Exchanges at Goldman Sachs
Investing with Forerunner Ventures’ Eurie Kim
Eurie Kim, Managing Partner, Forerunner Ventures
Katie Koch, Chief Investment Officer, Public Equity,
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Allison Nathan: Investors are facing one of the most challenging backdrops in recent years amid slowing economic growth, rising inflation, and geopolitical conflicts. I'm Allison Nathan, and this is Exchanges at Goldman Sachs Great Investors.

In this special series, Alison Mass, chairman of our investment banking division, and Katie Koch, chief investment officer of public equities in our asset management division, speak with the world’s most respected investors about their investing strategies, career trajectories, and their outlook for markets and economies.

I recently sat down with Katie Koch, who spoke with Eurie Kim, general partner at Forerunner Ventures, which is an early-stage venture capital firm. Here's a bit of our
Katie, Forerunner has made its name by being one of the earliest investors focused on direct-to-consumer businesses, but what would you say is the biggest takeaway from your conversation with Eurie about how that space has evolved?

**Katie Koch:** Allison, what was really interesting to me about this conversation is just how incredibly dynamic and shifting the consumer space is. So Eurie and Forerunner were early investors in a number of direct-to-consumer brands, but what I learned from the conversation is it was not just the act of going direct to the consumer but it was the way that these brands, like Bonobos or Warby Parker, used new distribution routes and social media to actually build community around those brands. And we talked a lot about that, and then I asked her the question, ‘so what’s next for the consumer?’ And I was really interested to hear her view that the next opportunities are going to go beyond this idea of product and community to actually experience and services. And so she talked about the Oura Ring, which I'm sure a lot of our listeners are aware of, and it's a biometric tracker that gives you information on
everything from your heart health to your sleep quality and also obviously has the tailwind of the Millennial and GenZ preference for healthy lifestyle.

So just very fascinating to hear the evolution of the consumer and how they're attacking that space.

**Allison Nathan:** Katie, it sounds like a great conversation. Let's get to it now.

**Katie Koch:** I'm Katie Koch, chief investment officer of public equity at Goldman Sachs, and welcome back to another special edition of Exchanges at Goldman Sachs Great Investors. Today, I'm really excited to be speaking with Eurie Kim, general partner at Forerunner Ventures, which is an early-stage VC firm investing in the most transformative companies that are redefining the consumer landscape today. We'll be talking with Eurie about her entrepreneurial journey, her investment strategies at Forerunner, and her thoughts on the latest trends in consumer behaviors.

Eurie, thanks for joining us and welcome to the program.
Eurie Kim: Thanks so much for having me, Katie.

Katie Koch: I'd love to start with your entrepreneurial path. And after having worked in consulting with Bain and having some experience in private equity, you made the decision to go back to business school. And while you were at Wharton, you spent your entire time there developing your own business plan for a direct-to-consumer luxury handbag company I think called MAVN. Can you just walk us through that experience, and why did you feel ready at that time to launch your own business?

Eurie Kim: You know, I had thought of this concept that later became MAVN for years, and it probably percolated while I was at Bain because I had seen so many senior female partners who were so successful, you know, running around doing all the things that they do at their meetings. And they always had their really nice handbags and then they had their, you know, Tumi briefcase or some equally unattractive thing that they had their laptop in. And I thought, well, why isn't there a brand that stands for an empowered woman, somebody who, you know, just is moving and shaking and wants nice things and wants high quality in all aspects of life, particularly in their
professional lives?

So I had this idea, but I thought, well, I don't know how to do this. I don't know anything about making a handbag company. So I wanted to continue to develop my analytical skills and my business-building skills. So actually chose to work in private equity because a lot of the businesses we were investing in at Castanea Partners were retail consumer businesses, and I thought that would offer me some context for how to start a company and run a company.

But I think that was the mindset, which was how do I gain the skills that I believe I need to start a company and run that successfully, finance the company? And then, you know, by the time I got all the way around to business school, I thought I've done a lot and I've acquired a lot of skills and I think I'm ready to do this. So Wharton was a great place to be able to work on my venture. You know, I had joined the Venture Initiation Program, and there's a lot of programs at Wharton that enable entrepreneurs to build their businesses while they're going to school. And so it was a really perfect time for me to feel safe to take that risk.
Katie Koch: Great. And I want to come back to this concept of readiness in your seat now where you are thinking about that with the founders you partner with. But MAVN ended up not coming to fruition. And one thing that you and I, unfortunately, have in common is that we both lost our dads really unexpectedly, and we needed to change our career paths in some way to support our families. So can you tell us a little bit about that part of your personal life and how that changed what your plans were? And then I want to unpack that a little more.

Eurie Kim: Absolutely. So going back, I had graduated in 2009. It was June or so. And my father made it to that graduation. And here I was, thrilled to be moving to New York to finally start my company, the one that I had spent seven years in the making, I think, from the point of having the idea at Bain all the way through, you know, five years of work experience, two years of business school. I was ready.

And then I get a call from my mother on a Sunday afternoon, and she says, “You need to come home. You know, Dad’s not going to make it.” And I thought make it
to what, you know? Literally no context. He wasn't sick. And he had had a sudden heart attack that morning. And, you know, by the time I -- my brother was actually with me, my older brother was with me that week, and we, somewhat in a daze, booked some United flights and took a flight home and got home, you know, West Coast time, around 10:00 p.m. I think many of you guys would know that flight schedule, and that was it. And, you know, our lives were pretty much turned upside down.

And so many of us, particularly over the last couple years, have had such challenges that our families have faced, whether it's our own health issues or our children or our parents, and it just completely turns things around. And most importantly, it changes your priorities. Whereas, you know, a single young post-business school grade is thinking, “I'm going to go change the world. I'm going to go start my own company and do my thing,” and very much a self-referenced perspective. It's not a bad thing; it's just that the world is your oyster at that moment and then it's not. And suddenly you have to make a decision on what do you need to do versus what do you want to do? And what I needed to do was come home and take care of my family and my mother.
We had a small business in Novato, California, which is kind of in Marin. And we just needed to figure out, like, what was up and what was down again. And, you know, I think that six-month period post my father passing away and then taking care of our business and sort of selling our small business -- it was a café -- I remember still launching the company. There was a website that sold product that I had been working on for two years, but it was very hard. And I kind of made the decision that I couldn't give it my all because a lot of other things were requiring my attention, so I did decide to actually go back to Bain because I felt like, well, I need to just move forward and make the tough decisions that founders and entrepreneurs often need to make. And when you're not ready to do it, you really can't do it. And so that was part of my chapter.

**Katie Koch:** I was going to reflect that, when I lost my dad, I was living in London, and I had an infant.

**Eurie Kim:** Oh, gosh.

**Katie Koch:** And I was working at Goldman Sachs, which is another big, established company with a lot of
infrastructure, right? And so I was so grateful that I was able to finish that maternity leave, be there for my family, come back to work, have a real career, and go on to have three more children. But I think we have to be realistic about what people can achieve in different environments and how big companies have puts and takes around them, and actually really small companies do, too. You've done both, so can you reflect on that a little bit more for us and what mentality and mindset you need to be in to really start a company and be able to scale it?

**Eurie Kim:** You know, I think that entrepreneurship today is glorified in so many ways. And really it's just it's so hard. It's so hard. It's a lot like being a mother. Everyone's like, “Oh, you should be a mom. You know, have a kid.” Like, it's just what you're supposed to be doing, and no one tells you it's just so hard. And, you know, it's a grind and it requires you to really become a different person, you know? You can't think about yourself. You have to think about your team, your customers, your investors. There's all these other people that are vying for your attention. And really, if you don't know how to gut check how you're doing and whether you're filling your own cup and making sure that you're
taking care of yourself because no one's around to take care of yourself, you're the boss, you're the founder, that that is a big burden that I don't think many people realize what they're signing up for.

And so, you know, when you're navigating, it's also your career is long. You don't have to be a founder every single minute of your entire life. You could decide you want to work at Goldman or Bain where there's a big group of people, a lot of support, a lot of structure so that you can come in, do a great job, and then go home. And, you know, you don't need to constantly be on 24/7, which, as a founder, you do. You really do. And as a mom, you really do.

And Bain was incredible, just like it sounds like Goldman was, where I was on a team that was actually based out of LA so that I could work from home, which honestly back then wasn't actually a thing. So Monday and Friday, being able to work from my mom's house and make sure she was okay, and then go fly down to LA for three days to work was perfect. I did that and, you know, many other projects before I ultimately ended up moving to Forerunner from then.
But I do think that, if you want to be an entrepreneur, it needs to be your priority, and that's hard because, if you have the family you need to take care of, if you have aging parents you need to take care of, like, there's part of your mental sort of existence that's really drained and really allocated to something else. And I do think that that starts to stretch an individual in a way where, if you're in, like, really good shape -- that's not physically but mentally, emotionally, like, this is a passion of yours, it's something you've always wanted to do -- then it makes up for it and you get filled by just the idea of doing what you're doing. And then hopefully the company that you're building is meaningful and the team that you have is supportive to you in ways where just, again, like, being a mom, you have your kids and they're crazy and they drive you nuts, but that's okay because, like, this is what you wanted and this is the life that you're building.

So I think it's just realizing that the entrepreneurship does need to be flexible and agile. And, you know, in this environment, that skill set is even more important to navigate the ups and downs that we're living through day to day.
**Katie Koch:** Is that something you guys push on at Forerunner in terms of, like, the mental readiness of people to be able to push through the struggle that often is launching, building, and scaling a business?

**Eurie Kim:** Now that you ask me that directly, I don't know that we do as much proactively. We sort of intuit why is this founder starting this company? Where is the inspiration for it? Is it a business school exercise where you did a, you know, market map and you decided this was an open opportunity and so, heck, I don't want to go back to a J-O-B, I want to go start my own company and be my own boss. That's a good enough reason for some people, but are you going to be there ten years later still toeing the line and building the business through ups and downs? Maybe not. Maybe when it gets hard you're like, “I could probably do something else and get paid more.”

And so, you know, we're really trying to back entrepreneurs who this is the life work that they really want to bring to life. And they're willing to sacrifice all that it takes to do that. And today, I think again you go back to the glorification of being a founder and how sexy it is. It's kind
of like the new celebrity out there. And, you know, that's just, like, 1% of 1% of all the entrepreneurs out there that are pounding the pavement and really putting in the work to many times not be successful. But at least trying is something that's important enough for them to make it happen. And I think it's that conviction that we're looking for.

And, you know, in times like this, people say, “Oh, are there good founders out there? Are there good opportunities to invest in?” And you might actually say, “Yeah, there's more,” because the people who are still willing to do it right now understand that it's hard and that fundraising is going to be even more difficult than it otherwise would have been. And so you have to really want it to go through that pain.

**Katie Koch:** I want to come back to the current environment, but, just to anchor us in kind of your founding your history with Forerunner, you were looking at startups yourself when I think you were introduced to Kirsten Green, who's the founder of Forerunner, I think almost ten years ago now?
Eurie Kim: Yeah.

Katie Koch: You guys met up. You chatted. There obviously was some connection. What convinced you to join her and take a chance at this what was then hadn't been established even yet as a VC firm?

Eurie Kim: Absolutely. So we were introduced by a business school classmate of mine who was on a board with her. And she had been angel investing in many of the companies where I knew the founders. Either they had worked at Bain or went to Wharton. It was the Warby Parker guys, the Birchbox team, Bonobos. Those happened to kind of all be Bain threads.

But there was so much overlap in our interest areas that our friend, who's also an investor, said, “You know, you guys should meet. Kirsten's running around doing all these deals working like a, you know, crazy lunatic, and she needs somebody to join her.” It wasn't even -- there wasn't a job to be had when I had coffee with her. It was sort of an open “you should just meet and know each other, I think you'd like each other.”
And as with the way that venture works, like, you take calls like that, and you say, “Yeah, absolutely, I want to hear what she's up to.” And really all we talked about -- it was down at the Ferry Building in San Francisco -- all we talked about were all the interesting ideas that were happening, the way that the consumer was evolving, so much shifting online and through social media and what that might mean. It was really our shared vision for what was different and our enthusiasm for how many new ideas could come to life in this new world.

And, you know, she shared that she was working on this investment thesis, Forerunner. Wasn't even fully a thing yet, you know? It was sort of still in her head. And then I left that coffee thinking, wow, what an incredible person. You know, she had so much inspiration, aspiration, passion, all the things that I'm really drawn to. And I thought, well, if there's any way I can help her in the future, that would be amazing. And then I went back to my case meeting at Bain. And that was the end of it. You know, it was December 2011.

And then sometime in January 2012, she called me and she said, “Hey, let's catch up again.” It was post holidays.
And we went and grabbed breakfast at Jane Café on Union Street, and she shared that she had gotten her first term sheet for Fund One, that, you know, she was really going to be building this firm in earnest, and what would it take for me to join her? And I had no idea there was a job to be had. Literally, I was thinking, “Seriously? This is a job? This is -- I can join you?”

And it was 100% bet on Kirsten. I just wanted to work with her. I wanted to be part of her vision forward for all the things that we could invest in to support and be participants to this evolution of commerce. And, you know, I think back and I say: What made me take that chance? It was pretty much the entrepreneurial bug in me because, when I reflect at my time thinking and starting MAVN, my own company, I distinctly recall feeling lonely all the time, wishing I had a partner, wishing I had somebody to share the victories with. You know, I would call my mom after a great meeting and wishing I had somebody there working on it with me. And then of course, during the hard times, wishing someone could help me.

And I thought, if I started something again or if I worked on something new again, it would always have to be with a
team or certainly, you know, a partner. And so when she shared this opportunity, I just couldn't resist being a part of it. Whether or not it worked, it really didn't matter. It was just working with somebody that I respected and admired and thought I could learn from and have fun with. And I think that's so much of, you know, when you think about co-founders and when they come together -- not to over dramatize the marriage and family metaphor -- but it's like an arranged marriage can sometimes work. But a lot of times, you know, you really just have to believe that you want to be in this journey together, that it's not going to be perfect all the time. And so looking back, it's probably my best venture investment yet, Forerunner.

**Katie Koch:** You found your person. You have built this incredible partnership and firm. And one thing that I've heard you reflect on previously I was hoping you could explain here is that, when people, others listening to this, did want to go into venture investing themselves, they should think about launching a firm, not a fund. Can you explain what you meant by that and why you think that's an important mental model for people that might want to be in this space?
Eurie Kim: So the context to that statement is really around how much the ecosystem has evolved. And back when Kirsten was, you know, really ideating this concept of Forerunner, it wasn't normal to start a venture capital firm. There were the old-guard traditional names that everybody knows. It's unclear how they started, but that was the game in town. And really you either joined those or you didn't have a job, which is why it was such a kind of a closed circle.

And, you know, we were sort of rogue, doing this thing on the side. But since then, over the last decade, seed funding as a whole kind of asset class really came to life, which brought in so many new voices, so many new perspectives, which is awesome. But I think that the benefit of now being in the industry for ten years and building our own firm, I realize that many people who want to start venture capital funds really think about it as, “I want to invest, I want to raise money so that I can invest, and so that means I want to raise a fund.”

Great. Then what? Because that fund is allocated in two to three years max, so you need another fund. “Okay, well, then I'm going to raise another fund.” Okay, great, so then
that's fund two. And then you realize now you have a portfolio. Are you going to hire somebody? “Okay, maybe, yeah, I need somebody. You know, maybe I'll hire a head of operations or someone in finance.” But many times it's cobbled together almost as they go versus Kirsten, when she thought of Forerunner, it was a firm before it was anything. And as a result, she was thinking about, “What is the team that I want? What is the thesis that, you know, we want to build many decades of investing behind?” And I think that's what ultimately led to the success of how we've been able to build our own business.

Because having a venture capital firm is a business in and of itself. It's the business of investing and the business of building a financial platform. And so many people don't think about it that way. They think about it as, “I want to raise the fund so I can invest and that my job is being an investor in these independent companies.” Whereas the business of building a firm is a different job and one that the same person has to do many times, and they're not terribly pleased once they realize half the time needs to be allocated to fundraising and investor relations and, you know, building network and having to do BD for your company. There's all these other jobs involved that
surprise some people.

**Katie Koch:** Yeah, I think that's so interesting because you are actually invested in other businesses, so it is probably reasonable to understand that you yourself are running a business. And we always say and then cultures are very important to the companies you invest in, but they're also very important to successful investment outcomes. And so we always say here that we want to run a business that we want to invest in, right?

**Eurie Kim:** Absolutely.

**Katie Koch:** To have the people, the strategy, the culture that you would want to invest in, and so I love that observation. Two thirds of the companies that you invest in roughly, I think I've read, you're the first investor, which is very fascinating to me as a public market investor where we're focused clearly on much later-stage companies and especially owning those mature compounders. So apologies perhaps for this very basic question, but what are you looking for in these companies? How much is about people, product, TAM? How much are you thinking about what the economics look like at maturity? What does the
world look like at your very early stage?

**Eurie Kim:** So it depends on exactly what stage the company is at and what category it's in. But for example, at these earliest stages, really all there is is a founder or co-founders. Maybe there's a business plan. Maybe there's, if you're lucky, an MVP or some beta test that's out there that can start to put some structure to the ideas. And when we go in that early, it's because we thematically have assessed that the market that's being addressed actually has a problem or pain point that we believe that this strategy or -- we call it a wedge into the market -- is the smartest way in, the lowest friction, and that over time we think that there's more to build.

But it's really an understanding of where the market opportunity is and that it's a meaningful enough need to be solved. And then what you're doing is you're trying to pick the right team. All of that is somewhat a nuanced exercise because, you know, you haven't seen these people operate yet together. Hopefully they know each other. Hopefully they've been working on it together, but a lot of it is just trying to get a gut feel for, again, back to what we were talking about, why is this team together working on this
problem? Do they know anything different about this particular solution that they're trying to put in market than anybody else? You know, have they worked in industry before, and so now they have a network of potential customers that they can go to? Have they built these types of products before?

And, you know, at Forerunner, we're investing in all aspects of commerce. It's not just what people buy, which is physical products and brands, but it's where they buy, which is, you know, retail experiences, different distribution channels. And then how they buy, so the commerce enablement that powers those different experiences. And so for each type of business model, there's a different set of criteria that you might be looking for on those very early stages.

There are many times where we're like, hey, there's so many players right now, we need to wait, maybe Series A or even Series B, so that we have some time to watch you execute and decide whether or not this angle into the market is the one we want to back. But we have to make those decisions on a case-by-case basis.
From a, I guess, holistic perspective, when we're thinking about founders, we've oftentimes been asked, like, “How do you pick founders?” Everyone says I only invest in great founders. No one's going around saying, “I invest in mediocre founders,” you know? Who does that, right? But that looks different for each industry. You might say that a DTC brand would require somebody who's quite outwardly facing, somebody who can act more as a mascot or the champion for a brand to really resonate with their consumers. Well, that's not terribly important if maybe you're, you know, building a SAAS business and you're seeing into retailers and, you know, that kind of gravitas isn't what people want. They actually want someone who really understands the tech stack or really understands the buying process.

And so we really do try to say, you know, what are the qualities that would make somebody successful at tackling this particular problem? And, you know, ultimately, it's still a bet because it's so early. But then you get into business, and whoever you've backed, you're just working with them. So whatever their weak areas might be, you're hoping to support supplementing them with other team members, other leaders, and then over time having a
mosaic that is competitive in market.

**Katie Koch:** I take it from that answer that you have to adjust the aperture a little bit based on what sector -- or in your case, subsector within consumer related names -- for example, you might be looking at?

**Eurie Kim:** That's right.

**Katie Koch:** And also the acknowledgment, when something's starting that early, they're not going to have a management team that can specialize in every different area, right? So you're going to pick people, like, every individual has strengths and weaknesses, and you just need to be aware of what those are and how they plan on supplementing it to move forward.

**Eurie Kim:** And the awareness.

**Katie Koch:** Yeah.

**Eurie Kim:** If you know what you're good at and you say, “Hey, like, this is what I'm going to lean in and this is where I'm going to build around me,” that's really all you
can ask of somebody. You know, they can only have so much.

I remember distilling it down to three adjectives. This is a handful of years ago, but it still resonates today, which is a great founder often shares commonalities with these three traits. Vision, because if you don't have vision then why are you starting a company? So you have to dream something that people haven't seen before.

Then there's discipline because, if you just have vision, your head could be in the clouds and you might not be able to figure out how to put, you know, step by step by step together to get it done. And so those two things are hard to find in combination and certainly to find in a balanced combination.

But the third thing that's a little bit maybe the Forerunner secret sauce is this word “magnetism.” And that could mean different things to different people. Sometimes that's, again, outgoing, gregarious, everybody loves you, popular. But in other times it's, you know, who's going to be a magnet for great engineers and great talent? Who's going to be a magnet for the executives at the companies
that ultimately are going to buy the software? And so being able to sort of assess whether or not somebody has that X factor does bring everything into more focus because that person's going to be able to flex into, "I have to sell. I've got to get fundraising. I've got to do PR, you know, interviews. I've got to do podcasts. But I can turn the next hour and then grind with my product team and figure out step by step, like, we don't have the time or the resources to do everything. So what is the two things that we have to do to get this right?" And those are pretty disparate skill sets. So when you do find them in one person, it allows the team to get further with less at the beginning.

**Katie Koch:** Very helpful framework. I want to talk a little bit now about just kind of different ideas and where you have been invested and where you're looking to go. So Forerunner is focused on evolving consumer behavior and consumer needs, and you were amongst the earliest investors focused on direct-to-consumer businesses.

**Eurie Kim:** Yeah.

**Katie Koch:** You named a couple already but Bonobos, Dollar Shave Club, Warby Parker, Away, Glossier are some
of the names that you guys have invested in early. And those companies have in common that they themselves understood early the value of reaching consumers online, developing a relationship with them, building communities.

When you invested with them, the world was different in the sense that advertising was cheaper, and some of these categories were less competitive. And would you agree that direct-to-consumer has become more competitive now? Like, where are the opportunities now? And what's critical for these types of companies to succeed, the ones that have scaled or are looking to scale?

**Eurie Kim:** Wow, such a good question. So, you know, again, ten years ago, the opportunity that we saw was not necessarily one where it was about the brands specifically coming to market but rather that there was a new distribution channel. And this was driven by Facebook and ultimately social media at large.

So consumers were ever present online. They were not in stores as much as they were back in the '90s and early 2000s. And so people were hanging out and socializing online. And the traditional players were slow to move.
They didn't think it was a real thing. They thought of ecommerce as sort of Store #10 or Store #100, and there was a small team over here, you know, off to the side working on it. But it wasn't a mental model that allowed for the traditional incumbent players to realize that the customer was actually not listening to them. They didn't have the connection anymore.

And so that was where new brands that came to life, instead of having to get a bunch of inventory, start a bunch of stores, have relationships with, you know, Target or Nordstrom or other big retailers, like, that's hard to do. And so you can just spin up a website and start to market to consumers directly online, it was easier. There was low friction.

And because, as you mentioned, the costs were cheaper because it was so much newer, the brands were able to get a lot more traction, a lot more organic enthusiasm from their customer base. And the fact that they spoke differently to their consumers was really what was really novel. That they were including the customers into the conversation, not just telling me what to wear and telling me what next season's style should be. They were asking
me, or they were collaborating with the community. And that was also really different.

And so now, ten years later, you've got all the ad platforms that are really saturated. As we all know, CACs are very high and, for a number of reasons, it's a cost of doing business versus alpha that you can have as a new brand. And so it's hard again. It may actually be easier to go back to retail and to work with big platforms who are looking for fresh brands and, you know, that pipeline of newness isn't happening anywhere else other than these sort of fresh, modern, direct-to-consumer companies that are coming to life.

But I do feel like, you know, when we were investing in that theme, it was because it was the beginnings of the distribution channel advantage and the marketing advantage that social media enabled. Today, when we think about new brands coming to life, it really is more of a “How is this brand representative of an experience?” So it's not just a product, but it's a service. It's an ongoing relationship with customers.

And so when we think about that, a DTC brand would be
Oura Ring. Some people consider it consumer health, but it's really a ring. You buy a ring. It's a biometric tracker. And over time, you have insights on your daily health, your readiness scores, your sleep quality. Over time, you know, can we integrate deeper into the sort of medical journey and work with trainers and physicians and, you know, insurance providers? But ultimately, that is a direct-to-consumer brand. They have a direct relationship with us.

**Katie Koch:** Beyond just being direct to consumer, which to your point was a business model, when you give the example of Oura, you're tapping into this healthy lifestyle preference, which is obviously on the rise. But I'm also taking from your comments that you're a part of the experience of the actual consumer. Like, you're integrated into their life in some way. And so this really taps also into the preference for experiences over just things as well.

**Eurie Kim:** Experiences and services. Because we talk a lot about what is the relationship that you build with consumers and the direct of the DTC, so to speak, you know, acronym, was really about being able to connect directly. But after you've connected directly with me, if you just leave it at that, well, that's a waste, you know? You
already had me as a customer. What else can you do with me? Can you deliver me more value?

We have a company called Curology from Fund Two, which was so novel and really innovative in the way that they were bringing tele-dermatology to life. Dermatologists are, you know, woefully, there's just not enough of them, difficult to access, more expensive. And that tele-dermatology service was given through digital means, and then we can customize and really personalize acne medication at scale.

So here you are getting a service plus a custom solution that you can use on an ongoing basis. And I think those are the tenets of the business model that have lasting power. And, you know, of course today we're expanding, like, thinking about how do you reach the consumers in other ways? Not everybody wants to engage with an acne brand just online. They want to see it. They want to talk to a doctor about it. They want to maybe be in stores and look at the bottle. And so I think that's the burden and the opportunity for new brands coming to life today is that direct-to-consumer means you need to know where else the consumer is because she or he is not only online. They're
not only on Facebook and Instagram. They're all over so many different, you know, platforms, messaging, emails. I mean, the burden is high on companies to meet us where we are.

**Katie Koch:** And then I want to pivot and talk just about digital really quickly. So you did a great job of explaining how, ten years ago, some of the brick-and-mortar incumbents misunderstood the power of social media and digital connection. I wanted to ask you if you think the same thing might be happening today with the metaverse and digital goods specifically. Do you have a view on that?

**Eurie Kim:** Oh, wow, so we're really trying to think it through because there's clearly something happening, but it's still very early. There's still very few customers who are actually engaging in the metaverse, whether you're thinking cryptocurrencies, whether you're thinking NFTs. There are a lot of different ways you can cut it with Web 3.0 in general. And with consumers, you need the experience to have less friction.

So way back, Ecommerce 1.0, that you recall, if payments wasn't solved, none of this would have happened. So you
needed a PayPal to come to life, to establish trust, to build the rails. eBay early days needed to figure out authenticity and, you know, what you buy, is that actually what's going to arrive? And all of these things are the same questions that the Web 3.0 ecosystem needs to solve is, first, what experience is here that's going to bring consumers over here? And it could be novel. It could just be, you know, kind of a fun thing that is a curiosity, but that's not going to have the staying power.

And so we're trying to figure out, like, who is the first group of mainstream customers that are going to move over here? And why? Why is it happening? And we don't have an answer yet. It's going to be a body of work to come over the next decade, hopefully, Katie. But it's exciting.

And what's cool to see is that everyone's open to it. We see retailers, brands that are incumbents being first to say, “Well, what is this? Can we get on top of it? Does our customer need this?” And I think they've learned from the last wave that, even if it ends up being that the answer is maybe no, at least to be open to asking the questions is a better way to go about it. To think about if there's a way to engage and what would that right way be? But we haven't
figured out what's that kind of silver bullet of the first experience that gets you started.

For example, we have an example in a company called Lolli. And it's just a Chrome extension where, as you're shopping, you can get cash back, quote/unquote, but you can get Bitcoin back. And it's the first super-easy, low-friction wallet, crypto wallet. So as you're shopping, doing your normal thing, instead of getting points or honey points or whatever other cashback systems you use, what if you just got, you know -- it's going to be, like, one one millionth of a Bitcoin but, you know, still, it starts to add up over time.

And then all of a sudden you realize you've got some Bitcoin. What do I do with it? And so that was the idea of a lower friction way to get people curious.

**Katie Koch:** I love that. And I think it's so true, just in our public market companies, just we are excited to see these companies -- I use your word -- just “experiment” in the metaverse to hopefully not -- you know, they learned from that disruption that happened as things moved online. I think the best ones have. And to see them engage
and experiment, really interesting.

Outside of the metaverse, though, back here in the real world, we're facing some really challenging issues, as you know, with contracting markets and economies. So on the one hand, the operating environment's just gotten substantially more challenging for the companies you're investing in and the ones I'm investing in.

**Eurie Kim:** Yeah.

**Katie Koch:** On the other hand, a lot of incredible businesses -- and you referenced this earlier -- they were born in capital constrained moments, post global financial crisis. So if we look back to '08, that was around the vintage for Airbnb, Uber, Square, many of them using the bootstrapping approach, which I've heard you refer to as the lost art. So are we in a crisis right now? Or is this a moment of great opportunity? Where would you land on that question?

**Eurie Kim:** I think we're still in a moment of great opportunity. Oftentimes, when people reflect on opportunities in generations past, it really is a new
distribution channel that creates the platform with which a whole new ecosystem can be built. So you might think of it as, like, just the iPhone, you know? And all the things that came out of mobile coming to life and becoming an integrated part of our consumer behavior.

And so, you know, the nearest next platform is really Web 3.0 and the metaverse. We'll see. We have to figure that out and if that becomes a real thing or if it's kind of like a faux thing. But at least there's opportunity there.

I think where we spend a lot of time thinking is where is the consumer at? That's always been the drumbeat or the heartbeat of Forerunner from the very beginning. And today, coming out of COVID, coming out of civil unrest, there's so many things that we're navigating. It's not necessarily that we're shopping differently, but we're thinking differently. We're living differently.

And so the opportunities to understand, well, if people fundamentally want to live their lives differently, what experiences, what products and services do we need to support that in coming to full fruition? And so, you know, we spend a lot of time trying to figure out where the
consumer's at and who the consumer even is because the last ten years was ultimately characterized by the rise of the Millennial. So it was as much of a demographic but coincided with this, like, shift to social media and mobile usage.

And so, you know, it's morphed into a whole group of people that you could track throughout the 20s and 30s of their lives. And now, you know, largely Millennials are having children and settling down, and so what does that look like that for that generation? But then what does it look like for the GenZ generation who's growing up and just starting to hit their adult years, you know, the beginnings of their earnings power post college?

And I think that that continues to offer a wealth of opportunities, but, you know, might be more nuanced. I ended up writing something after the 12 or 15 months of COVID and just thinking about how our priorities have changed, kind of going back to the top of the hour. You know, your father passes away. Someone has a health crisis. And just the stuff that you used to care about you don't care about anymore.
And it might be that it comes back because our memories are so handy in that way, and so you kind of move on. But there are some things, whether it's focused on health and wellness, that are now not “nice to have's” but they're actually “need to have's.” And so, you know, opportunities like Oura Ring or, you know, a company it Calibrate, which is to support obesity management. Or there's a company called Duos [sp?], which is also in sort of a “how do you care for your aging parents,” you know, all the things that we just practically need to do as a society but don't have abilities to do that in our day-to-day lives. Like, there's a lot of things that, you know, we're excited to explore to see if the new behaviors are going to result in actually new ways of life.

**Katie Koch:** Eurie, I wanted to get your opinion on where we are in the cycle as well. So as a public market investor, I can say we've had a lot of excess taken out of the system, whether that's measured by the fact that we're now in a bear market with the broad market down 20, the NASDAQ down 30. We've got parts of the mid-cap software down 60-70% from their peak. So I would say a lot of excess coming out of public markets. Where are we in that from a private market or venture perspective?
**Eurie Kim:** So valuations are definitely coming down. And I think I've never seen such a clear correlation of public market performance and super early stage valuations because, typically, you're so far from being an at-scale company that usually the early stage valuations are somewhat an art versus a science. There isn't, you know, revenue to have a multiple, so you're thinking more about ownership or how much capital's being raised or, you know, sort of what's happening when that capital.

But anecdotally, we would say that the valuations have come down precipitously, mainly because it's a reference point where later stage investors can point to public market stocks and say, “Hey, your comps or your market is down, as you said, anywhere between 20 and 60 or 70%.” And so, you know, if you ever needed a reason to price something lower, you would use this as one.

And, you know, I think what you're seeing more of is actually rounds not quite getting done because nobody wants to price it. Nobody wants to be a jerk and, you know, just give some low-ball offer, but also nobody wants to be a fool. And, you know, even last round price, we've
advised our teams it's a reference point, but it's certainly not any indication of your current round price. And that's a hard pill to swallow for founders who've had a run-up on a significantly bull market for the past very many years. You know, I think that the whole generation of founders that we've got has still been bred and grown up in a bull market.

And so I would say our pace has slowed down a little bit, mainly because we've made a bunch of investments, had a Fund Five last year, and naturally you're going to take care of your existing companies first, make sure everyone's doing okay and understands how to, you know, adjust themselves in the new market landscape. But we're still open for business, and that's the takeaway is that a lot of funds are out there who have already raised their funds. They have a mandate to invest in new ideas, and so there's going to be new businesses coming to life, and there's probably more of a flight towards quality.

So those quality deals that have real business models, experienced teams, real vision, those will probably be priced, you know, maybe not as high and exuberant as it was in the last 12 months, but not low because too many
people need to do good deals. So if there's a good deal, you're not going to nitpick it and try to be cheap about it. So I think you're going to end up just seeing that perhaps a wave of companies that otherwise may not have gotten funding to start will struggle to get their A and their B unless they can really show that there's a business there.

But if you do have a business, I think that we'll continue to see reasonable valuations. And, you know, I think it'll be exciting to see founders navigate through that because they'll probably raise less as a result to try to minimize their dilution. So then does that mean that they get tighter with what they do? More effective with what they do with those dollars?

And so just as you noted, maybe that means smarter decisions and you're not spreading yourself too thin and expanding too fast. You're actually trying to get one thing right. And as a result, there's a better business being built. So we're excited about that.

**Katie Koch:** And maybe get to scale more quickly. I think that could be a pretty incredible setup for this vintage for venture. One followup question to that for you. Do you
think that founders might get more selective about who they want in their cap table in terms of people that can really help them navigate through this difficult environment versus someone who's just offering them the highest valuation? How do you see that evolving?

**Eurie Kim:** I mean, I certainly hope so. We've been pitching that for a while, but it's difficult for a founder to take a lower price when someone else is, you know, really romancing with a lot of dollars and, you know, a high valuation. But we all know a lot of crossover investors came into the private markets over the last couple years. They had very high term sheets. They weren't, you know, trying to take board seats. They weren't going to bother founders and get mired in the details, and that felt great. That felt great for founders who wanted to just get the money and do their business.

But now, you realize that those people are very busy with their public portfolios, and they really don't have the time nor the resources to support early stage private companies at these sort of critical junctures. And hopefully then founders will see, well, what firms and what partners were here during these hard times? Like, who is showing up?
And who has support to offer? What does that even look like?

And, you know, again, memories are short these days, Katie. So I'm going to hope that it lasts longer than six months or twelve months, that they remember what we did for them during the hard times. But I do feel like at least seeing these moments will help founders realize that it's not just a kind of a cautionary tale, but that these down markets do happen and they will happen in your company's lifetime and your lifetime as a founder. And so, you know, you have to decide, well, how risky do you want to make it?

**Katie Koch:** I want to thank you for the time you've invested and just end with asking you a question about diversity but helpfully not a boring diversity. I think what you're doing here and just showing up and talking about this incredible business you've built and your ideas and your energy around investing and doing that while happening to also be a woman and a mother I think is just really impactful for this industry and what we need to do to change diversity. So I want to start with a debt of gratitude to you for that because I think it's just so incredible to have
the role models and that representation bias I really believe in.

We focus on diversity here as a performance imperative, so we just talk to ourselves and our clients about the benefit of that healthy tension of varying perspectives and how that can create advantages in the investment process. Women control about $32 trillion roughly of consumer spending around the world, so I'm sure there's been instances where having that female perspective has been an advantage for your LPs. And I was just wondering if you could recall any experience where you feel like you had an advantage because of your unique perspective versus most people in the VC space?

**Eurie Kim:** Probably more than I can count. You know, I'll point to my experience actually being the chairperson of the Oura board, which was an honor I didn't know I was signing up for. But when I led the Series B back in late 2019, the existing board asked me to take over the chair position. And I didn't really understand why at the moment because I thought there's a lot of people who've been around this company certainly longer than I had, because I was a new investor coming to the table.
But what I realized in hindsight is it was actually my ability to communicate with a lot of different people. And that's not necessarily a female quality, but it's one in which I think women tend to be strong at. And where that came into play is there's so many -- it's lost in translation in so many ways. We have a Finnish team. We have hardware team members. We have software team members. We have later stage investors, early stage investors. Everybody has a different point of view.

And the act of being able to listen to all those different points of view, try to translate them, try to focus everybody on realizing we're one team, we're not fighting against each other, but we're actually collaborating together, is I do believe something that comes from a more female orientation or, like, at least not necessarily female or male but just, like, one in which I think female investors tend to have more often than not.

And, you know, that goes for the conversations with founders. To have tough conversations and not make it a power play and a “I win and I'm right and so you're wrong and you need to do what I say.” Like, that's never going to
work well. And, you know, we can end with another reference to motherhood, but my toddler doesn't respond so well when I tell her she's wrong and tell her what to do. So you know? I'm sure you remember plenty of times where you're trying to say, okay, how do I negotiate with somebody who has, like, no logic here?

And it's that ability to say, okay, where is the founder coming from? Where is my co-investor coming from? How can I understand, like, the gap that exists and how do we meet in the middle? And, look, I mean, I play that role a lot in all of my boards. And some need it more than others because there's more of a varying set of viewpoints, but either way, I think it makes me a stronger investor.

And then, you know, your question was ultimately: How does that benefit our LPs? Which is, when they ask us, “Markets are down, how is the portfolio?” we go through and we're not trying to paint a rosy picture, but we've talked to every single founder in our portfolio. We've thought about their cash balances and all the analytics behind how much runway they have and what's the next milestone and who could be the next fund raise, you know, potential investor. And the reality is you're also having
emotional connections to support your teams, and that hopefully that open and vulnerable sort of channel enables you to know where your founders are at sooner than the relationships where the founders might feel like they've got to show up with just answers and not share as much of that vulnerability.

And again, I believe that's offered me an ability to know what's going on sooner than later, and then be able to help because, if I find out earlier that, you know, you're having a co-founder spat and, you know, maybe you're going to break up, then I can help support you through that versus finding out later and having a big blowout.

So again, it's not necessarily that aren't male investors that have these perspectives or orientations, but I do feel that many of the female investors that I collaborate with, this is a more natural place to come from.

**Katie Koch:** And as a mom of the four kids under seven, like, the communication, the mediation, the patience, and how that can bring value to the way you manage your investing team but also who you're investing in just, you know, it really resonates. And women I think can be
greater communicates. That's why this podcast is going to be, like, A-plus because we have two women who are good communicators. So we appreciate so much the time that you spent on this. And I got a lot out of this in terms of your story, the investment ideas, what to look for in the consumer, how it's going to change, what the current environment's like, and why there is opportunity ahead.

But the number one thing I take away from this is just that your skill here as a communicator, as having vision, the empathy that you have must make you not just a great investor but also an incredible partner to these formidable founders that you're identifying. And I just think you will continue to have an amazing track record in partnering with these founders to solve some great problems for the world and for the consumer. So very grateful for your time here and hope we'll stay in touch.

**Eurie Kim:** Oh, thank you so much, Katie. I really appreciate that, and it's a team effort over here so it's been a lot of fun. And hopefully a lot more great investments to be made.

**Katie Koch:** Thank you.
**Allison Nathan:** We really hope you enjoyed listening to that special episode of Exchanges at Goldman Sachs Great Investors. If you enjoyed the show, we hope you follow us on Apple Podcasts, Spotify, Google Podcasts, or wherever you listen to your podcasts and leave us a rating and comment.