Aaron Patzer, Founder & CEO
June 30, 2008

Founders Institute:

Accounting for Startups

Outline: Learn Sequentially

- **Phase 1: Garage (<$100k)**
  - Business goal
  - Expenses

- **Phase 2: Seed (<$1m)**
  - Business goal
  - Expenses
  - Projecting Revenue

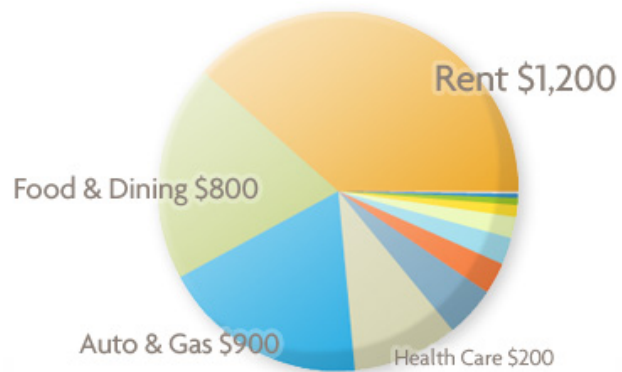- **Phase 3: Funded (>$1m)**
  - Business goal
  - Expenses
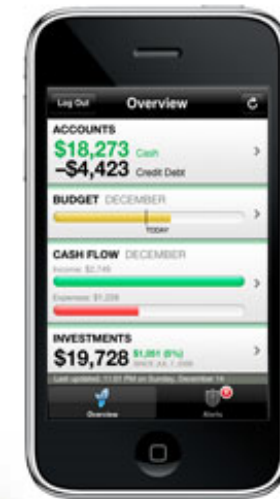 - Budgeting & growth model

Mint.com is the #1 personal finance web application . . .

Helps users gain control over and do more with their money

- See all accounts in one place
- Understand & categorize spending
- Set budgets
- Track investments
- Find savings (Ways to Save)
- Avoid fees
- Educational blog content

Accessible on the go (iPhone) and across the web (Yahoo!)

Aaron = Geek ... with accounting skills

Duke: EE / Comp. Sci.

Princeton: PhD Dropout

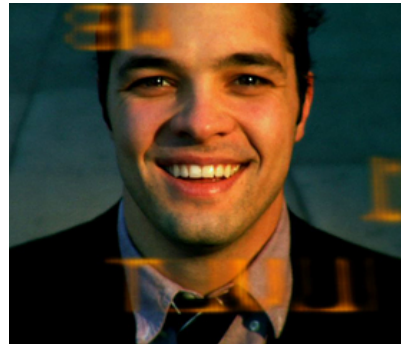Financial + Managerial

Accounting

Garage: Goal = Prototype

Pre-revenue Valuation:

- Prototype development

  +$500k / engineer

- Idea
- Market Research
- Business Plan

  -$250k / business guy

Garage: Expenses

Expenses	Minimum Cost
Founders (living expenses)	$30k / yr
Engineering First Hires (low salary, high equity 1-5%)	$30-50k / yr
Office (by the cube)	$400 / cube / mo
Tech (laptops + couple of servers + dev software)	$10k
Legal (Corporate setup)	Deferred payment for 0.50 – 0.75% of co.
2 founders + 1 engineer/contractor (Assumes 1 technical + 1 business founder)	**= $150k / year burn**

→ Raise Seed money within 9 mo.

Seed: Goal = Alpha Launch

- Usable, but not polished or scalable product

- Headcount: 5-6
  - 3-4 engineers
  - 1 product / frontend
  - 1 business generalist

Seed: Expenses

| Expenses	Cost	Annual
Salaries (equity decreases, salaries rise, but below market)	$50 - 90k / yr	$450k
Overhead (facilities + benefits + taxes + food + laptops)	+20%	$100k
Legal (…and VCs will make *you* pay for the financing)	$25k (incorporation) $2k / mo (general)	$50k
Total burn (5-6 person team)		**= $600k / yr**

→ Raise Series A within 12 mo.
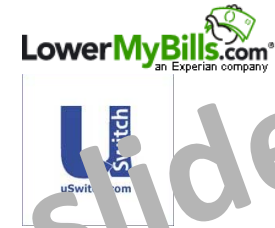
Seed: Revenue Projections

You have a revenue model, right?

- Your absolute revenue projections will be bullshit (see below)
- Everyone's look like a hockey stick
- Per use / per client revenue is more important
- And a huge market opportunity
- Let's see how Mint did it…

$50m

$10m

$1m

| 2007 | 2008 | 2009 | 2010 |
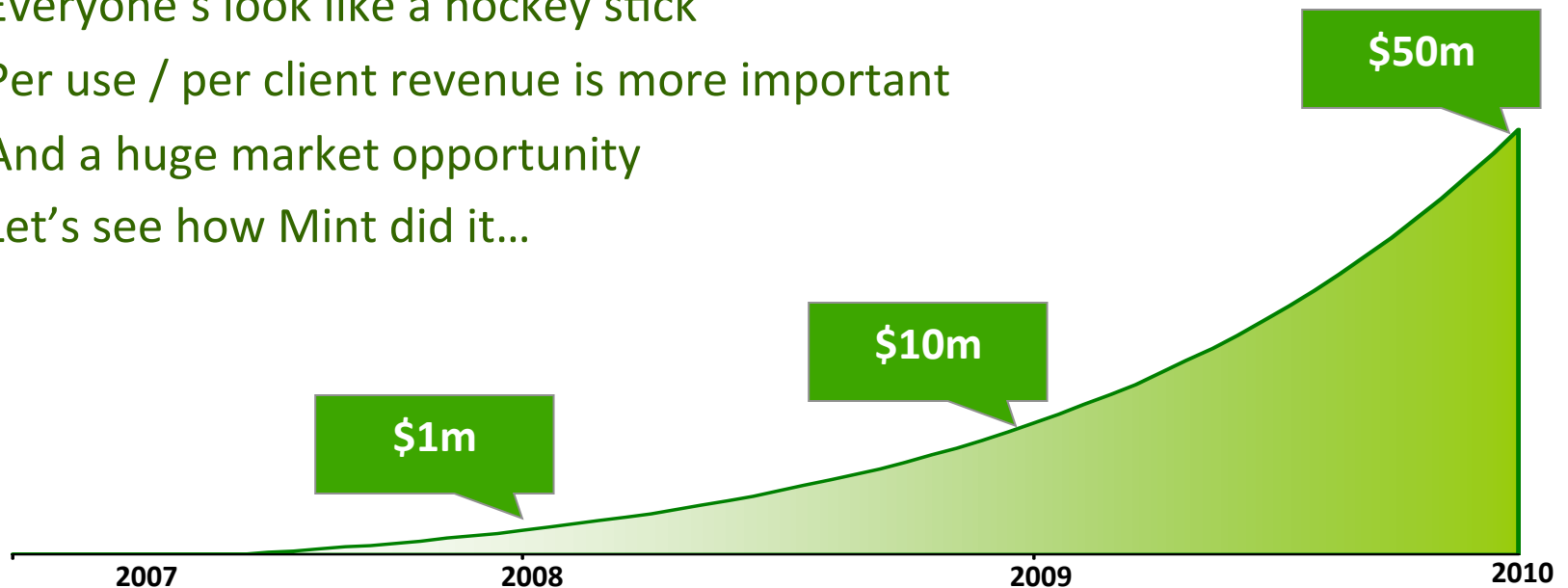
Competition:
Quicken & LowerMyBills

MINT
Money Intelligence

Quicken

Microsoft® Money 2007

LowerMyBills.com®
an Experian company
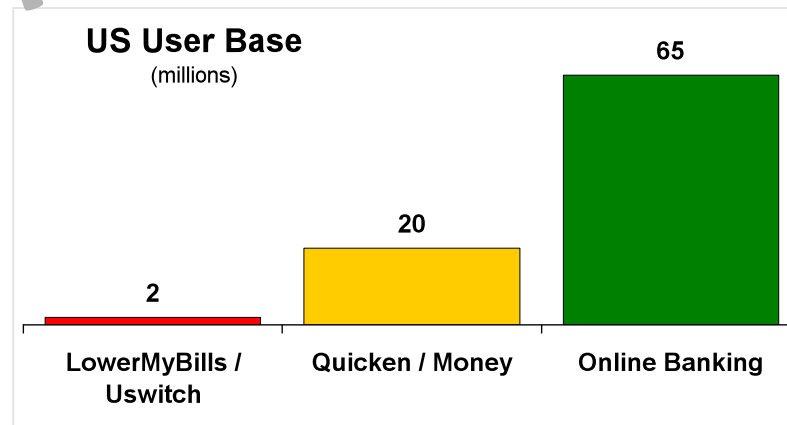
- Difficult to use
- Costs money: $30-70
- Does not save or make user money

→ 4 of 5 quit within one month

Save money, but...

- Manually search for deals
- No insight into your finances

Original Mint late 2006 slide

US User Base
(millions)

2	20	65
LowerMyBills / Uswitch	Quicken / Money	Online Banking

Mint - Money Intelligence

Lead-Gen & CPA Opportunity: $30+/user/yr

Category	Where on Mint	CPA Revenue	Frequency Of Action	User Adoption Rate (%)	= Goal Rev User / Year
Credit Score	WTS	$36	2 yr	20%	$3.60
Credit Cards	WTS	$60	2 yr	10%	$3.00
Check/Save	WTS	$30	2 yr	10%	$1.50
IRA	Center	$100	3.5 yr	5%	$1.40
Brokerage	Inv/WTS	$200	Once	5%	$2.00
CDs	WTS	$30	Once	10%	$0.60
Daily Savings	Txn	$150	1 mo	20%	$3.60
Insurance	WTS	$15	2 yr	10%	$0.75
Comm Services	WTS	$50	2 yr	10%	$2.50
Mortgage Refi.	WTS	$200	Once	5%	$2.00
Travel	Goals	$50	2 yr	10%	$2.50
Home Improve	Goals	$200	Once	5%	$2.00
Edu & 529	Goals	$200	Once	5%	$2.00
					= $30

MINT
Money Intelligence

Business Model:
Referrals & Lead Generation

Lead-Gen

Billion ($US)

6.0

2.1

2005
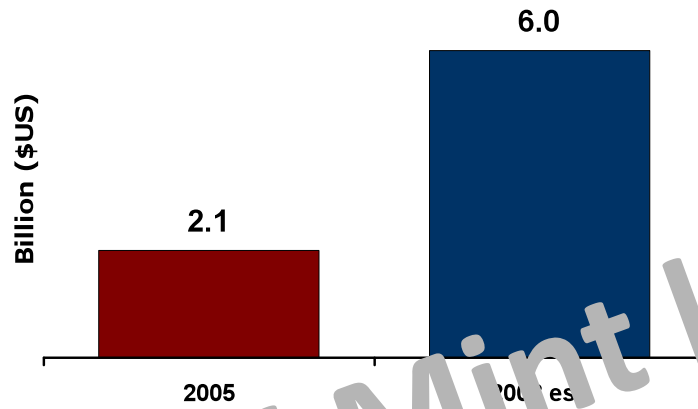
- 7% of $16B online ad market

- Fastest growing ad segment
  - Up 160% from 2004 to '05
  (Source: IAB)

- $1.0B in mortgage lead-gen, to triple by 2008
  (Experian)

20 – 65 M	x	$30	=	$0.6 – 1.8 B
User base		Rev/user/yr		Mint Opportunity

Funded = Launch & Lead

Goal:

Launch a real product & grow a profitable business

"Hidden" Expenses:

- Legal: patents, trademarks, contracts, financing, employment, immigration

- Consultants: SEO, SEM, design, logos, DB tuning, etc.

Funded: Expenses

| Expenses	Cost
Salaries + Overhead (Salaries at market + taxes + benefits + facilities)	$200k / yr
COGs (customer service, SMS, bandwidth, servers to scale)	Widely varying
Legal (contracts, patents, employment scale up with headcount)	$10-50k / mo
Total burn (30 person team)	**= $6.0m / yr**

→ Profitable with 2 years

Build a Model

- Show user grow, retention, COGs, revenue per sale/user, profit
- Accumulated loss lets you know when to raise
- Back fit with actuals

Revenue vs. Expenses

COGs
Revenue
Opex
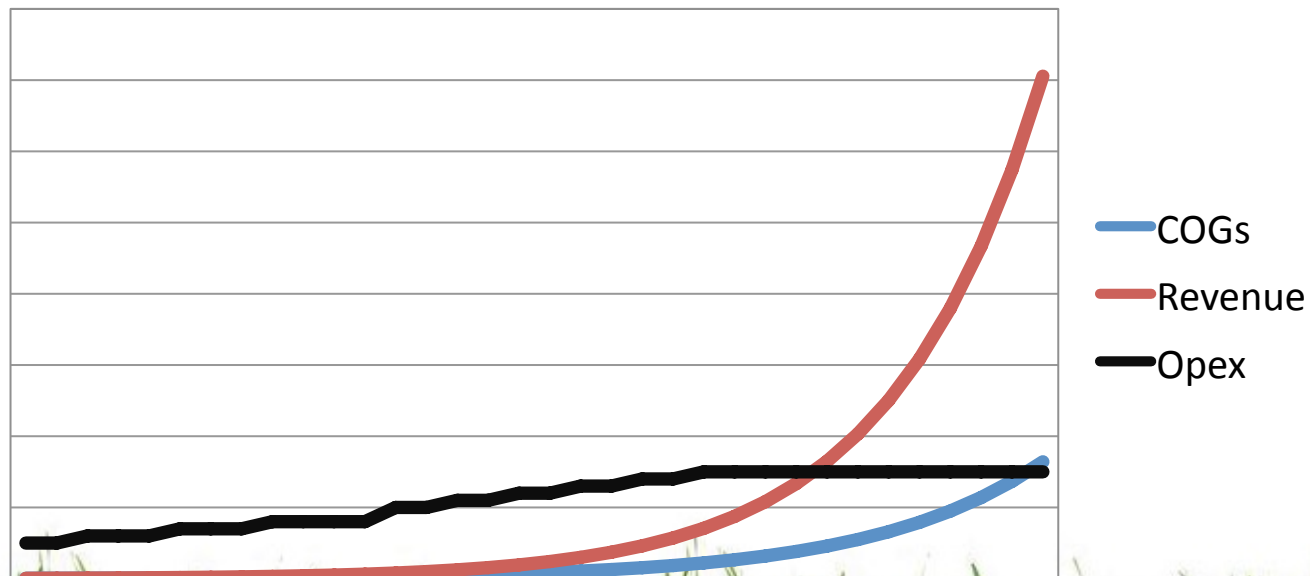
Acquired: More than $$$

- Nerd → CEO

- Creating something from nothing...the source of all wealth in the world.

- Self-confidence

Questions?