

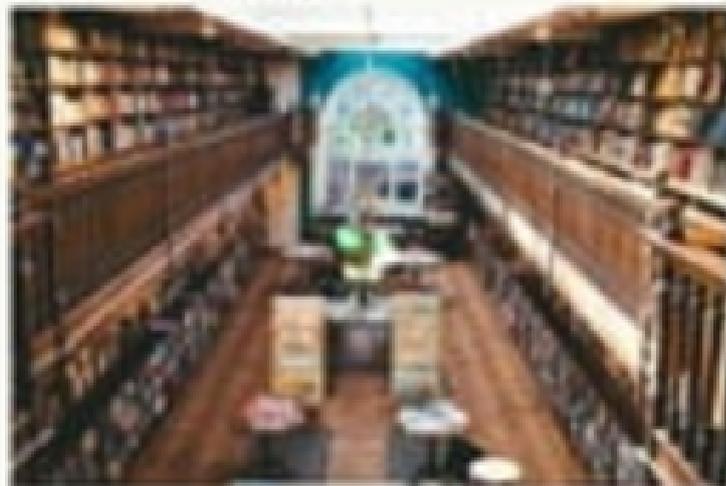


Reliable knowledge
shouldn't be hard to
find.



THE LIBRARY

20th → 21st century



FICTION AND BIOGRAPHY

→ Amazon/Kindle eBook

NEWS AND MAGAZINES

→ NYTimes.com, Google News,
Medium

TEXTBOOKS AND LECTURES

→ Khan Academy, Coursera,
MasterClass

ENCYCLOPEDIA

→ Wikipedia

NON-FICTION REFERENCE

→ Quora, Stack Exchange, TF

Note: Form factor, distribution, and
revenue models change for each



Reliable knowledge
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find.



TEAM



ANDY SPARKS

Prior to Holloway, Andy co-founded Mattermark ('13-'16) and was COO there until October 2016. Mattermark provides powerful company data to help businesses grow. He remains an advisor to the business. Prior to Mattermark, Andy co-founded LaunchGram ('11-'13), a now defunct predecessor to ProductHunt, and built a mobile development company called Duet Health ('10-'12). While in college at Ohio State, Andy studied business and history while trying to start a microbrewery out of his apartment.

FULL-TIME & CONTRACT STAFF

- Dmitriy Kharchenko, Engineering
- Quoc Le, Engineering (contract)
- Marc Hemeon, Design (contract)
- Leigh Taylor, Design (contract)
- 10+ authors, editors, & copyeditors



JOSHUA LEVY

Josh has a decade of startup experience building software products and leading teams in AI, search, and cloud. He led tech operations and infrastructure at Viv Labs, the next AI startup from the founders of Siri (acq. Samsung '16). Prior to that, Josh was a founding engineer and engineering leader at BloomReach (SaaS marketing data, 2nd hire thru series C at 200 people) and Cuil (which built a full-scale web search engine in '08-'09). He has led popular open source writing efforts and was recognized in 2016 by AWS as a Community Hero. He began his career in AI and systems research at SRI. He has degrees in computer science and physics, and a graduate degree in mathematics from UC Berkeley.

ADVISORS

- Russell Power (early Google), Search & ML
- Marcello Bastéa-Forte (early Siri), Engineering
- John Schmocker (former Greylock), Recruiting

PROOF



2016 Experiment: The Open Guide to AWS on GitHub

150k
Readers

15K+
Stars

15+
Experts

90+
Contributors

Launch Oct 2016.

- Market penetration among AWS engineers & widely inside Amazon
- Process is repeatable. 3 guides on startup & tech topics on GitHub.



The Open Guide to Amazon Web Services

 [in plain text](#)

[Credits](#) · [Contributing guidelines](#)

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Purpose

- [Why an Open Guide?](#)
- [Scope](#)
- [Legend](#)

OVERVIEW

We believe knowledge is the ultimate source of human progress (economic, scientific, etc.) — but is still not widely distributed

(information is everywhere but actionable guidance is scarce)

So we're creating a reliable source of online reference knowledge

(replacing outdated print publishing and web and social media publishers with conflicted incentives).

An experienced founding team with confidence in growing large audiences

(8+18 years of experience in software and startups; Mattermark and BloomReach)



combining selected practices of traditional reference publishing...

(incentivizing quality with the best authors and experts)

with cutting edge tools for digital distribution and interactivity...

(SEO+ demand analytics, NLP+ conversational AI, rich web UX)

to create a membership-driven platform for publishing that improves with engagement

(the future of reference content is interactive, with network effects and moats arising from engagement, community, and demand data).



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Equity Compensation

Introduction

Should You Read This?

About This Guide

Basic Equity Concepts

Tax Basics

Taxes on Stock and Options

Taxes on Wills

Steps of a Workout

Evaluating Equity Compensation

Restrictions and Offers

Custom Scenarios

Documents and Agreements

Compensation Software

Too Technical

Further Reading

THE HOLLOWAY GUIDE TO

Equity Compensation

A comprehensive walkthrough of issues related to stock options, RSUs, and taxes—all written to be added on to and improved over time.

CREDITS

[Full Credits](#)

Original Authors

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JOSHUA LEVY (Holloway)

ANDY SPARKS (Holloway)

Production

JOSHUA LEVY – Managing Editor

MARC NEMESIN – Graphic Design

Major Contributors

MARY RUSSELL (Stock Option Counsel)

DINA KIMBLEY

HARRY HORNIG

Introduction

Should you read this?

If you've ever worked or considered working for a startup or fast-growing tech company, you probably have experienced or tried to learn about stock options, RSUs, and other types of equity compensation.

It is a confusing topic that is often not discussed clearly. This is



409A valuations

- When stock vests, or you exercise an option, the IRS will consider what the **fair market value (FMV)** of the stock is when determining the tax you owe.
- Of course, if no one is buying and selling stock, as is the case in most startups, then its value isn't obvious. For the IRS to evaluate how much stock is worth, it uses what is known as the **409A valuation** of the company.
- The startup pays for an appraisal that sets the 409A, typically annually or after events like fundraising. In practice, this number could be low or high.
 - **Warning** A company wants the 409A to be low, so that employees make more off options, but not low enough the IRS won't consider it reasonable. Typically, the 409A is much less than what investors pay for preferred stock; for example, it might be only a third of the preferred stock price.

Stock awards vs ISOs vs NSOs

- Startups generally decide to give ISOs or NSOs depending on the legal advice they get. It's rarely up to you which you get, so you need to know about both. There are pros and cons of each from both the recipient's and the company's perspective.
 - **Warning** ISOs cannot be granted to non-employees (i.e., independent contractors).
- **Warning** **When you owe tax:** When you get stock options and are considering if and when to exercise them, you need to think about the taxes. In principle, you need to think about taxes (1) at time of grant; (2) at time of exercise; and (3) at time of sale.
 - These events trigger ordinary tax (high), long-term capital gains (low), or AMT (possibly high) taxes in different ways for NSOs and ISOs. The taxes will depend on the gain (sometimes called spread) between the strike price and the FMV, known as the **bargain element**, and the gain on the sale. This isn't the whole story, but from an employee's point of view, the key differences are (see [here](#), [here](#), [here](#), and [here](#)):
 - **Restricted stock awards:** Assuming vesting, you pay full taxes early with the 83(b) or at vesting:
 - At grant:
 - If 83(b) election filed, ordinary tax on FMV
 - None otherwise

PROGRESS



Q1 2017

- Prior content experiments and proven traction on GitHub and Medium
- Josh and Andy start working together
- Initial strategy

Q2 2017

- Raise \$1.1M
- First engineering contractor
- Began work on prototype product
- Iterated on product strategy

Q3 2017

- First prototype to small (10s) of users (friends, network)
- Experimented with unpaid content topic leads to write new topics
- Experimented with existing large link-based resources and making them searchable
- Well-written summarized content was always better than lists of links, even if they were searchable
- 1 eng hire
- Our own office

Q4 2017

- Killed link lists first and unpaid topic leads
- Researched publishing economics
- Switched to a paid author model for topics (10+ paid authors, copyeditors, etc.)
- 1 eng hire, 1 departure
- 2 contract designers (ex-Medium & ex-Google)
- Major product progress (visual & engagement)
- Content progress (5+ topics, 10+ writers)

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→ Quora?, Stack Exchange?, ??

Note: Form factor, distribution, and
revenue models change for each

PROBLEM

Online practical knowledge is not reliable.

FRAGMENTED



- By format (blogs, tweets...)
- By access (tribal knowledge, private Google docs, intranet resources)

NEED

- Well-packaged information
- Published more publicly

LOW TRUST



- SEO / click optimized
- Non-expert authors
- Content marketers
- Out of date

NEED

- Trusted experts and reviewed content
- That shows value with engagement

MISALIGNED



- Advertising and lead-gen revenue models
- Marginalization of authors
- Copyright reduces access

NEED

- Author+contributor prestige
- Accessibility *and* defensibility
- Profit alignment

SOLUTION

A home for reliable living knowledge.



REFERENCE PUBLISHING

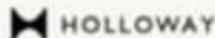
- Mixed Editorial & UGC Model
- Actionable Knowledge
- Shelf Life of Decades
- Data-driven Topic Selection



MEETS TECHNOLOGY

- Focus on Recurring Use
- Interactivity
- Digital Distribution
- Per-Topic Metrics

WHY NOW?



The time is right for collaboration, payments, discoverability, and community prestige.

Web Content Matures

- After 15 years, incentives in advertising & lead gen revenue models have led to poor user experiences (WebMD), conflicts of interest (Nerd Wallet), and shallow clickbait (BuzzFeed)

Rise of Subscription Economy

- Fatigue with "fake news" and much free online media
- WTP for vertical, high-value subscriptions is up
- Content becomes a service (Spotify, NYT) even per vertical (Strava)

Library → Google

- People used to go to libraries to solve a problem or learn something new, but today we go to Google & YouTube
- Book publishers refusal to budge on copyright means their back catalog is unable to appear in Google search

- Web search query stream is **-10% actionable informational**

Lowered Barriers to Contribution are Revolutionary

- Wikipedia, Quora, Stack Overflow: 1000s of contributors to generate immense value
- Lyft / UpWork brought under-utilized talent to market
- GitHub+open source: massive changes to software development by reducing barriers for talent
- Collaborative tooling now a commodity (Slack, Quip, GitHub)

Data and Intelligence

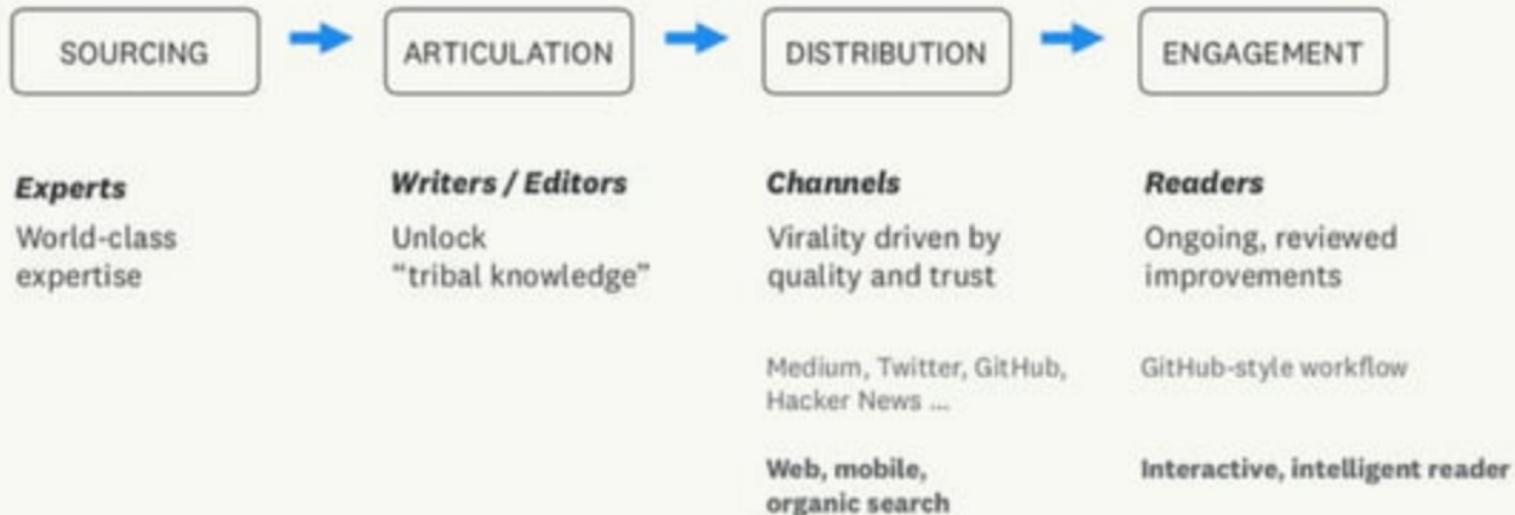
- Web search data
- Engagement data (questions and search terms)
- Analytics on content
- Interactivity and conversational AI filling in on products everywhere

HOW DOES IT WORK?



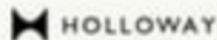
Publishing and CGM deliver via an information **value chain**.

This approach is applied by **vertical**.



Expertise & trust

HOW DOES IT WORK?



But in digital realm, supply and **demand** are real-time.



Experts

World-class
expertise

Writers / Editors

Unlock
"tribal knowledge"

Channels

Virality driven by
quality and trust

Medium, Twitter, GitHub,
Hacker News ...

**Web, mobile,
organic search**

Readers

Ongoing, reviewed
improvements

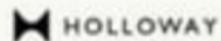
GitHub-style workflow

Interactive, intelligent reader

Expertise & trust

Contributions & demand data

MONETIZATION



DEMAND-FOCUSED REVENUE

BUSINESS MODEL	LAUNCH	WHO PAYS	FEES
Premium Reader Membership	2018-2019	Consumers, Prosumers	\$48 - 1,200 / user / yr

SUPPLY-FOCUSED REVENUE

BUSINESS MODEL	LAUNCH	WHO PAYS	FEES
Group Tools and Private (Mixed Public) Content	Late 2019	Prosumers, Enterprise	\$20-50 / seat / month

CONSUMER MARKET

3 MILLION

print and digital subscribers to The
New York Times
- DigiDay, 2017

* \$119.88 / year

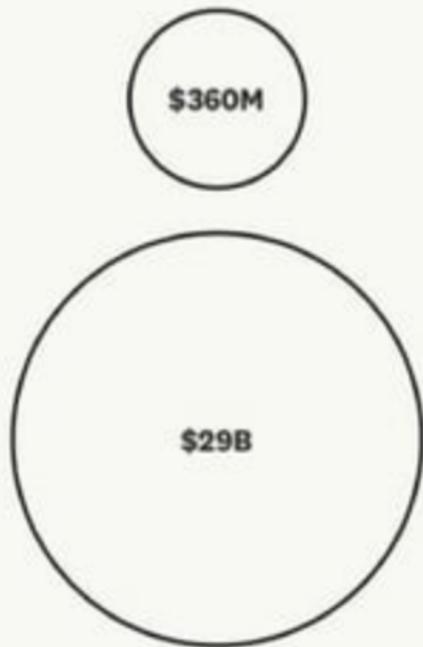
\$360M

84%

of U.S adults who read to
"research specific topics of interest"
- [Pew Research Center](#), 2016

* \$119.88 / year

\$29B



COMPETITION



DEEP



Quora

Google



Consultants
GLG
Expert Friends

Academic Journals

O'REILLY

THE DUMMIES

Target Sector

WIKIPEDIA

BROAD

MIXED *Inconsistent Quality*

TRUSTED *Consistent Quality*