



## Best Practice Investor Pitch

Posting by Kip McClanahan, Silverton Partners

### Experienced, early-stage investors get excited by 5 things:

1. **Visionary, experienced entrepreneurs...**
2. **Solving a valuable problem in a huge, growing market...**
3. **With some fundamental, defensible advantage...**
4. **That's been proven through customer development and traction...**
5. **In a business that has low capital requirements.**

That's it. Stop reading and please email immediately if the above describes you and your business.

...If not, read on to see one way to frame up an investor pitch for your start-up.

A bit of background

Originally, this post was about a year ago in June of 2009; it was created for the 1.0 version of [Capital Factory](#) because all of the participating companies had very similar questions regarding pitching angel investors and VCs, in particular:

- What topics are required in a pitch deck?
- What depth of information is critical to have in the deck?
- What's is the best flow from slide to slide?

Since then, and in full disclosure, I've joined a venture capital firm called [Silverton Partners](#)...that's right, I've joined the dark side (and it's been hugely fun and educational already!). Also, **Version 2.0** of Capital Factory just launched earlier this summer and that means it's time for an update. This VC pitch deck has been updated for 2010 with tweaks and improvements based on repeated usage and listening to dozens of start-up's pitches. For what it's worth, I know at least 4 companies have been funded using this pitch deck template...and I hope it helps you refine your company's story and how you tell it to potential investors.

If you find that it's difficult to describe your company, its business model, or market opportunity – then I'd suggest you should investigate, discuss and understand why that is the case. You might not be ready to pitch professional investors.

Investors will ask these questions – generally, the only truly “wrong” answer is not having thought through the possibilities (“I don't know *because...*” can certainly be an acceptable answer).

Below are both example slides and descriptions / discussion for each. You may [download the Powerpoint Deck here](#).

### High-level Suggestions:

- **Create your own deck!** This is as true today as it was last year; create a deck that allows you to tell your story according to your style and your business; use your own look and feel; name the slides what you want; tell your story with text, pictures, spreadsheets, etc.
- **Don't leave out any critical information!** This outline is my list of what constitutes “critical information;” no professional investor will fund your company without knowing the information suggested by this outline. That said, force yourself to limit your core investor pitch slides to less than 12...put everything else you think you might want to

talk about in a “back-up slides” section after the final, “Thank you,” slide. In my experience, you will rarely get through a 20-slide investor pitch.

- **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. This is always a better way to go.
- **Be passionate and informed!** A core part of what investors look for and “invest in” is the team itself – show them your passion and be sure to know data from adjacent or competitive markets, companies, and models. Smart investors want to see a self-aware founding team that knows what they don’t know as well as understands their collective strengths and weaknesses. Investors want to see a team that is comfortable NOT knowing all the answers (this is the nature of being an entrepreneur)...as long as the team has the drive and determination to find and verify that answer.
- Finally, at a tactical look-and-feel level, it’s important to have enough white space in your presentation format. I like a white background because it prints and projects cleanly. I like titles that are single-line and as few words as possible; less is more in a presentation because it allows for questions and conversation instead of simple presentation of the ideas.

## The Example Investor Pitch Deck

### Slide #1: The Title Slide

The title slide is really an opportunity to call your investor meeting to order. Most of the time, investors will be in motion



ahead of your pitch: stay here until everyone is ready.

Important information to have on this slide includes the company name, date, and some investor specific marking such as show in the Title Slide picture. Why the investor-specific tag? Good VCs will honor the notion of confidential information – but don’t try to get them to sign an NDA – they’d rather not hear your pitch – they see many different versions of very similar businesses every day and will not risk being conflicted. I believe a simply and effective way to minimize the sharing of your investor deck is to ensure the investor’s name/firm is on EVERY page. That way, if it gets around, everyone will know where it came from and that should create at least some amount of hesitation ahead of sharing.

Ideally, you’re off this slide as soon as everyone is settled or maybe just ahead of that...quick...the clock is ticking and your potential investors have very short attention spans. Trust me...I personally would want to understand your business in as few slides as possible.

### Slide #2: Agenda + Company Overview

- I always do a quick agenda “check:” make sure you’re covering what your audience wants to cover; ask if you’re missing anything before starting the pitch.

- This is also the slide to give a quick summary of your company; it helps investors with some minimal context ahead of

Agenda and Company Snapshot																	
<p><b>Agenda</b></p> <ul style="list-style-type: none"> <li>• <b>Background</b> <ul style="list-style-type: none"> <li>- Market overview</li> <li>- Team</li> <li>- NewCo Business and Business Model</li> </ul> </li> <li>• <b>Company &amp; Business Details</b> <ul style="list-style-type: none"> <li>- Progress &amp; Milestones</li> <li>- Company metrics</li> <li>- Competition</li> </ul> </li> <li>• <b>Customers &amp; Pipeline</b></li> <li>• <b>Financial Overview</b></li> <li>• <b>Financing &amp; Use of Proceeds</b></li> </ul>	<p><b>Company Snapshot</b></p> <table border="1"> <tr> <td>Business focus</td> <td>Here's where you get to put what you do, when you do it for and why that matters to me. Be specific.</td> </tr> <tr> <td>Target markets</td> <td>List your target customers (today &amp; future) by big-name categories like "health care," "IT" or similar.</td> </tr> <tr> <td>Partners &amp; Customers</td> <td>List actual partners and customers that you've had meaningful conversations with.</td> </tr> <tr> <td>Employees</td> <td>List FTE and contractors, separately, note founders vs. employees if appropriate.</td> </tr> <tr> <td>Investors</td> <td>Capital Factory, anyone else?</td> </tr> <tr> <td>Founded</td> <td>Q1 2010</td> </tr> <tr> <td>Headquarters</td> <td>Austin, Texas</td> </tr> <tr> <td>2009E Financials</td> <td>Revenues: \$xx million Expenses: \$xx million Expense: \$xx thousand</td> </tr> </table>	Business focus	Here's where you get to put what you do, when you do it for and why that matters to me. Be specific.	Target markets	List your target customers (today & future) by big-name categories like "health care," "IT" or similar.	Partners & Customers	List actual partners and customers that you've had meaningful conversations with.	Employees	List FTE and contractors, separately, note founders vs. employees if appropriate.	Investors	Capital Factory, anyone else?	Founded	Q1 2010	Headquarters	Austin, Texas	2009E Financials	Revenues: \$xx million Expenses: \$xx million Expense: \$xx thousand
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launching into your pitch.

In general, I believe that every slide should communicate exactly one concept (the “punchline”). So why are there obviously two concepts on this slide? First, while the Agenda has minimal value in the presentation, you still need an opportunity to ask if there is anything that this investor wants to cover that is not in your current agenda.

- Maybe the investor has an investment in this space and therefore some very specific market questions;
- Perhaps they have heard a few interesting things about your company that they want to be sure to dig into those items before the meeting is over;
- Perhaps you had an introduction from someone or some firm that they know and want to understand the relationship between parties.

The Company Snapshot serves to key purposes: first, it tells investors who are not familiar with your company what you do. I can't tell you how many times I've been in a pitch (to me, as an investor) where we're at slide 5 in the deck and I'm still not sure what it is that this company does. Don't make your investors guess...lay it out simply along with the other details of your company so you don't make anyone spend your precious pitch time on silly information you should have dished out earlier.

The second thing that the Company Snapshot slide does is create a simple and effective way for partners at the firm who were NOT at your pitch meeting to easily understand the high-level information about your company at-a-glance. In most cases, there will be more people involved in making the investment decision for your company than are in the room when you first pitch – give them an easy way to start understanding why they should care about you, your company, and your opportunity. Include: business focus, target market, significant customers & partners, how many employees you have (gives them a sense of your expenses), any other existing investors and how much has gone into the company so far, when & where was the company founded (this is touched upon again in the funding ask slide near the end), where are other offices, and what can they expect in terms of revenue and expenses (“pre-revenue” is a fair answer as well).

Slide #3: Market + Market Context

- *Why is your market interesting? How large is the market and the opportunity in your market?*
- *Are there any compelling dynamics currently at play? (do you have insights that nobody else has?)*
- *How fast/slow is growth or change occurring in this market? (are you early or late?)*
- *Is your market segmented in a unique way? How so? (All Fortune 500 or SMB / mid-market?)*

- *How do you fit in?* This can help set up your unique competitive advantage / “secret sauce” slide.



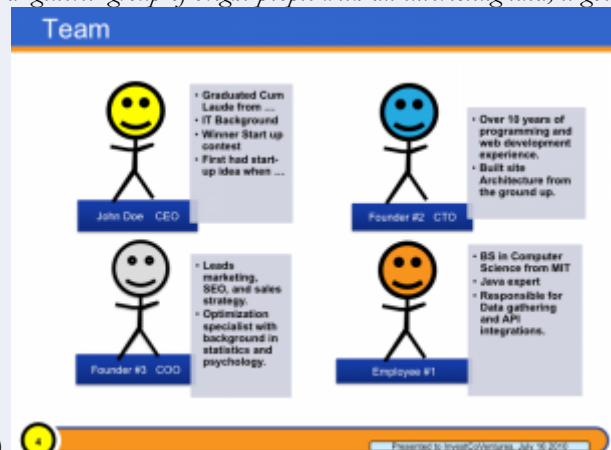
When building the Market / Context slide, assume that your audience knows very little about your market, its size and related data. You need to show that you deeply understand the market and clearly frame up why your market is interesting: it's big and growing; it's going through massive disruption; 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.

This is also your opportunity to describe any compelling dynamics currently at play; perhaps something that gives your company an advantage. In a real sense, this slide should be the set-up for your “secret sauce” / “why we should win” slide that is coming right up. This is also an opportunity to set the stage for discussing product-market fit: your company should be positioned such that its clear how you will enter and start to capture a small and growing portion of the opportunity.

#### Slide #4: The Team Slide

Ah, the team slide; this is a change from last year. Based both on hearing many pitches over the past 12 months as well as a really good comment made to the 2009 version of this presentation outline, I've changed my position on the usefulness of the team slide. And while I prefer team details such as background, passion, expertise, etc. to come out during the presentation and subsequent discussion, I agree with the following comment made last year:

*The team introduction goes in one of two places: if the team has direct, significant expertise that is specific to THIS plan and THIS company, then it goes up front after the market slide (Slide #3 in this deck), and is the lead in to the product slide “here's this giant market, our team has such killer experience in the market that we've developed the following plan”. If the team is a 'generic' group of bright people with an interesting idea, it goes near*



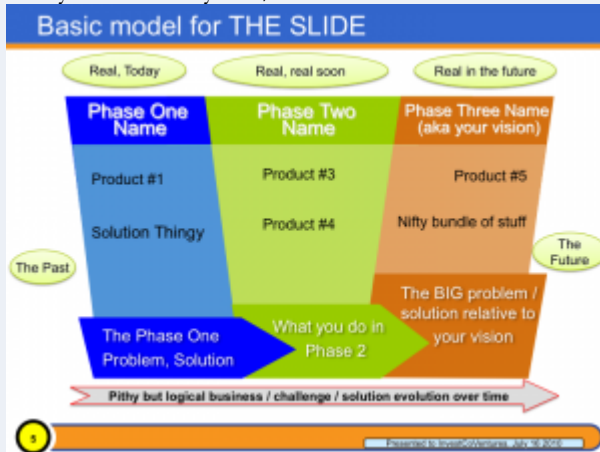
*the end, just before the milestone and “financing” slide (Slide #10 in this deck).*

Potential investors will want to know about you and your team so you should be prepared to have a slide that allows you to brag on yourself and your team a bit. This is especially true if your team delivers some competitive advantage or special expertise to your business. My advice is to keep the slide short and sweet. The example here is from an early-stage company I know and it represents a nice, simple, to the point example. Pictures are optional but it's a good, visual touch...and clearly less likely as your company and executive team grows in size.

## Slide #5: One-slide biz overview: “THE” slide

- In many cases, your entire pitch will be an interactive conversation while sitting on a single slide; this should be that slide.
- Done right, this allows you to describe what you do, who you do it for, why that’s important and your vision for the future. It should also allow you to explain why your company should win as compared to competitors or the status quo. Therefore, to me, this slide is the most important slide in the deck and it will take the most effort, revision and contemplation of any slide in your deck.

While this slide can look VERY different from company to company, I believe it contains the same basic information for any company. The concept of the past, present and future is key to this sort of slide because it allows you to talk not only about the product/solution you’re selling today but your vision of the future and the associated products. Your customers value your ability to see into your / their collective future and anticipate problems they don’t even have yet.



In this example, the *left* of the blue bar (obviously nothing shown in the slide) represents the past ...where customers didn’t need to (or didn’t KNOW they need to) use your company’s solution. But now, here in the blue bar, “we all now know we have this problem.” Naming this “phase” is a good use of the header space. Here, it’s called “The Land Grab” – which referred to broadband service provider’s need to quickly and efficiently acquire new broadband customers before their competitor beat them to it. NewCo has products to help with this...and the effect is “Broadband Deployment Acceleration.” Investors should appreciate how well you understand the problem (so well, in fact, that you named it). It also shows that NewCo’s products map to the problem and have a clear value proposition. ...and it leads to straight to the green bar.

The middle, green bar represents the near-future. Perhaps NewCo’s customers are already experiencing problems associated with this near future. In any event, this represents the next step in how NewCo would work with their customers...and forecasts the products they might sell to address the next phase of challenges. If it makes sense, name this one too! This helps investors understand that you’re thinking down the path of product / market evolution and that you’re less likely to be a one-trick pony. The more logical the linkage, the better. Here, it makes all the sense in the world that **FIRST** you have to initiate the service, **THEN** you have to manage and support effectively while minimizing the costs to do so.

Finally, the orange section represents your vision of the future. If your company could wave a magic wand, this would be the resulting condition or capability. In general, this phase should be predicated in some capacity on the earlier phases. It’s really important for investors to hear your vision of the future; everyone will understand that it will take great products, a willing market, superior execution and money to get there...but you have to have a sense of where “there” actually is. If your company vision is having your first / only product increasingly adopted – that’s not a company vision – that’s just execution. In this case, the vision was to eventually enable broadband service providers to sell value-added services (gaming, security, triple-play) to their subscribers in order to create some lock-in and differentiation for their service...instead of being relegated to providing only the increasingly commodotized broadband “pipe.”

## Slide #6: Business Model; How we make money

- *How, exactly, does your company make money? Do you have any examples of this working so far? If you do, how many and how exactly did you validate your product-market fit? If you don’t, how do you plan to validate your assumptions?*
- *Does any part of your business act as a “loss leader” for another, more valuable part?*

- *Is it software? Packaged or SaaS? Subscription or License revenue?*
- *How does your product get sold or distributed into the hands of your customers? Physical sales force? Miracle viral spread and adoption?*
- *Do you have two models running simultaneously? is that good or bad & why? Make sure you clearly describe and delineate between them...and hopefully describe how they benefit and support each.*



The business model / how we make money slide is a critical component to the pitch deck; here we use a product line description as a place-holder for that discussion. Again, it can take many different forms but the punchline is the same: our company does “this set of stuff” in order to make money. It may be a SaaS-based web application, it may be an appliance sold directly into IT departments, it may be a freemium model...what ever it is, you must explain it clearly.

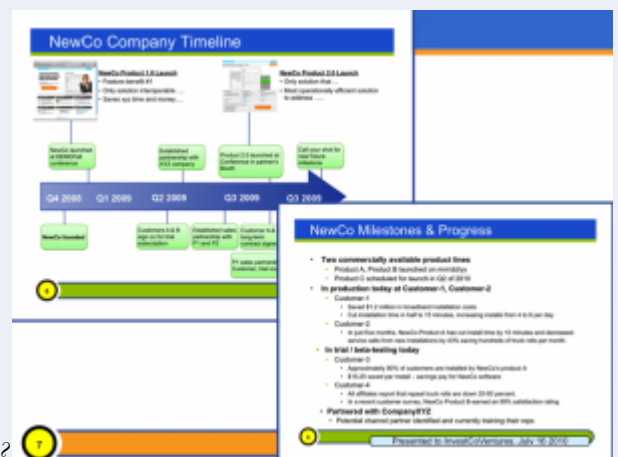
As you can see from the example slide here, the business model slide can actually be a product / solution / service description as well...as long as you're sure to describe HOW you sell the product and the details of your go-to-market strategy and/or plan.

A core aspect of the business model slide is an articulation of how the business scales within this business “model” and go-to-market strategy. The concept of “distribution” is highly related to this for certain businesses. For example:

- If you are selling directly to IT departments, you probably will need to build a direct sales force (this is considered relatively “old school” but still works in certain situations);
- for a product that can leverage existing channels, it’s finding and signing up channel partners or indirect sales folks;
- for SaaS businesses it’s how customers “find” your company on the Internet and your cost / method of distribution. What is the customer acquisition cost versus your lifetime value of the customer?
- ...or maybe it’s a strange but necessary mix of these models.

Slide #7: Progress, Mile stones, proof you can execute

- *What you’ve accomplished so far? How does that de-risk your business?*



- *What you plan to do in the near future? Why? and in what time frame?*

The Milestone / Progress slide is your opportunity to show how far you’ve come since the original concept for your business.

In the example here, there are two simple examples of how you can present this information. This sort of slide 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. Value-creating milestones can really be anything but should clear a certain "news-worthy" bar to make a list like this. I'd suggest that the following items would clear that bar: founding the company, funding events, launching a product, winning a customer or significant trial, signing business-affecting partners, and so on.

Importantly, this slide is also an opportunity for you to forecast what your company will do next. Nothing suggests great execution to an investor such as calling your shot and coming back later and showing that "you did what you said you were going to do." Conversely, be very careful NOT to suggest a big milestone such a significant customer win unless you're VERY confident. The first question out of an investor's mouth during any follow-on meeting will inevitably be: "so, did you land that big account?" You never want to say "No" to that question because there is no good explanation for why not given the fact YOU are the one that told them to expect it.

Slide #8: Company Metrics

- *What metrics do you track? why?*
- *How have your metrics trended over the past and what are your forecasts for the future?*
- *What are these particular metrics important to your business?*

Company Metrics			
METRIC	Last Month	This month	Next month
Traffic to site			
Conversion funnel percentages			
Recurring Revenue			
Up-sell ration			
Downloads of product			
Customer / user "churn"			
ARPU (ave revenue per user)			
API usage stats			
Sign-ups or Registrations			
Sales person effectiveness / efficiency			

- *Can you control them? How? In what timeframe?*

Metrics are critical in today's businesses and especially early-stage start-ups because in many cases, pre-revenue companies only have proxies for success and good execution. Good metrics are a tactical reflection of the business milestones you discussed in the previous slide.

And fortunately, detailed metrics are easier to gather and track than ever before: Google analytics, salesforce.com, and many other bits of infrastructure tend to spit metrics out in volume. Picking the metrics that make sense for your business and making decisions based on those metrics is a critical part of early scaling efforts; the most important metrics for your business will likely change over time.

The slide at right shows a list of potential business-relevant metrics that you might track, including: traffic to site, recurring revenue, website conversion percentages, up-sell ratios, # of product downloads, average revenue per user, and so on. It's important to show the past, present and future in a timeframe that is meaningful to your company.

Slide #9: Competition & your company's "Secret Sauce"

- *How are you different?*
- *If you're not wholly different, how do you compare to others in your market?*
- *How will you defend your business from competitors?*

It's important to realize that investors (any many other people) will begin to understand what your company does by ANALOGY. Having seen many different companies over time (and understanding how THEY operate), understanding your company is largely an exercise in figuring how you are similar to dissimilar to the companies that investors know well.

Framing up a set of similar and/or dissimilar companies is one of the key purposes of the competition chart.



That said, category defining companies (facebook, twitter, zynga, etc.) probably didn't have a chart that looked like this. A [Mike-Maples-Thunder-Lizard](#) sort of company probably doesn't have the same sort of competitive dynamics or market dynamics that most companies face...thus, such a position is the exception and not the rule. If you are category defining, by all means paint that picture as clearly as possible; otherwise, optimize around making your company as easy to understand as possible for your potential investors.

For the typical chart, it is universally accepted that the standard "check-box" comparison will start with your company in the first column, having the vast predominance of boxes checked, and then proceed to list 3-4 other less-checked competitors that you're in the process of wildly out executing. The example Slide 9 has three examples of these charts; feel free to mix up the model in anyway that tells the best possible story.

While nearly cliché, such a slide still serves the purpose of listing the competitive criteria that you deem important relative to your company and this market and how other companies in your space stack up. ...and it's probably best to NOT use the phrase "secret sauce" in your pitch...we're using it here colloquially.

The set of competitive criteria for your company – the rows on these sort of slides – leads directly to your company's **unique competitive advantage** (aka "secret sauce" or "unfair advantage"). There are a number of standard, competitive differentiators: being first to market, unique technology, patent protection, your amazing team, and others; these differentiators all have varying degrees of "defensibility," which is an important concept when it comes to describing your company's competitive advantage. For example, being first to market may simply illuminate the path for a larger competitor who is willing and able to fast-follow your strategy and throw huge dollars at solving the same problem. Is that true? why or why not? Have your data-backed (versus emotional-bias-backed) answers ready!

The question that investors will have and that you must answer as best you can is this: *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?* What can you do differently? What can you do uniquely and realistically for how long? What CAN'T (or is really really hard to) be duplicated?

Slide #10: Current Partners, Customers, Customer Pipeline

- *Who are you working with today?*
- *Who will be your customer tomorrow?*
- *How, exactly, do you acquire customers?*

**Current Customers, Partners, Discussions**

Customers	Pipeline	Partners
<ul style="list-style-type: none"> <li>• Sales cycles seem to be 4 to 6 on average; deal size is \$50k-\$250k</li> <li>• Training channel partners this quarter; 1-2 active sales cycles next</li> <li>• Pipeline filled up through inside sales cold-calling and email response</li> </ul>		

• *What is your go-to-market strategy?*

Your company may be too early stage to have a slide like #10; and more than any other slide, this example can take a variety of forms. The “punch line” for this slide is to communicate what ever progress your company has made relative to actual customers, the future customer pipeline, and partners that help your business be successful in some capacity. Logos are always nice to look at but don’t get hung-up on anything other than clearly communicating your current status.

You may not have customers yet; or your customer base may be every consumer in the world. In any case, you need to communicate the current status of how well your business is working and customers (because they pay or *should pay* you money) are a great metric for investors to use to judge your progress so far. **Revenue Solves All Problems** and revenue is the most binary judge of success...but revenue from a top-tier, brand-name, market-leading customer is (to some real degree) more valuable than revenue from a friendly or no-name company because markets tend to follow (adopt the same solutions in a similar time frame) the market leaders. Alpha or Beta (or non-paying customers) should be called out explicitly.

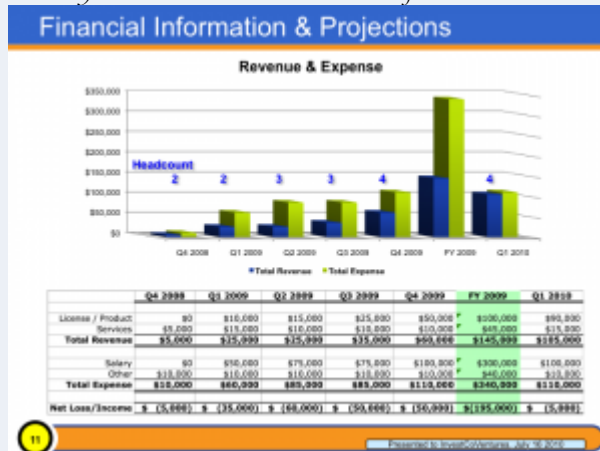
The discussion of your company’s “pipeline” is basically a description of how customer acquisition is going. Whether you’re an Internet consumer application or building widgets to sell directly to other businesses, how efficiently your company acquires new customers is material to investors as they judge the state of your business and what could / should happen if they choose to fund you. How, exactly, do you acquire customers? How much does it cost to acquire them? What is your average deal size? How could your business make the average deal size go UP? What is the average deal size of other companies in this same market? Does this information align with the Market Size / Market Context slide (hint: it should) Once you have a customer, can you sell them MORE stuff more easily? Why / why not / how much / when will you have it to sell? What is the expected life-time value of a customer (be careful to think about this relative to the cost to acquire a customer)?

Partners are a necessary evil in most businesses. “Evil,” because in general, a company’s life would be much easier if it ran and scaled just fine without help from any other company. Partners might be a critical part of your business/market ecosystem; they might give you efficient access to potential customers; they might provide a critical part of your overall solution; they might actually sell your product or service for you. What ever they “might” do, the one thing that is for certain is that they require some level of “care and feeding” and that equates to time and money for your business. Make SURE they are worth it. And remember that all partnerships tend to fail in the long term if both sides are not benefiting to approximately the same degree relative to their business. What did the partner commit to, if anything? What did your company commit to? Do you need more than one such partner? How long will it take for you to measure partnership success? What is required to ensure they are effective? How might this partner accelerate, add scale, or de-risk your business and your execution?

One concept that you must keep coming back to (thinking about, analyzing, modeling, planning) is the concept of **scaling** your business. Investor’s excitement about your business is predicated on their beliefs regarding how your business scales from where it is today to something much larger and much more valuable in the future. Desire for scale in your business is, without question, is applied most directly to revenue. That said, there are many other factors related to scaling your company: business processes (go-to-market, sales, manufacturing, testing, etc), hiring, geographical expansion, and general awareness of your company / product / service. Of course, all these factors are related to revenue scale in some direct or indirect way. Think through the discussion generated by this slide as a tool to proactively address questions regarding how your business scales.

Slide #11: Financial Details (revenue, expense, HC, projections)

- *What is your current and future headcount (this equates to your burn rate as headcount is almost always the biggest expense)?*
- *what is your current monthly/ quarterly burn rate and how does that ramp over time?*
- *what is your current revenue and how does that ramp over time?*
- *How quickly are you approaching a cash-flow breakeven point?*
- *What's your revenue run-rate 12 months from now? What's the net loss / gain over the same period?*



Independent of the stage of your company, communicating simple and clear financial details is critical to an investor's understanding of the current state of your business. What they care about is very simple:

- current revenue and expense trends,
- projections for the same going forward,
- current equity situation (who owns what, option pool, near-term option usage), and
- current cash position.

...Cover these items clearly and you'll be answering their questions before they get asked.

For early stage companies, I believe that a "one quarter ago, current quarter, and 4-quarters-out" view presents a reasonably complete set of financial information. With such a time frame, you'll show a bit of history, where you are today, and a reasonable guess at what is going to happen in the next year. I think a simple auto-generated excel graph help quickly communicate the ramp in both expenses and revenue. If the company is really early stage and doesn't have revenue or limited expense detail, it's still far better to say something is explicitly zero (or unknown) than not mention missing/needing important data.

This example chart is a bit busy as it combines both the graph as well as a screen-grab from the company's financial model spreadsheet. If you have a longer operating history or feel like you need to communicate more detail, it makes sense to break this into two slides: a graph (the reader's digest version) and the spreadsheet detail.

Data that investors will always want to clearly understand include: what is your current and future headcount (this equates to your burn rate as headcount is almost always the biggest expense)? what is your current monthly/quarterly burn rate and how does that ramp over time? what is your current revenue and how does that ramp over time? How quickly are you approaching a cash-flow break-even point? What's your revenue run-rate 12 months from now? What's the net loss / gain over the same period?

Slide #12: Funding "ask" + use of proceeds

The funding ask slide requires a bit of finesse as you are starting a set of discussions that could turn into negotiations if your potential investor turns into your actual investor.

In this slide, a little background is very helpful. Make sure you let your audience know who you have raised money from in the past and at what valuation. This is not "secret" information; be open and transparent. If you seed funded your company, that's a good story, make sure you talk about it. You should also talk about the structure of any prior formal investment by a third party: who, how much, when, format (common, preferred, convertible

debt, etc). It's important to get right to the punch line of this slide; You MUST be prepared to address the following (have

**Financing Details**

- **Existing Investors**
  - Founders seed funded the company for 3 months
    - Approximately \$100k invested by founders & family
  - Raised \$20k from Capital Factory
    - Common stock, \$xyz valuation
- **Would like to raise \$zyx**
  - Lasts company 12 months
  - Use of proceeds
    - Hiring 2 people: developer, sales
    - Incremental server capacity
    - Critical tool / service we need to run business
  - Timing: would like to close in next 90 days

data, be thoughtful, use a clear explanation):

1. how much money would you like to raise?
2. why that amount? what will it be spent on? how long will it last? what value will you create in your business using it?
3. could you do what you need to do with less? what might you do with more?
4. are you actively working with anyone else on this round?

When it comes to timing, it's important be realistic. If this is the

first time you have met with this firm, it's typically just the beginning of a process that will almost certainly involve multiple meetings over weeks if not months. For larger VC firms, you will not receive a term sheet until you've run the gauntlet of their Monday partner's meeting...if you're dealing with a top 25% firm, you're not even close to "done" until you've got the Monday invite. Smaller firms are able to be much more dynamic and efficient...however, that doesn't guarantee that they will.

If the conversation is going remotely well, you're likely to be asked about your valuation expectations. If you have raised money at a particular valuation in the past, that is your starting point...but in this current macro-economic environment previous valuations do not guarantee ANYTHING. If you have a number in mind that is based on data that is realistic – don't be shy – flop it out there. It's important to understand enough about the VC business to know that investors tend to model their business on investment exits, cash returned to their limiteds against the size of the fund raised...and consequently ownership percentages in their portfolio companies at the time of exit. Given this, it's reasonable to approach a valuation discussion by starting with "how much of the company you're comfortable selling in this round of financing." Fixing the amount raised and how much you're comfortable selling implies a valuation. Raising \$300k while targeting selling 25% of your company implies a valuation of \$1.2m. This is a useful way to have a valuation discussion because if the round size happens to go up (not uncommon) as the round & syndicate come together, you can at least make an argument for raising the valuation. No guarantee it will work.

Slide #13: Thank you, questions, contact info

Come on: it's polite to say "thank you." More than anything else, this slide serves as the indication of the end of the

Thank you.

presentation. Questions and other discussions are welcome.

That said, if you somehow managed to get here in a linear, non-distracted manner it's probably more cause for concern than celebration. The flow of most investor presentations diverges wildly as questions, deeper details and anecdotes drive the conversation – and that is a good thing. It shows your investors are interested.