

Vana: Net-a-Porter of CBD and Cannabis

Team: Vana was founded by Sheldon Owen and Chris Robins, executives with decades of experience running marketing operations for growing businesses. Owen previously founded Unified, a marketing intelligence firm that raised nearly \$50 million from a number of well-known strategics and funds like Wellington and Upfront Ventures. Robins has held a number of VP roles in marketing and business development at large firms, but his most impressive qualification is that he has been friends with my father for 30 years. My father was spit out of the mythicized garment center in the late 80's, where he worked with Robins, and started his own financial advisory business which remains today. My father's virtues are honesty and integrity, likely incubated from decades in the most litigious industry in America, and he swears by Chris Robins. I don't think my father has ever "sworn by" anyone in the past, and in my experience this representation by my father is all I need to qualify this man's integrity.

Product: Cannabis retailers have trouble driving traffic to their sites because digital advertising is nearly impossible. Regulatory entanglements force most cannabis retailers to stick to billboards and print ads in controlled areas and publications. Vana is a luxury cannabis and CBD ecommerce market that launches targeted digital ad campaigns for its brand partners. The platform curates trusted brands and launches campaigns with 'tier 1' publishers, like Vogue and BuzzFeed, in conjunction with expert legal counsel to stress compliance. Vana's strategy is to take advantage of this murky digital ecosystem to become the most trusted marketing and sales partner in the business, aligned with what I believe to be the values of the founders. Vana currently offers smaller luxury retailers, like Cann, access to target audiences in geographies and digital properties they could not access otherwise. It has built the unique infrastructure to target consumers in specifically compliant regions within recreational states, providing a turnkey compliance, marketing, and sales solution. In five years, Vana plans to generate half of its revenue from marketing and half from direct sales. In ten years, Vana hopes to be the most trusted curator of cannabis brands in the world. Vana generated hundreds of thousands in revenue in 2019 and Mr. Owen tells me he is confident that he will generate more than that in Q1 of 2020 alone.

Market: The cannabis market is a global \$25 billion industry growing at 20% per year, and it's fair to say that dominos are falling all over the country. Today, it's a "50 state business" and it's unclear whether market participants view federal legalization as a net positive for their businesses. In a parallel to other age-controlled substances like alcohol, federal legalization leads to greater consumption, but does not inherently lead to broad ecommerce. For Vana, this implies that legalization should not dilute the value proposition, but instead increases the opportunity for a successful incumbent to maintain share. The kinetic energy of unleashing targeted digital ads in cannabis ecommerce is intimidatingly large.

Exit: Vana is an attractive acquisition target because it's developing hitherto nonexistent sales channels for age-restricted markets and building a brand in one of the only ecommerce markets in which Amazon has a marked disadvantage. In 2018, cannabis exits totaled \$11 billion. In 2019, the market grew to \$18 billion and made up over 3% of all exits. Cannabis consolidation has been trendy, but that interest is not mirrored on the VC side. In 2019, cannabis VC investing represented less than 0.5% of all dollars. Less money chasing deals means more attractive valuations in this 'frothy' venture market.

Thesis: Not every day does a VC get the opportunity to diligence an entrepreneur with the loyal counsel of his decades long friend. Not every day does a VC get the opportunity to diligence an opportunity with the loyal counsel of the longest serving customer. Diligence advantages translate to value, and Vana has a great team with a clever strategy to build credit in the future behemoth cannabis ecommerce market.