FINTECH ONE-ON-ONE PODCAST – REX SALISBURY

Welcome to the Fintech One-on-One Podcast. This is Peter Renton, Chairman & Co-Founder of Fintech Nexus.

I've been doing these shows since 2013 which makes this the longest-running one-on-one interview show in all of fintech, thank you for joining me on this journey. If you like this podcast, you should check out our sister shows, PitchIt, the Fintech Startups Podcast with Todd Anderson and Fintech Coffee Break with Isabelle Castro or you can listen to everything we produce by subscribing to the Fintech Nexus podcast channel.

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Before we get started, I want to talk about our flagship event, Fintech Nexus USA, happening in New York City on May 10th and 11th. The world of finance continues to change at a rapid pace, but we will be separating the wheat from the chaff covering only the most important topics for you over two action-packed days. More than 10,000 one-on-one meetings will take place and the biggest names in fintech will be on our keynote stage. You know, you need to be there so go ahead and register at fintechnexus.com and use the discount code "podcast" for 15% off.

Peter Renton: Today on the show, I'm delighted to welcome Rex Salisbury, he is the Founder & General Partner at Cambrian Ventures and is also the Founder of the Cambrian Fintech Community, a community of 20,000+, you know, fintech founders, product managers, engineers, etc. It's been very active, got it's own slack channel, there's a newsletter, and he's really brought together a great group of people in that community. So, I wanted to get Rex on the show because he launched a new fund, his first fund as a solo GP about a year ago and wanted to talk about how that's gone.

But more importantly, talk about what he's seeing in trends in fintech, trends in venture capital fundraising because he focuses on the pre-seed and seed round and he sees a huge number of deals just given his connectivity to the community. So, we talk a lot about that, he gives examples of at least one of the investments that he has made, many of them are still in stealth mode because they are pre-seed or seed stage. He talks about sort of the where we're at as far as pre-seed funding goes compared to historically and how things have sort of more normalized now from the craziness that was 2021 and early 2022. He talks about his favorite areas of fintech right now and what it's like being a solo GP and much more. It was a fascinating discussion. hope you enjoy the show.

Welcome to the podcast, Rex!

Rex Salisbury: Hey, thanks so much for having me, Peter.

Peter: My pleasure. So, let's get started by giving the listeners a little bit of background about yourself. You've had some interesting jobs to date, what have you done - some of the highlights.

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Rex: Yeah. I guess the TLDR is I'm a recovering investment banker, former fintech software engineer and now, a fintech venture capitalist so I have kind of a random story of terms of how I actually got here.

Peter: Tell us a little bit about the path you took. I mean, you were at Andreessen which is, you know, maybe the biggest name in venture capital, certainly from the fintech perspective, so tell us a little bit about the points you talked about. You went from product engineer or you were first investment banking, product engineering, how do you go from product engineering to venture capital?

Rex: Yeah. One thing that's funny about career stories is you can always tell a story where it feels kind of like linear.

Peter: Right.

Rex: In retrospect, at that time just like nothing about it necessarily made sense, like if I go back ten years and think about, would I expect to be, would I expect to have done any of the things I have done now in terms of having been a software engineer, having worked at Andreessen Horowitz, having started my own fund and the answer is probably no, but I can tell you a story where it kind of makes sense. So, that story is essentially that I started off my career like a lot of people just post 2008 in investment banking although at that point in time, of course, a lot fewer people were starting off in investment banking. I learned a lot, but I didn't particularly like the work, I was structuring large debt facilities for publicly traded real estate companies and interesting work, interesting insight into the economy, but you realize that a tremendous amount of inefficiency can get fit into a ten basis point arrangement fee for a large debt facility.

Meanwhile, this was sort of 2010, you're seeing like the first innings of some of the fintech companies getting started where they're starting to automate the low value, high volume transactions in the financial system. So, I'm thinking of like a Lending Club working on automating consumer unsecured credit, a SoFi was starting to automate student loans. And I'm sitting up here at the very top doing these huge facilities watching 20 bankers, 20+ lawyers, spend three months to basically change four sentences in a 300-page credit agreement and you're like, this is crazy, like this isn't the way work should be done. I don't want to sit here for ten years and wait until like we move from consumer unsecured lending to student lending to mortgage into like more large capital markets, like I want to go where there's more interesting material or work being done.

So, after trying to figure out what to do eventually, I just quit my job and I moved to San Francisco, taught myself to code and then ended up joining a team working on automating consumer mortgages and the CTO I worked with was Andy Carra who's the former CTO & Co-Founder of SoFi. And so I thought oh, this is a great opportunity to like we've seen unsecured credit happen, we've seen student loans started to happen, like mortgage is going to be the next shoe to drop. It turns out I was wrong and that mortgage is very, very hard (laughs) for a number of reasons, that's a subject of like a whole other podcast. And so, the company didn't work out, but I had a great time because this was, you know, circa 2014/2015, downtown San Francisco.

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If you look at Google trends, 2014 is when you can see the term fintech start to take off and that's when there starts to be this community of people that's big enough to aggregate and bring together and is doing lots of different kinds of interesting work, but they haven't necessarily started to be brought together. So, like I'm a person who by naturally just likes bringing people together, recently I moved to the Bay Area, I was like I want to talk to other people who like me, are building interesting things at fintech.

So, I built like an online mortgage pre-qualification tool and as I often talk to other people doing interesting things so we did a meet-up in downtown San Francisco, very first event, my team demoing what we built at Sindio, the Plaid team demoing their API and then someone else demoing something they built on top of that. So, that was something I did just randomly because I wanted to see it, and I wanted to meet other people doing that kind of work, but that's ultimately what ended up sending me down the path into venture and starting my own fund.

So, eventually, Cambrian, the Community, which it actually started out being called Fintech Devs and PMs which is a descriptive but unwieldy name for a community. We started doing more events so monthly events downtown San Francisco and in New York, quarterly job fairs, biannual summits, biannual co-founder matching. I was doing my day job still as a software engineer in and around fintech, but I basically realized that I was getting a lot more energy from doing the ecosystem level work and I was getting pulled into investment advising so I quit my day job and went full time on Cambrian, the Community, with the intention of raising a small fund.

Actually, Andreessen Horowitz's team reached out to me when they were in the process of going from, they had a big name in fintech, but technically, was not a fully fledged sub-vertical so I was the first partner brought on externally to help build out the fintech protocol at Andreessen Horowitz with the understanding that after two years if I was still interested in going and doing my own thing that would be an opportunity.

Peter: Interesting.

Rex: And so, Cambrian kind of led me into… then joined the firm there. I focused primarily on investing, but also some on like helping to verticalize our fintech offerings and companies I worked on there, one is Tally, we did the series C, I'd actually gotten to know the founder, Jason, at a fintech summit prior to that so you can see that recording. Deel, we did the Series A, also got to know them through Cambrian. I used to do an annual or bi-annual event where I'd feature YC fintech companies, both some from that batch, but also from some who were a little bit earlier just to give people a sense of like, here's what these companies look like when they're very new. And so, Deal had presented at our event a few months before we ended up leading the Series A and that's been a phenomenal outcome…….

Peter: Right.

Rex: …..for Andreessen Horowitz, but also just an incredibly critical piece of infrastructure for everyone who basically wants to pay workers remotely, if you don't know Deel, they enable international payroll and during the pandemic but even pre-pandemic, just the internationalization of

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teams and talent, that's been a really huge opportunity. So, anyways, worked on investing in Series A and seed, but after two years basically realized I wanted to get back to my roots, focus entirely on very early stage investing and that's what led to Cambrian Ventures so Cambrian Ventures, I can jump in there if you want or if you have…….

Peter: Before we go there, I didn't realize you actually had the idea for the fund before you took the job at Andreessen, but it's amazing because, you know, I hear this Cambrian Community, fintech community, that was there. I joined it back, I think that was probably 2020 or thereabouts, but, you know, you've got a pretty active Slack channel, and a newsletter and the Founder Matching Service which I think is pretty unique. I don't know anyone doing it, at least, in a proactive way like you are, tell us a little bit about that and how that sort of all came about.

Rex: I think the way I started a lot of things I've done for the Community, but also just in my career is I start doing something and then I need to add like a little bit more automation. So, I was basically getting a lot of emails from people I liked, who were like hey, I need a co-founder and so I'd like post it. Actually for Co-Founder Matching is how it started with someone, after doing like four/five or 10, 20 email introductions I then like did a litter Twitter thing about hey, I think I have someone looking and I got…I think off of that one Twitter post, I got like 80 inbound emails and I don't have time to go through 80 emails to do all this. So, instead, what I did is created the Co-Founder Matching service which basically allows co-founders to have a list where they can access and see who else is out there looking and then connect via LinkedIn.

We just kicked off….I've been doing this, I think this is the fourth or fifth time I've done it now, do it twice a year, have over 200 participants about each time we gathered so we just crossed the 200-participant threshold this year. It's been great because there are so many more people in the fintech ecosystem than ever before and finding a co-founder is really important. But even if you don't find a co-founder through the list, which most people don't, you still have a bunch of productive conversations with other folks who are early in the ecosystem and you can learn things about what's happening across the network. That should still, hopefully, be helpful and inform how you think about whatever you're starting.

Peter: Right, right, okay. So, let's dig into the fund then that you launched, I believe this was last year, right, you actually came out with the fund. Tell us a little bit about what's the intention, what kind of companies you are looking for, tell us about the fund itself.

Rex: Yeah, absolutely. So, we started, we did our very first investment in January 2022 and the fund itself is just north of $20 Million fund focused on pre-seed and seed investing in companies with US go-to-markets. So, the teams might be international, but generally, it's people that are building financial services and technology for US-based companies or consumers. I will also do things that are very international so think like a deal which is international payroll, love doing that kind of stuff, I'm actually having Angela Strange and Anish Acharya to talk about why some of the future companies, I have a YouTube podcast talk about why some of the future companies, like default global is a thing, so that's

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a subsequent thing I'll do. But, generally, the way to think about me is US fintech at the pre-seed and seed and I am a non-lead investor so I usually write up to a $600,000 initial check which is usually the second biggest check after the lead.

Why being a non-lead? Part of my pitch is to provide connected capital, access to networks, as a non-lead investor I'm actually able to do that better in many ways. I'm able to commit to rounds and help you find a lead for that round that I commit in. If you get a multi-stage fund that ends up leading that round, it's kind of a strange notion for them to help find a lead for the seed or the Series A after they've invested, 'cause there's signaling risk. It's also negotiating against themselves if they have to compete against one of their biggest competitors, so like I can help out a lot in terms of subsequent rounds of funding and then I'm also just able to provide a lot of connectivity to other founders in the ecosystem.

So, the fund itself has a community and a flavor to it and they've got 20+ of the top founders in fintech as LPs in the fund, founders from places like SoFi and Betterment, Plaid, etc. and that's another kind of network service that I provide is providing connectivity to really great advisors, you know, either episodically or an ongoing basis that might be relevant to the business you're building. And one thing that's cool to watch about this is there is just so much great talent in the fintech ecosystem right now.

So, I've just closed out the first year of investing, have made about 12 investments, so far, all at the pre-seed or seed and about 60% of them are repeat founders and I love backing any kind of entrepreneur, but it just so happens there are a lot more repeat founders in the ecosystem than there were, you know, even a few years ago. And these are smart people who know how to build, what to build, who to hire and are building often and kind of interested in untouched areas of financial services that maybe people haven't thought about before.

Peter: Interesting. And so are you finding, is the deal flow, I mean, you're very well connected so is it coming through the Cambrian Community for the most part, I mean, is everything inbound to you right now?

Rex: Yeah. There's always a question whether you're doing online advertising or sourcing deal flow as an investor, there is a question of attribution and so a lot of the companies I see, I usually have two or three touch points across various aspects of what I'm doing. So, a lot of the founders I've backed have joined the Cambrian Slack Community which we've got 1,600+ fintech founders in that group, some months we'll have up to 100 folks join there so I usually get connected to a lot of great folks through that. I also have, as a non-lead investor, I talk to a lot of other investors, I'm not competitive with them so we collaborate on deals fairly often.

And then I also have my 20+ founders who are LPs in the fund, many of whom have started, you know, multi-billion dollar companies, founders who are investors in my fund send me great deal flow and then there's, of course, cold inbound inquiries, there's a whole bunch of different sources and that's kind of the name of the game, to have lots of touch points with founders. And then, not only does that help me from a like sourcing great potential investments, but also helps me be valuable to those companies when I meet them.

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I think fintech is by nature more collaborative than other kinds of technology, whether it's enterprise or consumer, I think in part because it's so heavily regulated, you need a bunch of partners, you need regulatory counsel, you need a banking provider, you need a payments provider. They're all these reasons why you might need to partner with other folks in the ecosystem or, at least, tap their expertise that aren't necessarily true in the same way if you're building a new enterprise SaaS tool or you're building a new consumer app. And so, a lot of those multi points of connectivity benefit, not just deal sourcing, but also with them supporting my portfolio companies as well.

Peter: Right, right. So, can you share one or two of the companies that you have invested in. One I know that I've read about, Keep Financial, Kathryn Petralia and Rob Frohwein who I've known personally for a decade or more now and been a big fan, two of my favorite people in fintech. So, tell us a little bit about that deal and any others you can share.

Rex: Yeah, absolutely. So, high level first on just a recall investment, so far. Most of them are still in stealth or pseudo stealth, Keep is one of the ones that's not and I think anyone who know Rob and Kathryn, who are the co-founders there also speak very highly of them because they are just two dynamic and interesting individuals. So, for those who don't know Rob and Kathryn co-founded Kabbage which was a small business lender they sold to Amex and their new company, Keep, is a bonus management platform for large employers, basically offer bonuses as a tool to keep and retain talent. You can see where the name Keep might come from. If you think about large employers, and these are not necessarily customers but just examples, whether you're a large retailer like Walmart that has a huge frontline workforce or whether you're a large employer of software engineers like Amazon.

Of course, we've got some more layoffs right now, that market environment for hiring is a little different than it used to be, but there are some sectors that are still incredibly competitive and incredibly understaffed. If you want to be able to hire those workers, one great tool to have in your arsenal is simply cash bonuses that vest over some period of time and that's essentially what they've built out, but there's a lot more to building out, kind of an intelligent bonus retention play than just offering the bonuses. You need to think about how to market it, how long the duration should be, a lot of that sort of stuff and prior to Keep, we've also seen explosion of other services being offered through the HR channel to employees.

So, if you think of Right Side which is an investment newly made at A16z which is a financial wellness platform distributed through employers or employees to get financial consulting, also get better rates on loans, etc. that is something that's solved because it's good for employees, but at the end of the day the employer wants to know our line in terms of retention or something else. Connecting those dots can be a little bit more complicated because there may be two or three steps that are removed from how you have to think about the benefit you, the employer, are getting whereas something like Keep offering a bonus that is like directly tied into retention can have a very strong effect in terms of driving retention in your workforce which is, you know, hugely important for large employers.

But, anyways, Rob and Kathryn, phenomenal founders, super sophisticated, under the hood, the bonus is structured as a loan, they've actually built out a loan platform before understand the regulatory environment and materialized a team, all of that and so they've been wonderful individuals to work with.

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Peter: Okay. So, switching gears a little bit, I want to talk about the fintech market overall. I mean, you know, we've seen a lot of layoffs and that sort of thing, but there's still a lot of innovation happening. I'm sure you must get huge numbers of new company ideas coming across your desk, what verticals do you think are most interesting in fintech today?

Rex: Yeah. So, I think one of the most interesting one is the rise of vertical SaaS or vertical software. So, the canonical examples that are already at scale would be Toast, which is vertical software for restaurants, it allows you to manage online orders, in-restaurant orders, it's your point of sale, it's all of that sort of stuff, it's basically the core operating system for how you need to run your business. There's Mindbody, similar thing for yoga studios.

If you think about all the other verticals of business, everything from manufacturing to chemicals to supply chain to other kinds of traditional four-wall retailers, etc., there's a huge opportunity to rebuild vertical operating systems for those categories and monetize financial services. If you weren't able to embed and monetize through financial services, you could probably earn, you know, a third to a tenth less revenue per customer which just meant the market size for vertical software has always been kind of constrained. But if you can re-imagine and byembedded financial services 10X the market, build better products, that's a very interesting category of companies to build.

It's also a very interesting category not just for the individual vertical software providers, but for the kind of the layer of meta vertical software. So, let's say you want to embed payments, obviously you've got the Stripes, the Adyens, the BrainTrees, but there's a whole new host of kind of infrastructure providers for vertical software companies, those meta vertical software companies that are allowing you to embed say payroll or lending so another investment idea is Oatfi which is doing embedded lending. They do all different kinds of working capital from invoice factoring to providing like 30-day float for charge card programs as well as other kinds of things.

So now, imagine that you are a vertical software platform, you've already got payments integrated, you want to build in some sort of lending which could probably provide a 30 to 50% revenue uplift per customer which is super material, but you're like oh man, I have to raise a credit facility, I have to hire like a head of capital markets, I have to staff software engineers, against that add in a product manager and it's going to take me six plus months to bring that to market. Or, you could instead partner with someone like an Oatfi and have them provide the capital, have them provide a lot of the infrastructure, and now you can bring it to market much faster and do a rev share with the platform.

Now, you also don't have to worry about confusing your investors, is my revenue lending revenue that's at risk in some way? Or is it really just more pure high gross margin revenue? And so, the ability to embed things like lending, etc. is very interesting, but there are also other categories like embedding payroll, bookkeeping, that will be really interesting to kind of follow as the whole vertical software movement.

Peter: Right, yeah. The whole embedded finance piece, I mean, it's still, you know, it became a buzz word four or five years ago, I guess, but it gets hotter every year, it feels like to me and heard you say there's new verticals coming in beyond just what we.....you know, we've had sort of embedded payments for a while, we've had embedded lending, but it keeps getting better and there's more verticals that are coming up all the time.

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So, anyway, I want to talk about kind of.....you've been now in venture capital, it sounds like, for about, you know, two and a half/three years which is probably the three years that have been most interesting, I would argue, over the last decade to be in venture capital, where are we at today? We are recording this in late January of 2023 and clearly, 2022 was horrible for, at least, the latter half of it....

Rex: Q1 was probably the craziest quarter and then Q4 of 2021 and Q1 of 2022.

Peter: Q1 was crazy and I'm sure you were too, hearing early Q1 there were murmurs of things, you know,.........

Rex: Early Q1 was a little bit like Wile E. Coyote goes off the cliff (Peter laughs) and he's still there, but you're like not really, but things were still happening in a kind of crazy way so.

Peter: So, anyway, what's it like today given this turmoil we've had over the last couple of years?

Rex: I want to talk to the area I spend the most time on which is like pre-seed and seed. So, net new companies who are getting started today and what does it look like to them at the present moment as well as what is the opportunity? So, first to talk about everything, not pre-seed and seed, everything not pre-seed and seed, these are companies that are already capitalized, a lot of them had very high valuations during COVID when there were a lot of things that like TrendMinds, they got pulled forward, but then maybe are like resetting to a new normal, whether that's valuations, etc. You get into the Series A, Series B, Series C, that where's things are very painful, public markets have come down 80%, people are doing layoffs, they're doing less, we have inflation, like all of that is a very turbulent, hard to navigate market for a lot of founders.

If you dial back to the pre-seed and seed, these are net new companies being freshly capitalized, valued generally at like 2018 or 2019 levels. So, still perfectly like reasonable, it's not like "oh my God, you have to give away like 50% of your company for $500,000," you can still raise a $2 to 3 Million round and, you know, maybe it's in the $8 Million to a $15 Million post for the first round of funding and so that's fine and you still get enough money to be able to build the business you need to build, to de-risk things you need to de-risk to the next round of funding. And then if you just back up, and you look at financial services, generally, I mean, you know this, Peter, like there is still a huge opportunity and so many sectors from healthcare, commercial real estate, insurance, things like Keep which is kind of a fintech concept but applied to HR and HR tech ecosystem so like fintech at the intersection of other stuff.

There're all these other opportunities that are still huge opportunities and as we talked about before, you have more Rob and Kathryns of the world, more repeat founders who know how to build something, what to build and who to hire to get it done and if you're getting appropriately capitalized at the pre-seed and seed and you like make good progress on your business, there is record dry powder in the ecosystem, about $300 Billion of undeployed venture capital which is kind of hard for venture capitalists and cross over investors to figure out, how do I deploy this out like a Series C or a D or an E where a lot of the high dollars go.

But a lot of high numbers go into the seed round or the Series A and those rounds are starting, or have corrected and it's probably a better risk adjusted place for venture folks to be thinking about so pre-

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seed and seed founders are in a great place today, they're usually very sophisticated teams, they're operating in huge markets that's still….. digital penetration of financial services is super low and there's still venture capital available for those companies. So, all that I would say is, it's actually a great time for very early stage companies because they're appropriately capitalized.

Maybe one other thing I'll add to that too is if you are an employee thinking about what kind of firm to work for, I think one, starting a company actually makes a tremendous amount of sense still because there are still people who are very active at the pre-seed and seed. Q4 2022 was my busiest quarter of my career at pre-seed and seed and there are a lot of great companies that were started then. And then if you are an employee, you should probably think about joining a pre-seed or seed stage company because they are appropriately capitalized. If you work for a late stage tech company, A) they're probably not hiring, B) they might have done a structured round so the likelihood of your common equity being worth anything is lower or you might have been working there and now, you're underwater, the strike price on your options is below your last 409A and so you're having to figure out all this other stuff.

So, I think going earlier for both founders, well, founders obviously have to go early, but for employees makes more sense, but the flipside is if you're pre-seed or seed stage founder, hiring has never been easier and that was the number one problem a lot of founders faced when money was freely available and everyone was hiring.

Peter: Right, yeah. I remember having dinner with a whole bunch of fintech CEOs in New York, it was like November of 2021 and we went around the table asking what the number one challenge was and I think it was like 9 out of the 10 people said hiring was the number one challenge. Whereas now, it sounds like, so if you're a pre-seed or seed are you seeing a lot of these companies being able to gobble up some of the layoffs that have, you know, so many of the top, mature companies in the space have laid off people. Are you seeing that they're moving to a pre-seed and seed companies?

Rex: Yeah. You're not just able to take people who have been laid off, you're also able to poach employees. If you do a cold outreach to, I'd say it's probably not a cold outreach because you probably know somebody at like a Series C company that's been impacted by layoffs recently and, again, maybe they're underwater in their equity in some way or it just doesn't look like their equity is gonna 4X in value in six months like it did, you know, six months ago. You can just go and say hey, do you want to have more fun at a new company with better upside and the likelihood they're going to say yes is a lot higher that it was six months ago. So, one way to think about it is if you're a pre-seed or seed stage founder it's kind of like 2018/2019, only hiring is 3X, three times easier.

Peter: Right.

Rex: And like that's a good place to be.

Peter: That's a good place to be for entrepreneurs. So then, as far as volume of companies, I feel like fintech keeps getting more and more interesting and, you know, there's a whole bunch of, like the

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payment space is just going through this massive innovation. You talked about all the embedded pieces, I'm really interested in sort of the volume of new ideas, good new ideas. Are you seeing that, like you've been doing this now for, well obviously with Andreessen, but you are now at pre-seed and seed where I'm most interested, has the volume over the last 12 months remained constant, is it really accelerating now, where are we at?

Rex: Yes. It can be very interesting to follow, but the thing about COVID is like the pendulum swings back and forth and you don't know like what the new normal is, it could be very high in one quarter and then low and you're trying to figure out, but I think, generally, the number of early stage companies has only gone up. So, I wanna talk about three things. Maybe, first, we can talk about just the talent ecosystem for the types of people who become founders, then we can talk about the venture ecosystem sort of like the allocate towards like pre-seed and seed and then we can talk about some of the platform shifts and opportunities in the ecosystem, that make it attractive to start something because there's an area that you think, you know, there's an opportunity.

So, first, on just the talent piece. There are more highly qualified individuals, again, we talked about this before, than ever before, there are more Rob and Kathryns who have started very valuable, successful companies and once you've done that and you know how to do that, you also have probably a list of deputies who are capable of doing that as well because they've been along with you as you grow. So, just the talent pool of people who are able to be successful founders in fintech, the talent, I think, the number of folks there is higher than ever before.

Then two, if we look at the venture landscape. Again, $300 Billion in dry powder, but if you drill into that a little bit more deeply, a lot of folks did go out and raise mega funds for growth and kind of classic early medium, like A and B, but there are a lot of people who went out and raised dedicated seed funds and pre-seed, pre-seed and seed funds. So, like a16z, for example, has a new dedicated pre-seed fund, Sequoia has a new program called Arc, that's kind of like an EIR/YC competitor so all that is to say, there are these large pools of capital dedicated specifically to funding early stage capital or companies. They're still out there and the fact that rounds have gone down mean that those pools of capital actually last longer than they have historically, so there are still, there are more good people and there's actually more capital for pre-seed and seed than there has been before.

And then, if you look at like the platforms and the set of ideas, we talked about how there's still lots of opportunities for building things in some of these untouched areas of financial services, commercial real estate, healthcare, just other kinds of novel ideas and there are some platform shifts that are coming that could help unblock some of that. So, we don't necessarily have an iPhone, crypto hasn't been exactly the platform shift that people were really hoping for, but you do have things like FedNow and RTP coming online and so some of those things will also create a bunch of new opportunities. So, all I wanna say is like more people, there actually still is more capital, it's just at more reasonable valuations, but, again, like 2018/2019 levels, and there are still like plenty of ideas to play around with.

Peter: Right, right. Before we close, a couple of more things. What's it like being a solo GP, you went from Andreessen, I know you were always intending to go, to have that as a stepping stone, but obviously.......

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Rex: I never knew for sure, that was my gut, but, you know, like it was a great team of a lot of good people......

Peter: So, you went from a very well respected and well supported group of intelligent people to going out by yourself, how's that been, that transition?

Rex: I've loved it. it's been great and there are a lot of things you have to do that are different that maybe I had like a team supporting me to do before, but you're also just able to move so much more quickly when you're on your own. So, for example, Andreessen Horowitz is going to end the year or I say end the year, it's now 2023, so, originally, were planning to end 2023 at around 500 people, when I joined there it was just over 100 people, they're an IRA so, for example, if you want to tweet more than two tweets that has to go through compliance. There are some IRAs in traditional financial services where you can't even post to social media so there's just things that happen as you become a large organization that slow you down. When you're a solo GP, you can move very, very quickly because you're running your own firm.

Two, there are also some like strategic advantages I have as an individual that I didn't at Andreessen Horowitz. I intentionally raised a smaller fund than I could have to be a non-lead investor because I'm much more collaborative with other investors in the ecosystem and so I'm actually able to see deals that I would have missed at Andreessen Horowitz because the leads who preempted them never would have told me, whether that was a net new company, someone that they had a close relationship with or, you know, pre-seed portfolio company that they're actually leaning in and doing the next round of financing to.

So, they're both some like just mechanistic things about how I can move very quickly to pursue the kind of strategy I want to pursue which is great and fun, I can also focus solely on the stage that I love which is pre-seed and seed. And then, there's the strategic benefits of being a non-lead and also just being able to really leverage the whole community in a way that is beneficial to the community, but it was also kind of hard to do within the confines of a larger firm. And so all that is to say, like loved the team there, had a great time, learned a lot, wouldn't be able to do what I am doing today without, you know, the relationships and learnings I had, but this is like a much better, much better fit for me and has been a lot of fun.

Peter: So then, what's your vision here, I mean, are you going to be, you know, building this up? Obviously, you've got, I presume you are thinking about a second fund, I mean, where are you taking Cambrian?

Rex: Yeah. So, my plan is basically just to be very helpful to pre-seed and seed to the whole ecosystem and one of the things to do then is also to run a fund, so the future of Cambrian looks very much what it looks like today which is doing these community efforts like the Fintech Slack Community for founders the…bi-annual Co-Founder Matching. Eventually, as I grow the team I'll probably have a Head of Community and we'll grow some of those offerings so they can scale a little bit beyond me. I do have a team supporting me of like six folks, I've got like six different contractors in various capacities for certain things, but eventually, I'll have, you know, more dedicated full-time resources doing that.

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And then two, on the fund side of things, is I will keep doing the same things in terms of helping the small non-lead pre-seed and seed focus funds because I think there's a lot of synergy and benefits I can provide connected to the community that I can only do as a non-lead. And then, over time, in conjunction with Fund 3, so we're talking now four years or so in the future, I will think about scaling the platform by raising growth capital to support the successful companies from the portfolio, but also, you know, within the broader ecosystem if I miss some of the really great and key companies in this decade of fintech.

Peter: Okay, Rex, we'll have to leave it there. It's fascinating what you've been able to build and the community you've put together, it's really quite something. So, thanks for coming on the show today.

Rex: Thank you, Peter, and thanks for all the work you do too with the fintech community and the ecosystem.

Peter: Of course, okay. See you later.

If you like the show, please go ahead and give it a review on the podcast platform of your choice and be sure to tell your friends and colleagues about it.

Anyway, on that note, I will sign off. I very much appreciate you listening and I'll catch you next time. Bye.

(music)

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