

Dear readers,

I'm often asked- so what kind of startups are you investing in at Andreessen Horowitz? And since I'm focused mostly on consumer companies - is there anything exciting happening? After all, if we're "between" platforms, and there isn't something as big as the iPhone coming up, is there anything interesting left?

I'm really bullish about what's around the corner - and I want to unpack what I'm looking for, how I've drawn insights from history, and what's around the corner. In the 70 slide deck below, I cover a couple key concepts:

- **Accelerating technology adoption.** Why the telephone took 50+ years to adopt, but the mobile phone was <10 years
- Three historical examples and their modern antecedents
 - **Content marketing.** The origin of the Michelin Guide and why content marketing still works
 - **Viral growth.** How chain letters were invented and rethinking its effectiveness in the framework of viral growth
 - **Marketplaces.** How to bootstrap marketplace businesses and the cold-start problem, and what the story of toothpaste can tell us about that
- The most exciting new technologies coming around the corner, and how to evaluate them for producing new startups
 - **Video.** Why video is big, and will get even bigger
 - **Offline.** How the offline-to-online channel has been used by scooters and rideshare, to great effect
- **My investing thesis.** The intersection of growth hacking, new tech, and pre-existing consumer motivations
- **Closing.** Technology changes, but people stay the same

I presented all of this at the Andreessen Horowitz Summit in 2018, which gathers our portfolio companies, partners, LPs, and close friends. It's great to be able to publish it here as well. Hope you enjoy it.

Another note is that this is closely related to, and complimentary, to this deck: [The red flags and magic numbers that investors look for in your startup's metrics](#). If the below deck is the macro view of how I'm looking at markets, industries, and technologies, then the metrics deck gives my POV on how to diligence each company.

Finally, before I jump in, it's true that I talk about what sectors I'm into as well - and here are few areas I'm digging into:

- Unbundling my Uber expertise
 - Marketplaces (particularly the \$10T service economy - [more on that here](#))
 - Transportation and travel
 - The future of work (Bottoms up SaaS, full-stack autonomy, etc)
- Next generation entertainment and networks of people+content
 - eSports, gaming, virtual worlds
 - Reinventing traditional media (Podcasting, eBooks, etc)
 - Content creator / influencer economy
- ... plus, anything else that looks like a network with network effects

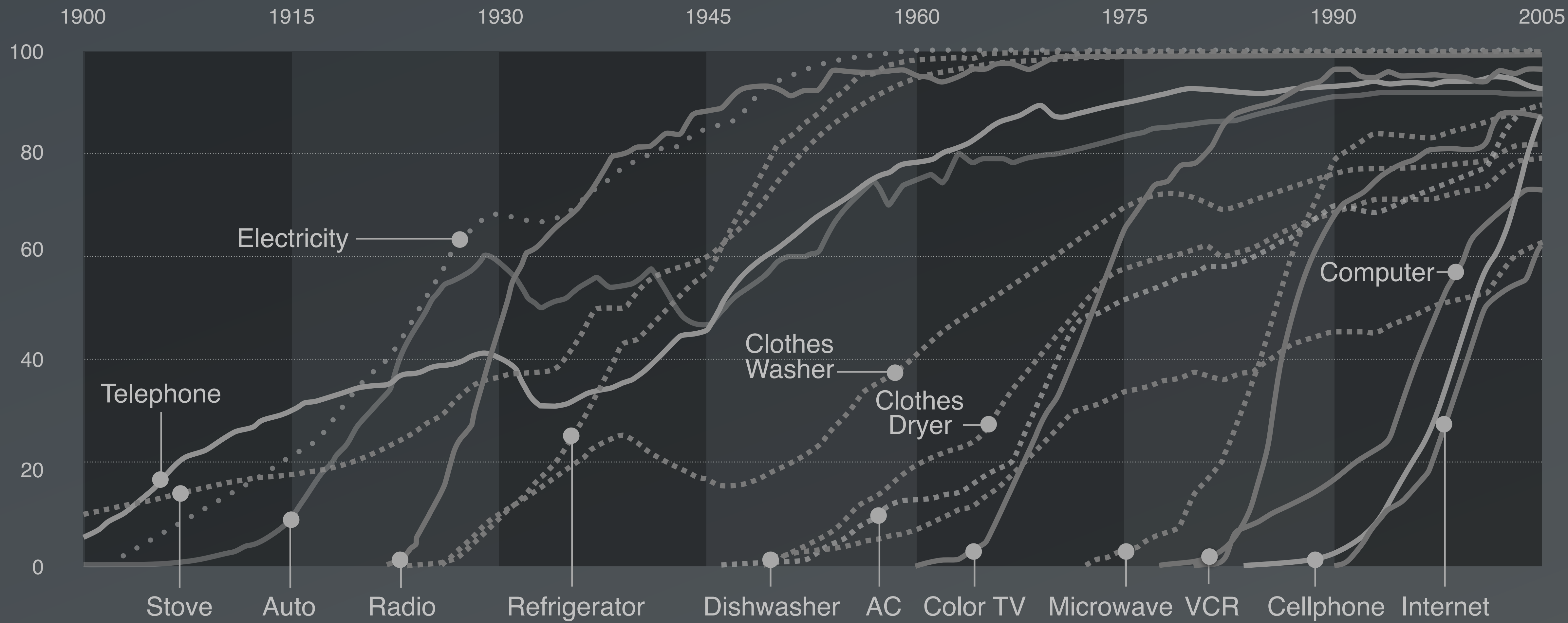
Obviously if you are working on anything in this area, and have some traction in the US, would love to talk more. Get an intro through your investors and come find me! Happy to chat.

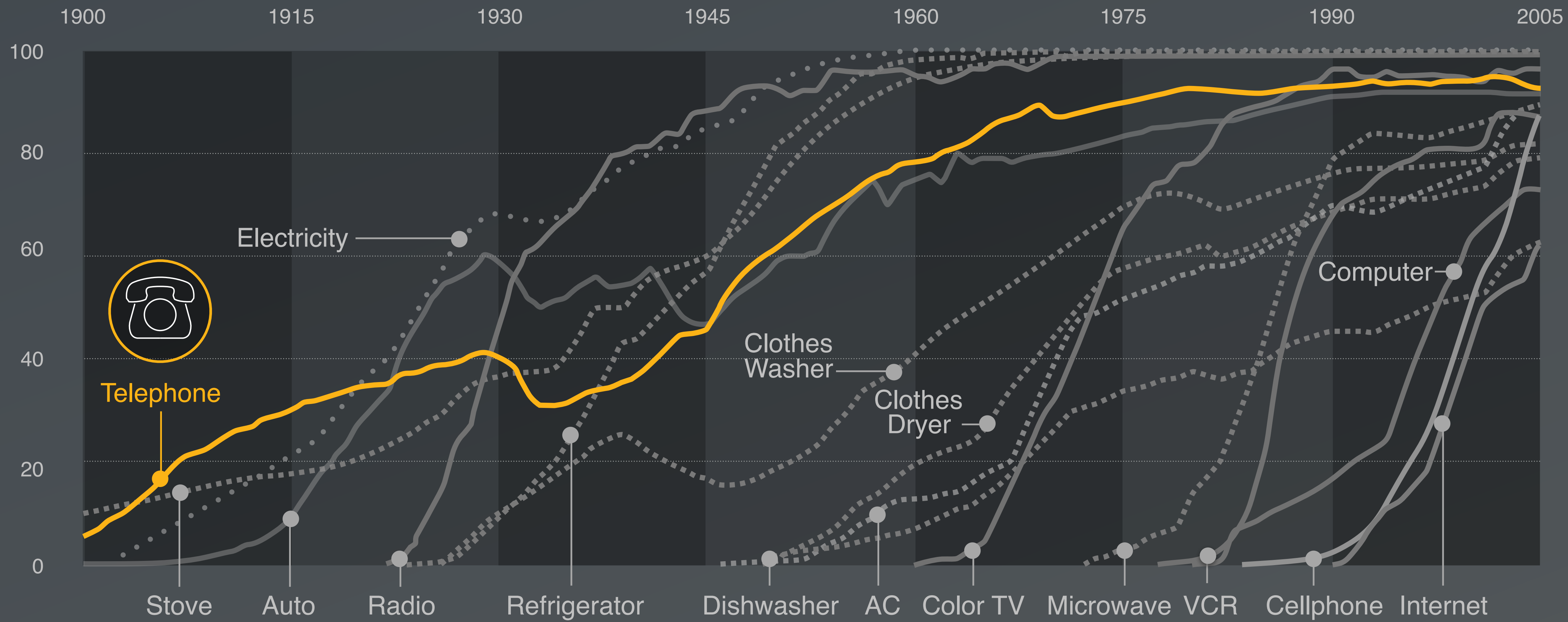
Thanks again!

Andrew

Originally posted at <http://andrewchen.co>

Consumer startups are awesome, and here's what I'm looking for at a16z





THE TELEPHONE

and How We Use It



BELL TELEPHONE SYSTEM

1

HOW TO TALK ON THE TELEPHONE

When using the telephone, hold the receiver close to your ear. The receiver is the end without the cord.



Talk directly into the mouthpiece.
This way.



Not this way.



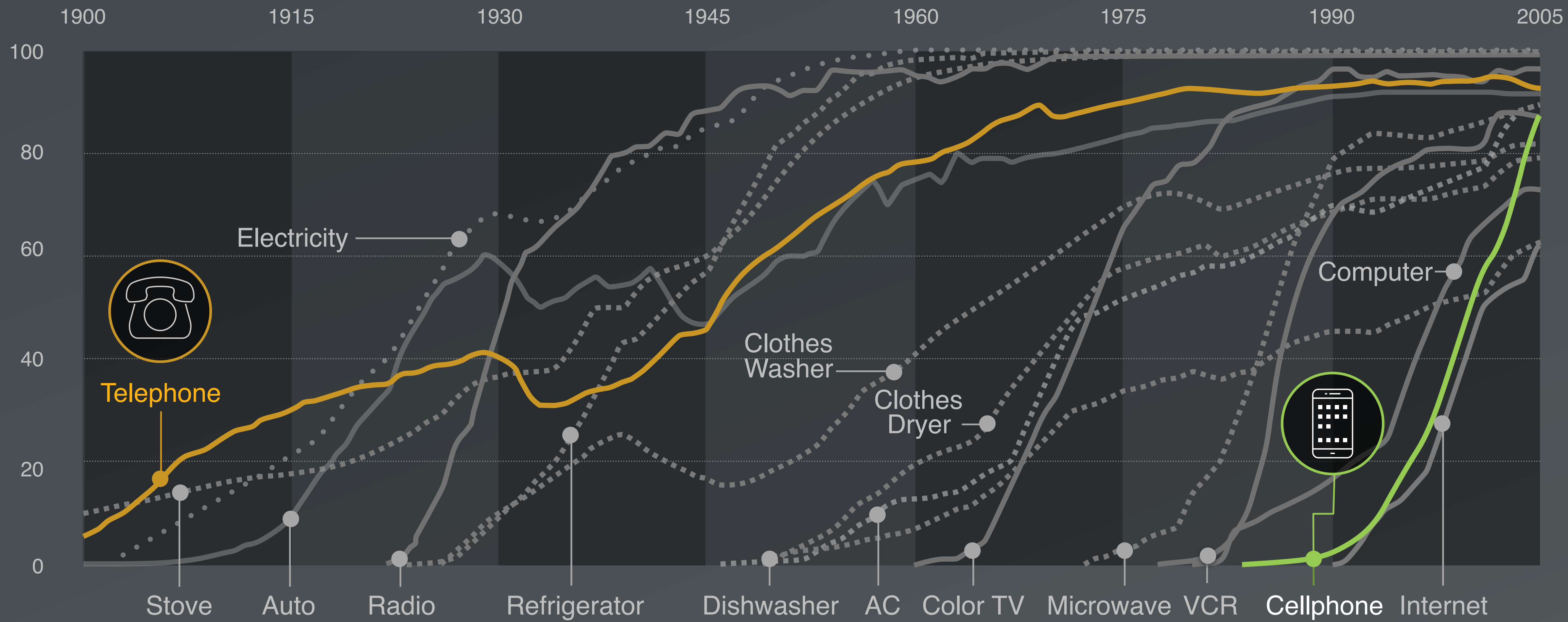
Not this way.

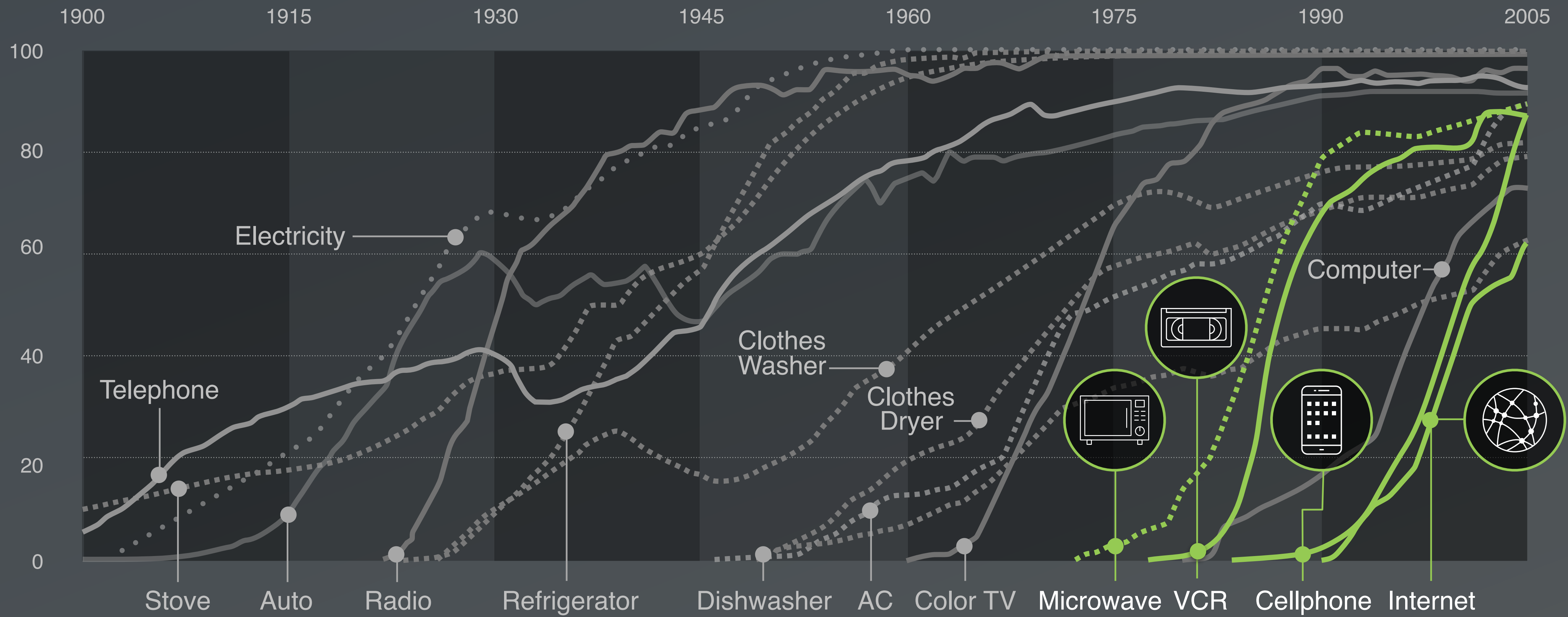
Speak in a natural, clear voice.


You do not have to shout. Speak as though the other person were in the same room.



5





A hand holding a smartphone, with a dark, textured background. The text is overlaid on the image.

Even within all this innovation,
we are the **same people** as
100,000s of years ago

15,000 BC

4th century BC




1912




1911





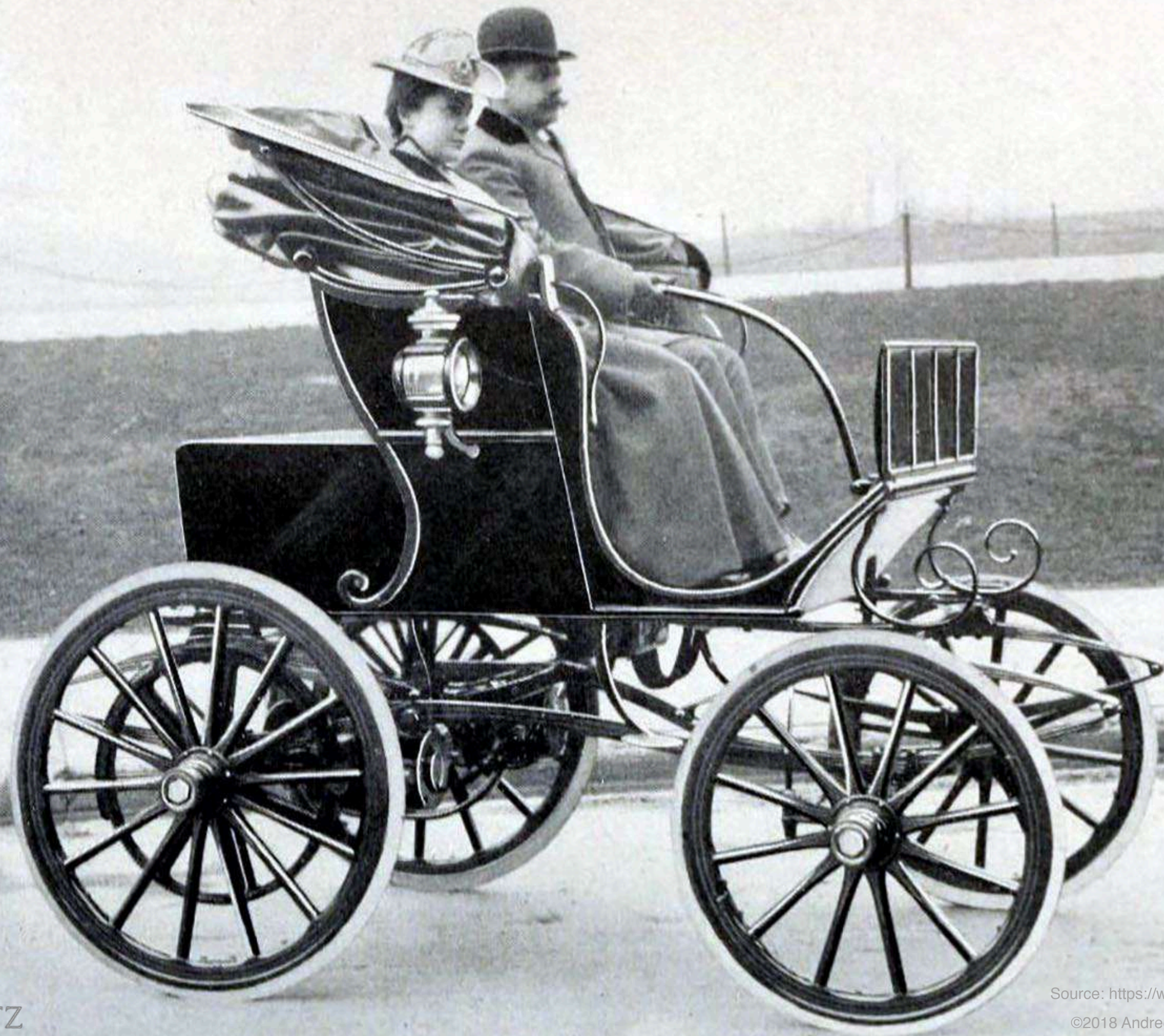
**Technology changes, but
people stay the same**

A grayscale background image showing a hand holding a smartphone. The hand is positioned in the upper right, with the thumb and index finger visible. The phone is held horizontally. The background is dark and slightly blurred, emphasizing the hand and phone.

New startups can break through
via clever growth tactics

... it's up to us to spot them!

1900:
3,000 Automobiles In France





*Carrie
Lover
Deputy
Agony*

Source: https://wikivisually.com/wiki/Horace_Horowitz_Arnold

ANDRIESEN HOROWITZ

<https://www.businessinsider.com/early-michelin-man-photos-2015-1>

©2018 Andriessen Horowitz. Proprietary and confidential



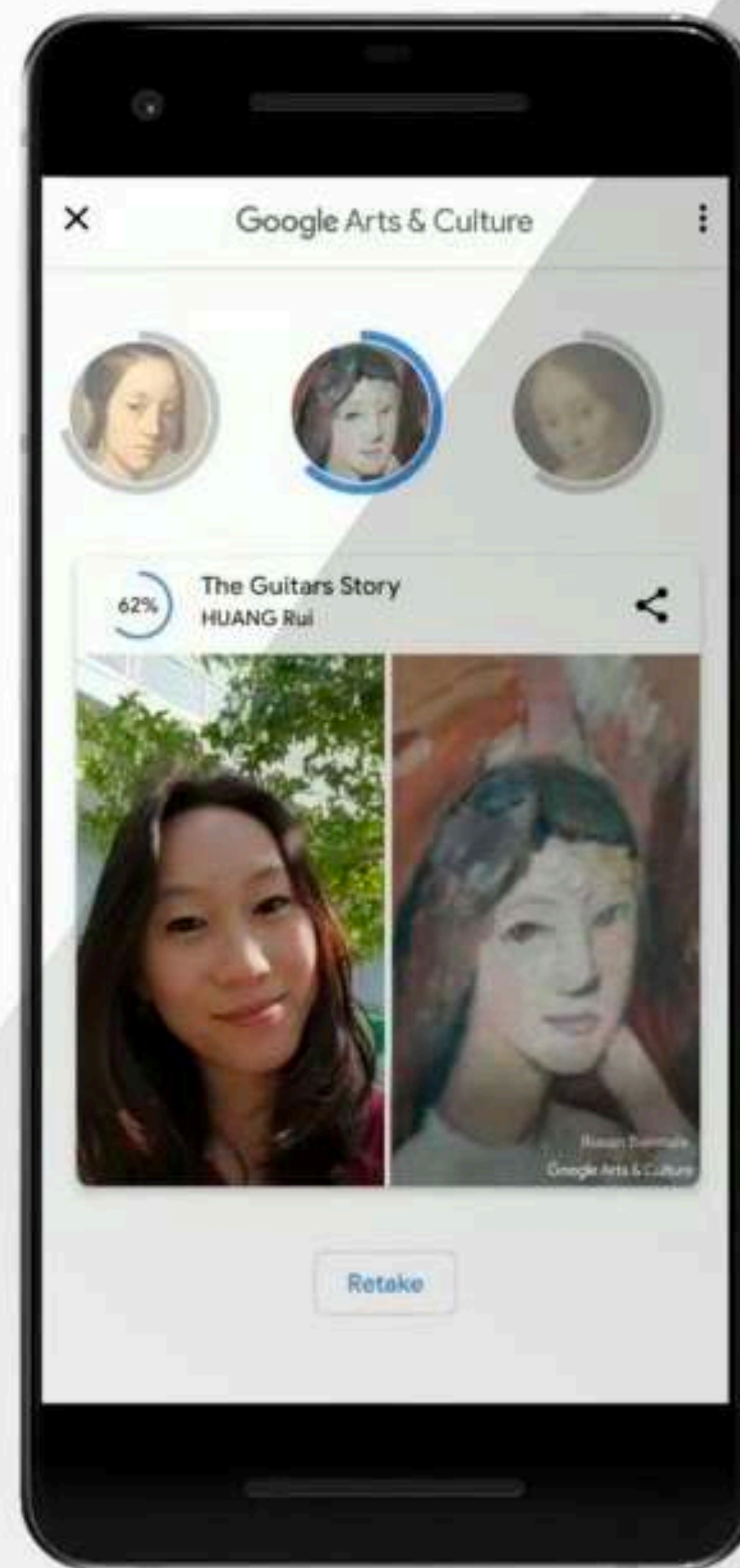


Growth hack:

Today, we'd call this content marketing!

The Art Selfie

ANDREESSEN HOROWITZ



Google

Source: <https://www.blog.google/outreach-initiatives/arts-culture/where-world-your-art-selfie/>

©2018 Andreessen Horowitz. Proprietary and confidential.



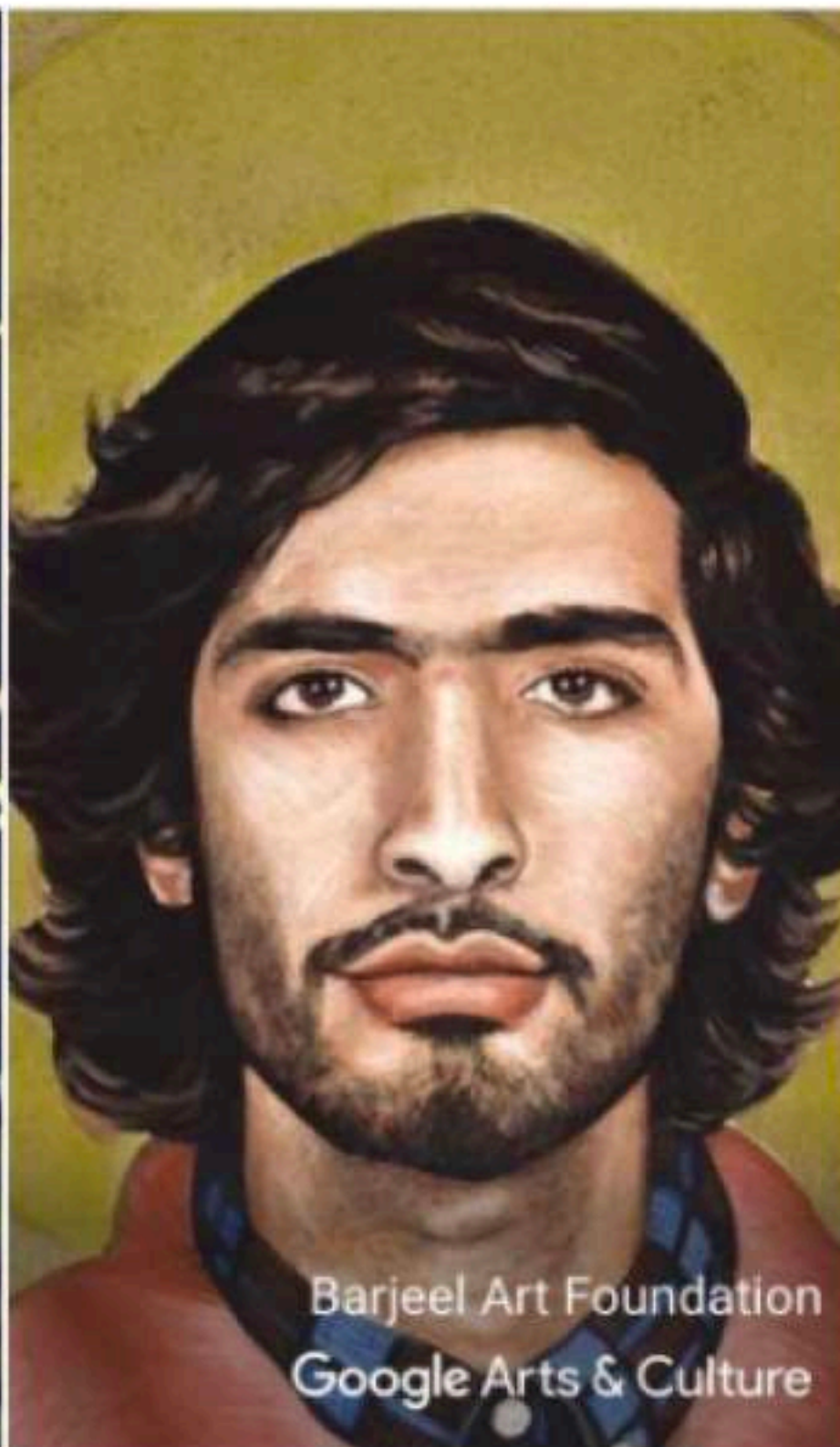
Kumail Nanjiani ✓
@kumailn

Following

Hey this one ain't so bad.

59%
match

Portrait
Mohammed Al Mazrouie



3:59 PM - 13 Jan 2018

GOOGLE APPS TECH

Google’s art app is now top of iOS and Android download charts thanks to its viral selfies

No thanks to art, or culture

By James Vincent | @jjvincent | Jan 17, 2018, 7:15am EST

f t SHARE



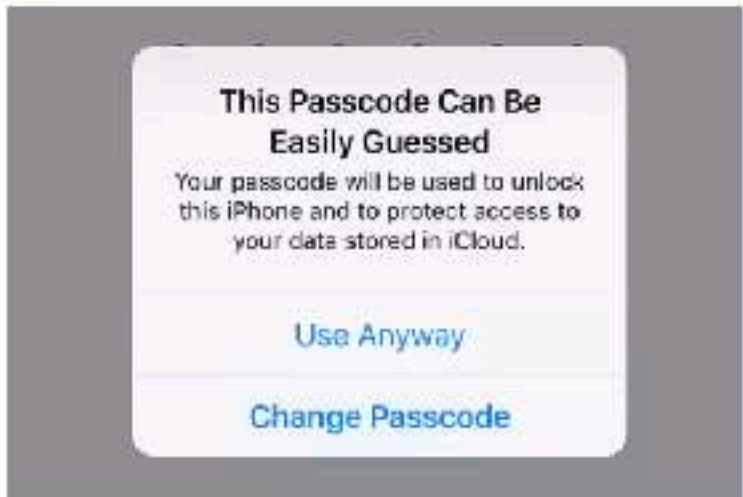
Pete Wentz’s artistic doppelgangers, found using the *Google Arts & Culture* app. | Image credit: [Pete Wentz / Twitter](#)

It’s amazing what a powerful driver human curiosity can be. Just look at Google’s noble-minded but pretty unexciting Google Arts & Culture app — overlooked by most until it launched a feature last week that let users [match their selfies](#) to faces in famous artworks.

Now, since at least this weekend onwards, it’s been riding high as the most-downloaded



MOST READ



Kanye West’s iPhone passcode is 000000



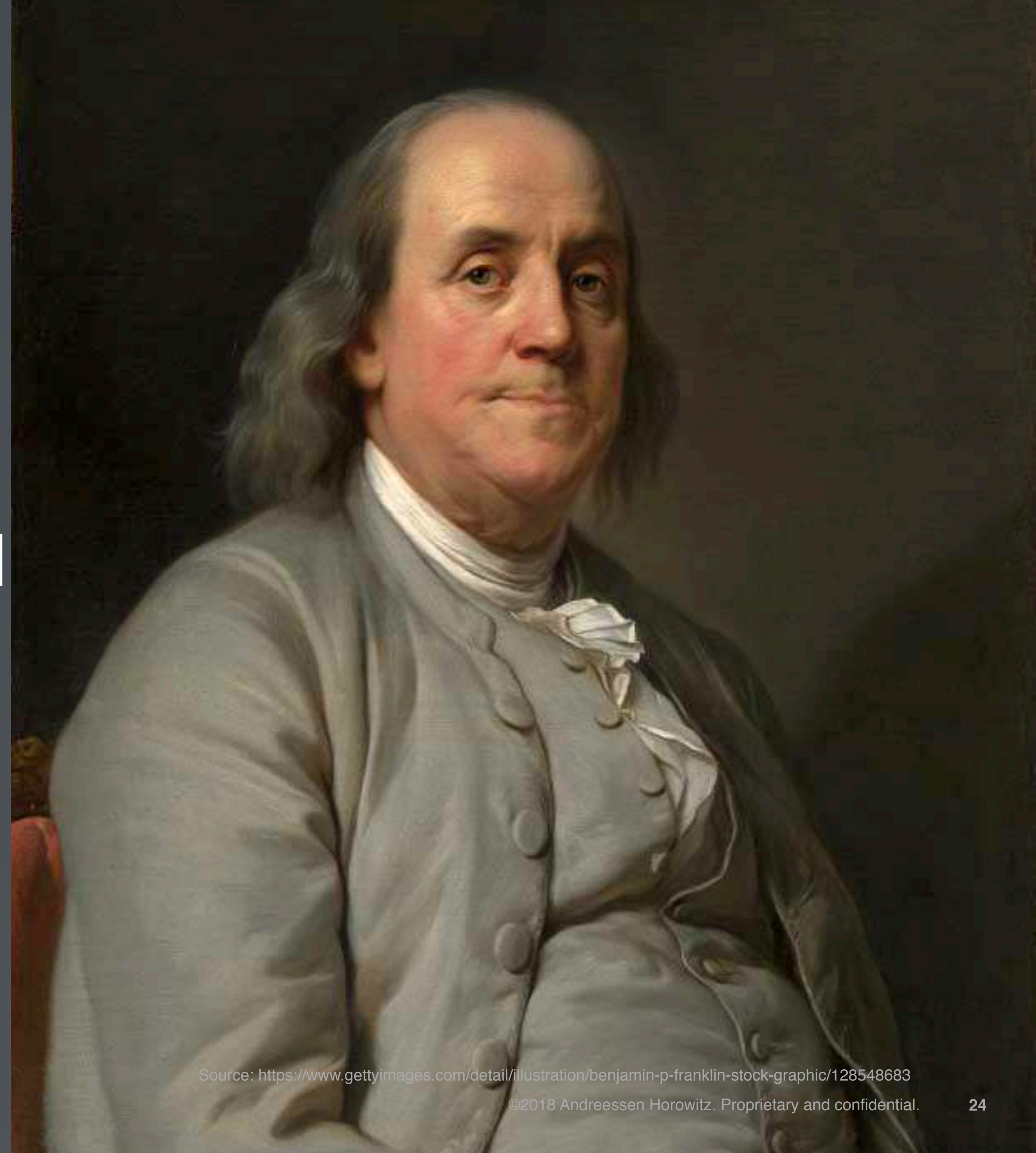
“It’s been riding high as the most-downloaded free app on both iOS and Android. Heavy-hitters like Messenger and YouTube have been left in the dust.”

Source: <https://www.theverge.com/2018/1/17/16900392/art-selfie-facial-match-app-google-top-of-charts>

1775: US Postal Service Is Founded

Benjamin Franklin

The First Postmaster General
US Postal Service
1775



PROSPERITY CLUB—"IN GOD WE TRUST"

- | | |
|---------------------|--------------------------------|
| 1. Ed. Judd | 203 N. Flores San Antonio Tex |
| 2. Harry Craft | 114 School St San Antonio Tex |
| 3. Mrs. D. M. Craft | 114 School St San Antonio Tex |
| 4. James Craig | 3811- B. Presa San Antonio Tex |
| 5. P. M. Percy | 3811- B. Presa San Antonio Tex |
| 6. D. R. Brent | 891 Liberty Beaumont Tex |

FAITH! HOPE! CHARITY!

This chain was started in the hope of bringing prosperity to you. Within three (3) days make five (5) copies of this letter leaving off the top name and address and adding your own name and address to the bottom of the list, and give or mail a copy to five (5) of your friends to whom you wish prosperity to come.

In omitting the top name send that person ten (10c) cents wrapped in a paper as a charity donation. In turn as your name leaves the top of the list (if the chain has not been broken) you should receive 15,625 letters with donations amounting to \$1,536.50.

NOW IS THIS WORTH A DIME TO YOU?

HAVE THE FAITH YOUR FRIENDS HAD AND THIS CHAIN WILL NOT BE BROKEN

TALLEY PRINTING CO



Growth hack:

Today, we call this viral user acquisition!

[Add listing](#)[Host](#)[Saved](#)[Trips](#)[Messages](#)[Help](#)

Share your love of travel

Invite a friend to join Airbnb and they'll get \$40 toward their first trip. Once they complete a trip, you'll get a \$20 travel credit. [Terms apply](#)

[Send Invites](#)

Import from: [Gmail](#) [Yahoo](#) [Outlook](#) [?](#)

Share your invite link



Need suggestions for who to invite?

Add your contacts to find friends who aren't on Airbnb [?](#)

[Gmail](#)[Yahoo](#)[Outlook](#)

It's easy to get started



Spread the word with your link or over email.



After signing up, your friend will receive \$40 off of their first trip of \$75 or more.



You get \$20 when your friend completes their first eligible trip.



Your travel credit

Pending	\$200
---------	-------

Available	\$40
-----------	------

[Track your invites](#)

1915: Toothpaste and Grocery Stores







Magic

Lies in pretty teeth—Remove that film

Why will any woman in these days have dingy film on teeth?

There is now a way to end it. Millions of people employ it. You can see the results in glistening teeth everywhere you look.

This is to offer a ten-day test, to show you how to beautify the teeth.

Film is cloudy

Film is that viscous coat you feel. It clings to the teeth, enters crevices and stays. When left it forms the basis of tartar. Teeth look discolored more or less.

But film does more. It causes most tooth troubles.

It holds food substances which ferment and form acid. It holds the acid in contact with the teeth to cause decay.

Germs breed by millions in it. They, with tartar, are the chief cause of pyorrhea.

Avoid Harmful Grit

Pepsodent curdles the film and removes it without harmful scouring. Its polishing agent is far softer than enamel. Never use a film combatant which contains harsh grit.

You leave it

Old ways of brushing leave much of that film intact. It

dims the teeth and, night and day, threatens serious damage. That's why so many well-brushed teeth discolor and decay. Tooth troubles have been constantly increasing. So dental science has been seeking ways to fight that film.

A new-type tooth paste has been perfected, correcting some old mistakes. These two film combatants are embodied in it. The name is Pepsodent, and by its use millions now combat that film.

Two other foes

It also fights two other foes of teeth. It multiplies the starch digestant in the saliva. To digest starch deposits on teeth which may otherwise cling and form acids.

It multiplies the alkalinity of the saliva. To neutralize mouth acids which cause tooth decay.

Lives altered

Whole lives may be altered by this better tooth protection. Dentists now advise that children use Pepsodent from the time the first tooth appears. It will mean a new dental era.

The way to know this is to send the coupon for a 10-Day Tube. Note how clean the teeth feel after using. Mark the absence of the viscous film. See how teeth whiten as the film-coats disappear.

See and feel the new effects, then read the reasons in the book we send.

Cut out the coupon now.

Pepsodent
PAT. OFF.
REG. U. S.

The New-Day Dentifrice

A scientific film combatant, which whitens, cleans and protects the teeth without the use of harmful grit. Now advised by leading dentists the world over.

10-Day Tube Free

1053

THE PEPSODENT COMPANY,
Dept. 909, 1104 S. Wabash Ave., Chicago, Ill.
Mail 10-Day Tube of Pepsodent to

Only one tube to a family

10-Day Tube Free

1053

THE PEPSODENT COMPANY,
Dept. 909, 1104 S. Wabash Ave., Chicago, Ill.
Mail 10-Day Tube of Pepsodent to


Only one tube to a family



Growth hack:

Today, we call this bootstrapping a marketplace's network effects!



A grayscale background image showing a hand holding a smartphone and a credit card. The hand is positioned in the center, with the thumb resting on the phone's screen. The credit card is held in the other hand, partially visible. The overall tone is professional and tech-oriented.

There are many, many examples of this...

New technology and consumer motivations create growth opportunities

My investing framework:



My investing framework:

1


New platforms
hitting scale

2

Existing consumer
motivations

3

“Slingshot”
opportunities to grow



There are already many
new platforms at scale...

40+ million units.



160+ million units.



1.8 billion active users.



200+ million units.





And there are emerging companies
around the corner...









Source: <https://electrek.co/2015/10/28/nissan-unveils-the-ids-concept-its-vision-of-evs-and-self-driving-going-forward-pictures-and-videos/#jp-carousel-6932>



What are the **best,**
new opportunities today?



“Video Native” Products

New technology at scale: Video is big, and getting bigger





PSY - GANGNAM STYLE(강남스타일) M/V - YouTube

Source: <https://www.youtube.com/watch?v=9bZkp7q19f0>



Luis Fonsi - Despacito ft. Daddy Yankee - YouTube

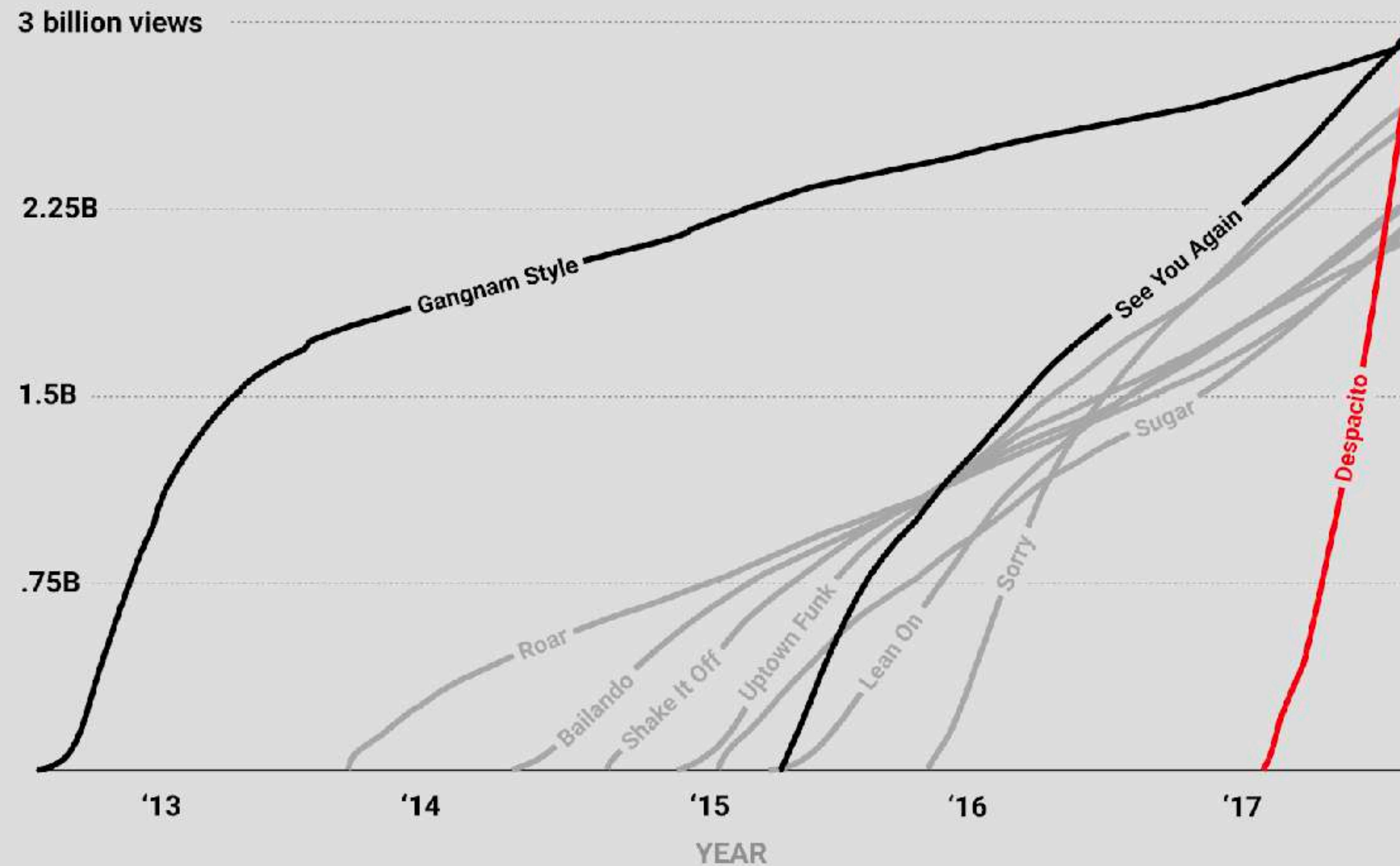
Source: <https://www.youtube.com/watch?v=kJQP7kiw5Fk>

©2018 Andreessen Horowitz. Proprietary and confidential.

Top 10 videos on YouTube by cumulative views, as of August 4, 2017



YouTube's Most Viewed Videos, '12-'17



Source: <https://artists.youtube.com/blog/despacito-most-viewed-video/>

Growth hack:

Products that generate video automatically
when users engage





LEAGUE of LEGENDS

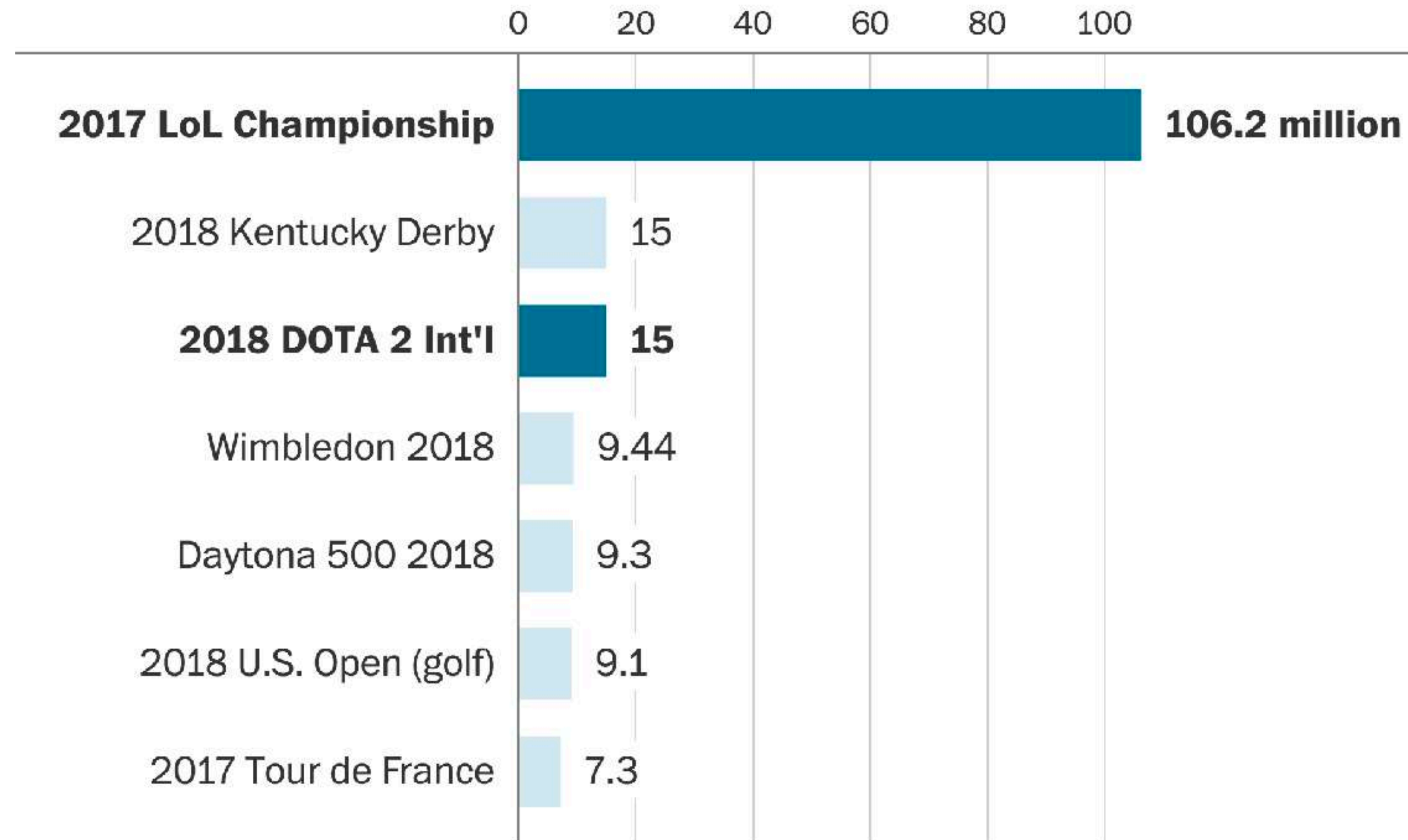
ANDREESSEN HOROWITZ

Source: <http://www.wallpapers13.com/league-of-legend-video-games-character-computer-hd-wallpaper-for-desktop-5200x3250/>

©2018 Andreessen Horowitz. Proprietary and confidential.

Grabbing eyeballs

Peak viewers of selected esports and traditional sports tournaments.

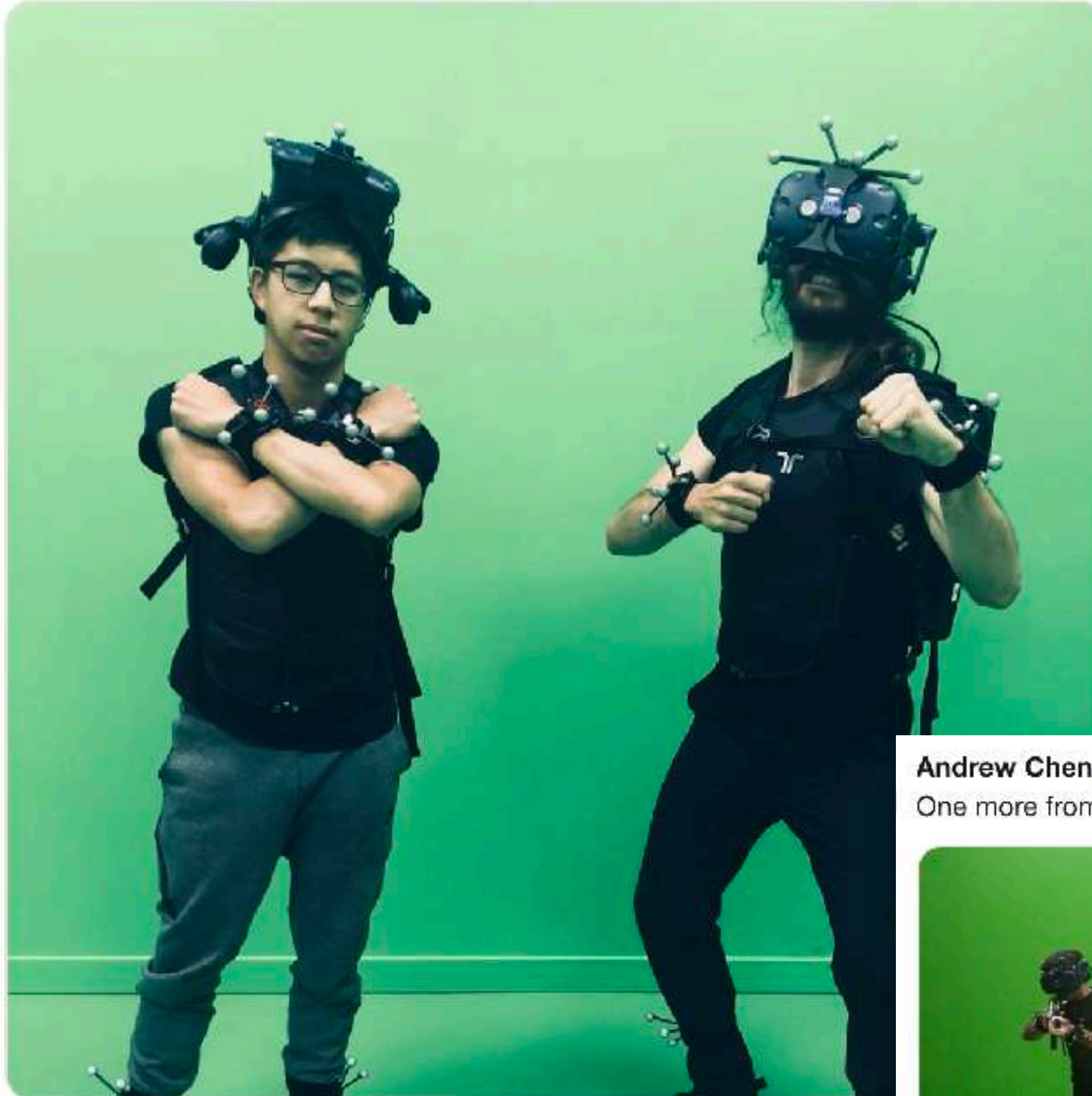






What's **Sandbox VR**'s growth tactic?

Diego @dmarcos · Jun 17
In the future, you don't watch superhero movies anymore, you are the super hero
🌟 Mega dose of ultra fun at @SandboxVR with @andgokevin



5 10 49

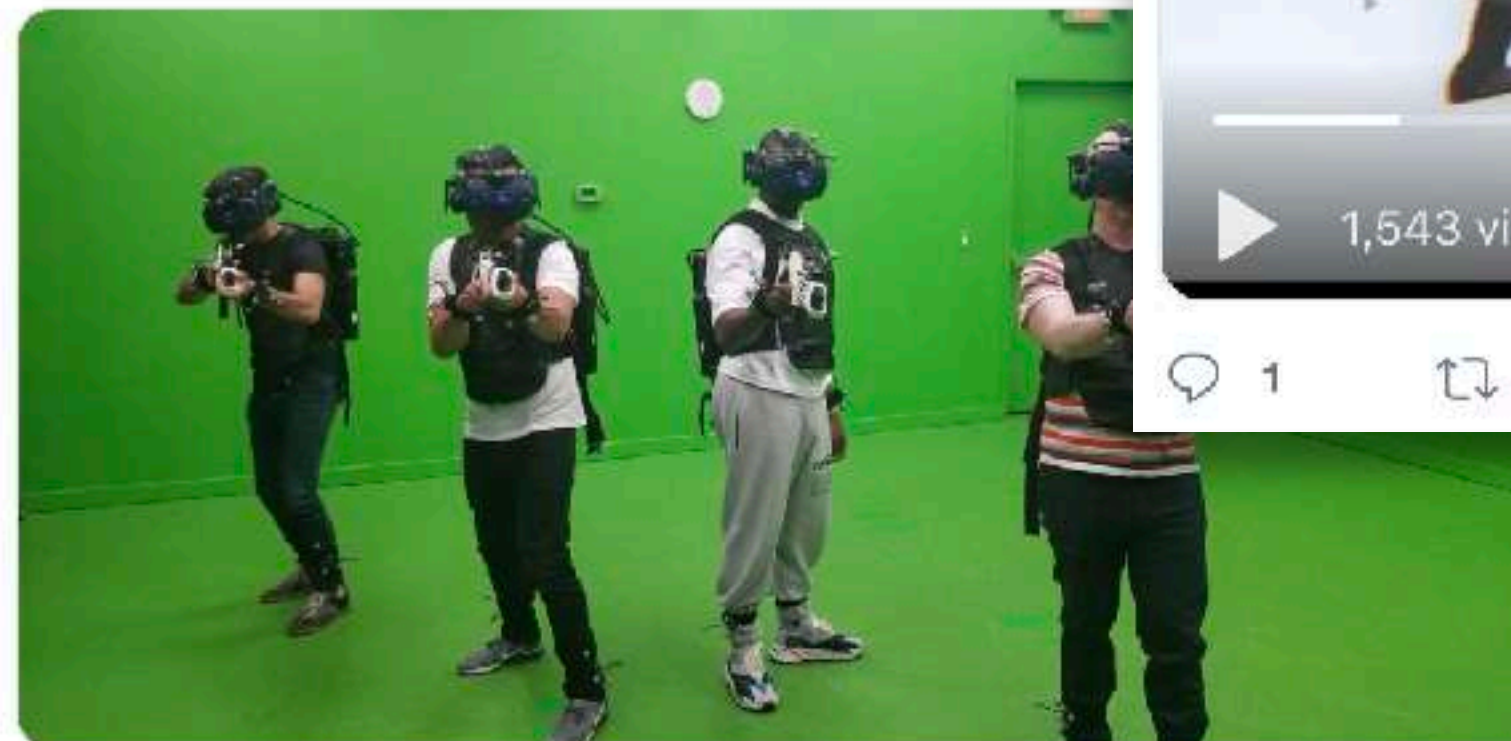
Kevin Ngo @andgokevin · Jun 17
Avoiding Davy Jones at @sandboxvr with @dmarcos @jenharvHarvey @hideyfly.
Full body free roam tracking!



Smol Potato @oheather1337 · Jul 22
Tried the second game at @SandboxVR ! Lots more team coordination and puzzles and still lots of zombie killing! Really awesome experience. #VR #SF
@ruimaruuu @Dat1Goat @saruboot @hthieblot



Andrew Chen @andrewchen · Sep 8
One more from @SandboxVR: ben, Kanye, myself and Cas

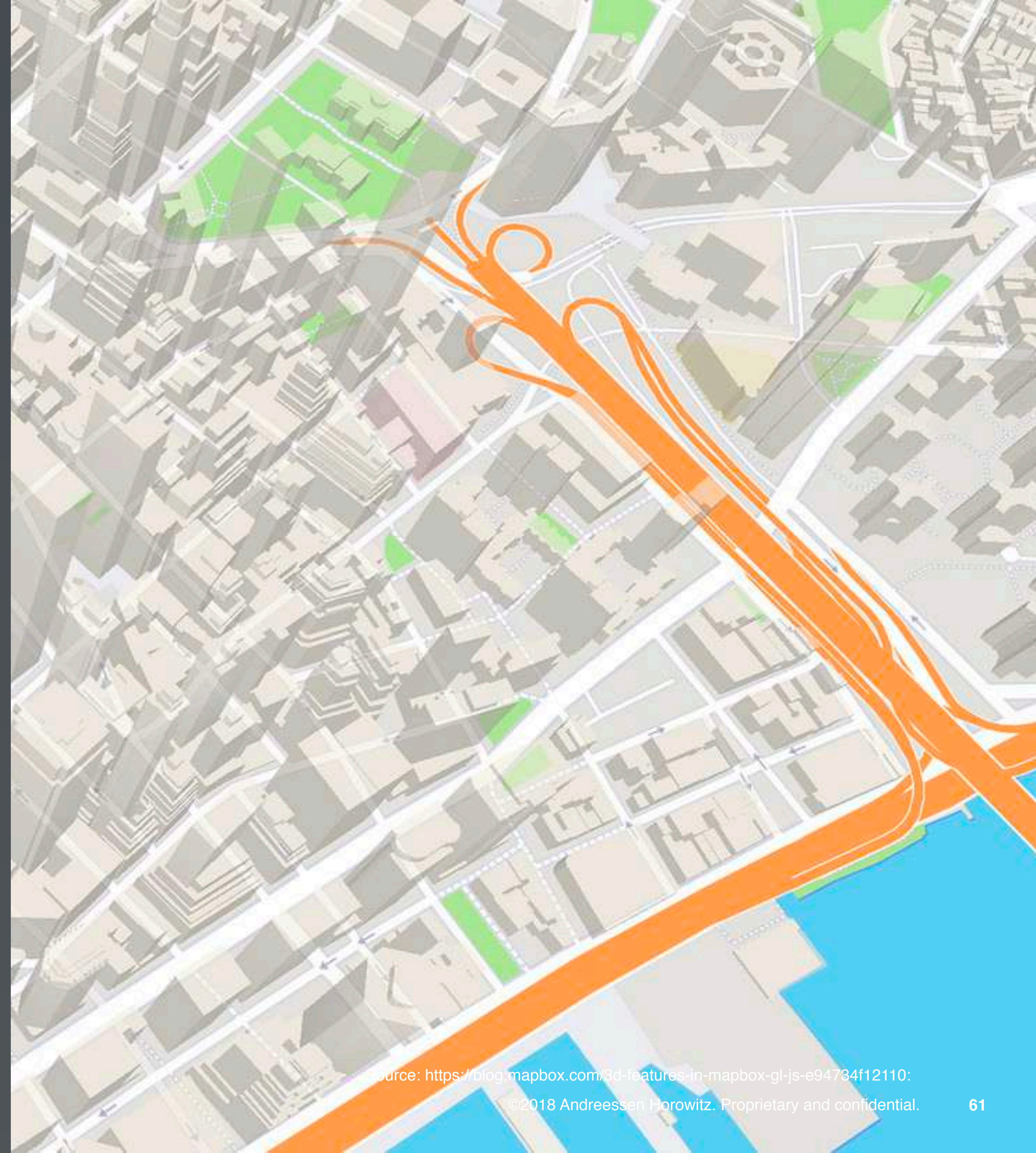


2 3 97

Offline to Online Products

**New technology
at scale:**

**Mapping APIs, GPS,
and Mobile AR in
your pocket**



Growth hack:

Highly visible offline experiences that drive
app engagement









“Video Native” Products Offline to Online

... with an eye on the rest of the market

Many more platforms hitting scale:

G Suite



...and more

A low-angle, upward-looking perspective of several modern skyscrapers with glass facades, creating a sense of height and architectural scale. The buildings are dark and monochromatic, blending into the overall grey background.

There's a lot going on!

My investing framework:

1

New platforms
hitting scale

2

Existing consumer
motivations

3

“Slingshot”
opportunities to grow



Technology changes, but people stay the same

