service Revenue   ● Infrastructure Revenue
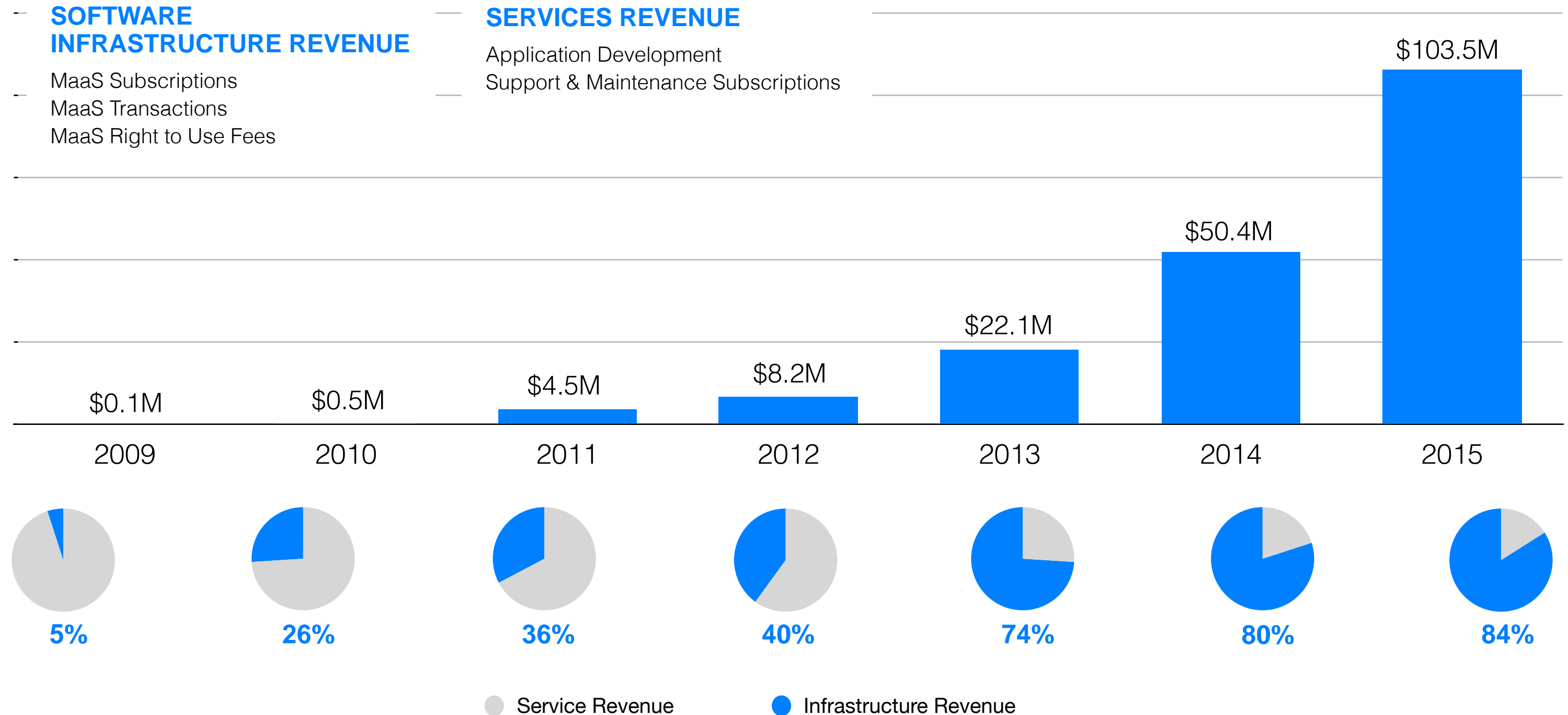
Phunware Timeline

Revenue (in U.S. $)

CAGR = 266%

$0.1M $0.5M $4.5M $8.2M $22.1M

2009   2010   2011   2012   2013

Valuation

CAGR = 118%

$4.0M — 2009
$8.7M — 2010
$20.0M — 2011
$75.5M — 2012
$90.0M — 2013

Funding (in U.S. $)

Total Banked Funds to Date = $48.7M

2009	2010	2011	2012	2014 May
$0.5M	$1.3M	$7.7M	$8.1M	$31.0M

Preferred Stock Price per Share

CAGR = 57%

$0.50 — 2009
$0.85 — 2010
$1.15 — 2011
$2.54 — 2012
$3.07 — 2013
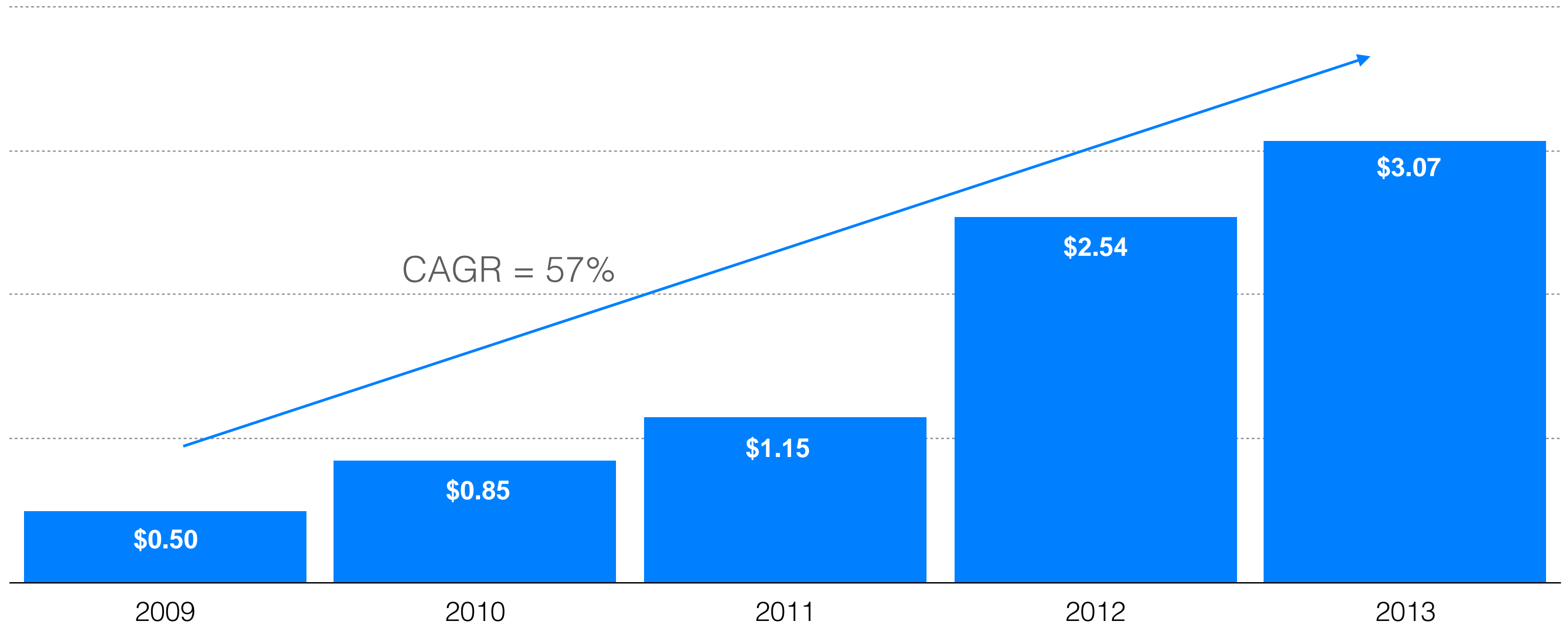
Want to Work at Phunware?

Want to Work at Phunware?

The pace of operations is blistering

- Drinking from a fire hose would be a welcome break for all of us
- Competeence and professionalism is assumed and expected

The volume and complexity of work is staggering

- Our customers are large and demanding
- Our timelines are often unreasonable

Expectations for "on time" and "on budget" delivery are standard

- We do not miss deadlines, ever, as our survival depends on it
- Inefficiency is not tolerated and mistakes should not be repeated

If this were easy, everyone would do it and do it well

- Unfortunately not everyone can handle this environment
- This is the most rewarding, unfair and challenging job you'll ever have

Are You Sure?

Can you handle what is really expected of you?

- Are you wired to be an owner or an employee?
- Can you really work 18 - 20 hour days, including weekends, for the foreseeable future?
- Can you execute under pressure when overly tired and still product exceptional work products without mistakes?

Can your family handle what is really expected of you?

- Can you manage the personal shared sacrifice and stress that is soon coming your way?
- Are you willing to miss, delay or forego your vacations, birthdays and family events for the foreseeable future?

Are you prepared to go "all in" with everything you have?

- Care you walk to proverbial walk in all that you do so that your fellow employees can depend on you the way that you will depend on them?

So You Want to Start a Company?

So You Want to Start a Company?

How is the company going to be structured?

- "C" corporationg vs. "S" corporation vs. "LLC" / "LP" (state of incorporation)
- Fully diluted capitalization table (founders vs. ESOP vs. investors)
- The fallacy of "control"

How is the company going to be financed?

- Boot strap vs. Angel vs. institutional (VC / PE) vs. corporate stategic
- "General" differences between Texas and California start-up mindset

How is the company going to be monetized?

- Distribute profits vs. M&A vs. IPO (vs. "Uh Oh")

Now that we know this, what is the company going to actually do?

- Product company vs. service company
- Build it and they will come vs. build it as they come

You Really Want to Do This?

Do I really know what I'm doing?

- Owner mentality vs. employee mentality
- Focused passion vs. blind ambition

Is my spouse (or significant other) and / or family really on board?

- Shared sacrifice
- Shared stress

Am I really ready to go "all in" with everything I (we) have?

- Time vs. Money

Do I really trust my partners?

- See all items above, but now ask all those questions for *them*

Lessons Learned

Lessons Learned

Look, quack, flap, walk and act like a duck… always

- Know how to structure, finance and monetize your deal at the outset
- Realize that there are no free lunches and no Staples "easy buttons"

People, people, people… always

- 10 "A players" obliterate 50 "B players" every time, so hire people better than you as they will overwhelm all business execution
- I can fund 10 identical companies and watch 9 fail due to the people

There are no sustainable competitive advantages… ever

- There are only unfair advantages that need to evolve over time to be maintained, leveraged and exploited

Lessons Learned *(cont.)*

Maintain perspective and keep your emotions in check… always

- At some point you will eat, sleep and see your family
- And don't forget… nobody is shooting at you (suggestion: go see *Act of Valor* if you need some perspective on what a "hard day" really is)

Spend every dime like it will be your last… always

- Lead from the front, be example, and never ask anything of people that you wouldn't do yourself

It's better to be lucky than good, but it's far better to be both… always

- Make your luck and always be smart enough to recognize when opportunity is knocking on your door, even if it's not quite what you meant to do

Lessons Learned *(cont.)*

99% of the world doesn't know how to say "yes" to anything… ever

- Live and breathe in the other 1% as that's how deals get done
- Realize that the pot of gold at the end of the rainbow requires a lot of work

Be an "experience optimist" and assume nuclear winter… always

- The glass is half empty, full of holes and has turpentine instead of water
- If you plan for nothing going right up front, then you can deal with anything

Learn how to make decisions… and move forward already

- Save "consensus building" for big company management
- Learn how to be a "benevolent dictator"
- If you want to know why it didn't work out, then look in a mirror

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    i. Startup America Partnership

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    j. *AlwaysOn Network*

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THE SOFTWARE OF THINGS™

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