



MITA Newsletter - November 2018

State of the Market

- President-elect Lopez Obrador (AMLO) will assume office on December 1st. There is still a high level of uncertainty how the new team will govern. AMLO will have more political power than any other Mexican President in nearly 40 years. One area in which the AMLO administration is expected to significantly reduce funding are in the [programs related to supporting tech entrepreneurship](#). The ProMexico division--responsible for promoting international business development--is slated to be eliminated, and INADEM, the entity supporting entrepreneurship, anticipates having its budget reduced by 80%. Restructuring is also planned for Conacyt, the Council for Science & Technology. Private industry is already convening to plan on how to step in to support the initiatives being vacated by national government. Tech entrepreneurship is a rapidly growing and increasingly important component of Mexico's economic growth and development.
- One sign of how the new administration will govern came in late October when the incoming government polled the public over the fate of Mexico City's new airport. Only 1% of voters participated and overwhelmingly rejected the project which led to its cancellation. As a result credit rating agency Fitch downgraded its outlook on Mexico from stable to negative, as international investors became nervous about previously committed projects.
- Mexico's inflation rate ticked down to 4.9% in October from 5.02% in September, primarily driven by lower energy and housing costs. That eased some concerns of a slowing economy due to increased costs for consumers and businesses alike. The exchange rate of the Mexican peso climbed over the 20 peso mark and at present is 20.4 pesos per USD. Uncertainty over the policies of the new government contributed to this climb.
- Latin American startups [have raised more capital in October of 2018 than in all of 2016](#). Through 19+ deals LatAm companies raised over USD547 million in October, compared to a total of barely USD500 million in all of 2016. This trend shows that startups are graduating and raising larger rounds.

Startups to Watch

- MITA friend **Errette Dunn** and his Guadalajara- and San Francisco-based startup [Rever](#) raised USD2.25 million from Sequoia and Zetta Venture. This was Sequoia's [first investment in Mexico](#), after having previously invested in Colombia's [Rappi](#) and Brazil's

[Nubank](#). Rever is a business intelligence software that helps promote internal innovation inside of corporations.

- MITA portfolio company **Sunu** was featured as the '[Startup of the Month](#)' by [LatinSF](#) for developing a technology capable of substantially improving the lives of millions of people around the world. MITA introduced Sunu to LatinSF, which is part of the City of San Francisco's Economic Development Office.
- We added a significant number of promising startups to our pipeline for MITA Fund II. One example of a new pipeline company is Guadalajara-based [s4iot](#), which provides modular IoT solutions, lowering the cost of connected devices significantly.
- Another example of a new pipeline company is [Neumarket](#) from Bogotá, Colombia. Neumarket changes the way we buy tires online and is experiencing strong growth in Colombia and Mexico. The company is using tires as an entry market into the much larger car parts market and wants to raise funds to expand into Argentina and Chile.

Why do we like s4iot and Neumarket? Both companies are being led by strong and experienced CEOs. Both companies operate in verticals we at MITA believe in, IoT and e-commerce. And both companies are servicing large potential markets.

- Angel Ventures led a [USD1.3 million Series A](#) investment in Mexico-based real estate rental platform [Homie](#). Other investors supporting the deal were Narval Capital and Plug and Play San Francisco.
- [SkyDrop](#), a Mexican shipping logistics platform for online retailers, [raised USD5 million](#) from Variv Capital, Y Combinator, FJ Labs, Sierra Ventures, EasyPost, Soma Capital, Sinai Ventures, GMF and Dynamo, a previous investor. SkyDrop participated in Y Combinator's Spring 2018 cohort.

MITA Team News



- MITA, in conjunction with Bernstein Private Wealth Management, hosted our first **MITA SatelliteSessions in Chicago** on November 7th. Speakers included **Lee Rand** from our

anchor investor Mexico Ventures / Sun Mountain Capital as well as **Dean DeBiase**, Chairman of Reboot & Startup Partner, and faculty member of Kellogg/Northwestern. In a conversation moderated by Lynne, they spoke of synergies and opportunities to be developed between the Mexico and Chicago tech innovation communities.

- Lynne participated as a mentor and judge in the November 13th **Jalisco Is On 2018**, organized by JalisConnect and the Guadalajara Chamber of Commerce, where Jalisco Governor Sandoval participated. The event selected five early-stage startups to visit San Francisco under the Jalisconnect program based there.



Headwinds

- The recent fraud at Yogome continues to have an effect on funding not only for startups but also for VC funds. We estimate that at present five Mexico-based VCs are in the market fundraising but are experiencing significant push-back and increased due diligence. We continue to believe strongly in this market and see Yogome as an exception. The recent entrance of Silicon Valley investors such as Sequoia and Andreessen proves that Latin America is raising its profile and cannot be overlooked.

Other — Mexico and Latin America Tech in the News:

- Amazon 1: The company [launched Alexa](#) in Mexico with the sale of its Echo devices and Amazon Music service in early November.
- Amazon 2: In late October it was reported that the company is looking for a [location for its fourth distribution center in Mexico](#) near Queretaro. This shows the growing importance of e-commerce in the Latin American.
- South Korean companies continue to show increased interest in Mexico. The governor of the state of Yucatan, Mauricio Vila, [visited with automotive companies](#) that expressed an interest in producing hydrogen-fueled electric cars in Yucatan's Special Economic Zone.

- IDB Invest and OPIC jointly [launched Fund Mujer](#), the first gender-focused fund for Latin America to invest in female entrepreneurs.
- Didi Chuxing, the Uber competitor, [launched its service in CDMX](#) after already having operations in Monterrey, Guadalajara and Toluca.

Thank you's

- A special thank you to **Franco LaMarca** and **Dyan Roppolo** from [Bernstein](#) Private Wealth Management in Chicago for hosting our first MITA TechTalks Satellite Session.
- Thank you to **Lee Rand** and **Dean DeBiase** for serving on our panel at the Chicago Satellite Session, and thank you to both for continuing to support MITA Fund II as investors and advisors.
- Thank you to [LAVCA](#) and **Susana Garcia-Robles** of the [IDB](#) for addressing an issue that is also close to our hearts, promoting and supporting women investing in Latin American Tech. Lynne has been a proud member of that list for many years and it is great to see this initiative to raise the profile of women in Latin America tech investment.

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](#) 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

Copyright © 2018 MITA Ventures, All rights reserved.

You're receiving this email because you showed interest in receiving updates from us

[MITAVentures.com](#) [MITATechTalks.com](#) 

Click [here](#) to unsubscribe.