

# Investor Pitch

toolkit

# The Investor Pitch

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- ▶ **What is the investor pitch?**
  - ▶ **The investor pitch is your 10-15 minute presentation of your business concept to venture capitalists (VCs) and angel investors to seek their funding.** A successful pitch will get you an internal champion who will get you to the “second date” or to due diligence – even an opportunity to close the deal with a written check in hand.
  - ▶ **The purpose of your pitch is to SELL, not to teach!** Pitching is about developing a dialog that lets you connect to the head, the heart, and the gut of the investor.
  - ▶ **What is the investor most interested in?**
    - ▶ NOT: “Is this company going to make a lot of money?”
    - ▶ BUT: “**Is this company the best next investment for me and my fund?**”
    - ▶ SO the pitch has to do three things:
      - ✓ Provide a **good, clear, easy-to-repeat story**: the story of an exciting new startup
      - ✓ Fit with other investments the individual VC has made and the investments the firm is chartered to make
      - ✓ Beat out the other investments the firm is currently considering

# Pitching to Investors - Prepare

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## Know your Business:

1. **Making an elevator pitch:** "CBO Financial offers a wide range of financial services for non-profit organizations, including bond issuance, online banking, project planning and project management. The non-profit industry is the third largest business sector in the United States, accounting for over \$6 billion in just the greater San Francisco Bay Area. Already profitable, we've booked over \$100 million in bond work and project management in the last six months." Here you can see the fundamentals: (1) The **one-sentence description of the company** (the first sentence); (2) a succinct explanation of the **size of the market space**; and (3) **the state of the company** ("already profitable" and "already booked over..").

**Exercise (1): Write down your elevator pitch, ensuring that it's no longer than one paragraph, and that it captures the essence of what you do, and how you're different, or otherwise has a baited hook for people who want to learn more.**

2. **What's the Problem and What's the Solution:** The core question any business has to be able to address in a pitch is: what's the problem, and how do you solve it? "If you're a non-profit organization, you are very aware that banks don't understand or care about your business. Further, as banks have consolidated and executive management has shifted out-of-state, it's just gotten worse." That's the problem. Now the solution: "That's why we created CBO Financial: to address this need and help community-based organizations by building a top-notch financial services organization." Not only is the problem stated, but **why it's a problem** is also indicated ("banks don't understand or care about..." and "management has shifted out-of-state...").

**Exercise (2): What's the fundamental problem in your industry that your company is addressing? How are you solving it?**



# Pitching to Investors - Prepare

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## Know your Business:

3. **How are you Different?** A fundamental question for any investor once you've convinced them that there's a genuine problem in the industry, and that you offer an interesting solution, is: "How are you different?"

## Know your Market:

1. **Know your Competition:** There will always be competition. Sometimes it comes in the form of a company that really does have the same idea as you. Other times it will be a potential threat from a company in a similar space. It is vital that you do your homework; **find out who your competitors and potential competitors are.** What stage of business are they in? How are they funded? How are their products similar or different from yours? What is their revenue to date? Do they have any customers? And, very importantly, what challenges do they face? Remember, presenting a comprehensive look at the competitive landscape shows a VC, or anyone on the other end of your pitch, that you've seriously considered the companies that are a potential threat in your market space.

**Exercise (3): Create a matrix of the top 8-10 competitors in your market space. Include products, funding sources/amounts, revenue to date, number of customers.**

**Exercise (4): Create a list of your top competitors weaknesses and strengths, then list your top weaknesses and strengths and compare. Look for areas where your company dominates and capitalize on them!**

2. **Understand your Market and its Trends:** The more you understand and can talk at length about the market space your company is in - the better! You should be able to discuss similar products and how they have been accepted in the marketplace, distribution methods and channels for products like yours, and be able to describe the ideal customer for your product.

# Pitching to Investors - Prepare

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## Know your Market:

3. **Know the subset of the Market your business Targets:** Knowing your specific market segment goes hand in hand with understanding your overall market. When pitching your business be sure to clearly state the specific market segment your product or service addresses, and why that market needs your solution.

## Presenting Business Financials:

1. **What this is all about: "So tell me the numbers? How are you going to make money off of this idea?"**  
Being able to present meaningful and thoughtful numbers is a critical element of any successful pitch because, if nothing else, every investor asks one overriding question when they consider an investment opportunity: what's in it for me? But here's a conundrum. As much as everyone needs to hear the numbers, and as necessary as it is for you to produce your financial projections, no-one believes them.
2. **Numbers are only Projections:** There's really no way to project into the future, particularly 24-36 months out. A well-funded competitor could show up, your key employees could be recruited away, or you could run out of funds (a quite likely outcome in these modern times). So get it out of your mind that the projections can be accurate. They can't. What they can and must demonstrate, however, is that you have the discipline and savvy to analyze your potential market, come up with reasonable and believable pricing structures, and project them out for a meaningful amount of time. Oh, and make sure everything adds up properly.

# Pitching to Investors - Prepare

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## Presenting Business Financials:

- 3. Identify your Key Revenue Stream:** An entrepreneur was interrupted during his presentation with the comment: "I don't think your revenue stream is going to fund your operations." The response? "Well, we have six different revenue streams we're going to explore, and we're confident that one of them will bring meaningful monies into the company." Why is that a bad answer? Because investors want to hear about companies that are lead by people who have a tight ability to focus. **Being unable to identify the core revenue stream suggests that it's time to put more thought into this critical aspect of your business.**  
**Exercise (5): Identify your core revenue stream. How many other revenue streams have you identified as you've developed your business plan, and how much are they going to dilute your focus and divert your team from executing the core business?**

## Building a Startup Team

- 1. What this is all about:** One of the most common tenets you'll hear from investors is that they invest in teams, not ideas. We can't overemphasize the requirement that you pull together a team that maximizes your chance of success. **A good startup team should have relevant experience not only in the industry, but specifically in the business space you're going to address.** And, just as importantly, if you have a hole or two in your executive team, admit it and talk about your strategy for filling those holes.
- 2. The Board of Directors:** The quality of your board of directors will speak volumes to any VC you're pitching. In a VC's eyes a quality board will introduce business contacts you otherwise could not make on your own, provide insight and guidance from proven entrepreneurs, assist you in thinking through company direction and strategy, and more, all for a very small piece of the pie. Name drop early in your pitch, including big brand customers.

# Pitching to Investors - Prepare

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## Pitching your Business

1. **Be Able to Back Up Everything you Say:** Your audience will be fairly skeptical of everything in your presentation. When presenting numbers, facts, and figures, indicate their sources. **Don't make things up to support your position! The last thing you want is for a VC to question a fact that you've presented and be unable to defend it.** Don't be afraid to say "In my opinion," or "I believe the market...". By stating information in this way, you are qualifying where it's coming from - you.
2. **Know a Bit About the People You are Meeting:** Visit their web site. Almost all Venture Capitalists and Angel Investors have a web site that states what business they are in, the types of investment they prefer, bios of the partners and often a full client list. Being able to know a partners background proves you've done your homework, and better prepares you to ask them a series of relevant questions too. Note: a relationship with a VC is a two-way street. The same goes for the pitch. As eager as you are to tell them all about you and your idea, it is often prudent to find out as much about them and their business (i.e. how they make a decision to invest or what key strengths do they look for in an investment opportunity) as possible - prior to or during your pitch.

**Exercise (6): For the next VC firm you're meeting (maybe it'll be your first), visit their web site and note what types of companies they invest in (market, or industry), review the background of the person you're meeting, and determine what investments they've made that are similar to your own company. This will help you in formulating questions to ask when you meet, and may indeed help you decide if this particular firm would be a good partner for you.**

# Pitching to Investors - Prepare

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## Pitching your Business

- 3. State What You Seek:** Here's a classic mistake many entrepreneurs make - they give a great pitch, they've covered all the key points and they end with, " So, that's who XYZ.com is." The VC then asks, "Well, what are you looking for?" The mistake? The entrepreneur has not thought through how much of an investment they want in exchange for how much of a stake in the company they're willing to give. A smart end to your perfect pitch is to **dedicate a slide to 'the deal'**: Exactly what you seek from this potential investor. It might look something like this:

**\$2 million Series A investment sought in exchange for 20% equity ownerships in XYZ.com**  
**Post money valuation - \$10 million**

**Capital will be used for:**

- ▶ **Distribution of product**
- ▶ **Expansion of marketing and technical teams**
- ▶ **Expansion of market positioning**
- ▶ **Development of key business relationships**

It is important to state very clearly what type of deal you are looking for, and to identify how the proceeds will be used.



# Honing your Investor Presentation

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1. **Be Brief:** Your overview presentation should be no longer than 12 to 15 slides. Your prepared comments should take no more than 15 minutes to deliver, with 5-10 minutes for questions. If you think you have additional critical points that have to be made, prepare “pocket slides” that you can put up if the topic arises.
2. **Be Organized:** Divide your presentation into sections.
3. **Arouse Interest Immediately:** Make sure you cover the market potential and the share of market you expect to capture; the need for your product or service; the ways in which your business will transform that need into a business opportunity; your competitive edge; and the amount of money you’ll need.
4. **Provide Substance:**
  - a. **Define the Market and Its Potential:** Investors want to know that you understand the market and that the market has big potential. Describe its size, characteristics, growth potential and trends.
  - b. **Solve a Problem:** Avoid sounding like a solution in search of a problem; you must solve a serious business problem.
  - c. **Turn the Problem into Opportunity:** Every problem offers the opportunity for a solution. Once you've presented your prognosis, lay out your prescription. Boil down the unique elements of your approach.
  - d. **Analyze Your Competition and State Your Advantage:** Explain who your competitors are, explore their strengths and weaknesses and detail your sustainable competitive edge.
  - e. **Describe the business:** Outline the features, capabilities and revenue streams of your product or service.
  - f. **Marketing Strategy:** Describe the strategies you’ll use to reach the target market – positioning, pricing, distribution channels, sales, advertising and publicity. Include strategic alliances that help you penetrate the market faster.

# Honing your Investor Presentation

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5. **Project Solid Management Expertise:** The strength of your management team is absolutely critical to your success and to your ability to raise venture and angel financing. VCs and angels invest in people, not just ideas on paper. Mention your corporate and advisory boards.
6. **Conclude with a Call to Action:** Always end your pitch with a call to action: the amount of money you want. You build to this conclusion by telling investors how you plan on spending the money, how much money you're going to make and when you will be profitable.
7. **Make Your Presentation Tangible:** Throughout your pitch, talk in specifics – not abstractions. Keeping it tangible means using plain English that the man on the street can understand.
8. **Make Your Slides Readable:** Use bullets. Make your points concisely. The type size should be large enough to be read at the distance the audience will be from the presentation.
9. **Prepare and Practice:** Develop a list of questions you might be asked and answer them in advance. Base your list on prior investor presentations and other meetings and conversations you have had about your business. If you're presenting as a team, agree beforehand who will cover which topics and who is responsible for answering what types of questions. If you're presenting alone but your management team is in the audience, let them answer detailed questions in their areas of expertise. Practice! Practice! Practice!
10. **Show Your Passion:** A good presentation excites and energizes the audience. Of course the financials, the competitive advantage, the market potential and the idea are important, but you also must show that you have a fire in your belly, a passion to succeed at something that's never been done before.

# Other Tips

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## When creating your pitch:

- ▶ **Don't use a feel-good, visionary "mission statement" on your overview slide.** Focus on making sure your statement of your company's value proposition is crisp, clear, and unique.
- ▶ **Prepare good use cases.** Sometimes, no matter how simple and clear the description of a product, what the investor really needs is a concrete example of how people will actually use it. In some cases there will be multiple different use cases.
- ▶ **Drop names, early and often.** If you really have some brand names involved in your company—as customers, as partners, as members of the team—don't keep them a secret for the first nine slides; make sure the investor knows about them early in the presentation.
- ▶ **Show and tell.** If you have a working prototype, show it to investors so they can see how it could actually work. If you can demonstrate your product or hand out product samples that's a plus.
- ▶ **Provide a way out.** You need an exit strategy; how the investor will make his or her money back. The answer is NOT sales revenue. Most angel investments take seven to eight years to reach an exit where they are sold to another company or go public.
- ▶ **Sign, seal, deliver the deal.** Tenacious follow up is critical - return phone calls right away. Negotiating the terms of a deal will always be tricky, and disagreements about operations can be difficult to hammer out. The longer the days are spent in closing the deal the less likely it will get done, because investors constantly have potential deals on their plate.

# Other Tips: When Pitching

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Yes, you need a great business concept and a solid business plan. But investors are looking at YOU. **How you look, the way you speak, and what information you leave out during a pitch can sink the deal.**

- ▶ **Make sure that everyone in the room is introduced before starting.**
- ▶ **Don't just read your slides!** Investors can read the words; they want the story behind the story. The details and anecdotes allow investors to get to know you and how you think. This means you should **limit the font size (the bigger the better) and number of words per slide (less is more). Less is more in a presentation because it allows for questions and conversation instead of simple presentation of the ideas.** It is perfectly okay if your presentation is not readable when you are not around - that's the job of your executive summary or your business plan.
- ▶ **Proactively answer the big questions.** If there are obvious, elephant-in-the-room sort of questions regarding your business: address them before they get asked.
- ▶ **Learn how to control the flow.** Watch their body language - it will tell you if you are okay deferring a point or if you need to address it immediately. If you let your audience take over the flow, you will wind up creating a confusing, incomplete impression of your company. But if you don't address the "burning questions" early and effectively, the investors won't hear anything else you say.
- ▶ **Gauge your own body language.** Don't act nervous, unsure, or bored.
- ▶ **Watch your tongue** – no fancy talk! **Be clear, be concise, be enthusiastic.** Communicate clearly: here's my idea, this is my market, here's what distinguishes me from my competition, this is why it will be a financial success, and here's why you should invest in it.

# Resources

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Refer to these references for further discussion of guidelines and tips in creating an investor pitch:

- ❖ [Bill Reichert \(2006\)](#)
- ❖ [Reoverthinking](#) – 2012 Investor Pitch Deck and Discussion
- ❖ [Deloitte & Touche](#)
- ❖ North Venture Partners – [12 Ways to Blow Your Investor Pitch](#)
- ❖ [Alliance of Angels \(2007\)](#)
- ❖ [Guy Kawasaki's 10/20/30 rule](#)

# Investor Pitch Template

**toolkit | phase six**

# Outline

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- ▶ Title slide – CEO/Promoter Name and Contact Info
- 1) The elevator pitch
- 2) The story so far (optional)
- 3) The team
- 4) The problem + why now?
- 5) The solution
- 6) The market context – customers and competition
- 7) The “secret sauce”
- 8) Go-to-market strategy
- 9) Business model
- 10) Strategic vision (optional)
- 11) Financial Road Map
- 12) Financing Requirements
- 13) Milestones & Next Steps
- 14) Summary

# Company Overview

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## ▶ Elevator Pitch (Agenda + Company Snapshot)

- ▶ Agenda: gives you the opportunity ask your audience if there is anything they want to cover that is not in your current agenda.
- ▶ **2-3 sentences that define the market, customer, problem/solution, and uniqueness of the business**
  - ▶ What market / industry are you in?
  - ▶ What problem are you solving for customers?
  - ▶ How many potential customers are there? How much potential revenue is possible?
  - ▶ Why will you succeed (differentiation, barriers to entry, unfair advantage)?
  - ▶ Where is the proof (existing customers, investors, market research, personal experience)?

**Key Objective: Tell investors who are not familiar with your company what you do. Make them 'get' why they should care about you, your company, and your opportunity. Everyone in the room should grasp your basic value proposition to which target market before the next slide.**



# Example: Company Overview

## Agenda

- ▶ **Background**
  - ▶ Market context
  - ▶ Team
  - ▶ Business Model
- ▶ **Company & Business Details**
  - ▶ Progress & milestones
  - ▶ Company metrics
  - ▶ Competitive advantage
- ▶ **Customers & Pipeline**
- ▶ **Financial Overview**
- ▶ **Financing & Use of Proceeds**

## Company Snapshot

<b>What do we do? (1 sent.)</b>	What you do Who you do it for Why that matters
<b>Target markets</b>	List your target customers (today & future) by big-name categories like "IT"
<b>Partners &amp; Customers</b>	List actual partners and customers you've had conversations with
<b>Employees</b>	No.; List FTE and contractors separately
<b>Investors</b>	Friends, family, anyone else?
<b>Founded</b>	Q? YYYY
<b>Headquarters</b>	City, state
<b>2011E Financials</b>	Bookings: Revenue: Expense:

# The Story (optional)

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- ▶ **Our Origins** – take investors on a journey
  - ▶ Make it brief but personal, compelling, and memorable
  - ▶ Why is what your company does important? How do you know it?
  - ▶ What evidence/anecdote proves it? Examples:
    - ▶ Ugly moments or unexpected delights
    - ▶ Scenarios that inspired you to create your solution and venture
    - ▶ Circumstances where you used a similar solution only to find key pieces woefully lacking or altogether missing
- ▶ **History to date:**
  - ▶ “So, we started Company X in [date]...”
  - ▶ Raising [X funds] from whom
  - ▶ A few major milestones reached so far
  - ▶ What we need now and why – the purpose of this pitch

**Show your passion! An investor wants to know why he/she should be listening to you. Your story is a “hook” that will them connect to your idea.**

# Intro to the Team

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**The team slide should almost always come up front. Investors want to know this early – they are investing in the team as much as the idea!**

- ▶ 30 seconds or less
- ▶ Save team detail for later. Focus on a significant, relevant accomplishment for each of the 3-4 key players that identifies that person as a winner. In 10-15 seconds, you should be able to say 3-4 sentences about your CTO that says everything the investors want to know about him or her at that moment
- ▶ **Why invest in your team?**
  - ▶ Impressive credentials
  - ▶ Direct experience – context for the rest of the pitch, as a lead-in to the problem/ solution/ market slides
  - ▶ Big ticket advisors and board members with great reputations
- ▶ One milestone may be filling out the team, so **convey that the initial team knows how to attract great talent, as well as having great domain skills.**

**Make investors confident that there is a good credible core group of talent that believe in the company and can execute the next set of milestones. If there is a gap in the team, address it explicitly, before investors have to ask about it.**

# The Problem

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**The problem:** an obstacle or inefficiency preventing a coherent group of customers from doing something in a “better, faster, stronger” manner.

- ▶ **Make it clear.** What is the problem you want to solve? How big and urgent is this problem? Why is so pressing?
- ▶ **Make it real.** Look at the problem from the *customer's* POV. Try telling a short story about a real person to make the problem real and compelling to someone unfamiliar with the market.
- ▶ **Show you understand the market dynamics:**
  - ▶ Why does the problem exist?
  - ▶ **Why now?** Why has no one solved this before? Why are you not two years too early or two years too late?
  - ▶ Why are **you** addressing them? And how are you better placed than the others?

**Make the investors understand that your company is solving an urgent problem that really exists and that you have the qualifications to solve it. Include any validating quotes or anecdotes from real people.**

# The Solution


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## **What is your product or service? Use photos, diagrams, demo videos.**

- ▶ How does it address the problem from the previous slide?
- ▶ How is it innovative?
- ▶ **Compelling benefits**
  - ▶ How do you provide value to your customers?
  - ▶ You might need an extra slide to show how your solution fits in the value chain or ecosystem of your target market. Do you complement commonly used technologies, or do you displace them? Do you change the way certain business processes get executed, or do you just do them the same way, but faster, better and cheaper? Do you disrupt the current value chain, or do you fit into established channels?
- ▶ A great solution slide needs to be: as simple as possible, get across the value proposition, and suggest defensibility and some sort of proprietary advantage.

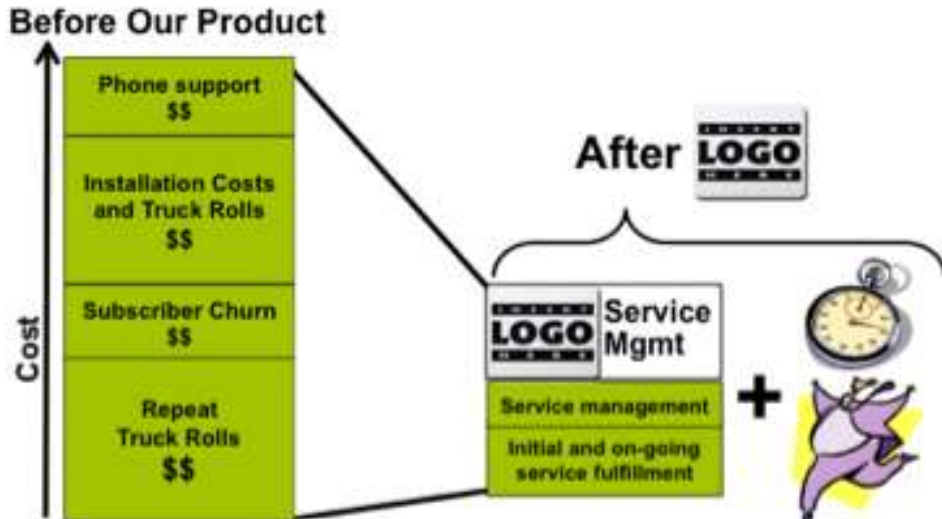
**If you have a demonstration / prototype / evidence, introduce it here. The demo is brief proof plus any compelling features you can show quickly (under 5-10 minutes).**

# Example: The Solution


Broadband Service Management


SLIDE #5C

**Before Our Product**



- **Provider's operational costs cut by as much as 50%**
- **Plus great intangible benefits**
  - Faster time to market: *win the broadband land-grab!*
  - Happier customers: *brand and reputation matter!*



Presented to InvestCoVentures, Jan 16 2012

# The Market

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## Why is your market interesting?

- ▶ It's big and growing
  - ▶ **Size and growth rate for 3-5 years (are you an early or late stage industry?)**
  - ▶ **If the market seems small, explain why it's sufficiently large to support growing your company to a compelling size.**
- ▶ It's going through massive disruption
- ▶ It's enormously fragmented
- ▶ It's suddenly ready to enjoy the leverage of technology for the first time
- ▶ Everyone else is thinking about the problem/solution etc. wrong

## Can you quantify it? Use diagrams, charts, trend graphs, etc.

- ▶ Customer segments, their sizes, and the key benefits and value they get
- ▶ Use a 'Bottoms Up' approach and not generic industry reports and trends

Most importantly, answer the question: **“Given the market and opportunity, what portion of this market do you have access to TODAY and why?”**

**Show investors that this is a good opportunity that they can build a big business around. This slide also sets the stage for your “secret sauce” / competitive advantage slide and your go-to-market strategy.**

# The “Secret Sauce”

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- ▶ **Your competitive advantage**
  - ▶ How are you better than your competitors? What can you do differently?
  - ▶ Why will customers care – ie. why will they choose you over your competitors?
  - ▶ EX: an amazing team and partners, new invention, intellectual property protection, insights, relationships or expertise that others don't have, being first to market
- ▶ **How defensible is your advantage?** What can you do uniquely and realistically for how long? What can't be duplicated?
  - ▶ If your company is successful, how will you defend its business from competitors who see your success and want some or all of it for themselves?
- ▶ The best way to convince an investor that you really do have a better mousetrap is to have real customers or prospects **articulate in their own words** why they bought or will buy your offering over the alternatives.

Convince the investor that lots of folks will buy your product or service, even though they have several alternatives (one of which may be to do nothing), for very good reasons.



# Example: Competitive Adv. Matrix



Depending on how important the analysis of competitive players is in your market segment, you may need a matrix to provide a detailed list of competitors by category. Preferably, you develop this as a “pocket slide” to be used for Q & A. It is important, however, that you do your homework on the competition, and that you don’t misrepresent their strengths or their weaknesses.

# Go-to-Market Strategy

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**Ideally, show a pipeline of customers and strategic partners that have already expressed interest in your solution.** If you don't have a pipeline, and there is nothing unique or innovative about your strategy, then drop this slide and make the elements of your sales model clear in the discussion of your business model (next slide).

## **How will you enter the market?**

- ▶ Who are the key players?
  - ▶ Profiles of the ideal customers to target
  - ▶ Critical partners (current and future)

## **Marketing and sales plan**

- ▶ How will you market and sell your product / service?
- ▶ How will you reach these ideal customers in an economical way?
- ▶ What is your distribution strategy?
- ▶ What channels will you use?
- ▶ How are you planning to build momentum?

**Focus on articulating the non-obvious, potentially disruptive elements of your strategy, or you can frame your comments in terms of the critical hurdles (barriers) you need to get over, and how you are going to jump them.**

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# Business Model

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**How do you make money?** Use hard numbers, tables, graphs etc.

▶ **Pricing model**

- ▶ How are they buying? Where? For how much?
- ▶ Proof of affordability, financing scheme, pricing strategies like loss leader, etc.

▶ **Costs and how you are driving efficiencies**

▶ **Why you are especially profitable**

▶ Any **examples** of this working so far? This is *traction*.

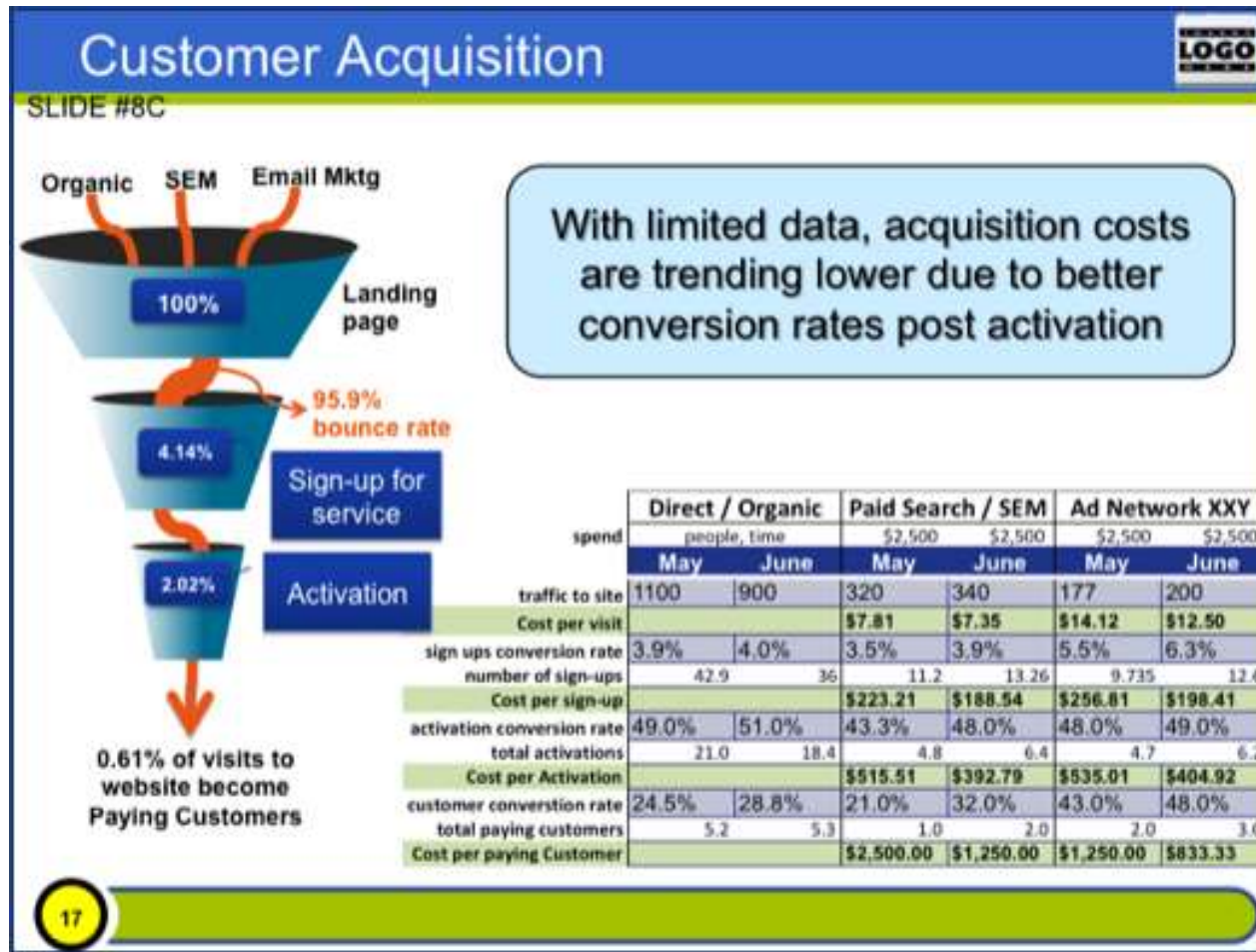
**Make sure you understand the key assumptions underlying your plans:**

What if you can't sustain the price? What if it takes twice as long to make each sale? What if your costs don't decline over time? Be ready to articulate the sensitivity of your business to variations in your assumptions.

**\*\*Articulate how the business scales within this business model and go-to-market strategy.** How do you acquire more customers? What's the cost of acquisition?

In essence: "Our company does this set of stuff in order to make money and now let's talk about the results (if any) of our execution so far."

# Example: Business Model Traction



Traction = the business model in action.


Monthly improvements in conversion rates to paying customers =>

If the customers are valuable enough, we may have a “working” business model here!

# Business Model: Progress (optional)

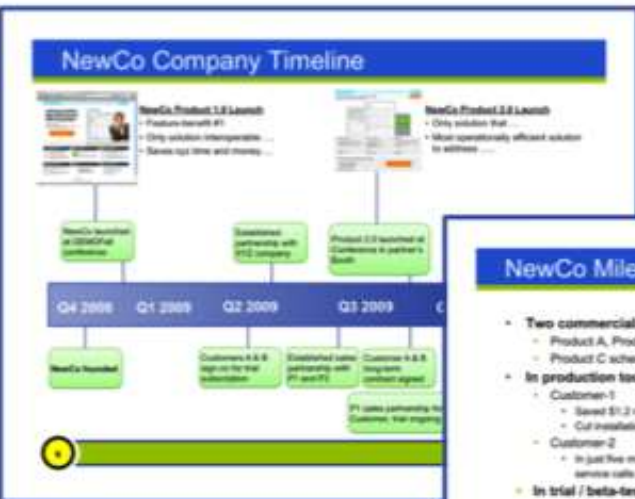
When your business model doesn't have much run time on it (when the start-up is pre-product or pre-revenue), use this type of slide to discuss the progress you've made when that progress is not users or revenue.

## Progress and Milestones



SLIDE #8A

### NewCo Company Timeline



### NewCo Milestones & Progress

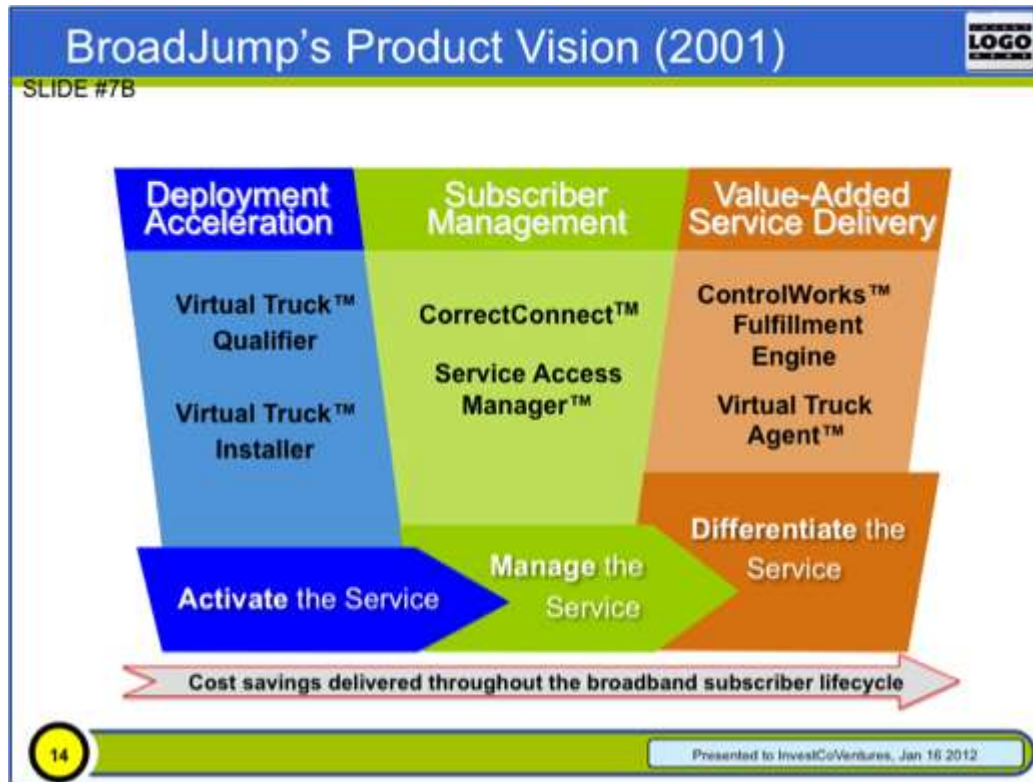
- **Two commercially available product lines**
  - Product A, Product B launched on month 00/yy
  - Product C scheduled for launch in Q2 of 2010
- **In production today at Customer-1, Customer-2**
  - Customer-1
    - Saved \$1.2 million in broadband installation costs
    - Cut installation time in half to 15 minutes, increasing installs from 4 to 8 per day
  - Customer-2
    - In just five months, NewCo Product A has cut install time by 10 minutes and decreased service calls from new installations by 42% saving hundreds of bucks calls per month.
- **In trial / beta-testing today**
  - Customer-3
    - Approximately 90% of customers are installed by NewCo's product A
    - \$10-20 saved per install – savings pay for NewCo software
  - Customer-4
    - All affiliates report that repeat buck calls are down 20-30 percent
    - In a recent customer survey, NewCo Product B earned an 85% satisfaction rating
- **Partnered with CompanyXYZ**
  - Potential channel partner identified and currently training their reps

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Presented to InvestCoVentures, Jan 16 2012

This gives investors a short-cut to understanding how well you've executed so far in your company's life. **Important, value-creating milestones over a reasonably SHORT amount of time suggest that your company is focused; you're prioritizing what is important to grow your company and executing against that list.**

# Strategic Vision (optional)



Don't talk only about the product/solution you're selling today. What is your broader vision of the future and the associated products? Anticipate future customer problems and the way the industry will develop – and thus, how you will develop.

What are your strategic assumptions? What is your plan to compete as the environment changes, and grow?

This slide may also suggest an exit strategy for investors; remember, they make money from selling you or an IPO.

# Financial Road Map

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- ▶ Financial information for previous and current year (where applicable)
- ▶ **Project your revenues and expenses over the next 5 years**
  - ▶ Show assumptions for the two or three key metrics that drive revenues, expenses and growth (customers, unit sales, new products, expansion sales, new markets, etc.)
  - ▶ How much money – revenue and profit – do you make each year?
  - ▶ What are your expenses each year?
  - ▶ Also include cash balance and headcount lines each year
- ▶ **Key milestones**
  - ▶ When will your business turn profitable? Break-evens
  - ▶ When does your competitive advantage take effect? When does it end?
  - ▶ When will you complete hiring all your employees?

The most important thing to convey is that you really understand the economics and evolution of a growing, dynamic company, and that your vision is grounded in an understanding of practical reality. Your financials should tell your story in numbers as clearly as you are telling your story in words. Investors are not focused on the precision of your numbers; they're focused on the coherence and integrity of your thought process.

# Financing Requirements

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This slide is the **operating plan for the funds you are raising**:

- ▶ What stage are you at?
- ▶ How much have you raised to date?
- ▶ Who have you raised from?
- ▶ What have you accomplished with the funding raised so far?

**Outline how you plan to take in funding**—how big each round will be, and the timing of each—and **map the funding against your key near-term and medium-term milestones**. How long will these funds last?

- ▶ Use **measures of accomplishment** as milestones, not measures of activity.

Make sure investors realize that you have skin in the game, and show that you are asking for the right amounts of money to get the company to a meaningful milestone.



# Milestones & Next Steps

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- ▶ **What milestones have you achieved so far?**
  - ▶ Business plan complete?
  - ▶ Legal entity registered?
  - ▶ Team recruited and on board?
  - ▶ Product, prototype or sample developed?
  - ▶ Office space leased or home office?
  - ▶ Website and business cards created?
  - ▶ First customers acquired?
  - ▶ Signed up key partners and business advisors?
- ▶ **Where do you plan to go from here?**
  - ▶ What are your next steps? How do they fit in your business strategy?
  - ▶ How will you get there?

# Summary

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**Your key objective on this slide is to solidify the core value proposition** of your company in words that are **memorable and unique to your company**. If the venture investor in the room has to give a short description of your company to his partners, these are the words you want used. **This is a good place to reinforce your tagline, or mantra**—the short phrase that captures the essence of your message to investors.

- ▶ **Hit the three key points of your value proposition**
  - ▶ What is your business?
  - ▶ What problem do you solve?
  - ▶ What is your competitive advantage?
- ▶ **Ask for investment**
  - ▶ How much funding do you need? For what?
  - ▶ Why should they invest in you and your business?
- ▶ **Questions and next steps**

# Appendix

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- ▶ Detailed financials
- ▶ Detailed competitive landscape
- ▶ Detailed backgrounds of the key team members
- ▶ Other key business metrics – in a past-present-future timeframe
- ▶ Supporting research

