



MITA Update - June 2018

State of the Market

- Mexico's economy has been growing at a higher rate than anticipated, which resulted in an [upgrade by Moody's](#) to stable from negative. Inflation has also been reduced, however the exchange rate of the peso to the dollar has been volatile and reached 20.5 pesos per dollar on Monday, June 11th.
- This [article](#) by the Smithsonian Magazine describes the quickly developing startup ecosystem in Guadalajara thanks to visionaries such as MITA friend Bismarck Lepe, with an honorary mention of our portfolio company [Sunu](#).
 - The article's author, Andrew Selee, interviewed Lynne, and MITA will be included in his upcoming book, *Vanishing Frontiers: The Inevitable Ties between Mexico and the United States* (PublicAffairs/Hachette, forthcoming June 2018).
- VC in LatAm is on the rise, with VC investments in the LatAm region surpassing \$1 billion last year for the first time, according to recent data from the [LAVCA](#). Mexican startups accounted for 23.7 percent of the venture dollars raised in the region last year, or \$80 million across 59 venture deals in 2017. Read more, [here](#).
- Although [this article](#) reflects on challenges Amazon is facing in its LatAm expansion, it highlights the company's positive growth in Mexico, with revenues there growing to \$502 million in 2017, up 106% year-over-year (YoY), making it the online market leader, ahead of Mercado Libre and WalMart (online). To sustain its triple-digit growth rates, Amazon will open its third warehouse in Mexico with almost 1 million square feet offering fulfillment services by Q3 2018, which will more than double its existing warehouse capacity, enabling Amazon to ship more than one million products per day.

Startups to Watch (Highlights)

- MITA portfolio company [Sunu](#) is making fast progress and anticipates annual sales this year of USD1 million. The company will attend the second largest conference for visually-impaired people in Europe this summer and has meetings lined up with distributors in the UK, Germany, Italy and France.
- We met with Linus Petren, CEO of [Tradedash](#), who has developed a trading platform for cryptocurrencies. Linus is in the process of moving his company from Los Angeles to Guadalajara to take advantage of the fast growing ecosystem there.

- CEMEX Ventures [invested in PRYSMEX](#), a Mexico-based startup that offers a solution capable of detecting and helping to prevent workplace accidents through the Internet of Things and real-time data collection.
- Trebol Capital led a MXN\$3.2m [investment in Piktia](#), a Mexican photo-printing service led by MITA friend and TechTalks attendee Ricardo Reyes Martinez, which included a MXN\$500k investment by angel network Ark Fund. Piktia raised an additional MXN\$250k via Crowdfunder.
- Visa led a US\$12.5m strategic investment in LatAM fintech [YellowPepper](#), with participation from existing investors. LIV Capital led a US\$19m Series C investment in 2015 with participation from Mexico Ventures, Fondo de Fondos and the IFC.
- Salesforce Ventures made its inaugural investment in Latin America in **RunaHR**, a payroll automation platform, in a [US\\$3.5m](#) seed round that included Y Combinator, and other notable investors. Founder/CEO Courtney McColgan, (former CMO of Cabify) says "The Latin America market is gigantic".

HeadWinds

- Talks to renegotiate NAFTA are deadlocked and the Trump administration has imposed steel and aluminum tariffs on Canada, Mexico and the European Union. In retaliation, [Mexico imposed a series of tariffs](#) against US exports, likely resulting in a price hike for pork, apples, potatoes, bourbon and cheese.
- With the [Mexican elections](#) now only a few weeks out, political initiatives are on hold until the new players are voted into office. Bloomberg's Poll Tracker shows Lopez Obrador (MORENA) with 50.8% support, compared with 24.8% for Anaya (PAN), and 21.6% for Meade (PRI). [AMI Perspectives has this article](#) on what an AMLP Presidency may look like while, the [New York Times explores](#) the possibility of meddling in the Mexico presidential elections.
- In the US, [net neutrality suffered a further setback](#) as the new rules became official on June 11th. This allows Internet Service Providers to create slow and fast Internet lanes, or to prefer certain online traffic over others.

MITA Team News

- Through our network, MITA was invited to participate in a Special Purpose Vehicle (SPV) to invest in three top LA-based technology companies under special terms. Please email us if you would like to participate in future SPV opportunities, or to learn more about the most recent opportunity.
- Andreas attended AMEXCAP Occidente's first networking event at the new WorkLabs co-working space in Guadalajara. He met with Dr. Ramon Alberto Sanchez Pina, a Director at [Harvard University's](#) Sustainable Technologies and Health Program in Boston. Dr. Sanchez has made it his mission to help develop the startup ecosystem in Guadalajara, and Andreas connected him to MITA portfolio company Sunu, which maintains offices in both Guadalajara and Boston.



The new WorkLabs GDL co-working space

- The World Cup is upon us and Mexico is playing Germany on June 17th. Given the conflict of interest, Andreas will likely hide from the general public during and, depending on who wins, also after the game.

Other — Tech Links:

- Opinions are split about the recent [acquisition of GitHub by Microsoft](#). GitHub is the world's most popular code-hosting repository, and while some open-source supporters were not happy about the acquisition, others such as the Linux Foundation believe it will be beneficial for open source.

Other — Mexico Tech in the News:

- Mexican family offices are starting to see the opportunities in tech investing, but do need the guidance of seasoned VC investors to find the best deals. This [article](#) describes the cultural shift in family offices investing and the rise of Mexico's high tech industry.

Thank you's

- To Jon and Sylvia Duncanson of [AvianaPro](#) for the fantastic work they did in producing the **MITA TechTalks 2018** Summary video! We invite/encourage you to [watch it, here](#).

Asks

- Intros to potential LPs -- We're currently raising a USD30 million Fund, MITA Fund II. Introductions to potential LPs (investors) are greatly appreciated, as we look to complete our first closing at USD15 million. Please ask us for our Fund Presentation, if you'd like to learn more.

- Requests for invitations are now open for **MITA TechTalks** (February 10-12, 2019), and the [website has been updated](#) to reflect the preliminary agenda and themes for the summit. If you --- or someone you know -- would benefit from being a part of this acclaimed event on cross-border tech innovation, please ask us about sponsorship and/or speaking opportunities.

Let's be Social: Like us on [Facebook](#), connect with [Lynne](#) and [Andreas](#) on LinkedIn, and follow us on Twitter ([Andreas](#), [Lynne](#)).

In Closing: MITA was the first fund to connect the Mexican startup scene with the ecosystem in Silicon Valley. We are strong believers that the innovation coming from Mexico and Latin America will escalate even more rapidly in the coming year.

¡Ándale!

Your MITA Team

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