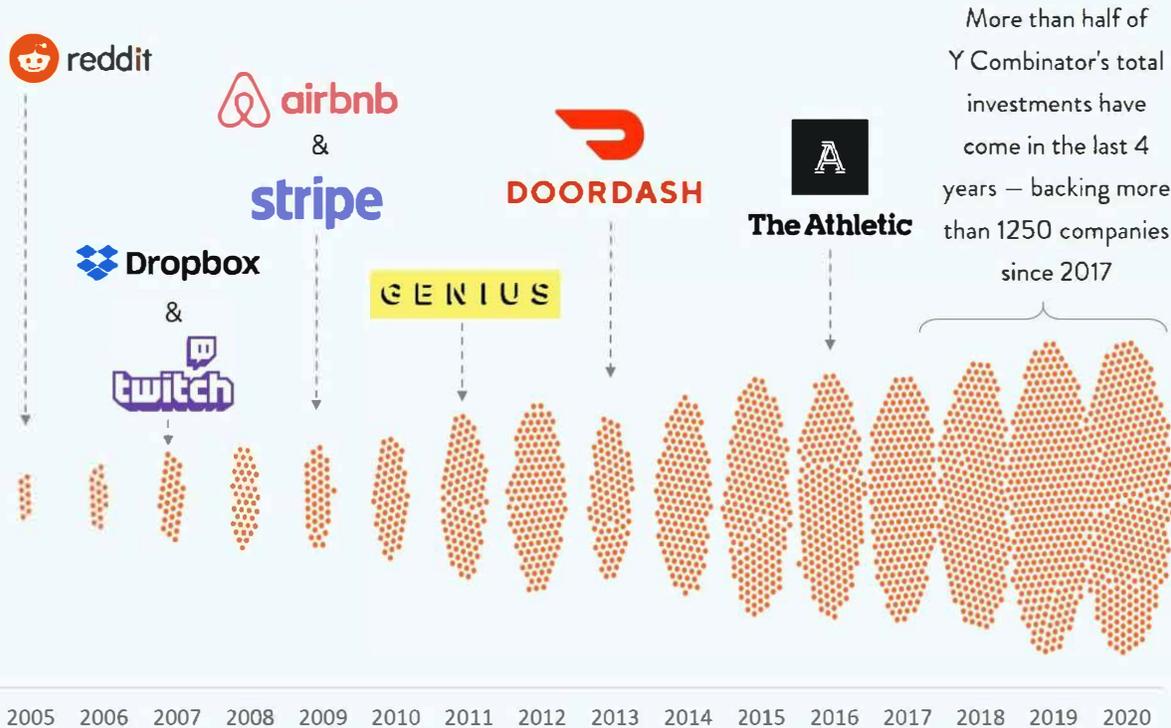


The Y Combinator Venture Model: Lots Of Darts At The Board

Each • dot in this chart is 1 investment in a start-up company by the start-up accelerator Y Combinator



Source: Y Combinator Startup Directory

chart.r

This week two tech giants debuted on the stock market: **Airbnb** and **DoorDash**, with both companies soaring on their first day of trading — **DoorDash** shares jumping more than 85% from their IPO price, and then **Airbnb** more than doubling yesterday.

Whether we're in a stock market bubble is, unfortunately, a story for another day, because apart from soaring valuations these 2 companies have something else in common: both were backed by the prolific start-up accelerator **Y Combinator**.

Darts at the board

The [start-up directory](#) on the **Y Combinator** website suggests that, since its first cohort in 2005, YC has invested in more than **2400** companies, with **Dropbox, Stripe, Twitch, Reddit & The Athletic** among some of the most

valuable and well known of their investments to date.

For their latest batches, YC offers a set investment of **\$125k** in return for **7% equity** in the start-up, terms that have changed over the years and were initially just **\$20k** for **6%** of a company.

The **YC** model of making lots of "little bets" perfectly encapsulates investing in risky start-up companies at the early stage: many will fail, most will be unspectacular and a handful will (hopefully) produce returns that pay for all of the other investments combined.

Take **YC's** investment in **Airbnb**. Although Y Combinator's equity stake will have been heavily diluted throughout the years, even owning **1% of Airbnb** at today's prices would be enough to pay for literally **every other seed investment they have ever made - and more.**

More to come

Perhaps what's most interesting about the YC portfolio is that the majority of the biggest hits they've had are 6, 7, 8 or 10+ years old — when the YC cohorts every year were closer to 50-100 companies, and not the 350-400 they've been doing in the last few years. Safe to say there will be another DoorDash, and probably another Airbnb, in those latest batches.

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