

The Honorable Tom Wheeler, Chairman
Federal Communications Commission
445 12th Street, SW
Washington D.C. 20554

May 8, 2014

Dear Chairman Wheeler:

We write to express our support for a free and open Internet.

We invest in entrepreneurs, investing our own funds and those of our investors (who are individuals, pension funds, endowments, and financial institutions). We often invest at the earliest stages, when companies include just a handful of founders with largely unproven ideas. But, without lawyers, large teams or major revenues, these small startups have had the opportunity to experiment, adapt, and grow, thanks to equal access to the global market. As a result, some of the startups we have invested in have managed to become among the most admired, successful, and influential companies in the world.

We have made our investment decisions based on the certainty of a level playing field and of assurances against discrimination and access fees from Internet access providers. Indeed, our investment decisions in Internet companies are dependent upon the certainty of an equal-opportunity marketplace.

Based on news reports and your own statements, we are worried that your proposed rules will not provide the necessary certainty that we need to make investment decisions and that these rules will stifle innovation in the Internet sector.

If established companies are able to pay for better access speeds or lower latency, the Internet will no longer be a level playing field. Start-ups with applications that are advantaged by speed (such as games, video, or payment systems) will be unlikely to overcome that deficit no matter how innovative their service. Entrepreneurs will need to raise money to buy fast lane services before they have proven that consumers want their product. Investors will extract more equity from entrepreneurs to compensate for the risk. Internet applications will not be able to afford to create a relationship with millions of consumers by making their service freely available and then build a business over time as they better understand the value consumers find in their service (which is what Facebook, Twitter, Tumblr, Pinterest, Reddit, Dropbox and virtually other consumer Internet service did to achieve scale).

Instead, creators will have to ask permission of an investor or corporate hierarchy before they can launch. Ideas will be vetted by committees and quirky passion projects will not get a chance. An individual in dorm room or a design studio will not be able to experiment out loud on the Internet. The result will be greater conformity, fewer surprises, and less innovation.

Further, investors like us will be wary of investing in anything that access providers might consider part of their future product plans for fear they will use the same technical infrastructure to advantage their own services or use network management as an excuse to disadvantage competitive offerings. Policing this will be almost impossible (even using a standard of “commercial reasonableness”) and access providers do not need to successfully disadvantage their competition; they just need to create a credible threat so that investors like us will be less inclined to back those companies.

We need simple, strong, enforceable rules against discrimination and access fees, not merely against blocking.

We encourage the Commission to consider all available jurisdictional tools at its disposal in ensuring a free and open Internet that rewards, not disadvantages, investment and entrepreneurship.

Sincerely,

Puneet Agarwal, True Ventures

Sam Altman, Y Combinator

Kristian Andersen, Gravity Ventures

Sherman Atkinson, Miramar Digital Ventures

Phineas Barnes, First Round Capital

Phil Black, True Ventures

Brady Bohrmann, Avalon Ventures

Mike Brown, Jr., Bowery Capital

Douglas W. Burke, Angel Investor

Brad Burnham, Union Square Ventures

Jeffrey Bussgang, Flybridge Capital Partners

John Buttrick, Union Square Ventures

Jon Callaghan, True Ventures
Jeff Carter, Hyde Park Angels
Joe Chung, Redstar Ventures
Michael Collett, Promus Ventures
Tony Conrad, True Ventures
Ron Conway, SV Angel
Fred Coulson, Five Elms Capital
Owen Davis, NYC Seed
Tej Dhawan, Nestmint and Plains Angels
Gil Dibner, DFJ Esprit
Roger Dickey, Rocket Street Ventures
Chris Dixon, Andreessen Horowitz
Liam Donohue, .406 Ventures
Bob Dorf, Investor and Entrepreneurial Educator
Bill Draper, Draper Richards
Nicholas Eisenberger, Pure Energy Partners
Roger Ehrenberg, IA Ventures
Brad Feld, Foundry Group
Stephen Findlay, Angel Investor
Ryan Floyd, Storm Ventures
Chris Fralic, First Round Capital
Christopher Forbes, Angel Investor
David Frankel, Founder Collective
Christie George, New Media Ventures
Rob Go, Next View Ventures
Matt Golden, Golden Venture Partners
Matthew Greenfield, Rethink Education
Nick Grossman, Union Square Ventures
Bruce Hallett, Miramar Digital Ventures

Rick Heitzmann, FirstMark Capital
Troy Henikoff, TechStars
Eric Hippeau, Lerer Ventures
Bob Holmen, Miramar Venture Partners
Rob Hutter, Learn Capital
Nabeel A. Hyatt, Spark Capital
Mark Jacobsen, OATV
Deborah Jackson, Angel Investor
Jodi Sherman Jahic, Aligned Partners
Nikhil Kalghatgi, Vast Ventures
Mitch Kapor, Kapor Capital
Jon Karlen, Atlas Venture
Josh Kopelman, First Round Capital
Manu Kumar, K9 Ventures
David Lee, SV Angel
Kenneth Lerer, Lerer Ventures
Robert Levitan, Angel Investor
Adam Lilling, Plus Capital
John Lilly, Greylock Partners
Howard Lindzon, Social Leverage
Trevor Loy, Flywheel Ventures
Om Malik, True Ventures
Kanyi Maqubela, Collaborative Fund
Jason Mendelson, Foundry Group
Josh Mendelsohn, Hattery
Aaron Merriman, Eurovestech PLC
Ann Miura-Ko, Floodgate
Howard Morgan, First Round Capital
Dave Morin, Slow Ventures

Dave Moylan, Yenni Capital
Kevin Murphy, Angel Investor
David J. Namdar, SolidX Partners
Farzad (Zod) Nazem, Angel Investor
Jason Neal, Jumpstart Capital
Jerry Neumann, Neu.vc
Tim O'Reilly, OATV
Alexis Ohanian, Initialized Capital
David Pakman, Venrock
Eric Paley, Founder Collective
Andrew Parker, Spark Capital
Massimiliano Pellegrini, Angel Investor
William Peng, Red Swan Ventures
Matt Penneycard, PCB Capital
Perry Rahbar, Rahbar Angel
Sameer Rashid, Pure Energy Partners
Naval Ravikant, AngelList
Eric Ries, Angel Investor & Author
Neil Rimer, Index Ventures
David Ristow, Eurovestech PLC
Bryce Roberts, OATV
James Robinson, RRE Ventures
John Ruffolo, OMERS Ventures
Chris Sacca, Lowercase Capital
Ahsun Saleem, Clippership International
Ted Sapountzis, Angel Investor
Eric Satz, TNCV Fund
Toni Schneider, True Ventures
Andrew Schoen, New Enterprise Associates

Jason Schoettler, Shea Ventures
Christopher M. Schroeder, Venture Investor
Jonathan Seelig, Globespan Capital Partners
Rishi Shah, Jumpstart Ventures
KJ Singh, Techstars
Jim Stewart, True Ventures
Tim Streit, Huron River Ventures
Mike Stubler, Draper Triangle Ventures
Brad Svrluga, High Peaks Venture Partners
Mark E. Swanson, Lane Five Ventures
Brett Topche, MentorTech Ventures
Brent S. Traidman, Fenox Venture Capital
Hunter Walk, Homebrew
Matt Walters, Ardent Capital
Dan Weisman, Advance Publications
Andrew Weissman, Union Square Ventures
Albert Wenger, Union Square Ventures
Boris Wertz, Version One Ventures
Andy White, Vegas Tech Fund
Fred Wilson, Union Square Ventures
Josh Wray, Angel Investor
Sam Yagan, Corazon Capital LLC
Namek Zu'bi, Silicon Badia