

STARTUP SIOUX FALLS

EMERGING PRAIRIE

How to Find Investors & Pitch Your Startup

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What companies can raise venture capital?

1

Shown meaningful traction (sales, user growth, minimum viable product, etc.)

2

Targeting \$10M+ in annual revenue

3

Aiming to scale nationally or internationally

4

Can use venture capital money to grow significantly faster

5

Have a strong technology component

6

Provide unique competitive advantages

7

Will be sold or go public in 5-15 years

Finding potential investors

Leverage your local angel investor network.



Actively participate in your startup ecosystem and business community to build a network.

Use AngelList and LinkedIn to identify who has invested in other companies in your space.

Understanding the Venture Capital Stack

PRE-SEED STAGE

First \$50K. Primarily raised from friends, family and fools.

SEED STAGE

Next \$250k-\$500K. Raised from local and regional angel investors.

SERIES A

Next \$1-\$5 million in capital raised. Raised from regional VC firms.

SERIES B, C, D, E, ETC.

Capital raised after about \$5 million.

PUBLIC MARKETS

How to get an investor meeting

“Can I have some money?” should not be your first piece of communication.

Interact on social media or try to meet them in person prior to asking them for anything.

“Ask for advice, get money. Ask for money, get advice.”

Get a warm introduction if at all possible from a mutual connection.

You won't get a meeting if you never ask for one. Ask for the meeting.

How to prepare for an investor meeting

If it's a fund or investor group, ask for the pitch format (e.g. 20 minute pitch followed by Q&A)

Research the person or people you are pitching

What is true about the other companies they have invested in? Similar industry? Similar geography? Similar business stage?

What are some interest areas they are passionate about?

Prepare for commonly-asked questions that come up during Q&A

Get your pitch deck ready

What to put in your pitch deck

DEFINE THE PROBLEM

What are you trying to solve?

What is the size/scope of the problem?

Why does this problem matter?

NAME YOUR TARGET MARKET

Who are your customers?

Describe them demographically
and psychographically

How big is your target market in terms of
revenue/sales?

CURRENT SOLUTIONS/ALTERNATIVES

How is your problem currently being solved?
Why do current solutions fall short?

YOUR SOLUTION

What product/service are you actually creating?
What customers will get when they work with you.
How is your solution superior to existing solutions?
What do you believe about the market that competitors don't?

GO TO MARKET

How will you let potential customers know about your product?
How/where will customers be able to buy your product/service at?
What is the delivery mechanism for your product/service

REVENUE

How will you make money?

What will you charge for your product/service?

How will your customers pay you?

Can you offer your product/service profitably?

TEAM

Talk up your team and why they are the right people to solve the problem.

Who is on your board of directors/advisors, if you have one?

TRACTION

What progress have you made so far in your business?

Could be revenue, product, market research, etc.

EXIT STRATEGY/COMPS

Highlight some companies in your space that have sold or IPO'd.

Who could your business eventually sell to?

THE ASK

How much money are you trying to raise?

What valuation and terms are you looking for?

Have you raised any money already?

Define the projected uses of capital.

Q&A

Ask the investors if they have raised any money to date.

Common pitching mistakes

Seeking for investment before achieving any meaningful traction.

“If we only get 5% of the market, we’ll be huge.”

“These are conservative financial estimates.”

Asking for a valuation based on your company’s future potential and not its current circumstances.

Thinking you will immediately walk out with a deal.

Follow-up after the pitch

Send an email thanking them for the opportunity to pitch.

Ask them to make an investment.

Put them on your email distribution list.

Follow up 3-5 times until you get a "Yes" or a "No".

Investors are busy!

Realities of raising venture capital

1

Raising money is a difficult and slow process.

2

It may take 6-12 months to raise money.

3

You may need to pitch 20+ investors before someone invests.

4

Your fundraising round will likely be made up of multiple investors.

5

You may get a “no” today, but that’s not always a “no” forever.

6

Build a CRM for tracking and following up with potential investors. At the end of the day, this is a sales process and should be tracked as such.

7

Need for a solid understanding of deal structure and/or legal counsel that’s well-versed in the topic

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Q & A

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